Regional Actors and the Fatah-Hamas Unity Deal
Shifting Dynamics in the Middle East?

By Julia Pettengill and Houriya Ahmed
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## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Summary</td>
<td>4</td>
</tr>
<tr>
<td>The Fatah-Hamas Unity Deal</td>
<td>7</td>
</tr>
<tr>
<td>Key Actors</td>
<td>12</td>
</tr>
<tr>
<td>Egypt</td>
<td>12</td>
</tr>
<tr>
<td>Syria</td>
<td>14</td>
</tr>
<tr>
<td>Israel</td>
<td>16</td>
</tr>
<tr>
<td>The United States</td>
<td>18</td>
</tr>
<tr>
<td>Other Interested Actors</td>
<td>20</td>
</tr>
<tr>
<td>Turkey</td>
<td>20</td>
</tr>
<tr>
<td>Iran</td>
<td>21</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>22</td>
</tr>
<tr>
<td>Qatar</td>
<td>22</td>
</tr>
<tr>
<td>Analysis</td>
<td>23</td>
</tr>
<tr>
<td>Recommendations</td>
<td>26</td>
</tr>
</tbody>
</table>
This report analyses the Fatah-Hamas unity deal as a case study of the threats and opportunities the Arab Spring has presented in the Middle East.
While the Arab Spring presents an opportunity to develop democratic reform in a region long-dominated by authoritarianism, it is evident that many powers in the Middle East are keen to maintain the status quo or have been unable to re-calibrate their foreign policy to account for this regional transformation.

The Fatah-Hamas Unity Deal
On the 4 May 2011, Palestinian Authority (PA) President Mahmoud Abbas and Hamas leader Khaled Meshaal announced their intention to forge a power-sharing agreement, in order to create a unity government of independent technocrats. At present, talks to cement the details of the deal have stalled, as the parties cannot agree on a new Prime Minister.
Both parties were pushed towards reconciliation due to the realities presented by the Arab Spring. Fatah were partially motivated by their uncertain position in relation to post-Mubarak Egypt. Hamas were almost entirely motivated to accept the deal by the ongoing Syrian uprising, which threatens to topple their principal patrons—the Assad regime.

KEY ACTORS

EGYPT
Egypt was instrumental in orchestrating the Fatah-Hamas reconciliation, hosting the talks in Cairo that led to the announcement of the unity deal.
Keen to make a break from Mubarak, the deal served to enhance the popularity of the interim government among the Egyptian and wider Arab public. Taken in the context of other diplomatic signals the interim government has been sending, it appears that this is part of a strategy to secure increased funding from the US by indicating their willingness to pursue policies against the interests of America’s main regional ally—Israel.

SYRIA
As political hosts and financial patrons of Hamas, Assad’s regime has formally welcomed the unity deal. Meshaal reportedly asked Assad for his support prior to accepting the deal. If the unity deal strengthens Hamas, this will benefit Syria.
The deal is primarily of use to Syria as a way of signalling that the Assad regime remains a key player in Palestinian politics. As the ongoing Syrian uprising threatens to topple his regime, Assad is playing upon the perception of his indispensability to an Israeli-Palestinian settlement in order to secure his position.
Palestinian unity also has the advantage of deflecting attention from Assad’s current brutal suppression of dissent to the romanticised struggle of the Palestinians, despite the fact that this has not even figured in demands for political reform.

ISRAEL
Israel responded negatively to the announcement and stated that it will not negotiate with a Palestinian government that includes Hamas, as the group continues to deny Israel’s right to exist.
The prospect of a deal has destabilised Israel’s security arrangements, as it has made it temporarily impossible for Israel to return to negotiations. Should this deal fail, it may serve as a pretext for Hamas to launch a third intifada.
The deal is also unwelcome in Israel due to the current uncertainties evoked by the Arab Spring, in the context of increased isolation by the international community, and following a breakdown in trust between the Netanyahu government and the Obama administration. The combination of these factors make it unlikely that Israel will risk a return to negotiations—even in the event the unity deal collapses—any time soon.

THE UNITED STATES
The US has officially voiced disappointment over the deal, and clearly did not anticipate reconciliation between Fatah and Hamas. The Obama administration has stressed that Hamas needs to accept the Quartet Principles if they are to be recognised as a legitimate Palestinian actor.
However, President Obama’s remarks about the deal are somewhat more ambivalent than other official statements. The Obama administration has not proposed any inducements for Fatah to withdraw from the deal, nor suggested any punitive measures—such as cutting off US funding to the PA.
President Obama’s administration clearly sees an Israeli-Palestinian peace settlement as key to long-term regional stability, it is possible that the US may hope that the deal will moderate Hamas and/or add pressure on Israel to return to negotiations. In general, the American response to the unity deal strongly indicates that it is not coping well with the new strategic realities the Arab Spring has presented for the region, and may well suffer for this lack of adaptability.
Executive Summary

OTHER INTERESTED ACTORS

TURKEY
Turkey, one of the first to welcome the unity deal, was absent from the talks until the last minute after being invited by Egypt. As part of its quest to become one of the leading regional powers, Turkey has offered to mediate between Fatah and Hamas in the past and asked Mubarak’s Egypt to relinquish that role. Its largely absent role in this deal is likely to be a source of diplomatic embarrassment.

IRAN
Iran welcomed the unity deal and publicly stated that this can only strengthen the Palestinian case against Israel. The deal has the potential to either benefit or weaken Iran. If the deal succeeds and Hamas brought into government, Iran could use it to advance its own regional agenda; but in the event that the deal induces Hamas to enter the political mainstream and moderate, this would undermine Iran’s ability to exercise influence and undermine Israel.

SAUDI ARABIA AND QATAR
Saudi Arabia and Qatar welcome the unity deal, which they appear to view as a precursor for bringing Hamas into the political mainstream and wean it away from Iranian influence, which neither country trusts. They may also be motivated by the popularity of the deal on the so-called ‘Arab Street,’ and hope to profit from this goodwill by association.

RECOMMENDATIONS FOR THE US AND ALLIES

PA: TARGET AID WITH CONDITIONS AND INCENTIVES
The US should use its $400-500 million subsidy to the PA to induce it to: pursue normalisation with Israel and allied security interests in the region; agree not to enter into any formal arrangement with Hamas until the group publicly accepts the Quartet Principles; pursue institution-building, democratisation, and ongoing anti-corruption and anti-extremism efforts.

PALESTINIAN PRIME MINISTER: SUPPORT SALAM FAYYAD
The US should make the continuation of aid to the PA contingent on Salam Fayyad’s re-nomination as Prime Minister, and appoint a special envoy to the Occupied Territories to gauge the progress of the PA’s post-reconciliation development.

EGYPT: TARGET AID WITH CONDITIONS AND INCENTIVES
To undercut the influence of the Muslim Brotherhood, and to secure the cooperation of the current transitional government, the US should earmark part of its new funding initiatives for Egypt for the cultivation of civil society institutions, and make continued US aid, $2 billion, partially contingent upon the responsible behaviour of the government.

SYRIA: CALL FOR ASSAD’S REMOVAL, SUPPORT OPPOSITION
President Obama should call for the immediate resignation of Bashar al-Assad; provide rhetorical and material support to the 31-member Consultative Council elected in Antalya, Turkey, and the Local Coordination Committees; communicate their support for the opposition with allies in the UN Security Council; and table a Security Council resolution to secure Assad’s removal.

ISRAEL: REBUILD RELATIONSHIP
The US should rebuild relations with Israel, as trust is crucial to return to US-mediated negotiations between the Israelis and Palestinians, and convince Israel to lure Fatah away from its unity deal with Hamas and back to negotiations.

MIDDLE EASTERN GOVERNMENTS: STRESS NEGATIVE IMPLICATIONS OF UNITY DEAL
The US should conduct a diplomatic campaign to convince its allies who supported this deal—namely, Turkey, Qatar, Saudi Arabia and Egypt—that Hamas cannot be moderated unless it openly and genuinely accepts the Quartet Principles.

ARAB SPRING: REASSESS MIDDLE EAST STRATEGY
The US must adapt their strategic agenda to the changes wrought by the Arab Spring, and adopt a policy of helping the current and formerly authoritarian regimes in their transition towards representative government.
This report analyses the Fatah-Hamas unity deal as a case study of the effect of the Arab Spring upon the strategic interests of key regional actors. The poor prospects of success for the unity agreement indicate that it may only be intended as a temporary ratification of the status quo, and an attempt to placate the populist sentiment aroused by the Arab Spring.

The unity deal was, in one sense, a response to Palestinian demands evoked by the Arab Spring, but also of the insecurity felt by Fatah following the collapse of the Mubarak regime, and of Hamas, who fear the collapse of their patrons, the Syrian regime. More broadly, the deal is an example of the familiar tactic of regional powers manipulating the Palestinian cause for their own ends. Egypt’s transitional government has orchestrated the deal as leverage against the US, and the Assad regime has supported the deal as a way of deflecting attention from the ongoing Syrian uprising. That such a classic stratagem was attempted amidst the background of revolutionary change in the Middle East—and attempted in direct response to that change—may yet prove to be a significant irony of history.

This report examines the motivations of and implications for the regional players most closely affected by this deal, namely: the Palestinians; Egypt; Syria; Israel and the United States. We also analyse the impact of the deal on parties who were less directly involved but who would have a close interest in the unity deal, which we identify as Turkey, Iran, Saudi Arabia and Qatar.
‘Our people have always rejected this rift. All factions will now have to show that they have learned from this difficult experience, and that they will accept a democratic government through the coming elections.’

— Mahmoud Abbas, President, Palestinian National Authority

‘[Our] only fight is with Israel...our aim is to establish a free and completely sovereign Palestinian state on the West Bank and Gaza Strip, whose capital is Jerusalem, without any settlers and without giving up a single inch of land and without giving up on the right of return [of Palestinian refugees].’

— Khaled Meshaal, Chairman, Hamas Political Bureau

As the predominant forces in Palestinian politics, Hamas and Fatah have a history of rivalry. Hamas’ unexpected electoral victory in the 2006 elections for the Palestinian Authority (PA) led to a short and dysfunctional period in which the two parties attempted to share power in both the West Bank and Gaza Strip. The joint government—forged in March 2007—soon disintegrated into the 6-day civil war of June 2007, in which Hamas took control of Gaza by force while Fatah remained at the head of the PA in the West Bank.

Since that time, the Gaza Strip has become increasingly internationally isolated and economically stunted, as the effects of maladministration by the Hamas government, sanctions and other punitive measures have undermined the prospects for economic development, which were subsequently worsened by the destruction of the 2009 Gaza War.

The PA, on the other hand, has been able to build a reasonably successful proto-state in the West Bank following the rupture with Hamas in 2007. The progress they have made is significant—including impressive economic growth; a windfall of financial assistance from the US ($225 million in 2010 and an anticipated $500 million for 2011); a functioning administrative apparatus; a US-trained security force which cooperates with the Israeli security forces and significant progress in anti-corruption and anti-extremism efforts. These achievements have largely been attributed to the Prime Minister, Salam Fayyad, an Independent and internationally renowned economist who seems to be fulfilling his promise that ‘the Palestinian authority is determined to build the foundations of an independent state.’

After Barack Obama was inaugurated as US President in January 2009, he renewed US efforts to reengage the Israelis and Palestinians in the peace process, which had broken down in 2008. For the subsequent eighteen months, the Obama administration’s efforts yielded a brief resumption of Israeli-Palestinian negotiations before dissolving in March 2011 over the issue of settlement construction by Israel. The stalemate which has resulted from these efforts is the predominant reason the deal between Fatah and Hamas became possible, as it gave Fatah the incentive to act, and made it (at least theoretically) possible for Hamas to join with Fatah, as they would not have to negotiate with Israel.
The Agreement

On 4 May 2011, PA President Mahmoud Abbas and Hamas Politburo Chairman Khaled Mashaal announced their intention to forge a power-sharing agreement. The two leaders indicated that this would enable them to create a unity government of independent technocrats under a mutually-acceptable Prime Minister; cooperate in holding new presidential and parliamentary elections to replace the legislators whose terms expired over a year ago; release political prisoners; and hold new elections to the Palestinian Liberation Organisation (PLO), in which both parties would be able to field candidates.

Membership in the PLO is an important improvement for Hamas, as the PLO is defined under international law as the ‘sole legitimate representative of the Palestinian people,’ and therefore the only body with the authority to decide whether to negotiate with Israel. The PLO is currently dominated by Fatah. According to the terms of the unity deal, new presidential and parliamentary elections will have to take place one year after the signing of the Palestinian National Reconciliation Agreement, and must be overseen by a council of independent magistrates to be mutually agreed upon by both parties. If social and economic factors in both territories continue apace, there is every reason to believe that Fatah will be democratically elected to lead a new PA.

These are the same terms offered by Fatah to Hamas last year, which they initially rejected because they would have to concede, among other things, to Fatah’s authority in the West Bank and, de facto, to halting attacks against Israel. At the time of this writing, a detailed agreement has yet to be concluded—Hamas and Fatah have merely made a declaration of their intent to forge such an arrangement.

The power-sharing deal was reportedly mediated by the independent Palestinian Forum, by the arrangement of the Egyptian government, with the mediation assistance of outgoing Arab League Secretary General (and current Egyptian presidential front-runner) Amr Moussa. The discussions were concluded in a remarkably short amount of time—according to Mustafa Barghouti, a leading independent Palestinian politician and one of the key mediators of the negotiations, the deal was concluded in a matter of hours. According to reports, the Turkish Foreign Minister was invited to attend the talks, but was not involved in facilitating the negotiations in any meaningful way.

At present, no final unity agreement has been reached, as ongoing talks between the two sides have stalled over the pivotal issue of who will act as the next Prime Minister. Hamas has explicitly rejected the nomination of current Prime Minister Salam Fayyad—a political independent and by far the most popular candidate according to recent polls.

Conflicting reports of Hamas’ intentions regarding the final status of a unity government have emerged from various quarters of the party. The Associated Press has reported that unnamed Hamas officials, apparently close to Mashaal, have indicated openness to working entirely behind the scenes forgoing direct participation in government even if it wins the planned elections.

If implemented, this would allow Hamas to evade pressure to negotiate with Israel, and also to prevent the electoral route that polls indicate they may receive. This is reportedly Mashaal’s preferred course of action. However, Salah al-Bardaweel, a high-ranking Hamas leader in Gaza, has rejected press reports that the group may exclude itself from a future government to avoid international isolation.

Both Fatah and Hamas are reacting to pressure exerted by the Arab Spring, although for somewhat different reasons. Whereas the Arab Spring has manifested itself in the West Bank as a demand for unity and progress towards statehood, in Gaza such calls have been met with brute violence, both before and after the announcement of a reconciliation accord. Despite the fact that the enmity between Fatah and Hamas is potentially intractable, they appear to—at least temporarily—to have recognised the strategic advantage of presenting a united front to Israel and to the international community.

Publically, mediators such as Mustafa Barghouti have attributed the preliminary agreement to factors including widespread Palestinian frustration at their internal divisions; the impact of the Arab Spring on the Palestinian population; impatience with Israeli intransigence; the assistance of Egypt in bringing Hamas and Fatah together; the need to cooperate to rebuild the Gaza strip and the desire to advance the democratisation process for the entire Palestinian territories.
Fatah’s Motivations

The principle motivations for Fatah’s commitment to the unity agreement is the stalemate in negotiations with Israel and the removal of their former protectors and patrons, the Mubarak regime, from power in Egypt.

In his most recent high-profile statements to the Western media, Abbas has made it clear that he feels that the peace process has completely stagnated, and that he has been effectively abandoned by the Obama administration: ‘It was Obama who suggested a full settlement freeze,’ Abbas explained. ‘I said OK, I accept. We both went up the tree. After that, he came down with a ladder and he removed the ladder and said to me, jump. Three times he did it.’

Abbas specifically cited the American veto of the UN vote to censure the Israelis as a key cause for discontent, not least because he reported that Obama personally informed him that Congress would not approve the $475 million in US aid due to the Palestinian Authority—an account which Obama disputes. Moreover, this was also a matter of prestige: in order to be perceived as a strong and relevant actor, the PA must either be participating in negotiations or pursuing another initiative that brings attention to their cause and increases their leverage for subsequent negotiations.

The collapse of the Mubarak regime in Egypt was likely another key factor in Fatah’s decision. Mubarak was a key supporter of Fatah and vigorous opponent of Hamas. With the current Egyptian government and its loyalties in flux, Fatah could no longer rely on a stable arrangement with Egypt, and has had to scramble to make arrangements before this became a problem for them.

A secondary motive for Fatah’s agreement to the unity deal is its electoral confidence. According to the latest polls, Fatah easily outperforms Hamas in both Gaza and the West Bank. A recent survey by the Jerusalem Media and Communications Center (JMCC) showed that more than 50% of the Palestinian people prefer a government of independent figures. A total of 26.5% said they prefer a government with a Fatah-majority, and 12.5% said they prefer a Hamas-majority government.

Fatah may also have been motivated by the perceived weakness of Israel—particularly in light of the uncertainties of the Arab Spring and Israel’s increasing diplomatic isolation. Statements by Abbas and other Fatah officials, as well as some of the behind-the-scenes conversations revealed in the so-called ‘Palestine Papers’ released by satellite television channel Al-Jazeera, reveal a distrust of the current Israeli government, and a belief that Israeli Prime Minister Benjamin Netanyahu is fundamentally an obstructionist. The unity deal has been partially motivated by this belief, as well as the awareness that it is easy to depict Netanyahu in this way—a means of appeal for support from the international community. Although it seems objectively unlikely, it also appears that some elements in Fatah believe that this deal may be the first step towards moderating Hamas.

Some Fatah leaders appear to have concluded that key segments of the international community are sufficiently distrustful of Netanyahu that they might be receptive to a unity deal with Hamas. In addition, the unity deal is explicitly designed to bolster the Palestinian bid to secure recognition of statehood by a UN resolution, which they have said they intend to pursue in the absence of a resumption of the peace process, in September 2011. At the same time, it appears that they may be having doubts about the wisdom of seeking statehood by UN fiat, and in any case would prefer to use it as a device to compel Israel to return to negotiations. The unity deal—as well as their planned request for a UN resolution recognising an independent Palestinian state—are devices designed to induce the US and Israel to renew peace talks. While some segments of Fatah and their affiliates in the PA appear comfortable with pursuing a UN resolution in September, others—
most notably Salam Fayyad and his allies—appear eager to avoid this course of action, as they fear it will result in the withdrawal of aid and assistance from the US in exchange for few tangible gains.21

Indeed, with the windfall of US aid which the PA has seen since 2007, it is unsurprising that the more sensible elements of the PA are taking care not to push America’s patience too far. Given the fact that Fayyad has been largely responsible for securing this windfall in aid from the US and international community, the unity deal is particularly vulnerable to collapse if Hamas continue to reject him as Prime Minister of a unity government.

Domestic considerations also appear to have been relevant to Fayyad’s calculations. In 2009, Fayyad announced his goal of building the institutions to justify the proclamation of a Palestinian state by 2011—namely, a functioning administrative apparatus, security system and enshrining the rule of law in Palestinian society.22 The PA has enjoyed considerable success in advancing towards that goal. This has raised expectations that Palestinian leaders feel bound to meet, and if they do not, they may suffer for politically. Fatah have also been under pressure from the public for a unity deal, and have received some negative backlash to their portrayal in the ‘Palestine Papers’ as too willing to compromise with the Israelis.23

Finally, Mahmoud Abbas may also have more personal reasons to favour a unity deal. Abbas has indicated his intention to retire in the next year, telling Newsweek: ‘I cannot wait. Somebody will wait instead of me,’ he tells me. ‘And I will not stay more.’24 A unity deal—if successful—would help to repair his legacy, which has been tarnished by his failure to win the 2006 elections, his loss of Gaza, and his rejection of the Israeli peace offer of 2008.25

### Hamas’ Motivations

Hamas’ primary motivation in committing to a unity deal appears to be their fear that the Assad regime—their principle patron and the hosts of their political leadership—will be toppled by the ongoing Syrian uprising. The prominence of the Syrian situation as a motivating factor is underscored by the fact that the unity deal was orchestrated entirely by the Damascene leadership, which indicates that it is principally designed to protect Hamas from expulsion, and prepare for the possible loss of Syrian patronage. Moreover, as Assad’s brutal crackdown on the Syrian opposition has intensified, it has become necessary for Hamas to distance itself from this type of behaviour for the sake of domestic opinion.

For political pragmatists within Hamas, the unity deal presents an opportunity to present themselves as potential diplomatic partners—particularly if Hamas agree to work behind the scenes rather than as direct participants in the next Palestinian government, as has been mooted. The fact that the EU and individual European governments have tacitly welcomed the unity deal and declined to stress the need for Hamas to accept the Quartet Principles as a preliminary condition for negotiations indicates that they may already have some success in presenting themselves as acceptable diplomatic partners.26 This may also give them an opportunity to begin soliciting new international backers in the event of Assad’s collapse; Qatar, which currently hosts Hamas’ spiritual leader Yusuf al-Qaradawi, is a rumoured possibility.

Domestic unpopularity looks like another key motive for Hamas to accept this deal. Economically, Gaza’s unemployment rate was among the world’s highest, at 45.2% in late 2010 according to

### FACT BOX

**The Quartet Principles**

In order to be considered a legitimate Palestinian partner in negotiations, Hamas must:

- Recognise Israel’s right to exist
- Renounce the use of violence
- Abide by previous PLO agreements

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Khaled Mashaal, Damascus-based leader of Hamas, gives a speech during the reconciliation celebration in Cairo, Egypt, Wednesday, 4 May 2011 – AP
UN estimates, and real wages meanwhile fell by more than a third. Gaza’s infrastructure also remains badly damaged from the 2009 war with Israel. This has engendered a deep well of discontent in Palestinian society, which, combined with the restricted political freedoms in the Gaza strip and in the context of the Arab Spring, has manifested in signs of dissatisfaction with the government in Gaza. According to polling by the Palestinian Center for Policy and Survey Research, over 90% of Palestinians sympathise with the government in Gaza. According to polling by the Palestinian Center for Policy and Survey Research, over 90% of Palestinians sympathise with demonstrators in the Arab World and two thirds expect this development to have a positive impact on Palestinian conditions. Moreover, 67% of Gazans support demonstrations in the Gaza Strip that would seek to change the regime and 50% are ready to participate in these demonstrations.

Signs of internal dissent within Hamas have also been reported—a factor which lessens the chance that the unity deal will come to fruition. By all accounts, the initial agreement was concluded by the more powerful Damascene leadership of Hamas, without pursuing a consultation with the Hamas leaders in either Gaza or the West Bank, and these fissures are beginning to show in open controversy—for instance, the public argument between Ismail Haniyeh and Mahmoud Zahar with Khaled Meshaal over what has been interpreted as Meshaal’s tacit acceptance of the possibility of a unity government pursuing negotiations with Israel by remaining behind the scenes. Zahar was quoted in the Lebanese newspaper "Al-Akhbar" remarking, ‘...we didn’t know and we were not consulted about the position of Khaled Mashaal, and this is not the correct position...we haven’t given any chance for negotiations on behalf of us or the Palestinian people. Our program is against negotiations in this way, because they are a waste of time.’

FACT BOX
Palestinian Support for the Arab Spring and Gazan Support for Regime change
- Over 90% of Palestinians sympathise with the Arab Spring demonstrators
- 67% of Gazans support demonstrations in the Gaza Strip to change the regime
- 50% of Gazans are ready to participate in demonstrations for regime change
Egypt was instrumental in bringing Fatah and Hamas together, hosting the talks in Cairo that led to the announcement of the unity deal. As Abbas commented, “We would never have gotten here without Egypt.” Egypt’s motivations for brokering this deal appear largely aimed at gaining leverage over the US, as well as to take the diplomatic initiative in the aftermath of the confusion created by the fall of Hosni Mubarak specifically and in the wider context of the Arab Spring.

Background

Since the founding of the state of Israel in 1948, Egypt has always played a significant role in supporting the Palestinian claim to sole entitlement to that territory—assuming command of the Arab coalition in the first Arab Israeli war of 1948, and participating in the 1956, 1967 and 1973 Arab-Israeli wars. In times of both peace and war, Egypt has exercised a disproportionate influence on the Palestinian actors through its leading role in the Arab League—including orchestrating the founding of the PLO at the Arab League Summit in 1964.

In the 1948, 1967 and 1973 wars with Israel, Egypt suffered humiliating defeats, including the loss of the Sinai Peninsula. This induced then President Anwar Sadat to sign the Egyptian-Israeli Peace Treaty in 1979, trading Egypt’s perpetual struggle for military dominance over Israel for a security guarantee from Israel and America instead, as well as extensive military aid from the US. After Sadat’s assassination in 1981, Hosni Mubarak’s regime exploited this formulation to the greatest possible extent, and rooted the stability of his regime in this security arrangement.

After concluding this peace treaty with Israel, Egypt has striven to remain at the centre of Palestinian politics, and has repeatedly put itself forward as a mediator between both Palestinian actors and between the Palestinians and Israelis, mediating initiatives including the 1984 Cairo Agreement, 1991 Madrid Peace Conference, 1995 Cairo Peace Summit, and 2009 Ceasefire declaration for the Israeli-Hamas War.

Yet the Mubarak regime also played both sides in relation to Israel and America, allowing popular discontent to be channelled towards anti-Israeli and anti-Semitic sentiments which have festered, both with and without the encouragement of the state. Although mentions of Israel and Zionism were not the predominate theme of the anti-government protests which toppled Mubarak, resentment over the status quo in relation to Israel has come into the open since the caretaker military government has taken control, and Egypt has begun preparations for parliamentary and presidential elections in September 2011. Since Hosni Mubarak stepped down in February 2011, a number of anti-Israeli incidents have erupted, including a protest on the 8th of April in which a group called for a halt to Egypt’s natural gas exports to Israel.

FACT BOX

Egypt’s Transitional Government
- The transitional government consists of Egypt’s Supreme Military Council, headed by Field Marshal Mohamed Hussein Tantawi
- Essam Sharaf is acting prime minister
- Mohamed El-Orabi was recently appointed foreign minister, replacing Nabil El Arabi
Fatah-Hamas Unity Deal: Egyptian Motivations

The collapse of the Mubarak government and the influx of more stridently anti-Israeli voices in Egyptian politics—including calls to dispense with the 1979 Treaty—has provoked speculation that Egypt’s role in orchestrating the Fatah-Hamas unity agreement is motivated by renewed hostility towards Israel.

Given the composition and priorities of Egypt’s Supreme Military Council, the unity deal appears to be part of a strategy of subtle provocation clearly designed to make Israel—and by extension, the US—nervous. Yet given the dire straits of the Egyptian economy, and the fact that the current government is comprised of the same military apparatus which gained so much from both the US and Israel from the 1979 peace deal, it seems likely that measures such as this are designed to extract increased funding from the US in return for reining in anti-Israeli overtures.

Since Mubarak’s overthrow, the US has continued to provide $1.3 billion in annual military assistance to Egypt,34 and has announced plans to relieve $1 billion in debt, channeling that money into projects that create jobs.35 Yet with the loss of tourism alone estimated to have cost the Egyptian economy up to $2 billion since the beginning of the uprising,36 the combined $2 billion in debt relief and direct aid currently contributed by the US does not have the same purchasing power as under the Mubarak regime.37

Moreover, the populist measures such as raising the minimum wage currently being pursued by the new government will extract an even greater toll on the government coffers, and are already being rejected by Egyptian business leaders as disastrous for the economy.38 In this context, it is likely that the current transitional government are attempting to play upon Western fears of the rise of the Islamist group the Muslim Brotherhood, in order to secure increased military assistance and other forms of aid. If the Muslim Brotherhood have electoral success, relations with Hamas are likely to grow closer, as the organisation is the Palestinian branch of the Muslim Brotherhood.39

Taken in the context of other provocative actions by Egypt—most notably, their decision to allow Iranian ships to pass through the Suez Canal40 and the recent re-opening of the Rafah border crossing into Gaza just days after the transitional government assumed power—this indicates an intentional effort to pressure the international community—and the US particularly—into ensuring that Egypt is well-funded.

Egypt has indicated publicly that its relationship with Iran is under review—a fairly obvious method of putting pressure on Iran’s enemies to do as Egypt wishes. Former Egyptian foreign minister Nabil El Arabi alluded to this in a recent interview with The Washington Post: ‘Egypt has turned a page with every country in the world….I was asked if this included Iran, and I said yes…[but] no decision has been made on Iran.’41 Although strategic considerations, competing hegemonic pretensions and cultural antagonism make it unlikely that a new Egyptian-Iranian alliance will emerge in the near future, Egypt can cause significant trouble with the mere pretence of outreach to Iran to unnerve Israel and the US.

Egypt is clearly playing both sides with Israel, hinting at the possibility of a more hostile relationship without pushing this provocation too far. At the same time, it is sending signals to reassure the international community that its long term policies towards Israel will remain consistent.42 For instance, when asked about the future of the Camp David Accords in his interview in The Washington Post, El Arabi declared that, ‘…Egypt is going to comply with every agreement and abide by every treaty it has entered into.’

When asked about the state of Egyptian-Israeli relations, El Arabi insisted that, ‘…we have normal relations, and we will continue to have normal relations [with Israel, but] we might have disagreements…[For example] we might disagree over the suffering of the people in Gaza.’43

One of the only significant actions the Egyptian Army has taken thus far to quell unrest in Egypt was to prevent a convoy of Gaza-bound buses from leaving Tahrir Square, and dispersing a Nakba-day demonstration outside the Israeli embassy in Cairo.44 This signified that the Army do not wish to push the Israelis too far by being implicated in violent protests at the border. Indeed, some of the pro-Palestinian gestures being made by the Egyptian government appear to be more style than substance. For instance, for all the fanfare about the opening of the Rafah crossing between Egypt and Gaza, the border actually remains tightly restricted. The Egyptian government has made it clear that...
they will not keep the border open if it becomes a security threat—prompting Hamas officials to implore the Gazan population not to ‘...do anything that could compromise the reopening of the terminal. We assure our Egyptian brothers: your security is ours and your stability is ours.’

It is possible that support for a unity agreement by the Egyptian government—which implicitly (at least temporarily) requires Hamas to refrain from renewing hostilities with Israel— is motivated by a desire to keep the Palestinians quiet to allow the transitional government the opportunity to consolidate their power and rebuild the country.

However, the deal also serves a clear political purpose for all parties in Egypt, as it has proved immensely popular with the Egyptian public and the Arab world at large. Establishment figures—many of whom are either part of the transitional government or intend to participate in the upcoming elections—are keen to distance themselves from their past affiliation with the Mubarak regime, making the embrace of a more confrontational stance towards Israel an attractive option. For instance, Amr Moussa—the current front-runner in the presidential race who served as Mubarak’s foreign minister from 1991-2001 before his ten-year stint as Secretary General of the Arab League—criticised the Mubarak regime’s handling of the Palestinian-Israeli conflict, and called for a new stance ‘...reflect[ing] the consensus of the people.’

Yet other increasingly influential players in Egyptian politics—namely the Muslim Brotherhood—were ideologically opposed to Egypt’s relationship with Israel under Mubarak, and are likely to make political capital from their more consistent and uncompromising support of the Palestinian cause. The present Egyptian government’s decision to orchestrate the Palestinian unity deal might therefore be interpreted as a way of stealing a march on their political competitors, who will no doubt use their consistent opposition to Israel as an electioneering tactic; an approach which will no doubt be rendered even more effective by the proximity of the Egyptian elections and the planned Palestinian bid for statehood at the UN in September 2011.

By rejecting Mubarak’s policy of support for Fatah and opposition to Hamas in favour of a more flexible stance towards both actors, the transitional government has attempted to develop its own, more positive, relationship with Hamas, with the effect of both increasing Egypt’s leverage over the US and Israel, as well as protecting themselves—and particularly the military—in the event that the next Egyptian government develops more actively friendly relations with that party.

Syria

‘Syria believes that the steps taken towards signing the reconciliation agreement is a great victory for the Palestinian people in its justified struggle for restoration of its rights and the liberation of its territory.’

—Statement by the Syrian Government.

As a patron of Hamas, Bashar al-Assad welcomed the Fatah-Hamas unity deal. Meshaal reportedly asked for Assad’s support prior to accepting the unity deal, highlighting Syria’s continued power over Hamas. From Assad’s perspective, the unity deal has two potential advantages: to increase pressure on the US and Israel, and to deflect attention from the ongoing brutal repression of the Syrian opposition movement towards the ‘Zionist enemy’.

Background

Syria has been involved in the Palestinian-Israeli dispute since the founding of the State of Israel in 1948, when Syria offered its assistance to the Palestinian forces, and has been involved in almost every subsequent Arab-Israeli conflict. In fact, Fatah operated as a virtual extension of the Syrian security services by the 1960s.

Syria suffered particularly humiliating defeats in the 1967 and 1973 Arab-Israeli Wars, in which Israel annexed and held the Golan Heights from Syria. When it became clear that Israel could not be defeated in conventional military confrontations—particularly once Israel acquired a nuclear capability—the Assad regime changed its strategy from direct confrontation to using proxy organisations to wage long-term, asymmetric warfare against Israel. At the same time, Syria has maintained its 1973 ceasefire agreement with Israel, and has been particularly careful to keep the Golan Heights border quiet. After Jordan expelled Hamas in 1999, the Syrian regime allowed the group’s leadership to direct their political and military operations from Damascus. Despite the Assad regime’s long-standing repression of Islamists in their own country—including Hamas affiliates the Syrian Muslim Brotherhood—Assad has provided finances to Hamas as well as weapons training to the group’s militant wing in Gaza, the Izzedine al-Qassam Brigades.

Assad’s father and predecessor, Hafez al-Assad, presented himself as the representative voice of Palestine, which he envisioned as an extension of Southern Syria. This attitude was indicative of Syria’s wider strategic interest in Palestinian affairs, which they have consistently used to project strategic influence disproportionate to their
actual power. By placing itself at the centre of the Arab-Israeli conflict and using terrorist proxies, Syria is able to challenge Israel without risking a direct military confrontation, exerting leverage and extending their power throughout the region. In particular, allowing Hamas to base itself within its boundaries meant that Bashar al-Assad could wield power in the Palestinian and Israeli conflict, using Hamas as leverage from international pressure to reform. Syria has also reinforced this strategy by building close ties with Iran and Hezbollah in Lebanon.

Syria and Israel remain in a technical state of war, and peace talks between the two countries over the Golan Heights stalled in January 2000. Indirect talks brokered by the Turkish government took place in 2008, which ended because of Israeli concerns over Syrian support for terrorist organisations.\(^5\) In 2007, Israel destroyed a building which the International Atomic Energy Agency has since indicated was likely an undeclared nuclear facility.\(^5\) However, because the Syrian government has managed to execute prolonged blackmail of Israel, the latter has determined that peace on the Golan Heights border and ‘stability’ in Syria is more important than Syria’s support of Hamas and other terrorist organisations.

Syria has also convinced the US that they are indispensible to any Middle East peace effort because of the influence they wield within Hamas and Hezbollah. This tactic has worked, as the Obama administration and regional powers including Qatar and Saudi Arabia have pursued rapprochement with Assad in the belief that he is crucial to a final settlement of the Israeli-Palestinian dispute.\(^5\)

Fatah-Hamas unity deal: Syrian motivations

In the context of the ongoing Syrian uprising, Assad’s support of the Fatah-Hamas unity deal can be interpreted as a message that he remains a key component in the Israeli-Palestinian conflict. The populist appeal of Palestinian unity also has the advantage of potentially deflecting attention from the brutal suppression of dissent under Assad to the romanticized struggle of the Palestinians. In January 2011, Assad gave a now notorious interview to the *Wall Street Journal* in which he claimed that because of his underwriting of the Palestinian national cause, Syria was immune to Arab Spring agitation.\(^5\) In fact, Israel or Palestinian unity has not figured in civilian demands for political reform, and protests in Syria actually increased after the announcement of the unity deal.\(^5\)

Like the Egyptian government, Assad is daring the international community to let his regime fall—raising the specter of sectarian warfare and an Islamist Syria to prevent substantive support for the opposition movement, despite the fact that the influence of sectarianism and Islamism on the Syrian opposition is, by most accounts, negligible. Assad is indicating that he is prepared to start another Arab-Israeli war to keep himself in power, the likely message behind the government’s mobilisation of protestors to cross the normally-quiet Syrian-Israeli border on Nakba Day. In an indirect threat to the Israeli government, Rami Makhlouf, Assad’s cousin and a member of the government’s inner circle, stated in a May 2011 interview with the *New York Times*, 'If there is no stability here, there’s no way there will be stability in Israel. No way, and nobody can guarantee what will happen after, God forbid, anything happens to this regime.’

One of Syria’s most significant assets is the fact that the US, despite all evidence to the contrary, continues to believe that Syria is an indispensible component in securing a final settlement of the Israeli-Palestinian conflict, and is convinced that the collapse of the Assad regime will increase regional instability. For their part, Israel may also believe that peace with Syria would allow other Arab countries to follow suit, such as Lebanon, since Syria indirectly holds influence over the current Hezbollah dominated government.\(^5\) Although both the US and Israel openly state that Assad should implement reforms instead of crushing the protest movement, they have not gone far enough to implement any real change in Syria. With the Mubarak regime gone and the long-term stability of Egypt in jeopardy, Israel clearly prefers ‘the devil they know’—a stance which, unfortunately, plays into the hands of Syria and, by extension, Hamas. So long as the Assad regime remains under threat, Syria has a vested interest in any measure that might strengthen Hamas, and has clearly calculated that the unity deal will achieve this—at least in the short term.
The Israeli response to the unity deal has been clear: as far as they are concerned, there is no way Israel can negotiate with a Palestinian government that includes Hamas, as Hamas refuses to recognise Israel's right to exist. In a sense, the unity deal is not that important to Israel, especially as it is not likely to materialise; it is the prospect of the deal's failure, as well as what the deal indicates about shifting regional dynamics, that would worry Israel.

Israel’s primary strategic ambitions have been relatively consistent since its founding: to protect itself from wars with its neighbours and to retain its territorial and demographic integrity. More recently, these goals have specifically included preventing Iran from developing a nuclear capacity with the capability to threaten Israel, to pursue a two-state solution in the hopes of securing a final settlement with the Palestinians, and maintaining a stable Middle East with actors whose motivations can be reasonably anticipated. The foundation of their security arrangements has been an alliance with the US, the maintenance of an independent nuclear capability and a strong military capacity, engaging in the peace process laid out in the Oslo Accords, and the maintenance of the 1979 Israeli-Egyptian Peace Treaty.

The collapse of the Mubarak regime was extremely unnerving for Israel, as it removed one of the main pillars of this security strategy and replaced it with a government whose first major diplomatic initiative was a clear attempt to pressure Israel by installing Hamas in the Palestinian government. The Arab Spring as a whole has not been welcomed in Israel, as the state prefers ‘stable’ enemies like Assad to the unpredictability posed by regional revolution. It is for this reason that Israel has implicitly opposed the collapse of the Assad regime—despite Syria’s enemy status—as they fear something worse may take its place. With the possibility of Islamists entering the Egyptian government after the September elections, with Hezbollah recently taking control of the Lebanese Parliament and with the fear—however unfounded—that Syria could be taken over by Islamists, Israel could be surrounded by extremely hostile neighbours.

This has presented Israel with significant new security and diplomatic challenges. On the security front, it raises questions about whether the present or future Egyptian government will be able to prevent Hamas from taking full advantage of their newfound friendship with Egypt, and specifically whether it has effectively given Hamas strategic depth from which to threaten renewed attacks against Israel.

If the unity deal, even if unsuccessful, remains in place long enough to give added weight to the Palestinian bid for UN statehood in September, Israel could be threatened diplomatically. While the resolution would likely fail in the Security Council, as the US would be compelled to use their veto, it will be another example of Israel’s increasing diplomatic isolation, as already exemplified by the erosion of its alliance with Turkey, the loss of the Mubarak regime, and the steady stream of condemnation Israel has received over the 2007 Hezbollah War, the 2009 Gaza War.

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FACT BOX
Israel’s Strategic Ambitions
- Protect itself from hostile neighbours
- Prevent Iran from acquiring nuclear weapons
- Pursue a viable two-state solution with the Palestinians
- Maintain regional stability

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and their handling of the 2010 Mavi Marmara Flotilla incident. The fact that Netanyahu has been personally lobbying the US and Europe quite extensively to veto the UN resolution declaring a Palestinian state indicates that this is considered a reasonably significant diplomatic threat to Israeli interests.

The Palestinians, Americans and the EU are clearly using the looming possibility of a September resolution as a way to induce Israel to restart negotiations on the basis President Obama set out in his 19 May speech: a return to 1967 borders with mutually-agreed land swaps. However, none of the interested parties have identified how Israel could negotiate with any group affiliated with Hamas, let alone in government.

Whatever pressure the international community—or even the Obama administration—might attempt to bring to bear against Israel, their greatest advantage is the fact that the US remains their closest ally. Whatever the extent to which the Obama administration has challenged, or even undermined, Israel's position, they are ultimately constrained by the fact that Israel is an intrinsic component in America's security strategy in the Middle East, and also enjoys massive popularity in Congress and amongst Americans in general. With the 2012 presidential election in sight, it is politically impossible for President Obama to push Israel too far, as public opinion in the US is broadly pro-Israeli and the Democratic Party cannot afford to alienate donors who are supportive of Israel.

Netanyahu clearly underscored this fact with his visit to Washington in May 2011, in which he received a standing ovation at his address to a joint session of Congress—perhaps his most stalwart backer in the US government, which has the power to restrict funding to foreign governments. Netanyahu used his visit to publicly upbraid President Obama for calling upon the Israelis to resume negotiations with the Palestinians on the understanding of a return to the 1967 borders with mutually agreed land swaps.

In the short term, it is possible that the insecurity that the deal has evoked in Israel will benefit Netanyahu politically, as indicated by opinion polls by Ma'ariv taken after Netanyahu's visit in May. The popularity of Netanyahu's speeches to the AIPAC conference and to the joint session of the US Congress in Washington in May suggests that Netanyahu's personal hand has been strengthened, as he has cemented the backing of the US Congress and his reputation in Israel as a stalwart defender of national security. Whatever the case, it is clear that Netanyahu's right wing coalition will collapse if he makes any concessions to the Palestinians while their unity deal remains even theoretically in place.

The net effect of the unity deal on Israel, in this sense, is to simultaneously secure the ongoing stalemate—which makes it impossible for Israel to make any progress in working towards a final settlement of the Israeli-Palestinian conflict—while laying the ground for tension to potentially erupt. Both Israel and the Palestinians have been trapped by the unwise construct of negotiations imposed by the Obama administration, which has induced each side to enter into a stand-off.

The current context of increased diplomatic isolation combined with Israel's lack of trust in the Obama administration and that administration's failed policy, has profoundly destabilised Israel's security arrangements, making them less likely to take risks in a negotiating position. Netanyahu’s recent attempts to smooth over the diplomatic impasse with Turkey indicate Israel's anxiety about this issue. Historically, Israelis have taken risks for peace when they have seen an increase in acceptance of their existence by the international community—for instance, the Oslo Accords of 1993 were preceded by an unprecedented rise in the number of countries establishing diplomatic relations with Israel after the fall of the Soviet Union.

Despite the likely failure of the unity arrangement, this is not a zero sum game. Israel may well be damaged by the fallout of a failed agreement—particularly if popular anger over the collapse induces Hamas to launch a third intifada, or if Syria uses the collapse as an inducement for Hamas to do so as a last ditch attempt to remain in power. Moreover, the diplomatic momentum—including from Europe and even (though less explicitly) from the Obama administration—has been so firmly behind the Palestinians that even if the unity deal collapses, it will likely be blamed on Israeli intransigence as opposed to internal intractability. This narrative will likely be bolstered by the Palestinian attempt to secure recognition of statehood at the UN.
The United States
Reactions to and Implications of the Unity Deal

‘We understand that Fatah and Hamas have reached a reconciliation agreement. What is important now is that Palestinians ensure implementation of that agreement, that its implementation advances the prospects of peace, rather than undermines those prospects.’
—Jay Carney, White House Press Secretary

Like the Arab Spring in general, the Fatah-Hamas unity deal has clearly caught the US off-guard, and altered its ability to react decisively. Their response has been officially one of muted disappointment, stressing the need for Hamas to accept the Quartet Principles if they are to be recognised as a legitimate Palestinian actor. Yet the fact that Obama followed the announcement with a speech on the Arab Spring in which he made the Israeli-Palestinian conflict a—if not the—central issue facing the region indicates a level of ambivalence towards the deal.

Since his inauguration in 2009, President Obama has pursued a peace strategy largely based on pressuring the Israelis to make concessions to the Palestinians—initially focused on making an Israeli settlement freeze the precondition for negotiations. When talks stalled and the Israelis halted the settlement freeze in March 2011, the administration floundered for a new strategy. The Fatah-Hamas unity pact, announced on 4 May, seemed to incentivise them to come up with a new initiative. This took the form of an announcement by the President in his State Department speech on the 19 May 2011, in which he proposed that negotiations should be resumed on the condition of a return to 1967 borders, with mutually-agreed swaps.

The fact that Obama chose to make this speech the day before Netanyahu’s state visit, without reportedly giving the Israelis an indication that he would make this announcement, demonstrates a level of indifference—if not hostility—to the current Israeli government, which is hardly conducive to facilitating negotiations.

In his speech, President Obama omitted to lay out a solution to the crucial obstacle for the Israelis: that the party with which Israel had hitherto negotiated, Fatah, had allied itself with a party with whom they could not negotiate, Hamas. The President instead left this to the Palestinians to solve, observing that: ‘...the recent announcement of an agreement between Fatah and Hamas raises profound and legitimate questions for Israel: How can one negotiate with a party that has shown itself unwilling to recognise your right to exist? And in the weeks and months to come, Palestinian leaders will have to provide a credible answer to that question.’

—President Obama

provide a credible answer to that question.’

A State Department statement reinforced this sense of an ambivalent US position: ‘...It’s important now that Palestinians ensure implementation of that agreement in a way that advances the prospects of peace rather than undermines them...we’ll wait and see what this looks like in real and practical terms...we still don’t know what, if any changes, there will be at the governmental level.’

In fact, Obama did not even mention that Hamas would need to meet the Quartet conditions to be eligible to participate in negotiations until his speech at the AIPAC conference. However, Secretary of State Hillary Clinton has also said: ‘We’ve made it very clear that we cannot support any government that consists of Hamas unless and until Hamas adopts the Quartet Principles.’ More significantly, the US has not offered any incentives to Fatah to withdraw from the deal; neither has the President threatened explicitly to cut off funding from the PA in retaliation.

If President Obama is intentionally leaving the door open for Hamas to work behind the scenes in a unity government as a way for the PA to retain their funding, it is difficult to see how he can legally achieve this under US law, which prohibits any private or public funding for organisations designated as a terrorist group by the State Department. Even if the administration found a legal justification for such an arrangement, Congress has recently indicated in Resolution 185 that it may cut off funding to the PA if they persist in a formal affiliation with Hamas.

The level of American support for Israel is such that even fellow Democrats, such as Senate Majority Leader Harry Reid, have distanced themselves from the President’s comments about the 1967 borders. Congressional leaders including Ileana Ros-Lehtinen, chair of the House Foreign Relations Committee, have indicated that they will cut off funding to the PA if they enter
into any official arrangement with Hamas, or in the event they pursue statehood at the UN—a significant advantage for Israel, and obvious disadvantage for the Palestinian actors.

This may indicate that the US feels that it can use the unity deal, combined with the prospect of the UN statehood resolution, as sufficient leverage to convince the Israelis to return to negotiations. This seems to be the implicit message of various statements made by officials, and is consistent with their overall approach towards the Israelis thus far. The US appear to be determined to extract concessions from Israel, and are implicitly following the PA’s strategy to this extent—for instance, Ha’aretz quotes an unnamed US official: ‘[Netanyahu is] asking us to protect him in September, but he isn’t giving us any tools with which to help him. Instead of helping us, he’s making it harder for us.’

The US’ open-ended reaction to the unity deal also suggests that they may be calculating that Hamas could be neutralised or moderated by the deal, and that it will help to build the pressure needed to force Israel back to negotiations ahead of the UN General Assembly meeting in September. The suggestions by some within the PA and Hamas that Hamas would not directly participate in a Palestinian government may have been designed to play to the American desire to get round the obvious impossibility of dealing with Hamas directly.

The Obama administration has adopted the familiar narrative which has persisted among much of the foreign policy elite for the past six decades: that the Palestinian-Israeli conflict is the central cause—and hence solution—to all regional ills. Despite the fact that the Arab Spring uprisings were motivated not by hostility to Israel but by outrage at the repression and lack of opportunity under so many of the region’s regimes, Obama’s faith in this narrative appears undiminished. As he commented on the occasion of Jordanian King Abdullah II’s visit to Washington: ‘...despite the many changes, or perhaps because of the many changes that are taking place in the region, it is more vital than ever that both Israelis and Palestinians find a way to get back to the table.’

‘...despite the many changes, or perhaps because of the many changes that are taking place in the region, it is more vital than ever that both Israelis and Palestinians find a way to get back to the table.’

-President Obama

US President Barack Obama (C) opens Israeli-Palestinian Peace talks with Israeli Prime Minister Benjamin Netanyahu (L) and Palestinian Authority President Mahmoud Abbas (R) in September 2010—EPA/BGNES

19
Turkey’s ruling Justice and Development Party (AKP) was one of the first governments to welcome the Fatah-Hamas unity deal. When the unity deal took place in Cairo under the auspices of Egypt’s interim government, Turkey was noticeably absent from the preparations for the deal, and Egyptian Foreign Minister Nabil El Arabi only invited his Turkish counterpart Ahmet Davutoğlu to the final discussions at the last minute.74

In recent years, Turkey has made a concerted effort to place itself at the centre of Israeli-Palestinian mediation efforts. Given Turkey’s obvious ambitions as a major regional power in the Middle East, this is unsurprising, as the role of mediator in this conflict is a source of considerable prestige and diplomatic leverage. To this end, they have pursued new alliances with countries such as Iran and Syria, and have competed with Egypt to take the leading role in the Fatah-Hamas reconciliation effort. The AKP has been trying to forge a deal between Fatah and Hamas since 2009, when the party reportedly requested the then Mubarak regime in Egypt to relinquish their role and formally allow Turkey to take over reconciliation talks.75 In 2010, Davutoğlu met Meshaal in Damascus in order to initiate such a deal,76 but was unable to convince Abbas to agree.

Since the announcement of the unity deal, the AKP provided a platform in Ankara for reconciliation talks between the two factions on 21 May 2011.77 President Abdullah Gül stated, in an interview with the Wall Street Journal (also on 21 May 2011), that he pressed Hamas into recognising Israel’s right to exist, which he believes they have ‘internalized’, and has implied that Turkey can convince Hamas to moderate.78

At the same time, Turkey has been preoccupied by the effects of the Arab Spring—including the burgeoning refugee crisis on the Syrian border—making it unlikely that they will become significantly embroiled in Palestinian politics in the near future. Nevertheless, the fact that Egypt brokered this deal may intensify the regional rivalry between the two powers.
Iran

‘...This deal will lead to the speeding up of developments in the Palestinian arena and the gaining of great victories in facing the (Israeli) occupiers.’

— Ali Akbar Salehi, Iranian Foreign Minister

Since the Islamic Revolution of 1979, Iran has declared itself to be openly committed to Israel’s destruction, and has supported Hamas and other proxies—most notably Hezbollah—in waging war against Israel. From Iran’s perspective, any development which strengthens Hamas in relation to Israel is to be desired. It disapproves of US and Israeli strength and power in the Middle East and has sought to exploit the instability caused by the Arab Spring to expand its regional influence. As Iranian President Mahmoud Ahmadinejad has declared: ‘I am telling you that a greater and new Middle East will be established, but it will be a Middle East without the presence of America and without the existence of the evil Zionist regime.’

Despite Iran’s close relationship with Hamas, the country was noticeably absent from the machinations behind the unity deal, and there is no evidence that Hamas attempted to secure Iran’s approval prior to concluding the agreement. This is a reflection of the fact that, while Iran is a patron of Hamas, it is not as important to Hamas as their hosts in Syria.

In the event that the unity deal succeeds, Iran may benefit from the legitimisation of Hamas as a diplomatic partner in advancing their own regional agenda. Yet the deal has the effect of neutralising Hamas by bringing them into government, and this may undermine Iran’s ability to exercise influence and undermine Israel through this proxy. On the other hand, if the deal collapses and induces Hamas to recommence hostilities with Israel, this may also benefit Iran by weakening Israel.

The fact that Hamas felt the need to enter the unity deal as a way to protect them from the potential collapse of the Assad regime indicates the seriousness of the threat facing Syria and, by extension, Iran. Syria is Iran’s most strategically important relationship, as it is the gateway to the Arab world and a significant ally. Should Assad fall, Iran’s access to its Islamist proxies may be limited, and it would find itself increasingly isolated by hostile powers such as Saudi Arabia.
Saudi Arabia

Saudi Arabia has welcomed the Fatah-Hamas unity deal, and has asked world leaders to support the reconciliation. The country itself has in the past attempted to reconcile the two groups but failed—for example, with the Mecca Agreement of 2007, the first attempt to forge a unity government between Fatah and Hamas. 81

Despite the fact that Hamas reportedly receives a considerable amount of funding from banks, charities and private individuals from Saudi Arabia, the Saudi government has traditionally allied itself with Fatah, as it views the close ties Hamas has to Iran as a threat to their own hegemonic status in the region. 82 In order to bring stability to the region, Saudi Arabia has urged Hamas to negotiate and unify with Fatah, which it believes would have a moderating effect on the group. 83 Support for the unity deal—if the aim is to neutralise Hamas—may be interpreted as a Saudi attempt to limit Iranian influence.

Qatar

Despite not making any public proclamations in welcoming the unity deal between Fatah and Hamas, the Qatari government has made it clear that they would support any such initiative. 85

Qatar’s main foreign policy goal is to maintain peace and stability. Qatar’s wealth and security arrangements with the US have allowed the small country to pursue an independent foreign policy and exert a disproportionate amount of influence in the region. It set this vision as far back as 1994, in which Qatar’s Foreign Minister openly stated that Qatar is willing to talk to all parties in the Middle East, including Israel. 86

This strategy has enabled Qatar to compete with Egypt, Saudi Arabia and Turkey as a mediator of conflicts in the Middle East. 87 Qatar has publicly and privately offered to broker peace between the Israelis and Palestinians, and has continuously offered to mediate between Fatah and Hamas. 88

Like the Saudis, the Qatari Emir, Sheikh Hamad bin Khalifa al-Thani, hopes that engagement with Hamas has the potential to wean the group away from its extremist politics and garnering support. 89 By hosting Hamas’ spiritual leader Yusuf Al-Qaradawi but not the group’s political arm, Qatar has further demonstrated its openness to providing the group with support on Qatari terms. In this vein, Qatar has financially supported Hamas by providing $50 million to the PA after sanctions were imposed by the US and EU as a result of Hamas winning in the January 2006 legislative elections. 90 Qatar has justified continued support for Hamas by citing the humanitarian crisis caused by the group’s financial isolation.

As such, the Saudis have been conducting a rhetorical campaign of criticism against the Americans, with the Ambassador, Prince Turki Al-Faisal, threatening that ‘cooperation between [Saudi Arabia and the US will] vanish’ if the US does not become more supportive of the Palestinian cause. 84 At the same time, it is extremely unlikely that such threats will move beyond rhetoric, given the shared Saudi and US interest in preventing Iran from acquiring a nuclear capability.

Qatar has justified continued support for Hamas by citing the humanitarian crisis caused by the group’s financial isolation.

The Qatari government is often accused of using the Doha-based al-Jazeera television channel to further its own diplomatic interests. In 2011, Palestinian officials accused Qatar of leaking the ‘Palestine Papers’ in an effort to embarrass Fatah after they refused its mediation offers. 91 The ‘Palestine Papers’ were in fact a huge embarrassment to Fatah and to Abbas personally, as it presented Fatah as willing to offer concessions to Israel. 92 Given Qatar’s ambition to bring Fatah and Hamas together in the hopes that this would have a moderating effect on Hamas and wean it away from Iranian influence, the release of the ‘Palestine Papers’ could also be interpreted as an attempt to secure this outcome by arousing sufficient popular dissent to push Fatah into a unity agreement.
The Fatah-Hamas unity deal highlights the ways in which the uncertainty caused by the Arab Spring presents threats and opportunities for all regional powers involved. While some actors have been quick to absorb this lesson and learn the new rules, others—most notably the US—are struggling to catch up. The unity deal’s poor prospects for success indicate that it is more of a codification of the status quo; but whether or not the deal ends in failure or success, the potential for Hamas to exploit the conditions to suit their own ends is worrying.

The fact that further talks to establish the terms of the unity deal have stalled after only one month does not bode well for the chances of success—particularly given the fundamentally conflicting interests of the two parties. Although both groups share an opponent in Israel, they are fundamentally at odds with one another over the peace process and the future of Palestinian society. In the unlikely event the two parties agree on a Prime Minister and it is not Salam Fayyad, it is difficult to see how the PA will avoid being cut off by the West in general and the US in particular, as Fayyad is viewed as the most trustworthy Palestinian leader.

In one sense, this deal is a strange case of the PA returning in rather retrograde power politics, after an almost five year experiment with learning to sort out their own affairs. Since 2007, the PA has, to a substantial degree, had to rely upon itself in building the foundations of a state, and has made significant progress without the Arab League. With this unity deal, they are once again being manipulated by the same regional power players—Egypt and Syria—who have historically used the Palestinians to suit their own political ends.

The Palestinian issue has time and again been used by the authoritarian regimes of the Middle East to blame the problems produced by their own malignant political cultures onto the ‘Zionist enemy’—a narrative which has appealed to both the popular imagination of their people and in a shockingly high proportion of foreign policy elites around the globe. As long as the Palestinians depended on such actors to help them achieve independence, they were guaranteed to fail.

Mahmoud Abbas pointed this disparity out to an Arab League Summit only last year, recounting the following to journalists: “We are unable to confront Israel militarily, and this point was discussed at the Arab League Summit. There I turned to the Arab States and I said: “If you want war, and if all of you will fight Israel, we are in favour. But the Palestinians will not fight alone because they don’t have the ability to do it.””

Although this was interpreted by many as a threat to Israel, it is more of a recognition of the fact that Arab League members prefer to grandstand about the suffering of the Palestinians than do anything practical to aid their bid for statehood, let alone confront Israel.

Given the clear progress the PA has made without the interference of its opportunistic Arab patrons, it is curious that they would allow themselves to be so clearly manipulated into a deal which is unlikely to benefit the PA in the long term. Even if it succeeds, the deal may well result in the withdrawal of US aid, the rejection of negotiations by Israel, and the resumption of violence by an emboldened—or electorally defeated—Hamas.

The proponents of this deal, including Egypt as well as the interested parties of Saudi Arabia, Qatar and Turkey, have sold it as an opportunity to bring Hamas into the mainstream. Syria and Iran clearly have the opposite intention, hoping that the deal will strengthen their Hamas proxies. The revelations of the Wikileaks documents further indicate that Saudi Arabia and Qatar’s goal may ultimately be to moderate Hamas as a way of undermining Iran, whose hegemonic pretensions they are clearly seeking to curtail. Yet this view is premised on an overestimation of the capacity of changing regional dynamics to exert a positive influence on Hamas.

It appears likely that for the Palestinians this deal is more of a temporary measure designed to appease popular opinion and exert leverage on the US and Israel ahead of their planned bid for statehood at the UN in September. Yet the less progress they make in achieving the unity deal, the more leverage they lose over those actors; and while Fatah’s motivations appear at least partly designed to keep the peace, they may well be setting the conditions for violence to erupt.

If and when the deal falls apart it could arouse popular unrest against either party or against Israel. Public expectations in both the West Bank and Gaza are high: according to a recent poll by the Palestinian Survey Research Unit, 59% believes that Fatah and Hamas will succeed in implementing the reconciliation agreement and in unifying the West Bank and the Gaza Strip. The Palestinian leadership has raised expectations so high with their rhetorical invocation of statehood in September and their trumpeting of the unity deal as an end in itself, that this may not remain a stalemate for long—it could very well erupt into a third intifada.

The popularity of Fatah and specifically Salam Fayyad is a key source of strength for the party, which some believe will induce Hamas to moderate. However, it is unclear how a unity government could ever function with Hamas directly, or even indirectly, if the
Whether the deal fails or succeeds, Hamas will have motivations to return to violence. If the deal succeeds and elections are held, the popularity of Fatah indicates that Hamas would be electorally defeated. Historically, Hamas have not shown themselves to respect the results of democratic elections—suggesting that they would launch a coup or return to violence against Israel as the only viable way to protect their power and restore their prestige. If the unity deal fails, Hamas hardliners such as Ahmed Jabari, the Supreme Commander of the al-Qassam Brigades who opposed the deal, may also seek to exploit their apparent vindication to return either to internecine conflict or a renewed war with Israel.

If Assad falls, Hamas will emerge the weaker party of the deal, particularly in light of the fact that they will, and have had to, make concessions in order to become party to the reconciliation. Yet at the moment, they are arguably reaping the benefits of a bad situation—enhancing their diplomatic standing through a show of unity and forging a vital new relationship with the Egyptian government.

On the other hand, the untenable nature of Hamas’ position in Syria—where their affiliates, the Syrian Muslim Brotherhood, are now fighting the Assad regime—has put them in a position of weakness in which they virtually had to accept the shelter of a deal which they had rejected several times before. To that end, Egypt has—at least in the short term—gained leverage over Hamas and confirmed its importance to Fatah; though their own pressing problems somewhat limits the extent to which they can press this strategic advantage.

Both Syria and Hamas could have complimentary motives to use the collapse of the deal as a pretext to revive hostilities against Israel; given the internal fissures within Hamas between Damascus and Gaza, and militants and pragmatists, this could also lead to an eruption. Syria’s Hezbollah proxies are already reportedly preparing to recommence hostilities with Israel from Lebanon as a means of taking pressure off Syria—and a multi-front war against Israel by both of Syria’s proxies would certainly be more effective in exerting pressure than a single-front conflict. Syria would most likely only pursue this course of action if they felt themselves compelled by existential threats.

To this end, the Fatah-Hamas unity deal reveals the pivotal importance of the Arab Spring—and particularly the collapse of the Mubarak regime—in changing the fundamental strategic calculations of regional actors. Both Fatah and Hamas were left in vulnerable positions as a consequence: Fatah by the collapse of the Mubarak government, and Hamas by the possible collapse of the Assad regime.

The new Egyptian regime emerges from the Arab Spring: empowered by the uncertainty of their alliances and the leverage this entails, but economically weakened. Initiatives such as the Fatah-Hamas unity deal enable Egypt to send signals to the rest of the world that they are no longer as reliable an actor in relation to Israel, and incentivises the international community—and the US specifically—to buy their cooperation.

In the meantime, the deal may well be designed to keep the Palestinian front quiet while Egypt recalibrates their foreign policy strategy and attempts to rebuild this damaged country—a tempting yet dangerous prospect, as the deal could have the opposite effect. It is also important to note that if the Muslim Brotherhood makes significant gains in the Egyptian elections, Hamas will be strengthened—whether or not the unity deal fails or succeeds.

For Israel, the unity deal has induced retrenchment by the Netanyahu government, but internally it has provoked a national debate which pits security hawks like Netanyahu against figures like Shimon Peres and Meir Degan, who are publicly warning that time is running out for Israel to return to negotiations, and that the country will suffer tremendously from the diplomatic isolation they are currently enduring. Given the past actions of the Netanyahu government and their distrust of the Americans, the unity deal appears only to have deepened Israel’s current caution and unwillingness to take any bold steps in the current context of instability.

The American reaction to the deal reveals that the Obama administration remains convinced that the Israeli-Palestinian conflict is a root cause of the troubled political culture of the Middle East. As a consequence, Obama has reacted to the unity deal not by siding with Israel in rejecting the deal, but by implicitly inviting the Palestinians to ‘provide an answer’ to the ‘question’ of how Israel can negotiate with Hamas.

The US strategy does not appear to be rooted in a realistic assessment of the present circumstances or past context of negotiations. Although both the US and the Palestinians appear to be pursuing the same policy of attempting to induce Israel to return to negotiations, there is no evidence that this response was in any way coordinated. Indeed, the Obama administration has managed to alienate both Israel and the Palestinian leadership due to their bungled handling of the settlements issue. This lack of strategic coherence is best exemplified by their decision to abandon the Mubarak regime as opposed to their reluctance to secure the departure of the Assad regime from Syria.

The Arab Spring has clearly thrown the Obama administration into disarray. Since the post-war period,
America has consistently shown an interest in promoting stability in the Middle East, and for the most part, the strategy they pursued to attain this relied upon not upsetting the authoritarian status quo—preferring this to the chaos potentially unleashed by popular revolution.

The Obama administration initially embraced this approach under the much-vaunted banner of realism, but broke with this tradition by calling for the resignation of Mubarak in February 2011. Yet this decision had serious implications that do not appear to have been adequately planned for—not just in the precedent it set for the US’ treatment of other autocrats, but in the fact that it abandoned a central pillar of the US peace strategy for Israel and Palestine. This lack of adaptability is worrying in the ever-changing context of the Middle East particularly as there are plenty of competing actors, such as Russia and China, who are more than willing to fill this vacuum and who might not have the best interests of the region at heart.

Whatever the justice or wisdom of the US’ call for Mubarak’s resignation, they do not appear to have anticipated the impact this has had on their ability to push forward peace negotiations, or the degree to which they can expect to rely upon Egypt as a reliable actor or mediator. The unity deal is terms of the powers that were conspicuous by their absence. While some of these show interest in the deal as a potential strengthening force for their proxies, or as a way to neutralise Hamas and Iran, or simply as a vehicle to project power, the situation is such that relying on a fundamentally unstable actor—Hamas—has the potential to end very badly.
Recommendations for the US and Allies

PA: Target Aid with Conditions and Incentives
The US greatest leverage in the Middle East is money. In line with the recently-passed Senate Resolution 185, the US should use its $400-500 million subsidy to the PA to induce it to pursue normalisation with both Israeli and allied security interests in the region, by agreeing not to enter into any formal arrangement with Hamas until it has publicly accepted the Quartet Principles and in advance of the next presidential and legislative elections. Aid should also be targeted to support institution-building, democratisation, and on ongoing anti-corruption and anti-extremism efforts.

Palestinian Prime Minister: Support Salam Fayyad
President Obama should recognise that the appointment of Salam Fayyad as Prime Minister of a Palestinian caretaker government is both financially necessary as well as politically popular. The US should make the continuation of US aid to the PA contingent on securing Fayyad’s nomination as Prime Minister. If and when these preconditions are fulfilled, the President should appoint a special envoy to the Occupied Territories to gauge the progress of the PA’s post-reconciliation development and verify that American funds are being properly used.

Egypt: Target Aid with Conditions and Incentives
The US should make clear that it is not in its interest to continue to provide approximately $2 billion in subsidies to a government run by the Muslim Brotherhood—particularly in light of the leadership’s recent discriminatory announcements in relation to women and the Coptic Christian minority, and their clear opposition to the 1979 Egyptian-Israeli Peace Treaty. To undercut the influence of the Brotherhood and to secure the cooperation of the current transitional government, the US should earmark part of its new funding initiatives for Egypt for the cultivation of civil society institutions, including human rights groups, and communicate that continued US aid is partially contingent upon the responsible behaviour of the Egyptian government. It should be made clear that the US will not tolerate Egypt hosting Khaled Meshaal or Hamas in the event that their safe haven in Damascus comes to an end.

Syria: Call for Assad’s Removal, Support Opposition
President Obama should call for the immediate resignation of Bashar al-Assad and provide rhetorical and material support to the 31-member Consultative Council elected in Antalya, Turkey, and the Local Coordination Committees. The US and its allies in the Security Council should communicate their support for the opposition and secure Assad’s removal by tabling a Security Council resolution. It is in the US’ interests to plan for a future post-Assad state that will forestall sectarian conflict and Islamist terrorism.

Israel: Rebuild Relationship
The US should take steps to rebuild relations with the Israeli government, as trust between the two countries is crucial in any proposal to return to US-mediated negotiations between the Israelis and Palestinians. The Obama administration should make the case that, in the current hostile climate, it would be better for Israel to take the initiative than to withdraw and wait out the diplomatic storms headed its way. For this reason, the US should attempt to convince Israel to lure Fatah away from its unity deal with Hamas and back to negotiations, and avert the diplomatic fallout from the planned Palestinian request for statehood from the UN in September 2011.

Middle Eastern Governments: Stress Negative Implications of Unity Deal
The Fatah-Hamas unity deal has been supported by many regional powers, partially because of their belief that a deal will eventually have a moderating influence on Hamas. This is a dangerous miscalculation—particularly when this deal has the potential to strengthen Hamas—a proxy of Iran—at a time when regional actors should be doing their best to undercut Iranian power. For this reason, the US should conduct a diplomatic campaign to convince its allies who supported this deal—namely, Turkey, Qatar, Saudi Arabia and Egypt—that Hamas cannot be moderated unless it openly and genuinely accepts the Quartet Principles.

Arab Spring: Reassess Middle East Strategy
The US must adapt their strategic agenda to the changes wrought by the Arab Spring and should move towards a policy of helping the current and formerly authoritarian regimes in their transition towards representative government.