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ASSESSMENT REPORT

Prospects for Palestinian Reconciliation

Policy Analysis Unit - ACRPS | May 2014

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Introduction

On April 23, Fatah and Hamas announced an agreement to end Palestinian political division and form a national unity government led by Palestinian President Mahmoud Abbas within five weeks. The unity government is expected to achieve a number of things: set dates for legislative and presidential elections six months after the formation of the government; handle the pressing issue of political detainees; reactivate parliament; and undertake reconciliation on the basis of the 2011 Cairo Agreement and the 2012 Doha Agreement. While many Arab and foreign states have welcomed the agreement,¹ Netanyahu's government has taken punitive measures against the PA after having warned it that reconciliation with Hamas would come at the cost of "peace" with Israel. The US has termed the move "disappointing" and unhelpful to the efforts underway to kick start the peace process. Obama blamed Palestinian reconciliation for the breakdown in negotiations.

A plethora of explanations and analyses has emerged on the circumstances behind the reconciliation, and questions abound as to what could have pushed the two largest Palestinian political organizations to end the chronic and bitter schism between the West Bank and the Gaza Strip, as well as why they have sought to do it at this point. Will reconciliation finally succeed where all previous attempts have failed? What prompted the PA to defy Israeli and US administrations and proceed with reconciliation? What are the inherent implications?

Hamas Under Siege

The Hamas government in Gaza is currently battling a deep financial crisis, with debilitating effects on Gaza's population. The movement has been under siege and isolated both regionally and internationally, a blockade that only tightened after the July 3, 2014 coup in Egypt and the escalating hostility of a number of Arab states toward the Muslim Brotherhood.

Iranian support has fallen back markedly since the middle of 2012 as a result of Hamas's stance on the Syrian Revolution; following the coup, the Egyptian government

¹ On the Arab level, the Arab League and the GCC and Egypt, Tunisia, and Qatar have welcomed the agreement. Internationally, the UN and France, Turkey, Russia, and China have also welcomed it; the EU has linked reconciliation with the need to proceed with negotiations.

has destroyed 90 percent of the tunnels between the Gaza Strip and Sinai, which formed the Strip's main lifeline. This has led to direct losses of an estimated USD 500 million, and has had an impact on all economic activity since the second half of 2013.² The salaries of some 50,000 civil servants—a monthly bill of USD 37 million—have been paid late; and the unemployment rate topped 30 percent in the last quarter of 2013.³

The PA Trapped in Talks

Israel's refusal to release the fourth batch of Palestinian prisoners, a group of 30, 14 of whom are from within the green line, meant the third of the PA's demands that provided cover for its acceptance of a resumption of talks had been ignored, putting the PA in a difficult political position.⁴ Israel unofficially linked its agreement to free these prisoners to Palestinian acceptance of an extension to the negotiations, which should have ended on April 29, 2014, on the basis of the original agreement. Meanwhile, Israel announced plans for 700 new settlement housing units in occupied East Jerusalem. Israel's positions led negotiations to a dead end. In response, the Palestinians initiated diplomatic steps to activate the membership of the state of Palestine in international organizations, including Palestine's accession to 15 international conventions and treaties. Efforts also began to conclude reconciliation with Hamas.

On the economic front, the Fatah-led PA in the West Bank was facing the same dire circumstances as Hamas in Gaza. Netanyahu's government decided to seize an estimated USD 1.5 billion⁵ in PA annual tax revenues, a sum equivalent to more than one-third of the PA state budget. This was a clear punitive measure in response to the

² "Special Focus - Gaza Strip: Is the closure of the tunnels from Egypt further suffocating the economy?," *The Market Monitor*, United Nations World Food Programme, February 2014, <http://bit.ly/1nGgMuI>.

³ Zvi Barel, "Egypt turns its tentacles on Hamas: Clampdown leaves Gaza government on brink of bankruptcy," *Haaretz*, March 5, 2014, <http://www.haaretz.com/news/middle-east/.premium-1.577980>.

⁴ The PA set three preconditions for the resumption of negotiations: a halt to settlement in the Palestinian territories occupied in 1967; the June 4, 1967 borders as the basis for negotiations; and the release of Palestinian prisoners detained since before the 1993 Oslo Accords. This comprised 104 prisoners in four batches. In return, the PA leadership committed not to turn to UN bodies throughout the period of talks. While Israel rejected the first two conditions, it accepted the third.

⁵ ACRPS Policy Analysis Unit, "Palestinian-Israeli Negotiations: A Story of Inevitable Failure," *Arab Center for Research and Policy Studies*, April 15, 2014, <http://english.dohainstitute.org/release/3caddacc-aacc-4ad9-82e4-5f3dcb07d8ec>.

Palestinian move to join a number of international organizations and agencies. Israel has threatened to take further steps should there be reconciliation. Given the absence of any serious alternatives and the failure of the Arab donors to meet their financial commitments, the PA has been facing collapse, prompting wide speculation of its potential dissolution.

The rejection of negotiations and US impositions by the Palestinian people has certainly forced Hamas and the PA to reconsider their positions on reconciliation. An opinion poll conducted by the ACRPS revealed that 89 percent of Palestinians reject the framework agreement being promoted by US Secretary of State John Kerry, viewing it as serving Israeli interests. Palestinians also expressed their rejection of the preconditions that Israel is trying to impose on them, such as acknowledgement of the Jewish character of the state, the continuation of Israeli control over land, sea, and air ports, the acceptance of compensation in lieu of the right of return, and the settlements' remaining in place. In practice, these preconditions would mean the end of any possibility for the establishment of a sovereign, independent Palestine. Public opinion is in favor of Palestinian reconciliation, and sees presidential and legislative elections and the restructuring of the PLO as key priorities to achieve it.⁶

From another angle, reconciliation boosts the legitimacy of President Mahmoud Abbas and his national role in the confrontation with Mohammed Dahlan, who has recently come back into the spotlight backed by the counterrevolutionary wave and bolstered by his links with Israeli and Arab intelligence agencies.

On the basis of the above, reconciliation must be viewed as a Palestinian demand, both for Fatah and Hamas, to face these challenges in the circumstances.

Potential Prospects for Reconciliation

The reconciliation agreement between Fatah and Hamas concentrates on procedural matters, such as the formation of a government, the holding of elections, and the rebuilding of the PLO. This comes at the expense of more important fundamentals, including the agreement to a joint political program to confront the challenges facing the Palestinian cause. This is an expression of the fact that each movement has a

⁶ "ACRPS Report Shows Widespread Palestinian Disapproval of John Kerry's Peace Proposal," Arab Opinion Index, April 24, 2014 at <http://english.dohainstitute.org/content/267e279f-aa01-4d8e-8885-b10fcec602a4>.

different vision of resistance and talks with Israel and that both of them are in dire need of renewed legitimacy to face the demands of the coming stage.

In light of the above, and bearing in mind the local, regional, and international contexts, there are three possible scenarios for Palestinian reconciliation:

1. Fatah and Hamas will proceed with reconciliation out of concern for the higher interests of the Palestinian people, and the Palestinian leadership would disregard US and Israeli pressure and positions. The national unity government, made up of competent Palestinians, would be able to overcome the crisis and pave the way for new elections accepted by all sides, while the PLO would be restructured on an inclusive national basis. The success of this scenario depends on three factors. First, the Arab states must meet their financial commitments, and provide political support to enable the government to survive. In this respect, the Arab League is convening an extraordinary meeting at the level of permanent representatives on April 28, 2014 to discuss the developments in the negotiations and the provision of a financial safety net to the PA. Second, Fatah must disregard pressures from the forces of the counterrevolutionary camp to pull out of the reconciliation or exploit it to end the influence of Hamas in Gaza. Third, the PA must not opt for negotiations, should they continue, without a national political consensus.
2. The two parties fail to reconcile. Despite the positive atmosphere surrounding the signing of the agreement and the seriousness manifested by both sides, public opinion remains somewhat anxious given prior experiences. There are fears that reconciliation could be used as a bargaining chip to secure the preconditions for the continuation of talks with Israel, especially given escalating US and Israeli pressure aiming to disrupt the reconciliation. This could be a repeat of events after the conclusion of the Doha Agreement in 2012, when Netanyahu gave President Abbas the choice between reconciliation with Hamas or peace with Israel, or a repeat of the events of May 2013, when the two Palestinian parties agreed to form a national unity government within three months and hold elections within a further three months. This did not happen since the PA returned to negotiations on the basis of US Secretary of State Kerry's framework agreement. The absence of any direct sponsor of the reconciliation able to ensure the implementation of the agreement's provisions and the commitment of the parties also raises questions over the chances of success, particularly with the ongoing political hostility of the coup government in Egypt toward Hamas.

3. Continued Israeli escalation could lead to a clash as happened with the Al-Aqsa Intifada. In doing so, the right-wing Israeli government would take escalatory steps against the Palestinian territories following the stumbling of negotiations, and when facing the potential for reconciliation to be completed. This might lead to Palestinian protest and resistance operations; in response, Israel would mount a partial incursion and total siege of the PA as happened in 2000 after the failure of the Camp David talks. This would lead to a mass intifada to confront the occupation.

Undoubtedly, there is an official Palestinian awareness that the Netanyahu government is opposed to the establishment of a Palestinian state, and that negotiating with such a government is, in fact, futile. This is a main factor encouraging Palestinian reconciliation to last. Equally, the Hamas leadership is aware that running the Gaza Strip, and its political separation from the remainder of the occupied territories, has become a real burden. This is an additional factor pushing for a lasting reconciliation. There are obstacles in the way, however, not least of which is the position of the current Egyptian regime toward Hamas.

Overall, the reconciliation agreement between Fatah and Hamas has opened the Palestinian situation up to new avenues that permit—if the two movements stick to their achievements, resist pressure, adopt the popular position of support, steadfastness, resistance, and international popular sympathy—the formulation of new initiatives which may set the Palestinian national project once again on the right path.