

2006 & 2007 – Two Years of Political Deadlock, Diplomatic Impasse and Internal Standoff

The year **2006** began with Israeli Prime Minister Sharon being incapacitated by a massive stroke; his deputy Ehud Olmert was consequently appointed Acting PM. Most of the limelight of the month of **January**, however, was taken by the second Palestinian Legislative Council (PLC) elections, as part of which the Israeli Cabinet decided on 15 January to allow a limited number of Palestinians to vote in East Jerusalem. On 25 January Palestinians cast ballots in the Gaza Strip, the West Bank and East Jerusalem. Some 13,500 PA police were deployed at the polling stations to enforce a weapons ban. Almost 20,000 local observers and 950 international monitors supervised the vote, which had a turnout of 77.69%. Hamas's



Change and Reform party won a surprise majority, taking 74 seats; Fateh won 45 seats, the PFLP's Martyr Abu Ali Mustafa 3, Independent Palestine 2, Third Way 2, Alternative 2, and independent candidates allied with Hamas 4 seats. The election of Hamas opened a new chapter in both intra-Palestinian politics and the ongoing Palestinian-Israeli conflict.

Consultations on forming a new Cabinet began soon after the elections and on 21 **February**, PA President Abbas asked Hamas's Ismail Haniyeh to form a government. Prior to that on 13 February, the outgoing PLC passed legislation giving President Abbas the power to appoint a constitutional court that could veto legislation passed by the incoming PLC, to be sworn in on 18 February. Under the new law, the constitutional court could veto legislation deemed to violate the Palestinian Basic Law. According to the legislation, Abbas would appoint the nine judges to the new court without seeking parliamentary approval. On 15 February, Hamas made its first parliamentary appointments, naming Mahmoud Al-Zahhar as head of the Hamas majority faction in the PLC, Abdul Aziz Dweik as PLC Speaker and Sheikh Ahmed Bahar as his Deputy. The month also saw Israel resuming its policy of "targeted killings", leaving several Palestinians activists and civilian bystanders dead in the West Bank and the Gaza Strip.

The first major event in **March** was an Israeli army raid into Jericho in the 14th. After a 9 1/2-hour siege of the city's jail, six senior Palestinian prisoners - held there under US/British supervision until the two countries recently withdrew their monitors - surrendered to Israeli troops. The siege ended with two PA policemen killed, several others wounded, and 250 Palestinians arrested, primarily policemen. In addition to PFLP leader Ahmed Saadat and other PFLP prisoners, the army also seized



Fuad al-Shubaki, a member of Fatah's Revolutionary Council who had allegedly financed an illegal weapons shipment to the PA several years ago. On 28 March the Israeli elections brought the new Kadima party to power. The next day, the Hamas-led PA Cabinet was sworn in by PA President Abbas. Jerusalem was also the scene for some major events in March, starting with Jerusalem Court's approval to demolish the house of the Grand Mufti Haj Amin Al-Husseini (known as the 'Shepherd Hotel') in order to construct a new Israeli settlement at the site on 11 March and the beginning of construction of a new police station in the E-1 area between Jerusalem and Ma'ale Adumim on 14 March. At the end of the month more unrest was sparked when Israeli settlers from the El Ad association accompanied by Israeli forces took over a five-storey building in the Wadi Hilweh area in Silwan, claiming the land belonged to a Jewish organization since 1923.



Amid an unfolding growing humanitarian crisis in the Gaza Strip, on 7 **April** the US and the EU formally cut off all direct aid to the new government, demanding that Hamas recognize Israel, honor previous PA agreements, renounce violence, and disarm its commandos. Some aid was redirected to humanitarian projects that bypassed the PA. On 9 April, Israel decided to prevent Hamas from becoming an established government and announced that foreign diplomats who met with that government would be boycotted. A few days later, on 13 April, Ehud Olmert officially assumed the post of Prime Minister of Israel.

On 9 **May**, Quartet principals meeting in New York to discuss the Middle East peace process and the looming humanitarian crisis in the Gaza Strip agreed to provide direct aid to Palestinians. On 25 May, the Palestinian national dialogue began among senior Fateh and Hamas leaders. At the end of the month, in the first ground operation since its disengagement in 2005, Israeli troops killed at least seven Palestinians in a number of raids.

June began with President Abbas announcing a referendum, to take place on 26 July, on a plan that would implicitly recognize Israel. On 9 June, following a blast on a Gazan beach in which seven members of one family and one other Palestinian were killed and more than 30 injured, Hamas's armed wing called off its 16-month truce. On 17 June, the Quartet endorsed the EU-proposed "Temporary International Mechanism" for direct aid to the Palestinian people. Two other major events of the month were the kidnapping of Israeli soldier Gilad Shalit by Palestinians who attacked an army post at the southern Gaza/Israel border via an underground tunnel on 25 June, which triggered an Israeli assault on the Gaza Strip, and two days later the adoption by Fateh and Hamas of the so-called Prisoners' Document, which called for the creation of a Palestinian state within pre-1967 borders alongside Israel, and asserted the right of Palestinian refugees to return to lands within Israel proper.



At the beginning of **July** Israel's assault on the Gaza Strip continued with, among other attacks, setting Prime Minister Haniyeh's office ablaze. Under mounting pressure from UN and international aid agencies concerned about the humanitarian situation in Gaza, Israel temporarily opened the border crossings at Karni (Muntar) and Kerem Shalom (international cargo) to allow trucks carrying food, fuel, and medical supplies to enter. On 7 July, Israel further detained 27 Hamas-affiliated PA ministers. "War" began on another front with the outbreak



of the Israel-Lebanon conflict on 12 July, after Hizbullah attacked an Israeli patrol near the border fence, killing three soldiers and capturing two others. Israel responded with massive airstrikes and artillery fire on targets in Lebanon, damaging Lebanese civilian infrastructure including Beirut's airport. A new Gaza offensive launched by Israel on 26 July to stop the firing of rockets into Israel left 23 Palestinians dead and dozens more injured.

Israel continued arresting Hamas officials in **August**, most remarkably with the detention of PLC Speaker Abdel-Aziz Dweik on 5th and of Deputy Prime Minister Nasser Al-Shaer on 19 August. On 12 August, the UN Security Council unanimously adopted Res. 1701, calling for the cessation of Israeli-Lebanese hostilities, the deployment of an armed international force to secure south Lebanon, and the disarmament of Hezbollah. The Israeli cabinet accepted the Resolution the next day and two days later a cessation of hostilities came into effect, ending the month-old war which had left about 1,300 people dead, nearly all civilians, and over 4,000 wounded.

The month of **September** was characterized by fluctuations in Fateh-Hamas relations. On 11 September, President Abbas and Prime Minister Haniyeh agreed on the formation of a national unity government, a move welcomed by the Quartet. However, on 26 September violence and rivalry erupted between Fateh and Hamas in the Gaza Strip, where the situation had become - in the words of a UNCHR study - "intolerable, appalling, and tragic for ordinary Palestinians."

Gaza remained tense during **October**, with frequent street clashes between security officials and Hamas security forces attempting to stop demonstrations staged by unpaid PA civil servants, leaving many on both sides dead. Talks over the formation of a PA national unity government broke down and it was not until 20 October that a deal brokered by Egyptian mediators was reached to end fighting between Hamas and Fateh, with both parties agreeing to



refrain from acts that raise tensions and committing themselves to dialogue to resolve their differences. Gaza saw more bloodshed in the middle of the month when Israel, in the midst of an increase of Palestinian rocket attacks, stepped up its airstrikes into Gaza, killing at least 21 Palestinians in 11-14 October alone.

During ongoing Gaza operations, 19 Palestinian civilians were killed (seven children, four women) in a shelling of Beit Hanoun on 8 **November**; Israeli Prime Minister Olmert apologized, saying it had been an accidental "technical failure" by the army. The US vetoed a UN Security Council resolution to condemn the Israeli actions. On 10 **November**, Prime Minister Haniyeh offered to step aside to help allow formation of a coalition government

with Fateh, and on 25 November President Abbas and Prime Minister Haniyeh agreed with all Palestinian factions to a ceasefire, including a halt to launching homemade rockets from the Gaza Strip. Prime Minister Olmert agreed to withdraw Israeli troops from the Gaza Strip and to stop military operations there.

On 9 **December** PA President Abbas, speaking at a PLO Executive Committee meeting, warned that he might call early elections if there is no national unity government. He then took that move in a speech broadcast live on *Palestine TV*, saying a unity government was still the best option but that he had despaired of persuading Hamas to enter into a coalition with Fateh, as Hamas was ignoring reality. Abbas also announced the appointment of new Fateh leaders with



the party's younger leaders now being given a chance. On 23 December, PA President Abbas met Israeli Prime Minister Olmert for the first time in 22 months in Jerusalem. Both sides expressed their willingness to cooperate, and the next day the Israeli Cabinet approved the transfer of up to \$100 million of customs duties owed to Palestinians. However, those developments were overshadowed a day later by the Israeli Defense Ministry's approval of a new settlement in the northern Jordan Valley.



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The year began with further violent clashes between Hamas and Fateh supporters and more bloodshed, kidnappings and gun-battles between the two sides. On 13 **January**, US Secretary of State Condoleezza Rice began a three-day tour of the region to explore the possibilities of reviving the road map and Palestinian-Israeli negotiations. A few days later, Israel transferred a portion of withheld tax revenues (\$100 million) to cover humanitarian needs to the office of President Abbas as part of a plan to bolster him and keep money out of the hands of the Hamas government. In Damascus, meanwhile, Hamas leader Khaled Masha'al and President Abbas failed to settle differences on a unity government on 21 January. Five days later, one of the bloodiest days of intra-Palestinian fighting in Gaza and the West Bank left 14 Palestinians killed and 45 wounded; Fateh and Hamas suspended national unity talks until a cessation of fighting, each blaming the other for starting the violence. On 29 January, Islamic Jihad and Al-Aqsa Martyrs Brigades claimed joint responsibility for a suicide attack in Eilat that killed three, and on 30 January a ceasefire between Hamas and Fateh, brokered by Egypt, came into effect.

In early **February** the Quartet Foreign Ministers agreed on the need to speed up the creation of a Palestinian state but stressed the primacy of the Road Map as major conditions precedent to resuming financial aid for the Palestinians. Meanwhile, Fateh-Hamas fighting continued, with both sides' forces trying to overrun compounds and ministries held by the other side. On 6 February, Israeli renovation work near the Mughrabi Gate of Al-Aqsa Mosque sparked widespread anger and demonstrations both locally and in the Arab world. At the same time, from 6-8 February, Saudi-sponsored talks were held in Mecca between Hamas and Fateh,

ending with President Abbas and Hamas leader Khaled Masha'al signing the Mecca Agreement charging Prime Minister Haniyeh with forming a national unity government, calling for an immediate intra-Palestinian ceasefire, and agreeing on power-sharing between Hamas and Fateh. In mid-February, President Abbas then formally asked Prime Minister Haniyeh to form a unity cabinet and to respect peace accords signed with Israel. A trilateral Israeli-Palestinian-US summit on 19 February with US Secretary of State Rice, Prime Minister Olmert and President Abbas ended with no visible result.



At the beginning of **March**, the World Bank warned in a new report that the PA's fiscal crisis could threaten its existence. In the diplomatic arena, Prime Minister Olmert and President Abbas met in Jerusalem on 11 March to discuss the Palestinian National Unity Government, the issue of kidnapped Israeli corporal Gilad Shalit, and conditions laid down by the Quartet. A day later, BBC Correspondent Alan Johnston was kidnapped by a group of militants in the Gaza Strip (in whose hands he was to remain for 114 days). On 15 March, President Abbas and Prime Minister Haniyeh

agreed on a National Unity Government that took office two days later after the PLC had approved the cabinet list. Later in the month, US Secretary Rice toured the region in a bid to discuss the possibility of holding a regional summit to bring together Israel, the Palestinians and "moderate" Arab countries. At the 19th Arab League summit in Riyadh on 28-29 March, the 'Riyadh Declaration' was adopted, renewing the 2003 Arab peace initiative.



In early **April** the trip to France of Foreign Minister Ziad Abu Amr marked the first visit of a Palestinian official to an EU capital since Hamas came to power in March 2006. Meanwhile, Hamas provided Israel with a list of Palestinian prisoners - including Fateh leader Marwan Barghouti - it wanted released in return for freeing Gilad Shalit. On the diplomatic front things seemed to further improve when on 12 April Norwegian FM Jonas Gahr Støre - after meeting with PA Finance Minister Salam Fayyad in Oslo - said that Norway was ready to recognize the Palestinians' new government and to resume direct aid, and on 15 April, when President Abbas and Prime Minister Olmert resumed dialogue in Jerusalem in the first of a series of fortnightly talks they had agreed upon during Secretary Rice's recent visit to the region. However, on 22 April Hamas called for a fresh wave of attacks against Israel after Israeli troops killed nine Palestinians in weekend fighting, and even Fateh urged President Abbas to consider breaking off contacts with the Israeli Government. Towards the end of the month, President Abbas toured Europe to discuss the peace process and the Palestinian national unity government.

The first notable event in **May** was the US security plan "Acceleration Benchmarks for Agreement on Movement and Access" which set a schedule for removing roadblocks, opening passages, and upgrading the Palestinian forces loyal to President Abbas. Israel was urged to approve requests for weapons, munitions and equipment required by those forces. Hamas denounced the document while Abbas urged support for it, finding that it included important steps. On 10 May the UN

Secretary-General appointed experts to begin the work of establishing the "Register of Damage caused by the Construction of the Wall" in the OPT. Internal turmoil increased again towards the middle of the month when intense fighting between Hamas and Fateh forces resumed in Gaza, with 16 people killed on 15 May alone. After days of heavy clashes, Hamas and Fateh signed a new ceasefire on 19 May. Israel, meanwhile, launched new air strikes on Hamas targets in Gaza City on 20 May after a decision by Israel's Security Cabinet to increase operations aimed at reducing the firing of rockets and knocking out the terrorist infrastructure responsible. The month of May also saw the appointment of Michael C. Williams as the UN Secretary-General Special Middle East Coordinator and Personal Representative to the PLO and the PA.

On 7 **June** the Committee on the Exercise of the Inalienable Rights of the Palestinian People held a special meeting at the UN to mark 40 years of occupation of Palestinian Territory by Israel, including East Jerusalem. In the meantime, the PA headquarters in Gaza came under fire amid more deadly inter-factional clashes on 11 June; and on 14 June, Hamas seized the headquarters of Fateh and the Preventive Security. A day later, Hamas gained control of the Gaza Strip, while President Abbas declared a state of emergency, dismissed the unity government, and appointed Salam Fayyad as new Prime Minister. The latter formed a new emergency government with 11 ministers two days later. At the Israeli-Arab summit in Sharm Esh-Sheikh on 25 June Prime Minister Olmert, President Abbas, King Abdullah II and Hosni Mubarak discussed ways to revive the peace process and confirmed their support to President Abbas in the face of what they saw as a power grab by Hamas. Israel promised to release 250 prisoners and to transfer withheld taxes to the PA in a show of support. On 26 June President Abbas signed a decree banning all armed forces. The next day, more bloodshed occurred when Israeli troops killed at least 12 Palestinians in raids on the Gaza Strip. Also in June, Shimon Peres was elected Israeli President and former British Prime Minister Tony Blair was appointed as the Quartet's special envoy to the Middle East.



Main events of note in **July** were the freeing of BBC Correspondent Alan Johnston in Gaza on 4 July and 16 July proposal by President Bush of a new international peace conference to restart Middle East peace talks as well as to provide economic support for the government of President Abbas. Hamas rejected the proposal while the Quartet supported it. On 20 July, Israel freed 255 Palestinian prisoners as a sign that it is willing to help the moderate Fateh-led government. Egyptian and Jordanian Foreign Ministers opened the first talks in Israel over the Arab land-for-peace plan on 25 July, and on 31 July US Secretary of State Rice signed a joint statement with Egypt, Jordan and six Gulf States endorsing the 2002 Arab Peace Initiative as one of the foundations of Middle East peace.



At the beginning of **August**, Secretary of State Rice signed an aid deal granting the PA \$80 million to reform its security services and to strengthen Fateh. Japan followed suit on 15 August, giving the PA \$20 million in aid and humanitarian assistance in order to boost economic relations between



Israel and the Palestinian Territories and to revive the peace process. On 16 August, however, the US also signed a military aid agreement with Israel, providing Israel with \$30 billion over the next 10 years. On 28 August Prime Minister Olmert and President Abbas met in Jerusalem to resume their discussions and on 30 August, PA security organizations participated in a senior-level meeting with Israeli counterparts at Bet El near Ramallah for the first time since 1994.

September began with President Abbas unveiling a series of changes to the electoral law: Palestinians would henceforth vote solely for party lists, while district voting would be eliminated. All presidential and parliamentary candidates would be furthermore required to recognize the PLO as the sole legitimate representative of the Palestinian people. On 4 September, the Israeli High Court ordered a re-routing of the West Bank barrier near Bil'in village. At the same time, Quartet Representative Tony Blair visited Israel and the OPT. On 6 September the region was shaken when Syria's air defence opened fire on Israeli warplanes and forced them out of the country after the planes entered Syrian airspace through the northern border and flew toward the eastern region. Later in the month, Israeli opposition leader Binyamin Netanyahu was the first to confirm that an Israeli air strike on an unknown target in Syria took place earlier that month. In mid-September, President Abbas and Prime Minister Olmert agreed to set up negotiating teams ahead of the international conference. Israel's Security Cabinet voted to declare the Gaza Strip an "enemy entity" on 19 September and said it would cut back power and fuel supplies to the region in an effort to stop Palestinian militants from firing rockets at Israel.

Nevertheless, on 1 **October** Israel released 87 Palestinian prisoners, mostly Fateh members; and two days later Prime Minister Olmert and President Abbas met in Jerusalem, together with their negotiating teams, to start work on a joint document ahead of the US-proposed international peace conference. A setback putting a question mark on those moves was the expropriation of over 1,100 dunums of land from villages located between East Jerusalem and the Ma'ale Adumim settlement on 9 October and the issue of permits for the construction of 6,100 new apartments in the Modi'in Ilit settlement on 10 October. Also on 10 October, President Abbas set out his demands before the US-sponsored peace conference in Annapolis, insisting that Israel must give up territory under its control for a Palestinian state. On 15 October, visiting Secretary of State Rice said in Ramallah that it was "time for the establishment of a Palestinian State." As announced in the government's 19 September decision, the Israeli Defense Ministry authorized the reduction of power supplies to the Gaza Strip on 26 October. At the same time, President Abbas met Prime Minister Olmert to seek common ground ahead of the US-proposed Middle East peace conference.

In early **November**, President Abbas met Hamas representatives in Ramallah for the first time since June, but refused to begin a dialogue unless Hamas gave up power in the Gaza Strip. Meanwhile, international efforts increased on 4/5 November, with Secretary of State Rice meeting with Prime Minister Olmert and President Abbas in Jerusalem and Ramallah, and Senior European Union officials meeting high-level diplomats from the Middle East in



Lisbon to discuss the progress of Middle East peace efforts. On 11 November, thousands of Palestinians commemorated the late President Arafat's death as the new mausoleum complex in Ramallah was opened. A day later, Hamas police killed at least six at a Fateh rally in Gaza City commemorating three years since the death of Yasser Arafat. On 14 November, Israeli President Peres and PA President Abbas addressed Turkey's parliament in Ankara, strongly advocating a peaceful resolution to the Israeli-Palestinian conflict. The same day, the Knesset gave initial approval to draft legislation making it harder to change Jerusalem's status in any peace deal with the Palestinians. Towards the end of the month, the US-sponsored peace conference took place in Annapolis on 27 November with Israeli and PLO leaders agreeing on a joint understanding to restart final status negotiations.



On 5 **December** the PA presented the *Palestinian Reform and Development Plan 2008-2010* requesting \$5.6 billion in international assistance ahead of the Paris Donors' Conference. The conference itself took place on 17 December and resulted in international donors pledging \$7.4 billion in aid to the PA. On 6 December, President Abbas called on Israel to stop the expansion of the Har Homa settlement in Jerusalem following the publication of tenders by the Israel Land Administration to build 307 new housing units. A Quartet statement expressed

additional concerns about the Israeli plan to launch construction at the site, especially as it was contradictory to the understandings reached at Annapolis a few weeks earlier. The year ended with renewed clashes between Fateh supporters and Hamas forces in the Gaza Strip that left eight people dead and some 60 wounded on 31 December when Fateh supporters defied a Hamas ban on celebrations by commemorating the forty-third anniversary of the founding of their movement. Meanwhile, Prime Minister Olmert sent a letter to the Ministers of Defense, Housing and Agriculture with an order to refrain from authorizing any construction in the West Bank without his and Defense Minister Ehud Barak's prior approval. PA President Abbas urged Hamas to agree to early elections and to open a "new page" by ceding control of the Gaza Strip and holding reconciliation talks with Fateh.

