

## EXECUTIVE SUMMARY

In August 2005, Israel carried out a unilateral disengagement from the Gaza Strip. The disengagement consisted of the evacuation by Israel of the Jewish settlers and the redeployment of its army to the border lines, while it retained control over Gaza's coastline and airspace, border crossings and administrative affairs including civil registration and a regular (though not continuous) military presence, and expanded the buffer zone along the border lines between the Gaza Strip and Israel.

In the elections of January 2006, the Islamic Resistance Movement (Hamas) won the majority in the Palestinian Legislative Council (PLC) and formed a new government. Israel and many in the international community including, specifically, the Quartet, refused to recognize the Hamas government and established three conditions which Hamas would need to meet to be internationally recognized: namely, to recognize previously signed agreements between Israel and the Palestine Liberation Organization (PLO), to recognize Israel, and to renounce violence. Later, in June 2007, Hamas carried out a coup against Fatah and took control of the Gaza Strip, claiming to be the legitimate authority. Gaza — already under severe limitations and restrictions for several years — was, thereby, all but completely isolated politically and physically from the outside world.

Attempts for national reconciliation between Hamas and Fatah failed, as did the talks on reopening the Rafah passage. The dispute revolved around who would run the passage. Is it the Palestinian Authority (PA) in the presence of the European Union (EU) observers as agreed with Israel, or is it Hamas? This lack of agreement led to the closure, because Egypt supported the demand that the agreement with Israel be respected, and suggested that the Presidential Guard of President Mahmoud Abbas be present instead of the police, but Hamas rejected this. Talks about the Rafah border crossing with Egypt and attempts to lift the international political boycott, as well as the Israeli imposed blockade, have all failed. The dire humanitarian situation in Gaza today requires an urgent solution. As winter is approaching, there are hundreds of families in Gaza living without shelter or a roof over their heads after their homes were destroyed in the January 2009 war on Gaza, known as Operation Cast Lead, and Israel's refusal to allow the importation of the building material needed for the reconstruction of Gaza. In addition to the problems caused by the war, the blockade takes its toll on Gaza's civilian population in many ways. For example, less than 63 food items out of a list of roughly 4,000 can enter Gaza today through the crossings, leaving its civilian population dependent on the tunnels for basic products such as sugar, coffee and tea and, virtually, without supplies of infrastructure and building materials. The crucial long-term question that has to be addressed is the impact of the current situation in Gaza on the feasibility of resolving the Palestinian-Israeli conflict within the framework of a two-state solution.

For a two-state solution to be achieved, Gaza has to be re-linked to the West Bank under a coherent Palestinian structure of governance that will enable the existence of a Palestinian government, supported by all Palestinian political factions, and with a mandate to govern and carry out negotiations aimed at the attainment and the implementation of a final status agreement with Israel.

This paper is based upon a one-day closed roundtable discussion carried out on August 19<sup>th</sup>, 2009, in Jerusalem by a prominent group of experts from Israel, Palestine and the international community, from diverse parts of the political spectrum. The discussion was held under the well-known Chatham House rule.

The main policy-relevant insights of the workshop can be summarized as follows:

- \* Gaza has been deliberately and systematically cut off from the West Bank. Subject to international boycott and Israeli siege, the population of the Gaza Strip lives in isolation from the world, in dire economic conditions and in the absence of an internationally recognized political structure.

- \* Israel is the party which holds the primary keys to ending the current situation in Gaza. Without pressure from the international community, Israel will not hand over these keys.

- \* The siege imposed on the Gaza Strip by Israel and the international community is a collective punishment against all the population of the Strip; it creates a hotbed for the breeding of extremism and violence; it serves the rule of Hamas; worsens the social structure of the Gaza Strip and creates an unstable and retarded economy that is based on non-production. In the medium and long term, this poses a significant risk to many actors, including Egypt and Israel.

### **Recommendations**

1. To de-politicize aid and freedom of movement for people and goods, to enable the normalization of living conditions in Gaza.
2. To demand more robustly that Israel provide clarifications about its closure policy and its refusal to accept the EU proposal for the re-opening of the Gaza seaport and the monitoring of commodities passing through it, with the purpose of ensuring that no weapons or security-threatening objects pass through. If no satisfactory justification for this policy is presented, local and international civil societies should vocally and visibly call attention to the international community's obligation to end its participation in the blockade of Gaza and in the collective punishment of its civilian population. In addition, the international community should also examine its participation in the act of closing off Gaza and ask itself honestly if its goals are being achieved and at what cost.
3. To promote public campaigns through the media to put more pressure on Israel, with

- the goal of more accurately reflecting the situation on the ground and the aspirations of the population (emphasizing, in particular, the individual humanitarian aspects).
4. To shift from the piecemeal approach of countering the siege policy (e.g., focusing on the passage of pasta) to a concerted effort by local and international civil societies and the international community.
  5. To respect the territorial integrity of the West Bank and the Gaza Strip as agreed upon in the Oslo Declaration of Principles (DOP) by lifting the Gaza-West Bank access restrictions, which contribute to de-linking and isolating the two territories from each other and to making a future united statehood less likely.
  6. To conduct massive reconstruction efforts in Gaza. Donors should secure Israeli guarantees to ensure that the results of continued development aid will not be destroyed again. The international community should regularly issue a public register of the damages, the delays and the destruction of projects built with the help of foreign financial aid as a consequence of Israeli governmental activity and should seek compensation for such damages.
  7. To design and implement a phased international plan — a full package that includes national reconciliation between Fatah and Hamas; the exchange of prisoners between Hamas and Israel, facilitating the release of the captured Israeli soldier Gilad Shalit; and reconstruction and new elections based on the Egyptian proposal for moving towards elections in June 2010 .
  8. To involve Hamas and other political factions in the political process.

## GENERAL FRAMEWORK

The Palestine-Israel Journal held an expert roundtable on August 19th, 2009, to tackle the question of “Gaza and the Two-State Solution.” The roundtable was the second in a series of three EU-funded policy-oriented roundtables. It sought (a) to come up with a policy paper reviewing and evaluating the present situation in the Gaza Strip and its impact on the chances of achieving the two-state solution and (b) to present conclusions and recommendations for measures which the international community, in general, and the EU, in particular, could or should take for a two-state solution to remain viable and to be implemented as soon as possible. Recommendations to the Israeli and Palestinian governments were provided as well.

Following presentations by Israeli and Palestinian experts on the existing situation in Gaza, the roundtable participants, including two Palestinian experts living in Gaza, moved through a series of questions divided into three sessions on the following topics:

- \* The strategy regarding the blockade on Gaza and its implications;
- \* The political reality in Gaza: Hamas, Fatah and external actors; and
- \* The implications of the situation in Gaza in 2009 for the two-state solution.

The choice of focusing on Gaza, with this particular timing, was made in the context of the intensification of an internationally sanctioned siege on Gaza and its population. Efforts at internal Palestinian reconciliation have encountered severe external constraints and it appears that new policies regarding this impasse are direly needed.

With the increased interest of the policy community in the background, this policy paper was produced with the aim of providing decision makers with a clearer understanding of the situation on the ground as of mid-2009, and with Gaza-focused progressive policy recommendations towards the resolution of the conflict within the two-state paradigm.

The paper presents the key ideas and recommendations that came up during the discussion and does not pretend to be a comprehensive treatment of the topic. It is divided into six parts and explores the implications of the current reality in Gaza and the attitudes of both Israel and the international community towards it, for the feasibility and viability of the two-state solution. Part I describes **the situation in Gaza as seen from within**, especially in terms of the economy, the society, inner-politics and attitudes towards Israel — all determinant factors for Gaza’s geopolitical future. Part II presents **the perspective of the Israeli government within the context of the debate on whether and to what extent it remains responsible for Gaza and its population**. Part III focuses on the internal Palestinian confrontation which is reviewed within the framework of the West Bank–Gaza split and its implications for the feasibility of the two-state solution. Part IV discusses **the role of the international community, with**

**particular emphasis on the question of its policy towards Hamas.** With these elements in mind, part V describes **three scenarios for Gaza's future**: the blockade of Gaza & "economic peace" in the West Bank, the blockade of Gaza & statehood with provisional borders in the West Bank, and internal reconciliation and Gaza Reconstruction (the Egyptian proposal). Part VI, which concludes the paper, presents **a set of policy recommendations** for the third scenario. The names and bios of the experts and references to relevant publications can be found in the annexes to this paper.

It is worth noting that the roundtable was convened under the Chatham House Rule and, therefore, no specific statement is attributed to any particular expert. When a disagreement was identified and the conversation failed to yield any agreed-upon conclusion, the disagreement is noted in the text. When appropriate, minority and majority views are noted.

## I. SITUATION ON THE GROUND: A VIEW FROM WITHIN GAZA

The international and, especially, the Israeli media focus on the government of Gaza, the security threat of rockets and the tunnels. They largely ignore the issue of the human needs and concerns of the general population of Gaza. There is insufficient recognition of the socioeconomic and inner-political dimensions, leading to a lack of understanding of the impact the blockade has on the prospects for peace and on relations with Israel. For this reason it was decided to anchor the discussion on a view of Gaza from within.

**The blockade imposed on Gaza has disrupted virtually all aspects of life, in particular, the economic and social ones.** However, the impact of the blockade on the political mindset and popular attitudes there has not been as anticipated or as has been argued by those in favor of the blockade policy. It has not weakened the governing party (Hamas), and it has had no significant negative impact on the level of popular support for this party (with popular support remaining mostly stable and dropping only slightly from 31% in mid-June 2007 to 28% in mid-August 2009)<sup>1</sup>. On the contrary, the tunnels became a source of power and income for Hamas leaders and personnel, driving the average citizen to seek privileges and services from Hamas. Two years after the coup in June 2007, Hamas is still able to govern, to adjust to the current situation and make the best of it. Hamas's leaders, cadres and supporters are the only ones who enjoy free movement through the tunnels to the outside world, while this right is denied to the average citizen.

**Hamas's familiarity with being outlawed, the movement's underground mentality and flexible semi-formal structures have enabled Hamas to adapt to the new**

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<sup>1</sup> Except a sharp spike to 44% after the Gaza War - <http://www.pcpsr.org/survey/polls/2009/p33e1.html>

**situation.** Indeed, the siege has given the movement leverage, as it has become the sole capable provider of services to a population under siege. In the absence of competition, its poor performance is easily overrated by the population as it is the only one able to show it satisfies popular needs. Arguably, it would be significantly more difficult for Hamas to perform well in a situation of open borders and competition with other Palestinian movements.

**While Hamas has managed to adapt to the siege, the population itself has experienced a profound, harsh transformation,** especially in terms of the economic and social structures in Gaza, which have, in turn, affected the political sphere (internally and towards Israel).

The economy of Gaza has been heavily affected by the siege. Out of some 4,000 possible items, only 63 basic food items can enter Gaza (e.g., chocolate, sugar and coffee are not allowed). The majority of these restricted products are entering Gaza through the tunnels. Indeed, **Gaza has been transformed into a black market.** Traditional business and banking systems have been weakened and Hamas has created its own bank functioning outside the frame of international banking rules. The new system does not observe the rules of registration or membership in business federations, institutions and chambers of commerce. The existence of a black market means that those doing business have no interest in obeying the formal limitations of the regulated market. Instead, wealth is being built through the tunnel business. **The illegal has become regulated and the norm in Gaza.** For example, the newly established Islamic Bank is not a registered or a recognized bank. Over two-thirds of the commodities are smuggled to and from Egypt. **This makes instability in Gaza an interest** for those benefiting from this situation. There is, therefore, increasing support from powerful interest groups for a general state of instability. The Municipality of Rafah, for example, is the “administrator” of the tunnels. There are around 1,000 tunnels in Rafah (400 of them were already in existence before 2006), for which the municipality issues licenses and collects “fees.” Indeed, with over USD 40 million in its coffers, Rafah has arguably become the richest Palestinian municipality. It, therefore, attracts many Gazans (from Gaza City, Jabaliyah, etc.) to work there, as work opportunities exist where the money is. The roughly 6,000 workers operating the tunnels are making large amounts of money as well. Others coming to work in the area find only poorly paid jobs, though this is still an improvement compared to the level of unemployment in the north of the Gaza Strip. Estimates by Gaza-based Palestinian think tanks for the value of products smuggled per month ranges between USD 20 to 25 million. It is alleged that some teenagers in Gaza, who are involved in the tunnel business, earn USD 200,000 per week. Though this anomaly is limited to a very small number of individuals, it is very visible and serves, thus, as a powerful disincentive for other young Gazans to work and to be productive for dramatically lower salaries. **The siege has also increased**

**Gaza's dependence on foreign aid. There is money in Gaza but there is no fair distribution, equal opportunity or productivity.** Specific classes of people are generating money through the tunnels; civil servants who refuse to work with the Hamas regime are receiving monthly salaries from Ramallah, while they are working or performing other jobs in the private sector. They enjoy a double income. Those, too, have no interest in ending the current situation. The presence of money is even visible as one walks in the streets. Nevertheless, the money is in the hands of a minority and the majority still lives in poverty. Though there are no cases of starvation, serious cases of malnutrition do exist. Finally, the siege under the Hamas regime has brought down the average salary of PA employees from roughly USD 1,000 to around USD 265 – 380. Among others things, this means that Hamas can, with the same amount of money, employ a larger number of workers than Fatah did before the coup, while paying them a lower salary.

The social transformations have been no less significant. Of approximately 1.4 million Palestinians living in the Gaza Strip, some 1.0 million are United Nations (UN) registered refugees. Crucially, 45% of Gaza's population is under the age of 14.

**Within this context, the siege has contributed to the radicalization of Gaza's deprived youth. Indeed, two-thirds of the young population of Gaza (aged below 30) has never been outside the Gaza Strip due to movement restrictions.** The young are generally frustrated and depressed; they feel that they do not receive recognition and respect and they have no hope and no personal plans for the future. Furthermore, the way the siege limits interpersonal interaction with non-Gazans has contributed to an increasing level of ignorance and superstition about the external world among Gazans. Information spread by various groups about the reality outside the Gaza Strip has become easier to falsify under these conditions.

**In terms of education, the siege gives young Gazans interested in academic education one option only: the Islamic University of Gaza.** Gaza's youths have less exposure to outside influences because, unlike previous generations, they are unable to study in West Bank universities or in the Arab world. Travel is very complicated and only a minority is able to travel for purposes of education. **This contributes to Hamas's monopoly of ideological power and education.** Nevertheless, Gaza's civil society remains critical of Hamas. However, it suffers from insufficient and inadequate partnerships with international, Arab and Palestinian organizations. Civil society has been sidelined by the political parties and its presence has been largely ignored. **On the psychological level,** life in Gaza under continuous closure, for over 20 years now, has created a mentality with a distorted sense of time — with less temporal continuity and more propensity to think in terms of mythical time and with a decreased capacity and desire for planning. This can be ascribed to the Gazan's repeated experiences of helplessness and lack of control over their own actions and with their having very limited expectations for any positive change. **People in Gaza have thus become easy to control.**

(1) Given these economic and social transformations, **the internal political scene** has, of course, been affected as well and has **moved towards a Hamas monopoly of power**. Hamas is positioning itself in the eyes of Gaza's population as a centrist party, standing between Fatah on its left (much weaker since Hamas's coup in June 2007) and other militant groups on its right. Hamas has established a clear dominant position vis-à-vis both of these sides (as well as the families and clans that have challenged it). This fact became evident, when Hamas prevented Gaza-based Fatah members from participating in the Sixth Fatah Conference in Bethlehem and the violent attack it directed against the Rafah-based group of Jund Ansar Allah, led by Sheikh Abd al-Latif Musa. **Hamas's control over Gaza is currently total**. Hamas spokespeople often contrast themselves with the Fatah-led PA and its limited achievements in Gaza before mid-2007 and use this to assert that, in spite of the blockade, the population is now better off. Nevertheless, Hamas is assessed by the Gazan population not only in terms of its performance in Gaza. The population realizes that the Gaza Strip is too small to stand alone and, therefore, looks upon the West Bank as a necessary complementary part. **To the extent that Hamas's policy is seen to contradict Palestinian unity, Gazans express their discontent. At the same time, Hamas tries to make Gaza's population feel it has been ignored by the West Bank PA, and fears that the Ramallah-based PA will disconnect from Gaza are increasing. This is becoming part of Hamas's strategy against the Fatah-led PA in Ramallah.**

(2) **In this difficult context, public attitudes towards the State of Israel and the Israeli public have been radicalized.** The young generation in Gaza has had virtually no contact with any Israelis — except for the settlers and the army — for two decades and this has had a dramatic influence on their attitudes towards Israelis. As noted above, it is instructive that two-thirds of those below 30 have never been out of the Gaza Strip. Indeed, confined to a life in the small Gaza Strip, the 1980s generation has been raised with a semi-ghetto mentality, which expresses itself in a deepening hatred towards Israel and in a violent struggle ethos. Israeli opinion polls stating that 94% of the Israeli public supported Cast Lead Operation have contributed to a further radicalization of attitudes. The siege has aggravated the situation by cutting off all direct contacts between Gazans and Israelis. One participating expert has summarized the implications of this situation by saying, **“You can make war against a people you do not know, but you cannot make peace with a people you do not know.”**

In short, seen from within, the situation is alarming both in terms of its long-term impact on the population, as well as its impact on the support for and, hence, the feasibility of a two-state solution.

II. GAZA FROM AN ISRAELI PERSPECTIVE – WHO’S RESPONSIBLE?

The disengagement plan which Israel implemented in 2005 did not end the debate on the question of responsibility for Gaza. Given the dire context in Gaza as described above, this, of course, is a crucial question. Since the disengagement, the government of Israel has been arguing that it is no longer responsible for Gaza, having not only evacuated all settlers and the army presence from within the Gaza Strip, but having also withdrawn from the border line between the Gaza Strip and Egypt, known as the Philadelphi Corridor, and enabled direct Gazan-Egyptian interaction and commerce under EU observation. This, however, was later halted after the Hamas coup in 2007, forcing Egypt to close its borders with the Gaza Strip, except for some humanitarian cases. In sharp contrast, Palestinian and international observers (as well as progressive Israelis) point to Israel’s full control of the Strip’s northern and eastern borders, the coastal and aerial spaces as well as Gaza’s population registry and conclude that Israel is still occupying the Gaza Strip and is the one responsible for the well-being of its citizens.

In line with the above-mentioned set of arguments used by the Israeli government, some Israeli participating experts argued that the Israeli solution should be to enable success for the PA in the West Bank (increased freedom of movement, the dismantlement of the so-called “illegal outposts,” and the achievement of statehood with provisional borders, etc.) so that the population in Gaza will come to the realization that an alternative reality is possible for them and will work towards replacing Hamas in Gaza with the Ramallah-based PA by way of a civilian revolt. Finally, advocates of this position note that there are other parties which bear responsibility for Gaza’s grim state of affairs, and point to Egypt’s complicity in limiting free movement in and out of Gaza, the international community’s boycott on Hamas and Gaza’s population, and the support the blockade has received — explicitly and implicitly — from the Ramallah-based PA. Palestinian participants underscored the fact that the siege and pressure on Gaza are counterproductive; they constitute collective punishment against the whole population and not Hamas; and they achieve the opposite of Israel’s intended results and should be removed immediately.

As noted above, in spite of all the arguments raised by Israel’s government, international law clearly holds Israel responsible as the occupying force in Gaza, given Israel’s control of the Strip’s northern and eastern borders, the coastal and aerial spaces, as well as Gaza’s population registry. The majority of participating experts supported this view and its legal implications for the question of responsibility. Moreover, it was noted that, according to the Oslo DOP (Article 4), “[t]he two sides view the West Bank and the Gaza Strip as a single territorial unit, whose integrity will be preserved during the interim period.” According to international law, the fact that Israel continues to occupy the West Bank means that Gaza remains Israel’s responsibility.

Israel's rationale for maintaining the blockade on Gaza seems to change with time and it became evident in the discussion among the participating experts that it is important to pin down the precise justification when engaging with the Israeli government. Several participating experts challenged the argument that the real motive is truly security-based. If it is security, why is the blockade continuing at the same hermetic level when, in the last year, the number of rockets fired from Gaza into Israel has decreased significantly and Hamas is observing the ceasefire and preventing attacks against Israel by other factions in Gaza? Is it possible that the goal is the political one of preventing a two-state solution from happening (or preventing a two-state solution that includes Gaza)? The Fatah-Hamas discord certainly decreases the international pressure on Israel to reach a negotiated agreement and external observers readily concede there may be no partner for such negotiations. Another outcome of the blockade on Gaza is the creation of sub-optimal conditions which can, allegedly, demonstrate that Palestinians are incapable of governing themselves. Finally, it appears that the blockade is being used as a means for catalyzing a civil revolt against Hamas's rule. In theory, at least, this is part of an overall logic of presenting the West Bank as a positive model for cooperation with Israel. The experts agreed that it is crucial for the international community to demand of the government of Israel to give a public clarification of its position on the question of blockade and to reject, on both pragmatic and moral grounds, justifications that use collective punishment as a tool for the promotion of a popular revolt. It was also argued that such a policy is actually self-defeating and is, in fact, creating the opposite effect: it is radicalizing the population, without achieving the desired political impact, nor is it contributing to Israel's security, and that the international community should clarify this aspect as well in its interaction with Israel.

### III. INTERNAL POLITICAL AND GEOGRAPHICAL DISUNITY – FATAH-HAMAS & WEST BANK-GAZA

**Internal Palestinian disunity has become a significant factor in determining whether the two-state solution remains feasible. If the political rift between Fatah and Hamas is not overcome, restoring Palestinian national unity, the West Bank-Gaza separation will further complicate the future options and lead some to argue for a three-state solution: the Gaza Strip, the West Bank and Israel — even if only rhetorically — which will further damage the credibility of the two-state solution.**

Movement between the West Bank and the Gaza Strip has been restricted by Israeli limitations since the first intifada in the late 1980s when Israel introduced a permit system, thereby denying Gazans and West Bankers freedom of movement without Israeli permission. The limitations increased with time and reached the level of total physical separation between Palestinians in the West Bank and Gaza, which gradually led to

cultural, social and political severance as well. And while Palestinians continue to view themselves as “one people” and “one nation,” the separation took its toll in terms of the social, cultural, and political divide. Therefore, the physical separation is seen to have a highly negative impact on the Palestinians’ ability to communicate and to settle their political differences. Palestinians see the Israeli siege on Gaza as a major impediment to reconciliation. In addition, Palestinian political readiness to reach reconciliation seems to be lacking. Rounds of talks on “national dialogue” and “national reconciliation” have failed to lead to an agreement. The PA considers reaching a reconciliation agreement that is internationally acceptable and endorsed by the Arab League a national interest, while Hamas does not see that such an agreement serves its interests. Some participants pointed to the fact that there are regional factors which influence Hamas position vis-à-vis the national unity talks, and suggested that the United States, the EU and other international actors should use their influence to prevent outsiders from interfering in internal Palestinian affairs.

**To overcome this, internal Palestinian reconciliation requires Palestinian readiness, Arab League pressure, as well as regional and international support.**

The PA has repeatedly expressed its determination not to allow a total split between the West Bank and Gaza. It continues to send money to the Gaza Strip in order to maintain loyalties as well as to reassert itself as the official Palestinian Authority. It still pays the salaries of civil servants and the running costs of health, education and municipalities. The Fatah Sixth Conference was a test for this relationship. Hamas’s prevention of Fatah members in the Gaza Strip from participating in the conference reflected Hamas’s disinterest in integration — at this stage at least. Fatah’s determination to include Gazans was a clear signal that it will not give up on Gaza. Another indication is the continued debate over Gaza, which constituted one of the major themes in the Fatah conference. It is in the PA’s interest not to lose Gaza. However, since Hamas’s takeover in Gaza in June 2007, neither the PA nor Fatah have been able to develop a clear and detailed strategy on how to tackle the issue of Gaza. There is also a divergence in opinions regarding the topic (though there is a general consensus that national and territorial unity must be maintained). Therefore, the Gaza Reconstruction Plan and the National Dialogue remain priorities for the Fatah-led PA. In addition to internal factors, the PA is equally bound by international commitments; therefore, any solution or approach to the Gaza situation needs to be acceptable to the international community. U.S. consent is vital for the success of any dialogue. Hence, the PA continues to raise the slogan of “Dialogue and reconciliation,” while it still lacks a clear objective or strategy. Furthermore, it is obvious that the internal Palestinian split is being exploited by some regional actors, including Iran and some Arab countries. Restoring Palestinian national unity requires the cooperation and approval of these regional elements as well.

On the Gaza Reconstruction plan, the PA is ready for a joint committee with Hamas, yet it cannot agree on the mechanisms of operation. For practical reasons, donors for the reconstruction of Gaza will not agree to let Hamas have control over the money contributed for the rebuilding of Gaza.

Moreover, in the case of a failure of dialogue, the available alternatives are not more positive. Elections are one option, though this path continues to face the opposition of Hamas. For Hamas, the January 2006 elections and its takeover of Gaza in 2007 gave the movement a one-time opportunity to rule. Early elections might take that opportunity away from them; thus, they do not see the value of going down the election path, especially since they accuse Fatah of having denied them the opportunity to exercise their right to rule after the January 2006 elections. However, following the Fatah Sixth Conference, there is a new leadership in Fatah; it is considered more representative, with a capacity for action and decision-making and is viewed as more competent to pursue the dialogue with Hamas and to hold elections.

Despite the closure and the growing political, social and economic separation, Palestinians in Gaza look upon the West Bank as the natural extension to their existence. There are fears of abandonment among the general Gaza public and yet, on a political level, the West Bank and East Jerusalem are still considered complementary parts of the future Palestinian state, which includes Gaza. **Popular opposition to any solution that does not retain West Bank-Gaza unity remains very strong and serves as a chief constraint for Palestinian political elites.**

IV. REGIONAL AND INTERNATIONAL INVOLVEMENT

**At the regional level, Egypt is the most salient Arab actor regarding this issue.** Egypt finds the blockade problematic for two main political reasons. First, the blockade is used to embarrass the Egyptian regime both regionally (notably by Iran and, to some extent, Syria) and domestically (by the Egyptian opposition). Second, the regime is highly concerned about a repeat of the January 2008 flow of a half million Gazans into Sinai because this would endanger Egyptian national security by opening the door for collaboration between Islamic militants in Egypt and their allies in the Gaza Strip, who would exploit the huge opportunity for smuggling weapons and explosives through Sinai to both sides of the border. Such a development would seriously endanger the goal of bringing together the Gaza Strip and the West Bank within the framework of the two-state solution, it and would threaten the Egyptian regime, which is a pillar of stability for the Middle East (including Israel).

**The Egyptian crisis management role has so far focused mostly on ensuring that armaments are not smuggled through the tunnels, though it is obvious that this goal cannot be fully achieved.** Some participating Israeli experts argued that more can be done. Others pointed to the entry of weapons into Gaza by way of containers arriving by sea which Israel controls. Regardless, it was noted that preventing the entry of long-range missiles into Gaza should be a key priority to forestall an escalation in violence, given Israel's position that the presence of such weapons in Gaza would necessitate some Israeli military action aimed, at the very least, at destroying them. Moreover, the international community is working through various UN agencies to avert a humanitarian crisis in Gaza.

**Nevertheless, action is needed that will resolve the crisis, not only manage it.** Arab states — Egypt in particular — argue that removing Hamas by intensifying the pressure on it has so far failed and that there is no reason to think this would change. A limited deal, focusing solely on a prisoner exchange, is deemed insufficient. Therefore, a more comprehensive deal should be sought which should include a prisoner exchange and substantial progress on the political level with the PA, to balance the popularity that Hamas might get after the release of the prisoners.

Such a deal should include the following components: a prisoner exchange, inner Palestinian reconciliation (possibly including a temporary technocrat government and/or elections), the reconstruction of the Gaza Strip and the ending of the blockade, a settlement freeze, lifting internal roadblocks in the West Bank, etc. Inner Palestinian reconciliation is the first step in enabling such a deal. **Ideally, reconciliation talks between Fatah and Hamas would lead to an agreement that is acceptable to the international community. However, if this does not happen, it was proposed that the Arab**

**League intervene and supervise Palestinian elections** — for the presidency and the Palestinian Legislative Council (PLC) — that would allow the Palestinians to put this confrontation behind them and to elect the leadership of their choice for the future. Some participating experts noted that a proposal for the establishment of a Palestinian confederation as a way of overcoming the conflict between the two movements is worth re-exploring, in spite of an initial rejection. **In general, a more creative and engaged Arab role was seen to be desirable for the purpose of Palestinian unity.**

Broadening the scope beyond the region, the question of direct political engagement of the international community with Hamas brings to the fore the three conditions of the Quartet; namely, to recognize previously signed agreements between Israel and the PLO, to recognize Israel, and to renounce violence. Two main positions were put forth by the participating experts regarding these conditions. Some argued that the conditions are both reasonable and legitimate and send an appropriate message, specifically to those that have elected Hamas, about the consequences of their decisions. Almost all agreed that these consequences should be limited to a lack of political interaction rather than to a humanitarian cost which the population has to pay. The second position argued that the conditions were misguided and an illegitimate reaction to a legitimate victory in the elections. However, **virtually all participants agreed that, given the current situation, if the international community were to withdraw its conditions unilaterally, it would entail paying a high cost vis-à-vis Hamas and would not be a wise move.**

Given this majority support for no direct interaction with Hamas, the main path that was proposed for its future interaction with the international community was as part of the state of Palestine. If the PLO/Fatah-dominated PA were to achieve statehood, possibly through a unilateral proclamation, it would then be in a position to let the people of Gaza and the Hamas government know that they would be a de facto part of the state of Palestine only after they recognize the sovereignty of the state over both the West Bank, including East Jerusalem, and the Gaza Strip. Hamas's integration into the state apparatus, based on some power-sharing formula, would then follow the international community's criteria, including, notably, support for the two-state solution, and the movement would become a legitimate political party.

It was noted that a number of European governments were and are ready to talk to Hamas. Moreover, non-governmental Israeli bodies that had expressed an interest in secret talks were boycotted by Hamas itself whose representatives never showed up to such meetings. An important exception nearly occurred in the case of the prisoner swap and the release of Gilad Shalit, when the government of Israel wanted direct talks with Hamas. Indeed, three weeks before Operation Cast Lead, there was an offer for back-channel talks which was rejected by the Israeli government. A few days later, Hamas

agreed to the talks, but by then Israel had already refused.

**Another lost opportunity** noted by some of the participating experts **was the EU initiative when, in early 2009 under the Czech presidency, a proposal was presented for the Gaza seaport to be opened for the sole purpose of the import and export of basic products under strict European monitoring against arm-smuggling.** Though the initiative was rejected by the government of Israel, it could be a constructive move to make a public reiteration of this proposal so as to demonstrate the extent of Israel's risk aversion and the implications this has had for Gaza's civilian population.

In sum, the incorporation of Gaza within the future Palestinian state remains subject to conflicting international, regional and local interests.

V. SCENARIOS FOR GAZA: IMPLICATIONS FOR THE TWO-STATE SOLUTION

Given the above-mentioned trends and constraints, there are three possible key scenarios for Gaza's future:

1. The Blockade of Gaza & Economic Development in the West Bank;
2. The Blockade of Gaza & Statehood with Provisional Borders in the West Bank; and
3. An Internal Reconciliation and Gaza Reconstruction (The Egyptian proposal).

**Scenario 1 – The Blockade of Gaza & Economic Development in the West Bank**

This approach calls for the continued boycott of the Hamas government and the continued siege of Gaza, while enabling greater freedom of movement and entrepreneurship for Palestinians in the West Bank.

This scenario has a number of significant shortcomings. As stated above, the continued blockade of Gaza heightens the state of instability in the region; it strengthens the rule of Hamas; it promotes extremism among the local population, and is highly unlikely to achieve its long-term objective of overthrowing Hamas. Specifically, as stated earlier, the flow of money (illegally) through tunnels would strengthen the continued rule of Hamas as well as other beneficiaries, forcing the local population to adapt to the existing situation even if it sees other Palestinians faring better under different circumstances. In short, to the extent this approach seeks to contrast two alternative models and entice the Gaza population to revolt, it is virtually bound to fail.

Moreover, from the perspective of most Palestinians, the policy of the so-called “economic peace” amounts to no more than a reconfiguration of occupation policies. No significant or irreversible change will occur in terms of Palestinian sovereignty, as all settlements and their connecting infrastructure will remain in place, if not grow, and the entire West Bank, as well as its external borders will remain under full Israeli control. Such a policy will, thus, encourage the labeling of the PA as the “police of the occupation” and, given the PA's current low popularity, a scenario in which it has to face increased charges of collaboration with Israel may well mean its final demise. Another example of the quandary in which the PA will find itself in such a scenario is evident when one recalls that the PA has been promoting the Gaza Reconstruction Plan as a prime objective. Therefore, from a Palestinian perspective, economic peace cannot materialize without a serious move towards a political peace that addresses the PA's liabilities and responsibilities towards the Gaza Strip. Without targeting this goal, pursuing this scenario would widen the gap between the West Bank and Gaza and reinforce current perceptions in the Gaza Strip that they have been abandoned by the PA.

### **Scenario 2 - Blockade of Gaza & Statehood with Provisional Borders in the West Bank**

This approach calls for the continued boycott of the Hamas government and the continued siege of Gaza, while negotiating in the West Bank a solution that includes, as an initial step, Palestinian statehood with provisional borders and, later, state-to-state final status negotiations.

This scenario also has a number of significant shortcomings. In addition to common elements with the first scenario pertaining to the negative aspects of a continued Gaza blockade, the PA leadership in the West Bank would find it extremely difficult to secure public support for any agreement while the current division persists, and with the Palestinian fear of the provisional turning into the permanent. Significant international guarantees would be needed to enable the Palestinian leadership in the West Bank to adopt such a path and, given the track record of the international community so far, this kind of active engagement is far from likely. The Palestinian leadership's demand for a UN Security Council resolution defining the borders of the future Palestinian state as the 4<sup>th</sup> of June 1967, including East Jerusalem, is meant to enable this leadership to engage in negotiations, even with the present situation (the settlements and the separation wall). As long as the Gaza situation is not clarified, and there is no international commitment for the future borders of Palestine, there will be only very limited Arab support for such an initiative.

### **Scenario 3 – National Reconciliation and Gaza Reconstruction (The Egyptian Proposal)**

This approach calls for Fatah-Hamas talks towards a reconciliation agreement, including new Palestinian elections, in parallel with a prisoner exchange deal between Hamas and Israel and a lifting of the Gaza blockade, coupled with massive reconstruction efforts. These moves will restore PA rule in Gaza and contribute thus to the prospect of success in final status negotiations towards the two-state solution. Participants did not exclude the possibility that the reconciliation agreement could lay the foundations for the re-establishment of unity between the Gaza Strip and the West Bank on the basis of a confederal system.

The feasibility of holding elections in the West Bank and Gaza is unclear, as is specifically the level of readiness on either side to reach a compromise in their demands in order to facilitate the move forward towards reconciliation and elections. Yet, the Egyptian proposal remains the best available option on the table because (1) it guarantees an Arab umbrella, (2) it allows both Fatah and Hamas to move forward in a way which can be tenable vis-à-vis their respective constituencies, and (3) assuming it meets the

Quartet's conditions, enjoys international support.

This scenario has some assumed shortcomings as well. First and foremost, it is possible that such an agreement will not meet the Quartet's conditions. This will likely place the Palestinian people, united this time, under an international boycott at severe humanitarian and developmental costs. Second, while it may bring a united Palestinian government into play, it may not be one with whom Israel will agree to negotiate with, especially if this unity government will not recognize and accept unequivocally the Quartet's conditions. This will bring the situation back to where it was in 2007 after the Mecca Agreement for national unity.

Some argued that such a unity agreement opens the door for a Hamas takeover in the West Bank by democratic means. While this may not be problematic in the medium term and another Israeli government might come to power and agree to negotiate with a unity government, this can delay meaningful final status negotiations even further.

VI. IDEAS AND RECOMMENDATIONS

*What strategies and tactics can be pursued to alleviate the dire humanitarian situation in Gaza?*

- \* Broaden the definition of “humanitarian” now with the long-term objective of achieving a total de-politicization of aid and freedom of movement for people and goods, limited only by “concrete security concerns” which should be defined clearly and observed by a neutral international body.

Despite Israel’s denial of its obligations as an occupying power in the Gaza Strip, it continues to acknowledge that it bears an obligation to allow the passage of a “minimum” amount of goods to meet “humanitarian” needs — i.e., for critical patients, medicine, food and a minimum amount of other goods. Pressure has resulted in changes to this policy to include exceptions, though not without restrictive criteria, for students, businesspeople, holders of foreign passports and other select cases. Indeed, the definition of “humanitarian” has expanded (in the early months of the closure during the *Tahdi’a*) and contracted (Nov.-Dec. 2008) according to shifts in political winds. This means that additional pressure could be successful in forcing an expanded definition of the “humanitarian minimum” to include unimpeded access for goods intended for civilian use and needs, alongside expanded free access for students and others seeking to advance themselves peacefully.

*How to exert pressure on Israel and other states supporting the illegal blockade and bring it to an end?*

- \* **Ask Israel for clarification about its policy of closure and if it believes its policy is coherent and meeting its goals.** Israel has communicated several justifications for its policy of closure of the Gaza Strip — many of which do not meet standards of international law. This would appear to place the international community under the obligation to withdraw its participation in the closure of Gaza and to actively work to end it. The international community should, therefore, get a clear answer as to Israel’s intentions in closing off Gaza, and prod Israel to determine whether it honestly considers that it is achieving its goals. In particular, ask Israel for clarifications about its rejection of the EU proposal for the reopening of the Gaza seaport and the monitoring of commodities passing through it to ensure no weapons or security-threatening objects pass through.
- \* **The international community should also examine its participation in the act of closing off Gaza and honestly ask itself if its goals are being achieved and at what cost. Israel should be asked to provide a timeline for its policy. Does it plan to maintain the closure indefinitely until its goals are met?**

- \* **Exercise legal and public pressure on the international community to comply with international law** by pointing out that collective punishment is illegal and that this also applies to third-party countries that need to stop collective punishment carried by others.
- \* **Issue a demarche, a formal diplomatic representation of the official position to Israel, about the prevention of entry of commodities** (e.g., the U.S. demarche against the prevention of the entry of pasta into the Gaza Strip) to continue but **to shift from a piecemeal approach** (e.g., a focus solely on pasta) **to a concerted effort** of the local and international civil society and international community.
- \* **Have the public campaigning through the media** to put more pressure on Israel and more accurately reflect the situation on the ground and the aspirations of Gaza's population.
- \* **Cooperate with political groups in Washington** to convince the U.S. government to act towards lifting the siege on Gaza.

*What strategies and tactics can be pursued to manage the Gaza crisis without exacerbating the West Bank-Gaza split and threatening the viability of the two-state solution?*

- \* **Enable free access between the West Bank and Gaza. Present Gaza-West Bank access restrictions contribute to de-linking the two territories and to making future united statehood less likely.** In particular, focus on Gazan students who want to study in the West Bank, family members wishing to visit each other and other groups whose movement does not pose a concrete security concern for Israel.
- \* **Since Israel still controls the civil registry, the PA should be enabled to monitor, examine, and accept the residency of some Gazans who wish to reside in the West Bank for family or business needs.**
- \* **Conduct massive reconstruction efforts in Gaza, learning lessons from past failures. Donors should secure Israeli guarantees for continued development aid not to be destroyed again.** At least in principle, one possible mechanism to do so would be to ensure Israeli financial contribution towards the effort. In addition, the international community should regularly issue a public register of damages, delays and destruction of its aid projects resulting from Israeli governmental activity and ask for compensation for such projects. Another important aspect would be to **conduct development efforts in Gaza in coordination and cooperation with the Ramallah-based PA.**

*What overall diplomatic plan can be pursued to overcome the current crisis and strengthen the viability of the two-state solution?*

- \* **Design and implement a phased international plan — a full package that includes reconciliation, the release of prisoners, reconstruction and elections.** The Egyptians support the full package which includes a truce, a move towards elections and the restoration of PA rule in Gaza.
- \* **Consider Arab League intervention for the holding of elections that will resolve the crisis if reconciliation efforts fail repeatedly and show no promise. Alternatively, the Arab League and other international actors can promote a vision of the State of Palestine as a West Bank-Gaza federation allowing both Fatah and Hamas to retain control over their territories but unite their efforts towards ending the occupation and achieving statehood.**
- \* **Include Hamas in the peace process — possibly by way of communication via a third party or after its becoming part of the PA and accepting the Quartet conditions.** Furthermore, any process of dialogue with Hamas without the involvement of the Palestinian national moderate leadership will not work.
- \* **Activate the influence of the U.S., Russia and EU countries, as well as specific countries involved in Palestinian internal affairs, such as Iran, Syria, Qatar, and Saudi Arabia to bring them to play a positive role towards the achievement of Palestinian national reconciliation.**

## **ANNEX I – EXPERTS’ NAMES AND BIOGRAPHIES**

### **Israelis**

**Dr. Gershon Baskin**, IPCRI - Gershon Baskin is the Israeli co-director and founder of the Israel/Palestine Center for Research and Information (IPCRI) - a joint Israeli-Palestinian public policy think he founded in 1988 following ten years of work in the field of Jewish-Arab relations within Israel, in Interns for Peace, the Ministry of Education and as executive director of the Institute for Education for Jewish-Arab Coexistence (established by the Israeli Ministry of Education and the Prime Minister’s Office). Dr. Baskin has published several books and articles in the Hebrew, English and Arabic press on the Israeli-Palestinian conflict. He has been a mediator in the negotiations over the release of Gilad Shalit.

**Tania Hary**, Gisha - Tania is director of international relations at Gisha. Gisha is an Israeli not-for-profit organization, founded in 2005, whose goal is to protect the freedom of movement of Palestinians, especially Gaza residents. Gisha promotes rights guaranteed by international and Israeli law. Tania has worked on fundraising and advocacy initiatives for not-for-profit organizations promoting human rights in Iran (Mission for the Establishment of Human Rights in Iran), children’s rights in Argentina (Fundación SES and Fundación ph15), and the rights of refugees (International Rescue Committee). She has also collaborated with the International Center for Transitional Justice in New York.

**Amira Hass**, Haaretz - Journalist well-known for her coverage of the occupation in the Palestinian territories, she lived in Gaza for a number of years, and currently lives in Ramallah. Author of *Drinking the Sea at Gaza: Days and Nights in a Land under Siege* (Owl Books, 2000) and (with Rachel Leah Jones) of *Reporting from Ramallah: An Israeli Journalist in an Occupied Land* (Semiotext(e), 2003).

**MK Shai Hermesh**, Kadima - Former chairperson of Sha’ar Hanegev Regional Council (for 15 years), he is among the founders of Sapir Academic College and its former chairman, former treasurer of the Jewish Agency and former chairman of the Israeli chapter of the World Jewish Congress.

**Prof. Moshe Maoz**, Hebrew University - Emeritus professor of Islamic and Middle Eastern studies at the Hebrew University of Jerusalem where he has specialized on Syria, Palestine, and Arab-Israel relations. He has also held scholarly positions at the Middle East Institute, Harvard University, the Brookings Institute and the Wilson Center. Maoz twice served as director of the Harry S. Truman Institute for the Advancement of Peace, the Hebrew University. He served as an adviser to Israeli prime min-

isters Yitzhak Rabin and Shimon Peres, to Defense Minister Ezer Weizman and to the Committee on Foreign Affairs and Defense. He is the author of several books, including *Syria and Israel: From War to Peacemaking* (1995), *The Israeli-Palestinian Peace Process: Oslo and the Lessons of Failure* (2002) and has recently edited *The Meeting of Civilizations: Christian, Jewish, and Muslim* (2009).

**Col. (ret.) Yohanan Tzoreff**, Bar Ilan University - Former IDF Arab Affairs adviser in the Gaza Strip, he is a Palestinian affairs expert. He is the Israeli co-director of Ma'agalei Da'at, a program bringing together Israeli and Palestinian religious leaders, and senior research fellow at the International Policy Institute for Counter-Terrorism in Herzliya.

### **Palestinians**

**Ali Abu Shahla**, Gaza businessman - Chairman, AA Consulting Engineers – Palestine, he is vice chairman, Al-Aqsa University board of trustees - Gaza (14,000 students) and vice chairman, The Center for Democracy & Community Development, Jerusalem/Gaza.

**Dr. Sufyan Abu Zaydah**, Al-Quds University - Professor at Al-Quds University. He is a member of Fatah's Revolutionary Council, a member of the Society for Prisoners and Former Prisoners, a former PA minister for prisoners' affairs, a former undersecretary of the ministry of civil affairs and a former member of the Palestinian negotiation team.

**Samaan Khouri**, Peace and Democracy Forum - Director of the Peace and Democracy Forum. He is former editor of the Palestinian newspaper *al-Fajr*, a participant in the Geneva Initiative, a member of the Jerusalem Policy Forum Steering Committee and Palestinian co-chair, Palestinian-Israeli Peace NGO Forum.

**Walid Salem**, The Center for Democracy & Community Development - Director of the Center for Democracy and Community Development, a writer, consultant, evaluator and trainer. He is the author of five books on the Israeli-Palestinian conflict. He has published tens of articles and research papers in various Palestinian and international outlets. Mr. Salem is also the coordinator of the Middle East Citizen Assembly (MECA) and, since 2004, the coordinator of the Bringing Peace Together project.

**Omar Shaban**, Pal-Think for Strategic Studies - Economist, founder and president of Pal-Think for Strategic Studies. Pal-Think for Strategic Studies is a Gaza-based independent non-profit, non-political, non-governmental and non-sectarian think and do tank that aims to stimulate and inspire rational public discussions and consensus for the well-being of the Palestinians and the region. He is former project development officer and initiator and manager of the Small Business Training Program at United Nations Relief and Works Agency (UNRWA).

### **Internationals**

**Jerome Bellion**, Political Counselor, European Union Delegation

**Robert Dann**, Senior Political Advisor, United Nations Special Coordinator Office for the Middle East Peace Process (UNSCO)

**Ali Riza Guney**, Deputy Chief, Turkish Mission

**Sara Hamood**, Senior Policy Advisor, Oxfam

**Walter Miller**, Economic Section, U.S. Consulate

**Francois Penguilly**, Deputy Consul, French Consulate

**Mostafa Nada**, Political Officer, Representative Office of Egypt

**Gamal Roshdy**, Third Secretary, Egyptian Embassy

**Yuri Rodakov**, Political Counselor, Russian Embassy

### **Moderators**

**Ziad AbuZayyad** – An attorney-at-law is co-editor of the **Palestine-Israel Journal**. He is a former Palestinian Authority minister and a former member of the Palestinian Legislative Council.

**Hillel Schenker** - Co-editor of the **Palestine-Israel Journal**. A journalist who writes for the local and international press, he was a co-founder of Peace Now. He is vice chair of Democrats Abroad - Israel.

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**ANNEX II – FURTHER READING AND WEBSITES**

Following the facts on the ground

Information about Palestinian National Reconciliation and on Gaza's Economic and Political Aspects

<http://www.palthink.org/en>

Information on limitations of the freedom of movement in Gaza

<http://www.gisha.org/>

Rebuilding Gaza: Putting people before politics, OXFAM International Policy Paper

<http://www.oxfam.org/en/policy/bn-rebuilding-gaza>

Comprehensive political review of the post Gaza War reality

Gaza's Unfinished Business, Middle East Report N°85, 23 April 2009

<http://www.crisisgroup.org/home/index.cfm?id=6071&l=1>