

Towards declaration of a Palestinian state?

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»» The unity deal signed between Hamas and Fatah, the governing bodies in the Gaza Strip and the West Bank respectively, is another hurdle cleared on the way to Palestinian statehood. So far the declaration remains more symbolic than practical. It does not magic away the differences between the two factions. Reconciliation is not in itself a blueprint for statehood, nor a guarantee of more democratic internal politics. But it does oblige international actors, including the EU, to modify aspects of their policies towards the Arab-Israeli conflict.

Despite the accord's lack of precision, the international community must now revise its attitude towards the inclusion of Hamas in a Palestinian coalition government. The kind of blanket rejection witnessed after the 2006 elections is no longer an option. Israel and the US have already repeated the same mistake. The EU has done well cautiously to welcome the Cairo unity pact. Unity will allow for more assertive Palestinian negotiating positions should talks resume. The EU should persuade its Quartet partners that a mutually accepted peace must include all relevant parties.

In the context of the donors' conference set for the end of June in Paris, the EU must also change its aid practices in the Occupied Palestinian Territories (OPTs). As Palestinian interlocutors told FRIDE in a series of interviews carried out in the West Bank, international donor priorities often do not coincide with local priorities. And whilst Palestinians welcome the ever-increasing sums pumped into the Territories, they lament that funding for technical statebuilding programmes has become a convenient alternative for confronting the occupation head on.

HIGHLIGHTS

- Fatah-Hamas reconciliation is not a panacea for peace but merits international support.
- A shifting regional context makes it all the more urgent for the EU to adapt its aid policies in the OPTs to coincide with local priorities.
- There are strong grounds for supporting recognition of a Palestinian state at the UN in September.

»»»»» Whilst the Arab Spring may have affected the semantics of US discourse on Palestine, it has not led to concrete policy changes. In view of Prime Minister Benjamin Netanyahu's unwillingness to compromise, and with calls mounting in Cairo for a third Intifada, recognition of Palestinian statehood at the UN General Assembly in September seems the only remaining alternative for now. By being more upfront and united in recognition of a Palestinian state, the EU will demonstrate its lack of patience with Netanyahu's rejectionist approach and decades of failed peace negotiations.

RECONCILIATION UNLOCKS DEMOCRACY?

A unified Palestinian front remains more symbolical than practical and the impact of the reconciliation pact can only reach so far. It should not be taken as a substitute for democratic governance and rule of law. Indeed standards of democratic governance in the OPTs have not matched institutional development. The latter has been lauded as one of the biggest successes of Prime Minister Salam Fayyad's Palestinian Reform and Development Plan (PRDP). Institutions were described in April's UNSCO Ad Hoc Liaison Committee Meeting as 'above the threshold for a functioning state'. Praise for institution-building notwithstanding, both Palestinian factions must now demonstrate tolerance and respect for democracy.

In recent years both Fatah and Hamas have clamped down on basic freedoms within their respective citadels. Administrative rules have been introduced without legislative oversight, arrests in the West Bank and Gaza Strip are often politically motivated, and trials are sometimes held by military instead of civilian courts. Although a January 2011 decision ostensibly put an end to this situation, both parties still have to lay out plans for the large number of political prisoners who remain under their control. Questions also remain over control of the security forces, Fayyad's future role and the make up of

the unity government. As talks on implementing the unity accord continue, it is understood that the unity government will be made up of non-political technocrats. Hamas' Damascus-based political leader, Khaled Meshaal, is said to favour a strategy of abstention from future PA cabinets, an issue which could feature in the August elections for the Hamas leadership.

Of course, neither does intra-Palestinian reconciliation in itself solve the effects of Israeli occupation, lack of border sovereignty or dependence on foreign aid. In some senses, the pact signed in Cairo can be compared unfavourably to the short-lived Saudi-led initiative in February 2007 to form a unity government between the warring Palestinian factions (which ended in Hamas seizing the Gaza Strip by force). But taken in a shifting regional context, with a lack of alternatives forthcoming from either Israel or the Quartet, and with a view to the fast-approaching September threshold set by PM Salam Fayyad, it is admirable that Palestinian factions have patched together a deal. As one senior analyst of the conflict recently put it, the international community must now opt between supporting 'rivals in resistance or rivals in coalition'.

The EU has rightly accepted unity as a positive step forwards in an atrophied environment. Should the EU make its tacit support for unity official, donors would be able to work more openly with Hamas and a Palestinian government more representative of its people than the largely delegitimised present administrative body. Israeli and American counterparts on the other hand, were quick to slam the accord. Obama pandered to campaign funders in a speech to AIPAC and called unity 'an obstruction to peace'. Netanyahu displayed Israel's unease at such a move by temporarily withholding Palestinian Authority (PA) tax revenues, telephoning the Chairman of the Egyptian Supreme Council of the Armed Forces, and embarking on a frantic lobbying trip to major EU capitals. Reactions from London and Paris demonstrated an increasing lack of patience with his rejectionist approach. President

Sarkozy and Foreign Minister Alain Juppé declared that France would kick-start a return to peace talks. Given that new talks look unlikely at present, at least by supporting unity the EU bolsters a more assertive Palestinian stance in any eventual negotiations.

TIME TO RE-EXAMINE EU AID

In the meantime, major donors would benefit from re-examining their aid policies to the OPTs. The international community must recognise the mismatch between some of its actions and trends on the ground. Palestinian efforts deserve to be matched by corresponding initiatives on the international side. The additional sums announced by both France and the UK in the wake of the Cairo declaration imply that Hamas and Fatah should no longer be treated as separate entities in aid policies. Indeed, those we

interviewed in the West Bank told us that most donors already discreetly contravene their own 'no contact' rule on the ground.

As the largest single donor to the OPTs, the EU must decide whether it wants directly to confront the occupation, or merely compensate

for its impact. Local voices criticise the lack of cohesion between donor and recipient visions: donor priorities in the form of humanitarian aid, democracy assistance and security reform do not confront the overarching issue of Israeli occupation and settlement expansion. The pledge by the European Commission to increase funding to the PA by €85 million (on top of the €300 million earmarked for the 2011 contribution to the PNDP) shows solidarity in guaranteeing the final stages of Fayyad's plan, but applies no pressure on Israeli counterparts to ease

restrictions. Blindly throwing money at the OPTs also risks entrenching the already-high dependence on foreign aid. Local ownership of reforms must be advanced. Palestinian interlocutors insist that much EU aid is channelled into an already saturated field. They claim that the PA is 'a large recipient pot into which money is poured but very little trickles out.' They also point out the irony of an international community accusing the PA of corruption, but continuing to pump in huge sums with seemingly few conditions attached.

Routinely reiterating its commitment to universal values of human rights, democracy and the rule of law, the EU is almost duty bound to call for further confidence-building demonstrations of democratic governance on the part of both Hamas and Fatah in the lead up to elections next year. The EU must assure that its support for security sector reform in the OPTs is neither shoring up opaque governance structures nor a concentration of power in the executive. With the risk that the unity government may sacrifice Fayyad, the EU should make clear its respect for the former World Bank economist. It is doubtful that any other Palestinian prime minister could have won the support of over 130 nations apparently now prepared to recognise Palestinian statehood at the UN in September. Should talks resume in the meantime, Palestine would benefit from a strong leader and a united front.

The dynamics of the Israeli-Palestinian conflict means that aid cannot be divorced from the political context. Donors recognise this, and are bound to take stock of the changing regional and political context at the coming donors' conference in Paris. The Middle East is no longer so dependent on the US or Europe. Egypt is back at the head of the Arab playing field and its foreign policy is shifting; the Hamas leadership in Damascus is restless; and Israel is burying its head further in the sand. A risk is that the aid tap from the US to the OPTs, controlled to a large extent by Congress, could be turned off completely in an attempt to squeeze Hamas out of any future Palestinian political spectrum.

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»»»»» **RECOGNITION**

The international community is increasingly running out of excuses to say ‘no’ to Palestinian statehood. It must recognise how far the OPTs have come in meeting exacting standards set by institutions such as the World Bank, the IMF, the OECD, the UN, and the Quartet. All have published reports detailing Palestinian readiness for statehood. Indeed, the most recent UN document lays out how Palestine’s state-building agenda has now reached its limits ‘within the political and physical space available’; occupation remains the overarching constraint to any further institutional or economical development.

Securing a UN General Assembly resolution in September for a fully sovereign Palestinian state along the 1967 borders will not change much on the ground. It is not the binding declaration of statehood as issued by the Security Council. It does not guarantee the withdrawal of Israeli troops from the West Bank, the sovereignty of Palestinian borders, or the easing of trade restrictions. Just as intra-Palestinian reconciliation is not a panacea, neither will a UN resolution overcome the concrete effects of decades of Israeli occupation. But it *will* mean that Israel will in the future be violating the rights of a state, not just the rights of a people in occupied territories. A majority vote at the UN will convey the shifting current of international opinion against an increasingly stubborn Israel led by a delegitimised leader.

It would be a huge risk for the EU to abstain in September’s vote. As one analyst of the conflict told FRIDE, abstention could lead to a return to the pre-1967 situation. The risk is that what is now an Israeli-Palestinian conflict will become an active Israeli-Arab conflict once more as it is subsumed by regional events. Taking into account this shifting paradigm, salient local views from the OPTs and key documents detailing Palestinian readiness for statehood, the EU must adopt a unified position in the lead up to September. As

Palestine’s largest single donor and biggest trading partner, member of the Quartet, and now with new speaking powers at the UN, the EU will do itself immense damage if it fails to bridge current differences between member states on recognition. EU foreign policy chief Catherine Ashton acknowledges that she cannot determine individual country votes, but she must remind states that there is no alternative process currently forthcoming from the Israelis which could be backed. By adopting a more upfront attitude to the recognition of a Palestinian state, the EU would be setting the example in a region where its legitimacy as an autonomous actor is widely questioned.

President Obama has declared that the UN cannot give the Palestinians a state. But US interests will not be served by ignoring the emerging regional order and pursuing politics as usual. Declaring Palestinian statehood does not, as Obama claimed in his speech to AIPAC, mean that Israel’s legitimacy is a matter for debate. Netanyahu’s rejectionist approach may lead Israel to erect more hurdles before the September ‘train wreck’ or ‘diplomatic tsunami’, as senior Israeli officials have described the UN summit. It can withhold tax revenues from the PA as it did for the month of April, or pressure Congress to cut off aid altogether to the OPTs. Israel may respond to Egypt’s easing of the Rafah border crossing by tightening its own checkpoints at Erez, Karni, Sufa, and Kerem Shalom. In the lead up to major US and Israeli elections, Netanyahu is digging in to let the status quo endure as long as possible.

The Palestinians are undoubtedly aware of such stonewalling and the position that Israel and the US will take at the UN. Palestinians cannot afford to return to an Oslo-like process post-declaration. As senior Palestinian negotiator Nabil Shaath puts it, ‘according to Oslo, there are matters up for debate: borders, water, refugees; but the right to a state, no’. It remains to be seen what, if anything, the Israelis intend to propose as their contingency plan.

CONCLUSION

The deal between the Palestinian factions is not, as Obama claimed in his speech to AIPAC, 'an obstacle to peace'. Yet nor is it a panacea. Rather, it demonstrates a Palestinian political spectrum fed up with a destructive status quo. Although reconciliation is by no means a blueprint for statehood, it is a peaceful initiative in light of a lack of alternatives. The international community should heed claims by local actors that Quartet terms are out of date.

In the lead up to September, the EU will need to diverge from the American position on recognition of a Palestinian state. Upfront recognition by European states will have all the more value if it is unanimous at EU level. Following the publication of its ENP review, the EU must ensure that such support is conditional: Fatah and Hamas must set out a game plan which enables the international community to trust in their willingness to lessen authoritarian control of Gaza and the West Bank respectively.

It has been said on many a previous occasion that time is running out to resolve the Palestinian-Israeli conflict. In the context of a shifting regional paradigm and a lack of alternatives, this time it may be the dynamic events on the ground that finally catch up with international actors. By adapting its aid policies, remaining firm to its principles and standing united come September, the EU can keep in step with the broad direction these events are set to take.

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