

CRS Report for Congress

The Palestinian Territories: Background and U.S. Relations

Updated October 12, 2007

Paul Morro
Specialist in Middle Eastern Affairs
Foreign Affairs, Defense, and Trade Division



Prepared for Members and
Committees of Congress

The Palestinian Territories: Background and U.S. Relations

Summary

This report provides an overview of Palestinian society and current issues in U.S.-Palestinian relations. It contains a brief historical review of modern Palestine, an overview of Palestinian society and politics, and a look at the Palestinians' relations with the international community.

U.S. policy toward the Palestinians since the advent of the Oslo process in the early 1990s has been marked by efforts to establish a Palestinian state through a negotiated two-state solution with Israel, counter Palestinian terrorist groups, and establish norms of democracy, accountability, and good governance within the Palestinian Authority (PA). President Bush made these goals explicit in his June 24, 2002 Rose Garden speech. Congressional views of the issue have reflected concern that U.S. bilateral assistance not fall into the hands of Palestinian rejectionists who advocate terrorism and violence against Israelis and, at times, against Americans. Congress also has expressed concern that U.S. funds for Palestinian refugees channeled through the United Nations have been mismanaged or found their way into the wrong hands.

Among the current issues in U.S.-Palestinian relations is how to deal with the political leadership of Palestinian society, which is divided between Fatah and its rival, Hamas, a State Department designated Foreign Terrorist Organization. Following Hamas's victory in the 2006 legislative election and the formation of a Hamas-led PA cabinet, the United States halted aid to the PA, but continued humanitarian aid along with efforts to bolster Fatah leader and PA President Mahmoud Abbas. In June 2007, Hamas seized control of the Gaza Strip leading Abbas to dissolve the government and appoint an emergency government based in the West Bank that excludes Hamas. The Administration quickly announced plans to resume aid to the new government, but questions remain over Fatah's ability to govern in the West Bank and a possible humanitarian crisis in Gaza.

Since the signing of the Oslo Accord in 1993, the U.S. government has committed an estimated \$1.9 billion in bilateral economic assistance to the Palestinians. For FY2008, the Administration requested \$63.5 million in Economic Support Funds (ESF) for the West Bank and Gaza and an additional \$10 million in Child Survival and Health (CSH) funds. H.R. 2764, the FY2008 State, Foreign Operations, and Related Programs Appropriations bill (passed by the House on June 22, 2007), would provide the \$63.5 million in ESF only if the administration certifies that the PA recognizes Israel, renounces violence, and accepts previous agreements with Israel. The Senate version of the bill (passed by the Senate on September 6, 2007) includes \$75 million in aid for the West Bank and Gaza and does not include the additional restrictions contained in the House version. Neither bill contains the CSH funds. This report will be updated regularly.

Contents

Historical Background	1
The Palestine Mandate	1
The 1947 U.N. Partition Plan and the Creation of Israel	1
The 1967 War	2
The October War and Camp David	3
The First Intifada (Uprising)	4
The Oslo Years	5
The Second Intifada and Israel's Withdrawal From Gaza	5
Palestinian Society and Political Dynamics	6
Demographics	6
National Identity and the Quest for Statehood	7
The Fatah-Hamas Rivalry	7
Other Rejectionist Groups	9
Palestinian Christians	10
Palestinian Refugees	11
UNRWA	12
UNRWA Funding	12
Congressional Concerns	13
Palestinian Foreign Policy/Relations	14
Israel	14
Regional States and Actors	15
Jordan	15
Egypt	15
Syria and Lebanon	16
Saudi Arabia	17
Iran and Hezbollah	18
The European Union	19
The United Nations Context	20
Economic Profile and Issues	21
Overview	21
Fiscal Crisis	22
Deepening Poverty	23
Current Issues in U.S.-Palestinian Relations	23
Hamas Takes Power	23
The First Hamas Government	23
The Unity Government	23
Hamas Seizes Gaza; Unity Government Dissolved	25
Terrorism	27
Political, Economic, and Security Reform	27
Congressional Responses	28
U.S. Foreign Assistance	28
Current Restrictions	29

Recent Legislation	29
Appendix A. Further Reading and Historical Resources	31
Appendix B. Chronology	33
Appendix C. List of Current U.N. Bodies and Offices That Focus on Palestinian or Arab-Israeli Issues	35
Appendix D. Links to Palestinian and Palestinian-American Organizations ...	38

List of Figures

Figure 1. Map of West Bank and Gaza Strip	4
Figure 2. Map of the Gaza Strip	26

List of Tables

Table 1. Palestinian Population Worldwide	12
Table 2. Recent U.S. Contributions to UNRWA	13
Table 3. Arab States' Pledges to UNRWA 2006	13

The Palestinian Territories: Background and U.S. Relations

Historical Background

The Palestine Mandate. Following World War I and the collapse of the Ottoman Empire, the United Kingdom was given the mandate for Palestine, which encompassed what is today Jordan, Israel, the West Bank, and the Gaza Strip.¹ Britain's stewardship of Palestine was troubled from the beginning as it became embroiled in the struggle between Jewish settlers seeking to establish their own state and Arab inhabitants who were resisting these efforts. Because of uncertain data, precise population figures for Palestine at this time are not available; the numbers most frequently cited are from a 1922 British census, which put the figures at 660,000 Arabs, 84,000 Jews, and 7,600 others. By 1948, there were an estimated 1.35 million Arabs and 650,000 Jews.² During the 1920s and 1930s, Jewish-Arab relations in Palestine worsened and were marked by spasms of violence. Repeated British efforts to find a formula that would satisfy all parties succeeded only in further angering and alienating the two sides. As World War II wound down, violence in Palestine escalated and Jewish underground groups began attacking British installations and assassinating British officials. In February 1947, Britain told the U.N. General Assembly that it wished to relinquish the mandate and asked the new body to settle the issue.

The 1947 U.N. Partition Plan and the Creation of Israel. The U.N. Special Commission on Palestine eventually recommended dividing Palestine into a Jewish state (about 56% of the territory) and an Arab state (about 42% of the territory) and placing Jerusalem (about 2% of the territory) under international administration.³ The U.N. General Assembly adopted this plan on November 29, 1947 as U.N. General Assembly Resolution 181.⁴ Many observers believed the plan was unworkable, not least because it left many Arabs living in the proposed Jewish state. The Jews saw the U.N. decision as imperfect but accepted it as a step toward creating the Jewish state for which they had worked so long. The Arabs felt that it

¹ In 1922, Britain set up a separate administration for the land east of the Jordan River and soon began transferring authority to the newly created Emirate of Transjordan, later renamed Jordan.

² MidEast Web, "The Population of Palestine Prior to 1948," [<http://www.mideastweb.org/palpop.htm>].

³ For a map of the 1947 U.N. Partition Plan, see [<http://www.mideastweb.org/unpartition.htm>].

⁴ For the full text of U.N. General Assembly Resolution 181, see [<http://www.state.gov/p/nea/rls/22562.htm>].

was unjust to ignore the rights of the majority of the population of Palestine and rejected the partition plan. Both sides began organizing and arming themselves, and groups on both sides carried out attacks on civilians. As violence mounted, many Palestinian Arabs began fleeing to neighboring countries. On May 14, 1948, the British withdrew from Palestine and the Jews proclaimed the independent State of Israel. In the following days and weeks, neighboring Arab states invaded the newly proclaimed state of Israel in Palestine.

When the fighting ended in 1949, Israel held territories beyond the boundaries set by the U.N. plan — a total of 78% of the area west of the Jordan river. Jordan held East Jerusalem and the West Bank and Egypt held the Gaza Strip. About 700,000 Palestinian Arabs fled or were driven out of Israel.⁵ Palestinians call their defeat and exile in 1948 *al-Nakba* (the Catastrophe). Many Palestinian refugees ended up in camps in the Egyptian-controlled Gaza Strip, the Jordanian-ruled West Bank, Jordan proper, Syria, and Lebanon, where they and their descendants remain today. The Arab countries resisted assimilating the refugees for both political and economic reasons. Many Palestinians did not wish to assimilate, hoping to one day return to their homes. Israel refused to readmit the refugees, seeing them as both a physical and demographic threat to the new state.

The 1967 War. During the 1950s and 1960s, as the winds of Arab nationalism blew across the region, radical Arab leaders in Egypt and Syria pressed for military action against Israel. In May 1967, Egypt moved military units into the Sinai Peninsula and concluded a military agreement with Jordan. On June 5, 1967, Israel, assuming war was inevitable, launched preemptive air strikes against its Arab neighbors.⁶ Its subsequent victory over Egypt, Jordan, and Syria took only six days. Israel took control of the Sinai and the Gaza Strip from Egypt, the West Bank and East Jerusalem from Jordan, and the Golan Heights from Syria. Almost 1 million Arabs, mostly Palestinians, came under Israeli rule. In November 1967, the U.N. Security Council passed Resolution 242, calling for Israeli withdrawal from territories occupied during the war and the right of every state in the region to live in peace within recognized borders.⁷ The defeated Arab states refused to recognize or negotiate with Israel. The Israeli government decided to keep the territories as bargaining chips in future peace talks.

Many observers believe one consequence of the war was the emergence of a stronger sense of Palestinian national identity. Palestinians began to more forcefully advocate for a state of their own. The Palestine Liberation Organization (PLO), which had been established in 1964, became more militant and portrayed itself as a movement struggling for national liberation. In time, the PLO became recognized by the Palestinian people, the Arab states, and much of the international community

⁵ There is no reliable data for the precise number of Palestinian refugees who fled in 1948. Most scholars place the figure between 600,000 and 750,000.

⁶ For a contrary view that asserts that Israel was motivated more by fear of being disadvantaged diplomatically than by genuine military threat, see Roland Popp, “Stumbling Decidedly Into the Six-Day War,” *Middle East Journal*, Spring 2006.

⁷ For the full text of UNSCR 242 see [<http://www.un.org/documents/sc/res/1967/scres67.htm>].

as the legitimate representative of the Palestinian people. Israel strongly opposed the PLO because of terrorist attacks by its component groups and because its charter at the time aimed to destroy the state of Israel.

The October War and Camp David. In 1973, the Arabs, led by Egypt and Syria, launched a surprise attack on Israel in part to regain the lost territory. Catching Israel off guard, the Arab armies made initial advances but eventually Israel drove the Arab forces back to roughly the 1967 armistice lines. By 1977, with the pan-Arab dream shattered, Egyptian President Anwar Sadat offered peace if Israel withdrew from the occupied lands and agreed to a Palestinian state. In 1978, following vigorous diplomatic efforts by President Carter, Egypt and Israel signed framework agreements that led to the Egyptian-Israeli peace treaty and Israel's withdrawal from the Sinai, and promised autonomy talks for Palestinians in the West Bank and Gaza. The autonomy talks, however, never materialized and other Arab states did not accept the Camp David Accords. In the mid-1970s, Israeli nationalist-religious groups accelerated their campaign to establish Jewish settlements in the occupied territories. In 1977, when the right-wing Likud party came to power in Israel for the first time, the government began backing the settlement enterprise more intensively.

Figure 1. Map of West Bank and Gaza Strip

Source: Adapted by CRS. Map Resources. (6/2007)

The First Intifada (Uprising). A growing sense of frustration set in among Palestinians during the 1980s over the lack of progress in finding a durable resolution of their nationalist claims. In December 1987, after four Gaza Palestinians were killed by an Israel Defense Force (IDF) truck in a traffic accident, rioting broke out and quickly spread through the territories. Initially Palestinian youth hurled stones and Molotov cocktails at IDF soldiers, although in some later clashes hand grenades and guns were used. The IDF struggled at first to contain the crowds and often resorted to firing into them, killing hundreds of Palestinians. The protests also featured acts of civil disobedience, including strikes, demonstrations, tax resistance, and boycotts of Israeli products, all coordinated through locally based popular

committees. Over the next six years, over 1,100 Palestinians and 160 Israelis were killed in the violence.⁸

The uprising put the Palestinian question back on the international agenda. In July 1988, in response to the months of demonstrations by Palestinians in the West Bank, Jordan ceded to the PLO all Jordanian claims to the territory. To try and fill the political vacuum, in November 1988 the Palestine National Council (the PLO legislature) declared the establishment of the State of Palestine, in accordance with U.N. General Assembly Resolution 181, the 1947 partition plan. Though symbolic, the PLO's declaration was seen by many as tacit recognition of Israel and acceptance of a two-state solution. From the Palestinian perspective, by engaging the Israelis directly, rather than relying on neighboring Arab states, the Palestinians reinforced their identity as a separate nation worthy of self-determination. The impact on Israelis was equally profound. Many observers have noted that the first intifada demonstrated to many Israelis that something they had come to take for granted, the occupation of the West Bank and Gaza, could not continue indefinitely.

The Oslo Years. By the early 1990s, the intifada, the end of the Cold War, and the changed international climate led Israel's new Labor government and the PLO to conduct secret negotiations in Oslo, Norway to settle the conflict. The breakthrough came in 1993 and the resulting agreements, often called the Oslo Accords, included letters of mutual recognition between Israel and the PLO, the establishment of a Palestinian interim self-governing authority in the West Bank and Gaza, and a five-year window in which to conclude a final status deal. The new Palestinian Authority (PA) had a directly elected president and a legislative council, elected separately. The PA assumed full control of major West Bank cities and limited control in other areas. However, Palestinian rejectionist violence and Israeli settlement building in the territories undermined the process. Nonetheless, in July 2000, President Clinton invited Israeli Prime Minister Ehud Barak and PLO Chairman Yasir Arafat to Camp David to press them to conclude a final status deal. Barak's offer went further than any previous Israeli offer but still fell short of Palestinian demands. The summit collapsed and the two sides traded accusations over who was to blame.

The Second Intifada and Israel's Withdrawal From Gaza. In September 2000, with tensions high, then opposition leader Ariel Sharon visited the Temple Mount/Haram al-Sharif in Jerusalem's Old City, a site holy to both Jews and Muslims. The visit sparked Palestinian riots in Jerusalem, which quickly spread through the territories, igniting the second or "Al-Aqsa" intifada.⁹ As Palestinian crowds rioted, in some instances members of the Palestinian security forces opened fire on Israeli forces. Israeli soldiers often responded with deadly force, killing more than 100 Palestinians over the next few weeks. Palestinian militant groups responded with a bombing campaign against Israeli civilian and military targets, killing scores

⁸ Figures according to B'Tselem, the Israeli Information Center for Human Rights in the Occupied Territories, [http://www.btselem.org/English/Statistics/First_Intifada_Tables.asp].

⁹ The name "Al-Aqsa" intifada is taken from the Al-Aqsa mosque, the third holiest site in Islam, located on the Temple Mount, or Haram al-Sharif in Arabic, the scene of Sharon's visit.

of Israelis and several Americans. Amid the violence, Israeli and Palestinian negotiators continued the peace talks begun at Camp David. Meeting in Taba, Egypt, in January 2001, the two sides closed the gaps between them considerably and agreement appeared near, based on a set of ideas presented by President Clinton. However, talks were suspended for the Israeli election, in which Barak sought a vote of confidence from the public. Sharon, who opposed the talks, won a decisive victory and the talks were never resumed.

In 2002, to try and stem the bombings, the IDF reoccupied all major West Bank cities and began building a separation barrier in the West Bank. At the end of 2003, Prime Minister Sharon announced his intention to “disengage” from the Palestinians by unilaterally withdrawing settlers and IDF forces from the Gaza Strip and a small area of the West Bank. In September 2005, Israel completed its unilateral withdrawal from Gaza but still controls the flow of people and goods in and out of the territories, continues to occupy the West Bank, and has erected hundreds of checkpoints and roadblocks to thwart terrorism. Just over 4,000 Palestinians and just over 1,000 Israelis have been killed since the second intifada began.¹⁰

Palestinian Society and Political Dynamics

Demographics. There are an estimated 3.8 million Palestinians living in the West Bank, Gaza Strip, and East Jerusalem (2.4 million in the West Bank and East Jerusalem, and 1.4 million in Gaza).¹¹ In addition, some 425,000 Jewish settlers live in the occupied territories (250,000 in the West Bank and 175,000 in East Jerusalem). West Bank Palestinians generally are wealthier, better educated, and more secular than their Gaza brethren. The Palestinian population has one of the highest growth rates in the world and is disproportionately young. According to the Norwegian Institute for Labor and Social Research, widely considered the most credible authority on Palestinian demographics, 51% of the Palestinians in the territories are 20 years old or younger and 80% are less than 40 years old. The youth bulge ensures that the population growth rate will remain high even as fertility rates decline. Palestinians are well educated relative to other Arab countries with an adult literacy rate of 92% and 92% of school-age children enrolled in school. (Jordan, by comparison, has a 90% adult literacy rate and a 99% enrollment rate, while Egypt has a 71% adult literacy rate and an 83% enrollment rate.¹²) The Palestinian population is 98% Sunni Muslim; just under 2% are Christians of various denominations (see Palestinian Christians section below for further discussion).

¹⁰ Figures according to B'Tselem, the Israeli Information Center for Human Rights in the Occupied Territories, [<http://www.btselem.org/English/Statistics/Casualties.asp>].

¹¹ The PA last conducted a census in 1997, in which it counted 2.9 million residents of the Palestinian territories. The 3.8 million figure is not an actual count but a projection of the 1997 census, assuming an annual growth rate of between 4% and 5%. An additional 1.3 million Palestinians live inside Israel proper as Arab citizens of Israel.

¹² UNICEF data, [<http://www.unicef.org/infobycountry/northafrica.html>].

National Identity and the Quest for Statehood. Historians have noted that the concept of Palestinian national identity is a relatively recent phenomenon and in large part grew from the challenge posed by Zionism in the first half of the 20th century.¹³ Palestinian identity first emerged during the British Mandate period, began to crystalize with the 1947 partition plan, and grew stronger following Israel's conquest of the West Bank and Gaza Strip in 1967. Although in 1947 the United Nations intended to create two states in Palestine — one Jewish and one Arab — only one came into being. The Arab state was stillborn, a victim of the military triumph of the new Jewish state, the failure of the Palestinians, and, some allege, the collusion of Arab and British leaders.¹⁴ Today, the Palestinian public's desire to establish a state of their own on at least some portion of historic Palestine is the dominant political issue throughout the Palestinian territories. How that state should be established and its nature, however, continue to divide Palestinian society. Fatah and Hamas are the largest political movements and reflect the basic cleavage in Palestinian society, namely, between those who support a negotiated two-state solution with Israel and those who do not.

The Fatah-Hamas Rivalry

Fatah, a secular nationalist party and the largest faction within the PLO, dominated Palestinian society and politics between 1969, when its leader Yasir Arafat became PLO chairman, and his death in 2004. In its 1988 Declaration of Independence and again in the Oslo Accords, the PLO renounced violence, recognized Israel, and committed to negotiating a two-state solution to the conflict. The first Palestinian elections were held January 20, 1996 in accordance with the Oslo Accords. Arafat was elected president with 88% of the vote and Fatah won 55 of the then-88 seats in the Palestinian Legislative Council (PLC). When Arafat died, Mahmoud Abbas, also known as Abu Mazen, succeeded him as leader of Fatah and the PLO, and was elected PA president in January 2005. However, polling data between 1996 and 2004 showed a significant drop in support for Fatah against a backdrop of widespread political alienation. In a 2003 poll, for example, some 40% of respondents said they favored none of the existing factions.¹⁵ Most observers believe Fatah's decline was due to the public's perception that the PA was rife with corruption, out of touch with the populace, and had failed to achieve progress toward statehood or provide law and order.

Hamas, for many years the main opposition force in the Palestinian territories, grew out of the Muslim Brotherhood, a religious and political organization founded in Egypt in 1928 with branches throughout the Arab world. Hamas's founder and

¹³ Rashid Khalidi, *Palestinian Identity: The Construction of Modern National Consciousness*, New York, Columbia Univ. Press, 1997.

¹⁴ Khalidi, "Palestinian Identity"; the leading proponent of the collusion charge is Israeli historian Avi Shlaim in his book *Collusion Across the Jordan: King Abdullah, the Zionist Movement, and the Partition of Palestine*, New York: Columbia University Press, 1988.

¹⁵ Khalil Shikaki, "Sweeping Victory, Uncertain Mandate," *Journal of Democracy*, Vol. 17, No. 3, July 2006.

spiritual leader, the late Shaykh Ahmed Yassin,¹⁶ established Hamas as the Muslim Brotherhood's local political arm in December 1987, following the eruption of the first intifada. Hamas combines Palestinian nationalism with Islamic fundamentalism. Its founding charter commits the group to the destruction of Israel and the establishment of an Islamic state in all of historic Palestine.¹⁷ Hamas rejected the Oslo Accords, boycotted the 1996 elections, and has waged an intermittent terrorist campaign to undermine the peace process. Its military wing, the Izz al-Din al-Qassam Brigades,¹⁸ has carried out hundreds of terrorist attacks since 1993, killing more than 500 Israelis. The U.S. State Department has designated Hamas as a Foreign Terrorist Organization (FTO). Hamas owes much of its popularity to an extensive social services network supported by donations from Palestinians, other Arabs, and international charitable front groups. It funds schools, orphanages, mosques, healthcare clinics, soup kitchens, and sports leagues in the West Bank and Gaza.

Fatah's political hegemony inside the occupied territories was undermined by the inability of the PLO, and later the PA, to co-opt or incorporate Hamas, which proved more resistant than its secular rivals to the PLO's inducements. The independence of this Islamic group has created a constant sense of ambivalence as to where the center of gravity in Palestinian politics lies. Particularly between 2000 and 2004, the popularity of Hamas began to increase as Fatah's fell. Hamas made a strong showing in a series of municipal elections held between December 2004 and December 2005. Still, most observers were surprised by the scale of Hamas's victory in the January 2006 legislative election. Hamas won 74 of the 132 seats in the PLC,¹⁹ Fatah won 45 seats, and smaller parties claimed the remainder. Hamas's popular vote victory was far narrower, 44% to Fatah's 41%. Most observers believe that the Hamas victory was a function of several factors including a complicated, mixed electoral system that rewarded Hamas's better organization and party discipline, disaffection among younger, marginalized political activists, and a general disenchantment with Fatah over its inability to deliver peace and good governance.²⁰ Yet despite the electoral setback, observers point out that Fatah has done little to purge its ranks of corrupt, discredited officials or adopt norms of honesty and transparency in order to regain the public's trust. One scholar noted that Fatah "party leaders seem to be more intent on short-term maneuverings against Hamas and each other than the long-term viability of the party."²¹

¹⁶ Israel assassinated Yassin on March 22, 2004, using helicopter-fired missiles.

¹⁷ For the text of the Hamas charter see: [<http://www.yale.edu/lawweb/avalon/mideast/hamas.htm>].

¹⁸ Izz al-Din al-Qassam was a Muslim Brotherhood member, preacher, and leader of an anti-Zionist and anti-British resistance movement during the Mandate period. He was killed by British forces on November 19, 1935.

¹⁹ The PLC amended the Electoral Law in 2005, expanding the PLC from 88 to 132 seats.

²⁰ For a fuller discussion of the implications of the 2006 PLC election, see Riad Malki, "Beyond Hamas and Fatah," *Journal of Democracy*, Vol. 17, No. 3, July 2006.

²¹ Nathan J. Brown, "The Peace Process Has No Clothes The Decay of the Palestinian Authority and the International Response," Carnegie Endowment for International Peace,

Hamas's decision to participate in the PLC election may have intensified internal strife and threatened the organization's vaunted unity. There appears to be a split between hard-liners such as Hamas political chief, Khalid Mish'al, who lives in exile in Damascus, and Mahmoud al Zahhar, a Gazan considered close to Mish'al, and more pragmatic figures such as current Prime Minister Ismail Haniyeh. Observers differ, however, on how far such a split may go. Those who believe Hamas is wedded to its violent, anti-Israeli agenda point to its deeply held religious views as expressed in its charter. Written in 1988, the charter is explicit about the struggle for Palestine being a religious obligation. It describes the land as a "*waqf*," or religious endowment, saying that no one can "abandon it or part of it." In the charter, Hamas describes itself as "a distinct Palestinian Movement which owes its loyalty to Allah" and that strives to "raise the banner of Allah over every inch of Palestine." It calls for the elimination of Israel and Jews from Islamic holy land and portrays the Jews as evil, citing anti-Semitic texts. These observers also note that no Hamas leader is on record as sanctioning a permanent recognition of Israel's right to exist side by side with an independent Palestinian state or as expressing a willingness to disarm or to stop attacks on Israel and Israelis, or to make a distinction between Israeli soldiers and civilians.²²

Other observers see Hamas as a more pragmatic, evolving movement. They note that Hamas has already moderated its positions by participating in the 2006 PLC election (a body created by the Oslo Accords, which the group has long rejected) and by expressing willingness to enter into a long-term cease-fire (or *hudna*) with Israel. Most importantly, they say, Hamas signed the Mecca Accord in which it agreed to share power with Fatah, "respect" previous agreements signed by the PLO, and allow the PLO to negotiate with Israel and submit any agreement reached to the Palestinian people. Finally, they note that the PLO, also once a terrorist group albeit a secular one, altered some of its tenets in the late 1980s and early 1990s, under pressure from the United States, and agreed to condemn terrorism, recognize Israel's right to exist, and negotiate for a two-state solution.

Other Rejectionist Groups

Several other small Palestinian groups continue to reject the PLO's decision to recognize Israel and negotiate a two-state solution. They remain active in the territories and retain some ability to carry out terrorist attacks and other forms of violence to undermine efforts at cooperation and conciliation. The largest of these is the Palestinian Islamic Jihad (PIJ), a designated Foreign Terrorist Organization that, like Hamas, is an offshoot of the Muslim Brotherhood. The PIJ, estimated at 1,000 members, emerged in the 1980s in the Gaza Strip as a rival to Hamas. Inspired by the Iranian revolution, it combined Palestinian nationalism, Sunni Islamic fundamentalism, and Shiite revolutionary thought. The PIJ seeks liberation of all of historical Palestine through armed revolt and the establishment of an Islamic state, but unlike Hamas has not established a social services network, formed a political

²¹ (...continued)
June 2007.

²² Steven Erlanger, "Academics View Differences within Hamas," *New York Times*, January 29, 2006.

party, or participated in elections. Mainly for these reasons, PIJ has never approached the same level of support among Palestinians as Hamas. PIJ headquarters is in Damascus, and Syria allows it to operate on its territory and, during the Syrian occupation, in Lebanon. Iran, however, is the PIJ's chief sponsor, providing the group with almost its entire budget. Since 2000, the PIJ has conducted nearly 1,000 attacks against Israel, killing scores of Israelis.²³

The Al Aqsa Martyrs Brigades is a militant offshoot of Fatah that emerged in the West Bank early in the second intifada. The group initially targeted only Israeli soldiers and settlers, but in 2002 began a spate of attacks on civilians in Israeli cities and in March 2002 was added to the State Department's list of Foreign Terrorist Organizations. According to terrorism experts, the group switched tactics to restore Fatah's standing among Palestinians at a time when Palestinian casualties were mounting, Hamas's popularity was rising, and Fatah was tainted by its cooperation with Israel during the Oslo years. Most of the Brigades' members are believed to be members of the Palestinian security forces.

The Popular Resistance Committees (PRC) is a loose alliance of armed dissidents and militants that first appeared in the Gaza Strip in 2000. Its founder, Jamal Abu Samhadana, a former member of Fatah, was killed in an Israeli air strike in June 2006. The membership of the PRC encompasses both the secular and Islamic fundamentalist Palestinian movements, including Fatah, Hamas, and the Popular Front for the Liberation of Palestine. Ex-members of the PA's Preventive Security Organization also are reported to be active in the PRC. The group also has been implicated in the October 15th, 2003 attack that killed three U.S. diplomatic security personnel in the Gaza Strip. The attack, a roadside bomb that destroyed the van the men were traveling in, was claimed and then later denied by the PRC. In part to avenge the death of their leader Samhadana, in June 2006 the PRC (along with Hamas and a splinter group calling itself the Army of Islam) launched a raid on an Israeli army post near the Gaza Strip, killing two Israeli soldiers and capturing a third, Gilad Shalit.

Palestinian Christians

There are approximately 60,000 Palestinian Christians living in the West Bank, Gaza Strip, and East Jerusalem, about 2% of the population. Palestinian Christians once made up some 8-10% of Palestinian Arabs, but their numbers have been shrinking for several decades as a disproportionate number of them have fled for economic and security reasons. According to the State Department's 2006 International Religious Freedom Report for the Occupied Territories, the PA does not have a constitution, but the Basic Law provides for religious freedom, and the PA generally respects this right in practice. Since Islam is the official religion of the PA, Islamic institutions and places of worship receive preferential treatment. A majority of Palestinian Christians are Greek Orthodox; the remainder consist of Roman Catholic, Greek Catholic, Protestant, Syrian Orthodox, Armenian, Coptic, Maronite,

²³ For a fuller discussion of the PIJ, see "Terrorist Group Profile: Palestinian Islamic Jihad," CENTRA Technology Inc., August 1, 2006.

and Ethiopian Orthodox denominations. Christians are concentrated primarily in the areas of Jerusalem, Ramallah, and Bethlehem.

The 2006 Religious Freedom Report draws attention to several issues that have negatively affected the Christian community and that have raised Congressional concern. Since 2003, the Israeli government has confiscated land (with some compensation generally offered but refused) belonging to three Catholic institutions in Bethany for construction of the separation barrier. Israeli closure policies, imposed by the government due to security concerns, prevented tens of thousands of Palestinians from reaching places of worship in Jerusalem and the West Bank, including during religious holidays such as Christmas and Easter. The PA failed to halt several cases of seizures of Christian-owned land in the Bethlehem area by criminal gangs. There have been credible reports in recent years that PA security forces and judicial officials colluded with members of these gangs to seize land from Christians.²⁴ Press reports in early 2007 noted that while Christian leaders describe a rise in attacks on Christians and their property in the past year, most blamed mounting stresses on Palestinian society, including growing unemployment and lawlessness, rather than the Hamas-led government for the increase.²⁵

Palestinian Refugees

Of the some 700,000 Palestinians displaced during the 1948 Arab-Israeli war, about one-third ended up in the West Bank, one-third in the Gaza Strip, and one-third in neighboring Arab countries. They and their descendants now number 4.4 million, many living in refugee camps in the West Bank, Gaza, Jordan, Lebanon, and Syria.²⁶ Jordan offered Palestinian refugees citizenship, but the remainder are stateless and therefore unable to travel. They receive little or no assistance from Arab host governments and remain reliant on the United Nations for food, health care, and education. For political and economic reasons, the Arab host governments have been unwilling to allow the Palestinians to assimilate into their countries. Even if they were able, many of the Palestinian refugees hold out hope of returning to the homes they left behind or possibly to a future Palestinian state. According to many observers, it is difficult to overstate the deep sense of dispossession and betrayal these refugees feel over never having been allowed to return to their homes, land, and property. Thus, their presence exerts significant pressure on both their host governments and the Palestinian leadership in the territories to seek a solution to their claims as part of any final status deal with Israel.

²⁴ For the text of the 2006 International Religious Freedom Report for Israel and the Occupied Territories, see [<http://www.state.gov/g/drl/rls/irf/2006/71423.htm#occterr>].

²⁵ Isabel Kershner, "Palestinian Christians Look Back on a Year of Troubles," *New York Times*, March 11, 2007.

²⁶ UNRWA website, accessed October 12, 2006, [<http://www.un.org/unrwa/publications/index.html>].

Table 1. Palestinian Population Worldwide

Country or Region	Population
West Bank and Gaza Strip	3,800,000
Jordan	2,900,000
Israel	1,100,000
Other Arab states	1,600,000
Other States	560,000
Total	9,960,000

Source: Palestinian Central Bureau of Statistics

UNRWA. In 1949, to ease the plight of Palestinian refugees resulting from the 1948 Arab-Israeli war, the U.N. General Assembly set up the U.N. Relief and Works Agency (UNRWA) to shelter, feed, and clothe the refugees. Although seen at the time as a temporary measure, in the absence of a comprehensive resolution of the Palestine refugee problem, the General Assembly has repeatedly renewed UNRWA's mandate, most recently extending it to June 30, 2008. Over time, its operations have evolved to meet changing needs and circumstances. UNRWA now provides both basic humanitarian relief and human development services, including education, vocational training, and micro-credit loans. UNRWA defines those eligible for its services as "anyone whose normal place of residence was in Mandate Palestine during the period from 1 June 1946 to 15 May 1948 and who lost both home and means of livelihood as a result of the 1948 Arab-Israeli war." The descendants of the original refugees also are eligible to register. As of 2006, UNRWA has registered 4.3 million Palestine refugees living in the West Bank and Gaza Strip, Jordan, Lebanon, and Syria.

UNRWA Funding. Ninety-five percent of the UNRWA budget is funded by voluntary contributions from governments and the European Union. Most of these funds are in cash; approximately 4% is made up of in-kind donations. UNRWA's budget for 2006 was \$471 million. U.S. contributions to UNRWA come from the Migration and Refugee Assistance (MRA) account managed by the State Department's Bureau of Population, Refugees, and Migration (PRM), and also through the Emergency Refugee and Migration Assistance (ERMA) account, which is made available for refugee emergencies. The United States contributed \$137 million to UNRWA in FY2006 in regular program budget and emergency appeal funds. For FY2007, Congress appropriated \$90 million for the regular program budget and the United States contributed another \$50 million to the emergency appeal for the West Bank and Gaza.²⁷ Until the 1990s, Arab governments did not contribute to UNRWA's budget in an effort to keep the Palestinian refugee issue on the international agenda and to press Israel to accept responsibility for their plight.

²⁷ Since October 2000, UNRWA has launched Emergency Appeals to the donor community to fund the Agency's Emergency Programs in the West Bank and Gaza Strip.

Since then, most Arab states have made relatively small annual contributions. The following two charts show recent U.S. contributions to UNRWA and Arab states' pledges in 2006.

Table 2. Recent U.S. Contributions to UNRWA
(\$ millions)

Account	FY2005	FY2006	FY2007
Regular Program Budget	\$88	\$84.15	\$90
Emergency Appeal	\$20	\$52.85	\$40
Total	\$108	\$137	\$130

Source: State Department

Table 3. Arab States' Pledges to UNRWA 2006

Country	Regular Budget	Non-Regular Budget	Total
Bahrain	\$30,000	0	\$30,000
Egypt	\$10,000	0	\$10,000
Jordan	\$656,133	0	\$656,133
Kuwait	\$1,500,000	\$999,958	\$2,499,958
Lebanon	\$17,700	0	\$17,700
Morocco	\$23,000	0	\$23,000
Palestine	\$853,772	0	\$853,772
Saudi Arabia	\$1,200,000	0	\$1,200,000
Syria	\$85,293	0	\$85,293
Tunisia	\$9,302	0	\$9,302
United Arab Emirates	\$500,000	0	\$500,000
Total	\$4,885,200	\$999,958	\$5,885,158

Source: UNRWA website

Congressional Concerns. Some in Congress have questioned whether UNRWA refugee rolls are inflated. There is also concern that no effort has been made to settle the refugees permanently or extend the United Nations High Commissioner for Refugees mandate to include Palestinian refugees. UNRWA's

defenders point out that UNRWA periodically updates the rolls to try to eliminate duplication and that its mandate covers relief and social services, but not resettlement. At present, many observers consider UNRWA a unique organization that is better left in place until a way forward on the peace process can be found.

For many years, Congress has raised concerns about how to ensure that UNRWA funds are used for the programs it supports and not for anything inappropriate, such as terrorist activities. Some in Congress have been concerned that refugee camps have been used as military training grounds. The camps are not controlled or policed by UNRWA, but by the host countries. Concerns also have been expressed about the content of textbooks and educational materials used by UNRWA, with claims that they promote anti-Semitism and exacerbate tensions between Israelis and Palestinians. UNRWA responds that the host country, not UNRWA, provides the textbooks and determines their content because students must take exams in host country degree programs.

In the 109th Congress, in 2006, Congressman Mark Kirk introduced H.R. 5278, the UNRWA Integrity Act, which would have required that U.S. contributions to UNRWA be provided only if the President certified that UNRWA, among other things, is subject to independent financial audits, does not knowingly provide aid to any member of a Foreign Terrorist Organization, and does not promote anti-Semitism. In 2005, an amendment to H.R. 2745, the Henry J. Hyde United Nations Reform Act of 2005, would have prohibited the Secretary of State from making contributions to UNRWA greater than the highest contribution by an Arab country or exceeding 22% of the total UNRWA budget. Neither bill was enacted into law.

Palestinian Foreign Policy/Relations

Israel

All aspects of Palestinian political and economic life are intimately connected to Israel (for further discussion of the economic relationship, see the Economic Profile and Issues section below). Political contacts, which were regular and wide-ranging during the Oslo years, culminated in intensive negotiations on a final status agreement between July 2000 and January 2001. Since then political interaction has been limited because of intifada violence, which broke out in September 2000, and more recently the election of Hamas in 2006. However, Prime Minister Ehud Olmert has met several times with PA President Abbas since December 2006. These meetings, encouraged by Secretary of State Condoleezza Rice as a precursor to resuming peace negotiations, initially focused on easing restrictions on Palestinian movement and restoring law and order to the Palestinian territories. In October 2007, Israeli and Palestinian negotiating teams began meeting to discuss final status issues in an effort to reach an agreement in principle prior to U.S.-sponsored peace talks planned for November.

In the West Bank, IDF soldiers regularly mount arrest operations to apprehend wanted Palestinians or foil terrorist plots. In Gaza, despite the fact that Israel

withdrew its settlers and soldiers in 2005, Palestinian militants sporadically fire crude, homemade rockets, so-called Qassam rockets, at Israeli civilian targets. The rockets are inaccurate but occasionally lethal: in 2006, over 800 rockets were launched into Israel, killing two Israelis; in 2007, two more Israelis have been killed. Since the withdrawal, most of the rockets have been fired by PIJ or PRC operatives, but Hamas has claimed responsibility for some. Observers offer several explanations for the rocket attacks: sometimes they appear to be designed as retaliation for IDF operations in the West Bank, at others they seem intended to draw an Israeli response in order to rally and unify warring Palestinian factions.

Since Hamas seized control of the Gaza Strip in June 2007, Israel has closed all border crossings, allowing only food and medical supplies to enter the territory. In September, it declared the area a “hostile entity,” and authorized the disruption of power and fuel supplies to the Strip in order to press Hamas to end the rocket fire.

Regional States and Actors

Jordan. West Bank Palestinians share a common bloodline, culture, and history with Jordan. Palestinians, mostly refugees from the 1948 and 1967 Arab-Israeli wars, comprise an estimated 55% to 70% of Jordan’s population. Jordan controlled the West Bank from 1949 until Israel seized it in 1967. In 1950, Jordan annexed the West Bank but in 1988, in the midst of the first intifada and growing Palestinian demands for self-determination, Jordan relinquished its claim to the territory. However, the late King Hussein and his son and successor King Abdullah II have remained deeply involved in championing the Palestinian cause and urging a negotiated two-state solution with Israel. At a joint meeting of Congress in March 2007, King Abdullah called the need for a just and secure peace in Palestine “the core issue” in the Middle East and urged a renewed U.S. commitment to this end. In May 2007, the King invited some 200 Palestinians, Israelis, and Jordanians to Aqaba to discuss peace plans for the region.²⁸ In June 2007, PA President Abbas reportedly requested that Israel allow the Badr Brigade, a Palestinian force loyal to Fatah and stationed in Jordan, to return to the West Bank to shore up his control following Hamas’s takeover of Gaza.

Jordan’s relations with Hamas are strained and since the 2006 Hamas electoral victory, the Jordanian government has been placed in a difficult position. Much of its citizenry sympathizes with Hamas, and Jordan’s own Islamist party, the Islamic Action Front, reportedly maintains close ties to Hamas. However, on April 20, 2006, Jordan reportedly cancelled a planned visit by then Palestinian Foreign Minister Mahmoud al Zahhar, who is also a high-level Hamas official, on the grounds that Hamas had hidden a weapons cache in Jordan. Hamas denied the charge and claimed that Jordan was using the allegation to justify cancelling the visit. Hamas had been expelled from Jordan in 1999, shortly after King Abdullah’s ascension to the throne.

Egypt. President Hosni Mubarak has attempted to act as a broker, advisor, messenger, and arbitrator between Palestinian factions in the hopes of galvanizing

²⁸ Ilene Prusher, “A New/Old Idea for Palestinian Peace,” *Christian Science Monitor*, May 31, 2007.

them to take the necessary risks for peace. In addition, Egypt's intelligence chief, Omar Suleiman, has repeatedly met with Hamas and PA figures in order to secure cease-fire arrangements with Israel. However, press reports in May 2007 suggest Egypt is growing increasingly frustrated by the Palestinians' inability to halt violence and restore order in Gaza. Although Egypt has often tried to steer a neutral course in dealing with the Palestinians, most observers believe that Hamas's rise to prominence poses a number of challenges for Egyptian diplomacy in the region, since the Egyptian government has traditionally been at odds with its own domestic Islamist groups. According to Israeli press reports, Egypt has begun barring senior Hamas leaders from entering Egypt due to concerns over their contacts with the Muslim Brotherhood.²⁹

In December 2006 and again in June 2007, several news outlets reported that Egypt, with the approval of the Israeli government, shipped AK-47 rifles and large stockpiles of ammunition to Fatah-affiliated groups in the Gaza Strip.³⁰ With intra-Palestinian violence flaring in the Gaza Strip, U.S., Israeli, and Egyptian officials sought to bolster forces loyal to PA President Abbas in an unsuccessful bid to prevent Hamas from seizing control there. From Egypt's standpoint, providing military support to one Palestinian faction, while in its interest, could pose problems for the Mubarak government. Egyptian public opinion may be somewhat sympathetic to Hamas, making public disclosure of overt Egyptian support for anti-Hamas groups an unwelcome development for the Mubarak government. On the other hand, Egypt derives certain political benefits as one of the few outside powers capable of acting as an intermediary between Israel, the United States, and the Palestinians. Following Hamas's takeover of Gaza, President Mubarak hosted Israeli Prime Minister Olmert, PA President Abbas, and Jordanian King Abdullah in Sharm el Shaykh on June 25, 2007, to show support for Abbas.

Syria and Lebanon. As noted, some exiled leaders of Hamas, PIJ, and other Palestinian terrorist groups are based in Syria. According to the State Department's most recent annual report on global terrorism (*Country Reports on Terrorism*, 2006, published on April 30, 2007) Syria continues to provide political and material support for Palestinian groups that have committed terrorist acts, and allows them to maintain offices in Damascus. Syria admits its support for Palestinians pursuing armed struggle in Israeli occupied territories, but insists that these actions represent legitimate resistance activity as distinguished from terrorism. Syria also is home to some 400,000 Palestinians refugees, most of whom live in UNRWA-run refugee camps.

Among Lebanon's Palestinian refugee population are several militias, including some rejectionist groups opposed to the Arab-Israeli peace process. In the past, Palestinian militias in Lebanon were secular and in some cases Marxist in outlook, with little affinity for Islamic fundamentalism. More recently, however, some

²⁹ Barak Ravid, "Mubarak Says Hamas Will Never Sign a Peace Agreement With Israel," *Ha'aretz*, May 18, 2007.

³⁰ "With Approval of Israeli Gov't, Egypt Transfers Thousands of Rifles to Fatah," *Ha'aretz*, December 28, 2006; Ya'akov Katz, "Israel May Let Egypt Transfer Weapons To Fatah Troops," *Jerusalem Post*, June 7 2007.

Palestinians in Lebanon have moved closer to the type of hard-line Sunni fundamentalism espoused by al Qaeda leaders Osama bin Laden and the late Abu Musab al-Zarqawi. Some have joined the insurgency in Iraq, while others have sought to turn Lebanon into a recruiting ground for terrorist activities.

A relatively obscure Palestinian-associated group known as Fatah al-Islam has mounted the most serious challenge to the Lebanese government. Numbering between 100 and 300, this group is variously described as having ties to Al Qaeda or to Syrian intelligence; however, Syrian officials deny any links with it and maintain that they have pursued Fatah al-Islam through Interpol and other channels.³¹ Observers also differ on its composition, some calling it a Palestinian organization and others saying its membership includes Syrians, Saudis, Jordanians, and other Arab and non-Arab nationals. The organization is particularly strong among Palestinian refugees residing in the Nahr al-Bared camp located near the northern Lebanese city of Tripoli.

In May 2007, Lebanese police conducted raids against suspected Fatah al-Islam hideouts in Tripoli reportedly in pursuit of bank robbers. Fighting between Lebanese army and police units, on one hand, and Fatah al-Islam militia, on the other, spread to the nearby Nahr al-Bared refugee camp. Prohibited by a 1969 agreement from entering Palestinian camps, the army besieged the camp and shelled militia positions in an effort to force the militia out. The siege ended in early September after the army killed or captured almost all of the militants and the remainder fled.

Saudi Arabia. Prior to the election of the current Hamas-led government, Saudi support to the PA was estimated at \$80 million to \$180 million per year.³² Since Hamas came to power in 2006, Saudi support has been channeled through the office of President Abbas. In the past, there have been reports of private Saudi citizens and charities aiding Hamas. According to one 2003 press report, at one time, Saudi benefactors contributed some \$5 million to Hamas per year, or approximately half of its pre-governing annual operating budget.³³ Past reports indicated that Saudi authorities tolerated fund raising for Hamas. For example, in May 2002, Israeli officials, citing captured Palestinian documents, said the Saudi government had given money to 13 charities, seven of which provided support to Hamas. Then Saudi government spokesman Adel al Jubeir maintained that “no Saudi government money goes to Hamas, directly or indirectly.”³⁴

In 2007, Saudi Arabia has undertaken efforts to end the fighting between Palestinian factions as well as the international aid boycott on the Hamas-led government. In February 2007, King Abdullah invited Hamas and Fatah leaders to Mecca where they reached the Mecca Accord, creating a unity government in which

³¹ Liz Sly, “Lebanon’s Stability Under Fire; Al Qaeda-linked Group Emerges as New Threat,” *Chicago Tribune*, May 22, 2007.

³² Don Van Natta, Jr., with Timothy L. O’Brien, “Flow of Saudi Cash to Hamas Is Under Scrutiny by U.S.,” *New York Times*, September 17, 2003.

³³ *Ibid.*

³⁴ *Ibid.*

the two rivals agreed to share power. The Saudis continued their diplomatic push at the Arab League summit in Riyadh in March. During a speech at the summit, Saudi King Abdullah called for an end to the international boycott of the PA in light of the agreement between Fatah and Hamas to form a unity government.

In addition, the summit communique relaunched the Arab Peace Initiative of 2002 (originally crafted by Abdullah himself), which calls for full Israeli withdrawal from the territories occupied in 1967, creation of an independent Palestinian state with East Jerusalem as its capital, and a just, agreed upon solution to the refugee problem. In exchange, all Arab states would enter into peace agreements and establish normal relations with Israel. Analysts speculate that the Saudi diplomatic drive had several purposes. First was to end the intra-Palestinian violence and resume long-stalled peace negotiations with Israel. Second, by securing Arab and perhaps international recognition of a government that included Hamas and then relaunching peace talks with full Arab backing, the Saudis hoped to bring Hamas into the Arab consensus, moderate its anti-Israeli ideology, and ultimately get it to accept a two-state solution. Finally, by creating momentum toward peace, the Saudis were seeking to undermine the regional influence of Iran and rejectionist groups like Hezbollah.

Iran and Hezbollah. Since the early 1990s, Iran has supplied cash, arms, and training to Hamas, but most observers say the relationship has been an uneasy one. Iran has sought a foothold in the Palestinian territories, while Hamas jealousy guards its political and operational independence. The relationship has been relatively unaffected by the widening rift between some Sunni and Shiite groups, although Hamas protested the December 2006 execution of Saddam Hussein by the Shiite-led government of Iraq. Since the international aid boycott was enacted, Iran has increased its assistance to Hamas. Hamas officials visiting Tehran in 2006 often returned carrying large sums of cash, according to press reports. The International Monetary Fund estimates that in 2006 some \$70 million in cash was carried into the territories, most of it thought to be from Iran. After a visit to Iran in December 2006, then Palestinian Prime Minister Haniyeh said Iran had agreed to provide \$120 million in assistance in 2007 and up to \$250 million in total. Israeli security officials have warned of growing Iranian influence in Gaza. The head of the Israel Defense Force Southern Command, Maj. Gen. Yoav Galant, said in April 2007 he believes a large number of “Iranian terror and guerrilla experts” are operating in the Gaza Strip, training Palestinian terrorists.³⁵ Other observers contend that claims of Iranian influence in Gaza are exaggerated, primarily in order to influence U.S. policymakers.³⁶

Although Hamas and the Lebanese militia Hezbollah are not organizationally linked and represent different constituencies (Palestinian Sunni vs. Lebanese Shiite), Hezbollah provides military training as well as financial and moral support to the

³⁵ Amos Harel, “Senior IDF Commander Confirms Iran Training Militants in Gaza,” *Ha’aretz*, April 22, 2007.

³⁶ “CNN Interviews Nir Rosen on Middle East Tensions, U.S. Role,” New America Foundation website, June 21, 2007, [http://www.newamerica.net/pressroom/2007/cnn_interviews_nir_rosen_middle_east_tensions_u_s_role].

Palestinian group and has acted in some ways as a mentor or role model for Hamas, which has sought to emulate the Lebanese group's political and media success. Moreover, the two groups share the goal of driving Israel from occupied territories and ultimately eliminating it; both maintain close ties with Iran. On June 25, 2006, Palestinian gunmen, including Hamas members, raided an IDF position near Gaza, killing two Israeli soldiers and capturing a third. On July 12, under cover of massive shelling of a town in northern Israel, Hezbollah forces crossed the international border from Lebanon into northern Israel and attacked two Israeli vehicles, killing three soldiers and kidnaping two. Hezbollah thereby opened a second front against Israel ostensibly in support of Hamas. Sheikh Hassan Nasrallah, Hezbollah's leader, suggested that the Hezbollah operation might provide a way out of the crisis in Gaza because Israel had negotiated with Hezbollah indirectly in the past even though it refuses to negotiate with Hamas now. He said that the only way the soldiers would be returned would be through a prisoner exchange.³⁷

The European Union

The European Union (EU) has been the largest donor to the PA since its creation in the mid-1990s. The focus of EU aid had been on long-term institution building and development assistance, but more recently has shifted to humanitarian assistance. The EU joined the United States in banning direct assistance to the PA after the election of the Hamas government in 2006. In July 2006, the EU established a Temporary International Mechanism (TIM) to channel aid directly to Palestinians, bypassing the Hamas-led government. Through a World Bank account, European donations or "social allowances" are paid directly into the bank accounts of some Palestinian public sector workers and other needy families. The TIM also provides essential services in the Gaza Strip through fuel deliveries to hospitals and clinics as well as by maintaining water and waste water treatment facilities.³⁸

Following the establishment of the Palestinian unity government, EU officials met with non-Hamas members of the PA government, but left in place the ban on direct aid. The EU has had some success in forging consensus on its approach to the Israeli-Palestinian conflict over the last few years. The EU views resolving the Israeli-Palestinian conflict as key to reshaping the Middle East and promoting stability on Europe's periphery. Moreover, EU member states are committed to maintaining a common EU policy on this issue to boost the credibility of the Union's evolving Common Foreign and Security Policy. The EU joined the United States in announcing a resumption of aid to the PA in June 2007 after Abbas dissolved the Hamas-led unity government and set up an emergency government without Hamas.

³⁷ "Lebanon: Hezbollah Leader Holds News Conference on Captured Israeli Soldiers," *Al-Manar Television*, July 12, 2006, Open Source Center Document, GMP20060712617001.

³⁸ For more details of the TIM and the EU's policy toward the Palestinians, see the EU website [http://ec.europa.eu/comm/external_relations/gaza/intro/index.htm].

The United Nations Context³⁹

As events have unfolded in Israel and the Palestinian territories, two major U.N. organs — the Security Council and the General Assembly — have worked to carry out their Charter functions.⁴⁰ Some observers have asserted that U.N. debate and resolutions on these issues are intended only to criticize and target Israel. Others, on the other hand, have viewed the United Nations as a necessary ingredient or factor in any solution leading to lasting stability for the region.⁴¹ The Security Council, as the organ with a primary responsibility in the maintenance of international peace and security, has worked to bring an end to any immediate conflict and to set agreed-upon long-range principles and goals. The General Assembly has passed resolutions to reflect the views of a majority, but not necessarily all, of the international community.

Since 1947, the U.N. General Assembly has annually passed at least one resolution relating in some way to Arab-Israeli or Palestine issues. The numbers of resolutions adopted each session slowly increased after the 1967 “Six-Day War” and leading up to the 1973 “Yom Kippur War” when the Assembly passed resolutions dealing with human rights and with conditions in the occupied territories. Resolutions adopted after 1973 also focused on Palestine and on the PLO, with the Assembly granting observer status to the PLO in 1974, declaring that Zionism is a form of racism in 1975, and broadening PLO (Palestine) rights as “observer” in the Assembly in 1998.⁴² The General Assembly held special sessions on Palestine in 1947 and in 1948. The remaining Assembly special sessions on these issues have

³⁹ This section was written by Marjorie Ann Browne, Specialist in International Relations.

⁴⁰ The 1945 U.N. Charter sets forth a number of legal principles to be followed by U.N. member states. They include refraining “from the threat or use of force against the territorial integrity or political independence of any state” and settling “their international disputes by peaceful means.” [Article 2, para. 4 and 3] At the same time, Article 51 recognizes “the inherent right of individual or collective self-defense if an armed attack occurs against a [U.N.] Member...”

⁴¹ The Security Council has 15 members, five of which are permanent and have the right to veto adoption of a resolution. Some Council decisions commit all members to carry them out. The General Assembly is made up of all 192 U.N. members. Its resolutions are recommendatory, except in certain circumstances.

⁴² In 1988, the Assembly redesignated the PLO as Palestine and in 1991 repealed the “Zionism equals racism” resolution. The Institute for Palestine Studies publishes a comprehensive compilation of all related U.N. and U.N. system agency resolutions: *United Nations Resolutions on Palestine and the Arab-Israeli Conflict*. Volumes I - V cover 1947 through 1998. The table of contents in these volumes is very detailed. The United Nations provides links to the texts of related U.N. resolutions at its website, at [<http://www.un.org/Depts/dpa/qpal>]. Resolutions of U.N. system agencies are not included.

been convened as emergency special sessions.⁴³ Of the 10 emergency special sessions held since 1956, six have related to Arab-Israeli or Palestine issues.

The U.N. Security Council adopted fewer numbers of resolutions on these issues. In part, this was because the United States used its veto to prevent adoption of resolutions it viewed as one-sided or unbalanced. The veto was used in the Council in approximately 25 percent, or 53, of 210 cases, to prevent adoption of a resolution on issues involving the Arab-Israeli disputes or Palestine.⁴⁴

Over the years, U.N. organs have set up a number of bodies or offices, as well as five U.N. peacekeeping operations which had mandates or functions directly related to Palestine or the Arab-Israeli dispute. Appendix 3 of this report, List of Current United Nations Bodies and Offices That Focus on Palestinian or Arab-Israeli Issues, which is arranged by the establishing organ, provides the name, the year of establishment and by what organ, and when possible a web address for the body. At least three agencies have established programs of assistance to the Palestinian people. In addition, Palestine is a full member of the U.N. Economic and Social Commission for Western Asia.

Economic Profile and Issues

Overview

The combination of 40 years of Israeli occupation, political turmoil, and corruption in the West Bank and Gaza Strip have produced a distorted economy that is highly dependent on foreign assistance. The Palestinian public sector is bloated, with patronage and cronyism contributing to an expanding PA payroll. The private sector is characterized mainly by small, family-owned businesses. By the end of 2005, despite signs of a fragile recovery, the Palestinian economy was suffering from a five-year-long crisis that began with the outbreak of the second intifada in September 2000. In January 2006, Gross Domestic Product (GDP) was 10% lower than in 1999; real per capita GDP was one-third lower than in 2000; unemployment and poverty rates were 24% and 44%, respectively, more than twice their pre-intifada levels; and the PA was in an unsustainable fiscal position, with an annual budget deficit of \$800 million, or 17% of GDP.⁴⁵ The crisis continued even as the international community doubled its external assistance from roughly \$500 million per year in the 1990s to around \$1 billion annually by 2005. Most observers cite

⁴³ The Assembly adopted the Uniting for Peace Resolution (A/RES/377 (V)) in 1950 to enable Assembly consideration of an issue, then before the Security Council, in instances when the Council, thwarted by use of the veto, was unable to act on that issue. For a list of emergency special sessions, see [<http://lib-unique.un.org/lib/unique.nsf/Link/R03055>].

⁴⁴ See *Subject of UN Security Council Vetoes*, available at [<http://www.globalpolicy.org/security/membership/veto/vetosubj.htm>]

⁴⁵ Mohammed Samhuri, "Looking Beyond the Numbers: The Palestinian Socioeconomic Crisis of 2006," Brandeis University Crown Center for Middle East Studies, February 2007.

Israeli-Palestinian violence, political instability, and stringent Israeli restrictions on Palestinian movement, both within the West Bank and Gaza and across borders, as the main contributors to the 2000-2005 crisis.

Fiscal Crisis

In 2006, following the establishment of the Hamas-led PA government, Israel and the international donor community took a series of measures that triggered a drastic reduction in PA revenues and drove Palestinian society deeper into poverty and crisis. Israel began withholding tax and customs revenues that it collects on behalf of the PA and imposed more severe restrictions on the movement of Palestinian people, labor, and goods on security grounds. Western donors suspended direct financial support to the PA budget and began channeling humanitarian aid through international and non-governmental organizations, and in some cases directly to Palestinian families. As economic activities in the West Bank and Gaza declined due to the crisis, domestic tax revenues dropped correspondingly. Finally, Arab and international banks, fearing possible litigation under U.S. anti-terror law, refused to provide lending facilities to the new PA government to help cover the shortfall. The PA had to curtail spending; PA employees were estimated to have received 50-55% of their normal salaries in 2006, according to the International Monetary Fund (IMF) and World Bank.⁴⁶

The Israeli government for security reasons has hindered the free movement of Palestinian people, labor, and goods within and between the West Bank and Gaza, as well as across borders, since the 1990s, employing checkpoints, roadblocks, curfews, and border closures. These restrictions were intensified both in number and complexity after the outbreak of the second intifada. They physically hindered the flow of economic transactions, raised the cost of doing business, and often left Palestinians unable to export goods for days or weeks at a time, including perishable fruits and vegetables, a key Palestinian export. In 2006, Israel further tightened restrictions on movement, especially after a June 25 attack in which Palestinian gunmen killed two Israeli soldiers and captured a third. A U.S.-brokered Agreement on Movement and Access, signed by Israel and the PA in November 2005, went largely unfulfilled in 2006. During 2006, the Rafah border crossing, Gaza's main gateway to the world, was closed 86% of the time after June 25. The Karni crossing, Gaza's main commercial outlet, averaged 12 truckloads of goods per day, a small fraction of the 400 truckload target set by the agreement.⁴⁷ Although the flow of goods improved slightly at Karni in the first quarter of 2007, the crossing has remained closed since June, when Hamas fighters seized control of the Gaza Strip. The suspension of Gaza trade will further exacerbate the PA's fiscal crisis and could collapse Gaza's private sector, according to the World Bank.⁴⁸

⁴⁶ International Monetary Fund-World Bank, "West Bank and Gaza Economic Developments in 2006 — A First Assessment," March 2007.

⁴⁷ Samhuri, "Looking Beyond the Numbers," February 2007.

⁴⁸ The World Bank, "Two Years After London: Restarting Palestinian Economic Recovery," September 24, 2007.

Deepening Poverty

The impact of the 2006 fiscal and access crisis on Palestinian living conditions has been severe. According to the IMF and World Bank, the Palestinian economy declined in 2006 with real GDP falling between 5 and 10%.⁴⁹ An increase in official and private aid flows cushioned the impact of the decline somewhat. Unemployment is now estimated at 25% (19% in the West Bank and 35% in Gaza). However, even those with jobs are often making due with substantially less. As noted, the estimated 165,000 PA employees (in Gaza, the PA employs 73,000, or 40% of Gaza's work force) received only about half of their salaries in 2006. Teachers have been striking off and on since September 2006 to protest unpaid salaries. Hospitals regularly run out of essential medical supplies and are often able to provide no more than emergency treatment. Poverty levels, already 44% at the beginning of 2006, have risen. Finance Minister Salam Fayyad in April 2007 estimated that nearly two-thirds of Gazans are living below the poverty level.⁵⁰ According to a U.N. report, 34% of Palestinians are "food insecure," with income below \$1.68 per day and/or showing decreasing food expenditures. An additional 12% of Palestinians are "vulnerable" to food insecurity.⁵¹

Current Issues in U.S.-Palestinian Relations

Hamas Takes Power

The First Hamas Government. After winning a majority of seats in the January 2006 Palestinian legislative election, Hamas formed a government without Fatah, which initially refused to join a Hamas-led coalition. On April 7, 2006, the United States and the European Union announced they were halting direct aid to the Hamas-led PA government but that humanitarian aid would continue to flow through international and non-governmental organizations. Israel also began withholding about \$50 million in monthly tax and customs receipts that it collects for the PA. In 2005, international assistance and the Israeli-collected revenues together accounted for nearly 75% of PA revenues. The resulting fiscal crisis left the Hamas-led government unable to pay wages regularly and deepened poverty levels in the Palestinian territories. By the end of 2006, tensions in the West Bank and Gaza Strip were rising as living conditions deteriorated and PA employees, including members of the security forces, went unpaid for weeks or months. Armed supporters of Fatah and Hamas clashed repeatedly in Gaza, trading accusations of blame, settling scores, and drifting into lawlessness. More than 100 Palestinians were killed in the violence.

The Unity Government. After months of intermittent talks, on February 8, 2007, Fatah and Hamas signed an agreement to form a national unity government

⁴⁹ IMF-World Bank report, March 2007.

⁵⁰ Barry Schweid, "Rice, Palestinian Finance Minister Meet," *Associated Press*, April 17, 2007.

⁵¹ World Food Program. "Comprehensive Food Security and Vulnerability Analysis West Bank and Gaza Strip," February 21, 2007.

aimed at ending both the spasm of violence between them and the international aid embargo. The accord was signed by PA President Abbas and Hamas political leader Khalid Mish'al in Mecca, Saudi Arabia, after two days of talks under the auspices of Saudi King Abdullah. Under the agreement, Ismail Haniyeh of Hamas remained prime minister. In the unity government, Hamas controlled nine ministries and Fatah six, with independents and smaller parties heading the remainder. Among the independents were Finance Minister Salam Fayyad, an internationally respected economist, and Foreign Minister Ziad Abu Amr, a reformer and ally of President Abbas. Demonstrating the differing priorities of Fatah and Hamas, the unity government's platform called for establishing a Palestinian state "on all the lands that were occupied in 1967 with Jerusalem as its capital," and at the same time affirmed the Palestinians' right to "resistance in all its forms" and to "defend themselves against any ongoing Israeli aggression." The government committed to "respect" previous agreements signed by the PLO but did not explicitly renounce violence or recognize Israel. The government platform stated that any peace agreement reached would have been submitted for approval to either the Palestine National Council (the PLO legislature) or directly to the Palestinian people in a referendum.

The Bush Administration expressed disappointment with the unity government platform and said that Prime Minister Haniyeh of Hamas had "failed to step up to international standards."⁵² The Administration, however, met with non-Hamas members of the new government. On March 20, 2007, U.S. Consul General in Jerusalem Jacob Walles met with Palestinian Finance Minister Fayyad in Ramallah, the first diplomatic contact between the United States and the Palestinians in a year. On April 17, Secretary of State Condoleezza Rice held a half-hour meeting with Fayyad at the State Department. Fayyad separately controls an account held by the PLO and, at his request, U.S. officials have given the green light to allowing donor funds from Arab and European countries — but not from the United States — to flow to this account. By early June, some \$160 million had been deposited into this account by Saudi Arabia, Qatar, the United Arab Emirates, and Norway.

The Administration also redirected some assistance to PA President Abbas. In late 2006, the State Department notified Congress of the President's intent to reprogram up to \$86 million in prior-year funding to support efforts to reform and rehabilitate Palestinian civil security forces loyal to Abbas.⁵³ However, the House Appropriations Committee placed a hold on these funds, seeking more information on where and why the money was to be spent. After the Palestinians reached agreement on the Fatah-Hamas power sharing arrangement, other Members of Congress reportedly expressed further doubts about where the money was going, fearing it may end up with Hamas.⁵⁴ In March 2007, Secretary Rice told a House Appropriations subcommittee that the Administration was now seeking \$59 million for Abbas (\$43 million for training and non-lethal assistance to the Palestinian

⁵² Isabel Kershner, "U.S. and Israel Differ on Contact With Palestinians," *New York Times*, March 19, 2007.

⁵³ Cam Simpson, "Dangerous Territory: With Aid, U.S. Widens Role in Palestinian Crisis," *Wall Street Journal*, January 12, 2007.

⁵⁴ Paul Richter, "Palestinian Aid Lands in Limbo," *Los Angeles Times*, February 21, 2007.

Presidential Guard and \$16 million for improvements at the Karni crossing, the main terminal for goods moving in and out of Gaza).⁵⁵ No holds were placed on this request.

Hamas Seizes Gaza; Unity Government Dissolved. Factional fighting broke out again in the Gaza Strip in June 2007. This time, however, Hamas gunmen, better armed and trained than Fatah forces, pressed their advantage and resisted calls for a cease-fire. Over five days and meeting little organized resistance, Hamas took complete control of the Strip, capturing all remaining Fatah strongholds, including the Preventive Security Headquarters and the presidential compound in Gaza City. More than 160 people were killed in the fighting, mostly Fatah gunmen.⁵⁶ President Abbas, who remained in the West Bank, declared a state of emergency, dissolved the government, and named Finance Minister Fayyad as the new prime minister.

Hamas has run a parallel administration in the strip since Abbas's decree. Many Fatah officials fled Gaza during the final days of fighting in June and those that remain are keeping a low profile. According to press accounts, Hamas has restored a measure of law and order in the Strip, although sometimes with a heavy hand. The courts are not functioning because judges and prosecutors are refusing to work under the Hamas regime. Hamas officials insist they are holding secret reconciliation talks with Fatah, but Fatah officials deny this, saying such talks will only be possible if Hamas surrenders control of Gaza.

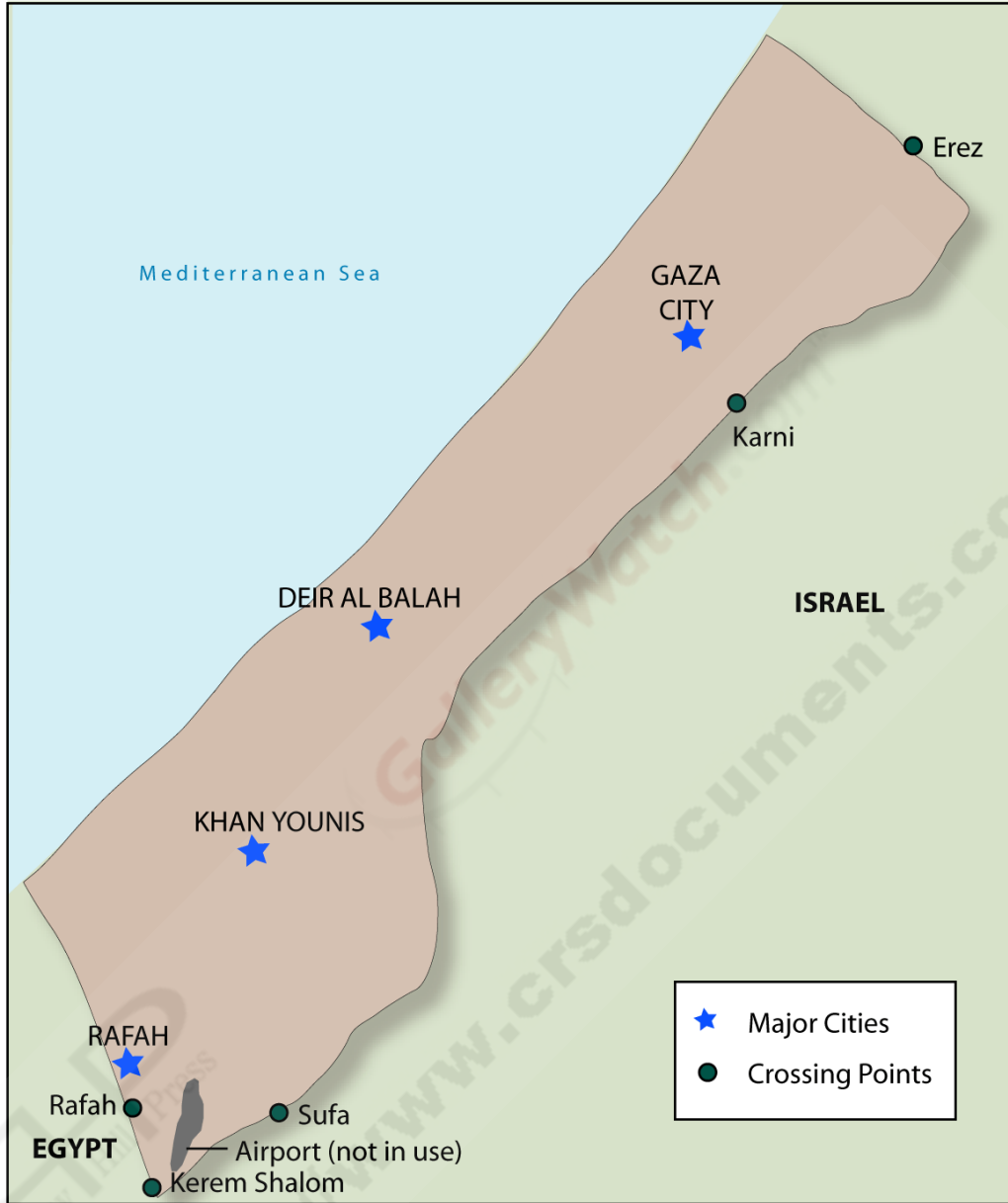
The Hamas takeover exacerbated the growing split between the West Bank and the Gaza Strip. For now, President Abbas and Fatah remain in power in the West Bank, but have little authority in Gaza. On June 18, 2007, the United States and the EU announced they were resuming aid to the PA in the West Bank, now that it is back in the hands of Fatah.⁵⁷

⁵⁵ Ron Kampeas, "U.S. Details Security Aid for Abbas," *Jewish Telegraphic Agency*, May 30, 2007.

⁵⁶ Palestine Center for Human Rights, "Black Pages in the Absence of Justice: Report on the Bloody Fighting in the Gaza Strip from 7 to 14 June 2007," October 2007.

⁵⁷ "US, EU Lift Economic Embargo on New Palestinian Government," *Ha'aretz*, June 18, 2007.

Figure 2. Map of the Gaza Strip



Source: Adapted by CRS. (6/2007)

Terrorism

The United States faced a new situation when Hamas, a designated Foreign Terrorist Organization (FTO), assumed control of the PA after its electoral victory in January 2006. The Bush Administration suspended all direct assistance to the PA and all contact with PA officials. When Hamas and Fatah formed a unity government in March 2007, the Administration permitted meetings with non-Hamas ministers on a case by case basis. Besides Hamas, six other Palestinian groups have been designated FTOs (Abu Nidal Organization, Al Aqsa Martyrs Brigades, Palestine Liberation Front, Palestinian Islamic Jihad, Popular Front for the Liberation of Palestine, and Popular Front for the Liberation of Palestine-General Command). More than 50 U.S. citizens have been killed by Palestinian terrorists since the Oslo process began in 1993. Most were not specifically targeted as Americans but were killed in attacks on Israeli civilians. In October 2003, three U.S. security guards were killed in Gaza when their vehicle was destroyed by a roadside bomb in what appears to have been a targeted attack. The Popular Resistance Committees, a shadowy group of dissidents and militants operating in Gaza, claimed and then later denied responsibility.

Political, Economic, and Security Reform⁵⁸

Because of the late Palestinian President Yasir Arafat's preference for cronyism, duplicate lines of authority, and controlled chaos over order, calls for PA reform have been heard from Palestinian activists since the late 1990s.⁵⁹ Sustained international efforts to press for PA reform emerged following President Bush's June 2002 speech, in which he explicitly tied movement toward Palestinian statehood with PA reform. Within weeks of the President's speech, key donors led by the United States formed the Task Force on Palestinian Reform, which established a series of specific benchmarks against which PA performance was evaluated. Emboldened Palestinian legislators and civil society activists made the issues of reform and anti-corruption a dominant theme in Palestinian political discourse. These internal and external pressures led to the appointment of the well-respected former IMF official Salam Fayyad as Minister of Finance in June 2002, the PLC rejection of Arafat's proposed cabinet (deemed insufficiently reform-minded) in September 2002, and the creation of the post of Prime Minister, designed specifically to curb Arafat's power, in March 2003. The first prime minister was Mahmoud Abbas, the current president. Abbas quit the post after just four months because Arafat refused to yield key powers envisioned for the prime minister. Now, as president, Abbas fired Prime Minister Haniyeh over their power struggle in Gaza.

Elections, viewed by all as an integral component of the reform agenda, from the outset created a conundrum for the international community as well as for Palestinians. Despite rhetorical commitment to democratic processes, the Bush

⁵⁸ Much of this section is drawn from Larry Garber, "Palestinian Reform and International Assistance," *Arab Reform Bulletin*, February 2005. For a fuller discussion, see Judy Barsalou, "The Long Road to Palestinian Reform," *Middle East Policy*, Spring 2003.

⁵⁹ For further on Arafat's leadership style, see David Samuels, "In a Ruined Country, How Yasir Arafat Destroyed Palestine," *Atlantic Monthly*, September 2005.

Administration was ambivalent about holding Palestinian presidential elections while Arafat was alive. For their part, Arafat and his inner circle were reluctant to schedule long-overdue legislative or local elections, which they feared might result in a repudiation of their rule. The problem was only resolved by Arafat's death in November 2004. In accordance with the Palestinian Basic Law, a Presidential election was held in January 2005, municipal elections followed later that year, and a legislative election was held in January 2006.

Arafat's penchant for establishing competing lines of authority and playing rivals off against one another led to a proliferation of Palestinian security forces, as many as 22 by one count.⁶⁰ Reformers in the Palestinian territories and abroad have called for a reduction in the number of security forces, the removal of leaders notorious for the violation of human rights, and the creation of a hierarchical chain of command. Although Arafat replaced some security-force leaders, neither he nor his successor Abbas has shown the willingness to undertake the complete reform that is needed. During the tenure of the Hamas-led government, the problem worsened as Hamas established yet another force, the "Executive Force," in Gaza.

In February 2005, the Bush Administration named Lieutenant General William Ward as U.S. security coordinator for Gaza to help the Palestinians reform and rehabilitate their security forces and support Israel's forthcoming withdrawal from the Gaza Strip. Following the pullout, the Administration provided \$2.3 million in non-lethal assistance to the Palestinian security services and police to facilitate their assumption of security responsibilities in these areas. The equipment purchased included vehicles, riot gear, and basic provisions. An additional \$1.2 million in USAID funds was used to set up a community policing initiative, but that program was suspended when the Hamas government was established. Lt. Gen Keith Dayton replaced Ward in November 2005. So far, neither Dayton nor the Administration has commented on how the Hamas takeover of Gaza will affect his mission.

Congressional Responses

U.S. Foreign Assistance⁶¹

Most U.S. assistance to the Palestinians is provided through the U.S. Agency for International Development's (USAID) West Bank and Gaza program. U.S. assistance also reaches Palestinians through contributions to the United Nations Relief Works Agency (UNRWA), which provides humanitarian relief and basic services to Palestinian refugees living in the West Bank, Gaza Strip, Jordan, Syria, and Lebanon. After Hamas won the January 2006 legislative election and took over the PA in March 2006, the United States halted foreign aid to the PA, but continued

⁶⁰ Barsalou, "Long Road to Palestinian Reform"; for a in-depth look at Palestinian security forces history and structure, see Strategic Assessments Initiative, "Planning Considerations for International Involvement in the Palestinian Security Sector," July 2005.

⁶¹ For more information, see CRS Report RS22370, *U.S. Foreign Aid to the Palestinians*, by Paul Morro.

providing humanitarian assistance and democracy promotion and private sector support funds to the Palestinian people through international and non-governmental organizations (NGOs). The ban continued during the brief tenure of the Hamas-led unity government in early 2007. In June 2007, after President Abbas dissolved the unity government and established an emergency government in the West Bank, the United States announced it was resuming assistance to the PA.

Current Restrictions. Since FY2003, annual foreign operations appropriations laws have contained several restrictions on assistance to the Palestinians, including:

- **Limitation on Assistance to the PA**, which bans direct assistance to the PA unless the President submits a waiver to Congress citing that such assistance is in the interest of national security.
- **Limitation on Assistance for the PLO**, which bans aid to the PLO. No U.S. aid has ever been provided to the PLO.
- **Restriction Concerning Jerusalem**, which bans using U.S. funds for a new office in Jerusalem for the purpose of conducting diplomatic business with the “Palestinian Authority over Gaza and Jericho.”
- **Restriction Concerning Palestinian Statehood**, which bans U.S. assistance to a future Palestinian state unless the Secretary of State certifies, among other things, that the leadership of the new state has been democratically elected, is committed to peaceful coexistence with Israel, and is taking appropriate measure to combat terrorism. The President can waive the certification if he determines that it is important to U.S. national security interests.
- **Prohibition on Assistance to the Palestinian Broadcasting Corporation (PBC)**, which bans U.S. assistance to the PBC. Israel accuses the PBC of inciting violence against Israelis.
- **Auditing USAID’s West Bank and Gaza Program**, which calls for annual audits of all U.S. assistance to the West Bank and Gaza Strip in order to ensure that funds are not being diverted to terrorist groups.

Since FY2005, annual foreign operations appropriations have also contained a prohibition on funds for any program that would recognize or otherwise honor individuals who commit, or have committed, acts of terrorism.

Recent Legislation

Section 550 of P.L. 109-234, the FY2006 Emergency Supplemental Appropriations Act, prohibits U.S. aid to the PA, but provides the President waiver authority to grant some assistance to the Office of the President of the Palestinian

Authority (Mahmoud Abbas) provided, among other things, that such assistance will not benefit or be re-transferred to Hamas and that the President consult Congress and provide a written policy justification for use of the waiver. Upon signing P.L. 109-234 into law on June 15, 2006, President Bush asserted that since “the President’s constitutional authority to supervise the unitary executive branch and take care that the laws be faithfully executed cannot be made by law subject to a requirement to consult with congressional committees or to involve them in executive decision-making, the executive branch shall construe the references in the provisions to consulting to require only notification.”⁶²

On December 21, 2006, President Bush signed into law P.L. 109-446, the Palestinian Anti-Terrorism Act of 2006, which bars aid to the Hamas-led Palestinian government unless, among other things, it acknowledges Israel’s right to exist and adheres to all previous international agreements and understandings. It exempts funds for humanitarian aid and democracy promotion. It also provides \$20 million to establish a fund promoting Palestinian democracy and Israeli-Palestinian peace. The law limits the PA’s representation in the United States as well as U.S. contact with Palestinian officials. In a signing statement, the President asserted that these and several other of the bill’s provisions impinge on the executive branch’s constitutional authority to conduct foreign policy and he therefore viewed them as “advisory” rather than “mandatory.”⁶³ The final bill reflected many of the provisions of the Senate version of the bill. The original House version (H.R. 4681, passed on June 23, 2006) was seen by many observers as more stringent as it would have made the provision of U.S. aid to the PA more difficult even if Hamas relinquishes power. In March 2007, Representative Ileana Ros-Lehtinen introduced H.R. 1856, the Palestinian Anti-Terrorism Act Amendments of 2007, which would amend the original Act to further restrict contact with and assistance to the PA.

H.R. 2764, the FY2008 Department of State, Foreign Operations and Related Programs Appropriations bill (passed by the House on June 22, 2007), in addition to the restrictions listed above, includes a provision prohibiting any funds, or previously appropriated funds, being used for security assistance in the West Bank and Gaza until the Secretary of State reports to the Appropriations Committees on the extent of Palestinian compliance with benchmarks — including maintaining law and order, fighting terrorism, and countering Qassam rocket launches — established for such assistance. During floor debate, by a 390-30 vote, the House adopted an amendment offered by Congressman Mike Pence that would prohibit the disbursement of \$63.5 million in the bill for the Palestinian territories unless the administration certifies that the PA recognizes Israel, renounces violence, and accepts previous agreements with Israel. The Senate version of the bill (passed by the Senate on September 6, 2007) includes \$75 million in aid for the West Bank and Gaza and does not include the additional restrictions contained in the House version.

⁶² For text of the signing statement, see [<http://www.whitehouse.gov/news/releases/2006/06/20060615-14.html>].

⁶³ For text of the signing statement, see [<http://www.whitehouse.gov/news/releases/2006/12/20061221-4.html>].

Appendix A. Further Reading and Historical Resources

Published Works

Abu-Amr, Ziad. " Hamas: A Historical and Political Background." *Journal of Palestine Studies*, XXII, No. 4 (1993): 5-19.

Abu-Amr, Ziad. *Islamic Fundamentalism in the West Bank and Gaza*. Bloomington: Indiana University Press, 1994.

Brown, Nathan J. *Palestinian Politics After the Oslo Accord: Resuming Arab Palestine*. Berkeley and Los Angeles: University of California Press, 2003.

Hroub, Khaled. *Hamas: Political Thought and Practice*. Washington: Institute for Palestine Studies, 2000.

Khalidi, Rashid. *Palestinian Identity*. New York: Columbia University Press, 1997.

Khalidi, Rashid. *The Iron Cage The Story of the Palestinian Struggle for Statehood*. Boston: Beacon Press, 2006.

Levitt, Matthew. *Hamas Politics, Charity, and Terrorism in the Service of Jihad*. New Haven: Yale University Press, 2006.

Nusseibeh, Sari. *Once Upon a Country*. New York: Farrar, Straus, and Giroux, 2007.

Oren, Michael B. *Six Days of War June 1967 and the Making of the Modern Middle East*. New York: Random House, 2002.

Robinson, Glenn. *Building a Palestinian State: The Incomplete Revolution*. Bloomington: Indiana University Press, 1997.

Savir, Uri. *The Process: 1,100 Days That Changed the Middle East*. New York: Random House, 1998.

Segev, Tom. *1967: Israel, the War, and the Year that Transformed the Middle East*. New York: Metropolitan Books, 2007.

U.N. Resolutions

United Nations General Assembly Resolution 181 (Partition Plan), November 29, 1947; [<http://www.yale.edu/lawweb/avalon/un/res181.htm>].

United Nations General Assembly Resolution 194 (Palestinian refugees), December 11, 1948; [<http://www.yale.edu/lawweb/avalon/decade/decad171.htm>].

United Nations Security Council Resolution 242, November 22, 1967; [<http://www.yale.edu/lawweb/avalon/un/un242.htm>].

United Nations Security Council Resolution 338, October 22, 1973; [<http://www.yale.edu/lawweb/avalon/un/un338.htm>].

Other Documents

The Palestinian National Charter: Resolutions of the Palestine National Council, July 1-17, 1968; [<http://www.yale.edu/lawweb/avalon/mideast/plocov.htm>].

The Covenant of the Islamic Resistance Movement (Hamas), 18 August 1988; [<http://www.yale.edu/lawweb/avalon/mideast/hamas.htm>].

Israel-PLO Recognition: Exchange of Letters Between Prime Minister Rabin and Chairman Arafat, September 9, 1993; [<http://www.state.gov/p/nea/rls/22579.htm>].

Israel-PLO Declaration of Principles (Oslo I), September 13, 1993; [<http://www.yale.edu/lawweb/avalon/mideast/isrplo.htm>].

Agreement on the Gaza Strip and the Jericho Area, May 4, 1994; [<http://www.state.gov/p/nea/rls/22676.htm>].

The Israeli-Palestinian Interim Agreement on the West Bank and Gaza Strip (Oslo II), September 28, 1995; [<http://www.jewishvirtuallibrary.org/jsource/Peace/interim.html>].

Protocol on Redeployment in Hebron; January 15, 1997; [<http://www.yale.edu/lawweb/avalon/mideast/hebron.htm>].

The Wye River Memorandum; October 23, 1998; [<http://www.yale.edu/lawweb/avalon/mideast/wyeriv.htm>].

The Sharm el-Sheikh Memorandum, September 4, 1999; [<http://www.state.gov/p/nea/rls/22696.htm>].

A Performance-Based Roadmap to a Permanent Two-State Solution to the Israeli-Palestinian Conflict; April 30, 2003; [<http://www.yale.edu/lawweb/avalon/mideast/roadmap.htm>].

Agreement on Movement and Access, November 15, 2005; [<http://www.israel-mfa.gov.il/MFA/Peace+Process/Reference+Documents/Agreed+documents+on+movement+and+access+from+and+to+Gaza+15-Nov-2005.htm>].

Arab Peace Initiative, March, 2002, reaffirmed March 2007, [<http://www.al-bab.com/arab/docs/league/peace02.htm>].

Appendix B. Chronology

1918-1948	British Mandate period
November 29, 1947	United Nations General Assembly Resolution 181 (Partition Plan)
May 14, 1948	State of Israel established
December 11, 1948	United Nations General Assembly Resolution 194 (Palestinian refugees)
1964	Arab states establish Palestine Liberation Organization (PLO)
1965	Fatah conducts first terrorist attack inside Israel, attempting to sabotage the national water carrier
June 1967	Six-Day War; Israel conquers East Jerusalem, West Bank, and Gaza Strip
March 1970-July 1971	Jordanian army clashes with Palestinian militants; PLO expelled from Jordan, moves to Lebanon
October 1973	October (Yom Kippur/Ramadan) War; U.N. Security Council Resolution 338
1974	Arab League declares PLO sole representative of Palestinian people; Arafat addresses United Nations; United Nations grants PLO observer status
1980	Israel annexes East Jerusalem
1982	Israeli invades Lebanon to halt PLO cross-border attacks; PLO evacuated from Beirut to Tunisia
1987-1993	The first Palestinian intifada
1988	Jordan disengages from West Bank; emergence of Hamas; PNC declares State of Palestine; U.S. opens direct discussions with PLO.
1993	Israel, PLO sign Declaration of Principles (the "Oslo Accords") on interim self-government arrangements.
1994	Gaza-Jericho Agreement; Arafat establishes PA headquarters in Gaza; Israeli settler massacres Palestinians in Hebron mosque; first Palestinian suicide bombing inside Israel

1995	Oslo II Accords divide West Bank into Area A, direct Palestinian control; Area B, Palestinian civilian control and Israeli security control; and Area C, Israeli control
1996	First Palestinian elections for president and parliament result in victory for Arafat, Fatah
2000-Present	The second Palestinian intifada
July 2000-January 2001	Camp David II summit and subsequent Taba negotiations close gaps, end without agreement
March 2002	Israel reoccupies nearly all Palestinian areas evacuated during Oslo process, begins construction of separation barrier in West Bank; Arab League endorses plan to recognize Israel in exchange for end of occupation;
April 2003	Quartet proposes Roadmap to peace
November 2004	Yassir Arafat dies
2005	Mahmoud Abbas elected PA president; Israel unilaterally evacuates all Israeli settlements in Gaza and four in the northern West Bank
2006	Hamas wins a majority in Palestinian parliamentary election; United States, EU halt aid to PA
2007	Arab League relaunches Arab Peace Initiative; Hamas, Fatah briefly share power; Hamas seizes control of Gaza, Abbas dissolves unity government; United States, EU resume aid to PA

Appendix C. List of Current U.N. Bodies and Offices That Focus on Palestinian or Arab-Israeli Issues

Entity	When Created	Comments
U.N. Conciliation Commission for Palestine (UNCCP)	U.N. General Assembly 1948	Reports annually to the Assembly. Most recent report, A/61/172, was two pages, to the effect that the UNCCP had nothing to report.
U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)	U.N. General Assembly 1949	[http://www.un.org/unrwa/english.html]
Special Committee to Investigate Israeli Practices Affecting the Human Rights of the Palestinian People and Other Arabs of the Occupied Territories	U.N. General Assembly 1968	[http://www.unhchr.ch/html/menu2/7/a/moatssc.htm]
Committee on the Exercise of the Inalienable Rights of the Palestinian People (CEIRPP)	U.N. General Assembly 1975	[http://www.un.org/Depts/dpa/qp/new/committee.htm]
Division for Palestinian Rights [Originally established as the Special Unit on Palestinian Rights] Serves as the Secretariat for the CEIRPP)	U.N. General Assembly 1977 (as Special Unit)	[http://www.un.org/Depts/dpa/qp/new/dpr.htm]
U.N. Register of Damage Caused by the Construction of the Wall in the Occupied Palestinian Territory	U.N. General Assembly 2006	Three-member Board of the Register has been appointed, including a U.S. expert.
www.crs.org/legislation/terrorism/terrorism.html		
U.N. Special Coordinator for the Middle East Peace Process (UNSCO) and Personal Representative of the Secretary-General to the PLO and the Palestinian Authority	U.N. Security Council, 1999	[http://www.un.org/unsco]

Entity	When Created	Comments
U.N. Peacekeeping Operations		
U.N. Truce Supervision Organization (UNTSO)	U.N. Security Council 1948	Current U.N. peacekeeping operation [http://www.un.org/Depts/dpko/missions/undof/index.html]
U.N. Disengagement Observer Force (UNDOF)*	U.N. Security Council 1974	Current U.N. peacekeeping operation [http://www.un.org/Depts/dpko/missions/undof/index.html]
U.N. Interim Force in Lebanon (UNIFIL)	U.N. Security Council 1978	Current U.N. peacekeeping operation [http://www.un.org/Depts/dpko/missions/unifil/index.html]
U.N. Emergency Force (UNEF I)*	1956-1967	U.N. peacekeeping operation - ended [http://www.un.org/Depts/dpko/dpko/co_mission/une fi.htm]
U.N. Emergency Force (UNEF II)*	1973-1979	U.N. peacekeeping operation - ended [http://www.un.org/Depts/dpko/dpko/co_mission/une fii.htm]
Special Rapporteur on the Situation of Human Rights in the Palestinian Territories occupied since 1967	U.N. Commission on Human Rights 1993; continued under the U.N. Human Rights Council, 2006.	[http://www.ohchr.org/english/countries/ps/mandate/index.htm]
Programs of Assistance		
U.N. Conference on Trade and Development (UNCTAD) Program of Assistance to the Palestinian People	UNCTAD 1995-1997, based on studies initiated in 1979	[http://r0.unctad.org/palestine]
U.N. Development Program of Assistance to the Palestinian People (UNDP/PAPP)	U.N. General Assembly 1978	[http://www.undp.ps/en/aboutundp/aboutpapp.html]

Entity	When Created	Comments
U.N. Educational, Scientific and Cultural Organization (UNESCO) Program of Assistance to the Palestinian People	UNESCO, General Conference 1995	
U.N. Economic and Social Commission for Western Asia (ESCWA)		Palestine is a full member [http://www.escwa.org.lb/about/main.asp]

* These forces were established following military clashes between Israel and other Arab neighbors, not between Israel and the Palestinians.

Appendix D. Links to Palestinian and Palestinian-American Organizations

Palestinian Center for Policy and Survey Research, the most respected polling organization in the Palestinian territories, [<http://www.pcpsr.org/about/about.html>]

Near East Consulting, respected research and polling organization, [<http://www.neareastconsulting.com/>]

Palestinian Academic Society for the Study of International Affairs, [<http://www.passia.org/>]

Jerusalem Media and Communication Center, [<http://www.jmcc.org/index.html>]

Palestinian Central Bureau of Statistics, [<http://www.pcbs.gov.ps/>]

The PLO Mission to the United States, [<http://www.plomission.us/>]

The American Task Force on Palestine, [<http://www.americantaskforce.org/>]

The Jerusalem Fund for Education and Community Development, [<http://www.thejerusalemfund.org/index.php>]

The Institute for Palestine Studies, [<http://www.palestine-studies.org/final/en/index.html>]

crsphpgw