



DIRECTORATE-GENERAL FOR EXTERNAL POLICIES
POLICY DEPARTMENT



**THE SOCIAL, ECONOMIC
POLITICAL AND
GEO-STRATEGIC
SITUATION
IN THE OCCUPIED
PALESTINIAN
TERRITORIES**

AFET



DIRECTORATE-GENERAL FOR EXTERNAL POLICIES OF THE UNION

DIRECTORATE B

POLICY DEPARTMENT

BRIEFING AD HOC

THE SOCIAL, ECONOMIC, POLITICAL AND GEO-STRATEGIC SITUATION IN THE OCCUPIED PALESTINIAN TERRITORIES

Abstract

The Occupied Palestinian Territory (OPT) is an exceptional case study in that the Palestinians inhabit an occupied territory and the project of state-building is still in the making¹. One cannot appreciate the extent of the dire situation in the OPT without bearing this in mind. Since the establishment of the state of Israel in 1948 and the Arab-Israeli war of 1967, Palestinians have undergone massively destabilising and profound uncertainties about their political identities.² The Palestinian dilemma goes back to 1945 when Zionist leaders initiated a campaign for a homeland of their own, demanding all of historic Palestine. Ignoring Arab protests, Washington and Moscow backed a UN resolution calling for Palestine to be divided between Palestinians and Israelis. A war ensued between Israeli and Arab forces (the Arab League threw its support behind the Palestinian resistance). As a nation-in-the-making, Palestine was erased from the map and Israel was created. Many Palestinians were forced out of their homes to make way for the new state of Israel. The six-day war of 1967 drove another wave of Palestinian refugees from their land. These lost lands of Palestine fuelled Palestinian nationalism.³ The Palestinian struggle against the occupation has been considered as a key explanatory factor behind the emergence of the Islamist-secularist dialectic in the Occupied Territory.⁴ The two most significant political factions in the Palestinian arena are Fatah (meaning 'Opening' or 'Conquest' and a reverse acronym from the Arabic name Harakat al-Tahrir al-Watani al-Filastini, literally: Palestinian National Liberation Movement), a secular movement and Hamas (Harakat al-Muqawama al-Islamiyya, meaning 'zeal'), the Islamic Resistance Movement.

¹ See M Pace, 'Democracy promotion in the context of an occupied nation? The case of Palestine', in M Pace (ed), *Europe, The USA and Political Islam: Strategies for Engagement*, Basingstoke: Palgrave MacMillan, 2011, pp 102-24.

² L D Lybarger, *Identity & Religion in Palestine: The Struggle between Islamism & Secularism in the Occupied Territories*, Princeton, NJ: Princeton University Press, 2007.

³ P McGeough, *Kill Khalid. The Failed Mossad Assassination of Khalid Mishal and the Rise of Hamas*, London: Quartet Books, 2009.

⁴ See, for example, chapter 2 of G Usher, *Dispatches from Palestine: The Rise and Fall of the Oslo Peace Process*, London: Pluto Press, 1999.

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1. MAIN DIFFERENCES BETWEEN THE TWO FACTIONS

The roots of Hamas lie in the Muslim Brotherhood (MB) movements in the Middle East region⁵. The presence and activities of the Palestinian branch of the MB can be traced back to 1943/4, although it was officially founded in 1946 in Jerusalem. The main aim of the Palestinian Muslim Brotherhood draws upon the thinking of the mother organisation in Egypt, and refers to the Islamisation of society. The creation of Israel in 1948 led to a physical division of the Palestinian MB: one organisation in the West Bank (annexed to Jordan) and the other in the Gaza Strip (left under Egyptian administration). Following the war of 1967, the two factions of the Palestinian MB developed unitary structures while other leftist and nationalist movements, such as Fatah, outpaced and out powered the MB in the West Bank and Gaza⁶. Yasser Arafat, a zealous engineering student turned activist with vague ties to the MB, emerged as the unlikely leader of the Fatah movement. For him, revolutionary Palestinian nationalism was the panacea for the Arab world's failings. Arafat believed that only a Palestinian revolutionary movement could defeat Israel⁷. Arafat led Fatah as a 'soft' secular, nationalist movement that integrates religion as part of a multiconfessional national identity⁸. When the first Intifada erupted in 1987, as a result of the repressive treatment of the Palestinians by the Israelis, Hamas was created as a home-grown, grassroots movement and led the Intifada. The Palestinian Liberation Organization (PLO), which had come to dominate Fatah, had become unpopular. The PLO had been exiled to Tunis in 1982 due to its role in the Lebanese civil war, and had thus gained a reputation as being out-of-touch with the Palestinian masses still residing inside the territories. Although Hamas's origins are rooted in the MB, whose orientations align with the ideology of politically popular Islam, Islamism in the Palestinian context is a type of religious-nationalism⁹. This has become even clearer as Hamas has moved into the political mainstream. Before the 2006 elections, Hamas had participated in numerous student and professional association elections, which the movement endorsed as entirely domestically initiated and not associated with the peace process (like the 1996 elections, which were boycotted by Hamas).

It is important to note the emergence of relatively distinct Islamist and nationalist pillars in the OPT, in particular the role played by NGOs, Islamic social institutions and the *zakat*, that is, Islamic tax.

⁵ The Muslim Brotherhood (MB) was first established in Egypt in 1928 and is considered as the major Islamist movement that comprises political Islam in the Middle East. Blending religion and politics, Islamist movements differ in their understanding and interpretation of Islam. The MB was founded by Hassan al-Banna and was established in the context of a local population subjected to foreign occupation, a situation that Egypt has since moved past, yet remains in Palestine.

⁶ From the late 1970s, Hamas's roots as a socialist movement can be traced in the MB's main institutional embodiment, the Islamic Center (*al-mujamma' al-islami*) in the Gaza Strip. Formally legalized in 1978 by the Israeli military administration, the *Mujamma'* became the base for the development, administration, and control of religious and educational Islamic institutions in the Gaza Strip, under Sheikh Ahmed Ismail Hassan Yassin's supervision (he was later to become the founder of Hamas). Thus, from the late 1960s to the mid-1980s, the MB benefited from the Israeli government's support of non-violent Islamist Palestinian factions. Israel then saw some benefit in having a useful counterweight to secular, nationalist Palestinian groups (then hijacking airplanes and conducting commando raids into Israel from neighbouring Arab states) like the PLO. Israel thus played a 'divide and rule' tactic by legalising the Islamic Center in the hope that it would emerge as a competing movement to the PLO – which ironically it did.

⁷ J Schanzer, *Hamas vs. Fatah. The Struggle for Palestine*, Basingtoke: Palgrave Macmillan, 2008.

⁸ Lybarger introduces the distinction between this Fathawi alternative and a strict secularism that insists on the privatising or abandoning of religious practices (the leftist variant). Lybarger, *Identity & Religion in Palestine*, p 1.

⁹ *Ibid*, p 3.

2. MAIN CHARACTERISTICS OF HAMAS

Hamas is a grassroots organisation with a broad popular following, running a network of popular organisations, welfare and charity associations, medical institutions, trade unions, women's organisations and the like'.¹⁰ In a context where the majority of Palestinians live in poverty, Hamas is able to derive popular support by providing welfare services, which account for almost all of its revenues.¹¹ Since the Hamas takeover of Gaza in 2007, Hamas has not sought to replace governmental institutions inherited from the Palestinian Authority but rather has 'systematically secured a firm control over the government institutions by replacing the officials at the management level in some ministries – or the entire staff in others – with Hamas affiliates. Even in those sectors of the public administration where staff have remained – namely the health and education sectors – management-level posts are now held by Hamas loyalists.¹² Moreover, despite officially being integrated into the existing Palestinian Authority (PA) Civil Police, Hamas's Executive Force has been documented as targeting Fatah members and engaging in 'moral policing' as part of an Islamist agenda.¹³ However, there are also specific policy areas where Hamas and Fatah coordinate the provision of social welfare services. Thus, despite the deep rivalry between the two main protagonists in the PT political scene, the technical staff in the respective ministries in Gaza and Ramallah have coordinated successfully the provision of health and educational services.¹⁴

3. LOOKING BEYOND THE ISLAMIST-NATIONALIST DIVIDE

Faced with the daily struggles of life in the Territory, Palestinians have formed horizontal linkages that cut across the Islamist-nationalist divide. Palestinian society does not fall neatly into two camps of Islamist or secular nationalist. Although these two blocs exist in the OPT and are real, 'competing formations within society', what remains 'unexamined is how diversely situated individuals at the ground level have negotiated the competing ideological claims to these formations'. The OPT is a much more complex picture, 'one in which individuals adapt and creatively recombine overlapping orientations into novel expressions of collective belonging'.¹⁵ The Palestinians' 'shared experience' of moments of social destabilisation (crisis points) has affected different generations of Palestinians and has filtered through their consciousness. 'Because youth had not yet crystallized a basic life orientation, they were more capable of seeing circumstances as new, critically evaluating inherited narratives, and adopting alternative models in response to conditions of crisis and upheaval'.¹⁶ This in-depth observation of the Palestinian national psyche helps us explain why the youth in today's OPT argue that neither Fatah nor Hamas represent them but that they lack an alternative.¹⁷

In their attempt to control and represent the collective fate of all Palestinians, Fatah and Hamas have historically shown that they are not able to share power. Arafat's clientelistic rule in the Occupied

¹⁰ A Hovdenak, 'The public services under Hamas in Gaza: Islamic revolution or crisis management?', Peace Research Institute Oslo Report 3-2010, 2010, p 16.

¹¹ A Knudsen, 'Crescent and Sword: The Hamas enigma', *Third World Quarterly*, 26(8), 2005, pp 1373-1388.

¹² Hovdenak, 'The public services under Hamas in Gaza...', p 11.

¹³ *Ibid*, p 14.

¹⁴ *Ibid*, p 5.

¹⁵ Lybarger, *Identity & Religion in Palestine*, p 7.

¹⁶ *Ibid*, p 18.

¹⁷ A Carbajosa, 'Gazan youth issue manifesto to vent their anger with all sides in the conflict', *The Observer*, 2 January 2011, at <http://www.guardian.co.uk/world/2011/jan/02/free-gaza-youth-manifesto-palestinian>, accessed 23 August 2011.

Territories cultivated fragmentation between and within families and clans.¹⁸ He firmly established neo-patrimonial logics within the Territory's political system. Chairman Arafat had accumulated around thirty functions, of which the most important were his leadership of the PLO Executive Committee and of the Fatah Central Committee, the presidency of the Palestinian National Authority, and his chief command of the numerous security agencies. In addition to the executive, administrative and judicial branches of government, a large number of national institutions and agencies, even NGOs were attached by Presidential decree directly to the President's office, which gave him the power to nominate the heads and board members. Arafat had, for instance, in person intervened and appointed heads and board members of important NGOs such as the Bar Association.¹⁹ The deeply embedded animosity and competition that developed thereafter between the two main Palestinian factions have led the younger generations to search for alternative conceptions of collective identity that selectively amalgamate elements from both sides of this divide.²⁰ Thereby, although we have a clear cleavage between secular and religious forces in the PT, we also need to emphasise that they exist in a very particular and highly contested socio-political order.

4. OVERVIEW OF RECENT HISTORY

Furthermore, the growing fragmentation of the Palestinian political landscape can be detected in the conspicuous competition between Fatah and Hamas for the so-called Palestinian 'street', already mentioned above.²¹ During the mid-1990s a European diplomatic mission in Amman requested a clarification from Hamas of its objectives, values and ideals to which Hamas's Political Bureau responded with a document entitled *This is what we struggle for*, stating that: 'The Islamic Resistance Movement (Hamas) is a Palestinian national liberation movement that struggles for the liberation of the Palestinian occupied lands and for the recognition of Palestinian legitimate rights'.²² In the period **between the first Intifada and the announcement of the Oslo Agreement** between the PLO and Israel in 1993, the Israelis sought to crack down heavily on Hamas, arresting many of its leaders and activists and deporting them to Lebanon. This move prompted the Hamas leadership to protect the movement from total collapse by transferring all executive powers to the Palestinian *Ikhwan* outside of the OPT. Hamas's military wing, the Martyr Izzaddin Al-Qassam Brigades, emerged in these circumstances. However, mindful of the lack of popular support for its military position, Hamas continued to provide its social services in order to retain its influence and popularity in the Palestinian political landscape. **By the end of the 1990s**, Hamas embarked on a critique of Oslo, highlighting its failures as well as those of the PA with regard to its corruption and its failure to address the economic situation in the OPT. Hamas took over the role of the 'pseudo and failed state' that the PA attempted to represent through its provision of alternative social services to the wider Palestinian constituency (but in particular the needy, the poor, the refugees, the camps and the like). Through this strategy Hamas aimed to weaken the self-rule

¹⁸ See for example, International Crisis Group, 'Inside Gaza: The challenge of clans and families', ICG Middle East Report 71, 20 December 2007, at

http://www.crisisgroup.org/~media/Files/Middle%20East%20North%20Africa/Israel%20Palestine/71_inside_gaza_the_challenge_of_clans_and_families.pdf, accessed 23 August 2011.

¹⁹ Y Sayigh & K. Shikaki, 'Strengthening Palestinian public institutions', Council on Foreign Relations Independent Task Force Report (Rocard-Siegman report), 1999, at <http://www.cfr.org/content/publications/attachments/palinstfull.pdf>, accessed 23 August 2011. See also I Amundsen & B Ezbidi, 'Clientelist politics: State formation and corruption in Palestine 1994-2000', Chr. Michelsen Institute Report R2002:17, 2002, at <http://www.cmi.no/publications/file/?770=clientelist-politics>, accessed 23 August 2011.

²⁰ *Ibid.*

²¹ B. Milton-Edwards, 'Prepared for Power: Hamas, Governance and Conflict', *Civil Wars*, 7(4), 2005, pp 311-329.

²² See Appendix I in A Tamimi, *Hamas: Unwritten Chapters*, London: C. Hurst & Co., 2007 for the full text of this document.

administration of the PA rather than to strengthen it. Emphasis was also placed on supporting Islamic projects including Islamic universities and schools.²³

Again, **after the second Intifada** (of 2000) and Israel's disengagement from Gaza (2005), Hamas succeeded in capitalising on the Israeli retreat as proof of the movement's success and claimed that the Fatah-dominated PA had retreated from its obligation to resist the occupation and was failing to give Palestinians any hope. PA President Abu Mazen (Mahmoud Abbas) declared that it was the PA which had been resisting the Israeli occupation for forty years and that there was no alternative authority.²⁴ Such strong symbolic statements are not to be underestimated in the battle for popularity between Hamas and Fatah. Furthermore, with Fatah showing signs of fragmentation (in the wake of Arafat's death in 2004) and disarray and the public's ensuing disillusionment with the PA (with its prevalence of corruption and its failure to bring any positive results for the Palestinians through the 'peace process'), Hamas saw a window of opportunity to put itself forward as a credible alternative for the Palestinian people.

5. THE 2007 NATIONAL UNITY GOVERNMENT AND THE PALESTINIAN NATIONAL RECONCILIATION AGREEMENT OF APRIL 2011

Recent developments, namely the formation of a National Unity Government in 2007 and the signing of the Palestinian National Reconciliation Agreement of April 2011, might at first glance appear to provide for formalised institutional structures of power-sharing. However, challenges remain before successful and lasting power-sharing can be established in the OPT.

5.1 Aftermath of the 2006 elections

Following the Palestinian parliamentary election of 25 January 2006, Hamas performed far better than most analysts had anticipated.²⁵ The final distribution of seats showed Hamas (which ran under the name 'Change and Reform') had won 74 seats in the 132-seat chamber (56 per cent of the seats), with Fatah in second place with 36 per cent of the seats.²⁶ Thus Hamas emerged as the largest party from the Palestinian parliamentary election. The result represented a major shift in the Palestinian political landscape, which had hitherto been dominated by the secular nationalist Fatah faction of the PLO.

The elections of January 2006 left Hamas in control of the government of the Palestinian Authority but with the Presidency in the hands of Fatah's Mahmoud Abbas, who had won a convincing election victory of his own in early 2005. Israel, the US and the EU boycotted the Hamas government. Hamas officials stated that they would seek a government of national unity with Fatah and other factions. The movement's nomination for the post of prime minister was Ismail Haniya, who has been considered by many to be a relative 'moderate'. Elaborate efforts to forge a common political position between Hamas and President Abbas on the new government's programme appeared to have yielded results in February 2007 with the formation of a National Unity Government (NUG), fulfilling Hamas's promise to share power.

²³ M Levitt, *Hamas: Politics, Charity, and Terrorism in the Service of Jihad*, New Haven, CT: Yale University Press, 2006, p 148.

²⁴ S Erlanger, 'Abbas assails Hamas for violating truce,' New York Times, 19 July 2005, p 4, at <http://www.nytimes.com/2005/07/18/world/africa/18iht-gaza.html>, accessed 23 August 2011.

²⁵ Hamas had been expected to perform well in its first national elections, but the scale of its victory surprised many observers.

²⁶ See Central Election Commission Palestine, 'The second 2006 PLC elections: The final distribution of the PLC seats', at http://www.elections.ps/pdf/Final_Result_distribution_of_PLC_seats-EN2.pdf, accessed January 2006.

The coalition government was sworn in on 17 March 2007, headed by Prime Minister Haniya (Hamas), with independent ministers of finance and home and foreign affairs. The international community and Israel's support of the Fatah President and their lack of recognition of the Hamas government, however, sustained the power struggle between the two main Palestinian factions. The struggle was also about which faction controlled the rule of law.²⁷ Thus, despite the formation of a PA national unity government, intra-Palestinian violence continued and during May 2007 there was a dramatic upsurge in both intra-Palestinian factional violence and Israeli-Palestinian violence. On 10 June, the violence in Gaza increased with reports of kidnappings, public executions and looting, culminating in Hamas seizing full control of Gaza (while Fatah was left to govern the West Bank). It eventually transpired that – apart from the internal rivalries, kinship networks and clan politics which led to the chaos in Gaza during this period²⁸ – after failing to anticipate Hamas's victory over Fatah in the 2006 PLC elections, President Bush, Condoleezza Rice and Deputy National-Security Adviser Elliott Abrams financially and militarily supported an armed force under Fatah strongman Muhammad Dahlan, which set off the bloody (quasi) civil war in Gaza.²⁹ Although Hamas was forced into a counter-coup operation, the movement was left intact. Before this crisis, Hamas had always discouraged infighting between Palestinian political factions.³⁰ Thus, international interference in the Palestinian political landscape did not attempt to counteract the Fatah-Hamas fragmentation but was rather complicit in furthering national splits.³¹ This scenario can be explained through the interconnection between two levels of clientelism: the Palestinian internal clientelistic practices on the one hand, and the international actors' clientelist preferences on the other.³² In effect, the EU, US and Israel put all their support behind the defeated party (Fatah), while imposing sanctions and even force on the winners of the 2006 elections, which hindered Hamas from governing.

5.2 The Arab Spring in the OPT

The fast-paced events in the Middle East, North Africa (MENA) and the Gulf States since December 2010 (when the Tunisian jasmine revolution was sparked off by the self-immolation of Mohamed Bouazizi on 17 December, leading to the ousting of President Zine El Abidine Ben Ali on 14 January 2011, ending his 23 years in power) left powerful elites across the MENA region overwhelmed by the revolutionary wave of demonstrations and protests that has been taking place in the Arab world. Inspired by the uprisings and revolutions taking place across the Arab world, Palestinians used social media to call for mass protests throughout the region on 15 May 2011, *Nakba* Day.³³ Palestinians from Egypt, Jordan, Lebanon, Syria, the Gaza Strip and the West Bank attempted to reach and cross the Israeli border. However, they were all stopped by Israeli security forces.³⁴ It was during this period that President Mahoud Abbas launched an initiative during the opening meeting of the Central Council of the PLO calling for the formation of a government of national competencies and 'technocrats' to prepare for the

²⁷ D Tuastad, 'The role of international clientelism in the national factionalism of Palestine', *Third World Quarterly*, 31(5), 2010, pp 791-802.

²⁸ International Crisis Group, 'Inside Gaza...'.

²⁹ D Rose, 'The Gaza bombshell', *Vanity Fair*, April 2008, at www.vanityfair.com/politics/features/2008/04/gaza200804, accessed 23 August 2011. Dahlan's historical battle with Hamas and his 2007 US-supported plot to bring Hamas down was explained to the author of this brief at great length by many of her interviewees in Nablus, Bethlehem, East Jerusalem, Ramallah and Gaza during fieldwork in the OPT, September 2007.

³⁰ See Knudsen, 'Crescent and Sword...'. See also Rose, 'The Gaza bombshell'.

³¹ See Tuastad, 'The role of international clientelism...'.

³² *Ibid.*

³³ For Palestinians this is an annual day of commemoration of the displacement that accompanied the creation of Israel in 1948.

³⁴ Associated Press, 'Israeli forces fire on Palestinians approaching Gaza-Israeli border', *The Guardian*, 15 May 2011, at <http://www.guardian.co.uk/world/2011/may/15/palestinians-wounded-gaza-israeli-border>, accessed 23 August 2011.

next Palestinian elections. Due to the Arab Spring, Fatah lost its main patron, President Mubarak of Egypt, who was ousted on February 11, 2011 after 30 years in office. Fatah's sinking reputation amongst Palestinians was also further badly damaged by the biggest leak of confidential documents, the so-called Palestine papers (by Al-Jazeera TV and *The Guardian*) which revealed that Fatah's negotiators secretly agreed to accept Israel's annexation of all but one of the settlements built illegally in occupied East Jerusalem. This revelation sent shockwaves among Palestinians and across the wider Arab world.³⁵ Similarly, Hamas is now (at time of writing) facing similar difficulties, with one of its key patrons, President Al-Assad of Syria, facing a similar fate as that of Bin Ali and Mubarak. As a result of this regional situation, the bitter adversaries between the Palestinian rivals appeared to come to a halt in April 2011, when Fatah and Hamas signed a time-limited power-sharing agreement. The accord requires mutual consent from either side to form a national unity government – no mean feat considering it involves two historically arch rivals who have spent much time trying to undermine each other. With the peace process all but dead, Palestinians appear to have realised that they are left with no choice but to end divisions, unite, strengthen their political leadership and reform their political institutions from within. Following the fall of Mubarak's regime, the involvement of Egypt's transitional government is a fresh factor in this fragile Cairo accord. The agreement covers many points of contention, including forming a transitional government, security arrangements and the restructuring of the Palestine Liberation Organisation to allow Hamas to join it. It also stipulates that a general election will take place within a year. The parties also agreed that all prisoners with a non-criminal background would be released.³⁶ To date, however, many of the details of this agreement still need to be thrashed out between the main parties.

5.3 Outcome of the intra-Palestinian talks

While the April 2011 agreement includes provision for Hamas and Fatah to nominate members of the government (and to the election committee and electoral court), these members are not envisaged to be representatives of the two factions as such, but rather technocrats charged with preparing for fresh elections. The agreement is also time-limited and intended to serve as a mechanism to deliver elections rather than being a permanent constitutional power-sharing pact. In this respect, Palestinian president Mahmoud Abbas has stated:

There is a wrong understanding of the government that it is a power-sharing government between Fatah and Hamas. The government is my government and follows my strategies and policies. It is a government of independents that does not include anyone who belongs to any Palestinian faction.³⁷

However, this view is also the source of considerable controversy between the factions, with Hamas leader Mahmoud Zahar stating that: 'This government is known as a "government of national consensus", not "Abu Mazen's government"'. This reflects a key obstacle to successful power-sharing, since 'neither movement has fully reconciled itself to reconciliation, and both believe time will prove it right; as seen, the agreement was signed more because of the pressure of regional events than because

³⁵ See S Milne & I Black, 'Secret papers reveal slow death of Middle East peace process', *The Guardian*, 23 January 2011, at <http://www.guardian.co.uk/world/2011/jan/23/palestine-papers-expose-peace-concession>, accessed 23 August 2011 and Al Jazeera, 'The Palestine papers', at <http://english.aljazeera.net/palestinepapers/>, accessed 23 August 2011.

³⁶ See the text of the agreement at <http://www.jmcc.org/Documentsandmaps.aspx?id=828>, accessed 23 August 2011. See also 'Fatah and Hamas sign reconciliation deal', Al Jazeera, 27 April 2011, at <http://english.aljazeera.net/news/middleeast/2011/04/2011427152119845721.html>, accessed 23 August 2011.

³⁷ Quoted in International Crisis Group, 'Palestinian reconciliation: Plus ça change...', International Crisis Group Middle East Report 110, 20 July 2011, p 15, at <http://www.crisisgroup.org/~media/Files/Middle%20East%20North%20Africa/Israel%20Palestine/110%20Palestinian%20Reconciliation%20Plus%20Ca%20Change.pdf>, accessed 23 August 2011.

of a genuine change of heart or consensus regarding the way forward'.³⁸ The key obstacle to further progress on implementing the agreement lies in the fact that the two main factions cannot agree on who will assume the position of Prime Minister, with Hamas rejecting the appointment of current PA Prime Minister Salam Fayyad.

5.4 International reactions to the spring 2011 agreement

A further obstacle may come in the form of opposition from external actors. Since Hamas won the elections in 2006, its governance of the OPT has been severely hampered by Israeli and international sanctions. So too was the short-lived national unity government in 2007. While the EU has reacted somewhat more positively to the spring 2011 agreement, the reactions of Israel and the US indicate that they remain opposed to such a deal. Although the EU has never been directly involved in the mediation processes between Fatah and Hamas, it has wholly supported the initiatives of others, including those of the Egyptian government.³⁹ However, it has tended to accompany the positions of the US and Israel in refusing point blank to enter into a dialogue with a national unity government which includes Hamas elected members. However, the EU officially welcomed the reconciliation between the main Palestinian factions of April 2011:

The EU has consistently called for intra-Palestinian reconciliation behind President Mahmoud Abbas as an important element for the unity of a future Palestinian state and for reaching a two state solution. Reconciliation should also be in the long term interest of Israel by helping to engage all parties in a process leading to a sustainable peace agreement. The EU welcomes that Palestinian reconciliation has led to the cessation of rocket attacks from the Gaza Strip and insists on the need for a permanent truce. In this regard, the EU reiterates its call for the lifting of Gaza closure.⁴⁰

Although the EU has officially endorsed this agreement, it does not change its position on Hamas (which remains on the terrorist list of the EU). However, the EU sees this agreement as one that will eventually result in a government of independent technocrats who will organise the next Palestinian elections. According to a high-ranking official at the Council of the EU, however, it does not view this agreement as a power-sharing one or as a unity government, as this would mean that Hamas would be directly involved, which would cause legal challenges for the EU.⁴¹ In order to keep the EU on their side, the Palestinians remain extremely semantically cautious when talking about this agreement. The American position, meanwhile, is very different from that of the EU. The US has set the same preconditions on the parties to the agreement as those stipulated after Hamas won the elections in 2006, that is, that the new Palestinian government must recognise Israel, respect previous agreements with it, and renounce violence.⁴² Israeli Prime Minister Binyamin Netanyahu also objected because of Hamas's involvement. Clearly, then, there is significant opposition to granting Hamas a stake in

³⁸ *Ibid.*

³⁹ The period since Hamas's electoral victory in January 2006 has seen many initiatives designed to restore some semblance of Palestinian unity. There have been talks in Saudi Arabia, Qatar, and Cairo as well as in Israel. Some of those bore no fruit at all; others led to short-term or partial agreements. Despite these efforts, divisions among Palestinian leaders remained deep. See N J Brown, 'Can Cairo reassemble Palestine?', Carnegie Endowment for International Peace Web Commentary, November 2008, at http://carnegieendowment.org/files/cairo_palestine.pdf, accessed 23 August 2011.

⁴⁰ Council of the European Union, press release, 3091st Council meeting, foreign affairs, at http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/foraff/122187.pdf, accessed 23 August 2011.

⁴¹ E-mail correspondence between the author of this brief and a high-ranking official at the Council of the European Union, 18 July 2011.

⁴² M Awad, 'Fatah, Hamas end feud, agree to interim government', Reuters, 27 April 2011, at <http://www.reuters.com/article/2011/04/27/us-palestinians-reconciliation-idUSTRE73Q50820110427>, accessed 23 August 2011. See also J Greenberg, 'Palestinian factions Fatah and Hamas formally sign unity accord', Washington Post, 4 May 2011, at http://www.washingtonpost.com/world/palestinian-factions-formally-sign-unity-accord/2011/05/04/AFD89MmF_story.html?hpid=z6, accessed 23 August 2011.

governing the OPT from Israel and many western powers. Yet, at the same time, as stated above, Egypt has played a key role as a facilitator of talks to form a unity government. Moreover, it might be the case that Israel's opposition to Hamas involvement in power-sharing has the perverse effect of making that power-sharing more likely to succeed, given the contention that a common external threat improves the prospects for power-sharing.

The position of the signatories to this agreement in regard to the reaction from Israel and the US especially has been one of insisting that this is a Palestinian agreement which seeks to unite the Palestinian people. However, cracks remain open in actually implementing the agreement. **Although it may well have been intended as instrumental in the push for UN recognition of a Palestinian state at the General Assembly in September 2011** (since the internal divisions between Fatah and Hamas were believed to be a serious obstacle to a successful campaign for statehood), the fact remains that an official version of the agreement has not been published and the documents signed have actually led to confusion about the real substance of the agreement.⁴³

6. WAY FORWARD – POLICY RECOMMENDATIONS

6.1 Palestinian bid for statehood and membership of the UN

The Obama administration tried to convince President Mahmoud Abbas not to go ahead with the Palestinian bid for statehood at the UN. Obviously, they didn't succeed. But why now and why this? One is a sense of frustration. Abbas expressed it during his speech at the UN, a feeling that the negotiations were going nowhere, a feeling that settlements were being built in a way that will undermine the two-state solution. Add to it a second factor, which is the Arab spring, the movement among the peoples of the Arab world demanding action from their governments, Abbas felt that he was compelled to do something, to show that he is not simply sitting there, but moving the ball forward.

The Abu Mazen speech got a rapturous applause among the members of the General Assembly. Indeed, one thing that changes for Abbas himself is that his popularity internally has increased, which enlarges his margin of manoeuvre. No Palestinian thinks, and definitely not Abbas himself that going to the U.N. will get Palestinians a state on the ground, but he feels that this might strengthen his negotiating position and at the end of the day, he knows that the Palestinians and Israelis do have to go back to negotiations. He talked about this in his speech; "Here, I declare that the Palestine Liberation Organization is ready to return immediately to the negotiating table on the basis of the adopted terms of reference based on international legitimacy and a complete cessation of settlement activities." He also said that Palestinians would continue their popular peaceful resistance to Israel's occupation, settlement and 'apartheid' policies. In bringing its plight to the global podium, He refused the idea that Palestine undertakes unilateral steps. "Our efforts are not aimed at isolating Israel or de-legitimizing it; rather we want to gain legitimacy for the cause of the people of Palestine," he said. "We extend our hands to the Israeli Government and the Israeli people for peacemaking. I say to them: Let us urgently build together a future for our children where they can enjoy freedom, security and prosperity," he said, calling for "bridges of dialogue, instead of checkpoints and walls of separation".

Regarding the Quartet, we have already seen the start of very frank diplomacy over the past days (and plans for weeks to come) to try to create a formula for both sides to get together. But at the end of the day, Abbas may feel that he raised the temperature, increased the pressure, and created more leverage

⁴³ The text of the Agreement between Fatah and Hamas that was published can be found on the Jerusalem Media & Communications Center website: <http://www.jmcc.org/Documentsandmaps.aspx?id=828>. On the questions that remain

for himself. Despite talks of violence erupting following bid announcement: don't forget we have security cooperation between Israelis and Palestinians that is ongoing and that the Palestinians' work on building institutions to increase governance structures and to improve the economy will continue. "The Palestinian Authority's two-year State-building programme launched in 2009 focused on strengthening the judiciary and security mechanisms; building administrative, financial and oversight systems; upgrading institutional performance; and enhancing self-reliance to reduce the need for foreign aid", he said. "Months ago, the Palestinians had achieved national reconciliation based on the decision to hold legislative and presidential elections within one year". In his UN speech Abbas assured Israel of a peaceful future and of security guarantees that can be durable.

6.2 Effects of the prisoner-swap deal

On October 18, 2011, in a carefully orchestrated swap, Israel and Hamas carried out a prisoner exchange which saw the release of captured Israeli soldier Gilad Shalit for a total of 1,027 Palestinian political prisoners of which 477 were released in the first stage. The deal was brokered by German and Egyptian mediators and coordinated by the Foreign Intelligence agency of Germany's agent Gerhard Conrad. The Israel-Hamas agreement came five years and four months after Palestinian militants captured Shalit in southern Israel along the Gaza border. So why now? The swap comes at a very rare occasion when we see a coincidence of interests on both sides. **Hamas** has been interested in doing a deal with Israel because of various factors: A) the Arab Spring has not been panning out quite as expected by the movement. B) The situation in Syria is very tense and Hamas's relationship with Assad is restrained. Moreover, Hamas needs to shore up its position in the broader region as its rule in Gaza is under pressure. Its popularity in Gaza has been falling due to the dire situation in which most Gazans have found themselves in (since Israel's enforced blockade on the Gaza Strip following the election of Hamas to power in January 2006). Its rule has at times been considered as brutal.⁴⁴ According to the UN Relief and Works Agency for Palestine Refugees (UNRWA), the unemployment rate in Gaza remains among the highest in the world in the second half of 2010.⁴⁵ C) Hamas has also felt the **impact of PA President Abbas's speech at the UN General Assembly on 23 September 2011 which went better than many within Hamas thought it would.**⁴⁶ In **Israel**, Prime Minister Benjamin Netanyahu, has been under pressure since the burst of social protests across the country. Israeli demonstrators have been protesting about many different grievances regarding the cost of living, housing, the health system, etc.⁴⁷ Its diplomatic process is stuck and many blame Netanyahu's government.⁴⁸ Thus, a deal with Hamas on Gilad Shalit makes it seem like things are moving forward on many fronts. From a cynical perspective, one could also argue that for Netanyahu, making a deal with Hamas will divide the Palestinians even further, and thus make it easier for Israel to deal with the movement, as it is seen to be

unanswered in regard to the content of the agreement, see Y Yehoshua, 'The Fatah-Hamas situation: Was there an agreement?', at <http://www.memri.org/report/en/0/0/0/0/0/5402.htm>, accessed 23 August 2011.

⁴⁴ Ephraim Sneh, 2011. 'Weakening the chances of peace'. Bitterlemons. Available at http://www.bitterlemons.org/previous_ins.php?opt=1&id=18#92_June_06, Edition 15.

⁴⁵ The UNRWA report entitled 'Labour Market Briefing. Gaza Strip. Second Half 2010' stipulates that 45.2 percent of Gazans in working age are unemployed, dropping more than 5,900 jobs to 190,365 in the second half of 2010. Available at: <http://www.unrwa.org/userfiles/201106083557.pdf>

⁴⁶ Mahmoud Abbas's speech calling for Palestinian recognition by the UN was met with applause. See <http://www.guardian.co.uk/world/blog/2011/sep/23/palestinian-statehood-un-general-assembly-live> and <http://www.bbc.co.uk/news/world-middle-east-15033357>

⁴⁷ <http://www.bbc.co.uk/news/world-middle-east-14494523>

⁴⁸ <http://www.haaretz.com/news/diplomacy-defense/livni-netanyahu-has-led-israel-to-worst-possible-diplomatic-situation-1.384436>

giving something to Hamas.⁴⁹ This deal of course complicates things between Hamas and Fatah.⁵⁰ Certainly, the swap will boost Hamas. Hamas and Israel are both seen as winners while the loser appears to be Abbas. Hamas can continue to argue that they managed to get prisoners released from Israeli jails through their 'resistance' strategy (armed action of taking an Israeli soldier). So what Abbas was not able to get via negotiations Hamas managed to get through resistance. Meanwhile, the International Community, via the Quartet, is putting enormous pressure on President Abbas to go back to the negotiations table, without any preconditions. So, while Hamas has been able to score a victory for the Palestinians, Abbas's space for manoeuvre is limited and much more complicated.

However, the prisoners' swap changes the equation on the Fatah-Hamas front too.⁵¹ **Abbas's speech at the UN is also another change in this equation.** Since 2007, Hamas and Fatah have been undergoing weak and strong positions at various points. During the last week of July 2011, there was a dramatic development in the power struggle between Abbas and Mohammed Dahlan: Palestinian security forces raided Dahlan's home (on the orders of Abbas) and arrested ten of Dahlan's bodyguards. Dahlan himself managed to flee to Jordan and promised revenge on Abbas. The two Fatah leaders had been trading allegations against each other for several months.⁵² Dahlan's 2007 involvement in the violence in Gaza had ended with Fatah losing its foothold there. Abbas has therefore been attempting to replace Dahlan and other Fatah leaders in order to re-establish his authority in Gaza. And he has been aiming to do so by approaching Hamas for a reconciliation agreement. For Hamas this is an attractive opportunity as the movement seeks to reorganise itself in the West Bank. Therefore, when one party was weak and the other strong, there was no political space for reconciliation. The strong wanted to press further with their position, the weak did not want to make a deal from a position of weakness. Since the Arab Spring, both parties have found themselves in a weak and destabilized position (both Hamas and Fatah concluded that the Palestinian street may rise up against them) and therefore ripe for a reconciliation agreement, which thus far has not been implemented - yet. Now, **with the Prisoners' Deal and the UN Speech, both have a strong incentive to move forward with regards to their reconciliation deal.** On 22 October 2011, Ezzar al-Resheq, member of Hamas's political bureau, announced that arrangements are underway for a meeting between Hamas and Fatah in Cairo next month, to be attended by Fatah and Hamas leaders. Resheq said that there are ongoing contacts between the two movements in this regard, but a date for the meeting has not been set, yet. He stressed that Hamas was keen in making the forthcoming meeting a success. Resheq also added that when Mishaal contacted Abbas to brief him on the prisoner exchange deal he suggested to Abbas that the occasion be used to reinforce Palestinian national unity. This point was the start of the idea of having a meeting soon to move the reconciliation process forward. Resheq said that the subjects to be discussed at the aforementioned meeting are the implementation of the reconciliation agreement, comprehensive inter-Palestinian dialogue to review the political situation and to agree a national strategy in light of the

⁴⁹ On the day of the swap, Palestinian prisoners on hunger strike for 23 days decided to suspend their strike after Israel stopped using its solitary confinement policy against them.

⁵⁰ The swap did not take place without criticism, however. Noticeably missing from the list of freed detainees are the highest profile Palestinians, namely Ahmad Saadat, Head of the Popular Front for the Liberation of Palestine and Fatah leader Marwan Barghouti. According to Hamas sources, Barghouti's name was originally on the list but was rejected by Israel at the last minute.

⁵¹ The prisoners, most of whom have been serving life sentences, included six Palestinians from inside Israel and 16 from East Jerusalem. President Mahmoud Abbas greeted the West Bank prisoners at his presidential compound in Ramallah and with a rare show of Hamas and Fatah leaders side by side. Hamas leader Hasan Yousef and Legislative Council speaker Aziz Dweik, also Hamas, stood next to Abbas in his welcome speech, grasping hands in a sign of victory. See Miftah, 2011. 'Week in Review: Hundreds of Prisoners Freed in Historic Hamas-Israeli Swap'. 22 October.

⁵² O Radwan, 2011. 'Dahlan and Abbas on the path of self-destruction'. Middle East Monitor, 4 August. Available at : <http://www.middleeastmonitor.org.uk/articles/middle-east/2685-dahlan-and-abbas-on-the-path-of-self-destruction>

failure of the "peace process".⁵³ Reconciliation between Hamas and Fatah is a precondition for any future political agreement with Israel and this may well come about on the basis of a renewed commitment to resistance. The Hamas-Fatah rivalry is still perceived by Palestinians as a determinant and as controversial for Palestinian interests and both movements are fully aware of this⁵⁴. While there will not be any real reconciliation, at least in the short run, it will probably be a sort of mutual understanding where each party can keep what they achieved on the ground (no one party will compromise what has been achieved). Israel will probably not allow any real reconciliation to come about, as this would threaten its position of divide and rule.

6.3 Prospects of holding long-due presidential and parliamentary elections

The recent reform process in the OPT⁵⁵ has led to a certain degree of stability, particularly in the West Bank, but it lacks social legitimacy and a real alternation of power. If this reform process is not accompanied by a viable political settlement to the conflict, it is unlikely that the Palestinian leadership will be able to hold on to power indefinitely. President Abbas has been Chairman of the PLO since 11 November 2004 and became President of the PNA on 15 January 2005. He was elected to serve until 9 January 2009, after which date he unilaterally extended his term for another year and continues in office even though this second deadline expired.⁵⁶ So the status quo, while viewed by some as guaranteeing some semblance of stability, firmly casts the trajectories of the OPT towards long-term unsustainability.

According to Saeb Erekat, 'there are good chances for elections, it is the sure way to reconciliation. But it is up to Hamas to accept ... President Abbas has offered early elections'.⁵⁷ Indeed, since the Cairo agreement, Hamas and Fatah have been stuck on the question of who should run the interim government. And with no resolution in sight, Abbas proposed to skip the caretaker part and go straight to elections. "We're suggesting January, because the law requires 90 days notice," says senior Abbas aide Nabil Abu Rudeineh. He adds that the proposal has been extended to Hamas informally but will not be officially on the table until Abbas meets with Hamas officials, probably early next month in Cairo. If Hamas agrees, the stage will be set for an overhaul in the Palestinian political landscape, and with it relations with Israel, the United States and a rapidly changing Middle East. The Palestinian Authority will almost certainly have a new president: Abbas, has repeatedly insisted that he will not run for re-election, and there is no Fatah successor in sight.

New elections would give Palestinians a working Legislature for the first time in years. The PLC elected in 2006 has not met since the split between the West Bank and Gaza of 2007. How Israel will react to a government that includes Hamas may now change after the Shalit deal seen by analysts as a negotiated deal with Hamas. The prospect of new elections sheds light on Abbas's demand that Netanyahu make good on a promise made earlier by his predecessor to release still more Palestinian prisoners in the wake of the Shalit deal. Polls consistently show that Marwan Barghouti will win the Presidency of the PA even if he runs from his prison cell.⁵⁸

⁵³ The Palestinian Information Center, 2011. 'Resheq: A Meeting Between Mishaal and Abbas in Cairo Next Month'. 22 October.

⁵⁴ See the Palestine Centre for Policy and Survey Research (PCPSR), 2011 for more on this.

⁵⁵ The Palestinian Reform and Development Plan. Available at: http://www.mop-gov.ps/web_files/issues_file/PRDP-en.pdf

⁵⁶ In response, Hamas announced that it would not recognise the extension or view Abbas as the rightful president.

⁵⁷ Communication between the author and Saeb Erekat, 23 October 2011. Saeb Erekat was the Palestinian Chief Negotiator until 12 February 2011.

⁵⁸ K. Vick, 2011. 'Exclusive: Mahmoud Abbas Will Offer Hamas Elections in January, Says Aide'. Time, 20 October. Available at: <http://globalspin.blogs.time.com/2011/10/20/exclusive-mahmoud-abbas-will-offer-hamas-elections-in-january-says-aide/>

6.4 Policy recommendations for the EU

The non-existence of a Palestinian state makes it very difficult to analyse the social, economic, political and geostrategic situation in the OPT and represents the a priori obstacle for testing its sustainability, if by state sustainability we understand the long-term development of the political, economic and social potential of the future of a state's structures. Here we come across a key paradox of the OPT: the search for a sustainable Palestinian state is part of the process of state-building. This is ongoing in the OPT, notwithstanding the fact that a viable state, with attributes of sovereignty and which would represent the starting point for a sustainable state, does not exist.⁵⁹ The status quo in the OPT perpetuates the privileges and prerogatives of the political leadership in power and serves Israeli economic and political occupation interests.⁶⁰ **International recognition of Palestine's unilateral declaration of statehood would bring positive effects only if it culminates in international pressure on Israel and that is not the case at the moment.** Third parties, including the US and the EU, in the framework of the two-state solution, are broadly committed to the establishment of a Palestinian state. However, the US has been unable to impose any freeze or stop to the Israeli settlement activities in the West Bank and East Jerusalem, in spite of openly declaring its position against such activities on several occasions. The US has in fact lost its image as a 'credible broker' in the Israeli-Palestinian conflict, and thereby creates a vacuum for other actors, such as the Turkey, to fill in. For instance, Prime Minister Recep Tayyip Erdogan has continually kept open contacts with Hamas. There is also of course a golden opportunity here for the EU to reinstate its credibility in the Israeli-Palestinian framework.

Days before the application was submitted to the Security Council, Prime Minister Ismail Haniyeh outwardly rejected the terms of the proposal but emphasised that Hamas would not stand in the way of the establishment of a Palestinian state.

If we take a look at the status quo, the Palestinian economy is evidently unsustainable and continues to require the heavy assistance of international donors to prevent its collapse. This makes the Palestinians heavily dependent on external aid. External intervention of this kind assures a degree of social stability but cannot stimulate sustainable growth.⁶¹ The Palestinian economy remains characterized by a bloated public sector, weak private enterprise and investment, the absence of external economic ties and high rates of unemployment and poverty. More importantly, the significant differences between the West Bank and Gaza Strip sharpen the divisions between the two areas. Thus, the actions of the PA and the international community are resulting in the long-term unsustainability of the OPT. The EU has now found itself in a blind spot: It has been promoting and financing institution-building and democracy in the OPT with no state in site for the Palestinians. The rise in authoritarian features of a controlled Palestinian administration cannot be considered as a good result for EU involvement in the conflict. On the one hand, it cannot abandon the two-state solution or refrain from supporting reform. On the other hand, it faces rising internal divisions on how to pressure Israel in respecting international norms and obligations. Its positive welcome of the Fatah-Hamas deal is a step in the right direction and Palestinian reconciliation must continue to be a key goal of the EU. In parallel the EU should endorse Palestinian statehood. As a recent ICG report states: 'The focus should be on shaping a UN outcome that

⁵⁹ P. Napolitano, 2011. 'Israel and Palestine and state (un)sustainability'. MEDPRO Technical Report No. 5/June 2011.

⁶⁰ M Pace, 2010. 'The end of EU democracy promotion and of the two-state solution?' EUISS, Chaillot Papers, European Involvement in the Arab-Israeli Conflict, December, pp. 87-95. See also M. Allegra and P. Napolitano, 2009. 'Two States or not Two States: That is not the question (yet)'. Paper presented at 'Israel/Palestine: Mapping Models of Statehood and Paths to Peace'. York University, Toronto, 22-24 June and V. Perthese (ed.), 2004. Arab Elites: Negotiating the Politics of Change, Boulder, CO: Lynne Rienner Publishers.

⁶¹ N. Abdelkarim, 2009. *Economic Security in the Occupied Palestinian Territories*. UNDP Palestinian Human Development Report, New York.

produces tangible gain for the Palestinians in their quest for statehood while providing some reassurance to Israelis, minimises risks of violence or the Palestinian Authority's collapse and enshrines core principles for a two-state solution. With little time remaining, the burden has shifted to the EU to craft this compromise. It has long sought that role. Now it must live up to it... Achieving that result requires some skilful third-party diplomacy. The U.S., which so far has been reluctant to engage on the content of a UN text, has taken itself out of the running. That leaves the Europeans, whose backing the Palestinians are desperate to receive and who therefore can leverage their support'.⁶²

Recommendation One:

MEPs to encourage Hamas and Fatah members to speed national reconciliation and undertake a constructive dialogue on the significance of the UN bid and the role it can play in national strategy.

Recommendation Two:

MEPs to encourage EU recognition of Palestinian unilateral declaration of statehood. This requires a bold move which may mean that some member states, for historical reasons, will choose to abstain (example Germany). The criteria for state recognition embedded in international law are met without any doubt.⁶³ The EU needs to take into consideration that Arab leaders supporting American Israeli policy like Mubarak are no longer around. This means that it is more difficult to predict the response of the Arab street to any opposition to this bid. Moreover, the EU needs to ask whether Israel truly wants a Palestinian state.⁶⁴

Recommendation Three:

MEPs to put pressure on Israel to abide by its international norms and obligations:

In cases where the Israelis or Palestinians for that matter do not abide by international norms and obligations eg in human rights issues, the EU has a legal instrument at its disposal: Article two of the Association Agreement with Israel and the Interim Agreement with the Palestinians. The EU should make use of this important economic leverage at its disposal. Otherwise there is a real danger that the EU will continue to come across as a confused actor in the eyes of Israelis and Palestinians.

Recommendation Four:

EU to encourage President Abbas to pass on a clear message to the Israelis: 'We understand your fears. You have to understand ours. Your fears are that you got out of Gaza and Lebanon, and you got rockets. And we know, with the Arab spring, Egypt and Jordan are much shakier now. We understand that these security arrangements have to be ironclad for you, that the peace has to be every bit as strong as the land is tangible that we expect to gain.'

⁶² <http://www.crisisgroup.org/en/regions/middle-east-north-africa/israel-palestine/112-curb-your-enthusiasm-israel-and-palestine-after-the-un.aspx>

⁶³ The Montevideo Convention of 1932 stipulates four criteria: A) For a permanent population; B) About a Defined Territory: If the consequences of the degree of uncertainty over the frontier lines is put forward as an argument against granting statehood, then it should apply to other states that have contested frontiers, including Cyprus, Israel, Morocco, and others. C) Having government: the PA has made great strides in terms of the workings of democratic processes. Yet Gaza remains outside the reach of Ramallah. See notes in main text on talks of a unity government. D) The capacity to enter into international relations: the PA has been doing this for years including a contractual relationship with the EU. See Centre for European Policy Studies, 2011. 'The Political and Legal Logic for Palestinian Statehood'. Editorial. CEPS European Neighbourhood Watch. Issue No. 74. Brussels.

⁶⁴ <http://www.haaretz.com/print-edition/opinion/israel-does-not-want-a-palestinian-state-period-1.384559>

EU to encourage the Israeli government to make a clear statement, addressing Palestinians' needs, in terms of what the bases for negotiations are, to ensure that negotiations will be on 1967 borders with a mutual swap and to hear something concrete about settlements. Once these basic, crucial issues are taken into account, once both sides hear from each side what they need to hear, the space will be there for negotiations. It is important for the EU to note that both the Israeli and Palestinian publics, 70 percent of both communities, want a two-state solution.⁶⁵

Recommendation Five:

In the shadow of the Arab Spring, and the rise of Islamist movements in Tunisia, Egypt and even Libya, the EU needs to revise its position vis-à-vis Hamas, to perceive the movement not as a terrorist organisation, but as an anticipated partner with whom Europeans can have a dialogue, taking into consideration that traditional, 'liberal' allies in many MENA countries including Palestine have proven to be weak, corrupt and unpopular, while Islamists have proven to be just the opposite (e.g. Tunisian elections post-Arab Spring, 40% for An-Nahda). It seems that both the EU and the US in the near future will have to work with Islamist movements in the Southern Mediterranean countries including Egypt and should be encouraged to approach Hamas too. Thus, the EU must launch a dialogue workshop with political leaders of Hamas in the West Bank and Gaza and stop its boycotting policy that created core problems and actually increased sympathy for Hamas amongst the Palestinian public. As one EEAS official informed members of the European Parliament on October 26, 2011, the fact that Hamas is on the EU's terrorist list does not preclude EU officials from direct talks with Hamas officials. What this list precludes is the direct transfer of funds from the EU to Hamas coffers. Moreover, it is important to emphasise that, should there be a reconciliation agreement between Hamas and Fatah and a government of national unity is formed post- free, fair and transparent elections in Palestine, the EU should ensure that it learns from its past mistake and speak to the elected members of this government.

Recommendation Six:

In order for the EU to be able to do more in the Israeli-Palestinian issue, Europeans need to deal with their past and move on. Otherwise the EU does not stand a chance of being considered as a credible actor and a peace maker in this region.

⁶⁵ Sources for opinion polls in Palestine and Israel: <http://www.pcpsr.org/>; <http://www.najah.edu/page/178>; Latest poll at: http://www.najah.edu/sites/default/files/Centers_document/poll_res_en_43.pdf; <http://www.pcpo.org/polls.htm>; <http://www.bicom.org.uk/context/opinion-polls>; <http://truman.huji.ac.il/polls.asp>; http://www.jewishvirtuallibrary.org/jsource/Society_&_Culture/ispotoc.html

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