



House of Commons
Foreign Affairs Committee

Global Security: The Middle East

Eighth Report of Session 2006–07



House of Commons
Foreign Affairs Committee

Global Security: The Middle East

Eighth Report of Session 2006–07

*Report, together with formal minutes, oral and
written evidence*

*Ordered by The House of Commons
to be printed 25 July 2007*

HC 363

Published on 13 August 2007
by authority of the House of Commons
London: The Stationery Office Limited
£0.00

Foreign Affairs Committee

The Foreign Affairs Committee is appointed by the House of Commons to examine the administration, expenditure and policy of the Foreign and Commonwealth Office and its associated agencies.

Current membership

Mike Gapes (*Labour, Ilford South*), Chairman
Mr Fabian Hamilton (*Labour, Leeds North East*)
Rt Hon Mr David Heathcoat-Amory (*Conservative, Wells*)
Mr John Horam (*Conservative, Orpington*)
Mr Eric Illsley (*Labour, Barnsley Central*)
Mr Paul Keetch (*Liberal Democrat, Hereford*)
Andrew Mackinlay (*Labour, Thurrock*)
Mr Malcolm Moss (*Conservative, North East Cambridgeshire*)
Sandra Osborne (*Labour, Ayr, Carrick and Cumnock*)
Mr Greg Pope (*Labour, Hyndburn*)
Mr Ken Purchase (*Labour, Wolverhampton North East*)
Rt Hon Sir John Stanley (*Conservative, Tonbridge and Malling*)
Ms Gisela Stuart (*Labour, Birmingham Edgbaston*)
Richard Younger-Ross (*Liberal Democrat, Teignbridge*)

Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at http://www.parliament.uk/parliamentary_committees/foreign_affairs_committee.cfm.

Committee staff

The current staff of the Committee are Steve Priestley (Clerk), Gosia McBride (Second Clerk), Imran Shafi (Committee Specialist), Dr Brigid Fowler (Committee Specialist), Elisabeth Partridge (Committee Assistant), Catherine Jackson (Secretary) and Alex Paterson (Media Officer).

Contacts

All correspondence should be addressed to the Clerk of the Foreign Affairs Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 6394; the Committee's email address is foraffcom@parliament.uk

Contents

Report	<i>Page</i>
Conclusions and recommendations	3
1 Introduction	10
2 Israel and the Occupied Palestinian Territories	13
Introduction	13
Israeli Politics	13
The Occupied Palestinian Territories	15
The Committee's June 2006 Report	15
Developments Leading to the Mecca Agreement	16
The Response to Mecca	21
The Collapse of National Unity	25
Looking Ahead	28
The Middle East Peace Process	33
The Roadmap for Peace	33
Israeli–Palestinian Relationship	35
Arab Initiative for Peace	36
Economic Aspects of Peace	37
3 Lebanon	40
Introduction	40
Political Change and Crisis	40
The Cedar Revolution	40
The Hariri Investigation	40
The 2006 War	44
An 'Immediate Ceasefire'	45
The Question of Proportionality	47
After the War	49
Engaging with Hezbollah	52
4 Syria	54
Introduction	54
Syria's Internal Situation	54
Syria's Relations in the Region	55
Lebanon	55
The Middle East Peace Process	56
Iraq	57
Iran	58
The Role of the UK and the International Community	58

5	Egypt	62
	Introduction	62
	Recent Developments	62
	Human Rights and Democratisation	62
	Role in the Middle East Peace Process	64
6	Iraq	66
	Introduction	66
	Recent Developments	66
	The Security Situation	66
	The Political Situation	68
	Iraq and the Region	68
	Engaging Regional States	70
	Iraqi Refugees	72
7	Iran	74
	Introduction	74
	Iran's Impact on Regional Dynamics	74
	Lebanon	74
	Iraq	75
	The Occupied Palestinian Territories	77
	Key Arab States	78
	The Role of the UK & the International Community	79
8	British Diplomacy and the Region	81
	The 'Arc of Extremism'	81
	The Middle East and the Government's International Priorities	82
	Engaging with the Islamic World	85
	Developing a Middle East Strategy	87
	Formal minutes	89
	List of witnesses	92
	List of written evidence	93

Conclusions and recommendations

1. We conclude that the FCO's failure to provide us with a timely response to basic administrative questions has hampered our ability to scrutinise the Government's approach towards the Middle East. We further conclude that the FCO needs to reconsider its approach towards confidentiality of documents. We recommend that when parts of a document can be released without classification, a crude blanket approach should not be applied to that document. (Paragraph 9)

Israel and the Occupied Palestinian Territories

2. We conclude that the Temporary International Mechanism has played a limited, but important, role in mitigating the economic and humanitarian crises in the Occupied Palestinian Territories. This crisis has been severe and its impact on the political and security situation, in particular in the Gaza Strip, should not be under-estimated. (Paragraph 23)
3. We conclude that the decision not to speak to Hamas in 2007 following the Mecca agreement has been counterproductive. We further conclude that a national unity Government could and should have been established much earlier than the spring of 2007. We recommend that, in its response to this Report, the Government set out when it began to actively support the establishment of a national unity Government in the Occupied Palestinian Territories. (Paragraph 36)
4. We conclude that the unwillingness of the EU to modify the financial boycott of the Palestinian Authority following the Mecca agreement was very damaging. The international community failed to prepare and implement rapid economic solutions to reward those elements within the national unity Government that respected the three Quartet principles. We recommend that, in its response to this Report, the Government provide an assessment of whether it believes in hindsight that the EU and the rest of the international community acted with sufficient urgency to create conditions in which direct aid could be restored as soon as possible. We also recommend that the Government in its response to this Report should clarify the extent to which difficulties in restoring aid to the national unity Government in 2007 were due to the impact on the institutions of the Palestinian Authority of the suspension of aid in 2006. (Paragraph 41)
5. We conclude that the actions of both Hamas and Fatah militia forces in the Gaza Strip were deplorable and should be condemned by all. However, the escalation of violence in June 2007 should not have come as a surprise to the UK Government or any of its international partners. We conclude that the decision to boycott Hamas despite the Mecca agreement and the continued suspension of aid to the national unity Government meant that this Government was highly likely to collapse. We further conclude that whilst the international community was not the root cause of the intra-Palestinian violence, it failed to take the necessary steps to reduce the risk of such violence occurring. (Paragraph 50)

6. We conclude that the Government was right to make contact with Hamas in its efforts to secure the release of Alan Johnston. We welcome the role of Hamas in his release. (Paragraph 59)
7. Given the failure of the boycott to deliver results, we recommend that the Government should urgently consider ways of engaging politically with moderate elements within Hamas as a way of encouraging it to meet the three Quartet principles. We conclude that any attempts to pursue a 'West Bank first' policy would risk further jeopardising the peace process. We recommend that the Government urge President Abbas to come to a negotiated settlement with Hamas with a view to re-establishing a national unity Government across the Occupied Palestinian Territories. (Paragraph 60)
8. We conclude that the Temporary International Mechanism needs to be replaced by a more permanent solution that can meet the profound humanitarian crisis in the Gaza Strip. We recommend that the Government continue to press Israel to ensure full humanitarian access to Gaza. We further recommend that, in its response to this Report, the Government set out its interpretation of Israel's obligations under international humanitarian law and the responsibilities of the international community to ensure humanitarian provision for Gaza. (Paragraph 64)
9. We welcome the appointment of the former Prime Minister as the Quartet Representative. We recommend that he engage with Hamas in order to facilitate reconciliation amongst Palestinians. We further recommend that his mandate be broadened to include explicitly working with Israel, the Palestinians and regional states to advance peace negotiations. (Paragraph 67)
10. We conclude that the Roadmap for Peace has largely become an irrelevance in the dynamic of the Arab–Israeli conflict. The unwillingness of the Quartet to challenge robustly the failure by both sides to meet their obligations has undermined its usefulness as a vehicle for peace. However, we recommend that whilst the process of the Roadmap has failed, its objectives—an independent, democratic and viable Palestinian state peacefully co-existing with a secure Israel and an end to the occupation that began in 1967—must remain the basis for a solution to this conflict. (Paragraph 73)
11. We conclude that the Arab Initiative for Peace is a positive proposal that deserves serious consideration by all parties. We recommend that the Government continue to support the Initiative, and that it facilitate where possible discussion between the parties on contentious issues such as the right of return for Palestinian refugees. (Paragraph 79)
12. We conclude that the Government's focus on developing an economic roadmap for peace in the Middle East is to be strongly welcomed. However, we further conclude that the expansion of Israeli roadblocks and the growth of illegal settlements in the West Bank are among the factors that have had a very damaging impact on the economic situation in the Occupied Palestinian Territories. We recommend that, in its response to this Report, the Government provide the Committee with an update on what progress has been made on implementation of the Agreement on

Movement and Access. We recommend that the Government also provide its objective assessment of whether the removal of checkpoints and roadblocks would present a credible threat to the security of the State of Israel. (Paragraph 83)

Lebanon

13. We conclude that those who assassinated Lebanon's former Prime Minister Rafik Hariri must be brought to justice. The Government and its international allies have taken appropriate and measured steps at the UN Security Council to ensure that the tribunal is established. We further conclude that the tribunal process has brought to the surface important questions regarding the under-representation of the Shi'a population in Lebanon's political system. We recommend that the Government work with its international allies to help the Lebanese parties find consensus on a more representative and democratic political system. (Paragraph 94)
14. We conclude that the Government's decision not to call for a mutual and immediate cessation of hostilities early on in the Lebanon war has done significant damage to the UK's reputation in much of the world. As the Minister admitted to us, the option of a dual track diplomatic strategy could have succeeded. We believe that such an approach could have led to reduced casualties amongst both Israeli and Lebanese civilians whilst still working towards a long-term solution to the crisis. We recommend that, in its response to this Report, the Government clarify on what date the first draft resolution calling for an immediate ceasefire or cessation of hostilities was presented to members of the Security Council, and what the Government's response to this draft was. (Paragraph 102)
15. We conclude that the failure rate of 'dumb' cluster bombs could be as high as 30%, much higher than the Government's estimate of 6%. We further conclude that the failure rate of 'smart' cluster bombs could be as high as 10%, again significantly higher than the Government's estimate of 2.3%. We recommend that, in its response to this Report, the Government state whether it is prepared to accept that the failure rate of 'smart' cluster munitions could be as high as 10%, and if so, how it justifies continuing to permit UK armed forces to hold such munitions. (Paragraph 106)
16. We accept that Israel has an inalienable right to defend itself from terrorist threats. However, we conclude that elements of Israel's military action in Lebanon were indiscriminate and disproportionate. In particular, the numerous attacks on UN observers and the dropping of over three and a half million cluster bombs (90% of the total) in the 72 hours after the Security Council passed Resolution 1701 were not acceptable. We recommend that, in its response to this Report, the Government explicitly state whether it believes that, in the light of information now available, Israel's use of cluster bombs was proportionate. (Paragraph 108)
17. We conclude that both arms smuggling to Hezbollah and Israeli overflights into sovereign Lebanese territory threaten to undermine and embarrass the Government of Lebanon, as well as the UNIFIL forces operating in the south. We are concerned that the Government's calls on Israel to halt overflights are having little impact on its behaviour. We recommend that, in its response to this Report, the Government set out what progress has been made on addressing both of these issues. This should

include the most up-to-date figures on overflights as well as any new evidence of arms smuggling from Syria and Iran to Hezbollah. (Paragraph 112)

18. We conclude that the international effort to decontaminate south Lebanon from unexploded cluster bombs is of the utmost importance. We further conclude that the Government has made a good contribution to this work. We strongly welcome the brave work of the Manchester-based Mines Advisory Group as part of this effort. We recommend that the Government continue to support those working on cluster bomb clearance in south Lebanon and that it accelerate its financial contribution to enable the UN deadline for cluster bomb clearance of south Lebanon by December 2007 to be met. We are deeply concerned that the UN feels it does not have sufficient data from Israel on this issue. It is inexcusable that Israel is not providing full co-operation almost a year on from the conflict. We recommend that the Government apply strong pressure on Israel to provide the necessary information to the UN as soon as possible. (Paragraph 115)
19. We conclude that Hezbollah is undeniably an important element in Lebanon's politics, although its influence, along with Iran's and Syria's, continues to be a malign one. We further conclude that, as the movement will realistically only be disarmed through a political process, the Government should encourage Hezbollah to play a part in Lebanon's mainstream politics. We recommend that the Government should engage directly with moderate Hezbollah Parliamentarians. The Government should continue to refuse to engage with the military wing of Hezbollah. (Paragraph 120)

Syria

20. We conclude that Syria plays a significant role in most of the key areas in the Middle East and that this role may slowly be changing for the better. The support of Syria will be of great assistance to efforts to promote stability in the Middle East, in Lebanon and in Iraq in particular. This cannot be ignored when the Government and the international community engage in diplomacy with the Syrian authorities. (Paragraph 139)
21. We conclude that the Government's decision to send Sir Nigel Sheinwald to Damascus in October 2006 was the correct one. In our view, the EU ban on ministerial contact with Syria is not helpful in the context of engaging constructively with the Syrian Government. We recommend that the Government resume such contacts without delay. We further recommend that the Government continue to support the work of Javier Solana as part of the EU's engagement with Syria. (Paragraph 144)
22. There is no excuse for Syria not to co-operate fully with the international tribunal over the death of Rafik Hariri and in no circumstances should this be negotiated away. However, we conclude that more can be done to reassure Syria that efforts to build a workable democratic state in Lebanon are not aimed at destabilising the regime in Damascus. (Paragraph 148)
23. We conclude that the European Union Association Agreement with Syria presents a powerful incentive for President Assad to remedy his country's political behaviour,

particularly given Syria's current efforts towards economic reform. We recommend that in its response to this Report, the Government set out the list of conditions that Syria would have to fulfil if the European Union is to ratify the Agreement. (Paragraph 149)

24. We conclude that a peace settlement between Israel and Syria would help to transform the political dynamics of the region. We recommend that the Government place much greater emphasis than at present on finding a settlement that will end Syrian support for Palestinian Islamist groups and the Israeli occupation of the Golan Heights. (Paragraph 150)

Egypt

25. We conclude that there are serious concerns about the progress of democratic reform in Egypt. We recommend that the Government should use its close relationship with Cairo to maintain pressure on the Egyptian Government to widen participation in its political system. We further conclude that the Muslim Brotherhood is a powerful and important force in Egypt. As long as the Muslim Brotherhood expresses a commitment to the democratic process and non-violence, we recommend that the British Government should engage with it and seek to influence its members. (Paragraph 161)
26. We conclude that Egypt has an important role to play in the Middle East Peace Process. We recommend that the Government set out its policy on the Rafah crossing, and that it continue to work with Egypt and other parties to seek the re-opening of the crossing as soon as possible. (Paragraph 165)

Iraq

27. We conclude that it is too early to provide a definitive assessment of the US 'surge' but that it does not look likely to succeed. We believe that the success of this strategy will ultimately ride on whether Iraq's politicians are able to reach agreement on a number of key issues. We recommend that, in its response to this Report, the Government set out what actions it is taking to facilitate political reconciliation in Iraq. (Paragraph 174)
28. We recommend that, in its response to this Report, the FCO set out its key policy objectives in Iraq and how these objectives will be measured. This should include a section on how the Government is working to ensure the Iraqi Government meets its human rights obligations and makes a fair allocation of oil and gas revenue. (Paragraph 175)
29. We conclude that any intervention into Iraq by neighbouring countries would have an immensely damaging impact on regional security. We recommend that the Government urge Turkey in the strongest possible terms to refrain from carrying out or threatening to carry out such actions. We further recommend that, in its response to this Report, the Government set out what evidence it now has that points towards the complicity of the Iranian Government in supporting terrorism in Iraq. (Paragraph 180)

30. We conclude that it is welcome that regional states and key international players are now engaged in formal discussions on the situation in Iraq. We note that it has long been the policy of the Government to engage with Iran, and we are encouraged by signs that the US Administration is now accepting the wisdom of this approach. We recommend that, in its response to this Report, the Government set out the key agreements of the International Compact for Iraq and what progress has been made towards them. (Paragraph 184)
31. We conclude that the Iraq refugee crisis requires urgent attention. We are concerned that the Government does not appear to have provided any financial support to the UNHCR to assist the plight of refugees between 2004 and 2006. We recommend that, in its response to this Report, the Government set out how much of the money provided to the ICRC in these years was earmarked for refugees outside of Iraq's borders. We further recommend that the Government provide financial assistance to Syria and Jordan to help them cope with Iraqi refugees, but that this assistance should be conditional on these countries keeping their borders open to Iraqi asylum seekers. We welcome the Government's proposal to resettle a small number of very vulnerable Iraqis and recommend that it accelerate its discussions with the UNHCR on this issue. (Paragraph 189)

Iran

32. We conclude that Iran is rapidly increasing its influence and power across the Middle East. It has demonstrated that it is able to generate or exploit crises in a range of countries, thus furthering its own interests. We conclude that it is vital that the UK and the international community engage constructively and coherently with Iran on these difficult issues. We will consider the challenge of engagement, in particular on Iran's nuclear programme, in greater depth in our report on Global Security: Iran. (Paragraph 209)

British Diplomacy and the Region

33. We conclude that the use by Ministers of phrases such as 'war on terror' and 'arc of extremism' is unhelpful and that such oversimplifications may lead to dangerous policy implications. We agree with the Minister for the Middle East that these phrases cause unnecessary resentment. We recommend that the Government should not use this or similar language in future. (Paragraph 216)
34. We conclude that, when measuring its performance on conflict prevention and combating global terrorism, the Government should pay closer attention to the impact of its foreign policy in the Middle East than it has done under the 2004 Public Service Agreement targets. We recommend that the indicators for the 2007 Public Service Agreement target on Conflict Prevention reflect the impact of conflicts in the Middle East, including Iraq, the Occupied Palestinian Territories and Lebanon, on broader global security. (Paragraph 222)
35. We conclude that the FCO should continue to have a Departmental objective on relations with the Islamic World. This should, however, give sufficient weight to the impact of British policy in Iraq, Lebanon and the Occupied Palestinian Territories.

We are concerned that the damage done to the Government's reputation in the Arab and Islamic world may affect its ability to influence the political situation in the Middle East. We recommend that, in its response to this Report, the Government set out what action it is taking to improve its influence and reputation in the Arab and Islamic world. (Paragraph 230)

36. We recommend that the Government publish a public strategy paper on its relationship with the Middle East. This paper should set measurable targets for progress, and consider the political situation in different countries as well as addressing important cross-cutting themes such as democratisation, good governance and the rule of law. We believe that such an approach will help ensure the Government continues with a holistic approach to the region, improve the public's confidence in the Government's approach to the Middle East, and increase the opportunity for effective scrutiny of its engagement in this area of multiple crises. (Paragraph 233)

1 Introduction

1. *Global Security: the Middle East* is the first Report in a new series on global security matters. The ‘Global Security’ series follows on from the seven Reports produced by this Committee and our predecessor Committee on foreign policy aspects of the ‘war against terrorism’. In our last Report in that series, we noted that the phrase ‘war against terrorism’ did not adequately reflect the multi-faceted nature of the security challenge facing the United Kingdom.¹ We therefore took the decision to introduce the ‘Global Security’ inquiry, giving us an opportunity to scrutinise the work and effectiveness of the Foreign and Commonwealth Office in one region at a time.

2. The Middle East is, and will continue to be, of critical importance to British foreign policy. It presents the Foreign and Commonwealth Office with some of its most complex and controversial challenges. In this Report, we focus on the Government’s policy towards Israel, its Arab neighbours, Iraq and the increasing influence of Iran in the region. We have taken care to consider the important role that other regional actors play across the Middle East. Given the inter-linkages between many of these issues, we have also sought to step back and consider the Government’s broad approach to the Middle East as a region.

3. We held discussions with a range of key interlocutors in a number of Middle Eastern states in March 2007. The Committee travelled in two groups, giving us the opportunity to cover a larger range of countries in a limited time. The first group visited Egypt, Israel and the Occupied Palestinian Territories. It also received a briefing from the British Embassy in Amman whilst passing through Jordan. The second group focused on Syria and Lebanon.

4. The evidence taken for this Report was received before the change of Prime Minister and Foreign Secretary in June 2007. We heard oral evidence from Dr Kim Howells MP, the Minister for the Middle East, and his officials Dr Peter Gooderham (FCO Director, Middle East and North Africa) and Simon McDonald (then the FCO Director, Iraq). We also took evidence from a range of independent experts. In producing this Report, we also drew on evidence that we took from the then Foreign Secretary Rt Hon Margaret Beckett MP and the Defence Secretary Rt Hon Des Browne MP in a joint session with the Defence Committee on Iraq. We also received a range of written submissions. We would like to express our thanks to all those who took the time to submit evidence to the Committee.

5. We were pleased to receive in April written evidence on the Middle East from the Church of England Mission and Public Affairs Council, supplemented by a personal and private letter to the Chairman from His Grace the Archbishop of Canterbury. Substantial extracts from both the evidence and the private letter found their way into a national newspaper early the following month. We have been unable to discover the source of this leak, which we strongly deprecate. The Committee has since revised its policy on publication of evidence and henceforth we intend to publish on our website all evidence, other than that marked private or confidential, shortly after receipt.

¹ Foreign Affairs Committee, Fourth Report of Session 2005-06, *Foreign Policy Aspects of the War against Terrorism*, HC 573, para 3

6. On 1 May 2007, we wrote to Dr Howells with some questions on FCO administration and expenditure regarding the Middle East. We asked for the number of FCO staff based in various Middle Eastern countries and London in recent years. We also inquired into the FCO's expenditure in a number of Middle Eastern states and the levels of fluency in Arabic held by FCO staff. We set a deadline of 21 May for a response.² Dr Howells replied on 23 May stating that because this information was not “readily available”, he would respond to these questions “shortly”.³ However, despite repeated reminders to the FCO, we did not receive their reply to our questions until the very day we completed the draft of this Report in the middle of July.

7. Dr Howells' letter to the Committee received a ‘confidential’ classification. The Committee has previously been concerned about the FCO's attitude towards the publication of administrative information. In our Report on the FCO's Annual Report 2005–06, we concluded that its “over-cautious” marking of documents was “a relic of a bygone age”.⁴ It is not right that the FCO continues to maintain this approach. We object strongly to the argument that the entirety of the letter sent to us by Dr Howells required a ‘confidential’ classification. We found it hard to see why data on the levels of fluency in Arabic amongst staff or on how many officials were working on Middle Eastern issues in London could not be made public.

8. Immediately following receipt of Dr Howells' letter, our Chairman submitted a number of Parliamentary Questions to the Foreign Secretary. These questions were similar to those set out in our original letter. In its replies, the only information that the FCO withheld for security reasons was the break-down of staff by grade in various embassies. The rest of the information was made available publicly.⁵ It thus appears that the sensitivity of one category of data caused the FCO to classify a whole range of information in its original letter. This has served to confirm our view that the FCO too often classifies material unnecessarily and in ways which, even if they are not calculated to avoid public scrutiny, certainly have that effect.

9. We conclude that the FCO's failure to provide us with a timely response to basic administrative questions has hampered our ability to scrutinise the Government's approach towards the Middle East. We further conclude that the FCO needs to reconsider its approach towards confidentiality of documents. We recommend that when parts of a document can be released without classification, a crude blanket approach should not be applied to that document.

² Ev 124

³ Ev 127

⁴ Foreign Affairs Committee, Eighth Report of Session 2005-06, *Foreign and Commonwealth Office Annual Report 2005–06*, HC 1371, para 17

⁵ HC Deb, 19 July 2007, 517-521W



Map No. 4102 Rev. 3 UNITED NATIONS
August 2004

Department of Peacekeeping Operations
Cartographic Section

Source: United Nations

2 Israel and the Occupied Palestinian Territories

Introduction

10. The Foreign Affairs Committee has maintained a long-standing interest in the situation in Israel and the Occupied Palestinian Territories, and the role of the UK and the international community in the peace process. At the time of our final Report on *Foreign Policy Aspects of the War against Terrorism*, the Islamist party Hamas had recently triumphed in the Palestinian Authority legislative elections. Israel and the international community responded with a financial boycott of the Palestinian Authority. The Palestinian President Mahmoud Abbas had been weakened by the electoral failure of his Fatah party in the legislative elections, and divisions between Palestinians meant that a peace deal with Israel looked unlikely. Meanwhile, Israel was still recovering from the departure from politics of former Prime Minister Ariel Sharon owing to illness. Ehud Olmert, the newly elected Prime Minister, headed up a cabinet made up of his colleagues from Kadima, as well as members from other political parties including Labour.⁶

11. In June 2007, Hamas took control of the whole of the Gaza Strip by the use of force. The Palestinian President Mahmoud Abbas dissolved the Hamas Government and established a new technocratic administration, led by former Finance Minister, Salam Fayyad. This was rejected by Hamas, who as we prepare this Report continue to wield de facto control in Gaza. These dramatic events followed months of insecurity and uncertainty in both the Occupied Palestinian Territories and Israel. Whilst the situation looking ahead remains unpredictable, we believe it is important to provide an early assessment of these events. This chapter first looks at the political crisis in Israel before addressing the growing crisis in the Occupied Palestinian Territories and the consequences for the prospects of peace in this part of the world.

Israeli Politics

12. In February, Dr Peter Gooderham, the FCO's Director for the Middle East and North Africa, gave us his assessment of Prime Minister Ehud Olmert's administration:

The Israeli Government are not in a strong position domestically, largely because of the fall-out from the Lebanon war last summer, which continues to reverberate in Israeli politics.⁷

Simon McDonald, now the Prime Minister's foreign policy adviser, and a former Ambassador to Israel, told us that "the polls are poor for Mr Olmert's Government; he has a 65% negative rating, and his Defence Minister has a 1% approval rating."⁸ Israel's Government is a coalition including Mr Olmert's Kadima party and the Labour party.

⁶ Foreign Affairs Committee, Fourth Report of Session 2005-06, *Foreign Policy Aspects of the War against Terrorism*, HC 573, paras 183-222

⁷ Q 22

⁸ Q 24

Labour held primaries in the summer of 2007, and its leader, Amir Peretz (then the Defence Minister) was defeated. Ehud Barak, the former Prime Minister of Israel, was elected leader of the party and was appointed as the new Defence Minister.⁹

13. Nomi Bar-Yaacov, an independent foreign policy adviser, expanded on the troubles of the current Government in Israel. She argued:

Kadima's political platform has gone. The party won the election on a platform of unilateral disengagement and, because that (policy) failed in Lebanon and in Gaza, it (unilateral disengagement) is unlikely to happen again in the near future. The question is what is it (the party) standing for. I do not think that Kadima is going to be there for that much longer—certainly not as the leading power in Israeli politics.¹⁰

Ms Bar-Yaacov also highlighted the possible return of Benjamin Netanyahu, Israel's former Prime Minister:

He is racing ahead in the polls. He has got so much more support. He has five times more support—four to five times, depending on the polls—than Kadima or any other party at the moment. We all know who he is and what he stands for. He is a quite hardcore, right-wing politician. He stayed with Likud when Sharon split into the centre, into Kadima. He not only has a lot of financial support, but has a lot of public support.¹¹

14. We asked about the views of the Israeli population for a two-state solution. Mr McDonald told us that recent polling suggested up to 74% support for this.¹² Dr Rosemary Hollis, Director of Research at Chatham House, said that she had found five different substantive views amongst the Israeli population. She agreed that around 75% wanted some form of Palestinian state. However, their views as to what type of state it should be differed:

One of those versions involves the Palestinian state being more Jordan than it is Gaza. That is a hunk of the West Bank would be attached to Jordan, and Egypt would have to pick up the impossibility of the Gaza strip and helping it function somehow—that kind of thing.

You can get the Israelis to hypothesise any number of solutions to their conflict with the Palestinians. I think it would need even more than a strong leader to galvanise them and deliver any one of those. [...] If we are to wait for an Israeli leader to solve the problem, we can forget it.¹³

⁹ "New Israel defence minister named", *BBC News Online*, 15 June 2007, news.bbc.co.uk

¹⁰ Q 58

¹¹ Q 59

¹² Q 24

¹³ Q 63



Source: International Crisis Group

The Occupied Palestinian Territories

15. The Occupied Palestinian Territories have been marked by instability and political uncertainty in recent months, culminating in the dramatic events of June 2007. This section considers a number of inter-related issues, including the Quartet's three principles for engaging with Hamas, the EU's Temporary International Mechanism (TIM), the Mecca agreement, the rise and fall of the national unity Government, and broader questions about the role of regional states and the international community in the politics of the Occupied Palestinian Territories.

The Committee's June 2006 Report

16. It is worth beginning by restating the developments noted and conclusions drawn with regard to the Occupied Palestinian Territories in our final Report on *Foreign Policy Aspects of the War against Terrorism*. This Report was published in June 2006. The Report

considered a wide range of issues, including political developments in the Occupied Palestinian Territories, international aid to the Palestinians, and Israel's unilateral withdrawal from the Gaza Strip. The key aspects relating to the Occupied Palestinian Territories are as follows:

- Hamas had won the January 2006 legislative elections for the Palestinian Authority with 74 seats as compared to Fatah's 45, and thus held ministerial positions. However, much executive authority remained with President Mahmoud Abbas, a member of Fatah;
- Hamas is regarded as a terrorist organisation because of its past attacks on Israeli civilians. The British Government had no dealings with it. We concluded that this was an appropriate policy to take;
- One quarter of Palestinian households are directly dependent on a public sector wage-earner. Israel took the decision to cut off customs revenues payable to the Palestinian Authority and many international donors, including the Government, suspended direct aid following Hamas' election victory. At the time our Report was published, the EU had announced that it would be establishing a Temporary International Mechanism, designed to pay Palestinian workers but by by-passing Hamas, from the beginning of July 2006. We concluded that it was right for the Government to refuse to channel its aid through a Palestinian administration led by Hamas, and we endorsed the three Quartet principles of non-violence, recognition of Israel and acceptance of previous agreements and obligations. Hamas would have to meet these principles for direct aid to be resumed. However, we further concluded that "it is important the Palestinian people are not punished for exercising their rights as voters";
- We reiterated the Committee's previous conclusions on the illegality of the route of Israel's security barrier. We noted that in mid-June 2006, Hamas had resumed rocket fire against Israeli targets for the first time in nearly 18 months in response to an alleged Israeli naval strike on 9 June, in which seven Palestinians were killed on a Gaza beach. In May 2006, fighting broke out between Palestinian security force under the authority of President Abbas and militants loyal to Hamas.¹⁴

We now consider how these issues have developed over the previous year.

Developments Leading to the Mecca Agreement

17. On 8 February 2007, President Abbas and Khaled Mashaal (the leader-in-exile of Hamas) signed an agreement in the holy city of Mecca in Saudi Arabia. This agreement established a national unity Government in the Occupied Palestinian Territories.¹⁵ It is sensible for a number of reasons to divide our analysis into pre- and post-Mecca. This section considers political, economic and security developments in the period from June 2006 until the signing of the Mecca agreement.

¹⁴ Foreign Affairs Committee, Fourth Report of Session 2005–06, *Foreign Policy Aspects of the War against Terrorism*, HC 573, paras 183–216

¹⁵ Q 1

Kidnap of Corporal Gilad Shalit and the Israeli Reaction

18. Israel had withdrawn unilaterally from the 141 square miles of the Gaza Strip in August 2005. We noted above that in mid-June 2006, Hamas had resumed rocket fire from the Gaza Strip against Israeli targets following an alleged Israeli strike that killed a number of people on a beach in Gaza. The situation escalated significantly on 25 June 2006, when Palestinian militants kidnapped an Israeli soldier, Corporal Gilad Shalit, in an attack on an Israeli border post. The British Government has since repeatedly called for Corporal Shalit's immediate and unconditional release.¹⁶ In a written answer on 22 March 2007, Lord Triesman said Corporal Shalit had been kidnapped by Hamas itself.¹⁷ The incident leading to his capture left two Israeli soldiers and two militants dead. In response, Israel launched an invasion of the Gaza Strip, seizing eight Hamas ministers, as well as other MPs and officials.¹⁸

19. Our colleagues on the International Development Committee (IDC) commented that Gaza was subject to an "intensified military assault" by Israel over the following five months. They tell how, on 7 November 2006, 19 Palestinian civilians, including 14 women and children, were killed by Israel in the town of Beit Hanoun.¹⁹ At the time, the then Foreign Secretary commented that "it is hard to see what this action was meant to achieve and how it can be justified [...] Israel must respect its obligation to avoid harming civilians." Israeli politicians expressed their regret at the incident.²⁰ The IDC was subsequently told that the incident occurred due to a "technical error". In its Report, it went on to note that a ceasefire agreed between Israel and the Palestinians on 28 November 2006 helped prevent the occurrence of revenge attacks.²¹ In June 2007, Hamas released what it claimed was a tape of Corporal Shalit. It is demanding the release of Palestinian political prisoners as an exchange but Israel has refused to negotiate.²² Israel continues to detain around a third of the 132 elected Members of the Palestinian Legislative Council (most are from Hamas). The new Foreign Secretary, Rt Hon David Miliband MP, has said that "they should either be charged or released."²³

20. In 2006, 661 Palestinians died as a result of Israeli military action. In the same period, 23 Israelis were killed by violence both inside and outside the Occupied Territories.²⁴ The Israeli human rights group B'Tselem stated that at least 332 of the Palestinians had taken no part in hostile acts, and that the figure included 141 children.²⁵

¹⁶ HC Deb, 4 July 2006, col 223WH

¹⁷ HL Deb, 22 March 2007, col 218WA

¹⁸ "Israel seizes Hamas legislators", *BBC News Online*, 29 June 2006, news.bbc.co.uk

¹⁹ International Development Committee, Fourth Report of Session 2006–07, *Development Assistance and the Occupied Palestinian Territories*, HC 114-I (2006–7), paras 11–12

²⁰ "In quotes: Gaza attack reaction", *BBC News Online*, 8 November 2006, news.bbc.co.uk

²¹ International Development Committee, *Development Assistance and the Occupied Palestinian Territories*, paras 11–12

²² "Hamas airs 'first Shalit message'", *BBC News Online*, 25 June 2007, news.bbc.co.uk

²³ HC Deb, 3 July 2007, col 808

²⁴ HC Deb, 5 July 2007, col 340WH

²⁵ "Palestinian deaths rose in 2006", *BBC News Online*, 28 December 2006, news.bbc.co.uk

The Economic Situation and the Temporary International Mechanism

21. As noted above, the international community halted all aid to the Palestinian Authority once Hamas took office in March 2006. Israel also withheld tax revenues. Ed Balls, then Economic Secretary to the Treasury, gave a speech to Chatham House on 19 June 2007 setting out the economic situation in the Occupied Palestinian Territories. Some of his key points were as follows:

- There has been a 40% fall in per capita GDP amongst Palestinians since the start of the second intifada in 2000. This is twice as severe as both of the two worst years of the US Great Depression in the 1930s.
- The Palestinian Authority's finances were already in a "precarious" position before the advent of the Hamas government. The arrival of Hamas and the suspension of international aid has left the Palestinian economy "extremely weak", and "growing poverty and unemployment have fuelled the spiral of instability". Particularly damaging to the PA's revenue stream was Israel's decision to freeze tax revenue payments. Unemployment is nearly 50% in Gaza.
- With the advent of the Temporary International Mechanism, aggregate EU assistance to the Palestinian people rose by 27% last year to over 650m euros. This was one factor in helping to slow the shrinkage in the Palestinian economy from an anticipated 26% at the start of the year to an estimated 5–10% at the end of the year.²⁶

22. Dr Gooderham told us that he rejected claims that the international community was not doing enough to protect Palestinian people:

Our assistance over the last year has reached record levels and the UK, for its part, is one of the biggest donors among the EU member states. Our contribution bilaterally last year was £30 million. If you add the contribution that we give on a pro rata basis to the European Commission's funds, we gave over £70 million last year.²⁷

However, this has not been enough to halt the decline. Nomi Bar-Yaacov argued that a problem with the TIM was that it "gives money to employees. It is not an economy."²⁸ Dr Hollis criticised the fact that it took six months for the EU to adjust to Hamas' victory.²⁹ In February 2007, Oxfam claimed that two-thirds of Palestinians lived in poverty, a rise of 30% on the previous year. More than half of Palestinians were "food insecure" and the health and education systems were "disintegrating" to the point of "meltdown".³⁰ The International Crisis Group argued that the international "sanctions" and financial fragmentation (a consequence of bypassing the finance ministry) had left the PA's institutions on the verge of collapse.³¹ Dr Gooderham, giving evidence in February,

²⁶ "Towards a Middle East Economic Roadmap", 19 June 2007, www.hm-treasury.gov.uk

²⁷ Q 7

²⁸ Q 68

²⁹ Q 56

³⁰ "Middle East Quartet should end Palestinian Authority aid boycott and press Israel to release confiscated taxes. Increasing levels of poverty - health and education near melt-down - peace further away", 21 February 2007, www.oxfam.org.uk

³¹ International Crisis Group, *After Mecca: Engaging Hamas*, 28 Feb 2007, p 6

