



House of Commons
Foreign Affairs Committee

Global Security: Israel and the Occupied Palestinian Territories

Fifth Report of Session 2008–09

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

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Conclusions and recommendations

The December 2008/January 2009 Gaza conflict

1. We conclude that the Government took speedier and more robust diplomatic action to try to halt the conflict in Gaza than it did in the case of the war in Lebanon in 2006. We further conclude that this development is to be welcomed, particularly as it appears that the Government may have drawn on the 2006 experience in making policy during the Gaza conflict, in line with criticisms which we made of its earlier policy at the time. (Paragraph 24)

2. In light of the FCO's official conflict prevention goals, we conclude that the outbreak of the conflict in Gaza constitutes a disappointment, although we welcome the fact that the Government has acknowledged publicly that it underestimated the risk of the situation escalating into full-scale conflict. We recommend that in its response to this Report, the Government should set out the steps that it is taking to reduce the risk of such a miscalculation occurring again and to work with others to increase prospects of being able to prevent another outbreak of full-scale conflict in Gaza. (Paragraph 29)

3. We conclude that the conflict in Gaza has confirmed our previously expressed view that it is not appropriate for the FCO to have quantified performance targets in fields such as conflict prevention where the causes of the prospective conflict are likely to be wholly or largely beyond the Government's control. (Paragraph 30)

Humanitarian aftermath and Gaza access

4. We conclude that rocket fire from Gaza by Hamas and other Palestinian groups on civilian targets in Israel is unacceptable. It generates the risk of a renewed escalation in violence, and constitutes a central obstacle in the way of Israeli willingness to move forward towards a two-state settlement. We therefore conclude that the British Government is correct to support Israel's goal of bringing rocket fire from Gaza to an end. However, we are not persuaded that the maintenance of the current regime of restrictions at the official crossings between Israel and Gaza is likely to achieve this. Rather, we conclude that the restrictions at the official crossings help to sustain the system of smuggling under the Egyptian border which itself contributes to the presence of illicit weaponry in Gaza. We recommend that, in its response to this report, the Government should update us on the steps being taken and the results being achieved as part of the international effort against smuggling into Gaza, and in particular on the British contribution. We further recommend that the Government should update us on any discussions which are underway on a possible international monitoring presence at the crossings between Israel and Gaza. (Paragraph 47)

5. After two years in which we and others have consistently been highlighting the poor humanitarian situation in Gaza, and six months after the end of a damaging conflict, we conclude that Gaza's continued lack of free access to humanitarian and reconstruction supplies is a matter of distress and frustration. We conclude that it is unacceptable that Israel continues to deny unrestricted access for humanitarian assistance to Gaza. We further conclude that there are indications that Israel is seeking to use its control over the transfer of humanitarian and other supplies into Gaza partly for political objectives. (Paragraph 48)

6. We conclude that the obstacles to legitimate economic activity and the increased role of unofficial economic transactions in Gaza may have a damaging long-term effect on the territory, which could make more difficult the creation of an integrated Palestinian state including both Gaza and the West Bank. (Paragraph 49)

7. We recommend that the FCO should press the Israeli government to compensate the Commonwealth War Graves Commission (CWGC) for the costs of repairing the damage to the CWGC cemetery in Gaza which was sustained during the latest conflict there, as Israel did in 2008 for the costs of repairing damage sustained on a previous occasion. We further recommend that the Government should provide an update on this issue in its response to this Report. (Paragraph 53)

Regional diplomatic follow-up

8. We are dismayed that, six months after the end of the conflict in Gaza, there remains no ceasefire agreement between Israel and Hamas and no united Palestinian government. There also appears to have been little underlying change regarding several of the key issues which contributed to the outbreak of the conflict, such as Hamas's control of Gaza, weapons smuggling into the territory, and the lack of access through the Gaza border crossings. We conclude that this situation makes for an ongoing risk of insecurity and a renewed escalation of violence. We recommend that, in its response to this Report, the Government should set out what support it has offered to the conclusion of a new ceasefire agreement between Israel and Hamas, and its assessment of the prospect that such an agreement will be reached. (Paragraph 60)

Possible violations of the laws of war

9. We recommend that in its response to this Report the FCO should state whether it considers that violations of the laws of war were committed during the December 2008/January 2009 conflict in Gaza and southern Israel. (Paragraph 73)

10. We are deeply concerned about the high number of casualties, the extent of the damage sustained and allegations of violations of international law during the conflict in Gaza. We conclude that Hamas targets civilians in its armed actions, and that Israel's military action in Gaza was disproportionate. We welcome the establishment of the UN Human Rights Council's inquiry into the conflict under Judge Goldstone, and the fact that it will investigate all violations of international human rights law and international humanitarian law that might have been committed during the conflict, by either side. We recommend that the Government should give the Goldstone inquiry its full support and press Israel to cooperate with it fully. (Paragraph 77)

British arms exports to Israel

11. We welcome the Government's investigation into Israel's use of UK-sourced military items during its campaign in Gaza. We conclude that it is regrettable that components supplied by the UK were "almost certainly" used in a variety of ways by Israeli forces during the most recent conflict in Gaza, and that this constitutes a failure of past Government arms export control policy. We recommend that the Government should continue to do everything possible to ensure that this does not happen again. We welcome the Government's decision to revoke some arms export licences to Israel for components for Saar 4.5 naval vessels. We further recommend that the Government should provide its assessment of the impact on the UK-US defence relationship of its decision since 2006 to cease licensing the export of components for incorporation into F-16s and Apache helicopters in the US; and specify any end-use restrictions which it places on exports of components for unmanned aerial vehicles for incorporation in Israel for onward export. (Paragraph 90)

Policy towards Hamas

12. We recognise that success in the Quartet's strategy—of encouraging Hamas to reject violence and accept Israel's existence, by bolstering the position of the Palestinian forces which have already done so, and rejecting contact with Hamas itself—could be realised only gradually and over time. However, two years after we advocated a shift to engagement with moderate elements within Hamas, we conclude that there continue to be few signs that the current policy of non-engagement is achieving the Quartet's stated objectives. We further conclude that the credible peace process for which the Quartet hopes, as part of its strategy for undercutting Hamas, is likely to be difficult to achieve without greater co-operation from Hamas itself. We are concerned that the Quartet is continuing to fail to provide Hamas with greater incentives to change its position. We therefore reiterate our recommendation from 2007, 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 further recommend that in its response to this Report, the Government should set out the specific indicators, if any, that would trigger a shift of British Government policy towards engagement with Hamas. We further recommend that the Government should set out the relevant differences between the cases of Hezbollah and Hamas that lead it to conclude that engagement with moderate elements within Hamas is not currently worth attempting. (Paragraph 103)

West Bank development

13. We conclude that some progress has been made on Palestinian economic and institutional development on the West Bank, and that this is to be welcomed. We conclude that the Palestinian Authority government under Prime Minister Salam Fayyad has shown improved capacity to deliver increased security and manage the Authority's economy and public finances. We further conclude that international assistance to the Palestinian security sector, including the EU police mission, is fulfilling an important role. (Paragraph 111)

14. We conclude that Quartet Representative Tony Blair is making an important contribution to Palestinian economic and institutional development which will be helpful to a future Palestinian state. However, we further conclude that movement, access and administrative restrictions on the West Bank continue to represent a major obstacle to further Palestinian economic development. We recommend that the Quartet Representative should seek to use the Israeli government's stated wish to further economic development on the West Bank as a lever to press for further and significant relaxation in the administrative and security regime which it operates there. (Paragraph 117)

15. We conclude that Israel's failure to allow the full implementation of the EU-PLO Interim Association Agreement is placing significant obstacles in the way of EU-Palestinian trade and thereby damaging both Palestinian and EU businesses. We further conclude that the EU is correct to make the future nature of its relations with Israel, under the terms of the EU-Israel Association Agreement, partly conditional on Israel's cooperation with implementation of the EU-PLO Interim Association Agreement. We recommend that the Quartet Representative should also press Israel on implementation of the EU-PLO Interim Association Agreement as part of his work on Palestinian economic

development. (Paragraph 120)

16. We recommend that the Government should continue to do all it can to further the development of plans for a fixed transport link including a road element between Gaza and the West Bank. (Paragraph 125)

17. We conclude that the Israeli-Palestinian conflict must now be understood as essentially a three-way situation, comprising Israel, the West Bank and the Palestinian Authority, and Gaza and Hamas. We further conclude that the continued split in political authority between the West Bank and Gaza represents a central obstacle to progress towards a two-state solution—because of the way in which it weakens the willingness and ability of both the Palestinian and the Israeli sides to make deliverable commitments in peace negotiations, and because of the divergent paths of institutional and economic development on which it sets Gaza and the West Bank. We therefore recommend that the UK Government and the Quartet should reject any idea of a 'West Bank first' approach, and make the ending of the West Bank-Gaza split an explicit and urgent objective and work more actively to achieve it. (Paragraph 127)

Palestinian elections

18. We conclude that the current contested constitutional situation in the Occupied Palestinian Territories creates an obstacle to the development there of a united and democratic state. We therefore conclude that the holding of free and fair elections according to procedures accepted by all parties presents an important potential opportunity for Palestinian state-building, with the possible prospect of bringing the West Bank and Gaza back under a single political authority. However, the elections could also become a source of further political division and institutional break-up. We recommend that the Quartet should do everything possible to facilitate the holding of polls which are accepted by all parties, and should make careful preparations for them so that its stance in light of the results furthers its stated two-state goal. (Paragraph 132)

Administration of the West Bank and East Jerusalem

19. We recommend that the Government should continue to do its utmost to prevent further changes with respect to East Jerusalem, such as its physical separation from the West Bank, and Palestinian housing evictions, that prejudice the prospects of it becoming the capital of a future Palestinian state. (Paragraph 139)

Settlement policy

20. We conclude that expansion of Israeli settlements on the West Bank prejudices prospects for a two-state outcome, and that, as such, continued settlement activity must call Israel's commitment to such an outcome into doubt. We further conclude that a settlement freeze is a previous commitment of the kind that Israel calls on the Palestinian side to fulfil, and that there are fewer security-related obstacles to Israel's fulfilment of its commitment on settlements than there are to progress on some other issues. We therefore support the British Government in its call on Israel to freeze settlement activity. We welcome the new willingness of the US under President Obama to call on Israel publicly to cease activities which appear unhelpful to a negotiated two-state solution. (Paragraph 146)

Quartet policy towards Israel

21. We conclude that efforts at diplomatic persuasion have to date been ineffective in securing Israeli compliance with a number of Quartet demands. We further conclude that the apparent shift in the US approach to Israel under President Obama constitutes an important and potentially effective change in the external pressures facing the country. We further conclude that it is appropriate and potentially effective for the EU to make the planned "upgrade" of its relations with Israel conditional on Israel halting practices which are prejudicial to the achievement of a two-state solution. This could be through a settlement freeze and an easing of Israeli restrictions on access into Gaza. We recommend that in its response to this Report, the Government should specify the conditions that the EU is setting for Israel for securing the "upgrade" in relations. (Paragraph 151)

22. We conclude that flourishing ties between the UK and Israel are welcome and are in the interests of the people of both states. (Paragraph 153)

23. We conclude that the Government is to be commended for seeking ways of giving concrete expression to its position that Israeli settlements violate international law. We recommend that in its response to this Report, the Government should update us on its work on the issue of the labelling of settlement produce and the enforcement of the EU-Israel Association Agreement, and provide an assessment of the impact of this work on UK-Israeli relations. (Paragraph 158)

Iran

24. We conclude that a realignment is underway in the Arab world against Iran which gives some Sunni Arab states and Palestinians some shared interests with Israel, and which therefore has significant implications for the dynamics of Middle East peace-making. We recommend that the Government should not allow the urgency of addressing Iran's nuclear programme and regional role to diminish efforts to tackle pressing Israeli-Palestinian issues. (Paragraph 172)

Lebanon

25. We recommend that in light of Israel's provision of relevant maps, and the concerns that have been raised about a funding shortfall, the Government should in its response to this Report provide an update on the progress of—and prospects for—the de-mining operation in southern Lebanon, including information on the UK's contribution. (Paragraph 176)

26. We welcome the Government's decision to open contacts with the political wing of Hezbollah, in line with the recommendation which we made in 2007. (Paragraph 179)

27. We welcome the fact that Lebanon's general election has passed off peacefully and yielded results which appear to be accepted by all parties. We recommend that in its response to this Report, the Government should provide its assessment of the impact of the election results on Syria's position vis-à-vis Hezbollah and Lebanon. (Paragraph 180)

Obama Administration

28. We conclude that the Government is correct to continue to regard a two-state solution as the only outcome which holds out the prospect of sustained peace between Israel and the Palestinians. We recommend that in its response to this Report the Government should set out the progress that has been made towards a peace settlement on this basis that has arisen from the Gaza conflict and the change of Administration in the United States. (Paragraph 192)

Arab League Initiative

29. We conclude that the reinvigoration of the Arab Peace Initiative, and the Initiative's promotion by members of the Quartet, are greatly to be welcomed. We further conclude that the Government is correct to support the Initiative. (Paragraph 200)

Israeli position

30. We conclude that Israeli Prime Minister Netanyahu's acceptance of the prospect of a Palestinian state is a necessary condition of any two-state settlement under his government and, as such, is to be welcomed. We recommend that the Government should continue to press him on other issues vital to progress towards a two-state outcome, such as those concerning a freeze on settlements as a first step. We recommend that in its response to this Report, the Government should inform us of any discussions it has had about possible international involvement in providing security assurances to Israel in connection with the conclusion of a two-state settlement. (Paragraph 206)

1 Introduction

1. The Foreign Affairs Committee has taken a consistent interest in the Middle East, and has visited and reported on the region regularly, in this and previous Parliaments. In 2007, we published a Report on *Global Security: The Middle East*.^[1] This was the first in our ongoing series of Reports under the "Global Security" heading.^[2] In early 2009 we decided to conduct a follow-up inquiry, focused on Israel and the Occupied Palestinian Territories (OPTs). We were prompted to do this primarily by the conflict in Gaza in December 2008/January 2009, and also by the advent of new governments in Israel and the United States. (In what follows we refer to our previous Report on the region as "our 2007 Report".)

2. As this was an exercise of limited scope, we did not issue detailed terms of reference or a call for evidence. We nevertheless received a number of written submissions, which we print with this Report. We held three oral evidence sessions. Two of these, with academics and analysts in February, and with the then FCO Minister of State Bill Rammell MP in early March, were held soon after the end of the Gaza conflict and before we made a visit to the region. After our visit, we decided to take evidence from the Representative of the Middle East Quartet, Rt Hon Tony Blair, and did so at the beginning of June. We would like to thank all those who gave evidence. A list of our witnesses is provided at the end of this Report.

3. Our visit to Israel and the OPTs was made in mid-March 2009, exactly two years after our previous visit to the region. Some Members were able to visit Gaza, as the Committee had last been able to do in late 2005, and also visited Sderot in southern Israel. Another subgroup of the Committee spent a day in the West Bank, meeting Palestinians and Israeli settlers; and another toured Israel's Lebanese and Syrian borders (including the Golan Heights) and the Jordanian border in northern Israel and the West Bank. We held meetings in Jerusalem, Ramallah and Tel Aviv, at a time when the new Israeli government was being formed and negotiations continued between Fatah and Hamas on the possible formation of a new Palestinian national unity government. Our interlocutors included Palestinian Authority Prime Minister Salam Fayyad and Foreign Minister Riad Malki. We would like to thank all our interlocutors, and staff at the British Embassy in Tel Aviv and Consulate-General in Jerusalem, for facilitating our visit.^[3]

4. Our responsibility is to examine the work of the Foreign and Commonwealth Office (FCO). In considering foreign policy issues, our focus must be on matters for which the UK, and therefore the FCO, has direct responsibility or over which it can exercise some degree of influence. In relation to the Israeli-Palestinian conflict, the UK plays a role not only through its bilateral relationships with key actors in the region, but also through its participation, as an EU member state, in the Middle East Quartet. We reflect this in our Report, in which we consider not only direct UK actions but also the policies which the Quartet has pursued towards Israel and the OPTs. The Middle East Quartet comprises the EU, Russia, the UN and the US, and was established in 2002 to support the Middle East peace process. The Quartet's Representative, Tony Blair, told us that the UK "plays a part in two ways: on its own account and through the EU".^[4]

5. The Quartet supports a two-state solution to the Israeli-Palestinian conflict—that is, the creation of a Palestinian state from Gaza and the West Bank, the current OPTs, which would exist alongside Israel "in peace and security".^[5] Mr Blair told us that that a two-state solution was "the only solution that works", and that he did not know of any alternative.^[6] However, in February, the Foreign Secretary, Rt Hon David Miliband MP, said that the world was having "to peer into the abyss of the idea of a two-state solution disappearing".^[7] In assessing recent developments and policies in this Report, our underlying concern was to do so in terms of their implications for the achievability of the Government's stated two-state objective.

6. The structure of this Report is as follows. In our first substantive chapter, Chapter 2, we discuss the December 2008/January 2009 conflict in Gaza, including its diplomatic and humanitarian aftermath and the issue of possible violations of the laws of war. In Chapter 3, we consider the question of British arms exports to Israel. In Chapters 4 and 5 we discuss developments on the Israeli and Palestinian sides, respectively, and relevant Quartet, EU and British Government policies. In Chapter 6 we briefly consider the roles of some further Middle Eastern states. Finally, in Chapter 7 we consider the prospects for the two-state solution.

Map (Israel and the Occupied Palestinian Territories)
Source: Foreign and Commonwealth Office

2 The 2008/09 Gaza conflict

The December 2008/January 2009 Gaza conflict

7. Gaza is one of the territories taken and subsequently occupied by Israel as a result of its victory over Arab states in the 1967 Six Day War. Of those territories, those which remain under Israeli control are the Golan Heights (from Syria), Gaza (from Egypt), and the West Bank and East Jerusalem (from Jordan) (see map). Gaza and the West Bank are commonly referred to as the Occupied Palestinian Territories (OPTs). Under the 1993 Oslo Accords, the OPTs gained a measure of self-government, under a new Palestinian Authority with an elected President and Legislative Council. The Oslo Accords were reached after the Palestinian Liberation Organisation (PLO) under Yasser Arafat, dominated by Mr Arafat's Fatah party, renounced violence and accepted the existence of Israel. In 2005, after Mr Arafat's death, Fatah's Mahmoud Abbas was elected Palestinian Authority President. In the same year, Israel left the Palestinian Authority in charge of Gaza internally when it withdrew its forces and settlers from the territory, while retaining control of Gaza's airspace, sea border and land border with Israel.

8. The immediate background to the 2008/09 Gaza conflict can be traced to the victory of Hamas in the January 2006 Palestinian Legislative Council elections. Hamas is not a member of the PLO, and does not—under the terms of its Charter—accept the existence of Israel on any of its current territory; it is an armed movement engaged in attacks on Israel and proscribed as a terrorist organisation by the UK, EU and US. For a year from March 2006, a Hamas-nominated Palestinian Authority government co-existed with Fatah's President Abbas. In March 2007, under the Saudi-brokered Mecca agreement, Hamas and Fatah agreed to form a national unity government under Hamas Prime Minister Ismail Haniyeh; this also included independents such as Finance Minister Salam Fayyad. However, violence between Hamas and Fatah escalated, especially in Gaza, and in June 2007 Hamas took sole control of Gaza by force, denying control of the territory to the Palestinian Authority. President Abbas dissolved the national unity government and formed an emergency non-party Palestinian Authority administration—without both Hamas and Fatah—under Mr Fayyad, which effectively had control only over the West Bank. Mr Haniyeh disputes the legality of his dismissal and continues to regard himself as Prime Minister.^[8] From June 2007, therefore, the two Occupied Palestinian Territories were under the effective control of two separate political authorities, with fundamentally different stances towards Israel and the peace process. The Hamas takeover of Gaza was the last major development in the Israeli-Palestinian conflict of which we were able to take account in our 2007 Report on *Global Security: The Middle East*.^[9]

9. With Hamas in sole control of Gaza, there was an increase in rocket attacks from the territory on southern Israel: according to the Israel Security Agency (Shin Bet), rocket launchings from Gaza numbered 1,276 in 2007 and 1,785 in 2008 (prior to the start of Israel's December 2008 military operation in Gaza, Operation Cast Lead). This rocket fire killed two Israelis in 2007 and four in 2008 (again, prior to Operation Cast Lead).^[10] Meanwhile, after the Hamas takeover of Gaza, Israel imposed a blockade on the territory through its control of the Israel-Gaza crossing points, keeping the crossings largely closed and restricting the range of goods that could be transported through them. Sporadic Israeli incursions into Gaza in pursuit of terrorist targets, and other forms of clashes between Israeli forces and Palestinians in and around the territory, continued. According to the UN Office for the Coordination of Humanitarian Affairs in the OPTs (OCHA), 301 Palestinians were killed in Gaza in 2007 and 389 in the first ten months of 2008 as a direct result of the conflict with Israel.^[11]

10. In June 2008, Egypt—which maintains relations with both Israel and Hamas—brokered a six-month ceasefire agreement between them. The ceasefire brought a reduction in rocket fire from Gaza, although not a complete halt.^[12] The progressive breakdown of the ceasefire, and Hamas's ultimate decision not to extend the truce, paved the way for the outbreak of the conflict in December 2008. The two sides dispute bitterly each other's responsibility for the breakdown of the ceasefire, with Israel blaming Hamas for failing to halt rocket fire, and Hamas blaming Israel for failing to implement what it says were commitments in the ceasefire agreement to provide greater access through Gaza's border crossings.^[13]

11. On 27 December 2008, Israel launched an air campaign against targets in the Gaza Strip. On 3 January 2009, this campaign was expanded into a ground offensive. The operation was codenamed "Cast Lead". During the conflict, Israeli troops came under fire from Palestinian fighters in the Gaza Strip, and civilian targets in southern Israel continued to be hit by rockets fired from the territory. The conflict continued for 22 days. Israel declared a unilateral ceasefire on 17 January, saying that it had achieved its military objectives, and Hamas—the principal combatant organisation on the Palestinian side of the conflict—followed suit the following day. Israel withdrew all its

forces from Gaza by 21 January.

12. Thirteen Israelis were killed during the conflict: three civilians in southern Israel, and ten soldiers (four as a result of "friendly fire").^[14] According to the Israeli Foreign Ministry, 770 injured Israeli civilians had to be evacuated in southern Israel during the conflict, including four severely wounded.^[15] Palestinian casualty figures remain disputed. Those cited most often are those given by the UN, sourced from the Palestinian Ministry of Health, which are for 1,440 dead, including 114 women and 431 children, and 5,380 injured, including 800 women and 1,872 children.^[16] The Israeli military has been reported as putting the Palestinian death toll at 1,166.^[17] The most contentious point is the ratio of civilian to combatant casualties: the Israeli military reportedly gives respective figures of 295 civilian and 709 combatant fatalities, with 162 unidentified, whereas the Palestinian Center for Human Rights in Gaza reportedly puts the ratio at 926 civilians to 236 combatants killed.^[18] Whatever the breakdown of casualties between civilians and combatants (something which is inherently difficult to establish in a conflict involving an armed non-state group in an urban area), Dr Albasoos of the Palestinian Institute for the Study of Conflict Resolution and Governance stressed to us the imbalance of power between Israeli and Palestinian forces which the overall casualty figures suggest.^[19]

13. Dr Bregman of King's College London told us that, in launching Operation Cast Lead, Israel wanted to bring an end to the rocket fire out of Gaza and to weapons smuggling through the tunnels into it from Egypt, and to undermine Gazans' support for Hamas.^[20] He also suggested that Israel wanted to send a wider regional message, to Hezbollah in Lebanon and to Iran as well as to Hamas, about the consequences of provoking it.^[21] Dr Bregman and Dr Albasoos also reminded us that Israel had been in the midst of an election campaign when it launched its operation in Gaza, although Dr Bregman said that this had not been the decisive factor in Israel's decision to take military action.^[22] For his part, Mr Blair told us that for Israel the position was "very simple [...]. If it is subject to rocket attacks on its civilians over a prolonged period of time, it will respond at some point."^[23] He stressed the role that Israel's status as a democracy played in its decision to take action: "in circumstances where you have rocket attacks on innocent Israeli civilians, believe me, there is no democratic Government [...] that will not act."^[24]

INTERNATIONAL DIPLOMATIC RESPONSE

14. The British Government opposed the Israeli military action in Gaza. Giving evidence to us in March, the then FCO Minister of State Bill Rammell MP said that the Israeli campaign had been "wrong and counter-productive".^[25] He said that the Government had opposed the Israeli action because it risked strengthening Hamas.^[26] However, Mr Rammell acknowledged that the rocket attacks on Israel from Gaza were "a fundamental problem that had to be addressed", and that the military campaign had had broad popular support in Israel.^[27]

15. Leading figures in the UK Government—including the Prime Minister and Foreign Secretary—called for a ceasefire from the outset of the Gaza conflict.^[28] In her evidence to us, the independent foreign policy adviser on Middle Eastern affairs Nomi Bar-Yaacov argued that the international diplomatic response to the Gaza crisis came "very late", owing to the timing of Israel's action (over the Western Christmas and New Year holiday); and that Israel interpreted this as "a massive green light."^[29] The EU response, in particular, appeared somewhat confused because of the concurrent handover from the French to the Czech Presidency of the Council. Some differences were also evident among Quartet members and between EU member states regarding the relative apportionment of responsibility between Israel and Hamas for the conflict, and regarding the extent to which Israel was said to be acting in legitimate self-defence. However, by 30 December, the Quartet, the EU, the UN Security Council (in a statement) and the US had all made statements calling for a halt to the fighting.^[30]

16. The British Government tabled the text which became UN Security Council Resolution 1860 on the conflict. The negotiations at the UN were also shaped by an alternative text put forward by the Arab League. Approved on 8 January 2009, UNSCR 1860 called for a "durable" ceasefire, as well as for the unimpeded provision of humanitarian aid in Gaza; it also condemned acts of terrorism and all violence directed against civilians.^[31] Although the two sides did not implement ceasefires until 17-18 January, Mr Rammell judged that UNSCR 1860 probably secured an end to hostilities earlier than would otherwise have been the case.^[32] Ms Bar-Yaacov believed that the British Government and Security Council efforts at this stage were to be commended.^[33]

17. It was initially reported that the US opposed a Security Council resolution calling for an immediate ceasefire, on the grounds that Hamas would not accede to such a demand.^[34] However, the US then participated in the negotiations on the resolution, before declining to vote for it at the last minute and abstaining instead. Giving evidence after the US Administration had changed, Mr Rammell openly admitted the British Government's disappointment at this outcome,^[35] which he said was the result of "a dialogue between the Israeli Government and the US Administration".^[36] It was reported in the press that the US abstention followed telephone calls from the then Israeli Prime Minister Ehud Olmert to then-President George W. Bush, and from Mr Bush to then-Secretary of State Condoleezza Rice, who was conducting the negotiations at the UN.^[37] However, Mr Rammell stressed that Dr Rice had made it clear publicly that "she supported the broad thrust" of UNSCR 1860, and he pointed out that the US did not veto the resolution, as it might have done or threatened to do "in previous situations and circumstances".^[38]

18. Our witnesses were uniformly of the view that the conflict had changed little "on the ground" in Gaza. They all said that Hamas remained in control of the territory;^[39] Mr Blair told us that "militarily, Hamas [had] a complete grip" on it.^[40] If anything, some of our witnesses judged that the conflict had strengthened Hamas—as the Government had expected that it would. Ms Bar-Yaacov drew our attention to opinion polling among Palestinians which suggested that, following the conflict, support for President Abbas and negotiations with Israel had fallen, and support for Hamas and violent resistance had increased. According to the polling, conducted by the Jerusalem office of the Friedrich Ebert Stiftung and the Jerusalem Media and Communication Center among around 1,200 Palestinians in the West Bank and Gaza, trust in Hamas had risen to 27.7% by the end of January compared to 16.6% in October/November, belief in the efficacy of rocket fire had risen from 39.3% to 50.8%, and opposition to peace negotiations had risen from 34.7% to 50.7%. In the West Bank alone, trust in Hamas had risen from 12.8% to 26.5%.^[41] "The rise in popularity of Hamas leaders in government and the decline and unpopularity of Fatah are an important direct outcome of this war", concluded Ms Bar-Yaacov.^[42] However, Mr Blair suggested that political support for Hamas in Gaza was not as strong as is sometimes thought, and that Gazans might hold Hamas, as well as Israel, responsible for their plight.^[43] We return to intra-Palestinian issues in Chapter 4.

19. As regards Israel, Dr Bregman thought that in the wake of the conflict Hamas might be more careful about provoking it, especially given the make-up of the new Israeli government (see paragraphs 134-135).^[44] According to the Israel Security Agency, the number of rocket firings in February-June 2009 ranged between four and 50 a month, compared to over 100 in each of the non-ceasefire months in 2008.^[45] By June 2009, Mr Blair noted that Hamas was "now saying that it will actively stop people who are engaged in trying to fire rockets".^[46] However, Ms Bar-Yaacov felt that international public support had "turned sharply" against Israel as a result of the conflict. On this basis, she judged that, even if Israel had won greater international support on the issues of rocket fire from—and smuggling into—Gaza, these gains for Israel were outweighed by costs.^[47]

LESSONS FROM THE 2006 LEBANON WAR

20. In summer 2006, Israel launched a military campaign in Lebanon against the militia of Hezbollah, after the latter had killed and captured Israeli soldiers in a cross-border raid. In Israel, the Lebanon campaign is largely held to have been a failure: to investigate Israel's conduct of the conflict, the government established the Winograd Commission, which concluded that the campaign "ended without [Israel's] clear military victory".^[48] In our 2007 Report, we noted that, following the conflict, Hezbollah appeared to be at least as strong militarily, and probably stronger politically, than it had been previously.^[49]

21. Some of our witnesses indicated that the 2006 Lebanon war formed a key part of the context for Israel's decision-making on its Gaza campaign, in particular as regards the scale of the military action.^[50] Dr Bregman told us that "the memory of what happened in 2006 in Lebanon [...] explains why the move into Gaza involved massive firepower";^[51] and Nomi Bar-Yaacov said that the scale of the operation was "100%" attributable to Israel's experience in Lebanon two years earlier. She told us that the Gaza operation had been planned on the basis of "direct" lessons that Israel had drawn from the Lebanon conflict.^[52]

22. In our 2007 Report, we criticised the failure of the British Government at the time to call for an immediate ceasefire in Lebanon in 2006 until after the UN Security Council had done so, a month after the conflict broke out. The Government's position at the time was in line with that of the US. We concluded that the Government's position had "done significant damage to the UK's reputation in much of the world".^[53] At the time, the Government rejected our conclusion.^[54]

23. In a report on the Gaza crisis published in early January 2009, the International Crisis Group (ICG) suggested that "some world actors appear to have learned a useful lesson from the Lebanon war. There is more activism now." The ICG noted "signs that important actors—European in particular—have learned from bitter experience that time is of the essence" as regards pressing for a ceasefire.^[55] Giving evidence to us, Bill Rammell rejected the idea that Israel had been emboldened to take action in Gaza in 2008 by the West's arguably weak reaction to the war in Lebanon two years earlier. However, he stressed that, both before and after the outbreak of hostilities in Gaza, the stance of the UK and EU towards the conflict had differed from that seen in 2006 regarding the war in Lebanon. Mr Rammell implied that the Government had learned from the 2006 experience: when we asked him directly whether the Government had taken anything from its experience in 2006, Mr Rammell said: "If you are serious about government and foreign affairs, you always learn from experience."^[56]

24. We conclude that the Government took speedier and more robust diplomatic action to try to halt the conflict in Gaza than it did in the case of the war in Lebanon in 2006. We further conclude that this development is to be welcomed, particularly as it appears that the Government may have drawn on the 2006 experience in making policy during the Gaza conflict, in line with criticisms which we made of its earlier policy at the time.

FCO CONFLICT PREVENTION OBJECTIVES

25. Under the 2008-11 Comprehensive Spending Review settlement, the FCO has a Departmental Strategic Objective (DSO) to "prevent and resolve conflict" (DSO 6).^[57] The FCO is also the lead Department for the delivery of the cross-Government Public Service Agreement (PSA) 30, to "reduce the impact of conflict through enhanced UK and international efforts". This PSA target is measured in terms of the number of conflicts, including in the Middle East; the impact of conflicts, including in the Middle East; and the ability of international institutions and the British Government to prevent, manage and resolve conflicts.^[58] We recommended, in our 2007 Report, that the indicators to be used to measure the FCO's performance against its conflict prevention targets should include specific references to the Middle East, and the FCO accepted our recommendation.^[59]

26. Mr Rammell effectively acknowledged that the Government had miscalculated the risk of the situation in Gaza and southern Israel escalating into all-out conflict. He told us that because the rocket attacks on Israel and the Israeli incursions into Gaza prior to December 2008 had been "relatively low scale, there was a view that the situation was containable. With hindsight, that was clearly the wrong view."^[60] Mr Rammell also noted that Israel had launched its military campaign despite the UK and other European states having "made it very clear" that they were opposed to it doing so.^[61]

27. In correspondence with us following the publication of its 2008 Autumn Performance Report, the FCO said that:

The recent upsurge in violence in Gaza demonstrates the challenge of achieving the desired outcomes of both PSA 30 and DSO 6. As the Middle East is one of the priority regions cited in both documents, this will naturally be reflected in our assessments.^[62]

In its *2008-09 Departmental Annual Report*, published at the end of June 2009, the FCO duly reported a worsened performance on some indicators for PSA 30 compared to the Autumn Performance Report, and said that—combined with the conflict in Georgia in August 2008—"the upsurge of violence in Gaza suggest[s] that achieving a downward trend over the course of the PSA [in the number of conflicts globally] is unlikely."^[63] The FCO judged Georgia and Gaza to have represented "high-profile failures for conflict prevention" in 2008.^[64]

28. We have consistently expressed reservations as to whether it is appropriate for the FCO to have performance targets, assessed in terms of quantified indicators, in policy areas which are to subject to a very large number of influences beyond the Department's control. For example, in our Report on the FCO's 2004-05 Annual Report, we "question[ed] whether such targets always provide an appropriate mechanism for measuring the FCO's performance."^[65] We have raised such concerns in particular in connection with targets for conflict prevention.

29. In light of the FCO's official conflict prevention goals, we conclude that the outbreak of the conflict in Gaza constitutes a disappointment, although we welcome the fact that the Government has acknowledged publicly that it underestimated the risk of the situation escalating into full-scale conflict. We recommend that in its response to this Report, the Government should set out the steps that it is taking to reduce the risk of such a miscalculation occurring again and to work with others to increase prospects of being able to prevent another outbreak of full-scale conflict in Gaza.

30. We conclude that the conflict in Gaza has confirmed our previously expressed view that it is not appropriate for the FCO to have quantified performance targets in fields such as conflict prevention where the causes of the prospective conflict are likely to be wholly or largely beyond the Government's control.

Humanitarian aftermath and Gaza access

31. In our 2007 Report, in the wake of the Hamas takeover of Gaza and the imposition of the Israeli blockade, we already assessed the territory as suffering a "profound" humanitarian crisis. We urged the Government to press Israel to ensure full humanitarian access.^[66] Humanitarian and economic development issues in the OPTs are scrutinised in the House of Commons primarily by the International Development Committee (IDC), as British Government assistance is delivered through the Department for International Development (DFID). In its most recent Report on the subject, published in July 2008, the IDC outlined a humanitarian situation in Gaza which it described as "acute".^[67]

32. Giving evidence to us in early March 2009, six weeks after the end of the Gaza conflict, Bill Rammell described the humanitarian situation in the territory as a "genuine crisis". He said that:

there are scheduled power cuts of six to eight hours each day; 50,000 people are without running water; a further 100,000 receive running water in their homes only once every seven to ten days; 90% of people are partially dependent on food aid compared to 76% before the conflict; during the conflict 58 facilities were either destroyed or damaged; more than 4,000 homes were destroyed and almost 12,000 partially destroyed.^[68]

We saw for ourselves during our visit to Gaza later in March the destruction of homes, businesses and infrastructure which had taken place there during the conflict, and the human suffering and economic dislocation which was the result.

33. At the time of completion of this Report, in early July 2009, the humanitarian situation in Gaza did not appear to have improved

significantly. In its monthly "Humanitarian Monitor" report covering April 2009, for example, OCHA described the needs which had arisen out of the conflict as "still hardly addressed". It judged that "the entire population of Gaza remains affected by a severe crisis of human dignity."^[69] At the beginning of May, the UN Under-Secretary-General for Humanitarian Affairs, John Holmes, said that the situation "herald[ed] the fall of almost an entire society into dependency". At that point, he said that around 75% of the population of Gaza continued to require assistance.^[70] The UN Special Coordinator for the Middle East Peace Process, Robert Serry, confirmed that "time is passing and there is no real progress".^[71] On 17 June, a group of over 30 international NGOs and UN agencies, marking the second anniversary of the Gaza blockade, said that "while Gazans are being kept alive through humanitarian aid, ordinary civilians have lost all quality of life as they fight to survive".^[72] On 29 June, the International Committee of the Red Cross (ICRC) released a report to mark six months since the end of the conflict, in which it stated that "Gazans still cannot rebuild their lives" and that most "struggle to make ends meet".^[73]

34. The serious humanitarian situation in Gaza persists despite the fact that, at a post-conflict conference at Sharm El Sheikh in Egypt at the beginning of March, international donors pledged a further \$4.5 billion in aid for the Palestinian economy, for purposes including humanitarian relief and reconstruction in Gaza.^[74] The British Government pledged £20 million in new funding, to add to relief and economic development assistance already announced.^[75] Mr Blair told us that "there are billions of dollars waiting to go into Gaza, but they can only go in and do some good if people are allowed in".^[76]

Map: Access and movement to and from the Gaza Strip
Source: UN Office for the Coordination of Humanitarian Affairs-Occupied Palestinian Territory (OCHA-oPt)

35. The most significant immediate obstacle to an improvement of the humanitarian situation in Gaza is Israel's continuing blockade of the territory. There are five access points between Israel and Gaza: Erez, the only crossing point for people; Karni and the much smaller Kerem Shalom and Sufa for goods; and Nahal Oz for fuel (see map). Mr Blair told us at the beginning of June that Gaza was "still very much in a situation of general lockdown".^[77] Mr Serry, Mr Holmes and UN Secretary-General Ban Ki-moon have all described the satisfactory delivery of humanitarian and reconstruction assistance as "impossible" without improved access.^[78] In its "Humanitarian Monitor" report covering May, for example, OCHA reported on the continued ban on imports of baby formula, benzene, construction materials, diesel, tea, several types of canned food and jam. The overall number of truckloads entering Gaza in May 2009 was less than 25% of the monthly average for January-May 2007, before the blockade. According to OCHA, six truckloads carrying construction materials were permitted entry to Gaza in January-May 2009, compared to over 39,000 in January-May 2007.^[79] Mr Blair highlighted the shortage of physical cash in Gaza, which is further holding back efforts to launch reconstruction and economic revitalisation;^[80] we also heard about this issue during our visit. Import restrictions are creating a shortage of cooking gas, which is contributing to a poor diet for children, 30% of whom are reported to have anaemia.^[81] The poor quality of Gaza's water, which has been exacerbated by the effects of the conflict and the limitations on the import of items needed for infrastructure reconstruction, is also causing health problems.^[82] In late May, the UN Relief and Works Agency for Palestine Refugees (UNRWA), the main aid agency in the OPTs, reported that around 40 medical items were being allowed to cross into Gaza each day, compared to around 4,000 before the conflict;^[83] OCHA reported that the number of drugs unavailable in Gaza had risen to 82 in May from 52 in March.^[84] The closure of the border crossings is also placing severe obstacles in the way of Gazans needing to leave the territory for medical treatment.^[85]

36. Israel's control of access to Gaza by water is also affecting efforts by international activists to deliver aid to the territory by ship. At the end of June, Israel impounded an aid ship of the Free Gaza Movement, the "Spirit of Humanity", reportedly after it continued to sail towards or into Gazan waters despite warnings not to do so.^[86] Israel detained the ship's 21 passengers and crew, who included six Britons. As we completed this Report, the Britons were reported to have been released and deported, but four of the ship's passengers—two Irish citizens, one Dane and one Yemeni—were reported still to be in Israeli custody.^[87] FCO Minister Ivan Lewis told the House on 7 July that the Foreign Secretary had raised the issue with Israeli Foreign Minister Avigdor Lieberman and asked for clarification as to whether Israel had apprehended the ship in international waters.^[88]

37. The Quartet, and its members including the British Government, have continued to call on Israel to allow unrestricted access into Gaza for humanitarian supplies, and to relax the restrictions on other imports that are hampering reconstruction efforts.^[89] In a Parliamentary answer on 8 June, DFID noted that "although the Israeli Government announced on 25 March that all humanitarian food items would be allowed into Gaza, this has not yet been implemented".^[90] In its latest *Annual Report on Human Rights*, published in March 2009, the FCO confirmed that it regards Israel as continuing to have international legal obligations towards Gaza as an occupying power, under the Fourth Geneva Convention. The FCO said that "the Fourth Geneva Convention is clear that an occupying power must cooperate in facilitating the passage and distribution of relief consignments".^[91]

38. Mr Blair suggested that, from Israel's perspective, there were two reasons for continuing to restrict the transfer of goods into Gaza. One was a genuine security concern that materials allowed into the territory for civilian purposes might be used in rocket attacks. The second was the concern that any easing of access conditions would be seen as a victory for Hamas and thus benefit it politically. Mr Blair did not think that either of these concerns was sufficiently well-founded.^[92]

39. Mr Blair's view, that Israel was reluctant to grant greater access through the Gaza border crossings partly for fear of benefiting Hamas, suggested that Israel's policy on the transit of goods into the territory was being driven partly by political considerations. Dr Bregman told us that Israel "used control over the crossings in to the Gaza Strip to put pressure on Hamas and to drive a wedge between the people of the Gaza Strip and the leadership".^[93] For his part, Mr Rammell told us that it was "difficult not to conclude that some of [the Israeli restrictions were] arbitrary".^[94]

40. One of the official crossings into Gaza, at Rafah, is on the territory's border with Egypt rather than Israel (see map). Following Israel's withdrawal from Gaza in 2005, and under the terms of the Agreement on Movement and Access (AMA) reached between Israel and the Palestinian Authority that November, Israel handed control of the Gaza side of the crossing to the Palestinian Authority, with an EU monitoring mission at the crossing as an integral part of the deal. The mission is known as EUBAM Rafah. We saw the new EU mission at work during our visit to Gaza in late 2005. However, the mission has been withdrawn from Rafah since the Hamas takeover of Gaza in June 2007, as the mission's official purpose is to support the Agreement on Movement and Access, which specifies Palestinian Authority control of the crossing. The mission retains its operational readiness and the EU has stressed consistently that it is willing to redeploy it as soon as circumstances allow.^[95] Since the Hamas takeover, Egypt has largely kept the Rafah crossing closed, as part of its own policy towards Hamas and Gaza (see paragraphs 173-174). Rafah is a crossing for people rather than goods.

41. The lack of free transit for goods through the crossings between Gaza and Israel has highlighted the role of the system of tunnels between Gaza and Egypt, under Gaza's southern border around Rafah. Dr Bregman told us that there were around 400 such tunnels prior to the Gaza conflict, of which Israel had destroyed perhaps 50% during Operation Cast Lead.^[96] He told us that Gazans registered their tunnels with Hamas.^[97] Our witnesses disagreed on the extent to which the tunnels were used for the smuggling of weapons for Hamas as opposed to civilian goods: Dr Albasoos told us that only around 5% of the tunnels were used for weapons smuggling, and that the

tunnels served primarily as Gazans' only means of access to civilian goods barred at the official crossings, whereas Dr Bregman and Ms Bar-Yaacov thought that weapons smuggling was a more significant element in the underground traffic.[98] In June, the Foreign Secretary said that the "majority" of smuggling through the tunnels was of commercial goods and that this constituted a "major part of the Gazan economy", as a result of the continuing Israeli restrictions at the official crossings. However, the Foreign Secretary also said that weapons smuggling continued, although "recent actions [had] disrupted this to some extent".[99]

42. Israel has made the halting of weapons smuggling into Gaza a key demand, linking progress on this issue to its willingness to accede to Palestinian and international demands for the opening of the border crossings. Ms Bar-Yaacov told us that weapons were the "key concern" for Israel.[100] This nexus of issues has in turn been central to the effort to achieve a longer-term ceasefire agreement between Israel and Hamas, which we outline in the next section.

43. Especially given Israel's linkage of the smuggling issue to that of access through the official crossings into Gaza, the international community has become engaged in the effort to prevent the illicit weapons traffic. Addressing the House immediately after the end of the fighting in mid-January, the Foreign Secretary identified the two "immediate challenges" as being "stopping the flow of arms and starting the flow of aid".[101] On 16 January, seeking to bring an end to the Gaza conflict, the US agreed in a Memorandum of Understanding with Egypt to provide technical and intelligence cooperation and logistical support to support Cairo's efforts in the Sinai desert, next to Gaza, to prevent illicit arms transfers into the territory.[102] The US and the UK are both involved in the Gaza Counter-Arms Smuggling Initiative (GCASI), along with Canada, Denmark, France, Germany, Italy, the Netherlands and Norway. At a conference in London in March, GCASI agreed a programme of action aimed at developing "an effective framework for international cooperation, supplementary to measures taken by regional states to prevent and interdict the illicit flow of arms, ammunition, and weapons components, to Gaza." [103] A follow-up meeting at official level was held in Ottawa on 10-11 June. FCO Minister Ivan Lewis said that the Government would "continue to work closely with the EU, US and regional partners to establish how best our expertise, including naval resources, can be used." [104]

44. Dr Albasoos told us that the tunnels into Gaza would be closed, as being unnecessary, if Israel opened the official crossing points.[105] As regards Israel's fears about the use that might be made of materials transferred through the official crossings into Gaza, Mr Blair commented that "you can get materials in there that are used for the purposes for which they are supposed to be used", [106] although Dr Bregman warned that Hamas would probably always have weapons with which to attack Israel, manufacturing them itself if necessary, because of the movement's *raison d'être* as a "liberation movement". [107] As regards Israel's fears about benefiting Hamas politically if it were to ease access conditions, Mr Blair argued that the operation of the tunnels was already to Hamas's benefit, while the current situation simultaneously penalised Gazans wishing to operate legitimate businesses. [108] Mr Blair argued that the "separate, illegitimate economy [...] over time displaces the legitimate economy". [109] For example, OCHA has reported that the Ministry of Agriculture in Gaza told farmers in April not to plant export crops, because of the prospect that they would lose money as a consequence of being unable to export their produce. [110]

45. Given the international community's demands for Israel to open the crossings into Gaza, and Israel's concerns about the use which might be made of imported goods, the possibility has been discussed of some form of international monitoring role at the crossings. In January, the EU said that it was:

examining options and intends to support the sustainability of the ceasefire including through assistance on border management. [...] the Council expresses the European Union's readiness to reactivate the EU Border Assistance Mission (EUBAM Rafah), as soon as conditions allow, and to examine the possibility of extending its assistance to other crossing points as part of the overall EU engagement in the region. [111]

Ms Bar-Yaacov told us that "the EU could serve a very constructive role [...] in monitoring. One needs enhanced monitoring, verification and compliance." [112] Mr Blair said that plans had been drawn up for the international community to take a role at the crossings into Gaza, but that "a change in policy will be required first". [113]

46. In addition to the difficulties for aid delivery caused by the Israeli blockade, there have been some instances in which humanitarian agencies could not deliver aid to its intended recipients in Gaza because it was appropriated by Hamas or other Palestinian groups. In early February, UNRWA temporarily suspended aid deliveries into Gaza after Hamas stole a second delivery. [114]

47. We conclude that rocket fire from Gaza by Hamas and other Palestinian groups on civilian targets in Israel is unacceptable. It generates the risk of a renewed escalation in violence, and constitutes a central obstacle in the way of Israeli willingness to move forward towards a two-state settlement. We therefore conclude that the British Government is correct to support Israel's goal of bringing rocket fire from Gaza to an end. However, we are not persuaded that the maintenance of the current regime of restrictions at the official crossings between Israel and Gaza is likely to achieve this. Rather, we conclude that the restrictions at the official crossings help to sustain the system of smuggling under the Egyptian border which itself contributes to the presence of illicit weaponry in Gaza. We recommend that, in its response to this report, the Government should update us on the steps being taken and the results being achieved as part of the international effort against smuggling into Gaza, and in particular on the British contribution. We further recommend that the Government should update us on any discussions which are underway on a possible international monitoring presence at the crossings between Israel and Gaza.

48. After two years in which we and others have consistently been highlighting the poor humanitarian situation in Gaza, and six months after the end of a damaging conflict, we conclude that Gaza's continued lack of free access to humanitarian and reconstruction supplies is a matter of distress and frustration. We conclude that it is unacceptable that Israel continues to deny unrestricted access for humanitarian assistance to Gaza. We further conclude that there are indications that Israel is seeking to use its control over the transfer of humanitarian and other supplies into Gaza partly for political objectives.

49. We conclude that the obstacles to legitimate economic activity and the increased role of unofficial economic transactions in Gaza may have a damaging long-term effect on the territory, which could make more difficult the creation of an integrated Palestinian state including both Gaza and the West Bank.

GAZA COMMONWEALTH WAR GRAVES CEMETERY

50. The reporting of the BBC's Mark Urban drew our attention to the impact of the conflict in Gaza on one of the two Commonwealth war graves cemeteries in the territory. [115] We visited the cemetery during our visit in March in order to be able to see for ourselves the damage that it had sustained. Richard Kellaway, Director General of the Commonwealth War Graves Commission (CWGC), told us that 363 of the 3,690 headstones in the cemetery would need to be replaced as a result of the effects of Israeli shelling, and that the total cost of the post-conflict restoration work required in the cemetery had been assessed at £83,936. Mr Kellaway told us that the CWGC was seeking to recover these costs from the Israeli government. Mr Kellaway said that he suspected that "the process may be lengthy", although he noted that in 2008 Israel had paid compensation to the CWGC for damage which the cemetery had sustained on a previous occasion. [116]

51. Despite the damage which the cemetery sustained in the most recent conflict, we were impressed on our visit by the condition in which the local CWGC staff were nevertheless maintaining it. We would like to take this opportunity to pay tribute to their work.

52. Mr Kellaway and Mr Paul Price, the local CWGC supervisor, confirmed that between taking up the post in January 2008 and March 2009, Mr Price had been unable to visit the two CWGC cemeteries in Gaza, on the basis of security advice. However, we were pleased to learn from Mr Kellaway that the CWGC Vice-Chairman, Admiral Sir Ian Garnett, had been able to visit the cemeteries, together with Mr Price, in April. [117]

53. We recommend that the FCO should press the Israeli government to compensate the Commonwealth War Graves Commission

(CWGC) for the costs of repairing the damage to the CWGC cemetery in Gaza which was sustained during the latest conflict there, as Israel did in 2008 for the costs of repairing damage sustained on a previous occasion. We further recommend that the Government should provide an update on this issue in its response to this Report.

Regional diplomatic follow-up

54. Following the Gaza conflict, two sets of negotiations got underway. One set, between Hamas and Israel, was aimed at reaching a new longer-term ceasefire agreement to replace that which broke down in December 2008. The second set of talks, between Hamas and Fatah, was aimed at the establishment of a new Palestinian national unity government, thereby bringing Gaza and the West Bank back under a single political authority and in that respect restoring the pre-June 2007 situation. Both sets of negotiations were mediated by Egypt.

55. In early March, Mr Rammell told us that the Government supported the conclusion of a new Israel-Hamas ceasefire agreement. UN Security Council resolution 1860 had called on member states to support efforts in this direction.^[118] However, the Egypt-mediated talks broke down in mid-March. One issue had been the opening of the crossings into Gaza by Israel in exchange for a halt to rocket fire out of it and reassurances on the smuggling of arms, as we outlined above. The deal-breaker in the talks appeared to be the decision of outgoing Israeli Prime Minister Ehud Olmert to link the conclusion of a new ceasefire agreement to agreement on a prisoner exchange, allowing the release of the Israeli soldier Corporal Gilad Shalit in exchange for the release of Hamas prisoners held by Israel. The release of Corporal Shalit has been an Israeli demand since he was kidnapped by Hamas in a cross-border raid in 2006, and Mr Olmert was reported to be keen to secure his release before leaving office, but Israel and Hamas could not agree on the list of Hamas prisoners to be released.^[119]

56. As regards the Hamas-Fatah talks, Mr Rammell told us that the Government supported the formation of a new Palestinian national unity government.^[120] The UN Security Council has also called for intra-Palestinian reconciliation.^[121] The Quartet's present support for a Palestinian unity government, involving Hamas in some way, contrasts with what we heard during both our 2007 inquiry and our present inquiry, namely that there had been US opposition to the formation of a national unity government in 2006-07.^[122] In our 2007 Report we called for the formation of a new national unity government.^[123]

57. In March, Salam Fayyad submitted his resignation as Palestinian Authority Prime Minister, in order to facilitate the formation of a new government, possibly under an alternative premier. However, as of early July, after six rounds of Cairo-based talks, no agreement had been reached. It was reported that Hamas would not accede to Fatah's demand that, at least for the purposes of the new government's programme, it should accept the three conditions which the Quartet set for any Palestinian Authority government with which it was to deal, namely a renunciation of violence, acceptance of the existence of Israel, and acceptance of previous agreements reached between the PLO and Israel. The two sides could also not reach agreement on a number of further issues, including, reportedly, arrests by the security forces of each side of people affiliated with the other, and the terms for holding the Palestinian elections due by 2010 (see paragraphs 128-132).^[124] Nomi Bar-Yaacov had told us in February that Hamas was opposed to the formation of a national unity government on the basis of a commitment to negotiations with Israel because it felt so strengthened by the conflict in Gaza.^[125] She told us at that stage that "Hamas and Fatah are hardly talking to one another",^[126] and Dr Albasoos confirmed that the rift between the two parties was "wider than before".^[127]

58. Having warned us, prophetically, in February 2007 that there could be a return to violence in the OPTs "very quickly",^[128] Ms Bar-Yaacov told us in February 2009 that there could yet be "another civil war".^[129] She suggested that the arms that Hamas were continuing to smuggle into Gaza could be targeted at Fatah, as much as Israel.^[130] Since the end of the Gaza conflict, there have been reports of reprisals there by Hamas against individuals believed to have collaborated with Fatah or Israel, and of reprisals against Hamas figures in return.^[131]

59. On 19 May, shortly before his first meeting with President Obama in Washington, President Abbas re-appointed Mr Fayyad to head a new government, which this time includes eight Fatah ministers rather than comprising only non-party figures.^[132] Many elements within Fatah continue to be discontented with their party's representation in the Palestinian Authority government, and the government's continued leadership by a non-Fatah figure.^[133] Some Fatah figures also did not want to see the apparent abandonment of the effort to form a government with Hamas, although as of early July the unity talks had not been formally called off and a further round of negotiations was scheduled for later in the month. There have been reports that Egypt has set the two parties a deadline of the end of July.^[134] We take up the issues of relations between Fatah and Hamas and international policy towards the Palestinian side of the conflict in Chapter 4.

60. We are dismayed that, six months after the end of the conflict in Gaza, there remains no ceasefire agreement between Israel and Hamas and no united Palestinian government. There also appears to have been little underlying change regarding several of the key issues which contributed to the outbreak of the conflict, such as Hamas's control of Gaza, weapons smuggling into the territory, and the lack of access through the Gaza border crossings. We conclude that this situation makes for an ongoing risk of insecurity and a renewed escalation of violence. We recommend that, in its response to this Report, the Government should set out what support it has offered to the conclusion of a new ceasefire agreement between Israel and Hamas, and its assessment of the prospect that such an agreement will be reached.

Possible violations of the laws of war

61. International human rights NGOs and other observers have alleged that the conflict in Gaza in December 2008/January 2009 saw violations of the laws of war, by both sides.^[135] The prominence of this issue led us to take evidence from Professor Iain Scobbie, Sir Joseph Hotung Research Professor in Law, Human Rights and Peace Building in the Middle East at the School of Oriental and African Studies, University of London.

62. Professor Scobbie explained that Israel is not a Party to Additional Protocol I to the Geneva Conventions, which are the main instruments establishing the international laws of war—including, in the case of Additional Protocol I, with respect to "armed conflicts in which peoples are fighting against colonial domination and alien occupation and against racist regimes in the exercise of their right of self-determination".^[136] Professor Scobbie also noted that "there can be differences in the implementation" of the laws of war between state and non-state actors.^[137] However, he said that many of the provisions of Additional Protocol I form part of customary international law, and that overall the "basic rules" of international law relating to armed conflict applied to the conflict in Gaza.^[138] In a memorandum, the FCO also made clear that it regards several of the principles regarding the targeting of civilians which are set out in Additional Protocol I as being part of customary international law and therefore as applying to Israel and Hamas.^[139]

63. One of the most prominent allegations made against Israel was that its military action in Gaza was disproportionate. The Foreign Secretary described the Israeli operation in these terms.^[140] Mr Blair told us that there had been "no conception of proportionality" in the Israeli action.^[141] We note the Foreign Secretary's terminology in particular in light of our criticism, in our 2007 Report, of the Government's decision not to use the term "disproportionate" of Israel's military action in Lebanon in 2006.^[142] Professor Scobbie explained that the term "disproportionate" had a specific legal significance—namely, that in order to avoid disproportionality "damage done to civilian property and civilians must not be excessive in relation to the military advantage anticipated by a given attack".^[143] He stressed that the requirement to avoid disproportionate military action was not, therefore, a requirement to avoid civilian casualties altogether.^[144]

64. International human rights NGOs charged Israel with violating the requirement to discriminate adequately between combatants and non-combatants during its Gaza action. Additional Protocol I requires that only military targets may be attacked; that all feasible

precautions must be taken to avoid or at least minimise civilian harm; and that indiscriminate attacks are not permissible, where the lack of discrimination may arise from either the choice of target or the choice of weapon.[145]

65. Allegations that Israel violated the requirement to discriminate adequately between combatants and non-combatants in the Gaza conflict were made with respect to both its targeting and the weapons types it used. As regards targeting, a number of allegations were made:

- Human Rights Watch, for example, argued that Israel had violated the prohibition on indiscriminate attack owing to its use of artillery shells in densely populated residential areas of Gaza, where it was suggested that extensive civilian casualties were unavoidable.[146]
- Human Rights Watch and Amnesty International both said that Israel had been operating with too broad a definition of a military target, and had attacked illegitimate civilian targets as a result.[147] Professor Scobbie highlighted in particular Israel's attack on a civilian police graduation parade, which he said probably constituted a breach of the laws of war because police are normally presumed to be civilians.[148] Other civilian facilities which were damaged and which drew international attention included hospitals and medical transports, the Gaza war graves cemetery (which we discussed above) and, above all, UN schools and a UN aid distribution warehouse. Concerns about Israeli targeting behaviour were heightened when a number of Israeli soldiers who had been involved in the conflict described apparently lax rules of engagement which they had been given and an apparently careless attitude to Palestinian civilian life and property prevailing among some IDF personnel.[149]

66. As regards the weapons which Israel used or may have used during the conflict, human rights organisations and other observers alleged that a number may have violated the prohibition on indiscriminate attack:

- **White phosphorus.** Amnesty International and Human Rights Watch both charged that Israel used white phosphorus in civilian areas and thereby violated the discrimination requirement.[150] The use of white phosphorus as an incendiary weapon is outlawed, by Protocol III to the Convention on Certain Conventional Weapons, but Israel is not party to this instrument;[151] and Professor Scobbie said that the use of white phosphorus is not necessarily illegal if it is used as an illuminant or smokescreen.[152] However, Professor Scobbie said that the use of white phosphorus would be subject to the general laws of war requiring discrimination and proportionality.[153] The FCO told us that "whether the use of white phosphorus munitions in civilian areas is or is not a breach of international law depends on the facts." In its memorandum, submitted in February, the FCO said that "Until the facts are clearly established, it is not possible to form a definitive view as to whether the alleged use of white phosphorus in Gaza is, or is not, in breach of international law." [154]
- **Flechettes.** Amnesty International reported testimony that Israel used flechettes during the Gaza conflict. Flechettes are anti-personnel weapons that release thousands of tiny metal darts over a large area from a single shell. Amnesty and the Israeli human rights organisation B'Tselem have argued that flechettes should not be used in the type of built-up environment found in Gaza.[155]
- **DIME bombs.** Dense Inert Metal Explosive bombs are designed to cause an intense explosion in a small space, in order to try to avoid collateral harm. They are packed with tungsten powder, which can dissolve in human tissue. A number of newspapers reported injuries to Palestinians in Gaza which gave rise to suspicions that DIME bombs may have been used.[156] Professor Scobbie told us that any use of DIME bombs would be illegal under Protocol I to the 1980 Convention on Certain Conventional Weapons, to which Israel is a party.[157]

67. In a public background paper about Israel's conduct of the Gaza campaign, the Israeli Foreign Ministry said that it had "demonstrated great sensitivity in exercising force in order to avoid, as much as possible, harming the civilian population not involved in terror." It said that Israel had refrained from certain operations where innocent civilians would have been harmed, and had issued warnings in order to avoid civilian casualties. The Foreign Ministry paper blamed Hamas for conducting operations from civilian facilities and for using human shields.[158]

68. International human rights organisations have charged Hamas with using human shields during the Gaza conflict.[159] Professor Scobbie told us that "civilians who take a direct part in hostilities are legitimate targets". However, he described the meaning of "taking a direct part in hostilities" as an issue which was "quite controversial", and one where further international legal guidance was expected.[160] The FCO noted similarly that there is no definition in customary international law of "direct participation in hostilities".[161]

69. International human rights organisations have stated that Hamas's rocket attacks on Israel are indiscriminate and therefore violate the laws of war.[162] Professor Scobbie shared this view.[163]

70. We asked Professor Scobbie about the argument that might be made, with regard to either side in the Gaza conflict, that the armed actions involved were in self-defence. Professor Scobbie told us that the legal doctrine of self-defence was "only relevant when a conflict starts, so that one side can claim that it is using force in self-defence, knowing that it is a breach of international law." By contrast, he argued that "in the situation that we have here, there has been an ongoing conflict and a situation of occupation for 40-odd years, so [...] self-defence is not a legal plea." [164] Professor Scobbie also argued that no one side in the Gaza conflict could rely on the doctrine of "belligerent reprisals"—namely the argument that a violation of international law had been committed in order to try to bring to an end a prior violation committed by the other side.[165]

71. In addition to allegations over Israel's conduct of its military campaign, human rights groups have charged Israel with violating international humanitarian law by denying medical personnel access to the injured in at least one case, and by blocking access to medical care in addition through its closure of Gaza's borders.[166] Amnesty International also charged that Israel had "deliberately blocked and otherwise impeded emergency relief and humanitarian assistance" during the conflict.[167] Israel said that it was "making major efforts [...] to ensure that the humanitarian needs of the civilian population [...] are met"[168] and pointed, for example, to the three-hour daily ceasefires which it instituted in order to allow access for humanitarian relief.[169]

72. Concerns were also raised about the closure of Gaza's borders because of the way in which this prevented the civilian population from fleeing the conflict. Professor Scobbie told us that there was a provision in the Fourth Geneva Convention for the parties to a conflict to designate civilian safe areas, but that this had not happened in Gaza.[170]

73. **We recommend that in its response to this Report the FCO should state whether it considers that violations of the laws of war were committed during the December 2008/January 2009 conflict in Gaza and southern Israel.**

OFFICIAL INVESTIGATIONS

74. A number of investigations have been launched in response to the allegations that the laws of war were violated during the Gaza conflict:

i. The IDF conducted an inquiry into the conduct of its forces which reported on 22 April. The IDF concluded that it had "conducted itself in an appropriate manner within the limits of international law", although there had been "a very small number of mistakes and incidents that indicated inappropriate conduct" which "were unavoidable" in the circumstances.^[171] In a joint statement, ten Israeli human rights groups called the results of the investigation "very problematic".^[172] Kate Allen, UK Director of Amnesty International, told our separate human rights inquiry in June that the Israeli investigation was "neither independent nor impartial".^[173] Professor Scobbie told us that Israel's record on investigating and prosecuting legal violations by its military was "pretty patchy".^[174]

ii. The Arab League established a Fact Finding Committee which travelled to Gaza in February and reported at the end of April.^[175] The Committee found that both the IDF and Palestinian militants who fired rockets into Israel had perpetrated "indiscriminate and disproportionate attacks on civilians."^[176]

iii. UN Secretary-General Ban Ki-moon established a Board of Inquiry into incidents during the conflict which involved damage to UN personnel or property. The Board was led by the UK's Ian Martin, formerly Secretary-General of Amnesty International. According to the summary of the Board's report which Mr Ban released and forwarded to the Security Council on 5 May, the Board found the IDF to have been responsible for seven of nine incidents, and "a Palestinian faction, most likely Hamas" to have caused the damage in an eighth.^[177] The summary concluded that "IDF actions involved varying degrees of negligence or recklessness with regard to United Nations premises and to the safety of United Nations staff and other civilians within those premises".^[178] The summary said that the Board called for the UN to seek reparation from Israel or Hamas as appropriate, and for the establishment of a further "impartial inquiry mandated [...] to investigate allegations of violations of international humanitarian law in Gaza and southern Israel by the IDF and by Hamas and other Palestinian militants".^[179] Israel rejected Mr Ban's summary of the report. Mr Ban rejected the call for a further investigation.^[180] In Parliamentary answers in May, FCO Minister Lord Malloch-Brown said that the Government was "deeply concerned" by the findings of the Board's report.^[181] He said that Israel was still conducting some investigations, that it was "important that Israel ensures that the various allegations are fully investigated, taking into account [the Board's] findings",^[182] and that once the outcome of remaining investigations was clear the Government would "consider the results carefully and assess whether further action is necessary."^[183]

iv. The UN Human Rights Council has established an inquiry which began work in early May. The inquiry has taken evidence in Gaza, Amman and Geneva from people affected by or involved in the conflict, and expects to complete its report in August 2009 for presentation to the Council in September.^[184] The inquiry is being led by the former international prosecutor Richard Goldstone of South Africa. The inquiry's original mandate, as approved by the Human Rights Council, referred only to alleged human rights violations committed by Israel,^[185] but the mandate eventually conferred on the inquiry by the Council's President is "to investigate all violations of international human rights law and international humanitarian law that might have been committed at any time in the context of the military operations that were conducted in Gaza during the period from 27 December 2008 and 18 January 2009, whether before, during or after."^[186] Amnesty's Kate Allen told our human rights inquiry that Amnesty was "really disappointed with the UK Government's failure to make a public statement of support for the Goldstone mission and to put pressure on the Israeli Government to co-operate".^[187] Tom Porteous of Human Rights Watch concurred that the Goldstone inquiry "needs to be supported by the international community, including by the UK, and its recommendations need to be taken extremely seriously."^[188] The Foreign Secretary told us subsequently that the Government supported the Goldstone inquiry, now that it was mandated to investigate alleged violations by both sides.^[189] The Foreign Secretary suggested that the main problem for the Goldstone inquiry was its need for the cooperation of the parties to the conflict;^[190] in February, Professor Scobbie had warned us that any international investigation "would need the consent of the parties to be effective",^[191] but Israel has indicated that it will not cooperate with the Goldstone inquiry, something which Kate Allen called "deplorable."^[192] Under these circumstances, the Foreign Secretary sounded sceptical about the prospects for the inquiry. He told us that:

The problem [...] is that the Human Rights Council is seen as a politicised body and its inquiry, notwithstanding the huge distinction of Judge Goldstone, is perceived, though not by us, to be prejudiced. [...] the politicised nature of the Human Rights Council [...] makes it very difficult for [it] to carry the confidence of the Government of Israel on this issue.^[193]
We are considering the UN Human Rights Council more generally as part of our human rights inquiry.

75. Some observers have charged that Israel committed war crimes during its Gaza campaign. Kate Allen of Amnesty International, for example, told us that there was "absolutely, evidence of war crimes".^[194] The International Criminal Court (ICC) has the power to try war crimes, where national authorities do not take appropriate action. The ICC is reported to have received over 200 requests to investigate possible violations during the Gaza conflict.^[195] Professor Scobbie warned that, in order for alleged legal breaches to count as war crimes, intent must be proved.^[196] He also noted that neither Israel nor any authority on the Palestinian side is party to the Statute of the ICC.^[197] However, in January, the Palestinian Authority made a "declaration of competence" in order to seek to confer on the Court the authority to try alleged crimes committed in the OPTs. Professor Scobbie told us that before it could proceed to investigating any specific allegations, the ICC must first adjudicate as to whether the Palestinian Authority was competent to make such a declaration.^[198] The FCO told us that it took no view on this matter.^[199]

76. Professor Scobbie stressed that "the ICC is not the only route by which prosecutions could be made": he stated that "all states that are party to the Geneva Conventions have the duty to ensure that those who commit grave breaches are prosecuted, even if they have to do it in their own courts".^[200] He confirmed that British courts would have jurisdiction over grave breaches of the Geneva Conventions, under the Geneva Conventions Act 1957.^[201]

77. We are deeply concerned about the high number of casualties, the extent of the damage sustained and allegations of violations of international law during the conflict in Gaza. We conclude that Hamas targets civilians in its armed actions, and that Israel's military action in Gaza was disproportionate. We welcome the establishment of the UN Human Rights Council's inquiry into the conflict under Judge Goldstone, and the fact that it will investigate all violations of international human rights law and international humanitarian law that might have been committed during the conflict, by either side. We recommend that the Government should give the Goldstone inquiry its full support and press Israel to cooperate with it fully.

3 British arms exports to Israel

78. In the light of the concerns about the conduct of the conflict in Gaza which we outlined in paragraphs 61-73, there has been renewed discussion of foreign arms transfers to Israel and the OPTs. In a report published in February, on the basis of the findings of a team which visited Gaza after the conflict, Amnesty International concluded that "both Israel and Hamas used weapons supplied from abroad to carry out attacks on civilians" during the December-January violence.^[202]

79. By definition, Hamas and other Palestinian armed groups do not receive officially approved arms transfers from the UK. In this chapter we therefore exclusively consider UK arms exports to Israel. We refer to the issue of arms supplies to Hamas in the context of our discussions of access into Gaza (in paragraphs 41-45) and the role of Iran (in paragraph 161).

80. British arms export policy is scrutinised in the House of Commons by the Committees on Arms Export Controls (CAEC), a concurrent

meeting of four select committees, including the Foreign Affairs Committee. CAEC has taken a longstanding interest in British arms export policy regarding Israel. It is examining the subject again as part of its current annual inquiry.

81. The British Government grants arms export licences on the basis of the Consolidated EU and National Arms Export Licensing Criteria. Among other provisions, these specify that the Government may not authorise an arms export where there is a "clear risk" that it may be used for internal repression (Criterion 2), or which would "provoke or prolong armed conflicts or aggravate existing tensions or conflicts in the country of final destination" (Criterion 3), or where there is a "clear risk that the intended recipient would use the proposed export aggressively against another country or to assert by force a territorial claim" (Criterion 4). The criteria also require the Government to "exercise special caution and vigilance" in issuing licences to countries where serious human rights violations have been established (Criterion 2), and to take into account the purchasing country's compliance with its international commitments (Criterion 6). The criteria further require the Government to take into account the potential effect of the proposed export on the UK's defence and security interests, although they specify that this factor cannot affect consideration of the human rights and regional security criteria (Criterion 5).^[203] In his statement to the House on the Gaza conflict on 12 January the Foreign Secretary summarised the way in which the Government applies the criteria in relation to Israel: he said that "no arms exports are granted where there is a clear risk that those arms could be used for internal repression or external aggression."^[204]

82. According to successive editions of the Government's *Annual Report on Strategic Export Controls*, for military exports to Israel in recent years the value of approved Standard Individual Export Licences and of exported military equipment was as follows:

Value of British military exports to Israel, 2002-2008 (£ million)

	2002	2003	2004	2005	2006	2007	2008
Military equipment exported	2.17	0.24	0.84	0.58	1.82	6.3	Not yet available
Standard Individual Export Licences approved	10.0	11.5	12.0	22.5	16.5	10.5	27.6

Source: BERR/FCO/MOD/DFID, successive *Annual Reports on Strategic Export Controls*, available via www.fco.gov.uk. The 2008 *Annual Report* had not been published when we completed this Report. As a result, no figure for equipment exported in 2008 was yet available, and the figure given here for Standard Individual Export Licences approved was summed from the four 2008 Quarterly Reports. See also House of Commons Library Standard Note SN/IA/4931, "Arms Exports to Israel", 13 January 2009.

83. After further questioning by ourselves and CAEC following the conflict in Gaza, and after NGOs and the media had continued to raise a number of specific issues in connection with British arms exports to Israel in the context of Israel's military campaign in the territory, the Foreign Secretary issued a written ministerial statement on 21 April. One issue which had been raised was the Government's decision in 2002 to authorise the export of components to the US for incorporation there into aircraft for onward export to Israel, when it would not authorise the export of the relevant components or aircraft to Israel direct from the UK.^[205] Under the 2002 decision, the UK has supplied components to the US for incorporation into F-16 fighter aircraft and Apache attack helicopters. In his 21 April statement, the Foreign Secretary said that F-16s and Apache helicopters used by Israeli forces during Operation Cast Lead "almost certainly" contained British-supplied components.^[206] The Foreign Secretary also identified, as equipment used by Israel during Operation Cast Lead which "almost certainly" included British-supplied components, Saar 4.5 naval vessels and armoured personnel carriers. The UK authorised the export direct to Israel of gun components for the former. The latter included converted British Centurion tanks sold to Israel in the late 1950s.^[207] Apart from those relating to the Saar naval vessels, all the British export licences for items which were "almost certainly" used during Operation Cast Lead were issued before the war in Lebanon in 2006: Bill Rammell told CAEC in April that the Government had not authorised any exports relating to F-16s, helicopters or armoured personnel carriers for Israel, including for incorporation in a third country, since that conflict.^[208]

84. In his 21 April statement, the Foreign Secretary also said that the UK had supplied "minor components" for reconnaissance satellites which "might" have been used to prepare Operation Cast Lead, but which "would not have played a significant part in the operation itself."^[209]

85. In its February 2009 report, Amnesty International had drawn attention to the issue of unmanned aerial vehicles (UAVs). A Lichfield firm supplies engines to Israel for inclusion in the Hermes 450 UAVs which are manufactured there by Elbit systems. The IDF used Hermes 450 aircraft during Operation Cast Lead.^[210] However, according to Elbit, Hermes 450 aircraft containing British engines are manufactured in Israel exclusively for export and are not used by the IDF.^[211] The Government has said similarly that British export licences have only been issued for the engines to be incorporated in Israel and then exported.^[212] Of British export licences for equipment for Israel's UAV industry, the Foreign Secretary said in his April statement that "the great majority are subject to further incorporation in Israel for onward export and a small number approved for demonstration, research, testing and our own 'Watchkeeper' UAV programme".^[213] The latter is the UK's major contract, awarded in 2005, for new UAVs; Hermes 450 aircraft provided under the programme by a consortium of Elbit and Thales were declared 'in service' in July 2007.^[214] The Foreign Secretary told the House in his April statement that the FCO had "no evidence that goods licensed by the UK [for UAVs] were diverted within Israel for use by the IDF."^[215] The case of Israeli-made UAVs seems to us to raise issues about any end-use restrictions that may have been placed on the British engines exported to Israel for incorporation into Israeli UAVs, and about the relationship between British arms export policy and the importance to the UK's defence interests of the imported Israeli-made aircraft.

86. The Foreign Secretary concluded his 21 April statement by saying that the Government was reviewing all extant export licences to Israel, to see if any needed to be reconsidered in the light of the conflict in Gaza. This confirmed what Bill Rammell had already indicated to us.^[216] Bill Rammell also told both us and CAEC that licences would be revoked if necessary.^[217] The Foreign Secretary told the House that the Government would take the conflict in Gaza into account in assessing all future licence applications.^[218]

87. On 13 July, there were media reports that the Government had decided to revoke five licences for arms exports to Israel, reportedly for exports of components for Saar 4.5 naval vessels. The decision would appear to be the result of the review which the Foreign Secretary announced in his April statement. The FCO was quoted as saying that, as a result of Israel's action in Operation Cast Lead, the exports would now contravene the licensing criteria.^[219]

88. In its February report, Amnesty International called on the UN Security Council to impose an immediate and comprehensive arms embargo on all parties to the conflict in Gaza. In the meantime, Amnesty urged exporting states to suspend all arms transfers to the relevant parties.^[220] It noted that, among EU member states, nine already claim to export no arms to Israel.^[221] The Campaign Against the Arms Trade has similarly called for a UK arms embargo on Israel, on the grounds that it was "not credible to believe" Israeli assurances that weapons and components received from the UK were separated from other equipment and not used in offensive actions outside Green Line Israel.^[222]

89. We and CAEC have heard a number of arguments against a UK arms embargo on Israel:

- i. The UK is not a major arms supplier to Israel, so a British embargo would have little impact on Israel's ability to mount offensive

operations.^[223] Israel sources around 95% of its defence imports from the US;^[224] in its latest *Yearbook*, the Stockholm International Peace Research Institute (SIPRI) put the US share of Israel's conventional weapons imports in 2004-08 at 99%. According to SIPRI, the UK was among the suppliers which collectively accounted for less than 0.5% of Israel's conventional weapons imports over the period.^[225]

ii. The Government already refuses a considerable number of applications for export licences for Israel: Bill Rammell told us that the Government had refused between nine and 26 licence applications each year over the last five years.^[226] In the view of those who oppose an arms embargo, this suggests that the Government is implementing its stated restrictions on transfers to Israel, in line with the consolidated criteria; and it reinforces the argument that a formal embargo would have little practical impact on Israel's capacity to take military action.^[227]

iii. Banning the export of components for incorporation in the US and onward export to Israel would damage the UK-US defence relationship. This is the argument that the Government put forward at the time of its 2002 decision on incorporation.

iv. It is possible that a British embargo on Israel might disrupt arms transfers from Israel to the UK. The Chairman of the Export Group for Aerospace and Defence (EGAD), David Hayes, told CAEC that the Ministry of Defence was procuring equipment from Israel and that an arms embargo "would have a devastating effect on the operational capability of [UK] Forces and put [UK] military personnel at increased risk."^[228]

v. There is the political argument that, as Bill Rammell put it to CAEC, the imposition of an arms embargo on Israel would not help the UK to achieve its broader political aims in the Middle East.^[229]

90. We welcome the Government's investigation into Israel's use of UK-sourced military items during its campaign in Gaza. We conclude that it is regrettable that components supplied by the UK were "almost certainly" used in a variety of ways by Israeli forces during the most recent conflict in Gaza, and that this constitutes a failure of past Government arms export control policy. We recommend that the Government should continue to do everything possible to ensure that this does not happen again. We welcome the Government's decision to revoke some arms export licences to Israel for components for Saar 4.5 naval vessels. We further recommend that the Government should provide its assessment of the impact on the UK-US defence relationship of its decision since 2006 to cease licensing the export of components for incorporation into F-16s and Apache helicopters in the US; and specify any end-use restrictions which it places on exports of components for unmanned aerial vehicles for incorporation in Israel for onward export.

4 Intra-Palestinian developments and British Government policy

91. As we outlined in paragraphs 8 and 54-60, a central development on the Palestinian side of the conflict in recent years has been the Palestinian Authority's loss of control of Gaza to Hamas, leaving the Palestinians divided politically between the Palestinian Authority and Hamas, and physically between the West Bank and Gaza.

Quartet strategy

92. After Hamas won the January 2006 Palestinian elections, the Quartet set three conditions which it said that all members of any Palestinian Authority government must accept in order for the Quartet to deal with it, and in particular in order for the Quartet members to provide direct aid. These conditions were a commitment to non-violence, recognition of Israel, and acceptance of previous agreements made by the PLO.^[230] As the Hamas-nominated government between 2006 and 2007 did not accept these principles, the Quartet ceased the direct provision of aid to the Palestinian Authority. The EU established a Temporary International Mechanism (TIM) in order to channel funds to the OPTs while bypassing the Hamas government. After Hamas and Fatah formed a national unity government in March 2007 under the Mecca Agreement, the Quartet engaged with non-Hamas members of that government but continued initially with the TIM rather than funding the Palestinian Authority directly. In our August 2007 Report, we criticised this decision, concluding that "the unwillingness of the EU to modify the financial boycott of the Palestinian Authority following the Mecca agreement was very damaging",^[231] and that it contributed to the collapse of the national unity government.^[232] In its 2008 Report, the International Development Committee similarly charged the international community with withholding support for the national unity government, which it called "an attempt to establish a stable and functioning government in the [Occupied Palestinian] Territories".^[233] The Quartet restored direct financial assistance to the Palestinian Authority after the formation of the emergency non-party government under Prime Minister Fayyad in June 2007.

93. The Quartet's three principles have effectively become conditions for it to deal not only with the Palestinian Authority government but also with Hamas, whether the latter is inside or outside the Palestinian Authority government. In our 2007 Report, we advocated some relaxation of the Quartet's position. We concluded that "the decision not to speak to Hamas in 2007 following the Mecca agreement [was] counterproductive",^[234] and we recommended that "given the failure of the boycott to deliver results, [...] 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."^[235]

94. The policies which the Quartet has pursued towards Hamas and the Palestinian Authority government since 2006 have reflected its strategy in the face of the intra-Palestinian split, which is, on the one hand, to seek to undermine Hamas and its current political stance, while seeking to entice it to accept the Quartet principles; and, on the other, to help build support for Fatah, President Abbas and the Palestinian Authority government excluding Hamas—that is, for those Palestinian forces which are committed to non-violence and a negotiated two-state solution with Israel. The Quartet seeks to bolster the position of the non-violent, pro-two-state Palestinian forces through progress in the peace process and economic development in the OPTs (which we discuss below). Mr Rammell and Mr Blair made it clear that this remains the Quartet's strategy. Mr Rammell told us that:

if there is real progress through reconstruction and with aid, so that people can vote for statehood in that sense, there is a strong prospect of the moderates, the centre ground, winning. If there has not been that progress, there is always the chance that people will vote for what they see as the resistance.^[236]

Mr Blair similarly told us that:

If the people who want peaceful coexistence and who say that peaceful negotiation is the way to deliver their aims are succeeding, people will get behind them. If they are not succeeding, people will ask, 'What is the alternative?' I really think that it is as simple as that.^[237]

Policy towards Hamas

95. We asked our witnesses whether, three years into the Quartet's pursuit of its strategy towards the divided Palestinians, they saw any signs of Hamas accepting the Quartet principles. Dr Albasoos told us that "Hamas is committed to a two-state solution [and] [...] is not committed to the destruction of the state of Israel".^[238] He referred us to a number of sources in support of this statement, while acknowledging that Hamas's position was "implicit".^[239] Other witnesses were of the view that Hamas's position was, at most, far from clear. Ms Bar-Yaacov said that views other than those referred to by Dr Albasoos, "including calls for the destruction of the state of Israel, go on being expressed", and she noted that "Hamas is speaking with more than one voice".^[240] Mr Rammell told us that "at one moment there is a sense of optimism and then there is a further delay"^[241] as regards movement in Hamas's views. For his part, Mr Blair told us that:

At certain [...] periods, [...] ambiguity is actually really unhelpful. Sometimes people will phone me up and say, 'Look, you should look at what the Hamas leadership has said,' and they point to certain phrases that indicate a movement towards peace. Then there are a whole lot of other phrases that, if you have a PhD in studying these things, you can probably work out what they are trying to say, but if you are just an ordinary person looking at it, you would say, 'Well, I don't know what they are saying.' One of the things that I think Hamas has to realise is that if it wants to become part of this process, it must stop being ambiguous about it.[242]

As things stood, Mr Rammell judged that "the jury is still out" regarding Hamas's possible acceptance of the Quartet principles,[243] although in a separate answer he also said that there was "no indication that it [was] willing" to move in that direction.[244] Mr Blair told us that he did not know whether Hamas was prepared to change its position, but that it did "not seem like it" at present.[245]

96. Mr Blair defended the Quartet's continued policy of non-engagement with Hamas. He pointed to the way in which Egypt was doing a "superb job" of talking to Hamas on behalf of the Arab League and, effectively, the Quartet. Mr Blair argued that the situation was "really not a failure of communication [...]. The problem is not that [Hamas] does not quite know what we are saying." [246]

97. Dr Albasoos suggested that, rather than simply imparting the Quartet's position to Hamas, the value of Quartet engagement with the movement might come in signalling that its grievances were being taken seriously and that they had improved prospects of being addressed in the peace process. Dr Albasoos told us that Hamas fired rockets from Gaza primarily as a means of gaining the attention of the international community, and that "neither Hamas, nor any Palestinian faction, would launch any missiles from Gaza if the European Union and the British Government were to engage in dialogue with them." [247]

98. Although Mr Blair defended the Quartet's policy, on at least three occasions during our evidence session he framed the issue concerning Hamas in terms of whether the organisation committed itself to exclusively peaceful means.[248] This suggested that Mr Blair might prioritise this condition over the Quartet's other two. For example, Mr Blair told us that if Hamas were to commit itself exclusively to peaceful resistance, "everything would be opened up".[249] Mr Blair referred during this part of our discussion to the Mitchell principles used as a framework for the peace negotiations in Northern Ireland, which focused exclusively on excluding violence from the process in various ways.[250] It can be argued that the British Government's willingness to engage with Sinn Féin as part of the Northern Ireland peace process offers a potential parallel with Hamas.

99. Mr Rammell may also have implied some flexibility in the Quartet conditions, by referring twice to "movement towards the Quartet principles" being the requirement placed on Hamas, rather than the complete satisfaction of the principles.[251] Mr Rammell acknowledged that while it was participating in the national unity government between March and June 2007, "albeit not perfectly, Hamas went some way towards committing to the principles".[252]

100. The British Government's continuing stance against engagement with Hamas has been thrown into relief by its decision in March 2009 to reverse the similar position which it previously held with respect to Hezbollah in Lebanon, and to open contacts with that organisation's political wing.[253] We had advocated such a reversal with respect to Hezbollah in our 2007 Report on the Middle East.[254] In its response to our Report at that time, the Government said that it would decide whether to open contacts with Hezbollah's political wing partly on the basis of its judgement as to whether "such contacts would encourage them to move away from violence and play a constructive role in Lebanese politics".[255] Accounting for the Government's decision in 2009 to open such contacts, the Foreign Secretary told us that they would allow it to "convey to Hezbollah the need to reject violence" and also "allow [...] greater insight into Hezbollah's political objectives, which in turn should lead to clearer policy making for the Middle East as a whole." [256]

101. Giving evidence immediately after the Government had made known its change of policy, Mr Rammell said that he did not think that there was any analogy between Hezbollah and Hamas as regards the possibility of British Government engagement.[257] In a Westminster Hall debate in May, Mr Rammell expanded on the point, saying that British "policies must reflect the specific circumstances of the Lebanese and Palestinian political contexts [...] we do not believe that it is productive to talk to [Hamas] directly at the moment". Mr Rammell said that "if and when the Palestinians form a Government of national consensus, we will look carefully at their exact composition and programme before making any decisions on engagement".[258]

102. As we outlined in paragraphs 54-60, as of early July 2009 Hamas and Fatah have been unable to form a new Palestinian national unity government, owing to a great extent to Hamas's continuing unwillingness to subscribe to the Quartet principles. Mr Blair held that the principles were "there for a genuine and specific purpose, which is to ensure that there is the basis for an agreement for people to find a way forward together".[259] He suggested that there would be little point in the formation of a national unity government without "genuine unity", because "if there is no unity, a unity government will not last." [260]

103. We recognise that success in the Quartet's strategy—of encouraging Hamas to reject violence and accept Israel's existence, by bolstering the position of the Palestinian forces which have already done so, and rejecting contact with Hamas itself—could be realised only gradually and over time. However, two years after we advocated a shift to engagement with moderate elements within Hamas, we conclude that there continue to be few signs that the current policy of non-engagement is achieving the Quartet's stated objectives. We further conclude that the credible peace process for which the Quartet hopes, as part of its strategy for undercutting Hamas, is likely to be difficult to achieve without greater co-operation from Hamas itself. We are concerned that the Quartet is continuing to fail to provide Hamas with greater incentives to change its position. We therefore reiterate our recommendation from 2007, 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 further recommend that in its response to this Report, the Government should set out the specific indicators, if any, that would trigger a shift of British Government policy towards engagement with Hamas. We further recommend that the Government should set out the relevant differences between the cases of Hezbollah and Hamas that lead it to conclude that engagement with moderate elements within Hamas is not currently worth attempting.

West Bank development

104. A central element in the Quartet's strategy for bolstering President Abbas and the Palestinian Authority government has been to support Palestinian economic and institutional development under their authority. Effectively, this means support for the economy and Palestinian Authority institutions on the West Bank. The Quartet has given significant weight to this aspect of its strategy since mid-2007, when it appointed Mr Blair as its Representative, with a mandate to "mobilize international assistance to the Palestinians [...]; help to identify and secure appropriate international support in addressing the institutional governance needs of the Palestinian state, focusing as a matter of urgency on the rule of law; [and] develop plans to promote Palestinian economic development".[261] The emphasis of the Quartet and Mr Blair on Palestinian economic development builds on work carried out by the British Government before Mr Blair left domestic office, subsequently reflected in particular in the report "Economic Aspects of Peace in the Middle East" published by HM Treasury in September 2007.[262]

105. In addition to its potential impact in undercutting Hamas and encouraging support for President Abbas and other non-violent, pro-two-state Palestinian forces, Mr Blair argued that more effective Palestinian Authority institutions would also aid the Israeli-Palestinian track of the peace process. Mr Blair's argument applied primarily to the development of civilian security forces and institutions. He told us that:

you have to have a properly functioning security capacity on the part of the Palestinians, to provide the Israelis with justification for stepping back. The basic idea is that as the Palestinians do more and the Israelis do less, eventually you have the Palestinians back in charge of their territory.[263]

The US and the EU are both engaged in assisting the development of Palestinian Authority security forces. Since 2006, the EU has been operating a police mission to this end, known as EUPOL COPPS, which is under the leadership of British Chief Constable Paul Robert Kernaghan and which Mr Blair said was doing an "excellent job".[264]

106. Mr Blair's support for the development of Palestinian Authority security institutions formed part of his broader approach to the Israeli-Palestinian situation, which he said was designed to address the "on-the-ground reality" of both sides as a way of building a credible peace process. For the Israelis, he said, the fundamental problem was about security: "their on-the-ground reality is [that] [...] they will not agree to a Palestinian state unless they are sure that such a state is a stable and secure partner for peace", and that agreeing to the establishment of such a state would not therefore jeopardise Israeli security. For the Palestinians, Mr Blair said, their "on-the-ground" problem was that they could "not see that a state is possible with [the] network of restrictions" that Israel operates as a result of its own security concerns.[265] Mr Blair said that his strategy was therefore:

to try to create the circumstances in which we build Palestinian security capability, particularly on the West Bank, so that the Israelis can move out. The Palestinians can then have the run of their territory and the access and movement restrictions and so on can be eased.[266]

107. In our 2007 Report on *Global Security: The Middle East*, we welcomed Mr Blair's appointment, and the Government's focus on developing an economic track to the peace process.[267] In his evidence to us two years on, Mr Blair pointed to a number of indicators of progress. He told us that the Palestinian Authority had received its largest-ever sums of international financial support in 2008, that the West Bank economy grew "not insignificantly" in that year, and that he had been able to make "some progress" on "a whole set of specific issues around housing, industrial parks, tourism and mobile telephony".[268]

108. On security and movement and access issues, Mr Blair told us that the Palestinian Authority security forces were "making a substantial difference" in the areas of the West Bank where they had been deployed. For example, he pointed to developments around Jenin, where US-trained Palestinian Authority security forces were now deployed and the number of Israeli roadblocks had been reduced as a result.[269] He also stated that Israel had removed some restrictions on movement and access around Nablus and Hebron. Mr Blair also told us that there was now a plan for the development of the whole judicial and penal system on the West Bank, probably to be implemented in partnership with the EU, and that if it could be implemented, "that is the way that we will get the weight of occupation removed from the Palestinian territories".[270]

109. As regards Palestinian Authority finances, the FCO's Director for the Middle East, Dr John Jenkins, told us that Palestinian Authority Prime Minister Fayyad had, for example, recovered around \$1.2 billion which it was alleged had been diverted from its proper use by former Palestinian leader Yasser Arafat. Dr Jenkins said that "donors have absolute confidence in a government headed by Salaam Fayyad".[271]

110. Addressing the House on the Gaza crisis on 19 January, the Foreign Secretary noted that there had not been major unrest on the West Bank during the Gaza conflict. He linked this to the fact that, in his view, Prime Minister Fayyad's government "showed clearly in its management—political, economic, security—that given half a chance Palestinian government can be hugely effective and provide a real partner for peace".[272]

111. We conclude that some progress has been made on Palestinian economic and institutional development on the West Bank, and that this is to be welcomed. We conclude that the Palestinian Authority government under Prime Minister Salam Fayyad has shown improved capacity to deliver increased security and manage the Authority's economy and public finances. We further conclude that international assistance to the Palestinian security sector, including the EU police mission, is fulfilling an important role.

112. Despite its achievements, the work on Palestinian economic development which is underway on the West Bank under Quartet auspices is open to a number of criticisms which we encountered during our inquiry. First, there is the risk that the focus on economic development and improvements on the ground in the West Bank may reduce pressure for progress on the political track, partly by accommodating the political *status quo*. In its 2008 Report, the International Development Committee warned that "the international community must take care that it does not end up legitimising the occupation".[273] Mr Blair acknowledged this argument in a discussion of whether "to improve the checkpoints [...] is, in a sense, to endorse them". He implied that this argument should not override the benefits that could flow from improving the situation on the ground, saying that some of the checkpoints would be there "for a time" and that "if they were carried out in a proper way with some account taken of the dignity of the people, that would be very helpful".[274]

113. The potential concern that economic development might enjoy priority over the political track has been heightened because the new Israeli Prime Minister, Benjamin Netanyahu, has couched his approach to the West Bank in terms of an "economic peace", while initially declining to state explicitly his commitment to a two-state solution. During his election campaign in 2008, Mr Netanyahu said that the peace process had previously focused only on intractable political issues, and that this had "led to failure and [was] likely to lead to failure again". Instead, Mr Netanyahu argued, it was necessary to:

weave an economic peace alongside a political process. That means that we have to strengthen the moderate parts of the Palestinian economy by [...] rapid growth in those area[s], rapid economic growth that gives a stake for peace for the ordinary Palestinians. [...] economic peace will support and bolster the achievement of political settlements down the line.[275]

Since taking office, Mr Netanyahu has established a ministerial committee—which he is to chair himself—to take forward his economic agenda for the West Bank. Mr Blair welcomed this development.[276] The committee met for the first time in late May, and reportedly expects to be presented with a large number of potential investment projects.[277]

114. Giving evidence in February, Nomi Bar-Yaacov characterised Mr Netanyahu's notion of "economic peace" as "basically no peace process, but giving some economic incentives to Palestinians on the West Bank".[278] However, in March, Mr Rammell told us that there had already "been movement beyond" Mr Netanyahu's exclusively economic focus.[279] Mr Blair said that the economic and the political could "work together", as long as "economic peace" was not a substitute for a political one, and the two instead went together.[280] In his major speech on Israeli-Palestinian issues at Bar-Ilan University on 14 June, Mr Netanyahu said explicitly that "an economic peace is not a substitute for a political peace, but an important element to achieving it".[281]

115. Mr Blair's discussion of the "economic peace" idea suggested that he was seeking to use Prime Minister Netanyahu's desire for economic development on the West Bank as a lever to press for the relaxation of Israel's movement, access and administrative regime there. Mr Blair said that he had pointed out to Mr Netanyahu "on many occasions, you cannot make economic progress on the West Bank

unless you deal with these issues of access, movement and other sets of restrictions".[282]

Map: West Bank Access and Closure

Source: UN Office for the Coordination of Humanitarian Affairs-Occupied Palestinian Territory (OCHA-oPt)

116. A second difficulty for Mr Blair's work on West Bank economic development is precisely the obstacle represented by the administrative regime which Israel operates in the territory and the continuing restrictions on Palestinian movement and access across it. In our 2007 Report, we concluded 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".[283] The International Development Committee reached a similar conclusion in 2008, calling "the continued restrictions on movement and access" "one of the major barriers to the development of a viable Palestinian economy".[284] In addition to the physical obstacles to Palestinian economic life in the West Bank, Mr Blair drew our attention to the administrative ones—for example, pointing to the way in which the need for Israeli permits blocked potential Palestinian development projects.[285] He told us that "if you do not deal with the access and movement issues, the ability to revive the economy quickly will be limited".[286]

117. We conclude that Quartet Representative Tony Blair is making an important contribution to Palestinian economic and institutional development which will be helpful to a future Palestinian state. However, we further conclude that movement, access and administrative restrictions on the West Bank continue to represent a major obstacle to further Palestinian economic development. We recommend that the Quartet Representative should seek to use the Israeli government's stated wish to further economic development on the West Bank as a lever to press for further and significant relaxation in the administrative and security regime which it operates there.

118. A particular element in the economic regime facing Palestinians is the Interim Association Agreement (IAA) between the EU and the PLO (acting on behalf of the Palestinian Authority). The Agreement was signed and came into force in 1997, in the framework of the EU's "Euro-Med" process, which is now folded into the European Neighbourhood Policy. The Agreement was intended to enable the progressive liberalisation of trade between the EU and the OPTs, as well as to establish institutionalised political relations. However, Israel does not recognise the Agreement, and obstructs Palestinians' access to the EU's preferential trade regime through its control of administrative procedures and physical access into and out of the West Bank—such that Palestinian businesspeople there are reported sometimes to use "Israel" rather than "West Bank" designations for customs purposes and to request their EU partners to do likewise. The Centre for European Policy Studies has noted that "Palestinian trade with the EU has not taken off, hindered by Israel's non-recognition of the EU-PLO Interim Association Agreement".[287] Although it did not give a breakdown of figures between the West Bank and Gaza, the European Commission has reported that total Palestinian exports to the EU in 2008 fell by 49.1%. [288]

119. Bill Rammell told us that "the UK continues to call, both unilaterally and through the EU, on the Israeli Government to fully recognise, and facilitate the implementation of, the EU-PLO Interim Association Agreement".[289] We also asked the European Trade Commissioner, Baroness Ashton, about the Agreement when she gave evidence to our separate inquiry into "Developments in the EU" in March. In follow-up correspondence, she told us that "current Israeli obstacles to the full implementation of the Agreement need to be removed. We are working on this by making any upgrading of EU/Israel relations conditional upon progress on this issue".[290]

120. We conclude that Israel's failure to allow the full implementation of the EU-PLO Interim Association Agreement is placing significant obstacles in the way of EU-Palestinian trade and thereby damaging both Palestinian and EU businesses. We further conclude that the EU is correct to make the future nature of its relations with Israel, under the terms of the EU-Israel Association Agreement, partly conditional on Israel's cooperation with implementation of the EU-PLO Interim Association Agreement. We recommend that the Quartet Representative should also press Israel on implementation of the EU-PLO Interim Association Agreement as part of his work on Palestinian economic development.

121. A third potential weakness of the Quartet-sponsored work on Palestinian economic and institutional development is that the evidence that it is achieving its stated political objectives remains less than convincing so far. As we have set out above, restrictions on access and movement in the West Bank remain a significant obstacle to the Israeli-Palestinian track of the peace process, and—as of early July 2009—serious negotiations on the creation of a Palestinian state had yet to be re-launched. As regards the intra-Palestinian balance, we have also outlined the way in which Hamas continues to reject the Quartet conditions and remains in control of Gaza, estranged from the Palestinian Authority in the West Bank.

122. A fourth objection to which the Quartet's policy remains vulnerable is that it is a 'West Bank first' policy, which at most could deliver progress in relations between Israel and the Palestinian Authority which applied only to the West Bank, given the continued situation regarding Gaza. In our 2007 Report, we concluded that "any attempts to pursue a 'West Bank first' policy would risk further jeopardising the peace process".[291] Nomi Bar-Yaacov reminded us that she had argued against a 'West Bank first' strategy at that time, and she reiterated her position in her evidence to our current inquiry. She called the 'West Bank first' policy "part of the problem".[292]

123. Mr Blair told us that setting Gaza aside had "always been a mistake that we have made in the past". He warned that if the Quartet were to repeat it, it would "find that Gaza will refuse to be left to one side".[293]

124. An issue related to the split between Gaza and the West Bank to which we have previously drawn attention is the development of a transport link between the two territories. The establishment of bus and truck convoys between Gaza and the West Bank was part of the 2005 Agreement on Movement and Access (AMA) between Israel and the PLO, but this has not been implemented. When we were in the region in 2005, we met staff of the then Quartet Representative, former World Bank President James Wolfensohn, who was working on this issue.[294] In his evidence to our current inquiry, Mr Blair told us that the proposals developed by Mr Wolfensohn remained ready to be activated, and that a solution to the issue could be found as part of any process towards a final settlement.[295] However, he warned that, at present, the issue was not "very live" for people in the region and that raising it would be seen as "somewhat rhetorical until other issues are dealt with".[296]

125. We recommend that the Government should continue to do all it can to further the development of plans for a fixed transport link including a road element between Gaza and the West Bank.

126. Finally, in remarks to the International Institute for Strategic Studies (IISS) after the Israeli elections in February, Professor Yezid Sayigh of King's College London highlighted two further potential risks arising from the current situation.[297] First, he warned that Prime Minister Salam Fayyad had "no political base" and that his government was "totally dependent on continued massive international assistance". Although Professor Sayigh was speaking before the formation of Mr Fayyad's second government in May, there may be a risk that the premier and his immediate officials come to function as an 'island', with a closer relationship with international partners than with local actors. Second, Professor Sayigh warned that: The Fayyad model of governance, of security, of policing [...] is evolving along a path that diverges every single day further and further from the model that Hamas has developed to deal with daily issues [...] in Gaza. [...] With every month that passes we have two fundamentally different models of government and of security evolving in these two bits. How these may be reintegrated in future is going to pose an immense challenge.

127. We conclude that the Israeli-Palestinian conflict must now be understood as essentially a three-way situation, comprising Israel, the West Bank and the Palestinian Authority, and Gaza and Hamas. We further conclude that the continued split in political authority between the West Bank and Gaza represents a central obstacle to progress towards a two-state solution—because of the way in which it weakens the willingness and ability of both the Palestinian and the Israeli sides to make deliverable commitments in

peace negotiations, and because of the divergent paths of institutional and economic development on which it sets Gaza and the West Bank. We therefore recommend that the UK Government and the Quartet should reject any idea of a 'West Bank first' approach, and make the ending of the West Bank-Gaza split an explicit and urgent objective and work more actively to achieve it.

Palestinian elections

128. The ongoing split between Hamas and Fatah is taking on heightened significance because of the approach of Palestinian elections, to the Palestinian Legislative Council (PLC) and the post of Palestinian Authority President, which are due by early 2010. As of early July 2009, the timing and conditions of the elections remained unclear, owing to the complex and contested constitutional situation within the OPTs. The European Commission summarised the situation in its April 2009 "Progress Report" on the implementation of the European Neighbourhood Policy in the OPTs:

Although Hamas has insisted that the Basic Law states that the Presidential term is four years, and therefore questioned the authority of President Abbas as of January 2009, the PA [Palestinian Authority] Government and the Palestinian Legislative Council Secretariat consider that the applicable legal basis is the Election Law as amended in 2007, which provides for legislative and presidential elections to be held simultaneously. In this context, and aiming at overcoming the political deadlock in Gaza, the President announced at the end of 2008 that he will call for Presidential and Parliamentary elections as soon as possible and in any case before January 2010 when the term of the PLC ends. Since the President cannot dissolve the Palestinian Legislative Council, agreement is needed between Fatah and Hamas for elections to be called.^[298]

As we noted in paragraph 57 in Chapter 2, as of early July 2009 Fatah and Hamas have been unable to reach agreement on the holding of elections.

129. The Foreign Secretary told the UN Security Council on 7 January 2009 that "the unity of Palestine is essential to any decent vision of the future. It is also a precondition of a democratic politics of consent in which there is one legitimate authority and in which every Palestinian has a voice in the only process that counts—the peace process".^[299]

130. We referred in paragraph 18 above to opinion polling among Palestinians taken immediately after the Gaza conflict which appeared to show Hamas and its leaders gaining ground in comparison with Fatah and the Palestinian Authority. Such trends have given rise to speculation that Hamas could win any Palestinian elections held soon, just as it won the PLC elections in 2006. However, Mr Blair told us that he did not think that a Hamas victory in the next election was inevitable. Other, more recent, opinion polling by the Palestinian Center for Policy and Survey Research suggests that Fatah continues to hold its own. According to a poll taken in the third week of May, President Abbas would win by 49% to 44% in a presidential contest with Mr Haniyeh (53%-42% in Gaza alone). In putative legislative elections, according to this poll, Fatah would receive 41% and Hamas 33%, unchanged from a poll in February. The Fatah-Hamas balance was 46%-35% in Gaza and 37%-31% in the West Bank.^[300]

131. Mr Blair suggested that the Quartet's policy in the run-up to any elections would be to continue to focus on ensuring a credible peace process, in order to create a "better chance for people who want the peaceful solution to succeed". Mr Blair said that he did not think that the Quartet was likely to "insert" itself into the electoral process by making a statement in advance about its post-election policy towards Hamas or a Palestinian Authority government including it.^[301] For her part, Nomi Bar-Yaacov told us that she "hope[d] that international actors would learn from past mistakes and respect the results [of the elections], no matter which party wins".^[302]

132. We conclude that the current contested constitutional situation in the Occupied Palestinian Territories creates an obstacle to the development there of a united and democratic state. We therefore conclude that the holding of free and fair elections according to procedures accepted by all parties presents an important potential opportunity for Palestinian state-building, with the possible prospect of bringing the West Bank and Gaza back under a single political authority. However, the elections could also become a source of further political division and institutional break-up. We recommend that the Quartet should do everything possible to facilitate the holding of polls which are accepted by all parties, and should make careful preparations for them so that its stance in light of the results furthers its stated two-state goal.

5 Israel and British Government policy

New Israeli government

133. The approach of Israeli general elections and the prospect of a new government in early 2009 were among the factors which prompted us to look again at the Middle East. As we noted in paragraph 13, Israel was in the midst of its election campaign when it conducted its military action in Gaza. The elections had been triggered early, when Ehud Olmert resigned as Prime Minister in September 2008 owing to corruption allegations, and his successor as leader of the centrist Kadima party, Foreign Minister Tzipi Livni, was unable to form a new majority coalition.

134. In the elections, held on 10 February, Kadima emerged as the largest party, with 28 of the 120 seats in the Knesset. The main right-wing opposition Likud party gained 27 seats. The Jewish nationalist party Yisrael Beytenu ("Israel is our Home") gained 15, Labor 13 and the Orthodox Jewish party Shas 11, among other results. President Shimon Peres asked Likud leader Benjamin Netanyahu to form a government, on the grounds that he was more likely than Ms Livni to be able to assemble a Parliamentary majority. On 1 April, Mr Netanyahu took office at the head of a coalition including Likud, Yisrael Beytenu, Labor and Shas. Mr Netanyahu was unable to bring in Ms Livni's Kadima, as he had wished, as he would not meet her condition of a commitment to a two-state solution.

135. Dr Bregman and Ms Bar-Yaacov both saw the Israeli election results as a significant shift to the right.^[303] Given Mr Netanyahu's failure to endorse a two-state solution when he took office, his elevation to the premiership aroused concerns internationally among supporters of a two-state outcome. We asked Mr Rammell about prospects for the peace process and a two-state solution under the Netanyahu government. He told us that in his view "the majority of people who vote for—for want of a better phrase—the right in Israel are voting for negotiations from a position of strength, rather than necessarily being implacably opposed to compromise as a way forward."^[304] Giving evidence in early March, while Mr Netanyahu was still negotiating to form his new government, Mr Rammell told us that "in the longer term" Prime Minister Netanyahu was "likely to be committed to a two-state solution".^[305]

Administration of the West Bank and East Jerusalem

136. In our discussion in paragraphs 104-127 in the previous chapter of Quartet policy towards the West Bank, we referred to evidence that economic development there continued to be hampered by the administrative and security regime operated by Israel. In its response to our 2007 Report, the Government said that implementation of the 2005 Agreement on Movement and Access (AMA), including on the West Bank, had been "extremely disappointing".^[306] The AMA had provided that Israel would work with the US to reduce obstacles to movement on the West Bank "consistent with Israel's security needs, to facilitate movement of people and goods [...] and to minimise disruption to Palestinian lives."^[307] The FCO provided a more recent outline of the movement and access situation on the West Bank in its *Annual Report on Human Rights 2008*, published in March 2009. The FCO said that the Israeli movement and access regime "severely restricted the ability of Palestinians to move within the West Bank".^[308] In its most recent "West Bank Movement and Access Update", for June 2009, OCHA reported that the Israeli authorities had eased access to four West Bank cities and that this had "significantly reduced the amount of time required for Palestinians to access" them, but that this had taken place alongside "a process of entrenchment" of other measures "used to control and restrict Palestinian movement".^[309] As of June, OCHA reported the existence of 613 physical obstacles to

Palestinian movement within the West Bank, not including 84 obstacles in the Israeli-controlled area of Hebron, 63 crossing points along the Israeli-built security barrier and an average of 70 "flying" checkpoints deployed each week in the territory.^[310] The figure of 613 obstacles appeared to be a fall from a figure of 634 reported by OCHA for the end of March 2009.^[311]

137. We have on several occasions, while on visits to the West Bank, witnessed Israeli security personnel dealing with Palestinians at checkpoints in what appeared to us to be an unnecessarily disrespectful and humiliating manner. Mr Blair told us that "there probably are no circumstances in which you could have young men in this situation who have the sensitivity, experience and skill to manage it in a way that is easy for the local people".^[312]

138. Considerable international attention has been drawn in recent months to Israel's administration of East Jerusalem, as a result of a number of planning disputes and evictions and demolitions of Palestinian houses there. Israel does not regard East Jerusalem as occupied territory, but has annexed it and passed legislation making the whole of the city the country's capital, something which is not recognised by the EU or the US. The Palestinian side wishes East Jerusalem to be the capital of the future Palestinian state. Under the 2003 Roadmap, the status of Jerusalem is one of the "final status" issues to be negotiated in any final settlement. Israel claims that it carries out demolitions and evictions in East Jerusalem where the Palestinians concerned have not obtained the required permits, but Palestinians claim that the permits cannot be obtained.^[313] The FCO criticised house demolitions and evictions in East Jerusalem in its *Annual Report on Human Rights 2008*,^[314] and the EU has recently made a number of formal declarations on the issue.^[315] In addition to recent developments in the city itself, there are concerns that Israel's continued construction of its security barrier around East Jerusalem threatens to separate the city from the West Bank; in July, OCHA said that "the barrier in Jerusalem weaves around and between East Jerusalem and nearby West Bank towns and villages, dividing communities and neighbourhoods from each other".^[316] Overall, in a report leaked in March, local EU Heads of Mission said that, on the basis of its actions on the ground, Israel was "actively pursuing the illegal annexation of East Jerusalem", that Israeli plans for the city were "undermining prospects for a [...] sustainable two-state solution", and that Israel's actions in East Jerusalem constituted "one of the most acute challenges to Israeli-Palestinian peace making".^[317]

139. We recommend that the Government should continue to do its utmost to prevent further changes with respect to East Jerusalem, such as its physical separation from the West Bank, and Palestinian housing evictions, that prejudice the prospects of it becoming the capital of a future Palestinian state.

Settlement policy

140. The issue of Israeli settlements on the West Bank has long been an area of difference between official Quartet policy and Israeli practice. The British Government regards Israeli settlements in the West Bank and East Jerusalem as illegal, under the terms of the Fourth Geneva Convention which forbid an occupying power from transferring population into occupied territory. The 2003 Middle East Roadmap, in its first phase, required Israel to "freeze all settlement activity (including natural growth of settlements)", and dismantle settlement outposts erected since March 2001. Israel withdrew four settlements in the West Bank in 2005, as part of the same process which saw it withdraw all its settlements from Gaza the same year.^[318] Israel recommitted itself to implementing the Roadmap in the Annapolis Agreement of November 2007.^[319] However, Mr Rammell told us that "despite commitments given at Annapolis to freeze settlement activity, there has been significant further expansion". He said that this was a matter for "significant regret".^[320]

141. According to the Israeli human rights organisation B'Tselem, at the end of 2008 there were 121 settlements in the West Bank, and a further 12 on land which Israel has incorporated into Jerusalem. There were in addition around 100 settler outposts which are not officially recognised by Israel. The total settler population stood at 285,800 in the West Bank and an estimated 193,700 in East Jerusalem, compared to 276,462 and 181,823 at the end of 2007. The settler population is growing faster than Israel's general population.^[321] According to Peace Now, another Israeli human rights organisation, construction starts for housing units in the settlements numbered 1,389 in 2007 and 1,647 in the first nine months of 2008.^[322] In late June, Israel approved the construction of 50 new housing units in the settlement of Adam, in order to house settlers relocated from the outpost of Migron, which Israel recognises is illegal and which it says it plans to remove.^[323]

142. Our witnesses all judged that continued settlement expansion was, in Dr Bregman's words, "the real danger to the two-state solution". He said that continued settlement expansion would "create a new reality, where you cannot disengage and create a two-state solution [...] the building of settlements [...] will make it impossible to have two separate entities".^[324] Ms Bar-Yaacov concurred, saying that continued settlement expansion "may render a two-state solution impossible" and that "it will be too late if urgent action is not taken to stop [it]".^[325] Mr Blair was also of the view that a two-state solution was "not viable if settlements continue to expand and new settlements continue to be developed". He told us that "for a two-state solution to work, there will have to be a major shift in that policy".^[326] For his part, Bill Rammell told us that it found it "inconceivable" that progress could be made on the peace process without "movement on the issue of settlements".^[327]

143. We suggested to Mr Blair that the Israeli government had shown a lack of either will or capacity to implement commitments which it had made regarding West Bank settlements. Mr Blair told us that "they could do it and they have to do it".^[328] However, Mr Blair suggested that if credible negotiations for a two-state solution were underway, "other issues could be dealt with in that context that would help with the settlement issue".^[329]

144. Settlements have emerged as the test issue in the relationship between the new Israeli and US governments. Under President Obama, the US is demanding a halt to all settlement expansion, including "natural growth" and expansion within land already demarcated by Israel.^[330] In his major speech at Bar-Ilan University on 14 June, Prime Minister Netanyahu confirmed that his government would not embark on new settlements or demarcate new land for them, but that it would not halt "natural growth" of existing settlements.^[331]

145. Bill Rammell appeared to welcome the new willingness of the US under President Obama to press Israel on issues related to the peace process such as settlements. He said: "We can all argue, urge and ask Israel to do things, but having an American Administration who are prepared candidly to push it [...] from the perspective of a friend is encouraging".^[332]

146. We conclude that expansion of Israeli settlements on the West Bank prejudices prospects for a two-state outcome, and that, as such, continued settlement activity must call Israel's commitment to such an outcome into doubt. We further conclude that a settlement freeze is a previous commitment of the kind that Israel calls on the Palestinian side to fulfil, and that there are fewer security-related obstacles to Israel's fulfilment of its commitment on settlements than there are to progress on some other issues. We therefore support the British Government in its call on Israel to freeze settlement activity. We welcome the new willingness of the US under President Obama to call on Israel publicly to cease activities which appear unhelpful to a negotiated two-state solution.

Quartet policy towards Israel

147. We have referred to a number of issues where Israel has not fulfilled commitments which it has entered into, or the demands of the UN Security Council, or its obligations under international law. We and others have been drawing attention to these obligations and others over a number of years. We note that in its reply to our 2007 Report, two years ago, the Government said that it was continuing simply to "urge" Israel to work towards: the opening of the crossings into Gaza, the removal of settlements and a halt to settlement expansion, and a reduction in restrictions on Palestinian movement.^[333] Against this background, the conflict in Gaza—with the associated concerns about possible Israeli violations of international law which we outlined in paragraphs 61-73—has generated renewed discussion about Quartet policy towards Israel, and whether it should be changed in order to try to secure greater Israeli compliance. We have referred already to the shift in the US stance towards Israel under the new US Administration.

148. For the UK, the EU is an important channel for relations with Israel. The EU is currently engaged in a major debate about its relations with Israel. EU-Israeli relations are governed by an Association Agreement which came into force in 2000, which gives Israeli goods duty-free entry into the EU. In June 2008, the EU and Israel agreed on an "upgrade" in their relations, to involve more high-level political dialogue, Israeli participation in some EU agencies and programmes, and the possible further integration of Israel into the EU single market.[334] In December, the EU Council confirmed the upgrade plan, which it said "must be based on the shared values of both parties, and particularly on democracy, respect for human rights, the rule of law and fundamental freedoms, good governance and international humanitarian law".[335] However, in January, in light of the conflict in Gaza, the European Commission froze its technical work on the upgrade.[336] In April, in presenting the Commission's latest review of the European Neighbourhood Policy, External Relations Commissioner Benita Ferrero-Waldner confirmed that the Commission would not proceed with the upgrade until the Israeli government made a commitment to negotiations with the Palestinians, and stopped settlement expansion.[337] Member states appeared to be split over the issue, with some supporting and some rejecting the Commission's position, amid claims that Ms Ferrero-Waldner had exceeded her authority.[338] Israel has rejected any linkage between the peace process and the upgrade in EU relations.[339] After EU Ministers' first official meeting with Israeli Foreign Minister Lieberman on 15 June, the day after Prime Minister Netanyahu's major speech on Israeli-Palestinian issues, the upgrade appeared not to be definitively cancelled, but still on hold, pending further Israeli movement towards EU demands.[340]

149. Mr Rammell told us that the British Government "certainly did not lead the charge" for the upgrade in EU-Israeli relations in 2008.[341] He said that the Government agreed to the negotiations for an upgrade

on the understanding that first, the upgrade was in the context of the Middle East peace process; secondly, that we agreed to a similar upgrade for the Palestinians; and thirdly, that we could use the increased dialogue, including a human rights sub-committee, to address areas of concern.[342]

Mr Rammell said that he thought that the European Commission was right to have halted its work on the upgrade.[343]

150. We raised with Mr Rammell and Mr Blair the possibility that has been floated by some observers of the EU sanctioning Israel in some way. Although he supported halting the upgrade to EU-Israel relations, Mr Rammell argued that "many Israelis feel under siege and the idea that blandishment and sanctions will get them and their Government to do what we need, and what we think is in their interests, is not necessarily the case".[344] Mr Blair implied that it would be premature for the EU to raise the prospect of sanctioning Israel at this stage, given the current international focus on seeking to re-launch the peace process, under political conditions that have already changed.[345]

151. We conclude that efforts at diplomatic persuasion have to date been ineffective in securing Israeli compliance with a number of Quartet demands. We further conclude that the apparent shift in the US approach to Israel under President Obama constitutes an important and potentially effective change in the external pressures facing the country. We further conclude that it is appropriate and potentially effective for the EU to make the planned "upgrade" of its relations with Israel conditional on Israel halting practices which are prejudicial to the achievement of a two-state solution. This could be through a settlement freeze and an easing of Israeli restrictions on access into Gaza. We recommend that in its response to this Report, the Government should specify the conditions that the EU is setting for Israel for securing the "upgrade" in relations.

UK-ISRAELI RELATIONS

152. The FCO told us that the UK and Israel were "close allies" and that the UK was a "friend of Israel".[346] In July 2008, Prime Minister Gordon Brown became the first British premier to address the Knesset.

153. We conclude that flourishing ties between the UK and Israel are welcome and are in the interests of the people of both states.

154. The Government has recently been taking a stronger stance against Israeli settlement activity. It appears to have been taking the lead within the EU on the issue of ensuring that produce from Israeli settlements cannot benefit from the preferential trade regime which is extended by the EU-Israel Association Agreement to products originating in Israel, understood as Israel within the borders defined by the 1949 Armistice. The FCO told us that the OPTs were not considered to be part of the territory of Israel and that goods produced there were therefore disqualified from the terms of the agreement.[347] Against a background of press reports that settlement produce was on sale in the UK labelled simply as being from the "West Bank",[348] the Government has been seeking to tackle the issue in the first instance by seeking changes in retailers' labelling practices, so as to "provide consumers with improved clarity about the origin of products from the OPTs".[349] The FCO told us that the Government had held a roundtable on the issue with retailers at the end of March 2009, and that the Department for the Environment, Food and Rural Affairs was considering the next phase of consultations before finalising voluntary guidance on labelling best practice.[350] The Government is reportedly pressing other EU member states on the issue in an effort to broaden the move towards tighter labelling practice.[351]

155. In December 2008, the FCO added a warning about purchasing property in territory occupied by Israel to the "travel advice" section of its website.[352] As of June 2009, the relevant text said that:

There are risks involved with purchasing property in Israeli settlements on land considered to be occupied under international law, in East Jerusalem, the West Bank and the Golan. Potential purchasers should be aware that a future peace deal between Israel and the Palestinians, or between Israel and Syria, could have consequences for property they purchase in these settlements.[353]

156. In February 2009, the FCO withdrew from negotiations on its possible leasing of space in the Hakiry Tower in Tel Aviv, which had been intended to allow it to relocate the Embassy there. The FCO pulled out because of what Mr Rammell said were "concerns" that the company which owns the Tower, Africa-Israel Investments, was involved in settlement activities.[354]

157. The Government's stronger stance against settlements has reportedly aggravated Israel.[355] UK-Israeli relations are also coloured by discussions in the British media, academia and other non-governmental forums of possible steps which they might take to curtail links with Israel. On 23 June, the Foreign Secretary issued a statement in which he said that the Government was "dismayed" that motions calling for boycotts of Israel were due to be discussed at trade union congresses and conferences in summer 2009. The Foreign Secretary said that "calls for boycotts of Israel cannot and do not contribute to peace." [356]

158. We conclude that the Government is to be commended for seeking ways of giving concrete expression to its position that Israeli settlements violate international law. We recommend that in its response to this Report, the Government should update us on its work on the issue of the labelling of settlement produce and the enforcement of the EU-Israel Association Agreement, and provide an assessment of the impact of this work on UK-Israeli relations.

6 Regional factors

159. We considered developments in the regional states of Egypt, Iran, Iraq, Lebanon and Syria in some detail in our 2007 Report on *Global Security: The Middle East*. In our present inquiry, which is of more limited scope, and in connection with which we did not visit any destinations other than Israel and the OPTs, we briefly touch on a number of recent developments concerning some of those states which are most relevant to our consideration of the Israeli-Palestinian situation.

Iran

160. In our 2007 Report, we presented evidence about Iran's increasing influence over Hamas, and its ongoing support for Hezbollah in Lebanon. We also discussed the way in which Iran's growing role in the Israeli-Palestinian conflict and across the region—combined with its continued nuclear programme—was arousing concern and greater activism among Arab states wishing to limit its influence.^[357] We concluded that "Iran is rapidly increasing its influence and power across the Middle East".^[358] In 2008, we published another Report, specifically on Iran, which further tracked these issues. We concluded on that occasion that "Iran is a malign influence with regard to the prospects for peace in the Middle East."^[359]

161. The evidence which we gathered during our current inquiry suggests that the trends which we outlined in 2007 and 2008 have strengthened. As regards Iran's influence over Hamas, Dr Bregman told us that it was "very strong".^[360] Ms Bar-Yaacov told us that Egypt found itself "negotiating implicitly with Iran"^[361] when it dealt with Hamas, and that Cairo blamed Tehran for having held Hamas back from renewing the ceasefire with Israel in December 2008.^[362] Dr Albasoos told us that Iran provided financial support but not weaponry to Hamas, whereas both Dr Bregman and Nomi Bar-Yaacov said that Iran also supplied Hamas with weapons.^[363] Referring to both Hamas and Hezbollah, Mr Blair told us that he regarded Iran's strategy as "very simple: it is to use pressure points of proxies within the region to exert power. [...] It will try to do what it can to push back people it regards as hostile to it by using those proxies in the region".^[364]

162. Ms Bar-Yaacov attributed Iran's increased influence over Hamas partly to the policy towards that organisation which the Quartet has pursued since 2006 (and which we discussed in paragraphs 95-103). She told us that:

When Hamas won the elections in January 2006 it was not a movement that was affiliated with Iran at all. It was an offshoot of the Muslim Brotherhood and all they really wanted to do was govern in Palestine. The Iranian links developed much later as a result of the international boycott, as a result of the Quartet's three conditions and as a result of the fact that even when the national unity Government was formed in February 2007 with the Mecca agreement, even then the [...] Quartet decided not to talk to any of the Hamas Ministers, even those who gave up their seat for more minor roles. The entire policy of trying to isolate Hamas and not letting them govern has led to, among other things, their very strong links today with Iran.^[365]

163. We outlined the hostile relations which exist between Iran and Israel in our 2007 and 2008 Reports. Following Hamas's takeover of Gaza, and amid signs that Iran may soon have produced enough uranium to make a nuclear bomb, Iran has become Israel's leading security concern. From Gaza and southern Lebanon, Israel feels itself to be threatened immediately on its borders by proxies which are being armed by Iran, which itself represents a direct military threat. We were exposed to the overriding concern about Iran which now exists among many Israeli policy-makers during our visit to the region in March, and the priority which Israel now gives to the perceived Iranian threat has been confirmed since the Netanyahu government took office.^[366] Mr Blair told us that it was "totally understandable" for Israel to see Iran as a priority.^[367]

164. Mr Blair confirmed that many of the Sunni Arab states with which he has contact also regard Iran as a "destabilising influence".^[368] For example, hostile rhetoric between Iran and Egypt has increased since April, after Cairo closed down a Hezbollah cell operating in the country.^[369] The Gulf state of Bahrain has raised concerns about what it perceives as a possible Iranian territorial claim against it.^[370]

165. We were struck during our visit by the extent to which, as a result of Iran's backing for Hamas, Palestinian Authority figures shared the kind of concern and hostility concerning Iran that is also found in Israel. For example, Palestinian Authority President Abbas used the opportunity of a press conference with visiting US Secretary of State Hillary Clinton in March to accuse Iran publicly of seeking to deepen the intra-Palestinian split, and to suggest that Tehran "needs to take care of its own issues and stay away from intervening in Palestinian affairs".^[371]

166. The rising concerns that exist about Iran—in Israel, the West and many Arab states—are raising questions about the relationship between policy towards Iran and policy towards the Middle East peace process. Mr Rammell told us that Western policies towards the two were now "inextricably linked".^[372] The central question which has emerged is whether policy towards Iran or towards the Israeli-Palestinian conflict should enjoy priority.

167. The Netanyahu government appears to support what has been called an 'Iran-first' policy^[373]—that is, an approach that gives tackling Iran's behaviour priority over Israeli-Palestinian issues. Deputy Foreign Minister Daniel Ayalon has been quoted as saying that "If we want to have a real political process with the Palestinians, then you can't have the Iranians undermining and sabotaging".^[374]

168. Mr Blair acknowledged that both the Iranian and the Israeli-Palestinian issues needed to be addressed.^[375] However, he tended to award priority to Israel-Palestine. Mr Blair said that Iran exerted influence among Muslims partly by being able to point to the situation of the Palestinians in order to underpin its critique of Western power. Mr Blair argued that "if you put the Israel-Palestine question on a path to resolution, you will push Iran back from that".^[376] Mr Blair argued that Iran would not expend money and effort supporting proxies opposed to the Israeli-Palestinian peace process if it did not regard their continued existence as useful.^[377]

169. Mr Blair implied that, if progress on the Israeli-Palestinian conflict were framed partly in terms of the opportunity which it might present to weaken Iran, it might be a way of encouraging strengthened Arab engagement in support of the peace process.^[378] This is closely connected to the recent reinvigoration of the Arab Peace Initiative, to which we refer in paragraphs 195-200 in our next chapter.

170. Alongside the debate about the relative priority which should be given to Iran policy, there is a debate about the nature of the policy itself. President Obama has offered an "extended hand" to Iran, seeking a "new beginning" in relations through diplomatic engagement.^[379] Israel is reportedly sceptical that President Obama's diplomatic initiative will bring Iran to halt its nuclear programme before Tehran reaches a nuclear weapons "breakout" capability—which some in Israel expect to occur by the end of 2009. Giving evidence in February, before Prime Minister Netanyahu took office, Nomi Bar-Yaacov told us that he would like to attack Iran.^[380] After his first meeting with Prime Minister Netanyahu in Washington in May, President Obama reassured his guest that "we're not going to have talks forever" and implied a deadline of the end of 2009 to assess whether the diplomatic effort with Iran was bearing fruit.^[381]

171. As we completed this Report, there was further uncertainty over Western relations with Iran, as a result of that country's contested

Presidential election on 12 June. Incumbent President Mahmoud Ahmadinejad was declared the victor, but his main rival, Mir Hossein Mousavi, did not accept the result, alleging election fraud. The dispute provoked demonstrations and clashes in Iran in which several people died. Iran accused Western governments and media of seeking to undermine the stability of the regime by supporting the protests, [382] and Supreme Leader Ayatollah Khamenei singled out the UK as the "most evil" of the accused Western powers. [383] On 22 June, Iran expelled two British diplomats; the Government announced the following day that it was expelling two Iranian diplomats in return. [384] Iran subsequently detained nine local staff of the British Embassy in Tehran; as we completed this Report, one remained in custody.

172. We conclude that a realignment is underway in the Arab world against Iran which gives some Sunni Arab states and Palestinians some shared interests with Israel, and which therefore has significant implications for the dynamics of Middle East peace-making. We recommend that the Government should not allow the urgency of addressing Iran's nuclear programme and regional role to diminish efforts to tackle pressing Israeli-Palestinian issues.

Egypt

173. Egypt is one of the Sunni Arab states at the centre of the Middle East's current geopolitical repositioning. Having reached its own peace agreement with Israel in 1979, Egypt has traditionally been one of the leading pro-Palestinian Arab states supporting Arab-Israeli and Palestinian-Israeli peace efforts. Cairo's position has been immensely complicated by the rise of Hamas on the Palestinian side of the conflict. In addition to Hamas's links with Iran, this complication of Egypt's position has occurred especially because of the links between Hamas and the Muslim Brotherhood, a strong Islamist opposition movement in Egypt which is proscribed by the authorities there. On the one hand, Egypt is now the main interlocutor with Hamas on behalf of the Arab League and, effectively, the Quartet, seeking to persuade Hamas to accept the existence of Israel and join a Palestinian unity government with Fatah. Ms Bar-Yaacov told us that Egypt was "the key to solving the Hamas-Fatah rift". [385] She also implied that Egypt had warned Hamas before the launch of Operation Cast Lead about the possibility of a massive Israeli military response to its rocket fire. [386] On the other hand, given its relations with Israel and the US and its domestic concerns about political Islam, Cairo is suspected by some Arab opinion of sharing anti-Hamas objectives. Dr Albasoos told us that Egypt had effectively engaged in a "conspiracy" with Israel against Hamas over the conflict in Gaza. [387] Dr Bregman told us that Cairo's position over the conflict had certainly placed it under "a lot of pressure" domestically. [388]

174. In addition to broader political considerations, Egypt occupies a particular position by virtue of its control over the Rafah border crossing into Gaza, the only crossing into the territory not controlled by Israel. As we noted in paragraph 40, Egypt has kept Rafah largely closed since the Hamas takeover of Gaza. In part, this is in line with the Quartet's policy of seeking to undermine Hamas's position in Gaza. Egypt also fears that opening the Rafah crossing would reduce the pressure on Israel to open the crossings into Gaza over which it has control. The FCO's Dr Jenkins told us that the Egyptians believed that any expansion of Rafah's role in providing access into Gaza "would mean that they would be expected to assume greater responsibility" for the territory, [389] in a context in which Gaza's annexation to Egypt is sometimes mooted as an alternative to its inclusion in a future Palestinian state. [390] Bill Rammell implied that the Government was resistant to any resolution of the situation at Rafah which did not also include an easing of conditions at the Israel-Gaza crossings. [391] As matters stand, as we discussed in paragraphs 43-45, British Government policy regarding the Egypt-Gaza border is focused on the effort to halt arms smuggling under it, through the tunnels.

Lebanon

175. We discussed in paragraphs 20-24 the possible impact of the 2006 war in Lebanon on Israel's military operation in Gaza in 2008/09. In our 2007 Report, one aspect of the 2006 Lebanon war to which we drew attention was Israel's failure at that time to hand over to the UN maps which would assist in the clearing of unexploded cluster bombs which it had fired into southern Lebanon. [392] We are pleased to note that in mid-May 2009 Israel handed to the UN peacekeeping force in southern Lebanon, UNIFIL, the maps and other data that it had been requesting. [393] In our 2007 Report, we reported that the Government estimated the likely date for completion of de-mining in Lebanon as December 2008. [394] However, in March 2009, UN Secretary-General Ban Ki-moon said that an estimated 12 million square metres of land remained to be cleared in 2009. [395] Funding for mine clearance operations is reported to be running short. [396]

176. We recommend that in light of Israel's provision of relevant maps, and the concerns that have been raised about a funding shortfall, the Government should in its response to this Report provide an update on the progress of—and prospects for—the de-mining operation in southern Lebanon, including information on the UK's contribution.

177. In a report from March 2009 on the implementation of UN Security Council Resolution 1701, which established the ceasefire at the end of the 2006 Lebanon conflict, Mr Ban judged that the period of the 2008/09 Gaza conflict represented "the most serious challenge" for the parties to the 2006 war since the ceasefire. [397] Rockets were twice fired from southern Israel into Lebanon during the Gaza conflict, and a third attack took place in February, all prompting Israeli counter-fire. We are pleased to note that violence did not escalate further. Nevertheless, in his most recent report on the implementation of UNSCR 1701, from the end of June, the Secretary-General continued to characterise the Israeli-Lebanese ceasefire as "precarious". [398] The Secretary-General said that Hezbollah continued to "maintain a substantial military capacity distinct from that of the Lebanese state". He also noted that Israel and Lebanon had not resolved the issue of the village of Ghajar, where Israel continues to occupy an area north of the UN-designated "Blue Line", and that Israel continued to make overflights of Lebanese territory; both Israeli actions are in violation of UNSCR 1701. [399] We expressed concern two years ago, in our 2007 Report, that "the Government's calls on Israel to halt overflights are having little impact". [400]

178. In the context of our discussion of Quartet policy towards Hamas in paragraphs 95-103 above, we discussed the Government's decision in March 2009 to reverse its previous position and open contacts with the political wing of Hezbollah. This was particularly significant in the run-up to general elections in Lebanon which were held on 7 June. In our 2007 Report, we outlined the way in which Lebanese politics was increasingly divided—in broad terms—between a Hezbollah-dominated pro-Syrian camp, and the pro-Western, anti-Syrian "March 14" coalition led by Saad Hariri, son of former Prime Minister Rafik Hariri, who was assassinated in 2005. Explaining the background to the Government's change of policy towards Hezbollah in a Westminster Hall debate in May 2009, Bill Rammell pointed to a number of "welcome developments" in Lebanese politics, primarily the formation of a national unity government including Hezbollah in May 2008. [401] In the June 2009 elections, Mr Hariri's coalition emerged as the largest, with 71 of the 128 seats, while the Hezbollah-led bloc gained 57. [402] At the end of June, President Suleiman asked Mr Hariri to form a government. The Foreign Secretary welcomed the peaceful polls, which he said "demonstrate[d] the commitment of the Lebanese people to resolving their many issues through the democratic process". [403] In the wake of the polls, and as discussions got underway on the formation of a new government, the British Ambassador in Beirut held official talks with a senior Hezbollah Parliamentarian for the first time. [404]

179. We welcome the Government's decision to open contacts with the political wing of Hezbollah, in line with the recommendation which we made in 2007.

180. We welcome the fact that Lebanon's general election has passed off peacefully and yielded results which appear to be accepted by all parties. We recommend that in its response to this Report, the Government should provide its assessment of the impact of the election results on Syria's position vis-à-vis Hezbollah and Lebanon.

Prospects for a two-state settlement

181. The policy of the Quartet, including the UK Government, is to support the achievement of a two-state solution to the Israeli-

Palestinian conflict. The Quartet first set out a path to this end in the 2003 Roadmap, which envisaged an end to the conflict in 2005. In November 2007, President Bush sought to re-launch the peace process at a conference at Annapolis, where the parties declared their goal of reaching a settlement by the end of 2008, before Mr Bush left office. Mr Blair told us that the talks held under the Annapolis process had "got rather further than people realised" in some areas.^[405] However, no further talks had been held since the Gaza conflict by the time that we had finished drafting this Report in early July 2009.

182. Recent months have seen a number of expressions of scepticism that a two-state solution remains achievable. Some argue that a two-state settlement is no longer available politically, if it ever was. For example, in February, Major General Giora Eiland, former chairman of Israel's National Security Council, argued that "the maximum that any Government of Israel will be ready to offer the Palestinians and still survive politically is much less than the minimum that any Palestinian leader can accept".^[406] After repeated failures to reach a final settlement, by now each side faces a legacy of scepticism that the other will deliver on commitments undertaken. As we noted in paragraph 142, other observers argue that a two-state solution is no longer available practically, because the expansion of Israeli settlements and their associated infrastructure on the West Bank means that any Palestinian state to be created there would not be viable physically. Even if a two-state solution remains available, it has been suggested that the "window" for achieving it may be closing rapidly, given the cumulative effect of some of the factors working against it.^[407] As we noted at the start of our Report, in February the Foreign Secretary said that the world was having "to peer into the abyss of the idea of a two-state solution disappearing".^[408]

183. Both Mr Rammell and Mr Blair told us that there was no alternative to a two-state solution. Both felt that a one-state solution would be a recipe for further violence: what Mr Blair called "a big fight".^[409] As regards the view that a two-state solution might soon become unavailable, Mr Rammell said that he did not think that the window was closing, "because it cannot".^[410]

184. Dr Bregman outlined to us one reason why he felt that the creation of a Palestinian state would be in Israel's long-term interest. If no Palestinian state were created and there were a one-state solution instead, Dr Bregman argued that the relevant state would either have an Arab majority, or, in order to avoid this, it would have to deny voting rights to its Arab population, along the lines of apartheid South Africa.^[411] We heard this argument, that Israel without a Palestinian state could either be Jewish or democratic but not both, during our discussions in the region.

185. Among our witnesses, there was a division between "optimists" and "pessimists" regarding prospects for progress towards a two-state solution in the aftermath of the Gaza conflict. Some felt that the conflict had if anything worsened prospects for a two-state settlement.^[412] We referred in paragraph 18 to the apparent rise in support for Hamas which followed the conflict.

186. Mr Rammell acknowledged that the conflict in Gaza "on many levels [...] has undoubtedly made the challenge of securing progress towards peace in the Middle East more difficult."^[413] However, he identified "some grounds for optimism".^[414] Giving evidence in early March, he argued that "at one level the past two months have been so disastrous, it actually reinforces the need for urgency and momentum".^[415] He identified "the beginning of a critical mass of opinion internationally" that what happened in Gaza "cannot be allowed to happen again".^[416] He referred us to the comments of the Foreign Secretary, who told the UN Security Council on 7 January that the Gaza conflict was an "indictment of our collective failure, [...] over a long period, to bring about the two-state solution that offers the only hope of security and justice for Israelis and Palestinians alike".^[417] Mr Rammell implied that the Gaza conflict was at least partly responsible for the commitment which the new Obama Administration appeared to be showing to pursuing the peace process (see below).^[418]

187. In June, Mr Blair set out the situation thus:

If you do opinion polls in Palestine and Israel, you get the same answers on both sides. The first question is: do you want a two-state solution? The answer is yes. The second question is: do you think you will get one? The answer is no. It is about the credibility of the process.^[419]

We outlined in paragraph 106 Mr Blair's response to the credibility gap which he identified, namely to address each side's "reality on the ground" problem—of security next to a putative Palestinian state, for Israel; and of meaningful control over territory, for the Palestinians.

188. Mr Blair identified a number of what he called "positive signs" for the prospects of developing the credible peace process which he sought. Most immediately, he suggested that the simultaneous transitions between old and new governments in Israel, the Palestinian Authority and the US had been a problem in late 2008 and early 2009 which was now removed.^[420] Then, Mr Blair said, there was "a Palestinian Authority under Salam Fayyad, who [...] is extremely capable, honest and decent and has the right idea for building Palestinian capacity".^[421] A further factor which Mr Blair identified was the fact that Israeli Prime Minister Netanyahu had a stated wish to make a priority of Palestinian economic development, something which—as we outlined in paragraphs 113-115—Mr Blair suggested provided a potential lever for making progress also on the political track.^[422]

Obama Administration

189. A further factor for "optimism" to which Mr Blair pointed was the advent of the Obama Administration in the US.^[423] Mr Rammell was perhaps unguarded when he responded "My God, I hope so—no, I did not say that", when we asked whether he expected the approach of the Obama Administration to differ from that of its predecessor.^[424] Both Mr Rammell and Mr Blair were encouraged by signs which they identified that the Obama Administration was making the Israeli-Palestinian conflict a priority;^[425] Mr Blair referred to a "sense that this issue is going to be gripped from the very outset of President Obama's Administration".^[426] Mr Rammell welcomed this particularly in light of the fact that former President "George W. Bush himself has acknowledged that he did not come to the Middle East peace issue until the back end of his presidency",^[427] something which commentators have also identified as having been problematic.

190. Among signs of the priority being given to the Israeli-Palestinian issue by the new Administration, our witnesses referred in particular to President Obama's appointment, two days after taking office, of former Senator George Mitchell as Special Envoy for Middle East Peace. After leaving the Senate, Senator Mitchell produced the Mitchell Report on the Israeli-Palestinian conflict for the Clinton Administration in 2001. Prior to that, Senator Mitchell was the US Special Envoy for Northern Ireland, playing a central role in the negotiations that led to the Good Friday Agreement. Since being appointed to his new role in January 2009, Senator Mitchell has already visited the Middle East for talks several times.

191. As regards the impact of the new Administration, Mr Blair told us that "the biggest change" had been President Obama's statement that a solution to the Israeli-Palestinian conflict was a "strategic priority in the national interest of America".^[428] In his major address on US relations with the Muslim world at Cairo University on 4 June, President Obama said that the creation of two states, "where Israelis and Palestinians each live in peace and security [...] is in Israel's interest, Palestine's interest, America's interest, and the world's interest."^[429]

192. **We conclude that the Government is correct to continue to regard a two-state solution as the only outcome which holds out the prospect of sustained peace between Israel and the Palestinians. We recommend that in its response to this Report the Government should set out the progress that has been made towards a peace settlement on this basis that has arisen from the Gaza conflict and the change of Administration in the United States.**

QUARTET DIPLOMATIC MACHINERY

193. In our 2007 Report, published very shortly after Mr Blair had been appointed as Quartet Representative, we recommended that his

mandate should be broadened to include working with the parties directly on the peace process, rather than focussing exclusively on Palestinian economic development and institution-building.[430] Two years on, and particularly in light of Senator Mitchell's appointment, we asked Mr Blair about the institutional arrangements surrounding his role and the operation of the Quartet. He told us that of "all the issues that we have to deal with [...] [this] is the least", and that institutional questions were "settled".[431] As regard his mandate, specifically, Mr Blair said that he did not feel it was a "great problem now", particularly given Senator Mitchell's appointment.[432] Our impression was that he and Senator Mitchell were likely to be able to work effectively alongside each other, bringing political and economic issues together—in particular because of their experience working together on the Northern Ireland peace process.

194. Mr Blair told us that there was a "strong desire on the part of the new [US] Administration to formalise [the Quartet] somewhat more". He expected that this would be done at a Quartet meeting in the following few months.[433]

Arab League Initiative

195. As a further factor for "optimism", Mr Blair identified the fact that "the desire to have the issue resolved encompasses not just the American Administration, but, in my view, Arab countries. [...] The Arab world wants this resolved, and it is prepared to do what it can to get it resolved".[434]

196. Mr Blair was referring to the renewed commitment of the Arab League to its Initiative for Peace, which it initially adopted in 2002, on the basis of a Saudi Arabian initiative. Under the plan, broadly, the Arab League states would normalise their relations with Israel, and Israel would withdraw to its 1967 borders and a Palestinian state would be created. In our 2007 Report, we concluded that that Arab Initiative was a "positive proposal that deserve[d] serious consideration by all parties".[435] The Arab League re-launched its initiative by writing to Barack Obama in December 2008, while he was President-elect. As we discussed in paragraphs 160-172 in the previous chapter, one factor prompting increased activism among some Arab states in support of an Israeli-Palestinian settlement may be their concern about Iran's rising regional influence.

197. Mr Rammell welcomed the fact that the Arab League had renewed its initiative, and told us that the Government had been "vocal" in encouraging it to do so.[436] The Foreign Secretary has talked of the need for a "23-state solution" to the Israeli-Palestinian conflict, arguing that all 22 states of the Arab League need to be involved, primarily in order to increase the prize potentially on offer to Israel in return for reaching a settlement.[437] According to press reports, the possible specific Arab League deal which is under discussion may include greater Israeli telecommunications and civil aviation links with Arab states, in return for restarting a peace process which includes the implementation of a settlement freeze at an early stage.[438] Among Arab leaders, King Abdullah of Jordan in particular is taking a leading role in pursuing an Arab-Israeli deal along these lines. A major regional Arab-Israeli peace conference in summer 2009 is one possibility that has been mooted.[439] Nomi Bar-Yaacov told us that the capacity of the Arab Peace Initiative to rally support in the Arab world was "critical".[440]

198. In addition to the challenges involved in agreeing terms with Israel, the Arab League faces internal divisions, including over its Peace Initiative. Broadly, the Arab League is split between states such as Egypt, Jordan and Saudi Arabia which have close relations with the US and which are pushing the Initiative, and Arab states which wish to remain closer to Iran—primarily Qatar and to some extent Libya and Oman.[441] Egyptian President Mubarak and Saudi King Abdullah boycotted a summit which Qatar called during the Gaza conflict, partly because Iranian President Ahmadinejad and Hamas leader Khaled Meshaal were also invited.[442] President Mubarak also stayed away from a further Arab summit in Qatar at the end of March, although on this occasion Qatar did not invite Iran.[443]

199. In the context of the linked politics of Israel-Palestine, and Iran and the Arab world, one state with a crucial role is Syria. Syria continues to be Iran's principal Arab ally and a supporter of Hezbollah in Lebanon and Hamas in Gaza. Syria is also a member of the Arab League. Recent months have seen a significant effort by the British Government, and latterly by the new US Administration, to develop ties to Damascus with the aim of encouraging it away from its alliance with Tehran and into greater cooperation with the West—over issues such as support for Hezbollah in Lebanon and respect for Lebanese sovereignty—in return for the prospect in particular of greater economic links. Bill Rammell told us, with respect to Syria, that "there has been an opening up and a willingness to look at alternative routes", although he judged that "the jury is still out" as to "where Syria will ultimately go".[444] In late June 2009, the US announced that it was again to post an Ambassador to Damascus, after a four-year gap which had been instituted as a protest over Syria's suspected links to the assassination of former Lebanese Prime Minister Rafik Hariri.[445] Meanwhile, among Arab states, Saudi Arabia and Jordan have also been seeking to bring Syria out of its pro-Iranian relative isolation.[446]

200. **We conclude that the reinvigoration of the Arab Peace Initiative, and the Initiative's promotion by members of the Quartet, are greatly to be welcomed. We further conclude that the Government is correct to support the Initiative.**

Israeli position

201. We took all our evidence in the present inquiry before the new Israeli government under Mr Netanyahu had put forward a developed position on the central issues of the Israeli-Palestinian conflict. Until June 2009, the most prominent aspects of his government's position were its dispute with the US over settlements, to which we referred in paragraph 144, and its failure explicitly to endorse a two-state solution.

202. In a major speech at Bar-Ilan University on 14 June, Prime Minister Netanyahu presented a much fuller statement of his government's position.[447] He endorsed for the first time the prospect of a Palestinian state. However, he made his future agreement to the creation of such a state conditional on two matters:

- Israel's receipt of "ironclad" guarantees about its own security, next to the putative Palestinian state. Mr Netanyahu said that the territory under Palestinian control must be demilitarised. He also said that the future Palestinian state could not have an army or control of its airspace and would not be able to conclude military pacts with third parties.
- Palestinian recognition of Israel as the Jewish nation state. Mr Netanyahu made clear that he understood this to mean that Palestinian refugees from the territory of Israel as created in 1948 would have no right of return there.

Mr Netanyahu said explicitly that without these two conditions being fulfilled, there was a risk that the Palestinian state of the future would replicate contemporary Gaza, in becoming "a terrorist base against the Jewish state". Mr Netanyahu's speech thus seemed to confirm Mr Blair's diagnosis of the overriding security concern which Israel has with respect to a possible Palestinian state, and Israel's continuing scepticism about the ability of such a state to assuage its concern. In his speech, Mr Netanyahu also said that Jerusalem must remain undivided, something which would preclude the eastern part of the city becoming the capital of a Palestinian state. As we noted in paragraph 144, Mr Netanyahu also said that Israel would not embark on new settlements in the OPTs but that it would allow existing settlements "natural growth". On the basis of his position, Mr Netanyahu called for the start of negotiations with the Palestinians "immediately without preconditions".

203. President Obama was said to have welcomed Mr Netanyahu's endorsement of the two-state goal.[448] Both the Foreign Minister of the Czech Republic, the incumbent EU Presidency country, and EU External Relations Commissioner Benita Ferrero-Waldner said that Mr Netanyahu's position in this respect was a "first step".[449] In a Parliamentary answer, the FCO said that the Prime Minister had spoken to Mr Netanyahu after the latter's speech in order to:

make clear that his endorsement of the principle of a two state solution and his willingness to engage in negotiations without preconditions was a step in the right direction. But also that more was needed on the issue of settlements: a complete freeze in settlement construction, in line with Israel's Roadmap commitments.[450]

204. Palestinian Authority President Abbas said that Mr Netanyahu's speech had "destroyed all initiatives and expectations", "placed restrictions on all efforts to achieve peace" and constituted "a clear challenge to the Palestinian, Arab and American positions".[451] Egyptian President Mubarak condemned the address as having "scuttled the chance for peace".[452] For his part, in a major speech on 25 June, Hamas leader Khaled Meshaal said that Prime Minister Netanyahu was offering "merely self-governance under the name of a country". He reiterated that Hamas sought an end to settlements, a right of return for Palestinian refugees and the establishment of Jerusalem as the capital of the Palestinian state.[453] He also stated a demand for "full [Palestinian] sovereignty on the borders of 4 June 1967", something which has been interpreted by some observers as a movement towards acceptance of a two-state solution, as part of a Hamas shift in response to President Obama's Cairo speech.[454] Mr Meshaal said that that address represented "the first step in the right direction toward a dialogue without conditions".[455]

205. Shortly before Mr Netanyahu's speech, we asked Mr Blair whether he thought that there was a genuine desire on the part of the Israeli government to move towards a two-state solution. Mr Blair noted that the majority of Israelis were in favour of this outcome. However, he said that Israel needed to move from a "passive mode", of accepting that a Palestinian state might be created, to an "active" one, of regarding the creation of a Palestinian state as being in Israel's interest and therefore something to be facilitated. Mr Blair said that this move would "involve a profound shift in psychology".[456]

206. We conclude that Israeli Prime Minister Netanyahu's acceptance of the prospect of a Palestinian state is a necessary condition of any two-state settlement under his government and, as such, is to be welcomed. We recommend that the Government should continue to press him on other issues vital to progress towards a two-state outcome, such as those concerning a freeze on settlements as a first step. We recommend that in its response to this Report, the Government should inform us of any discussions it has had about possible international involvement in providing security assurances to Israel in connection with the conclusion of a two-state settlement.

Notes

- 1 Foreign Affairs Committee, Eighth Report of Session 2006-07, *Global Security: The Middle East*, HC 363.
- 2 We have subsequently reported on *Global Security: Russia* (Second Report of Session 2007-08, HC 51), *Global Security: Iran* (Fifth Report of Session 2007-08, HC 142), *Global Security: Japan and Korea* (Tenth Report of Session 2007-08, HC 449), and *Global Security: Non-Proliferation* (Fourth Report of Session 2008-09, HC 222). We are completing a Report on *Global Security: Afghanistan and Pakistan*.
- 3 We list our March 2009 meetings and visits in Israel and the OPTs in the Annex.
- 4 Q 167

- 5 Quartet Statement, Trieste, 26 June 2009, via www.fco.gov.uk
- 6 Q 181
- 7 HC Deb, 24 February 2009, col 134

- 8 Foreign Affairs Committee, Eighth Report of Session 2006-07, *Global Security: The Middle East*, HC 363, paras 24-50
- 9 Foreign Affairs Committee, Eighth Report of Session 2006-07, *Global Security: The Middle East*, HC 363

- 10 "2007 Summary-Data and Trends in Palestinian Terror" and "2008 Summary-Data and Trends in Palestinian Terror", via <http://www.shabak.gov.il/english/enterrordata/pages/default.aspx>. There are several different sets of statistics relating to attacks on Israel: the numbers tracked may be of rockets launched, rockets which hit Israeli territory, or rocket attacks. There are also other types of attack on Israel and therefore of sources of casualties. There are similarly several different types of figure for Palestinian casualties.

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- 14 Q 10 [Dr Albasoos]; "Israel holds its fire: Statement by PM Ehud Olmert", 17 January 2009, via the website of the Israeli Ministry of Foreign Affairs, www.mfa.gov.il; "UN mission to assess Gaza damage", *Jerusalem Post*, 20 January 2009

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- 18 "Israel's internal war review deflects charges over Gaza; casualty estimates differ, and rights organizations urge independent inquiry", *International Herald Tribune*, 23 April 2009
- 19 Q 4
- 20 Q 2; we consider smuggling through the tunnels into Gaza from Egypt at paras 41-45 below.
- 21 Q 3
- 22 Q q 3, 5, 27; we outline the Israeli election results in paras 134-135 in Chapter 5.
- 23 Q 205
- 24 Q 205
- 25 Q 109

- 26 Q 98
- 27 Q 109

- 28 "Israeli jets kill 'more than 200' in revenge strikes on Gaza", *Sunday Times*, 28 December 2008; "Situation in Gaza", comments by the Foreign Secretary, 28 December 2008, and BBC News interviews with the Foreign Secretary, 29 December 2008, transcripts via www.fco.gov.uk; "Blair visits Middle East amid pressure to broker ceasefire", *The Independent*, 30 December 2008; "Israel defies peacemakers and prepares for invasion", *The Independent*, 1 January 2009
- 29 Q 8

- 30 "Statement by Secretary of State Condoleezza Rice on the Situation in Gaza", 27 December 2008, <http://2001-2009.state.gov/secretary/rm/2008/12/113500.htm>; "Security Council press statement on situation in Gaza", 28 December 2008, <http://www.un.org/News/Press/docs/2008/sc9559.doc.htm>; "Statement by the European Union on the Situation in the Middle East", Paris, 30 December 2008, via www.ue2008.fr; "Press Briefing by Deputy Press Secretary Gordon Johndroe", White House, 30 December

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38 Q 101

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42 Q 19

43 Q 197

44 Q 19

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46 Q 205

47 Q 19

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51 Q 6

52 Q 9

53 Foreign Affairs Committee, *Global Security: The Middle East*, para 102

54 FCO, *Eighth Report of the Foreign Affairs Committee, Session 2006-07, Global Security: The Middle East, Response of the Secretary of State for Foreign and Commonwealth Affairs*, Cm 7212, October 2007, para 51

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61 Q 98

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66 Foreign Affairs Committee, *Global Security: The Middle East*, para 64

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109 Q 211

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143 Q 69
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292 Q 39
293 Q 196
294 Foreign Affairs Committee, Fourth Report of Session 2005-06, *Foreign Policy Aspects of the War against Terrorism*, HC 573, paras 212-213
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