

Summary
of
The Palestine Strategic Report
2016 – 2017



Edited By
Dr. Mohsen Mohammad Saleh



Al-Zaytouna Centre For Studies & Consultations

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**Al-Zaytouna Centre
For Studies & Consultations
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Introduction

Since 2005, the Palestine Strategic Report (PSR) has been published regularly by al-Zaytouna Centre for Studies and Consultations in Beirut. The center is an independent think-tank focused on strategic studies and forecasts, centered on the Palestinian issue. This is the tenth volume of the Palestine Strategic Report series.

The PSR, edited by Dr. Mohsen Mohammad Saleh (Associate Professor of Palestine Studies and al-Zaytouna General manager), tackles, interprets, and analyzes the developments of the Palestinian issue in 2016 and 2017. It examines the internal Palestinian situation, Palestinian demographic and economic indicators, the status of the Land and holy sites, and discusses Palestinian Arab, Islamic and international relations, as well as the Israeli situation, resistance operations, and the peace process. The report is scientifically documented and supported by dozens of tables, statistics, and charts.

The PSR was authored by a group of specialists, including: Prof. Dr. Moein Muhammad ‘Atta Ragab, Prof. Dr. Talal ‘Atrissi, Prof. Dr. Walid ‘Abd al-Hay, Dr. Johnny Mansour, Dr. Sa‘id al-Haj, Mr. ‘Abdullah ‘Abd al-‘Aziz Najjar, Mr. Basem al-Kassem, Mr. Hani al-Masri, Mr. Hasan Ibhais, Ms. Iqbal ‘Omeish, Mr. Mu‘min Bseiso, Mr. Rabi‘ al-Dannan, Mr. Wael Sa‘ad, and Mr. Ziad Bhies.

The following is a summary of the report, whose original size is about 400 pages.

First: The Internal Palestinian Situation

The years 2016–2017 saw a continuation of the trends of previous years in terms of the political division, the conflict between the pro-peace camp and the pro-resistance camp, and the pressures, obligations, and crises bearing down on both sides. The Palestine Liberation Organization (PLO) also continued to be in a vegetative state of “clinical death,” at a time when the prospects appeared bleaker and more closed off for the Palestinian Authority’s (PA) project for statehood, for its efforts to bring together the Palestinians in a single democratic political structure, and for ending the PA’s single-function role that serves the Israeli occupation more than it serves the Palestinian national project.

Conduct of the PLO and the PA

It seems that the leadership of the PLO and the PA (which is the same as Fatah’s leadership) has preferred to continue to claim Palestinian “legitimacy” and avoid real partnership with Hamas and other resistance forces, especially as the Arab and international climate in general remains hostile to “political Islam” and resistance movements. In 2016 and 2017, PLO and PA President Mahmud ‘Abbas continued to obstruct the work of the Hamas-dominated Palestinian Legislative Council (PLC), and did not seek to obtain legitimacy for his government headed by Rami Hamdallah from the PLC. ‘Abbas failed to convene the Provisional Leadership Framework which includes all Palestinian factions. Moreover, ‘Abbas clashed with the PLC and Hamas when he ordered the establishment of the Constitutional Court in April 2016, a move considered by Hamas a national disaster, and a constitutional breach. ‘Abbas used his powers granted to him by the Constitutional Court to revoke the immunity of five of his political opponents (affiliated with Muhammad Dahlan), who were PLC members, on the pretext of referring them for trial.

Reconciliation Developments

In 2016, Fatah and Hamas continued to hold meetings, particularly in Doha, to try to implement the reconciliation agreement signed since May 2011. In October 2016, Secretary-General of the Islamic Jihad Movement in Palestine

(PIJ), Ramadan Shalah, announced a 10-point initiative calling for an end to the split and for a dialogue between Palestinian factions to facilitate the adoption of a new national program, based on the cancellation of the Oslo Accords, the withdrawal of any recognition of Israel, the restructuring of the PLO, and the prioritization of the resistance program. Although Hamas and a number of factions welcomed the initiative, Fatah treated it as an unrealistic proposal.

The Palestinian division became more acute when Hamas announced the formation of an administrative committee to govern Gaza Strip (GS) in late March 2017, citing the Ramallah government's refusal to carry out its duties in the Strip. The PA and Fatah leadership reacted sharply to the move. Fatah announced on 26/4/2017 that it had made a strategic decision to pursue "all means" to end the division. The PA president and government began to take a series of harsh measures, including cutting the salaries of tens of thousands of its employees in GS, forcing thousands to early retirement, suspending medical referrals for patients, and stopping to pay for the cost of electricity collected by the Israeli occupation. This has had catastrophic consequences for GS, which was already suffering from catastrophic conditions, after 10 years of siege, and three devastating wars with Israel.

Hamas, on the other hand, stressed that reconciliation was an irreversible "strategic decision" and accused Fatah and the PA leadership of attempting to marginalize it and subdue GS according to the criteria imposed by the Oslo Accords. At the same time, as Hamas was under financial pressure and a strangulating siege, it launched a series of initiatives aimed at activating reconciliation and lifting the siege, encouraged by new Egyptian mediation efforts. On 17/9/2017, Hamas dissolved the administrative committee and called on the Hamdallah government to assume its duties. On 2/10/2017, Hamdallah arrived with his cabinet members to GS for the handover. On 12/10/2017, an agreement was signed between Fatah and Hamas in Cairo stipulating that the government would assume its functions by December 2017, a committee will be formed to deal with the issue of absorbing civilian employees appointed by the former Haniyyah government, and that a higher security committee would be formed to resolve the issue of military personnel. Although the Ramallah government assumed control of GS crossings on 1/11/2017, with Hamas pledging full cooperation in empowering the government, the Hamdallah government and Fatah leaders kept talking about slow and partial progress,

using as a pretext their non-control of the security forces in GS. Some Fatah leaders also attempted to raise questions about the resistance activities in GS and called for controlling them. A meeting of the Palestinian factions in Cairo on 21/11/2017, and the meeting between Fatah and Hamas 10 days later did not help in the implementation of the reconciliation program, which continued to flounder into 2018.

Municipal Elections

The local municipal elections called by the Ramallah government on 8/10/2016 and what happened subsequently exacerbated the internal Palestinian conflict, instead of serving as a successful experiment to encourage the implementation of the reconciliation program. Indeed, most Palestinian factions (including Fatah and Hamas) decided to participate in the elections. A preliminary survey showed the presence of 787 lists in the West Bank (WB) and 87 in GS. Amid expectations of Hamas winning the elections in the key cities of WB, Israeli warnings were issued against Hamas expanding its political influence. In this tense climate, Fatah-affiliated entities filed appeals with the High Court of Justice in Ramallah (which many consider to be dominated by Fatah) claiming the elections in GS would be unconstitutional, arguing that the judiciary and the government in GS lacked legitimacy. This was after Hamas-affiliated entities had challenged electoral lists, with the Central Elections Commission accepting four challenges, three of which involved Fatah-affiliated lists. Consequently, the Supreme Court decided to postpone the elections and conduct them in the WB alone but not in GS, which prompted Hamas, the Popular Front for the Liberation of Palestine (PFLP), and PIJ to boycott the elections, which took place on 13/5/2017. Independents won 65% of the seats, while party lists won only 35% of them. This reflected the weakness of Fatah's performance even in the absence of the major rival factions.

Restructuring Inside Hamas and Fatah

During the period covered by the PSR, Fatah and Hamas carried out some internal restructuring. Fatah held its seventh conference in Ramallah on 29/11–4/12/2016 with the participation of 1,400 members. 'Abbas was reelected as President of Fatah and 12 members retained their posts in the

Central Committee out of the 18 elected members, with 6 new members joining them. 80 members of the Fatah Revolutionary Council were elected. The ‘Abbas faction was able to consolidate its control of Fatah, while banishing the Muhammad Dahlan faction. Fatah came out stronger and more cohesive.

For its part, Hamas held its internal elections in a secret environment in the first half of 2017. Yahya al-Sinwar was elected to head its GS bureau, Maher Salah was appointed as chief of Hamas bureau abroad, and Saleh al-‘Arouri was chosen as head of the WB bureau and was later elected deputy chairman of Hamas. The Shura Council elected Isma‘il Haniyyah as Mish‘al’s replacement on 6/5/2017.

Before Mish‘al stepped down, Hamas unveiled a new political document, which, according to Hamas, expressed a “spirit of renewal, evolution, and openness while maintaining the fundamentals.” The document was drafted in a professional political language, characterized by realism and flexibility, in which Hamas affirmed its Palestinian national identity, stressed that it would not concede any part of Palestine or recognize Israel, but said it “considers the establishment of a fully sovereign and independent Palestinian state, with Jerusalem as its capital along the lines of the 4th of June 1967, with the return of the refugees and the displaced to their homes from which they were expelled, to be a formula of national consensus.”

Security Coordination

The security coordination between the PA and Israel continued, despite broad Palestinian popular and factional opposition. This coordination was praised by Israel, especially since the Palestinian security forces succeeded in thwarting many resistance operations and arrested its cells, and worked effectively to contain and extinguish the Jerusalem uprising. It was clear that the PA was not serious about its threats to suspend security coordination with Israel, and even the decision made by the PLO Central Council to suspend this coordination had no mechanisms for implementation. The PA leadership had to suspend coordination temporarily for a few days following the protests at the Lion’s Gate (*Bab al-Asbat*) in Jerusalem in July 2017, but it gradually resumed coordination after the situation calmed down.

Second: Palestinian Population Indicators*

Available estimates indicate that the number of Palestinians in the world at the end of 2017 was about 13.03 million; about half of them, or 6.44 million (49.4%), live in the diaspora. The remaining half, i.e., 6.59 million people (50.6%), live in historic Palestine. They are distributed into 1.57 million people in the territories occupied in 1948 and about 5.02 million in the territories occupied in 1967, of whom 3.046 million live in WB (60.7%), and 1.975 million in GS (39.3%).

In Jordan, the number of Palestinians at the end of 2017 was estimated at 4.087 million, constituting about 31.4% of the Palestinians in the world (about 63.5% of the diaspora), the majority of whom are Jordanian citizens. The number of Palestinians in the rest of the Arab countries is estimated at 1.646 million, constituting 12.6% of the total number of Palestinians in the world, most of whom are concentrated in neighboring Arab countries, namely Lebanon, Syria, Egypt and the Gulf States. The number of Palestinians in foreign countries is estimated at 706 thousand, constituting 5.4% of the total number of Palestinians in the world, most of whom are concentrated in the United States of America (US), Latin America, Canada, United Kingdom (UK) and the rest of the European Union (EU). It should be noted that these numbers are estimates, especially outside of Palestine, where it is difficult to compile accurate statistics on them. It should also be noted that estimates of the number of Palestinians in foreign countries was based on the growth rates used in the data of the Palestinian Central Bureau of Statistics (PCBS) (1.5%), noting that the increase in the number of Palestinians in foreign countries is assumed to be not less than 2%.

* Utmost accuracy was ensured regarding the data obtained from credible sources. However, some official or approved sources did not produce data immediately after the end of 2017, which sometimes required producing estimates based on available data.

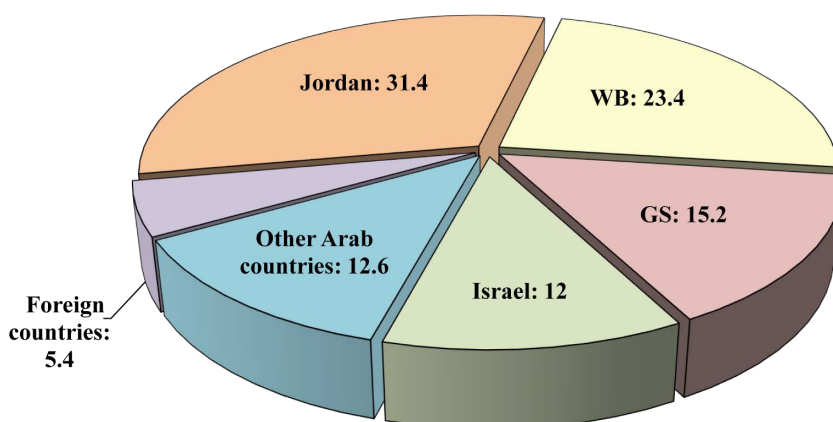
Palestinian Population Worldwide Estimate According to Place of Residence at the End of 2016 and 2017 (thousands)

Place of residence		2016		2017*	
		Population estimate	Percentage (%)	Population estimate	Percentage (%)
Palestinian territories occupied in 1967	WB	2,972.1	23.4	3,046.4	23.4
	GS	1,912.2	15	1,975.3	15.2
Palestinian territories occupied in 1948 (Israel)		1,531.7	12.1	1,565.4	12
Jordan**		3,988	31.4	4,086.5	31.4
Other Arab countries		1,606.7	12.6	1,646.4	12.6
Foreign countries		695.7	5.5	706.1	5.4
Total		12,706.4	100	13,026.1	100

* The population estimates of 2017 were based on a 2.8% annual growth rate in WB and GS, 2.2% in the 1948 occupied territories, 2.47% in other Arab countries, and 1.5% in foreign countries.

** The number of Palestinians in Jordan are based on the PCBS statistics in 2009, which were 3,240,473, and on the 2.47% annual growth rates during 2016, issued by the Jordanian Department of Statistics (DoS).

Palestinian Population Worldwide Estimate According to Place of Residence at the End of 2017 (%)



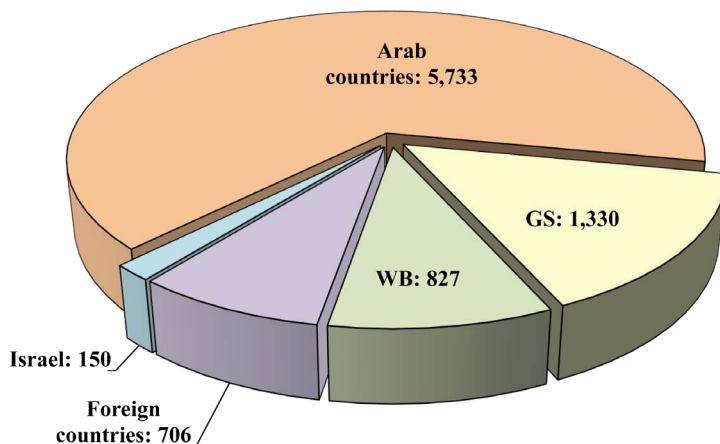
More than two-thirds of the world's Palestinians are refugees. In addition to some 6.439 million Palestinians abroad, there are some 2.157 million refugees living in WB and GS, as well as some 150 thousand refugees who have been expelled from their land, but still reside in the territories occupied in 1948; therefore the total number of Palestinian refugees is estimated at 8.746 million, or about 67.1% of the total Palestinian population for the year 2017. Although this number is likely to have some duplication, as there are Palestinians abroad who carry the identity documents of interior Palestine, the margin remains limited. As of early 2017, the number of refugees registered in the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) reached 5.87 million. This is while noting that there are many refugees who have not registered with UNRWA, because they do not need their services or because they do not reside in its area of operation, such as the Gulf countries, Europe and America.

The results of the census of the Palestinians in Lebanon announced on 21/12/2017, which estimated that 175 thousand Palestinians reside in this country, showed the extent of the “hemorrhage” suffered by the Palestinian population there and the large scale emigration of Palestinians from Lebanon. Knowing these numbers may encourage Lebanese authorities and political forces to take appropriate measures to alleviate the suffering of Palestinians, including giving them the right to own property and work. However, it is feared that these results will be used as a pretext by donor countries to reduce aid to UNRWA; or to push Western Israeli efforts aimed at the permanent resettlement of Palestinian refugees.

Palestinian Refugees Worldwide; Population Estimates in 2017 (thousands)

Region	WB	GS	Israel*	Arab countries	Foreign countries	Total
Refugee population estimates	827	1,330	150	5,733	706	8,746

* Approximate number.

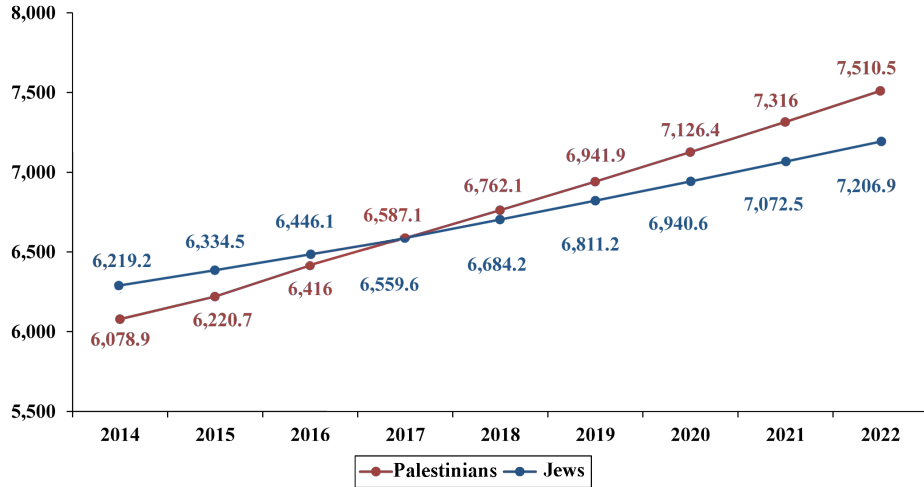
Palestinian Refugees Worldwide; Population Estimates in 2017 (thousands)

The annual demographic growth rate in WB and GS in 2017 remained almost the same as in the previous years, reaching 2.8% (2.5% in WB and 3.3% in GS) and 2.2% in the territories occupied in 1948. Based on these annual growth rates and the 1.9% rate of the Jews, the Palestinian and Jewish population in historic Palestine will roughly equalize in 2017 or early 2018; the number of Palestinians and Jews approximately 6.6 million. In 2022, Jews living in Palestine will comprise 49% of the total population in historic Palestine, numbering 7.2 million Jews compared to 7.5 million Palestinians.

**Estimated Population Count of Palestinians and Jews in Historic Palestine
2014–2022 (thousands)**

Year	Palestinians			Jews
	WB & GS	Palestinian territories occupied in 1948 (Israel)	Historic Palestine	
2014	4,616.4	1,462.5	6,078.9	6,219.2
2015	4,749.5	1,471.2	6,220.7	6,334.5
2016	4,884.3	1,531.7	6,416	6,446.1
2017	5,021.7	1,565.4	6,587.1	6,559.6
2018	5,162.3	1,599.8	6,762.1	6,684.2
2019	5,306.9	1,635	6,941.9	6,811.2
2020	5,455.4	1,671	7,126.4	6,940.6
2021	5,608.2	1,707.8	7,316	7,072.5
2022	5,765.2	1,745.3	7,510.5	7,206.9

Estimated Population Count of Palestinians and Jews in Historic Palestine 2014–2022 (thousands)



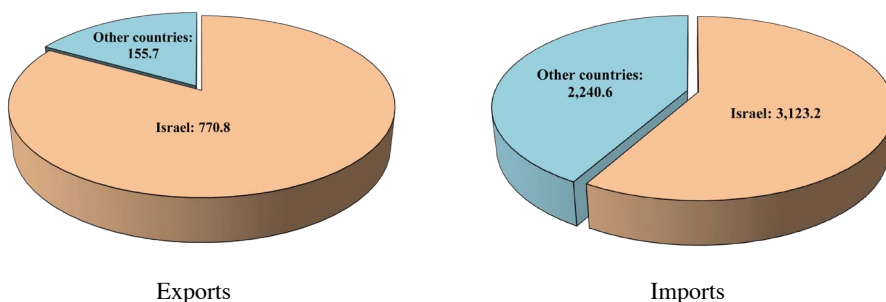
Third: Economic Indicators in the WB and GS

The years 2016–2017 did not witness any change in the status quo in terms of the direct dependence of the Palestinian economy in the WB and GS on the Israeli economy and its isolation from the outside world through Israel's control over all international ports and Palestinian border crossings, with external trade concentrated mainly with Israel.

Trade

The volume of trade in 2016 with Israel amounted to **\$3,894 million, or about 61.9% of the total foreign trade volume of the PA, amounting to \$6,290.3 million. The volume of imports from Israel amounted to \$3,123.2 million, representing 58.2% of the PA's total imports of \$5,363.8 million, while exports to Israel amounted to \$770.8 million, representing 83.2% of the PA's total exports (\$926.5 million). This severely harms the Palestinian economy and leaves the trade balance severely and continuously skewed in favor of the occupation. The Palestinian economy also continued to suffer from the blockade and the closure of the crossings imposed in varying degrees on the GS since 2007, a siege that intensified in the two years covered by the report, especially with the destruction of the tunnels by the Egyptian side and the continued closure of the Rafah crossing.

Palestinian Trade with Israel in 2016 in Comparison with the Rest of the World (\$million)



** US Dollar.

Gross Domestic Product (GDP)

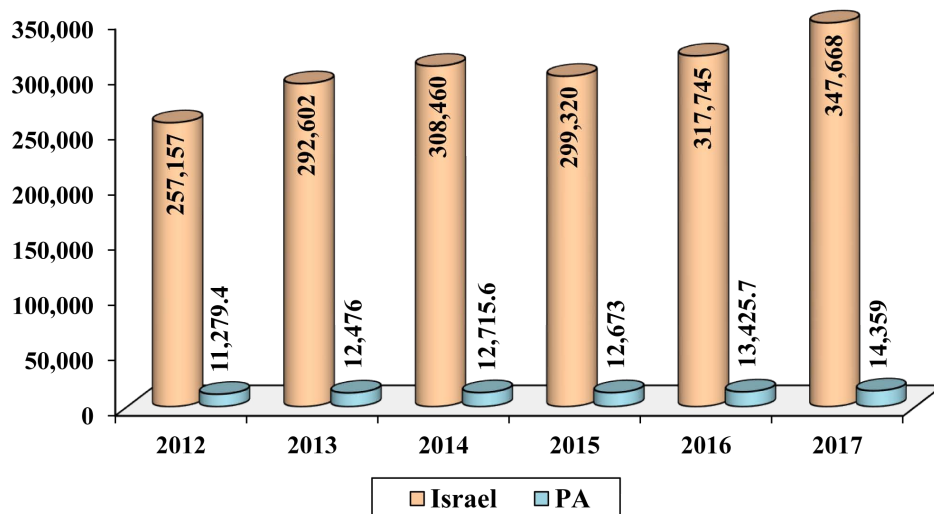
In WB and GS, the GDP (current prices) rose to \$13,426 million in 2016 from \$12,673 million in 2015, an averaged growth of 5.9%. According to available figures for the first three quarters of 2017, it is expected that the GDP would reach \$14,359 million during that year, i.e., 6.9%. Palestinian GDP remains very low compared to the Israeli GDP, which was more than 24 fold (2,421%) in 2017, which highlights the impact of the occupation on Palestinian economy.

GDP in PA Territories and Israel 2012–2017 at Current Prices (\$ million)

Year	PA	Israel
2012	11,279.4	257,157
2013	12,476	292,602
2014	12,715.6	308,460
2015	12,673	299,320
2016	13,425.7	317,745
2017*	14,359	347,668

* Based on the first three quarters estimates.

GDP in PA Territories and Israel 2012–2017 at Current Prices (\$ million)



GDP per Capita

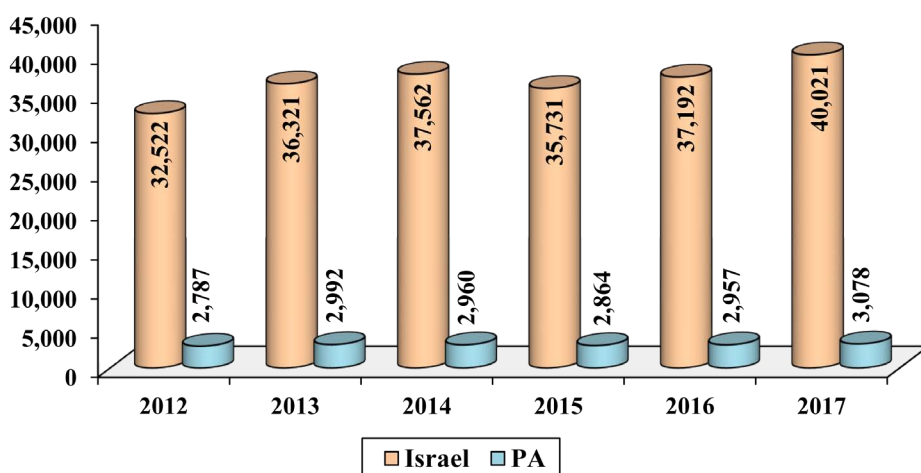
GDP per capita was \$2,864 and \$2,957 for the years 2015 and 2016, respectively at current prices, that is, the per capita income fell by 3.2% in 2015 and then increased by 3.2% in 2016. According to the figures available for the first three quarters of the year, GDP per capita is expected to increase to \$3,078 in 2017, a 4.1% increase. However, there is a stark difference in the GDP per Capita between WB and GS, which reached \$3,929 and \$1,878 respectively in 2017, whereas it reached \$3,727 and \$1,851 respectively in 2016.

GDP per Capita in PA Territories and Israel 2012–2017 at Current Prices (\$)

Year	PA	Israel
2012	2,787	32,522
2013	2,992	36,321
2014	2,960	37,562
2015	2,864	35,731
2016	2,957	37,192
2017*	3,078	40,021

* Based on the first three quarters estimates.

GDP per Capita in PA Territories and Israel 2012–2017 at Current Prices (\$)



Unemployment

The unemployment rate in WB and GS was 28.4% in 2017 based on an averaged rate in the first three quarters of the year, compared to 27% in 2016 and 26% in 2015. There is a huge disparity in unemployment rates between WB and GS, as a result of the GS siege and destruction. In 2017, it reached 44% in GS and 19% in WB. In 2016, it was 41.7% in the GS compared with 18.2% in the WB.

Revenues and Expenditures

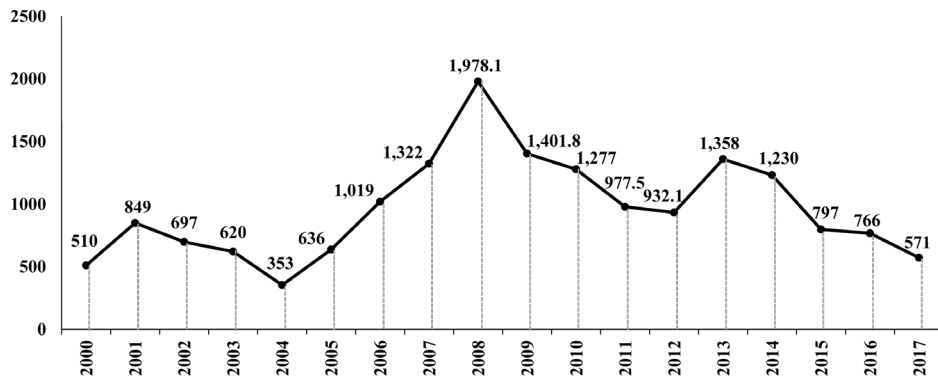
The PA total net revenues, as of November 2017, increased by 3% compared to 2016, and is expected to reach \$3,658 million in 2017, compared with \$3,552 million in 2016. Total general expenditures of the PA, including development expenditures, are expected to reach about \$ 3,934 million for 2017, compared with \$3,879 million in 2016, an increase of 1.4%. The budget deficit is expected to reach \$276 million in 2017, compared to a deficit of \$327 million in 2016.

External Financing

External Financing (including development financing) is expected to reach \$611 million in 2017 compared to \$766 million in 2016. It is noted that in recent years the PA has suffered from a decline in foreign aid inflows, which are usually used to impose the political agenda of donor countries, especially the Western powers. This financing accounted for an average of 42.3% of PA revenues during 2000–2013. After reaching 52.6% of the total revenues of the PA in 2008 (the year following the Palestinian political division), this ratio declined to 14.3% in 2017.

In light of the Oslo Accords, the Paris Protocol, and Israeli practices aimed at limiting the size of the Palestinian economy and perpetuating its dependence on the Israeli occupation, the prospects for real economic growth or a fundamental correction to this growth trend in the next phase appears to be low.

PA External Budgetary Support 2000–2017



Fourth: The Israeli Aggression and the Paths of Resistance and the Peace Process

Aggression and Resistance

Israel continued its aggression, incursions and arrests against the Palestinian people in 2016 and 2017. The Palestinian popular uprising in the WB continued in varying degrees against the Israeli occupation and constituted one of the most significant developments that have worried the occupation since its outbreak in October 2015. Israel was unable to eliminate what it termed the “wave of terror” despite the measures and policies it imposed since the emergence of individual resistance operations at the beginning of the uprising, and despite the security coordination with the PA in Ramallah. The Palestinian people seemed to have overcome the state of helplessness among their leadership, and took action to confront the occupier in a message that *al-Aqsa* Mosque and the holy sites are a red line that cannot be bypassed.

The operation carried out by three Palestinians from the territories of 1948 in the courtyards of the *al-Aqsa* Mosque on 14/7/2017, which resulted in the death of two Israeli soldiers, brought the Jerusalem uprising to the forefront again. The pace of operations against the occupation increased significantly, from 94 in June 2017, to 222 in July 2017. Confrontations with Israel escalated following the decision of the US President Donald Trump to relocate the US Embassy to Jerusalem, increasing from 84 in November 2017 to 249 during December 2017.

On the other hand, the GS witnessed the continuation of the truce throughout 2016 and 2017, despite some “limited” Israeli violations, which were coupled with a sharp decrease in the rate of Palestinian rockets fired from GS at Israeli targets in occupied Palestine in 1948. From GS 40 rockets and mortars were launched during 2016, compared with 27 in 2017, according to the Israel Security Agency—ISA (*Shabak*). In addition, Israel continued to impose land and sea blockade on GS to establish an unprecedented economic and social strangulation, tightening its restrictions on the movement of individuals and goods, including imports of basic necessities for the population.

Resistance operations maintained their pace in 2016–2017. The Shabak recorded 1,415 attacks in 2016 compared to 1,516 in 2017 in the WB (including East Jerusalem), GS, and inside the Palestinian territories occupied in 1948. It should be noted that most of the operations recorded during the two years in the WB involved throwing stones and Molotov cocktails.

Resistance Operations Distribution 2016–2017

Year	WB (Except Jerusalem)	East Jerusalem	Palestinian territories occupied in 1948	GS*	Total
2016	1,033	327	12	43	1,415
2017	1,096	368	13	39	1,516
Total	2,129	695	25	82	2,931

* Including Sinai.

The Killed and Wounded

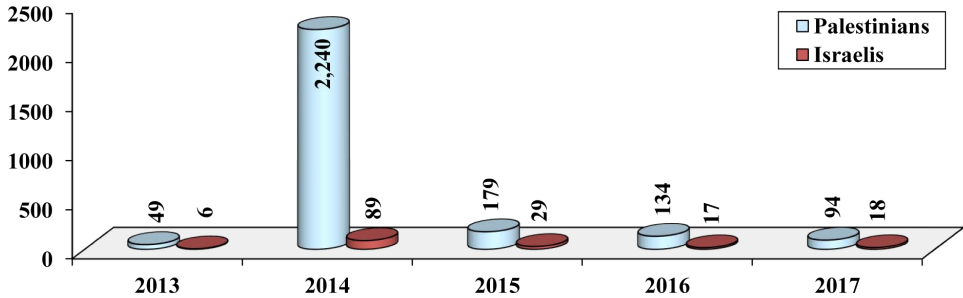
In 2016, a total of 134 Palestinians were killed, including 35 children, while in 2017, 94 were killed by Israeli occupation forces and settlers in both GS and WB, including Jerusalem. Up to 3,230 Palestinians were injured in 2016, including 1,040 children, while 8,300 were injured in 2017. The rise in the number of wounded in 2017 was due to increased demonstrations and clashes, especially during the uprising at Lion's Gate (*Bab al-Asbat*) in the summer of 2017, and following Trump's decision to transfer the US Embassy to Jerusalem on 6/12/2017. By contrast, the Shabak recorded that 17 Israelis were killed in 2016 and 18 in 2017 until the end of November as a result of Palestinian operations. In addition, 170 Israelis were injured in 2016, compared with 66 until the end of November 2017.

The Killed and Wounded Among Palestinians and Israelis in the WB and the GS 2013–2017

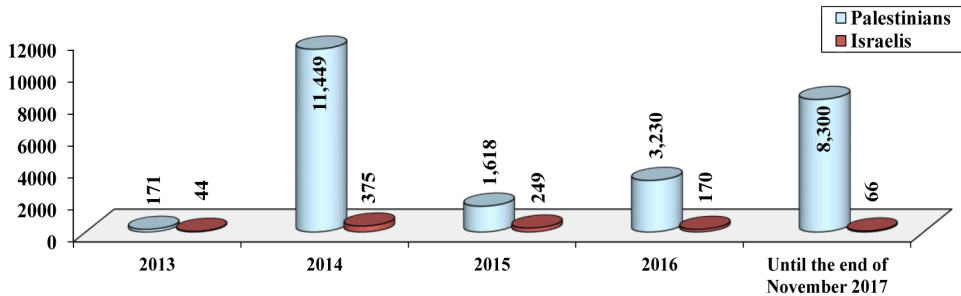
Year	Killed		Wounded	
	Palestinians	Israelis	Palestinians	Israelis
2013	49	6	171	44
2014	2,240	89	11,449	375
2015	179	29	1,618	249
2016	134	17	3,230	170
2017	94	18	8,300	66*

* Until November 2017.

Palestinians and Israelis Killed in the WB and GS 2013–2017



Palestinians and Israelis Wounded in the WB and GS 2013–2017



Prisoners

The years 2016 and 2017 were similar to the years that preceded them in terms of the continued suffering of the prisoners. The number of prisoners in Israeli jails reached 6,154 prisoners at the end of November 2017, including 59 women and 311 children, and 11 deputies in the PLC. The number of prisoners from the WB reached 5,758, of which 492 were from East Jerusalem. The number of prisoners from GS reached 326, while the total number of Palestinian prisoners from the 1948 occupied territories was 70, in addition to dozens of Arab detainees from different nationalities. The Palestinian Prisoners Center for Studies recorded the detention of 6,500 Palestinian citizens in 2017, including 1,600 children and 170 women and girls. The number of administrative detainees held by Israel without specific charges or trial amounted to 453 detainees at the end of November 2017, including 9 deputies in the PLC.

Prisoners and Detainees in Israeli Prisons 2013–2017

Year	Total no. of detainees	WB*	GS	Life imprisonment	Women	Children	Administrative detainees
2013	5,023	4,408	389	476	17	154	155
2014	6,200	5,729	371	481	23	152	450
2015	6,900	6,482	328	502	55	450	650
2016	6,500	6,080	350	459	53	300	536
2017 (until the end of November)	6,154	5,758	326	525	59	311	453

* Approximate numbers according to the Prisoner Support and Human Rights Association–Addameer.

Assaults on Jerusalem and Holy Sites

Israeli assaults in 2016–2017 on Islamic and Christian holy sites in Jerusalem, and in historic Palestine in general, saw a serious escalation. In 2017, Israel tried to impose new facts on the ground in *al-Aqsa* Mosque through the installation of surveillance cameras and electronic gates on 14/7/2017. The Jerusalemites reacted with the Lion’s Gate (*Bab al-Asbat*) Uprising, and succeeded after two weeks of protests and sit-ins in front of the gates of the *al-Aqsa* Mosque in forcing Israel to back down. The period was also marked by major political changes, most recently with the decision of Donald Trump on 6/12/2017 to recognize Jerusalem as the capital of Israel, and transfer the US Embassy to the holy city.

Statements and provocative actions and harassment against Islamic and Christian holy sites were escalated by Israeli political, religious and judicial officials; in late 2016, Minister of Culture Miriam “Miri” Regev and Jerusalem Mayor Nir Barakat, inaugurated a tunnel stretching from Silwan south of *al-Aqsa* to the Moroccan Gate. A report by the Israeli Antiquities Authority showed that the length of this tunnel is 580 meters. On 8/3/2017, the Israeli Knesset approved in its preliminary reading the bill, which prohibits the use of outdoor speakers to sound the call for prayer (*adhan*) in residential areas from 11 pm to 7 am, in the mosques of Palestinian territories occupied in 1948, including Jerusalem.

Statistics show that the number of Christians in Jerusalem has dropped to 10 thousand, or 1% of Jerusalem’s population. During the reporting period,

Israeli settlers attacked a number of Christian churches and monuments, wrote offensive words to Christians and Jesus Christ, and vandalized some of them.

The Israeli authorities closed seven Palestinian institutions and bodies in East Jerusalem and the territories occupied in 1948 because of their support for Jerusalem, Jerusalemites, and the *murabitun* (Frontier guardians). In 2016, there was a significant increase in the number of *al-Aqsa* Mosque raids by Jewish extremists, which reached 14,806, and increased by 28% from 2015, in addition to a total of 1,165 soldiers who broke into *al-Aqsa* in 2016. Israeli forces brought in electric all-terrain vehicle (ATV) or *Traktoron* to secure such raids, while Israeli authorities informed the Department of Endowment (*Awqaf*) in Jerusalem of requiring an additional hour in the morning hours for the raids. It removed about 258 worshippers for periods ranging from three days to six months. Since August 2015, the Israel has prevented 60 Jerusalemites from entering *al-Aqsa* Mosque, while the number of settlers who stormed the mosque in 2017 reached 25,628, the highest number since its occupation in 1967, an increase of 73% from 2016, lasting 1,023 hours. Israeli forces opened the mosque in front of these incursions for 232 days. In addition, there were 900 attacks on *al-Aqsa* Mosque and worshipers during 2017, the last of which was the attempt to install electronic gates at its entrances.

At the same time, intensive Judaization programs continued in Jerusalem, including excavations and tunnels under and around the *al-Aqsa* Mosque, the construction of synagogues and Jewish settlements and facilities, and the harassment and demolition of Jerusalemite homes. However, the people of Jerusalem continue to show outstanding patience, steadfastness, and perseverance.

Israeli Settlement Expansion in WB

In 2016–2017, the systematic Jewish settlement expansion in WB continued. Israel added 2,500 settlement housing units in 2016, and confiscated 13,295 donums of land. It approved since the beginning of 2017 plans to build 6,500 settlement units in the WB, and confiscated a total of 9,784 donums. The number of settlements that expanded during 2016 was about 90. During 2017, settler groups established 8 new settlement outposts. At the same time, the occupation is constructing some 3,122 new housing units, and continues to expand some 60 settlements.

Statistics indicate that the number of Israeli settlers living in Israeli settlements increased from 240 thousand in 1990 to about 800 thousand in 2017, living in 196 Israeli settlements and 232 settlement outposts throughout the WB, including East Jerusalem.

Israel continued to demolish Palestinian homes and expel residents from public houses and buildings in Area C in the WB (the area under full Israeli military and civilian control), as well as in East Jerusalem. During 2016, Israel demolished 1,064 houses and structures, compared to the demolition of about 500 homes and structures in 2017, according to available data.

Of the planned 790-kilometer-long Separation Wall in WB, Israel has completed construction of more than 60%, or about 474 km, while 10% is currently under construction.

Israeli authorities continued strengthening their influence and facilitating the lives of Jewish settlers in WB by expanding the “bypass roads,” which spanned 770 km until 2015. By contrast, Israel continued to impede the movement of Palestinian residents of the WB through checkpoints and barriers littering the area, numbering 607 by the end of 2015. No updated data on the number of these barriers at present is available.

GS continues to be severely besieged, deprived of its basic needs, its development and the upgrading of its infrastructure impeded, while its residents are deprived of their freedom of movement. Gaza’s fishing and all economic activities are restricted, while Egypt has since July 2013 throughout the end of 2015 destroyed about two thousand tunnels on the border with the GS, and also actively pursued in 2016–2017 the destruction of further tunnels.

The Peace Process

The peace process continued to stumble and stagnate for the majority of the reporting period. Israel has continued its usual policy of “managing” the peace process rather than concluding it with a resolution. It continued to impose facts on the ground through settlement and Judaization programs. This is while the PA was unable to overcome its limited functional role. Israel did not take seriously the PA’s threats to abandon the Oslo Accords and their obligations. Israel also benefited from the state of Palestinian division, and the weak and divided Arab and Islamic environment. Israel also intensified its contacts with

some Arab regimes with which it does not have formal relations, with the aim of “normalization,” circumventing the Palestinians, undermining the “Arab Peace Initiative,” and seeking to divert Arab animosity away from it and towards Iran.

The French initiative, for which France brought together 20 foreign ministers and state representatives in June 2016 to reaffirm the two-state solution and set deadlines for negotiations, failed. The Middle East Peace Conference in January 2017 also failed because of an Israeli boycott, and because of the disruptive American role. Other Russian and Chinese peace initiatives also failed...

The Aqaba summit, held secretly on 21/2/2016 with American, Israeli, Jordanian, and Egyptian participation, did not succeed. That summit discussed ideas related to the programs for confidence building, normalization, the “Jewishness” of the state of Israel, and the exchange of territories, including parts of the Sinai, but did not manage to make any real breakthroughs. After Trump took office, US talk of the illegality of Israeli settlement ceased and there has also been a departure from the adoption of the two-state solution. “Rumors” of what is known as the “deal of the century” started emerging, but the Americans did not present it officially. It includes enhancing the lives of the Palestinians and negotiations of a ten-year deadline. The supposed deal involves exchange of land, so that the Israeli side gets the settlement blocs and parts of the Jordan Valley, while the Palestinians are compensated with parts of the Sinai adjacent to the GS. The deal ignores the future of Jerusalem and the rights of return for Palestinian refugees and abides by Israel’s security dictates. It is practically closer to the liquidation of the Palestinian issue, than being a solution acceptable to Palestinians who support the peace process.

However, the peace process suffered a severe blow when the United States decided on 6/12/2017 to recognize Jerusalem as the capital of Israel and transfer its embassy there. The Israeli Knesset then passed a law to remove Jerusalem from the negotiating process. Despite the Palestinian, Arab, Islamic and international rejection of these moves, the Israeli side continues to impose its vision by force while the peace process breathes its final breath.

Fifth: The Israeli Scene

Internal Situation

The years 2016–2017 brought further influence and dominance for the Israeli right parties, especially extremist groups like the Jewish Home party, while leftwing forces suffered further decline and weakness, to the point that Avi Gabbay of the Kulanu Party was elected head of the Labor Party in the summer of 2017. On the other hand, Prime Minister Benjamin Netanyahu was able to strengthen his position in the Likud Party and the government, bringing in Yisrael Beiteinu (Israel Our Home) party to his coalition government, with Avigdor Lieberman given the defense portfolio in May 2016.

In an atmosphere in which the Israeli government has been sponsoring a racist “Jewish spirit” on the back of nationalist, historical, or religious claims, Israel’s Justice Minister Ayelet Shaked sought to draft new laws that would emphasize the identity of Israel and its Jewish heritage. As the issue of the “Jewishness of the state” made its way to the Israeli Knesset on several occasions, the Ministerial Committee on Legislation approved the Nationality Law in 2017, paving the way for its enactment. The law approves that Israel is the nation-state of only the “Jewish people,” enshrines Hebrew as the official language of Israel while the Arabic language is granted “special status.” In July 2017, a law was passed allowing the expulsion of members of Knesset for inciting “violence” against Israel. A law was passed banning the use of outdoor speakers to sound the call for prayer (*adhan*) in residential areas from 11 pm to 7 am. On 5/4/2017, the Knesset passed a law allowing the acceleration of demolitions of Arab houses under the pretext of unauthorized construction without judicial proceedings. In February 2017, the Knesset gave legal cover for the expropriation of private Palestinian land and thus the legalization of settlement outposts.

Israeli organizations sought to press for the imposition of the Israeli national anthem on Arab schools in the territories occupied in 1948; edicts were also issued by senior rabbis authorizing the killing of Palestinians who carry sharp objects (knives).

On the other hand, there have been increasing manifestations of financial, administrative and moral corruption in Israeli government agencies. Complaints about sexual harassment in the police and military have risen. A number of ministers, officials and businessmen have been questioned about suspicious deals such as the German submarine deal. Investigations were launched into Netanyahu's alleged reception of expensive gifts, and his alleged deals with media outlets to receive more favorable media coverage.

Demographic Indicators

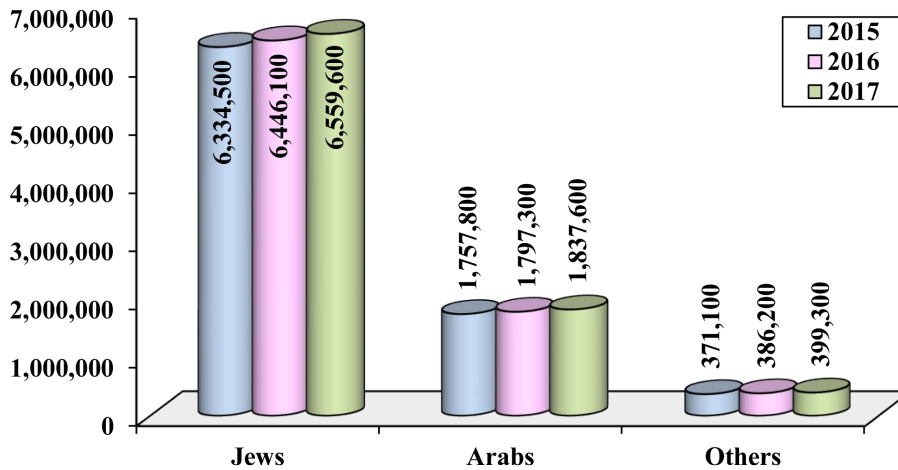
Israel's Central Bureau of Statistics (CBS) estimated Israel's population at the end of 2016 at 8.629 million, including 6.446 million Jews, or 74.7% of the population. As for the Arab population, including residents of East Jerusalem and the Golan Heights, CBS estimated it at 1.797 million, or 20.8% of the population, in 2016. If we deduct the population of East Jerusalem (approximately 333 thousand) and the Golan (approximately 25 thousand), the number of Palestinians in the 1948 occupied territories will be about 1.464 million in 2016, or about 16.9% of the population. In 2016 and 2017, Israel's population growth rate was 2%, almost the same rate since 2003.

Population of Israel (selected years)

Year	Total population	Jews	Arabs (including the population of East Jerusalem and the Golan Heights)	Others
2010	7,695,100	5,802,400	1,573,100	319,600
2012	7,984,500	5,999,600	1,647,200	337,700
2014	8,296,900	6,219,200	1,720,300	357,400
2015	8,463,400	6,334,500	1,757,800	371,100
2016	8,628,600	6,446,100	1,797,300	386,200
2017*	8,796,500	6,559,600	1,837,600	399,300

* The numbers of 2017 are based on the rate of first eleven months according to CBS.

Population of Israel 2015–2017



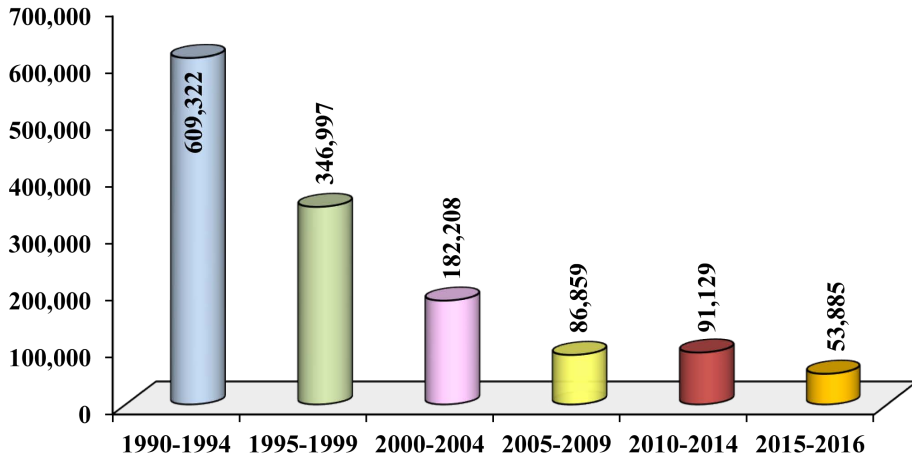
Up to 27,908 and 25,977 immigrants came to Israel in the years 2015 and 2016, respectively. By the end of November 2017, 23,686 immigrants had arrived in Israel that year. These numbers show relatively stable migration rates in 2014–2017, but the numbers remain small compared to the last decade of the twentieth century, after the depletion of Jewish populations in the diaspora ready for large-scale immigration, as of the Jews abroad were confined to developed countries in North America and Europe, where they don't have an incentive to migrate on a large scale.

Number of Jewish Immigrants to Israel 1990–2016

Year	1990–1994	1995–1999	2000–2004	2005–2009	2010–2014	2015	2016	Total
No. of immigrants	609,322	346,997	182,208	86,859	91,129	27,908	25,977	1,370,400

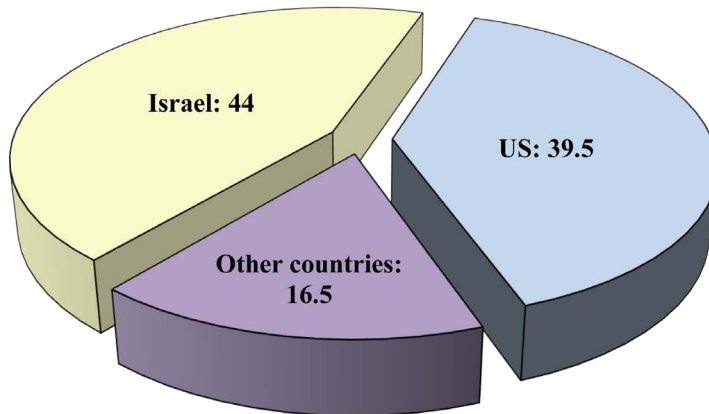
The following chart shows the evolution of the number of Jewish immigrants to Israel for every five years in the period 1990–2014, except for the period 2015–2016.

Number of Jewish Immigrants to Israel 1990–2016



On the other hand, the number of Jews in the world was estimated at 14.411 million at the end of 2016, 83.5% of whom live in the United States and Israel. At the same time, the decline in the growth of the number of Jews in the world, excluding Israel, has continued, due to the low rate of natural growth, the abandonment of the Jewish religion, and the spread of mixed marriages.

World Jewish Population 2016 (%)



Economic Indicators

Israel's GDP in 2016 was 1,220.3 billion shekels (\$318 billion) compared to 1,162.5 billion shekels (\$299 billion) in 2015, reflecting growth of 5%. In 2017, Israel's GDP, according to data available from the first three quarters

of the year, was estimated at 1,251.5 billion shekels (\$348 billion) marking growth of 2.6%. When calculating the growth rate in dollars, and because of the volatility of the value of the shekel against the dollar, we find that the growth rate would be different, and therefore we should not be quick to make inaccurate conclusions. This is while noting that the statistics we present are derived from official Israeli sources.

The Israeli GDP per capita was 142,839 shekels (\$37,192) in 2016. Based on available data, the GDP per capita will be 144,063 shekels (\$40,021) in 2017.

The public expenditure of the Israeli government in 2016 amounted to 470.781 billion shekels (\$122.58 billion), while the general expenditures approved for the budget in 2017 was 514.068 billion shekels (about \$142.7 billion). General revenues amounted to 447.258 billion shekels in 2016 (\$116.455 billion). The public revenues approved for the budget of 2017 were 469.15 billion shekels (about \$130.3 billion).

The value of Israeli exports in the dollar fell by 5.4% in 2016, while Israeli imports rose by 6% in 2016, emphasizing that this change is due in part to the volatility of the value of the shekel against the dollar. If exports and imports were calculated in Israeli shekels, exports would be shown as having declined by 6.6% in 2016, while imports increased by 4.7%.

As for the year 2017, according to figures available until November, the value of Israeli exports in the dollar increased by 0.6%, while Israeli imports increased by 5.07%.

Total Israeli Exports and Imports 2014–2017 at Current Prices (\$ million)

Year	2014	2015	2016	2017*
Exports	68,967.9	64,062.6	60,573.2	55,476.5*
Imports	72,341	62,071	65,804.5	62,607.8*

* Until November 2017.

The United States remained Israel's primary trading partner. Israeli exports to the US in 2016 totaled \$17.59 billion (29% of total Israeli exports), while

Israeli imports from the US amounted to \$8.076 billion (12.3% of total Israeli imports). In the same year, China became Israel's second largest trading partner, while the UK occupied third place, and Belgium advanced to fourth place.

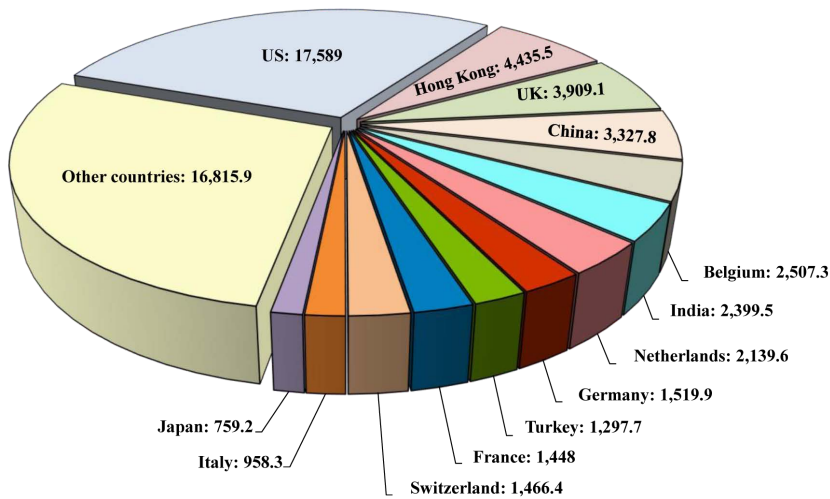
According to figures available until November 2017, the US remained Israel's first trading partner, with Israeli exports reaching about \$15.775 billion, Israeli imports amounting to \$7.42 billion. China occupied the second largest trading partner of Israel, while UK occupied third place, and Switzerland the fourth place.

**Volume of Israeli Trade, Exports and Imports to/ from Selected Countries
2016 at Current Prices (\$ million)**

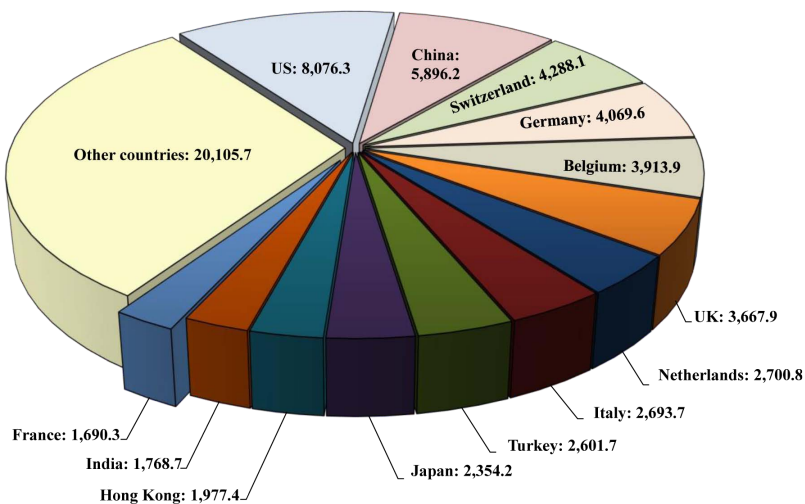
Country	US	China	UK	Belgium	Hong Kong	Switzerland	Germany
Israeli exports to:	17,589	3,327.8	3,909.1	2,507.3	4,435.5	1,466.4	1,519.9
Israeli imports from:	8,076.3	5,896.2	3,667.9	3,913.9	1,977.4	4,288.1	4,069.6
Trade volume	25,665.3	9,224	7,577	6,421.2	6,412.9	5,754.5	5,589.5

Country	Netherlands	India	Turkey	Italy	France	Japan	Other countries	Total
Israeli exports to:	2,139.6	2,399.5	1,297.7	958.3	1,448	759.2	16,815.9	60,573.2
Israeli imports from:	2,700.8	1,768.7	2,601.7	2,693.7	1,690.3	2,354.2	20,105.7	65,804.5
Trade volume	4,840.4	4,168.2	3,899.4	3,652	3,138.3	3,113.4	36,921.6	126,377.7

Israeli Exports to Selected Countries 2016 at Current Prices (\$ million)



Israeli Imports from Selected Countries 2016 at Current Prices (\$ million)



Although Israel is a rich and developed country, it continued to receive US aid in 2016 at a total of \$3.11 billion, including \$3.1 billion in military grants. In the period 1949–2016 Israel received a total of \$127.579 billion. In the second term of President Obama, an agreement was signed to supply Israel with \$38 billion in US aid over 10 years (2019–2028), i.e., an average of \$3.8 billion annually.

US Bilateral Aid to Israel 1949–2017 (\$ million)

Period	1949–1958	1959–1968	1969–1978	1979–1988	1989–1998	1999–2008
Total	599.6	727.8	11,426.5	29,933.9	31,551.9	29,374.7

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Total	2,583.9	2,803.8	3,029.2	3,098	3,115	3,115	3,110	3,110	3,107.5	130,686.8

Military Indicators

The Israeli military remains in a state of alert from previous years due to the developments in the Palestinian situation and the rapidly changing situation in the regional environment, especially in the northern front, which includes Syria and Lebanon, and on the southern front, in GS and Sinai. These conditions have prompted Tel Aviv to carry out ongoing reviews and assessments that have had implications for the military establishment and its role in the current and future stages. This was translated in a series of appointments to the army leadership, and reflected in the army's plans, military and security strategy, and upgrading of equipment. During 2016–2017, the Israeli military witnessed a number of new appointments and promotions, covering many branches and command centers, with the exception of the ground forces command.

The Israeli strategy, as emanated from Herzliya Conference, focuses on maintaining the state of deterrence on all fronts by threatening the total destruction of enemy infrastructure, whether in Lebanon or GS. According to Israel's strategic assessment, the external threats are Iran, Hizbullah, Hamas, and the Islamic State of Iraq and al-Sham (ISIS); however they rule out a war with them anytime soon. Israel finds itself in the midst of either a cooperative official Arab environment on the security level, or a one that does not constitute a real threat.

The Israeli army conducted a series of military exercises, involving most branches. In addition, joint exercises were held with other armies outside Israel, in one occasion with the participation of the United Arab Emirates (UAE) and Pakistan, which do not have official relations with Israel, in addition to conducting exercises for the first time ever with the Indian Air Force.

The official Israeli military budget was \$18.3 billion in 2017 and \$17 billion in 2016, compared with \$15.47 billion in 2015 and \$16.08 billion in 2014. However, the real expenditures of the military budget usually far exceeds the official budget set, reaching a total of \$20.02 billion in 2016, while the real figure for the year 2017 was not clear at the time of the preparation of this report. Israeli arms exports rose by 14% in 2016 compared to 2015, bringing the total value of arms deals concluded by Israel with foreign parties to \$6.5 billion, compared with \$5.7 billion in 2015. The value of arms exports in 2017 was not available at the time of writing.

Sixth: The Palestinian Issue and the Arab World

In 2016 and 2017, the Arab world witnessed a series of dramatic events and developments that were an extension of the changes in the political scene in the region since the outbreak of the Arab Uprisings, which naturally affects the strategic environment surrounding the Palestinian issue. These events were dominated by two main trends: the first was the continuation of the campaign against the Arab forces of change and its supporters, in which context the Gulf crisis could be said to have taken place; and the growing regional conflict between the countries of “Arab moderation” on the one hand and Iran and its allies on the other, with the countries of the region aligned accordingly. It is to be noted that the containment of the forces of change and the campaign against them was a common concern of the majority of the parties on both sides.

In general, these developments have tended to strengthen Israel’s position in the region relative to the Arab states and the Palestinians, particularly those committed to the peace process with Israel and moderation. At the same time, however, it has allowed some attention to return to the Palestinian issue due to two main factors: The first is the decline of internal conflicts and their impact on the political agendas of the countries of the region and on their relations with the Palestinians. The second factor is that the tendency of the “moderate” countries to normalize their relations with Israel in order to focus on the “regional confrontation” with Iran, either because of subjective factors or in compliance with the inclinations of the Trump administration. However, a progress in the peace process is still impossible, and is increasingly unlikely as a result of the escalating Israeli violations against the city of Jerusalem and *al-Aqsa* Mosque, and as a result of the US support for these violations, in a way that hinders the “scramble” by some Arab countries towards normalization.

Egypt

Egypt has returned to play a more effective role in the Palestinian issue. Egypt sponsored a series of reconciliation meetings between Fatah and Hamas, which opened the way for the government of Rami al-Hamdallah to return to govern GS. On the other hand, the continued deterioration of the security

situation in the Sinai Peninsula, was the most important factor that favored Israel's strategy on the Egyptian front, allowing it to strengthen its security and military cooperation with Egypt in an unprecedented manner, as an ally for the Egyptian military establishment and the political leadership. At the same time, the unrest in Sinai has harmed Palestinians and the resistance forces in GS through the continued closure of the Rafah crossing and continued destruction of tunnels under the security pretext, where these tunnels were essential to alleviate the harshness of the siege. On the other hand, the security chaos in Sinai allowed Israel to strengthen its strategic advantage as an energy supplier to Jordan.

Jordan

As for Jordan, the escalation of Israeli violations against *al-Aqsa* mosque and the city of Jerusalem were the most important factors straining the relationship between Amman and Tel Aviv, especially during the latter half of 2017. The year saw additional tensions, as a result of what was known as the “embassy incident,” which led to the evacuation of the Israeli embassy in Amman after which Jordan refused to allow the staff back before the case is resolved. US President Trump's recognition of Jerusalem as the capital of Israel was an additional factor that could prompt the Jordanian regime to rethink its alliances even if just in the interim. The Israeli aggression against *al-Aqsa* Mosque and Jerusalem with the support of Washington constitute real threats to the Jordanian state by undermining one of the most important sources of legitimacy of the Hashemite family's rule since the establishment of the Kingdom. The Jordanian public is still the most closely linked to the Palestinian issue.

Syria

The bloody internal crisis led to the almost total absence of the country's political role in the region, except as part of its political geography, which has become subject to the balance of power among the warring forces on the ground. For Syria has become a key battleground for settling complex regional and international disputes. Israel has exploited these changes to strengthen its position and continue its control of the Golan Heights, the confiscation of Syrian land, and the violation of Syrian airspace to strike the targets deemed

a strategic threat. While the Syrian crisis weakened Israel’s “northern front,” increased the rift between the forces of the region, and diverted efforts to the regional conflict at the expense of the Palestinian issue, as well as increasing the space of common security interests between Israel and Jordan. On the other hand, the de-escalation in Syria has increased the level of strategic threat to the “northern front” of Israel, as the strength and influence of the forces hostile to it increased on that front.

Lebanon

The Palestinian community in Lebanon is one of the most active communities in the country because of the relative freedom enjoyed by Palestinians there. Most of them still live in refugee camps (RCs) and communities that reflect their identity, interests, and aspirations. However, Palestinians in Lebanon are one of the most vulnerable communities because they are denied the right to work in many occupations and have little ownership rights. Poor services and poor security in some RCs make the problem worse. The Ain al-Hilweh RC suffered as a result of repeated armed clashes; however, the cooperation of the Palestinian forces with Lebanese security led to the containment of most of the security problems. The results of the census of the Palestinians of Lebanon (175 thousand) could reassure the authorities and the political forces, and thus grant civil and humanitarian rights to the Palestinians.

Gulf States

As for the changes witnessed by the Gulf Arab countries, they were largely due to developments in Saudi politics, the continued counter-revolutionary campaign, and the intersection with the American desire to refocus the region towards conflict with Iran. They have opened the door to major shifts, the success of which could signal improved regional conditions for Israel in an unprecedented manner through the “normalization” of its existence in the region and the participation of Arab countries in the efforts to liquidate the Palestinian issue. However, Trump’s recognition of Jerusalem as capital of Israel raised major question marks about achieving these goals, especially with normalization opposition by the most prominent “moderate” parties concerned with the Palestinian issue, namely Jordan and the PA. This is despite the fact that these two —in addition to Egypt— have peace agreements with Tel Aviv.

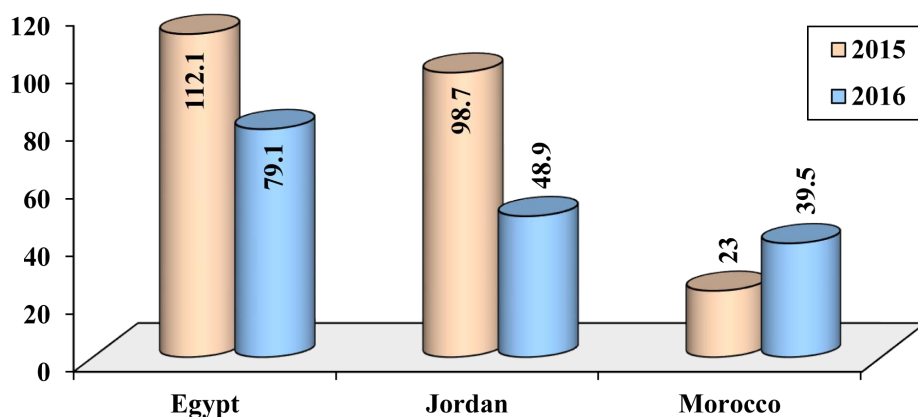
Developments of Normalization

At the level of developments related to normalization, trade between Israel and Egypt in the first eleven months of 2017 grew by 8.2% compared to the same period of 2016, after declining by 18.4% in 2016 compared to 2015. Jordan's trade with Israel in the first eleven months of 2017 decreased by 7% compared to the same period of 2016, following a decrease of 30% in 2016 compared to 2015. Morocco saw a decline in trade with Israel in the first eleven months of 2017 by 28.4% compared to 2016, after the growth in 2016 by 45.1% compared to 2015 (see table below). In general, these trade levels maintained a low level compared to the exports and imports of these countries, and reflect a broad popular aversion to economic normalization with Israel.

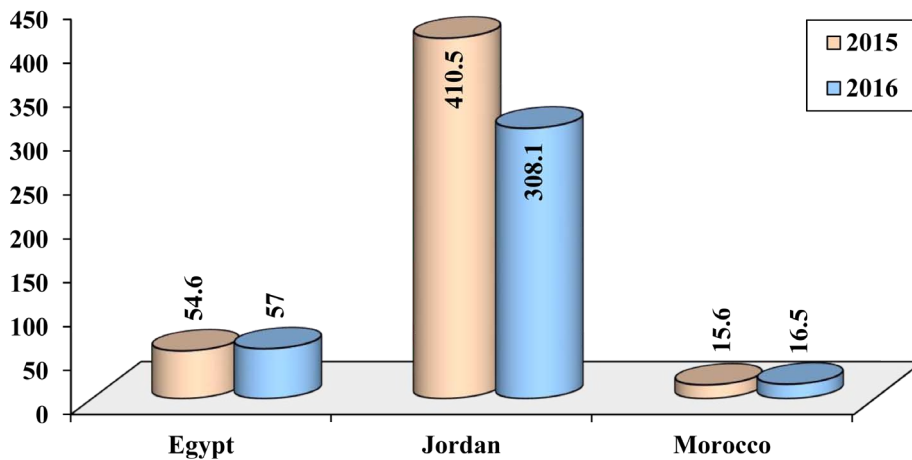
**Israeli Exports and Imports to/ from Some Arab Countries
2015–2016 (\$ million)**

Country	Israeli exports to:		Israeli imports from:	
	2016	2015	2016	2015
Egypt	79.1	112.1	57	54.6
Jordan	48.9	98.7	308.1	410.5
Morocco	39.5	23	16.5	15.6

Israeli Exports to Some Arab Countries 2015–2016 (\$ million)



Israeli Imports from Some Arab Countries 2015–2016 (\$ million)



Seventh: The Palestinian Issue and the Muslim World

On this theme the PSR tackles the contexts of the Organization of Islamic Cooperation (OIC). It examines two cases as examples of the Islamic world, Turkey and Iran, as well as exploring the paths of popular interaction and normalization vis-à-vis Palestine and Israel respectively.

Organization of Islamic Cooperation

In 2016–2017, the OIC continued to express its rejection of Israeli practices. However, their responses did not include any demands vis-à-vis Israel's occupation to alter its policies towards the Palestinian people and Islamic holy sites, especially the *al-Aqsa* Mosque. It is clear that the OIC will pursue its conventional policies without any possibility of making effective stances in the foreseeable future.

Turkey

Turkey continued its policy of strongly supporting the Palestinian issue and criticizing Israeli policy. But at the same time Turkey restored its previous political relations with Israel after resolving the issue over the Mavi Marmara incident, and developed further its trade relations with Tel Aviv.

Turkey continued its active policy in support of the Palestinian side and maintained good relations with Fatah and Hamas leaders. On the official level, Palestinian President Mahmud 'Abbas made multiple visits to Turkey in 2016–2017, during which he met with Turkish President Recep Tayyip Erdoğan and Prime Minister Binali Yıldırım. As for the relationship with Hamas, meeting continued between the Turkish President and the Prime Minister with a number of Hamas officials, especially Khalid Mish'al. Despite Israeli attempts to sever the relationship between Turkey and Hamas, Turkey rejected all these attempts, arguing Hamas is a popular national movement. Turkey also strongly supported the lifting of the GS siege and its reconstruction.

Turkey hosted an OIC Extraordinary Summit in December 2017 in response to Trump's decision to relocate the US Embassy to Jerusalem and was keen to highlight the solidarity of the Muslim world with Jerusalem and Palestine in the face of Israeli and American actions.

Iran

Iran continued its traditional policy of refusing to recognize Israel and calling for its destruction, and of supporting the Palestinian resistance. As Iran has strengthened its regional standing in the past period, especially in Syria, Iraq, Lebanon and Yemen; it has been considered by Israeli reports as an external threat. Because Iran's regional policies have triggered the hostility or concern of a wide segments in the "Sunni" community, Israel has tried to manipulate the sectarian strife to direct official Arab hostility, especially the Gulf, against Iran.

The years 2016–2017 witnessed a breakthrough in the relationship between Iran and Hamas. Hamas officials made multiple visits to Tehran during this period, most notably the participation of a high-ranking delegation of Hamas leaders in the inauguration of President Hassan Rouhani. In October 2017, a Hamas delegation headed by Deputy Chairman Saleh al-'Aruri, visited Iran. On the other hand, Tehran maintained its strong relations with PIJ and maintained relations with Fatah and the PA.

Paths of Public Interaction and Normalization

The Muslim world witnessed hundreds of public events in support of the Palestinian issue. Jerusalem and *al-Aqsa* Mosque is one of the most prominent landmarks that unite Muslims in the world. Demonstrations erupted in most parts of the Muslim world to condemn the Trump decision to relocate the US Embassy to Jerusalem. This extensive Islamic interaction had also emerged in the summer of 2017 during Lion's Gate (*Bab al-Asbat*) Uprising in Jerusalem.

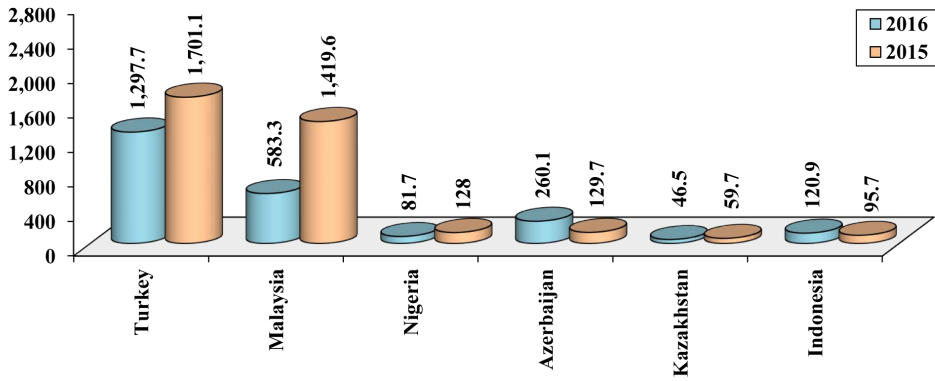
In terms of trade between the Muslim world and Israel, the volume of trade between Turkey and Israel increased by almost 13.4% in the first eleven months of 2017 compared to the same period of 2016. In 2016, there was a decline in the volume of Turkish-Israeli trade by more than 6% compared to 2015.

Israel's trade with Malaysia dropped significantly in the first eleven months of 2017 by 96.7% compared to the same period of 2016. It also dropped in 2016 by 58.4% compared to 2015. Israeli trade with Nigeria increased in the first eleven months of 2017 by 34% compared to the same period of 2016. It dropped in 2016 by 35.2% compared to 2015. Israeli trade with Azerbaijan increased in the first eleven months of 2017 by 4.8% compared to the same period of 2016. It increased in 2016 by 101.6% compared to 2015. Israeli trade with Kazakhstan dropped in the first eleven months of 2017 by 25.2% compared to the same period of 2016. It dropped in 2016 by 20.7% compared to 2015. Israeli trade with Indonesia dropped in the first eleven months of 2017 by 6.7% compared to the same period of 2016. It increased in 2016 by 11% compared to 2015.

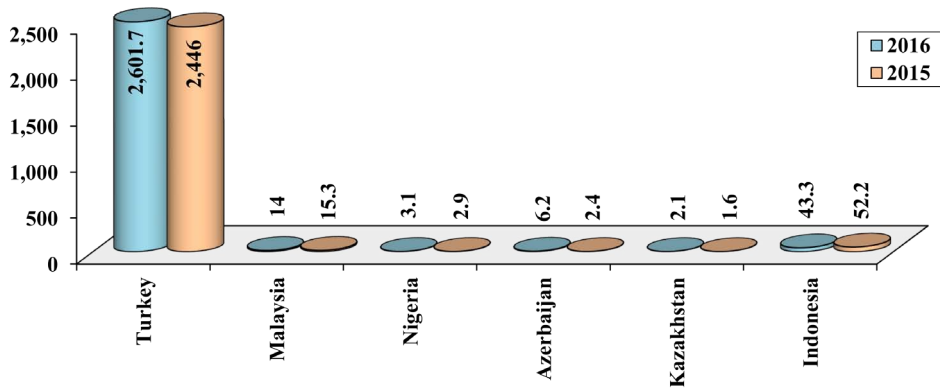
**Israel Exports and Imports to/ from a Number of Non-Arab Muslim
Countries 2015–2016 (\$ million)**

Countries	Israeli exports to:		Israeli imports from:	
	2016	2015	2016	2015
Turkey	1,297.7	1,701.1	2,601.7	2,446
Malaysia	583.3	1,419.6	14	15.3
Nigeria	81.7	128	3.1	2.9
Azerbaijan	260.1	129.7	6.2	2.4
Kazakhstan	46.5	59.7	2.1	1.6
Indonesia	120.9	95.7	43.3	52.2

Israel Exports to a Number of Non-Arab Muslim Countries 2015–2016 (\$ million)



Israel Imports from a Number of Non-Arab Muslim Countries 2015–2016 (\$ million)



Eighth: The Palestinian Issue and the International Situation

International preoccupation in 2016–2017 with other regional and international issues has led the Palestinian issue to retreat from the forefront, except in limited occasions. This contributed to the continued instability in the Arab region and encouraged regional and international forces to divert hostility towards Iran. However, international preoccupation with the Palestinian issue does not always serve it. Indeed major international powers, especially the United States, often intervene to curb resistance activities, contain the uprisings of the Palestinian people, provide exit strategies and cover for the Israeli side, and support an impractical, ineffective, and for Israel, a non-binding peace process.

United States of America (US)

The US policy in the last year of Obama's term in 2016 and the first year of Trump's term in 2017 continued its biased approaches to Israel. The Obama administration refrained from any pressure on the Israeli side, and signed a memorandum of understanding in the autumn of 2016, under which the US agreed to provide \$38 billion in aid to Israel over ten years. Netanyahu acknowledged that US military and security cooperation under Obama was "unprecedented." The Obama administration adopted the traditional US position in support of the two-state solution with East Jerusalem as part of the Palestinian territories occupied in 1967. Trump is adopting more right-wing and populist policies compared to former US presidents in support of the Israeli side. On 6/12/2017, America lost the image it was always keen to show as a sponsor of the peace process, when Trump settled the US process of recognizing Jerusalem as Israel's capital and the transfer of the US embassy there, in a way that violates international law and resolutions. The language of the Trump administration also highlighted a receding support for a two-state solution, and that it is more concerned with a "deal" that does not necessarily include a Palestinian state. At the same time, rumors emerged of the so-called "Deal of the Century" including expanding GS on parts of Sinai and settling

the Palestinians there, with the forfeiture of the Palestinians' right to return, Jerusalem and most of WB. The Trump administration also increased pressure on the PLO and the PA, including by closing the PLO office in Washington and threatening to cut off financial aid to the PA. On the other hand, the US sought to encourage Arab (especially Gulf) normalization with Israel and to build alliances to divert the state of Arab and Islamic hostility from Israel towards Iran.

The European Union (EU)

The EU continues to pursue policies close to US policy while maintaining a limited but ineffective margin of difference. The EU continued to adopt the two-state solution, and did not recognize any changes to the 1967 borders, including Jerusalem; its parliament also called for lifting the GS siege. The UK vote to leave the EU in June 2016 gives a limited possibility of more sympathetic European policies on the Palestinian side, because the UK has been one of the most resistance forces pulling in the direction of alignment with US policies. The victory of centrist candidate Emmanuel Macron, president of France since May 2017, indicates a profound change in the composition of the French political elite, which requires the Palestinian side to read this carefully.

The Quartet

The role of the Quartet on the Middle East (US, Russia, EU, and the United Nations (UN)) in Palestinian affairs has continued to decline; its effectiveness has only emerged when it comes to attempting to calm and contain the Palestinian situation and to bring it under control, providing exits to Israel from its obligations as an occupying power. No statements were made except those emphasizing the two-state solution and calling for an end to settlement building, without taking specific measures. The Quartet continued to call for strengthening the functional role of the PA and blocking the resistance forces.

BRICS Countries

On the other hand, the BRICS countries (Russia, China, India, Brazil, and South Africa), which account for 41% of the world's population and 22% of world GDP, which had represented a traditional supporter of Palestine in

international forums, began to lower the ceiling of their positions according to their interests, economic considerations, and the weakness of the Arab and Islamic environment. These countries continued to support the establishment of a viable Palestinian state on the 1967 borders and to consider East Jerusalem the capital of Palestine. However, they have avoided condemning the Israeli occupation, and condemning Israeli settlements and arbitrary practices. The political and economic relations of these countries (with the exception of South Africa) with Israel have improved considerably. Indian-Israeli relations developed significantly and culminated in Indian Prime Minister Narendra Modi's visit to Israel in July 2017.

The impeachment of Brazil's leftist President Dilma Rousseff paved the way for Israel's rapprochement with the new ruling class in Brazil, especially with the appointment of the Brazilian Foreign Minister Jose Serra with Zionist tendencies, as well as the appointment of an Israeli-born president of Central Bank of Brazil. By contrast, South Africa decided to reduce its political representation in Israel to the level of liaison office in December 2017, to express its displeasure with Israeli policies. But the election of a new leader of the ruling African National Congress Party (ANC) in the same month, a figure close to pro-Zionist circles and Israel, raises concerns about the extent of the ruling party's support for the Palestinian cause in the future.

International Institutions

In the context of international institutions, the UN followed its traditional policy of supporting the two-state solution and has continued to affirm its previous resolutions regarding the Palestinian people's self-determination and sovereignty over their land and to consider Israel an occupying power in WB and GS. On average, votes in favor of Palestine were 140 out of 193 countries, reaching at maximum 177 votes in favor of the self-determination of the Palestinian people. Despite enormous American and Israeli pressure, the UN voted on 21/12/2017, against Trump's decision to transfer the US Embassy to Jerusalem, considering that any decisions or measures aimed at changing the character of the city of Jerusalem or its demographic structure to be null and void, with a majority of 128 to 9.

In the UN Security Council, the US continued to provide support and cover to the Israeli side and to use its veto power where necessary. However, the Obama administration refrained from vetoing the international consensus in opposition to Israeli settlement in Palestinian territories occupied in 1967 in Security Council resolution 2334 on 23/12/2016, which was passed with 14 votes, provoking Israeli anger against Obama. But the Trump administration said it would not allow such resolutions to pass.

International organizations continued their traditional policy towards Palestine. For example, United Nations Educational, Scientific and Cultural Organization (UNESCO) condemned Israeli actions towards *al-Aqsa* Mosque, Jerusalem, and the Ibrahimi Mosque..., prompting the US and Israel to withdraw from UNESCO in December 2017.

Ninth: The Most Prominent Projections for 2018–2019

In a strategic environment that still suffers from fluidity and instability, and with the complex overlaps of regional and international interests, it is not easy to predict specific trends with a high degree of certainty. However, it appears that the issue of Palestine will carry many of its previous crises and repercussions to the next stage. The most important possible trends can be summarized as follows:

- The peace process seems to have reached a dead end and is on its way to collapse, as the Oslo Accords have proved incapable of bringing real political solutions. As long as the conditions of the game remain the same, the two-state solution according to the Palestinian perspective will practically collapse; there is no horizon for the PA to become a full-fledged Palestinian state on the land occupied in 1967. There is also no horizon for changing the status of the PA as an instrument used for the purposes of occupation, more than serving the Palestinian people and their aspirations.
- Palestinian reconciliation is not expected to be achieved if it continues to be handled in the same way, and if the official Palestinian leadership does not seek to achieve a genuine, effective partnership that reflects the true weight of the Palestinian forces at home and abroad and based on a national program that enshrines the fundamentals. Emphasis should be placed on pathways not controlled by the Israeli side, such as the restructuring of the PLO. There is also a better future opportunity to put the Palestinian house in order in light of the peace process failure.
- The number of Palestinians will exceed the number of Jews in historic Palestine in 2018, and the concern of the Israeli authorities over this may lead them to take further aggressive and racist measures; this requires exerting all efforts to support the steadfastness of the Palestinian people on their land.
- The suffering of the Palestinian economy in WB and GS will continue as long as they are under Israeli occupation and siege, and under the obligations of the Oslo Accords and the Paris Protocol. Israeli domination of the PA's exports

and imports (more than 60% of trade volume) will continue, while Israel's GDP will remain more than 20 times bigger than its Palestinian counterpart. The Palestinian budget will remain largely dependent on foreign aid and tax revenues that the Israeli occupation collects, rendering the PA budget hostage to Israel.

- The Israeli attacks and Judaization and settlement projects, especially in Jerusalem and the rest of WB, will continue; it is not expected that the GS siege will be lifted as long as the Palestinian resistance maintains its assets and infrastructure. Israel will try to achieve the greatest gains and build facts on the ground, in a weak and disjointed Arab and Islamic environment. However, it is expected that the Palestinian resistance will endure and grow as frustration with the peace process increases.
- The Israeli community is moving towards more right-wing and religious extremism, abandoning the peace process and the two-state solution. Despite economic growth and high GDP and GDP per capita (about \$40 thousand annually), similar to levels in European countries; and despite the enormous Israeli military strength and edge; despite the state of official Arab and Islamic weakness; Israel will continue to face existential crises with the steadfastness of the Palestinian people and their resistance on their land, with a popular Arab environment that refuses to deal with Israel, and with an unstable strategic environment surrounding Israel, amid growing presence of resistance forces hostile to Israel.
- Arab countries, which have official relations with Israel, specifically Egypt and Jordan, are expected to maintain these relations. Israel may attempt to make some breakthroughs in its relations with some Gulf states on the basis of the alliance against Iran and the fight against “terrorism”; however, this penetration will not be easy; Arab parties may prefer to work under the table with Israel because of widespread popular opposition to normalization with Israel.
- The OIC is not expected to improve its weak and insignificant performance towards Palestine.

Under Erdoğan's leadership, Turkey will continue its active political support for Palestine, while maintaining its lukewarm political and active commercial ties with the Israeli side.

Iran will also pursue its political and military support for the Palestinian resistance and its open hostility against Israel.

- The international environment will continue to show sympathy and support by a large majority (about 140 countries) to the question of Palestine in the UN General Assembly and a number of international institutions. However, the US and the major powers that control the UN Security Council and dominate international politics, will not allow any resolutions or measures that could force the Israeli side to take steps it would reject.
- On the other hand, there is a chance of a slow increase in global hostility to or negative views of Israel, and there is an opportunity to strengthen the successes of the Boycott, Divestment, Sanctions (BDS) movements, which are causing growing Israeli concerns.

Summary
of
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2016 - 2017



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