

# CRS Report for Congress

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## Palestinian President Mahmoud Abbas: Overview of Internal and External Challenges

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### Summary

On January 15, 2005, Mahmoud Abbas was sworn in as President of the Palestinian Authority (PA). Many believe that the Abbas victory marks the end of an autocratic era dominated by the late Yasir Arafat and the increased possibility of improved prospects for Israeli-Palestinian peace. On January 25, 2006, Hamas won a majority of seats in the Palestinian parliament and will now lead the next government. This report details Abbas's policy platform and potential challenges he may now face: the political relationship with Hamas, violent anti-occupation elements, post-withdrawal Gaza, calls for financial, judicial, and security reform, as well as a paralyzed economy. Abbas also faces multiple challenges in creating a viable Palestinian alongside a secure peace with Israel and re-defining Fatah, which is out of power for the first time. This report will be updated as necessary. For more information on the Palestinians, see CRS Report RL33269, *Palestinian Elections*, by Aaron D. Pina, and CRS Issue Brief IB91137, *The Middle East Peace Talks*, by Carol Migdalovitz.

### Palestinian Centers of Power

**Fatah.** Under Arafat, Fatah became the most prominent political party in the Palestinian territories. On November 21, 2004, Fatah nominated Mahmoud Abbas as its presidential candidate. Some analysts claim any credibility that a moderate Abbas may have within Fatah hinges on a compromise between "old-guard" CC Members and the RC "young-guard".<sup>1</sup> The leadership of Fatah may have to decide whether to join a Hamas-led national coalition government or take on the role as opposition.

**Palestinian Liberation Organization (PLO).** The PLO describes itself as "the embodiment of the Palestinian national movement," and for four decades it was

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<sup>1</sup> The "old-guard" are founding members of the PLO and Fatah. The "young-guard" are generally comprised of key actors in the first *intifada* and seek an increased role in the national movement.

dominated by Arafat.<sup>2</sup> The PLO is organized into three political bodies: the Palestine National Council, a parliamentary body; the Central Council, a 124 member decision-making body; and the 18-member Executive Committee, which elects the Chairman of the PLO. After the death of Arafat, the Executive Committee elected Mahmoud Abbas Chairman of the PLO. In the wake of Hamas's victory in the January 2006 parliamentary elections, some believe that the PLO may take on a more active role in discussions with Israel. The PLO is signatory to all agreements with Israel, and Hamas is not yet a member.

**Palestinian Authority (PA) & Elections.** On January 9, 2005, the PA held presidential elections (which Hamas boycotted), and Fatah candidate Mahmoud Abbas was certified winner and President-elect. Between 2004 and 2006, Palestinians voted in multiple municipal elections to fill 900 local council seats, the first such elections since 1976. It appears that Hamas's strong showing in the municipal elections was a precursor to its victory in the parliamentary round.

### January 25, 2006, Palestinian Parliamentary Election Results

Candidates	Seats Won
Change and Reform (Hamas)	74
Fatah Party	45
Palestinian Front for the Liberation of Palestine	3
The Third Way Party	2
The Alternative Party	2
The Independent Palestine Party	2
Independents	4
<b>TOTAL</b>	<b>132</b>

Source: Palestinian Central Elections Commission.

## Positions on Internal Security and Reform Challenges

**Security Services.** Most analysts agree that PA security reform is necessary in order to halt violence directed against Israel and provide stability for a future Palestinian state. In 2005, the PA National Security Council (NSC) was formed as a first step in consolidating security elements.<sup>3</sup> According to the legislation, as President, Abbas is supreme commander of three institutions which consolidate dozens of security services: General Intelligence (unifies PA intelligence organs), General Security (civil and preventive services), and the National Security Council (the basis of a possible armed force). Recently, Secretary of State Rice stated that the "United States is prepared to help train Palestinian security forces."<sup>4</sup> Egypt has also offered to train Palestinian security forces. On April 23, 2005, Abbas appointed Brigadier General Sulayman Abu-Mutlaq commander of general security in the Gaza Strip. Brigadier General Ziyad Hab-al-Rih

<sup>2</sup> PLO-related documents available online at [<http://www.palestine-un.org/plo/frindex.html>].

<sup>3</sup> Arnon Regular, "PA Security Council to Oversee Armed Forces," *Ha'aretz*, Jan. 11, 2005.

<sup>4</sup> "Rice: U.S. Prepared to Train Palestinian Security Forces," *Ha'aretz*, Feb. 4, 2005.

is in charge of general security affairs in the West Bank.<sup>5</sup> Many experts view these developments as positive, noting that Abbas is attempting to rein in disparate intelligence apparatuses. Still others contend that organizational reform masks underlying problems of a lack of power-sharing and vaguely assigned duties.<sup>6</sup> Some reports suggest that Hamas may inherit the security portfolio once it forms a government.

**Corruption and Reform.** The PA has been criticized repeatedly for non-transparency, corruption, and cronyism, and Palestinian opinion surveys consistently reveal public displeasure over corruption. However, some international assessments have acknowledged progress in Palestinian judicial, economic, and political reforms. Abbas has stated the need for the PA to “continue to implement and develop its reform plan.”<sup>7</sup> On March 1, 2005, Britain hosted a conference on Palestinian reform. At the conference, the European Union pledged to assist with the establishment of new Palestinian institutions; the United States committed to setting up a security coordinating group; and the World Bank stated its intention to assist in economic development. Many feel that the retention of Salem Fayyad as Finance Minister is also a positive step for reforms.

**Economic Conditions.** One of the most pressing domestic issues Abbas faces is economic stagnation. A recent World Bank report warns of “the potential disintegration of the Palestinian economy under the sustained pressure of conflict and Israeli closure policies.”<sup>8</sup> James Wolfensohn, former head of the World Bank, was appointed special representative to Gaza to coordinate reconstruction efforts after Israel’s planned withdrawal from Gaza. In the short time period following the recent Palestinian legislative elections, Administration officials and some Members of Congress have warned the Hamas leadership that the United States will no longer provide assistance to a Hamas-led PA government unless it denounces violence, recognizes Israel, and accepts all previous agreements. Should Hamas resist such changes, Congress and the Administration could potentially alter or halt U.S. assistance altogether to the Palestinians.

**The Palestinian Opposition.** Nationalist groups like the al-Aksa Martyrs Brigade and Islamists like Hamas and the Palestinian Islamic Jihad oppose many PA bilateral agreements with Israel and continue to advocate violent resistance to the occupation. Although Hamas is set to control the Palestinian parliament, it may not openly advocate anti-Israeli violence. Secular groups like the Popular Front for the Liberation of Palestine (PFLP), Democratic Front for the Liberation of Palestine (DFLP), and the People’s Party are often critical of PA policies but work alongside the PLO in a loose political coalition, voicing dissent within the body politics. The months following Hamas’s victory may alter traditional alliances as Fatah decides whether to become part

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<sup>5</sup> “Abbas Announces Security Shake-Up,” *BBC News Service*, Apr. 23, 2005.

<sup>6</sup> Hani al-Masri, “What Is the Purpose of Unifying Security Agencies?,” *Al-Ayyam* (West Bank), Apr. 16, 2005.

<sup>7</sup> Palestinian PM Mahmoud Abbas’s speech before Palestinian Legislative Council, Apr. 29, 2003. Negotiations Affairs Department, PLO available at [<http://www.nad-plo.org>].

<sup>8</sup> The World Bank, *Stagnation or Revival? Israeli Disengagement and Palestinian Economic Prospects*, Dec. 2, 2004.

of the opposition. Additionally, Hamas may shore up its political authority by aligning with the PFLP or DFLP.

## Peace and the “Road Map”

**Violence.** The sustained violence since September 2000 has greatly affected both Palestinians and Israelis.<sup>9</sup> At the June 2003 Aqaba Summit, Abbas stated, “there will be no military solution for this conflict, so we repeat our renunciation of terrorism against the Israelis wherever they might be.”<sup>10</sup> Since then, Abbas has continually denounced violence as a means to achieve independence, instead calling for popular and social means to end the Israeli occupation. Congress has noted President Abbas’s denunciation of terror as a means of securing a Palestinian state.<sup>11</sup>

Israel briefly ended talks with Abbas (January 14-19, 2005) after a bombing occurred at a crossing point between Israel and Gaza. This was seen, by some, as indicative of Prime Minister Sharon’s mistrust of Abbas’s commitment to ending violence and as an effort to push Abbas to act rapidly. Others see Abbas as a fully committed partner for peace, as evidenced by his deployment of security forces in Gaza to halt attacks on Israeli settlements and military personnel. On February 8, 2005, President Abbas and Prime Minister Sharon discussed Israeli-Palestinian security measures to decrease armed violence. As a result of the meeting, and despite sporadic violence, Sharon and Abbas agreed, in principle, to a unilateral cease-fire.<sup>12</sup> Sporadic attacks against Israel (mostly in Gaza) have continued. It is unknown what impact a Hamas-led government might have on decreasing anti-Israeli violence.

**Israeli Closures.** Many claim that restricting the flow of Palestinian goods and people within and between the West Bank, Gaza, and Israel, hampers Palestinian economic activity and may increase militancy. Others cite Israel’s need to ensure its citizens protection by drastically limiting the movement and supplies of Palestinian militants. In his presidential inaugural address, Abbas stated “our hand is outstretched to the Israeli partner to make peace, not with words but with deeds, and put an end to closures, arrests and the building of the fence.”<sup>13</sup> To date, Israeli officials have transferred varying degrees of security responsibility of Jericho, Tulkarem, Bethlehem, Ramallah, and Qalqilyah to the PA.

**Israeli Separation Barrier.** In April 2002, in reaction to Palestinian suicide-bombings, Israel approved the construction of a barrier between Israeli and Palestinian-

<sup>9</sup> Since 2000 over 3,000 Palestinians and nearly 1,000 Israelis have been killed. The total number of Palestinians injured ranges between 20-35,000 and between 5,000-6,000 Israelis. Available online at [<http://www.un.org/News/Press/docs/2004/sc8166.doc.htm>].

<sup>10</sup> “Abbas Says Armed Intifada Has to Stop,” *Al-Sharq al-Awsat* (London), Dec. 14, 2004.

<sup>11</sup> H.Res. 56 (passed on Feb. 2, 2005) acknowledged that President Abbas disavows terrorism. S.Res. 27 (passed on Feb. 1, 2005) recognized Abbas’s commitments to peaceful coexistence with Israel.

<sup>12</sup> Steven R. Weisman and Terence Neilan, “Israeli and Palestinian Leaders Meet for 1st Time in 4 Years,” *New York Times*, Feb. 8, 2005.

<sup>13</sup> Arnon Regular, “Abbas Says Wants Road Map Implemented in Full,” *Ha’aretz*, Jan. 16, 2005.

held territory, largely built inside the Palestinian side of the “Green Line” (the 1967 cease-fire line separating the West Bank from Israel).<sup>14</sup> Some Israelis contend their security depends on the construction of the barrier, noting decreased suicide bombings in Israel since the barrier’s construction. Critics of the barrier see it as *de facto* Israeli annexation of portions of the occupied West Bank. President Abbas claims “the removal of the wall will be among the first issues that our government will address because, without its removal, Israel will effectively destroy the Roadmap.”<sup>15</sup>

**Israeli-Palestinian Mutual Commitments.** Released on April 30, 2003, the framework (or “Road Map”) envisions a three-stage process comprising reciprocal steps leading to a viable Palestinian state alongside a secure Israel by 2009.<sup>16</sup> President Abbas has expressed support for the Road Map and its implementation. In a visit to the United States in May 2005, President Abbas noted that several questions remained unanswered relating to the planned Israeli withdrawal and other commitments.

**Prisoner Release.** A core domestic issue for Abbas is the release of Palestinian political prisoners. Abbas has publicly stated “in principle we work for every prisoner to be released, but what we are looking for is the release of those who have spent many long years in jail.”<sup>17</sup> On December 27, 2004, an agreement between Egypt, Israel, and the PA culminated with the release of 159 Palestinian political prisoners; on January 3, 2005, Israeli Cabinet ministers approved the release of an additional 900 Palestinian prisoners and on February 21, 2005 the first 500 prisoners of these were released. On June 2, 2005, Israel released 400 more Palestinians. Some experts see this development merely as an Israeli gesture of goodwill towards Abbas; others view the release as a first step toward the wider release of an estimated 7,000 political prisoners.

**Jerusalem.** Israel claims Jerusalem as its undivided capital, while Palestinians seek to establish a capital for their state in East Jerusalem. Abbas repeatedly has called for the capital of any Palestinian state be located in the eastern portion of Jerusalem. There are also reports that Israeli internal security forces are preparing for possible confrontations between Jewish extremists and Palestinian Muslims near the al-Aqsa mosque, Islam’s third most venerated site.<sup>18</sup> In April 2005, Israeli police arrested Jewish militants on suspicion they were planning to attack the al-Aqsa mosque.

**Refugees.** President Abbas, himself a refugee, has made several unequivocal statements in support of the right of return for Palestinian refugees, claiming Palestinian refugees and their descendants from the war that followed Israel’s creation in 1948 have

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<sup>14</sup> The barrier or wall/fence is slightly more than half finished.

<sup>15</sup> Palestinian Prime Minister Mahmoud Abbas’s speech before Palestinian Legislative Council, Apr. 29, 2003. Negotiations Affairs Department, PLO, available online from the NAD-PLO website at [<http://www.nad-plo.org>].

<sup>16</sup> Available online at [<http://www.state.gov/r/pa/prs/ps/2003/20062.htm>].

<sup>17</sup> “Abbas, Qurei Urge Release of All Palestinian Detainees,” *Palestine Media Watch*, Dec. 28, 2004.

<sup>18</sup> “Israeli Police Chief in Jordan,” *Al-Jazeera News*, May 3, 2005.

the right to return to their original homes.<sup>19</sup> Some have suggested that Abbas may relax his stance on the refugee issue depending on the outcome of other outstanding issues.

## Issues for Congress

**U.S. Aid to the Palestinians.** Since Hamas's victory in the parliamentary election, some in Congress support restricting or ending economic assistance to the Palestinians so that U.S. aid does not benefit a foreign terrorist organization. Others are wary of initiatives that may weaken Palestinian President Abbas. Since 1993, Congress has authorized over \$1.5 billion in assistance to the Palestinians, generally distributed via third parties such as the U.S. Agency for International Development and private voluntary organizations. Funds are also distributed to Palestinians through the U.N. Relief and Works Agency (UNRWA). The executive branch has granted assistance directly to the PA on three occasions: in 1994, \$10 million was distributed to the PA through the Holst Fund at the World Bank; on July 8, 2003, \$20 million was granted to the PA for infrastructure projects; and on December 8, 2004, President Bush approved \$20 million for Palestinian utility payments to Israel.<sup>20</sup> The FY2005 emergency supplemental appropriations act (P.L. 109-113, May 11, 2005) called for \$200 million to be made available for programs to support the Palestinians.

Although media reports vary widely on the exact nature of Palestinian finances, PA expenditures in 2005 were approximately \$1.8 billion, and revenue, including direct external budget support, was estimated at only \$1.1 billion. The PA generates its revenues from modest amounts of collected taxes, customs duties collected by Israel (\$400 million), and foreign aid (\$320 million in direct aid). Currently, the PA is running a significant monthly deficit and has been forced to borrow from commercial lenders to pay salaries for its 174,000 employees, of which approximately 58,000 are in the security services.

The EU recently announced that it would release \$142 million in aid to the Palestinians (including \$20 million in direct aid to the PA). Saudi Arabia pledged \$20 million, and Qatar pledged \$13 million. Saudi Arabia reportedly plans to provide the PA with \$1.2 billion in financial assistance over the next two years. Although Iran has offered financial support to the Palestinians, multiple reports claim Hamas has thus far refused.

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<sup>19</sup> "Abbas: Refugees Will Return to Israel," *Associated Press*, Jan. 4, 2005.

<sup>20</sup> Congress prohibits direct funding for the PA, but provides for a presidential waiver if the President finds such aid is in US national interest. See H.R. 4818 (P.L. 108-447), Consolidated Appropriations Act, FY2005, Limitation on Assistance to the Palestinian Authority, Sec. 550.