

# CARNEGIE PAPERS

## European Conflict Management in the Middle East

Toward a More  
Effective Approach

Muriel Asseburg

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*Europeans have engaged in conflict management rather than conflict resolution in the Middle East. They should rethink their policy approaches, seek more effective coordination and working relationships with the United States, and participate more actively in the region.*

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## Summary

Since the Middle East peace conferences in Madrid (1991) and Washington (1991–1993), Europeans have gradually stepped up their political involvement in the Middle East. While Europeans have had strong trade and cultural relations with their neighboring region for decades, they have, in parallel with the Middle East peace process and the development of European Union (EU) foreign policy instruments, moved to assert their political interests more forcefully. These policies have largely been motivated by geographic proximity and geopolitical considerations—chiefly, the fear of security threats emanating from Europe’s neighborhood (a spillover of conflict in the form of terrorism, organized crime, migration, and the proliferation of weapons of mass destruction), Israel’s security, and access to energy resources. The implicit assumption has been that these different European interests can best be reconciled in an environment where there is peace between Israel and its neighbors (and therefore no contradiction between good relations between the EU and Israel and good relations between the EU and the wider, resource-rich region) and where the people of the Mediterranean and the Middle East find decent living conditions in their countries. As a consequence, Europeans have *first* focused their efforts on the realization of a two-state solution to the Israeli–Palestinian conflict, which they consider to be the core of the region’s instability. They have, *second*, aimed at supporting comprehensive peace between Israel and its neighbors. And they have, *third*, sought to provide an environment conducive to peace in the region as well as to deflect what were (and still are) perceived as security risks emanating from the region.

Even though the EU and its member states have first and foremost pursued political objectives, they were initially reluctant to become actively involved in direct political negotiations between the parties to the Middle East conflict and in hard security issues, leaving the field of conflict management and conflict resolution largely to the United States. Over the last few years, however, this has changed, not least due to EU ambitions to become a global player.

In particular, the EU and its member states have become more active in conflict management in the region. EU missions in the Palestinian territories, such as the EU Border Assistance Mission on the Gaza–Egypt border (EU BAM Rafah) and the EU police mission for the Palestinian territories (EUPOL COPPS), as well as European involvement in the security sector in Lebanon and the Palestinian territories and a strong European participation in the upgraded United Nations Interim Force in Lebanon (UNIFIL) testify to this change. Some European member states have also been involved in

efforts at crisis mediation between Israel and the Palestinians during the Second Intifada as well as in facilitating talks, e.g., among Lebanese factions. In addition, the EU and its member states have engaged in attempts at conflict resolution, above all, as part of the Middle East Quartet (composed of U.S., EU, Russian, and UN representatives); in fact the road map adopted in 2003 was the result of a European initiative. Europeans also pushed the Bush administration to re-engage in efforts to settle the Middle East conflict after the 2006 Israeli–Lebanese war.

Rather than trying to substantially influence and alter the Bush administration's approach to the region, however, Europeans have by and large contented themselves with assuming a complementary role to the United States and have toed the U.S. policy line in dealing with the Arab–Israeli conflict as well as with major state (e.g., Syria) and nonstate forces ( Hamas and, to a lesser degree, Hizbollah) in the region. By adopting the Bush administration's isolationist and exclusive approaches, European policies have increasingly contradicted stated European values and long-term objectives. As a result, while European efforts have been essential for resuming Israeli–Palestinian negotiations in the framework of the Annapolis process and for avoiding a complete collapse of the Palestinian Authority, they have not been able to prevent the recurrence of violent conflict. Also, the Western approach has deepened rather than helped to bridge the divisions in Palestinian society and the body politic. With two antagonistic Palestinian authoritarian systems consolidating themselves, a two-state solution is becoming ever more unlikely.

Furthermore, Europeans missed a chance for pacifying the region when they did not intensively engage in stabilization and conflict resolution after the Israeli and Syrian withdrawals from Lebanon (in May 2000 and April 2005, respectively). Rather, they started serious efforts at strengthening the Lebanese state and its institutions only after the 2006 summer war. High-level European–Syrian relations were reduced to a minimum until recently due to geopolitical considerations (above all, Syrian policies in Lebanon and in Iraq), and Europeans have put on ice ratification of the EU Association Agreement with Syria since October 2004. As a result, Syria has not been given incentives not to ally closer with Iran. Europeans have also had few instruments at hand to push for and to support substantive reform in Syria or to address the factors that threaten to exacerbate and link different conflicts in the region, above all the unresolved plight of Iraqi refugees.

It is time for Europeans to rethink their policy approaches, refocus their activities, and seek a more effective coordination and division of labor with the new U.S. administration to contribute to lasting peace and stability in the Middle East. Not only are intensified efforts needed to reinvigorate Israeli–Palestinian negotiations, Europeans should also stand ready to help advance the other tracks of the peace process. In the end, for Europeans, it is not about claiming a role as a “player,” but about assuming that role and engaging in

politics. At the same time, these efforts should be complemented by support for inclusive state and nation-building processes in Lebanon and the Palestinian territories, rather than simply cooperating with those local forces whose agendas we share most. This is ever more urgent in the face of the persisting stark societal and political polarization in Lebanon and the Palestinian territories.

This paper seeks to support this endeavor by analyzing current European approaches to conflict management and resolution in the Middle East and by providing recommendations for more effective policies. It focuses on practical policies toward the three entities that do not yet have a peace treaty with Israel—Lebanon, Syria, and the Palestinian territories—rather than analyzing the differences in interests and approaches of EU member states or the question as to whether there is a *common* European policy in the region. The paper was prepared during a six-month stay (March–August 2008) as a visiting scholar at the Carnegie Middle East Center in Beirut and draws largely on interviews conducted with staff from European member states’ embassies and European delegations (i.e., the delegations of the European Commission) as well as the policy community in Syria and Lebanon during this period and during earlier visits. It will first sketch the framework in which European policies toward Lebanon, Syria, and the Palestinian territories are situated. Second, it will analyze European policies toward each of the three, highlighting policy objectives, available instruments, and policy outcomes as well as reasons for the success or failure of these approaches. Each section will end with concrete policy recommendations. Third, the paper will offer general conclusions and recommendations for more effective European policy approaches.

## European Policies in the Mediterranean and the Middle East

European policies toward Lebanon, Syria, and the Palestinian territories are not only shaped by specific conditions in each of the three locales, the willingness and ability of the respective leaderships to cooperate, historical ties between them and particular European states, and U.S. policies and transatlantic relations. They are also embedded in a broader European approach of support for the Middle East peace process and the Euro–Mediterranean Partnership (EMP).

### Euro–Mediterranean Relations

Since its inception in 1995, the Euro–Mediterranean Partnership (EMP), or Barcelona Process, has been the EU’s central framework in which Euro–Mediterranean relations have been conducted. It has started out as an extremely ambitious, comprehensive partnership project—aimed at stabilizing the region of the southern and eastern Mediterranean through closer cooperation and economic integration as well as through long-term gradual economic and political transformation. More concretely, the EMP has pursued three main objectives: 1) establishing a common area of peace and stability through a reinforcement of political and security dialogue; 2) creating a zone of shared prosperity through an economic and financial partnership, and the gradual establishment of a free trade zone (target date: 2010); and 3) a rapprochement between peoples around the Mediterranean through a social, cultural, and human partnership aimed at encouraging understanding between cultures and exchanges between civil societies. These objectives have been translated into three “chapters”—political dialogue; economic cooperation and free trade; and human, social, and cultural dialogue—of a regional multilateral exchange as well as bilateral cooperation between the EU and its partner countries, based on so-called Association Agreements. In 2005, a fourth field of cooperation—migration, social integration, justice, and security—was added and a code of conduct for countering terrorism adopted. Economic, administrative, and political reform in southern partner countries has since been supported by European financial and technical assistance through so-called MEDA funds and since 2007 through the European Neighborhood and Partnership Instrument (ENPI).

While relations between the EU and southern and eastern Mediterranean partner countries (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, the Palestinian territories, Syria, Tunisia, and Turkey) are all conducted in the framework of the EMP, there are considerable differences in the intensity of cooperation. To date, Association Agreements have been negotiated, signed, and enacted with all southern and eastern partner countries apart from Syria, with which an agreement was negotiated and initialed but has not yet been



ratified by European member states. In 2004, two former partner countries (Cyprus and Malta) joined the EU and Turkey began membership negotiations. Libya has held observer status in the EMP since 1999; negotiations on a framework agreement started in November 2008.

The EU has maintained particularly close relations with Israel. In its 1994 Essen Declaration it expressed the expectation that Israel would enjoy special relations with the EU on the basis of reciprocity and common interest. This has translated into stronger relations between Israel and the EU in trade, exchange between peoples, culture, research, and other fields than with any other eastern or southern Mediterranean partner. In June 2008 the EU decided to gradually upgrade its relations with Israel even further. Consequently, the European Council in December 2008 decided on guidelines for strengthening structures for political dialogue with Israel, for example, by intensifying high-level meetings as well as informal consultations, by encouraging Israel to align itself with positions adopted in the frame of the EU's Common Foreign and Security Policy, and by promoting cooperation on the ground and inviting Israel to take part in civilian missions pursued under the European Security and Defense Policy (ESDP).

Since the EMP has had little success in moving the region toward the “zone of peace, stability and shared prosperity” envisioned in the 1995 Barcelona Declaration, new policy approaches have been tried. First, after the major enlargement of the EU in 2004, the EU enacted the European Neighborhood Policy (ENP) that has aimed both at strengthening bilateral relations between the EU and countries in its southern and eastern neighborhood and at adapting the reform agenda more to local conditions and local reform priorities to give countries added incentives for carrying out reform and taking ownership of it. The central instruments of the European Neighborhood Policy are bilateral action plans agreed to by the EU and each partner country, which set out an agenda of political and economic reform with short- and mid-term priorities. Financial support then depends, at least in theory, on the partner country's performance. Implementation of ENP action plans (agreed in 2005 with, among others, Israel and the Palestinian Authority, and in 2007 with Lebanon) is under way. This approach is also intended to realize one of the aims of the European Security Strategy adopted in late 2003: the promotion of a “ring of well governed countries” around the EU with which Europeans enjoy close and cooperative relations.

The latest addition to Euro–Med relations, the Mediterranean Union, launched in July 2008 by the French EU Presidency, mainly aims at project-based cooperation in areas of common interest. It will thus move the partnership closer to more pragmatic, interest-based cooperation rather than focusing on the long-term transformative approach that tackles the root causes of security risks. The Mediterranean Union also seeks to give new impetus to the Barcelona Process by addressing some of its weaknesses, such as the perceived

lack of co-ownership and institutional balance as well as weak visibility. This is to be done through a multilateral partnership encompassing some 40 member states: all EU members, the EU Commission, all southern and eastern members and observers of the EMP, and other states on the Mediterranean coast. Political relations are to be upgraded by holding biennial summits of heads of states or governments, alternately in the EU and in the Mediterranean partner countries. Co-ownership of the Union shall be fostered through a co-presidency (of one European and one Mediterranean state, starting with France and Egypt), a joint secretariat, and a joint permanent committee. The partnership's visibility shall be enhanced by additional regional and subregional projects.

In general, in their relations with Mediterranean countries, Europeans have employed an approach that was to be complementary to the Middle East peace process and aimed at providing an environment conducive to a durable peace, rather than offering instruments for directly dealing with conflict. However, Euro–Med relations started to falter when peace negotiations ground to a halt, particularly because Arab states did not want to engage in cooperation that could be perceived as normalizing their relations with Israel as long as the latter did not end the occupation of lands conquered in 1967 and did not agree to a just solution of the refugee issue. None of the latest policy additions, such as the ENP or the Mediterranean Union, introduces any instruments for conflict resolution or conflict management. Consequently, what over the last fifteen years has proven to be the main stumbling block to improved Euro–Med relations and to confidence building and regional integration—the Arab–Israeli conflict—is bound to remain a major impediment to closer cooperation, particularly in the Mashreq.

### **The European Approach to the Middle East Peace Process**

In their declarations, the EU and its member states have been supporting a comprehensive settlement of the Arab–Israeli conflict through a two-state solution to its Israeli–Palestinian dimension based on the relevant Security Council resolutions, the principles of the 1991 Madrid Conference, and the Quartet's 2003 road map (“Performance-based road map to a permanent two-state solution to the Israeli–Palestinian conflict”). In its 1999 Berlin Declaration the EU for the first time explicitly stated the reasoning behind the policies it had already been pursuing since the beginning of the Oslo process: the establishment of a democratic, viable, peaceful, and sovereign Palestinian state next to Israel would be the best guarantee for the security of Israel as well as for Israel's recognition as a respected partner in the region. This would include a fair solution to the issue of Jerusalem and a just and agreed solution to the Palestinian refugee question. The position was complemented by the 2002 Seville Declaration, in which the EU stressed that the 1967 borders should be the basis for a final Israeli–Palestinian settlement, if necessary with minor adjustments agreed to by the parties. In addition, the EU has aimed at a solution

to the Israeli–Syrian and the Israeli–Lebanese dimension of the conflict based on the relevant Security Council resolutions and the principles of the Madrid Conference. At the same time, the EU has held that final-status agreements must not be imposed but rather negotiated by the parties themselves on the basis of international law.

Consequently, after Madrid, the EU started to actively support the Middle East peace process and quickly became its main financial supporter. On the one hand, the EU and its member states focused their support on regional cooperation and multilateral processes, such as the Regional Economic Development Working Group, as well as on confidence building between civil societies through support for “people-to-people” projects. On the other hand, it gave considerable support to the buildup of Palestinian government institutions, to socioeconomic development in the Palestinian territories (aimed at improving living conditions), and to the United Nations Refugee and Works Agency for Palestine Refugees in the Near East (UNRWA). While their support had political objectives—to form the nucleus of a Palestinian state and to provide the environment for a comprehensive settlement of the Arab–Israeli conflict—Europeans remained reluctant to get directly involved on the political level. Rather, they saw their role as complementary to the political negotiations facilitated by the United States. Also, after the early collapse of the multilateral track of the peace process (no official working group meetings have taken place since May 1996), the EU focused its attention almost exclusively on the Israeli–Palestinian track. It was only after the failure of the U.S.-mediated Camp David talks and the outbreak of the Second Intifada in late September 2000 that the EU and its member states became more involved in conflict management and attempts at conflict resolution. This was a result of the urgency imposed by the deteriorating situation coupled with the Bush White House’s neglect of the peace process during its first term.

## European Policies Toward Lebanon

Since the July 2006 war, Europeans have stepped up their involvement in political and security issues in Lebanon considerably. Lebanon and the EU already had strong trade relations, the EU and its member states were the main donors to Lebanon, and close and friendly relations between Lebanon and some EU member states—France, in particular—have existed since Lebanese independence and even before. But the war served as a wake-up call for Europeans, reminding them of the unsettled conflicts in the region and their violent potential. Europeans assumed responsibility and strongly participated in a reinforced UNIFIL. As a consequence, EU member states also developed greater interest in a political and security engagement that would shore up—and protect—their military presence.

European policies have aimed at supporting a sovereign, democratic, and pluralistic Lebanon at peace with its neighbors, rather than a country that serves as an arena where regional conflicts are played out. To these ends, European policies have sought *first* to strengthen Lebanese sovereignty, including the central government's control over the state's territory and its borders. This has been closely linked to the *second* European aim: strengthening Lebanese state and governing institutions. This aim, in turn, has been closely related to the *third* European objective: contributing to stabilization of the Israeli–Lebanese cease-fire through an international presence and working for regional conflict resolution in the framework of a permanent Israeli–Lebanese peace agreement.

Two and a half years after the deployment of a reinforced UNIFIL mission, the implementation of the 2006 cease-fire resolution has remained partial and has had ambiguous effects. The massive international presence with its “European backbone” undoubtedly has helped to stabilize the region and to uphold the calm. At the same time, the international presence has helped to freeze the Israeli–Lebanese conflict rather than to solve it. So far, apart from the prisoner issue, none of the underlying causes of the 2006 confrontation has been effectively addressed. In particular, arms smuggling across the Syrian–Lebanese border seems to continue. Europeans have attempted to help stem the flow of weapons into the country by increasing Lebanon's capacity to manage and control its borders. While some progress in this arena has been achieved, a pilot project on the northern border has revealed serious challenges to effective border control: above all, the lack of Syrian–Lebanese border demarcation and cooperation with regard to border control, significant cross-border activities, a local populace highly dependent on smuggling, an armed Palestinian presence in camps on the eastern border, and—most importantly—the lack of a clear-cut commitment by the Lebanese government to the basic principles and objectives of a border force in the framework of a national strategy for border security. To date, Europeans have not pushed for direct negotiations aimed at transforming the Israeli–Lebanese cease-fire into a permanent peace agreement, because the Israeli–Lebanese track is considered to depend on progress on the Israeli–Syrian track. However, the danger of a renewed military confrontation looms large on the Israel–Lebanon front, since it is unlikely that Israel will watch for long a continued stockpiling of weapons by Hizbollah without intervening.

The past years have provided ample evidence that a stable security situation is the *sine qua non* for embarking on a path of reform that is urgently needed to address Lebanon's many political, economic, and social cleavages. Europeans have identified electoral reform as one priority, with the aim of moving electoral practices closer to international standards of free and fair elections, thereby increasing the credibility and legitimacy of Lebanon's governing institutions. However, the new electoral law adopted in September 2008 is wanting in this

regard. As national dialogue began under the leadership of President Michael Suleiman in September 2008, Europeans should now support forums that complement the official dialogue (on the level of political strongmen) by, on the one hand, involving parliamentarians, professional associations, independent experts, and civil society representatives to make dialogue more inclusive and, on the other hand, by addressing subjects that are less controversial than national defense and where consensus and trust can be more easily built. The European delegation in Beirut has demonstrated that such dialogue is feasible even under very difficult political circumstances.

### **EU–Lebanese Trade and Aid Relations**

The EU is Lebanon's main trading partner (followed by Syria and the United States), accounting for some 38 percent of Lebanese imports and 11 percent of exports in 2006. In that year, Lebanon ranked 51st in EU exports and 118th in EU imports.

Since the mid-1990s, the EU has been the leading donor to Lebanon—at least based on Official Development Assistance (ODA) figures—with the total amounts of funds committed under MEDA I (acronym for “Mésures d’accompagnement financières et techniques,” i.e., the main European program to provide financial and technical assistance for implementation of key social and economic reforms; 1995–1999) totaling €182 million and €235 million under MEDA II (2000–2006). Under the aforementioned European Neighborhood and Partnership Instrument (ENPI), €187 million have been allocated for Lebanon in the period 2007–2010. Of this, €22 million are to support political reform (in the fields of democracy, human rights, good governance, security, and justice), €86 million are to support social and economic reform (such as reform of the energy sector, improving social safety nets, improving conditions of Palestinian refugees, facilitating trade and customs reforms, environmental protection, fiscal management and debt reduction, and public finance reform); and €79 million are to support reconstruction and recovery (economic and social recovery and reconstruction, local development, and demining and clearing unexploded ordnance). In addition, the EU and its member states pledged financial aid and debt relief at subsequent donor conferences in Paris and in Vienna—the latter in June 2008 specifically targeting the recovery and reconstruction of the Palestinian refugee camp Nahr al-bared in Northern Lebanon.

### **Strengthening Lebanese Sovereignty and Control Over Its Territory**

To strengthen the Lebanese government's control over the state's territory and its borders as well as backing up the Israeli–Lebanese cease-fire, after the July 2006 war, European states took the lead in an upgraded UNIFIL mission and provided its “European backbone.” UNIFIL is today led by Italian general Claudio Graziano, and almost two-thirds of the international troops deployed in southern Lebanon are Europeans—Italy, France, and Spain having deployed by far the biggest contingents. The mission is based on Security Council

resolution 1701, which stipulated a cease-fire ending the military hostilities triggered by Hizbollah's cross-border raid on July 12, 2006 on an Israeli patrol in which it killed nine soldiers and kidnapped two.

Resolution 1701 mandated a reinforced (from some 2,000 to as many as 15,000 troops) and a more robust UNIFIL to supervise the cessation of violence, Israeli troop withdrawal, and compliance with other cease-fire obligations; to implement an arms embargo against Lebanese non-state forces, chiefly Hizbollah; to support the assertion of the Lebanese state's control in South Lebanon and oversee the deployment of up to 15,000 troops of the Lebanese Armed Forces (LAF); to ensure that the UNIFIL area of operations was not utilized for hostile activities of any kind; and to protect the civilian population. At the same time, UNIFIL's area of operation was limited to the area south of the Litani River and UNIFIL troops were not given an offensive enforcement mandate: while resolution 1701 as well as the rules of engagement do allow for the use of force for self defense and to carry out the mandate, an active, comprehensive disarmament of Hizbollah militias is not foreseen. Rather, the resolution refers to the Lebanese government's Seven Point Plan assigning UNIFIL a supporting role to the Lebanese government's effort to establish effective control over all its territories and to create a zone south of the Litani River in which there is no armed presence other than LAF and UNIFIL. In other words, UNIFIL's main task is not *enforcing peace* but rather *supporting* the establishment of Lebanon's territorial integrity, sovereignty, and political independence.

Two years after the adoption of Security Council Resolution 1701 and the deployment of a reinforced UNIFIL mission, the resolution has only partially been implemented and the effects of the resolution's implementation are rather ambiguous. On the one hand, the areas evacuated by Israeli troops were secured by UNIFIL and turned over to the LAF—with the latter returning to the southern part of the country for the first time in almost 30 years. Hizbollah militias have abandoned their positions along the Blue Line and stopped attacks on Israeli territory. The massive international presence with its “European backbone” undoubtedly has helped stabilize the border region and, in general, has upheld the calm, even though the cease-fire has been broken time and again, above all by Israeli overflights, but also by isolated rocket fire from Jihadist elements or radical Palestinian groups operating from south Lebanon. UNIFIL has established communication structures with the militaries of both sides and regular tripartite meetings have been held. Smaller irritations thus have been sorted out quickly and have not escalated. A pilot project visibly marking the Blue Line has made progress, albeit slowly.

On the other hand, the international presence has helped to freeze the Israeli–Lebanese conflict rather than to settle it. Except for the prisoner issue, none of the underlying causes of the 2006 confrontation has been effectively addressed. The issues of the Shebaa Farms (a border territory on the Golan

Heights occupied by Israel) and Ghajar village (with the northern part on Lebanese territory but reoccupied by Israel in 2006) remain unresolved. Also, not only consecutive reports by the UN secretary general on the implementation of Security Council resolutions 1559 and 1701, but also Israeli reports as well as claims by Hizbollah indicate that Hizbollah (as well as militant Palestinian and Jihadist groups) has rearmed and upgraded its arsenal, stockpiling weapons mainly outside the UNIFIL area of operations. What's more, while UNIFIL and the LAF have found and destroyed weapons caches, active disarming of militias has not taken place. It appears that arms smuggling across the Syrian–Lebanese border continues. Indeed, the Lebanon Independent Border Assessment Team (LIBAT), dispatched by the secretary general in June 2007, found that the “present state of border security is insufficient to prevent smuggling, in particular the smuggling of arms, to any significant extent.”<sup>1</sup> No significant progress was registered by the 2008 follow-up mission. The weapons embargo thus has not effectively been enforced. This means that the danger of a renewed military confrontation looms large, since it is unlikely that Israel will watch a continued stockpiling of weapons by Hizbollah without intervening, particularly in light of the military humiliation incurred during the 2006 war; since Hizbollah has open accounts due to the February 2008 assassination of a top Hizbollah operative, Imad Mughniyeh; and in light of probable repercussions of an escalation of the conflict with Iran over its nuclear program.

For the first time in UN history, a maritime component has been deployed, the so-called Maritime Task Force (MTF UNIFIL). The MTF, which has been staffed since September 2008 by Belgium, France, Germany, Greece, Italy, Spain, and Turkey, has the task of monitoring Lebanon's territorial waters, securing the Lebanese coastline, and preventing arms smuggling. MTF UNIFIL acts on the request of the government of Lebanon, meaning that its room for maritime interdiction operations to prevent the entry of unauthorized arms and related material is restricted: While MTF patrols the waters and hails and queries ships, the rules of engagement leave boarding of suspicious ships, confiscation of goods, and arrests to the Lebanese navy and customs. From the beginning of the mission in October 2006 until late August 2008, some 18,000 ships were hailed and queried, over 150 vessels were identified as suspicious, but subsequently all of them were inspected and cleared by Lebanese naval or customs officials.

MTF UNIFIL can be considered a successful undertaking insofar as its presence was essential in ending the Israeli naval siege after the 2006 war and in re-establishing free trade over Lebanese seaways. However, it has been rightly criticized as an expensive and ineffective tool in the wrong place as far as the prevention of arms smuggling—as these activities, even before the deployment of MTF, typically did not take place on the seas but rather at the land borders outside UNIFIL's area of operations. Indeed, until December 2008, not a

single incident of arms smuggling was detected by MTF UNIFIL. European countries, Germany in particular, have also engaged in capacity building for the Lebanese navy, aiming to enable it to assume responsibilities currently performed by international forces patrolling territorial waters and controlling Lebanon's borders at sea. They have helped the navy rehabilitate and upgrade coastal radar stations along the Lebanese coast through training and equipment and establish a coastal radar organization. While naval capacities have been improved, control of the territorial waters and sea borders depends, as with any borders, first and foremost on the political will to extend that control and end weapons smuggling.

In an attempt to stem the flow of weapons into the country by increasing Lebanon's capacity to manage and control its borders, several European states (above all, Germany and France) have provided equipment and advisory staff to several border crossings and entry points, including the airport. In addition Germany, supported by the European Commission, Great Britain, Denmark, the Netherlands, Canada, and the United States, conducted a pilot project on Lebanon's northern border to assess and address the shortfalls of current border management. After a needs assessment, Germany and its partners provided training and donations of equipment for some 800 Lebanese personnel (drawn from the four agencies tasked with border security: the armed forces, internal security forces, general security, and customs). By introducing a common operations center, joint patrols and operations, improved mobility, and increased communications interoperability, the project then sought to establish the core tenets of integrated border management. The Common Border Force started operating in December 2007. The project also sought to determine the feasibility of extending the approach to Lebanon's eastern border.

The pilot phase came to an end in late June 2008. One of its sobering insights was that for all the equipment and training provided, the project did not show any results as far as stemming the flow of weapons into the country. This was corroborated by the report of the LIBAT II mission. The team concluded: "The overall situation renders Lebanon's borders as penetrable as they were one year ago during the first assessment."<sup>2</sup> And while a German–Lebanese evaluation report considered the cooperation among the different security agencies and the capacity building aspects of the project largely successful, others involved criticized the project for lacking the following: a coherent project concept, Lebanese ownership, external evaluation and auditing, and effective donor coordination.

The pilot phase also revealed more serious challenges to effective control of the land borders. Most of these challenges have to do with what could be termed an "effective ownership capacity" as well as with political, diplomatic, and socioeconomic factors that reflect, among other factors, the unclear relations between Syria and Lebanon. This is manifest, for example, in the lack of border demarcation and cooperation in border control. In addition, effective



border control is complicated by significant cross-border activities (commercial, social, educational, and so on) and the local populace's heavy dependence on smuggling, an armed Palestinian presence in two camps on the eastern border, and—most important—the lack of a consensus in the Lebanese government on how to deal with the weapons possessed by the “resistance.” Thus, while the border project has since continued on a smaller scale (in what is termed a consolidation phase), its future and, in particular, its expansion to the eastern border depend on an unequivocal commitment by the Lebanese government to the basic principles and objectives of a common border force and a national strategy for border security.

### **Strengthening Lebanese Institutions**

The second set of European efforts has focused on strengthening Lebanese governing institutions and aimed at increasing the population's trust in the state and the central government as well as contributing to long-term stabilization. EU support has sought to foster the economic, social, and institutional reforms to which the Lebanese government committed itself in July 2005, after Syrian withdrawal and parliamentary elections, and, again, at an international donor conference in Paris in January 2007 (Paris III). EU support as expressed in the framework of the Association Agreement (in force since April 2006) and the Action Plan (in force since January 2007) has focused on three priority areas: political reform, social and economic reform, and support for reconstruction and recovery. Europeans have also been involved in institution building, especially capacity building for the Lebanese security forces by, for example, providing training in criminal investigation and riot control as well as by establishing a police school for the internal security forces.

Implementation of reform was interrupted and relegated to the back burner by the 2006 summer war, the 2007 crisis involving the Palestinian refugee camp in Nahr al-bared (next to Tripoli) and a period of intense destabilization (political assassinations, street violence), and the political blockade of Lebanese government institutions that culminated in a show of force by Hizbollah and its allies in May 2008. Consequently, European financial support in the period 2006–2008 concentrated heavily on reconstruction and recovery in those areas most affected by violence, i.e., the south and the Nahr al-bared camp, while technical support has also aimed at economic stabilization. Despite the difficult circumstances, the Lebanese government has undertaken some reform steps in the areas of economics, finance, and trade, while progress has been slow in the fields of human rights and judicial and social sector reform.

The May 2008 Doha Compromise ending the political standoff in Lebanon, the election of Suleiman as president, and the formation of a national unity government in early July 2008 removed some major obstacles to a government program of reform. However, with elections scheduled for June 2009, the current government will only serve for an interim period. Also, major policy

differences persist between coalition partners. So one cannot be too optimistic that the reform program will take off before a new government is in place following the 2009 elections and a consensus on broad policy lines is established.

With parliamentary elections ahead, one priority reform for Europeans has been to encourage (in cooperation with the UN Development Program and Lebanese NGOs) electoral reform based on the recommendations of the 2005 EU observer mission and a draft law put forward by a Lebanese commission headed by former member of parliament and foreign minister Fouad Boutros with the aim of implementing reforms still feasible before the 2009 elections. While, according to the Europeans, electoral reform in the long term would aim at gradually overcoming the confessionalist system, in the short term it would be most important to move closer to international standards of free and fair elections. In September 2008 the Lebanese parliament passed a new electoral law aimed mainly at carrying out the Doha Compromise provisions with regard to electoral districts in Beirut. The new law thus redrew the boundaries of some voting districts. It also included new provisions regulating the role of the media during the campaign and election period as well as limiting campaign expenses. The law calls for elections to be held on one day, rather than over several days, and it gives expatriates the right to vote from 2013 onward. At the same time, several proposed reforms were rejected, including a lowering of the voting age from 21 to 18 and the introduction of women quotas on electoral lists. More critically, in terms of free and fair elections, there will be neither preprinted ballot papers nor an independent election commission.

Several European states were involved in trying to revive the so-called Lebanese national dialogue that was initiated in the aftermath of Syrian withdrawal to build consensus across the political spectrum on issues of major national concern and thus provide an inclusive platform on which to build policies. It had broken down ahead of the 2006 July war. In the spring and summer of 2007, the Swiss Association for Euro-Arab-Muslim Dialogue (l'Association Suisse pour le Dialogue Euro-Arabo-Musulman, ASDEAM), supported by the Swiss government, conducted several rounds of dialogue in Mont-Pèlerin, Bern, and Beirut with second-tier representatives of the political forces that had already taken part in the original national dialogue. With more fanfare, the French foreign minister invited political leaders to a round of talks in Celle Saint-Cloud in mid-July 2007 to restart dialogue between political adversaries and consider how to strengthen the Lebanese state.

The Swiss dialogue produced remarkable results, coming up with common points of departure and agreeing on important issues—such as the principle of co-existence, the necessity of forming a joint stance toward Israel and the liberation of Lebanese lands and prisoners, adherence to the Taif Agreement of 1989 (which ended the decades-old civil war) and the constitution, implementation of provisions in the Taif Agreement not yet realized, adherence to the system of confessionalist democracy (for the time being), the importance of institution

building, and decentralization. The Swiss dialogue also defined contentious issues in more detail (such as the weapons of the “resistance,” relations with Syria, the weapons of Palestinian groups in Lebanon and relations with the Palestinian community in Lebanon, overcoming confessionalist politics in the mid-term, and how to establish sovereignty and independence).

Still, none of these European initiatives—as well as facilitation efforts by the Arab League—proved successful in easing or overcoming the standoff between the two main camps before it turned violent in May 2008. Interestingly, the European delegation organized three workshops in May 2007, April 2008, and October 2008 in which representatives of all major Lebanese political forces, professional associations, and independent experts participated. The workshops pursued much more modest aims and focused on less contentious, but highly important, subjects—economic approaches and social policies—and proved quite successful in getting closer to a common vision, including important elements of reform in the education and health sectors and reforms aimed at making the economy more competitive, that would benefit all Lebanese.

### **Contributing to Regional Conflict Resolution**

As far as their third major policy aim, a comprehensive Middle East peace, since the 2006 war, Europeans have not directly pushed for Israeli–Lebanese negotiations to transform the Israeli–Lebanese cease-fire into a permanent Israeli–Lebanese peace agreement. The main reason is that progress on the Israeli–Lebanese track is considered to hinge on progress on the Israeli–Syrian track. Indeed, the Lebanese government stated repeatedly after the war that it would be the last country to sign a peace deal with Israel. For that reason and because Europeans considered Syria to be essential to success on the other tracks of the peace process, Europeans tried to convince the Bush administration not only to exert efforts to revive the Israeli–Palestinian peace process but also to revive Israeli–Syrian talks. In the end, the Bush administration invited Syrian and Lebanese representatives to the Annapolis meeting in November 2007. A follow-up conference to pursue the Syrian track among others was envisioned for Moscow in spring 2008, but it did not occur, mainly for lack of U.S. support.

After the 2006 war a number of representatives of EU member states (e.g., Germany, Spain, and France) as well as EU officials attempted to re-engage Syria and to extract positive signals with regard to Syrian interference in Lebanese politics, weapons smuggling over the Syrian–Lebanese border, and possible Syrian cooperation in the border pilot project and in the Shebaa Farms issue. They did not achieve much. Europeans were ill positioned to induce a more cooperative Syrian attitude or push forward the Israeli–Syrian track (let alone facilitate negotiations) as long as they tried to keep the Syrian leadership isolated.

Nevertheless, Europeans contributed to solving some of the outstanding issues enumerated in SC resolution 1701. For example, a UN-appointed German

mediator (Gerhard Conrad), who had been involved in similar undertakings before, succeeded in closing one point of contention between Hizbollah and Israel by mediating a prisoner-body part exchange deal in July 2008.

## Recommendations

**Sovereignty and border control:** The northern border pilot project has demonstrated that if capacity building in the area of border management is to yield any tangible results, not only do donor activities need to be better conceived and coordinated, they also need to be closely matched with and build on a Lebanese border management strategy. In turn, such a strategy necessitates that the government decide whether it actually wants to effectively enforce border control—or, to put it differently: success in border control depends at least as much on the political will of the Lebanese government as on the capacities to implement this will. Since, in Lebanon, Hizbollah (and other armed groups) are viewed as the legitimate “resistance” to Israel and since this “resistance” is considered part of Lebanon’s national defense strategy, they will retain their military capability at least until the Lebanese–Israeli conflict is resolved. Thus, substantial progress in border control is unlikely before that happens.

This is also the main reason why the idea to establish a European Security and Defense Policy mission to control the border would not represent a solution. Such a mission would not be viable in the absence of Lebanese ownership, internal Lebanese consensus, and Syrian consent. Also, while in the long run efficient border control would be greatly helped by establishing a separate border guard agency, this should not be a priority under the current fragile environment. While awaiting a Lebanese commitment, Europeans should agree among themselves on what kind of support they are willing to offer for future border management efforts. They should also encourage and support with expertise the preparatory work needed by the Lebanese to develop a border management strategy that takes into account the interests of all those immediately concerned. It should contain arrangements for unbureaucratic daily cross-border traffic of the local population, provide sources of alternative income for families involved in the smuggling business, and devise programs for effective corruption control.

Furthermore and building on positive Syrian signals at the July 2008 Paris Mediterranean summit, the August 2008 Syrian–Lebanese summit, and the October 2008 establishment of diplomatic relations between the two countries, Europeans should follow up with the Syrian side by pressing for early border demarcation, the securing of border crossing points, and Syrian–Lebanese cooperation in border control. The deployment of thousands of Syrian special forces to the north of the Syrian–Lebanese border in September/October 2008 in reaction to bomb attacks in Damascus and Tripoli combined with Syrian warnings of intervention should the Lebanese government prove incapable of

containing militant Salafis in Tripoli raised great fear among Lebanese of Syrian military operations on Lebanese territory. They also highlighted the urgent need for Syrian–Lebanese coordination and cooperation in border control.

**Strengthening Lebanese institutions:** It is important to consistently point out to all Lebanese forces that Europeans expect elections to take place on time and without manipulation. Europeans have already offered to help in election administration and monitoring. Following the elections, the EU should maintain support for more far-reaching electoral and political reform as envisaged in the Taif Agreement and the constitution. These would aim at increasing transparency and the equality of the vote and, in the mid- to long term, at reducing the role played by religious communities and local strong men. One approach proposed in Taif would be to introduce a bicameral parliamentary system. Europeans should also rethink whether in the future elections should be supported and monitored in case demands for key electoral reforms, such as the introduction of standard, preprinted ballot papers, keep on being ignored.

**National dialogue:** Despite the Doha Compromise and the establishment of a government of national unity, major issues remain unresolved between the political camps. A resort to violence or a renewed blockage of institutions is by no means inconceivable. In Doha, political leaders agreed to renew the national dialogue under the lead of President Suleiman as soon as possible. Meanwhile, the president has restarted the dialogue; the first rounds focused on a national defense strategy. While dialogue is indeed urgently needed to safeguard national unity and provide a basis for policy making and peaceful coexistence, it is at least as important to try to insulate the national dialogue from the upcoming election campaign so that it can take place in a sober, conciliatory atmosphere. Most probably it can only really take off after elections.

In principle, European support should focus on strengthening democratic institutions rather than propping up political strongmen. Such an understanding should be acted upon directly, for example, when visiting European MPs draw up their schedules; they should meet with their counterparts in the Lebanese parliament rather than unelected leaders. In general, Europeans should maintain steady contact with *all* political forces with a substantial representation in parliament. In contrast to the United States, Europeans do not face any legal impediments to doing so, as the EU does not consider Hizbollah a terrorist organization, except for the Dutch, who designated Hizbollah a terrorist group in 2004. At the same time, any attempts at supporting one camp to defeat or at least counterbalance the other militarily (one strong motivation for Western support of the Sunni-dominated Internal Security Forces) should be abandoned.

National dialogue should be supported to resolve some of the stickiest issues. However, Europeans have to be aware that they can only be helpful if

they are perceived across the political spectrum as evenhanded facilitators. Furthermore, dialogue cannot be imposed from the outside but has to be based on the will of all major political forces and take place under Lebanese lead to guarantee Lebanese ownership. Europeans should be careful not to establish competing tracks, but rather to act in a supporting role; for example, by providing experts on peace and negotiations or other technical support to an advisory group that can contribute to a well-designed, structured, and inclusive process and can lay out several options to questions discussed. Experience so far has shown that confidence and consensus building are slow and difficult processes, which best begin with those questions where consensus is more easily found or that can be broken down into technical and operational subquestions, rather than tackling the most intricate issues first. Some of the subjects identified in the talks in Switzerland or facilitated by the EU delegation in Beirut could provide a reasonable starting point.

**Factors of instability:** Given the precarious security situation in the country, Europeans should increase their help in directly addressing factors for instability in the country's soft spots, i.e., in its marginalized areas (above all, in the northern regions) and in the refugee camps. While the EU and its member states have already been engaged in support for UNRWA and reconstruction efforts in the camps, progress with regard to the improvement of living conditions and stabilization of the security situation in the camps has lagged far behind. A recurrence of a crisis similar to what happened in Nahr al-bared is anything but impossible. Europeans should concentrate on supporting measures that provide the population with decent living conditions and perspectives—so working against desperation and radicalization. In the process, they should also build on and encourage further progress in the Lebanese–Palestinian dialogue.

**Special tribunal for Lebanon:** Europeans should refrain under all circumstances from engaging in “political deals” with Syria regarding the handling of the international tribunal to try suspects in the murder of the former Lebanese prime minister. For Lebanon's political culture and for future Syrian–Lebanese relations, it is of utmost importance to end the culture of impunity surrounding political assassination. Therefore, Europeans should resist the temptation to politicize—and thus to discredit—the tribunal by making it a bargaining chip in political negotiations of some sort. Rather the tribunal, set to begin operations in spring 2009, should do its work professionally and speak justice on the basis of available evidence. If and what kind of measures the Security Council then takes on the basis of the tribunal's judgment(s) is another—and a political—question and should not be anticipated.

**Lebanese–Israeli conflict:** While the international presence in the form of UNIFIL and UNIFIL MTF helped to end hostilities after the 2006 war and secure the cease-fire, it has served as a mere conflict management tool and will not be able to stabilize the region in the mid- to long term, unless there is progress in settling the unresolved issues in Lebanese–Israeli relations.

In July 2008, the issue of prisoners and hostages was solved through UN mediation. Still, other open disputes remain, above all over the Shebaa Farms and the village of Ghajar. In the end, a peace agreement will also have to contain mutual security guarantees and an agreement on a formula for water management as well as address the plight of Palestinian refugees in Lebanon. Some of these issues, such as Shebaa Farms, are closely linked to Syrian–Lebanese relations; others are linked to a regional settlement, as is the case for water issues and the Palestinian refugee question. Syria is not expected to display a constructive attitude toward stabilizing Lebanon and resolving its disputes with Israel so long as the Assad regime fears being left out of peace talks and not regaining the Golan Heights. Before there is substantial progress on the Syrian–Israeli track, it might thus prove counterproductive to press for direct Israeli–Lebanese negotiations—as has been proposed by some Europeans, Israel, and the United States.

That does not mean, however, that Europeans—and the international community at large—should idly stand by. Rather, Europeans should actively contribute to conflict management and conflict resolution on the Israeli–Lebanese track by:

- first, clearly discouraging pre-emptive strikes and stressing the importance of maintaining open channels of communication via the tripartite UN–Israel–Lebanon dialogue as well as other channels to avoid escalation of violence
- second, supporting—and convincing the U.S. administration to do the same—an interim solution for northern Ghajar village, even before peace negotiations take place, and later a phased approach to the issue of the Shebaa Farms
- third, preparing for Israeli–Lebanese final-status negotiations by supporting forums and studies that provide in-depth expertise to prepare for solutions to other contentious issues in the bilateral relationship.

## European Policies Toward Syria

Europeans have considered Syria a pivotal state in the Middle East peace process, and due to its policies toward Lebanon, Iraq, and the Palestinian territories, a problematic partner at the same time. Unlike the United States,

however, Europeans have not only focused on attempts at changing Syrian regional policies but have also aimed at supporting domestic reform. In doing so, rather than aiming at regime change (abrupt or gradual), they have borne down on the area of reform in which the regime itself has signaled an interest. Thus, on the one hand, Europeans (at least some member states and the European Commission) have provided support to Syria's economic reform process and have maintained strong trade relations with Syria. On the other hand, European–Syrian relations (particularly French–Syrian and British–Syrian relations) were rather hostile after the fall of 2004. Europeans curtailed high-level political contacts with the Syrian regime and put on ice the Association Agreement that had been negotiated and initialed in October of that year. Syria has thus remained the EU's only EMP partner country without an Association Agreement and, consequently, ENP Action Plan. Still, Syria is a member of the EMP, profits from financial assistance as a result, and participates in its multilateral framework.

Over the last few years, European policies toward Syria, then, have had two overriding objectives: They have, *first*, aimed at long-term stabilization of a country going through a difficult transition period as well as being geographically sandwiched between, involved in, and affected by the repercussions of the conflicts currently dominating the region. They have, *second*, sought to change the Syrian regime's behavior toward its neighbors and to make it part of a solution to the Middle East conflict. However, Europeans did not agree how to achieve a change in behavior: through isolation or engagement. This has also been a major bone of contention with the United States.

As it turned out, the European approach of using isolation to change Syria's regional policies contradicted the objective of stabilizing the country. It undermined European support for reform and considerably reduced European leverage. Since 2008, European member states have gradually closed ranks again as far as cooperating with Syria and have re-engaged Damascus.

Also, while Europeans have been in favor of a gradual transition to a more liberal system, they have been eager *not* to push for a political opening that could endanger the regime's stability. Still, economic and administrative reform is unlikely to see tangible progress without accompanying steps toward realizing the rule of law, greater accountability, and a less authoritarian climate that today stifles creativity, entrepreneurship, and networking. At the same time, Europeans have not sufficiently addressed potentially destabilizing factors. This goes in particular for the one million Iraqi refugees residing in Syria as well as for the situation of Syrian Kurds. Most important, while Europeans insisted that Syria be a party to a renewed Middle East peace process, Europeans failed to convince the United States to seriously pursue the Israeli–Syrian track. The Europeans' halfhearted stance on engagement and their own reluctance to facilitate such talks did not help. In the end, they missed a chance to push effectively for comprehensive peace in the region.



### EU–Syrian Trade and Aid Relations

The EU is Syria's biggest trading partner, even though the EU share in Syria's trade has been declining over the last few years. While in 2003 the EU share in Syrian exports was 52.4 percent, it fell to 32.7 percent in 2006; the EU share in Syrian imports at the same time fell from 34.3 percent to 22.2 percent. Syrian exports to the EU have been dominated by crude oil and petroleum products. In fact, in 2007 some 86 percent of EU imports from Syria were mineral fuels, lubricants, and related materials, making the country the EU's ninth largest source of energy imports. The fall in the European share of Syrian trade can be explained by the decrease in Syrian petroleum products' exports and by increased Syrian trade with Turkey, Iran, and Arab and Asian countries following the opening of the Syrian economy.

The EU–Syria Association Agreement was initiated in late 2003 after particularly cumbersome negotiations, due mainly to disputes over trade barriers. Then, after the text had been agreed upon by the two sides, the Europeans reopened the negotiations to introduce a clause on weapons of mass destruction. Agreement was reached anew in the fall of 2004. As the agreement has not been ratified to date, EU–Syrian cooperation is based on the 1977 Cooperation Agreement.

During MEDA I (1995–1999), no assistance was disbursed to Syria from the EU Commission, even though some €101 million had been committed. During MEDA II (2000–2006), €90 million, equaling some 50 percent of the funds committed, were disbursed. Still, and at least according to official ODA figures, the EU is Syria's main donor. The EU's global allocation for Syria for the period 2007–2010 is €130 million, with provision for a gradual increase of the allocation over the four years.

### Long-term Stabilization Through Support for Structural Reform

Europeans have considered the Syrian tenth five-year plan for 2006–2010 a blueprint for comprehensive economic and social reform and for the transition from a centrally planned economy to a social market economy. In the plan, structural (administrative, economic, and social) reform has been identified as essential for stabilizing the country in the mid- to long term. These reforms would include streamlining, modernizing, and decentralizing public administration; improving public expenditure management; restructuring and privatizing state-owned enterprises; reducing price subsidies; developing human capital; establishing a targeted and efficient social safety net; improving the business climate; strengthening the rule of law; and allowing for private sector development. These reform measures have been inspired by steps necessary for entry into the World Trade Organization (WTO) and trade liberalization measures agreed upon in the negotiations for the EMP Association Agreement.

Support for structural reform has been central to the European approach to long-term stabilization of Syria. The European Commission and Germany were among the main donors, with Italy, Spain, and (at least in the period 2003–2004)

France following. Support has mainly been provided by dispatching senior experts and consultants to Syrian economic and financial institutions, to the judiciary, and to the Syrian Planning Commission; by introducing a reform component to more traditional development projects, e.g., in the water, health, and education sectors; and by providing assistance in setting up business associations and small and medium enterprises. However, geopolitics have negatively affected European support for reform: the absence of an Association Agreement and the deterioration in political relations between Syria and EU member states have scaled down European financial and technical assistance and leverage. Financial support to Syria has been low compared to European aid to other EMP countries, and disbursement of funds has lagged far behind.

Syria's reform process has started out from a rather closed and state-dominated economy. It started late and proceeded slowly, and it has been marked by persistent and high levels of corruption and red tape—some reform measures have actually impeded rather than furthered progress by adding new layers of rules and regulations. Yet Syria has entered into an economic transition with landmark changes in the banking sector (such as the government's permission to establish private banks in 2001), the partial liberalization of the financial and insurance sectors, the expansion of foreign investment opportunities, the partial liberalization of trade as well as a dramatic reduction of customs duties, and the modernization of the customs administration and simplification of customs procedures.

A look at some major indices, however, suggests that little improvement has, in fact, occurred in the business environment and in the competitiveness of the Syrian economy. Syria comes in very low and has seen its standing deteriorate in the 2008 Doing Business Ranking and in the 2008 Annual Index of Economic Freedoms (which classifies Syria as a "repressed" economy). In Transparency International's 2007 ranking, Syria is rated as one of the countries where "corruption is perceived as rampant," and in the World Economic Forum's 2007 Arab World Competitiveness Report, Syria ranks twelfth among thirteen Arab countries—higher only than Mauritania.

Also, a trickle-down effect has not taken place. While economic growth has picked up in the non-oil sector since 2004, it is mainly the ruling elite that has profited from this growth, from privatization, and from newly established monopolies. The bulk of the population has so far not benefited from the liberalization measures, but rather suffered from a reduction in subsidies (for diesel fuel and bread, for example) as well as from soaring prices. This has had a particularly strong impact due to a lack of targeted social policies to alleviate the effects of liberalization, effects that are likely to become even harsher once significant reductions in the public sector work force are made. Furthermore, the depth and speed of reform has not been adequate to induce growth and create government revenues high enough to meet the challenges arising from the combined effects of massive population growth (some 300,000 Syrians

enter the job market every year), rapid urbanization, and a massive refugee influx from Iraq (producing an increase in prices, putting public services—above all in the health and education sectors—under strain and burdening the budget with increased subsidies for basic food commodities). Neither has reform offset the effects of declining oil revenues (Syria is fast turning into a net oil importer) and of U.S. sanctions (particularly felt in the high-tech and banking sectors).

In addition, one of the assumptions underlying the European approach, i.e., that economic liberalization would trigger political liberalization, has not been confirmed so far. Since the governing elite were the ones to chiefly profit from the economic opening, the latter has not translated into “creating new political forces autonomous of the government or stimulating a greater degree of political pluralism.”<sup>3</sup> Europeans have been well aware that improvements in the socioeconomic field and long-term stabilization require at least basic political reform aiming at better governance, a separation of powers, the rule of law, and a less repressive system. Still, democratization has not been a European priority in Syria, because the country, despite its ethnically and religiously fragmented society, has been perceived as a haven of stability in a region increasingly plagued by communal violence triggered by the U.S. “forward strategy for freedom.” Europeans have also feared that alternative forces, even if they came to power peacefully, would be no more democratic and even less Western in outlook than the current regime. Last but not least, Syria has been considered one of the few countries in the region where, under the (more or less) secular Baath regime, Christian minorities have enjoyed equality and safety. Thus, while Europeans have been in favor of a gradual transition to a more liberal system, they have also not been eager to push for a political opening that could endanger the regime’s and, therefore, the country’s stability. This has led them to support Bashar al-Assad’s approach to reform, which seeks to combine gradual economic change with political stability.

Nevertheless, Europeans have been involved in some small-scale projects designed to further pluralism and build democracy from below. This has not been an easy undertaking because the Syrian regime, since the end of the “Damascus Spring” in 2001, has kept a close watch on projects aimed at strengthening civil society and human rights or furthering participatory politics. For example, the regime swiftly closed a Civil Society Training Center established in Damascus in February 2006, which had been conceived and financed from the European Instrument for Democracy and Human Rights’ budget. However, there has been room—if little and rather unpredictable—for European support for empowering representatives of society. The regime has allowed Syrian NGOs to work in fields considered “apolitical” (mainly women and development) and Europeans to conduct media training and development projects with a participatory component. To give but one example, the Aleppo Old City Rehabilitation project (1994–2007), led by the German gtz

(Gesellschaft für technische Zusammenarbeit), which developed into an exercise in participatory city planning proved a successful undertaking.

In addition, Europeans have supported Palestinian refugees in Syria and provided funding for Syrian authorities and the UN High Commissioner for Refugees (UNHCR) to cope with the influx of Iraqi refugees, which by mid-2008 numbered about one million (in a country of some 20 million inhabitants.) However, the international community's support of UNHCR and Syria's efforts on behalf of refugees has been much less than needed, leaving the UN agency to face the constant threat of having to cut or close down basic humanitarian services to the refugees. Also, Europeans have been reluctant to offer a haven to refugees and to participate in permanent resettlement programs. A compromise among European interior ministers was only achieved in November 2008. It invited member states to "take in" some 10,000 of the most vulnerable Iraqi refugees, but on a purely "voluntary basis and in the light of the reception capacities of member states and the overall effort already made." A target date was not clarified, nor was the question of whether these 10,000 were to be permanently resettled in Europe addressed. In addition, the target number was far below the High Commissioner's goal of resettling 80,000 Iraqi refugees over three years, including 20,000 in Europe. In the end, Europeans have left Syria (as well as other host countries, such as Jordan) largely to deal on their own with a phenomenon that risks massively destabilizing the whole region in the mid- to long term. Europeans have so far also failed to address another potentially highly destabilizing factor: the fate of Syrian Kurds.

### **Changing the Syrian Regime's Behavior in the Region: Isolation vs. Engagement**

Europeans have considered Syria a pivotal state in the Middle East peace process as well as in the region. At the same time its policies have been seen as undermining stability in Lebanon. Syria has been identified by many as the power behind the assassination of former prime minister Rafik Hariri as well as subsequent assassinations, accused of continued meddling in Lebanese internal affairs, and blamed for providing or facilitating arms transfers to Hizbollah and other radical groups. It has also been accused of hosting militant Palestinian groups ( Hamas, Islamic Jihad, and some secular radicals), and of fanning the insurgency in Iraq by hosting part of the deposed Iraqi Baath leadership and turning a blind eye to fighters crossing into Iraq. As a consequence, Europeans considerably reduced political contacts with the Syrian regime by late 2004 and put on ice the Association Agreement. Also, Europeans, in particular France under President Jacques Chirac, closely collaborated with the United States in the Security Council to end Syrian interference in Lebanon. In September 2004, France and the United States jointly prepared Security Council resolution 1559 calling for Syria's withdrawal from Lebanon, disarmament of all Lebanese and non-Lebanese militias, and free and fair presidential

elections devoid of foreign interference. Damascus, nevertheless, pushed for the extension of the pro-Syrian Lebanese president Emil Lahoud's term of office. Tensions escalated further after the assassination of former prime minister Hariri in February 2005. Fingers immediately were pointed at Syria. The United States and France then intensified their pressure on Syria to withdraw its forces from Lebanon and encouraged popular forces in Lebanon to mobilize against Syria, leading to the "Cedar Revolution." All this forced Syrian withdrawal from Lebanon in April 2005, a major accomplishment of cooperative U.S.–European efforts.

At the same time, Europeans stopped short of adopting the approach that the United States had taken after Syria's strong criticism of the Iraq war and perceived lack of cooperation in stabilizing its neighboring country. The United States has at times considered Syria to be part of the "axis of evil," designated it a "state sponsor of terrorism," toyed with the idea of regime change, imposed limited sanctions in May 2004 (based on the December 2003 Syria Accountability and Lebanese Sovereignty Restoration Act), and recalled its ambassador in February 2005 in reaction to Hariri's assassination. By contrast, Europeans never made an official decision in favor of complete isolation of Syria. Also, they were interested in behavioral change, not regime change in Syria—not least because they wanted to avoid adding to instability, which might have led to a full-scale regional conflagration. Yet, as mentioned, from fall 2004 on, high-level contacts between Syria and representatives of EU member states and institutions were drastically curtailed.

After the 2006 war and in the run-up to the Annapolis conference, however, Europeans insisted that Syria be a party to a renewed Middle East peace process and repeatedly sent emissaries to Damascus to sound out chances for a more constructive Syrian attitude toward the geopolitical issues at stake. Spain, Italy, and Germany, in particular, have tried to keep open channels of communication with the Assad regime. Also, in March 2007, Javier Solana, the High Representative for Europe's Common Foreign and Security Policy, visited Damascus. At the same time, EU efforts focused on solving the domestic crisis in Lebanon. However, in this, the Europeans displayed a somewhat contradictory stance: while they asked Syria to refrain from meddling in internal Lebanese affairs, they also asked Syria to use its influence with its Lebanese allies to settle the Lebanese crisis. In late 2007, French emissaries even discussed the list of potential Lebanese presidential candidates with the Syrian regime. However, as long as externally enforced regime change in Syria was still not off the table, the regime felt threatened by the international tribunal and saw Lebanon under a government perceived as pro-Western as a potential gateway to U.S. plans for reordering the region. Since the Bush administration showed no interest in lifting its sanctions and engaging with Syria, and as Europeans kept sending contradictory signals as to isolation versus engagement, Europeans failed to foster a constructive Syrian attitude.

Also, even though the Bush administration in the end invited Syria to attend the Annapolis meeting in November 2007, Europeans failed to convince the United States to seriously pursue the Israeli–Syrian track of the peace process. It is difficult to judge if they would have had a chance to do so, but definitely their halfhearted stance on engagement and their own reluctance to facilitate such talks (given the lack of Israeli interest) did not help. They thus missed a chance to press effectively for comprehensive peace in the region. In addition, while the combined isolationist approach to Syria of the Americans, Europeans, and major Arab states indeed increased pressure on the regime, the latter did not demonstrate more constructive behavior, seeing no chance under the Bush and Chirac governments to bring about different U.S. and European policies. Instead, it rather successfully diversified its political and economic relations and, in particular, strengthened its alliance with Iran. Thus, isolation in the end deprived Europeans of influence and pushed Syria closer to the regime in Tehran.

A significant improvement in Syrian–European relations in the summer of 2008 was only achieved after a series of changes in the regional and international environment. First, the French approach toward Syria changed after Nicholas Sarkozy assumed the presidency in May 2007. Former president Chirac, who was a personal friend of the slain Lebanese prime minister, had been one of the main proponents of an isolationist approach toward Syria. After Sarkozy became president, he quickly sent high-level emissaries to Syria demanding a more constructive role in solving the Lebanese crisis. Second, the Bush administration gave up on any “Operation Syrian Freedom” and slowly and selectively re-engaged with Syria over the course of 2007 (in the context of the Annapolis meeting, the Iraq neighboring states process, and a visit of the assistant secretary of state for population, refugees, and migration, Ellen Sauerbrey, to Damascus), even while continuing sanctions and negative rhetoric toward Syria. In the same vein, the United States has gradually reduced (but so far not completely abandoned) its pressure on Europeans to keep up an isolationist approach toward Syria. Third, Syrian signals in May 2008 were perceived as positive, such as the behind-the-scenes facilitation of the Doha Agreement between opposing Lebanese camps and the announcement that Syria was seriously interested in peace and that indirect Israeli–Syrian peace talks mediated by Turkey were taking place. Facilitating the Doha Agreement not only helped to overcome the institutional crisis in Lebanon, it also removed for Syria the perceived threat from a government considered anti-Syrian by paving the way for the election of Michael Suleiman as president and granting the opposition a “blocking third” in the national unity government to be established, ensuring that it could not be overruled in important issues. Fourth, President Sarkozy’s strong interest in making the mid-July 2008 Mediterranean summit in Paris a diplomatic success by securing the presence of all heads of state and governments of Mediterranean partner countries led him to court the Syrian president. He not only invited him to participate in the summit, but

also in the Bastille Day festivities afterwards, a special honor granted selectively and so an important symbolic step toward re-establishing cordial relations between the two countries. In turn, Sarkozy won a major success by securing a (renewed) Syrian promise to establish Syrian–Lebanese diplomatic relations, open embassies, and delineate the border. These intentions were endorsed at an August 2008 Syrian–Lebanese summit meeting. Thus, one of the main obstacles for ratifying the Association Agreement with Syria and re-establishing normal European–Syrian ties was removed.

## Recommendations

**Stabilization:** It is in the interest of Europeans, the United States, and the region to stabilize rather than to destabilize Syria, a country that is geographically sandwiched between several conflict zones (Arab–Israeli, Iraq, Iran), that suffers from the repercussions of these conflicts (above all, through the massive influx of refugees), and whose stability is vital to preventing a regional flare-up. Europeans should continue to support measures that aim at long-term stabilization, at socioeconomic development, and at preparing a “soft landing” for the Syrian regime. However, such measures can only be efficient if Syria is fully engaged rather than left between isolation and engagement.

**Association Agreement:** For Europeans, this would mean conducting relations with Syria like with other Mediterranean partners on the basis of an Association Agreement to be complemented by an ENP Action Plan. Europeans should aim at an early start of ratification of the Association Agreement. Apart from being a highly relevant signal for reducing Syria’s isolation, implementation of the agreement would probably trigger increased foreign investment. It would also give Europeans a better position from which to pressure Syria to accelerate administrative and economic reform. In this, Europeans can also be helpful in devising and applying urgently needed targeted social policies to alleviate the effects of structural adjustments, effectively fight poverty, and fend off social unrest.

**Support for reform:** Economic and administrative reform is unlikely to see tangible progress without accompanying steps toward realizing the rule of law, greater accountability, and a less authoritarian climate that currently stifles creativity, entrepreneurship, and networking. Once the Association Agreement is enacted, Europeans should use the political dialogue to push for a gradual opening up, political reforms, and human rights guarantees, while at the same time taking advantage of opportunities to engage carefully in capacity building among civil society organizations and to support reformers in the administration.

**Destabilizing factors:** Deducing from European–Mediterranean cooperation and reform experience in other Mediterranean countries, it is highly unlikely that the EU would push reforms beyond the narrow frame allotted by the

regime. At the same time, a soft landing might not be possible, if major potentially destabilizing factors remain unaddressed. Trusting relations with the EU might help the Syrian regime to accept support in some sensitive areas in which it definitely needs to strengthen its legitimacy and brace itself to fend off the spillover effects of the ethno-confessionalist conflicts in Iraq and Lebanon. One concern is the situation of the Syrian Kurds. Europeans should urge the Syrian government to take measures aimed at providing a convincing perspective as citizens to Kurds within Syria—particularly for those several hundred thousand Kurds still without citizenship—rather than just repressing Kurdish expressions of nationalism and autonomy. Another concern is the presence of some one million Iraqi refugees in Syria. Syrian authorities and UN agencies urgently need more financial support to meet the basic needs of refugees in the country. Europeans should get far more involved to avoid the prospect of a whole generation of young Iraqis growing up without adequate homes or education. Europeans should also impress much more strongly on the Iraqi government that it needs to assume responsibility in caring for its refugee population so long as it cannot provide for safe and decent living conditions in Iraq. Other refugees need treatment and refuge outside the region. It is urgent that Europeans take in a substantial share of these refugees.

**Syrian–Lebanese relations:** Europeans should stop viewing Syria mainly through the prism of Lebanon. However, the ratification process of the Association Agreement should not be completely detached from Syrian regional policies. With the 2008 Doha Agreement, the August 2008 Syrian–Lebanese summit, and the October 2008 establishment of diplomatic relations between the two countries, some major political obstacles to ratification have been removed. Nevertheless, before undertaking a full-fledged rapprochement with Syria, Europeans should make sure that declarations of intent with regard to Syrian–Lebanese relations are followed up by significant and credible practical steps toward exchanging ambassadors, demarcating the border, and effectively preventing arms smuggling. A common EU position should be endorsed by the European Council and transmitted by the High Representative for Common Foreign and Security Policy or the EU Presidency to the Syrian leadership. A letter to Syrian Minister of Foreign Affairs Walid al-Muallem by the foreign ministers of Germany, Spain, and Italy that linked improved EU–Syria relations and the signing of the Association Agreement to the normalization of Syrian–Lebanese relations sketched out such a position.<sup>4</sup>

**Middle East peace process:** Syria is an indispensable partner in the Middle East peace process as well as (via proxies) a potential spoiler in efforts to stabilize Lebanon, the Palestinian territories, and Iraq, should Syria see its legitimate interests disregarded or its regime threatened. Indeed, progress in Israeli–Syrian relations and an Israeli–Syrian peace agreement could be a turning point for the region: it would open the door for Israeli–Lebanese negotiations, loosen (but



not undo) the Syrian–Iranian alliance, and drastically reduce Syrian interest in using Hizbollah, Hamas, Islamic Jihad, and other groups as proxies in its battle with Israel. This would allow progress in Lebanese domestic politics and calm Israeli–Palestinian relations.

Europeans should therefore support a move from the indirect, Turkish-mediated Israeli–Syrian talks to direct U.S.-sponsored negotiations. Direct U.S. engagement would be needed not only to offer convincing security guarantees to both sides, but also to ensure that an Israeli–Syrian deal does not include any understanding that reinstates some sort of Syrian control over Lebanon. Europeans should offer to support or complement Turkish-mediated talks. Europeans should also convince their American counterparts not to set unrealistic prior conditions before engaging in such talks; for example, that Syria sever its alliance with Iran or Palestinian and Lebanese parties or militias. At the same time, Europeans should clearly discourage pre-emptive strikes and other violent means of settling conflict (such as the Israeli raid on a target in eastern Syria in September 2007 considered a nuclear complex under construction), and instead stress the importance of international law and control mechanisms, e.g., in the framework of the International Atomic Energy Agency. Finally, Europeans should be thinking about their contribution (financial and military) to shoring up a peace settlement.

## European Policies Toward the Palestinian Territories

Since the beginning of the Oslo peace process, concrete support for a two-state solution has been *the* priority aim of EU policies in the region. Europeans have sought to work for its realization mainly along two lines: first, by supporting (and at times trying to push forward) the U.S.-led negotiation process, and second, by supporting the building up of the economy and the institutions of a democratic and viable Palestinian state. To date, the EU and its member states have been the biggest donors to the Palestinians. However, success has not been forthcoming. During the period 1995–1999, in which, according to the Oslo Agreements, a Palestinian state should have come into being and the Palestinian–Israeli conflict been resolved, the Palestinian territories hardly moved closer to independence and witnessed a reinforced Israeli settlement-building effort that fragmented the land. Also, the political system that was established centered strongly around Yasser Arafat and was plagued by nepotism and patronage, misuse of funds, and human rights violations. In July 2000, U.S.-mediated final-status talks in Camp David failed.

Subsequent developments forced Europeans to repeatedly adjust their short-term objectives and funding priorities: the outbreak of the Second Intifada in late September 2000, unilateral Israeli withdrawal from the Gaza Strip and from isolated West Bank settlements in the summer of 2005, Hamas' January 2006 election victory, the kidnapping of Israeli soldier Gilad Shalit and the ensuing Israeli military offensive in the Gaza Strip in the summer of 2006,

and finally, the violent Hamas takeover of Gaza in mid-June 2007. Since the outbreak of the Second Intifada, the EU has shifted its focus of support from institution building and development to budget support and emergency aid intended to prevent the Palestinian Authority (PA) from collapsing and to alleviate the rapid deterioration of the social and economic situation in the Palestinian territories.

At the same time, Europeans have assumed a more active role in conflict management and conflict resolution. For example, Europeans tried to find ways of getting the parties back to the negotiating table by devising precursors of what was to become the Quartet-sponsored road map adopted in spring 2003. They then tried to turn unilateral Israeli steps, such as the withdrawal from the Gaza Strip and from four isolated West Bank settlements in mid-2005, into progress toward a two-state settlement by getting involved in its preparations and by partially staffing the team of the Quartet's Special Envoy for Disengagement, John Wolfensohn, which pushed Israel to coordinate this move with the Palestinians and drew up the November 2005 Agreement on Movement and Access (ultimately brokered by the U.S. secretary of state). After Israeli withdrawal from the Gaza Strip, Europeans deployed a European Security and Defense Policy (ESDP) mission to monitor the Rafah border crossing between Egypt and the Strip. After the 2006 war, they pushed for renewed U.S. engagement in final-status talks and solicited Arab backing for a renewal of the peace process and a reaffirmation of the Arab peace initiative.

A two-state solution with a viable, democratic, and peaceful Palestinian state living side by side with Israel has remained the long-term objective of European policies. To these ends, European policies have *first* diplomatically supported the U.S.-led peace process that was reinvigorated in Annapolis in November 2007. At the same time, Europeans have felt that a renewed peace process would not succeed if it did not have a tangible and positive impact on the daily lives of the Palestinians. This is why they have *secondly* complemented the Annapolis process by massively increasing their financial support and taking concrete measures to improve living conditions in the Palestinian territories. *Third*, they have continued the state and institution building effort. In this, a priority has been to build up effective security services as well as a judicial system and penal institutions. The EU has deployed an ESDP mission to support the Palestinian civil police and enable them to realize Palestinian road map commitments in terms of establishing and keeping up order and the rule of law.

By the end of George W. Bush's term in office, the Annapolis process had not resulted in success. Neither a final-status deal nor principles for such a deal were agreed upon by Israel and the Palestinians. A political horizon thus has not become visible. To the contrary, settlement building in the West Bank, perceived by Palestinians as the concrete manifestation of an Israeli will never

to leave the occupied territories, has even accelerated. Also, living conditions in the Palestinian territories have not improved tangibly. While West Bankers have witnessed a slight improvement in socioeconomic conditions, the situation in the Gaza Strip has become ever more dire—entailing massive de-development and leaving the Strip’s inhabitants dependent on international aid shipments and high-priced smuggled goods. The U.S.-led and EU-supported “West Bank first” approach has fostered rather than bridged the stark political polarization between Fatah and Hamas. As two adverse, authoritarian systems have been consolidating control in the West Bank and the Gaza Strip, respectively, Arab attempts at mediating a renewed power-sharing agreement between factions failed (once more) in late 2008. As a consequence, a two-state solution has become ever more elusive.

In such an environment, European efforts at conflict management and state building have had little chance to succeed. The Rafah border mission has been dormant since June 2007. EU involvement in the field of security sector reform has concentrated on training and equipping the civil police in the West Bank, but has not brought the force closer to being a legitimate, nonpartisan, democratically controlled body.

### **EU–Palestinian Trade and Aid Relations**

EU–Palestinian relations are conducted in the framework of the 1997 Interim Association Agreement on Trade and Cooperation signed with the PLO (on behalf of the Palestinian Authority) and the 2005 ENP Action Plan. EU–Palestinian trade relations are complicated by the fact that the Palestinian economy is highly dependent on Israel, the PA has limited sovereignty in the fields of trade and currency under the 1994 Israeli–Palestinian Paris Protocol, and Israel controls all official commercial entry and exit points to the Palestinian territories.

According to official ODA figures, the EU and its member states are the biggest donors to the Palestinians. In 2000–2007, the European Commission (EC) made available €2.4 billion to the Palestinians. Over the last few years, a sharp increase in aid was registered: While in the period 2000–2004 the average annual EC support amounted to €245 million, it was increased to €280 million in 2005, to €340 million in 2006, and to €550 million in 2007. On top of that, bilateral contributions of EU member states have also increased considerably (a total of €315 million in 2005, €385 million in 2006, and €405 million in 2007). For 2008, the EC committed €486 million. In addition, as the PA found itself in extreme financial difficulties, the EU repeatedly provided extra funds to help the PA meet its recurrent expenditures and ensure the continued delivery of public services as well as emergency aid.

At a December 2007 donor conference in Paris, representatives of 87 states and organizations pledged financial support to the PA, based on the Palestinian Reform and Development Plan for 2008–2010 (PRDP). Donors pledged a reported U.S. \$7.7 billion of assistance to support the implementation of the PRDP. While these pledges signaled collective international support for the peace process and the West Bank government of Salam Fayyad, the actual transfer of funds has been delayed in many cases, causing cash flow problems for the PA.

### **Supporting the Annapolis Process**

The EU expressed its full support for the United States–facilitated Annapolis process, which saw President Bush initiate negotiations on a final-status agreement between Israelis and Palestinians. His aim was to reach a peace agreement by the end of 2008 and realize his “vision of two states living peacefully side by side.” Indeed, Europeans had strongly pushed for renewal of final-status negotiations after the 2006 war, had diplomatically prepared them with Arab states, and have sought to take complementary measures to shore them up, even though the United States did not foresee any significant role for the Quartet and the EU in the process.

Undeniably, restarting a negotiation process after seven years of strife and steps toward unilateral disengagement was a significant achievement in itself. However, to date, deliberations on the so-called core issues (Jerusalem, settlements, refugees) have not made significant progress and the gaps between the parties remain wide. The year 2008 did not witness even a substantive framework agreement detailing the outline of a two-state settlement. This had to do with the political weakness of leaders on both sides: Israeli Prime Minister Ehud Olmert was consumed by a battle for his political survival in the aftermath of the Lebanon war and a series of corruption scandals. In September 2008, Minister of Foreign Affairs Tzipi Livni was designated as prime minister but failed to build a government. Elections are now scheduled to take place in February 2009. Mahmoud Abbas and the Fayyad government faced strong and at times violent competition from the Hamas government in Gaza. But the political stalemate also had to do with the approach chosen by the Bush administration: while the United States facilitated peace talks between the two sides, it did not give top priority to the effort and did not try to actively mediate and overcome the gaps between the parties.

In addition to final-status negotiations, both sides also committed themselves in Annapolis to live up to their obligations under an adjusted version of the 2003 road map for peace. In late January 2008 the Bush administration appointed Lt. Gen. William M. Fraser III to monitor compliance. So far, however, little progress has been registered: security cooperation has resumed between Israel and Ramallah, and the PA has successfully focused on training and re-equipping its security forces and on gradually restoring law and order in selected West Bank cities. Yet other “phase one” commitments have not seen any tangible advance. Neither have significant steps been taken to normalize Palestinian life and improve living conditions by easing restrictions on movement, nor have settlement outposts been systematically dismantled, nor has building in settlements stopped effectively. On the contrary, settlement building has increased since Annapolis. Also, Palestinian institutions in East Jerusalem have not been reopened. Confidence in the seriousness of the process thus has not been restored among the people on both sides. While the United States has partially criticized noncompliance, e.g., in the case of settlement

building, this has not had any substantial consequences—in the end, making U.S. monitoring next to irrelevant.

Worse, the Annapolis process did not offer any constructive way of overcoming the Palestinian political–territorial split that followed Hamas’ June 2007 Gaza takeover, but rather reinforced it, gravely undermining chances for a two-state settlement. In fact, Annapolis actively built on the “West Bank first” approach adopted by the international community in reaction to Hamas’ violent assumption of power in the Gaza Strip. This approach has combined two main elements: first, measures aimed at strengthening the Palestinian president and the Fayyad government in the West Bank (through diplomatic, financial, economic, and security support as well as peace negotiations); and second, diplomatic and financial isolation of Hamas and a far-reaching Israeli embargo on the Gaza Strip, allowing only basic humanitarian goods into the coastal territory. This combination was supposed to lead to flourishing landscapes in the West Bank and provide Palestinians with what the U.S. secretary of state Condoleezza Rice liked to call “a political horizon.” It should thus have convinced Palestinians that Fatah was by far the better choice and make them vote out of office, or overthrow, Hamas. Ultimately, this approach, underlined by Israeli and U.S. threats to suspend the peace process should the Palestinian factions reunite, has blocked progress as far as a new power-sharing agreement between Palestinian factions. It seems that Iran has also increasingly impressed on Hamas leaders not to make concessions or allow for renewed power sharing.

The Annapolis process has also not had the intended result of propping up Abbas, because Israel and the international community have not done enough to enhance the standing of those considered moderate Palestinians. As negotiations have been secret, no political horizon has become visible to ordinary Palestinians. Ongoing Israeli military operations—including in cities nominally returned to PA security control—have further undermined the credibility of the Palestinian leadership and its security forces. And while the PA in Ramallah—mainly due to European financial aid and the gradual transfer of withheld Palestinian customs and Value Added Tax funds by Israel—was able to pay salaries to its employees again, and quick impact projects have injected some money into the West Bank economy, no sustained economic upward trend has been achieved.

Also, because the “West Bank first” approach was aimed at undoing Hamas’ hold on power in Gaza, it did not provide the movement with incentives for a constructive attitude but rather encouraged it to spoil the process. After the 2006 elections, the international community had adopted the so-called “Quartet criteria” that conditioned diplomatic contacts and cooperation with the Hamas-led government on Hamas’ renouncing the use of violence, recognizing Israel’s right to exist, and accepting all previous agreements. In this, Europeans adopted a maximalist interpretation of what the designation of

Hamas as a terrorist organization was to mean: while they were legally not in a position to cooperate with Hamas financially and politically, the policy of no contacts would not have been a must. Actually, under U.S. pressure, all Quartet members with the exception of Russia adopted the isolationist approach. Meanwhile, in their November 2006 Council Conclusions, Europeans indicated that they would be willing to reconsider their policy of no contacts with Hamas in case the movement reconsidered its stances. They urged the Palestinians to work for national unity and to form a government with a platform reflecting Quartet principles and allowing for early engagement. Such a government of national unity, they declared, could also be a partner for the international community in re-launching the peace process.

The February 2007 Mecca Agreement between Hamas and Fatah to end hostilities and to cooperate and the subsequent formation of the National Unity Government demonstrated pragmatism on Hamas' part and came very close to fulfilling the Quartet conditions. However, Hamas did not comply explicitly with the Quartet demands. Consequently, while Europeans welcomed the coalition government, they did not lift their diplomatic boycott of Hamas representatives nor resume financial cooperation with the PA. As a result, they missed a chance for rapprochement and stabilization and helped push Hamas further into the arms of Iran. In fact, some non-EU Europeans (Switzerland and Norway) talked with Hamas and Fatah representatives of the new government, while the United States and EU-Europe spoke only to its non-Hamas representatives. The EU also continued its financial boycott of the PA.

At the same time the United States devised a plan—explicitly supported by some Europeans, implicitly by almost all the others—to bolster Fatah forces and the Palestinian Presidential Guard, hoping that this would enable Fatah to confront and defeat Hamas militarily. In spring 2007, the United States began to supply Fatah directly with money, training, and military supplies, figuring this would bring the party back into power through either early elections or military action. In so doing, the United States not only condoned violent confrontations between Palestinian groups, but fueled them. The ultimate objective was not, as claimed, to encourage Hamas to change its behavior, but rather to force it out of politics. In this way, the United States and the Europeans deliberately undermined the power-sharing arrangement between the two parties. As new Fatah militias were formed and trained, Hamas saw itself under increasing pressure. When Israel consented to the delivery of heavy weapons to Fatah units in the Gaza Strip in June 2007, Hamas sought to eliminate the growing danger through a pre-emptive strike and in a few days of bloody fighting assumed control of the Strip.

Ultimately, European support for the “West Bank first” approach has not only sought to isolate Hamas but also has backed the Israeli embargo on the Gaza Strip (which Israel designated as “enemy territory” in September 2007),

and put its population under massive pressure to change its political preferences by imposing measures of collective punishment. Such policies not only run strongly against stated European norms, they have also been in stark contrast to European aims of state and institution building, and they have cost European taxpayers immensely, as ever more funds have been needed to alleviate the humanitarian consequences of the embargo.

Actually, while Israel had led the international community in blocking any rapprochement between Hamas and Fatah, in mid-2008, its leadership realized that if it wanted to stop rocket attacks emanating from the Gaza Strip, it had to either engage in a major military campaign or accept Hamas' de facto control over the territory. It chose the second option and consequently, in June 2008, Israel and Hamas agreed on an Egyptian-mediated temporary truce for the Gaza Strip. Until mid-December 2008, this truce was largely adhered to but remained fragile because an exchange deal for kidnapped Israeli soldier Gilad Shalit was not reached, Israeli military operations in the West Bank against Hamas institutions and representatives continued, weapons smuggling through tunnels went on, and the border crossings remained largely closed. It thus did not come as a surprise that the conflict erupted into war once more in late December 2008 with Israel waging a major military campaign aimed at "dealing Hamas a decisive blow." While both sides unilaterally declared calm after three weeks of heavy fighting and Israel agreed with the outgoing U.S. secretary of state on measures to block the flow of weapons to Hamas, the calm has remained fragile as no agreement was reached about how to reconcile the security interests of both sides and how to allow for reconstruction and economic development in the Gaza Strip.

### **Complementing the Annapolis Process and Improving Living Conditions in the Palestinian Territories**

In the end, the EU has been largely content to play a supporting role to the Annapolis process, rather than trying to move negotiations forward. It has concentrated on propping up Palestinian institutions, providing humanitarian aid, and focusing on the implementation of quick-impact projects to inject money into the West Bank. To these ends, the EU adopted a Middle East Plan of Action in October 2007 that—in the West Bank only—aimed at

1. reducing Palestinian dependence on donor aid by strengthening the Palestinian private sector, e.g., through targeted promotion of small- and medium-sized companies and the establishment of special economic zones
2. providing the Palestinian population with protection from crime and gangs and safeguarding Israel from suicide bombers and terrorist threats by greater aid for training and equipping the police and for establishing a strong judicial system

3. contributing to a well-educated and well-trained Palestinian population by improving public schools and giving financial assistance to students and universities
4. making Palestinian “state” institutions functioning and transparent by stepping up the reform of the system of governance, including the development of democratic parties.

The transfer of support to the Palestinians proved tricky though, because the EU and its member states had put on hold direct financial and technical assistance to the PA after the formation of the Hamas-led government in March 2006. However, to preserve PA institutions, to bolster Palestinian President Mahmoud Abbas, and to prevent a massive deterioration in living conditions, the EU had continued its financial assistance to the Palestinian people through a newly devised instrument, the “Temporary International Mechanism” (TIM). TIM channeled salaries directly to the PA’s non-Hamas staff and provided for basic services as well as social support and humanitarian aid, while bypassing the government. It also provided funds for technical support and capacity building to the office of the president. TIM was replaced in February 2008 by a new European mechanism of support to the Palestinians, named PEGASE. The new mechanism was meant to signal the European intention to shift its aid from a focus on emergency assistance to a sustainable Palestinian development process. It also signaled a shift back to more direct support for the Ramallah government. PEGASE has supported not only recurrent costs of the Palestinian Authority (mainly salaries and pensions, aid to vulnerable families, and fuel), but also development projects in the four sectors of the Palestinian Reform and Development Plan (governance, social development, economic reform and private sector, and public infrastructure).

In fact, since 2006 the EU and its member states have increased their aid to the Palestinians massively (see figures in the box above), well aware of the rapid deterioration in economic growth and living conditions; this has been exacerbated by the closure of many of Hamas’ welfare organizations in the West Bank. The share of emergency aid and support for the PA’s operating costs has grown faster than funds earmarked for development projects and institution building. For example, of the funds committed for 2008 by the European Commission, more than half (€258 million) were earmarked for recurrent expenditures (mainly salaries), €66 million for food and humanitarian aid, €76 million for UNRWA, €13 million for the reconstruction of Nahr al-bared camp in Lebanon, €5 million for civil society activities, €15 million for EUPOL COPPS and EUBAM Rafah and only €53 million for development projects.

The EU has claimed that it has helped to prevent a humanitarian catastrophe in the Palestinian territories. This is quite ironic, however, as Western and Israeli isolation and embargo policies have been the main cause of the drastic social and economic deterioration in the Gaza Strip in the first place. The



Gaza economy has been particularly hard hit by the restriction of export and import opportunities, brought about by the next-to-complete closure imposed since June 2007: crossings into the Strip have been sealed to all but a very limited amount of basic humanitarian goods. Today, a blatant process of de-development is taking place in the Gaza Strip: According to business associations in Gaza, the restrictions have led to the suspension of more than 95 percent of Gaza's industrial operations. Also, the export-oriented agricultural sector has suffered enormously. The bulk of construction and development projects have had to be halted due to lack of material. Private sector activities as well as donor projects have also suffered from the reduction of fuel imports.

At the same time, European and international help has been unable to reverse the deterioration of living conditions in the Palestinian territories, particularly in the Gaza Strip. The World Bank estimates real GDP growth in 2007 to have been zero percent, which, in the face of a rapidly growing population, translated into a further reduction in per capita income. In mid-2008, per capita income was estimated to be some 40 percent less than before the Second Intifada. Official unemployment stood at 23 percent in the Palestinian territories and 33 percent in the Gaza Strip. Also, the percentage of Gazans who live in absolute poverty has remained at high levels: 35 percent of households. If remittances and food aid were excluded and only household income considered, two-thirds of Gazan households would qualify as poor.

International financial institutions have repeatedly pointed out that it is misleading to suggest that it would be possible to shift from emergency assistance to sustainable development or at least a tangible economic upturn as long as the current closure regime persists, however generous donations might be. It is also misleading to believe that any sizable, long-term private investment could be attracted to the Palestinian territories, as the trade and investment conferences in Bethlehem and London in May and December 2008 attempted to do, so long as the political situation does not improve, Israeli incursions continue, and the dangers of a Hamas takeover in the West Bank or a return to Intifada-like violence between Israel and the Palestinians loom. In the end, an improvement in living conditions and sustainable economic development depends first and foremost on the environment—above all, the end of the embargo on the Gaza Strip and a tangible improvement in the movement of people and goods into, within, between, and out of the Palestinian territories. They also depend on reestablishing the rule of law as well as tangible progress in Israeli–Palestinian relations.

### **Building Democratic and Efficient Governing Institutions and Security Services**

Europeans have stressed that their main aim remains to support the buildup of the institutions of a future democratic, independent, and viable Palestinian state. Such statements, however, ring hollow in the face of European policies

since the 2006 Hamas election victory. European support for democratic elections and its election monitoring missions have been discredited in the eyes of the local population and the wider Arab world by the European stance toward the Hamas-led government. As the European monitoring mission statement stressed, the Palestinian elections were—to the extent possible under conditions of continued occupation—largely free and fair and very well organized. They were also competitive. The elections thus could have actually served as a model for the Arab world. So it was an extremely dubious signal, both to authoritarian Arab regimes and to the Arab street, that the election results were given merely pro forma recognition, while de facto legitimacy was denied to the majority faction and far-reaching conditions for continued contacts and cooperation were imposed on the Hamas-led government.

Also, the EU watched silently as institutional reform aimed at increasing transparency, accountability, and good governance—introduced by the PA in 2002–2004 under pressure from local reform forces and conditions imposed by the EU for direct budget support to the PA—was reversed after the 2006 elections to re-establish the superiority of the office of the president (Fatah's Mahmoud Abbas) over that of the prime minister (Hamas' Ismail Haniyeh). The focus of EU policies after the start of the Second Intifada had been to curtail the powers of the president (then Yasser Arafat, who was considered to have become a liability for the peace process) by, among other things, introducing the office of an empowered prime minister, establishing financial transparency and streamlining all revenues to a single account overseen by the ministry of finance as well as parliamentary oversight of the budget, and unifying the bulk of the security services under the control of the ministry of interior. In contrast, after the establishment of a Hamas-led government in March 2006, the EU (in close cooperation with the United States) pursued a policy that sought to strengthen President Abbas, who was considered the international community's only legitimate counterpart, through direct cooperation and technical and financial aid. The EU also implicitly supported the rollback of previous reforms, such as those carried out when the Second Intifada began, noted above. Then, after the violent Hamas takeover of Gaza, the proclamation of a state of emergency by president Abbas, the dissolution of the National Unity Government, and the establishment by decree of an interim or caretaker government under Prime Minister Salam Fayyad, Europeans immediately accepted the Fayyad cabinet as a legitimate Palestinian government—even though it did not subsequently win parliamentary approval, as required by the Palestinian Basic Law. In the end, European policies aimed at supporting Abbas have undermined the rule of law, contributed to a further devaluation of democratic processes, and increased the rift between the two Palestinian adversaries. Today, two parallel, illegitimate governments rule in the West Bank and in the Gaza Strip, both trying to assert and strengthen their hold on power in an authoritarian fashion.

Following up on the 2003 road map, the international community has concentrated its efforts increasingly on the security sector. Their intention has been to enable the Palestinians to live up to their road map commitments to re-establish law and order and effectively fight terrorism. They reckoned that capacities in the security sector—largely destroyed by Israeli reprisal operations at the beginning of the Second Intifada—had to be rebuilt and existing forces had to be trained and equipped. In a division of labor, the United States has trained the gendarmerie-like National Security Forces as well as the Presidential Guard, while Europeans have focused on the civil police and the criminal justice sector. In November 2005 the EU Council established a small ESDP mission designed to build on the work of the European Coordination Office for Palestinian Police Support (EUPOL COPPS). While the mission should have started operating in early 2006, when it set up its office in Ramallah, it was largely paralyzed during the periods of the Hamas-led government and then the national unity government (March 2006–June 2007). It started to operate in the West Bank only after the political split in the PA—police forces in the Gaza Strip loyal to the Ramallah government have (like other PA employees) continued to receive paychecks, if only irregularly and under the condition that they not show up for work. Since then, the mission has provided training, equipment, advice, and mentoring to the civil police in immediate operational priorities as well as longer-term transformational change. It has also coordinated and facilitated financial assistance, whether from EU countries or other international donors, to the civil police.

The German government conducted a major donor conference on this subject in Berlin in June 2008. Participants underlined the importance of an encompassing, coordinated, and concerted approach to reform of the Palestinian security sector and welcomed the division of labor between the EU and the United States. In mid-2008, the EU Council also expanded EUPOL COPPS's mandate to cover the field of criminal justice. Efforts have since also been exerted to improve law enforcement infrastructure (e.g., prisons, court houses, and police stations), and focus on penal reform. After an initial mandate covering the period 2006–2008, an assessment report is due in early 2009. The mission has been prolonged for two years through 2010.

Meanwhile, hundreds of security forces have been trained and equipped by the EU and the United States with Jordanian and Egyptian support and have been gradually dispatched to West Bank cities. This deployment has largely ended the security chaos and the presence of armed gangs and made Palestinian citizens considerably more secure. However, the legitimacy of these efforts has been undermined by two factors: first, the widespread impression among Palestinians that these efforts are being made mainly to serve Fatah in the political power struggle. Indeed, they have gone hand in hand with large-scale arrests of Hamas members and the closure of Hamas-linked organizations and welfare institutions. And they take place in close cooperation with

Israel. Consequently, they are perceived to serve the occupation rather than Palestinians—a perception reinforced by continued Israeli military operations in the same cities. Second, the efforts have also been undermined by soaring allegations of arbitrary arrest, secret detention facilities, and torture by the PA's notorious Preventive Security and General Intelligence.

At the same time, in the Gaza Strip, the security chaos that reigned in the years preceding the Hamas takeover also was brought under control and a completely new security sector established, according to media reports, with fewer personnel than the bloated security apparatus of the PA, with clear competencies and hierarchies as well as with motivated and disciplined staff. The cease-fire with Israel brought additional security for Gaza citizens from June 2008 until Israel's offensive in Gaza in December. But again, the price for more security was a rise in political detentions, revenge attacks on Fatah members and its supporters as well as assaults on journalists, and the restriction of freedom of speech and assembly.

So far, comprehensive reform of the security sector has not taken place—and has not even been sought by U.S. and EU initiatives. Security bodies have remained politicized, international efforts have only targeted the West Bank system, and some services on which the Ramallah government relies, such as the Preventive Security and General Intelligence, have been excluded from reform efforts and demands for accountability. Also, EUPOL COPPS, due to its limited mandate, has done little to address the most prominent problems in the Palestinian security apparatus—politicization, human rights abuses, overlap between official structures and militias, security forces' involvement in criminal activities, and lack of control and accountability—and thus has stopped short of significant reform.

The reform that has been achieved has been geared largely toward road map commitments rather than following Organization for Economic Cooperation and Development (OECD) guidelines for security sector reform, which stress the priority of security for citizens, the establishment of oversight mechanisms, and local leadership and ownership in the reform process. In the Palestinian case, the reform process has been largely controlled externally. Hence, while security personnel have in general welcomed training, funding and equipment, their lack of ownership of the reform process has become apparent. Also, while courses on human rights have been incorporated into training programs, progress toward the rule of law, which should be part and parcel of security sector reform, has not been achieved. Fact of the matter is, it could not have been achieved against the backdrop of consolidation efforts by the authoritarian governments in Gaza and the West Bank, a defunct Palestinian parliament, and ongoing Israeli occupation. In addition, while Israel has stressed its interest in renewed security coordination and improvement of Palestinian capacities, it has been reluctant to leave the field to the newly deployed Palestinian forces

and has continued to operate in the same areas. It has also been reluctant to allow essential equipment to be delivered to Palestinian security forces.

The hope that the police will over the next two years evolve into an efficient, democratically controlled body is next to absurd in the current political scene. More sustainable reform would have to give higher priority to Palestinian security needs and start with the development of a Palestinian policy of national security. It can only be effective in an environment that allows for a return to the “normal” institutional processes and thus clear competencies, effective management, and democratic oversight institutions.

Europeans have tried to contribute as well in another area of conflict management and state building. After Israeli withdrawal from the Gaza Strip, Israel and the Palestinian Authority concluded in November 2005 an “Agreement on Movement and Access” (AMA). The EU Council welcomed the accord and agreed that the EU should undertake the third-party role proposed in the agreement and the Agreed Principles for Rafah Crossing annexed to it. The EU therefore decided to launch the EU Border Assistance Mission at the Rafah Crossing Point (EUBAM Rafah). The aim of the mission was to provide a third-party presence at the crossing between Gaza and Egypt to ensure the opening of the only gateway to the outside world for the 1.4 million inhabitants of the Gaza Strip, except for the very few that are allowed to cross into or via Israel. The task of EUBAM Rafah has been to actively monitor, verify, and evaluate the performance of the PA in carrying out the Agreed Principles and ensuring that the PA complies with all applicable rules and regulations. The mission provided a monitoring team at the crossing and headed a liaison office at Kerem Shalom to coordinate between PA and Israeli representatives. It also provided training and equipment to the PA border team on border management and customs procedures.

The operational phase of the mission began directly after it was agreed upon in November 2005. Its deployment was a major success insofar as Israel relinquished direct control of the crossing and the border strip and allowed the PA to handle it under European monitoring. At the same time, Israel maintained an indirect presence through electronic screens connected to an Israeli control center and reserved its right to withdraw agreement to the arrangement and to order the crossing point shut. For the first seven months the mission did contribute to a regular opening of the crossing point, but after the kidnapping of Israeli soldier Gilad Shalit in June 2006 and Israeli reprisal operations, the crossing was closed for normal operations and opened only for exceptions. EU representatives went to some lengths to mediate the resumption of normal operations. They succeeded, however, only in ensuring occasional openings for humanitarian purposes, pilgrimage, and the like.

After the Hamas takeover of Gaza and the ensuing embargo imposed on the Strip, the crossing was completely shut down. Since then, it has been

reopened only a few times—once violently in a dramatic breakout engineered by Hamas in January 2008. As a result, in June 2007, the EU border mission was temporarily suspended and has since been on standby. It has been downsized, but it maintains its operational capability, and the EU has expressed readiness to resume its activities on short notice when circumstances permit, should the parties agree.

While EUBAM Rafah has contributed to PA border management capacities through training, equipping, and monitoring, ultimately it has failed in its main aim of ensuring the regular opening of the border crossing. The main reason, of course, is that regular opening depends on the agreement of the three sides concerned (the PA, Israel, and Egypt) as well as on an understanding between the two Palestinian governments. While Hamas allowed PA personnel to man the crossing before June 2007, afterwards the two governments could no longer agree. In addition, while the EU had been strongly involved in negotiating the terms of the AMA, it was not able (nor did it make a major effort) to realize any of its other provisions, such as facilitating the movement of goods and persons between the Gaza Strip and the West Bank and within the West Bank, the building of the Gaza port, and the prospective reopening of the Gaza airport. In the end, Israeli withdrawal from Gaza has not been turned into a step toward ending the occupation but rather provided the basis for next-to-complete isolation of the Strip and the separation of the two Palestinian territories.

## Recommendations

**Intra-Palestinian reconciliation:** Pinning hope on a military solution, strangulation of the population, or manipulated elections to end Hamas rule in Gaza would increase rather than minimize the incentives for the movement to act as a spoiler. Defeating Hamas by military means is an illusion in light of the consolidation of its control as well as its deep social roots. Policies based on confrontation and attempts to oust the parliamentary majority from the political system have a high probability of resulting in further escalation and radicalization. On no account should the EU support the arming of militias. It is particularly important to bring the United States aboard on this issue. Although it might seem inconceivable right now, only a renewed power-sharing agreement between Fatah and Hamas will provide a basis for legitimate Palestinian leadership. Therefore, if Egypt or other Arab states attempt to mediate another power-sharing (or technical cooperation) arrangement between the Palestinian factions, Europeans should not undermine but rather support it.

A Hamas–Fatah arrangement is not only essential to achieve a comprehensive cease-fire and thus stabilize the security situation, but also to find a solution to the Rafah Crossing and alleviate the tragic humanitarian situation in the Gaza Strip. In addition, only such an arrangement will allow for elections

and so give the Palestinian president the necessary backing to conduct peace negotiations and implement a final-status agreement.

**Rafah border crossing:** Regardless of who controls the Gaza Strip, it is in the interest of Palestinians and the EU (as well as the international community in general) for the population not to remain permanently dependent on international aid shipments. To allow for reconstruction and then for economic and commercial activities to be pursued, however, the border crossings must be permanently and reliably open for people and goods. There is no avoiding either building on a Palestinian consensus or at least for the Palestinians to find a *modus vivendi* to ensure the opening of border crossings and the smooth functioning of border controls. Europeans should entice the Ramallah government to engage in serious talks with their Gaza counterparts to come to an agreement and then press Israel to implement the 2005 Agreement on Movement and Access and to reopen the crossings. Europeans should also stand ready to restart their monitoring role with EUBAM Rafah, even if their counterparts on the Palestinian side are Hamas security forces, as long as such an arrangement is based on a Palestinian understanding. At the same time, an arrangement will have to be found that will guarantee the permanent sealing of tunnels and prevent the establishment of new smuggle routes.

**Governance and institution building:** Europeans have emphasized their support for Palestinian institution building, governance, and the rule of law. The primary objective must be to enable PA institutions to govern effectively. In principle, to improve governance, institutional support should not follow the dictates of political opportunism but rather should be oriented toward transparency, adherence to the rules of democracy, and the strengthening of government structures rather than political figures.

In January 2009 Mahmoud Abbas' term of office ended, at least according to the Basic Law. According to the election law, presidential elections would take place in parallel with parliamentary elections foreseen for January 2010. In any case, only if the election law is not perceived as being tailored to exclude Hamas from political participation and after a minimum of reconciliation between the main factions has taken root, can elections take place in all of the Palestinian territories and will not be seen as a farce. The EU should be careful to not repeat its 2006 mistake but cooperate with a leadership and government that is accepted by all relevant Palestinian factions.

The EU should also push for a speedy end to the state of emergency and the return to a political process based on the Basic Law, clarification of the competences and responsibilities of president and prime minister, and the disarming of all militias or their incorporation into nonpartisan, noncompeting, merit-based, and democratically controlled security forces under the interior ministry.

**Palestinian–Israeli peace process:** The EU should be aware, and should make its partners in the Quartet aware, that the calm reached after the Gaza war is extremely fragile and that continuation of mere conflict management is not in the interest of Israel, the Palestinians, and the international community. Mere conflict management does not lead to lasting stability, consumes more and more resources without creating an economic recovery, and, in the end, drastically reduces the chances of reaching a peaceful settlement. This is so, because it goes hand in hand with an ever-greater fragmentation of West Bank territory (the construction of the separation barrier and the expansion of settlements together with their road networks do not leave any contiguous territory for a Palestinian state) and the danger that Hamas take over the West Bank too or the PA collapse entirely. Indeed, the vision of a two-state solution appears increasingly unrealistic in view of the ever-greater fragmentation of West Bank territory, the split between the West Bank and the Gaza Strip, and the polarization of the Palestinian political scene.

All this makes it high time for the EU to take action and to press for a renewed peace process. In this, strong international guidance will be essential for the two sides to be able to take the difficult steps needed to bridge the divide. This, the EU will not be able to provide on its own. The EU, therefore, should work vigorously to persuade the Obama administration (as well as other Quartet members) that stronger chaperonage of the process is needed by a Quartet that is transformed into an effective steering group, one which coordinates closely with the “Arab Quartet” (Saudi Arabia, Egypt, Jordan, and one of the smaller Gulf states.) Concretely, this would mean preparing a bridging proposal, i.e., a blueprint for a final-status settlement to be presented to the parties once the bilateral talks become, inevitably, deadlocked. As opinion polls show, the public in both Israel and the Palestinian territories is in principle prepared to accept a reasonable solution along the Clinton Parameters. The Quartet should then oblige the parties to carry out the plan. This also would require that the Quartet be ready to back up negotiations on the details of a final-status agreement as well as its implementation with serious and sustained engagement, including a commitment to mediation, conflict resolution, and in all likelihood a long-term military presence. It is only in this context that an international peacekeeping force makes sense; its mission should be to safeguard the implementation of a final-status agreement.

## **Conclusions: How Can the EU Be More Effective?**

In their efforts at conflict management and conflict resolution in the Middle East, Europeans have first focused on the realization of a two-state solution to the Israeli–Palestinian conflict, which they consider to be at the core of the region’s instability. Since the Oslo Accords in 1993, they have tried to contribute to such a solution by laying the foundations for social and economic



development in the Palestinian territories and by supporting the establishment of Palestinian governing institutions. Second, Europeans have aimed at supporting comprehensive peace between Israel and its neighbors and have engaged in the multilateral dimension of the Middle East peace process; for example, by leading the Regional Economic Development Working Group. Third, they have sought to create an environment conducive to peace in the region as well as to deflect what they have perceived as security risks emanating from the region, above all, terrorism, illegal migration, and organized crime. To these ends, they have supported regional cooperation and integration, socioeconomic development, and gradual administrative, economic, and political reform in the southern and eastern Mediterranean in the framework of the Euro–Mediterranean Partnership, the European Neighborhood Policy, and, recently, the Union for the Mediterranean.

Even though the EU and its member states have first and foremost pursued political objectives, for a long time they were reluctant to become actively involved in direct political negotiations between the parties to the Middle East conflict as well as in hard security issues—leaving the field of conflict resolution largely to the United States. However, over the last few years, the EU and its member states have become ever more active in conflict management in the region. European Security and Defense Policy missions in the Palestinian territories such as EUBAM Rafah and EUPOL COPPS, European involvement in security sector reform in Lebanon and the Palestinian territories, and a strong European participation in the upgraded United Nations Interim Force in Lebanon testify to this change. Some Europeans have also been involved in efforts at crisis mediation between Israel and the Palestinians during the Second Intifada, while others (e.g., France, Switzerland, and the EU Delegation) have facilitated dialogue among the Lebanese factions. In addition, the EU and its member states have engaged in attempts at conflict resolution, above all, in the context of the Middle East Quartet. Indeed, the road map was adopted in 2003 as the result of a European initiative. Europeans also pushed the Bush administration to re-engage in Middle East conflict settlement after the 2006 Lebanon war.

### **A Balance Sheet of European Efforts**

If we look at the balance sheet of European efforts at conflict management and resolution, four issues are most pertinent: First, conflict management in the framework of UNIFIL—to which Europeans have provided a substantial contingent (the “European backbone”)—can be considered successful, since it has helped to maintain the Israeli–Lebanese cease-fire and thus has stabilized the region. In the context of the deployment, Hizbollah has withdrawn from its positions along the Blue Line and tripartite consultations (between UNIFIL, the Lebanese, and the Israeli armed forces) have taken place on a regular basis and helped to defuse local conflicts. However, the international presence has

helped to freeze the Israeli–Lebanese conflict rather than to solve it. With the exception of the prisoner issue, none of the underlying causes of the 2006 confrontation have been dealt with effectively. The Shebaa Farms issue remains unresolved and the Northern part of Ghajar Village occupied. Also, reports suggest that Hizbollah has rearmed and upgraded its arsenal, stockpiling weapons mainly outside the UNIFIL area of operations. The weapons embargo called for in Security Council resolution 1701 thus has not effectively been enforced. This means that the danger of a renewed military confrontation looms large, since it is improbable that Israel will watch a continued stockpiling of weapons without intervening. The Israeli–Lebanese front also bears a risk of renewed violence, given the unsettled scores between Hizbollah and Israel linked to the 2006 war and the February 2008 assassination of a top Hizbollah operative, Imad Mughniyeh, and the likely repercussions of any escalation of the conflict with Iran over its nuclear program.

Second, European engagement in the security sector—such as the rehabilitation of the Lebanese coastal radar system, a German-led pilot project on integrated border management in Northern Lebanon, and the two ESDP missions in the Palestinian territories—has proved useful in terms of capacity building. However, it has so far contributed little to tangible security sector reform in Lebanon and the Palestinian territories or to achieving the projects’ or missions’ stated aims. To give just two examples: EUBAM Rafah has been suspended (or dormant) since June 2007, and the 2008 report of the Lebanon Independent Border Assessment Team (LIBAT) confirmed that there has been no progress in preventing arms smuggling across the Lebanese–Syrian border. The main reason has been that these efforts have not met the political environment necessary for such measures to be effective, such as a Lebanese government commitment to effectively control its border, Syrian cooperation in preventing arms smuggling and in border management, as well as a renewed power-sharing (or at least technical) agreement between Palestinian factions, the latter a precondition for establishing a unified, nonpartisan security apparatus. In the final analysis, European efforts at conflict management have largely been crisis driven, reactive, and ad hoc, rather than proactive policies based on a comprehensive concept that carefully balances European presence on the ground, capacity building, and political conflict resolution. In general, the political process has lagged behind and impeded the success of conflict management measures.

Third, Europeans have been least successful in the policy field that they have defined as their chief priority and where the bulk of European financial, diplomatic, and technical support has gone over the last fifteen years: progress toward a two-state solution. There has been a long history of policy failures by the international community in dealing with the Arab–Israeli conflict. To take recent developments, it has become obvious that by lending support to the Annapolis process that the Bush administration initiated in November 2007,

one based on the “West Bank first” approach, Europeans have helped entrench the Palestinian political-territorial split between the West Bank and Fatah on the one side and the Gaza Strip and Hamas on the other. This has not only had tragic effects for the humanitarian situation in the Gaza Strip, but also a detrimental impact on what was to be the institutional basis of a Palestinian state. In fact, today, we are witnessing two separate, competitive, authoritarian Palestinian systems in the making. The vision of a two-state solution appears increasingly unrealistic in view of the ever-greater fragmentation of West Bank territory, the split between the West Bank and the Gaza Strip, and the polarization of the Palestinian political scene.

Fourth, over the last few years, Europeans, rather than trying to substantially influence and alter the Bush administration’s approach to the region, have by and large contented themselves with assuming a complementary role to the United States and have toed the U.S. policy line in dealing with the Arab–Israeli conflict as well as with major states and other forces in the region. For sure, the experience over the last few years has shown that close U.S.–European cooperation with regard to specific policy goals can be very effective, particularly so if supported by a popular movement—as was the case with combined pressure on Syria to withdraw from Lebanon. This kind of cooperation has been much less effective, however, with regard to stabilization in Lebanon and in the Palestinian territories due to approaches that aimed at sidelining substantial forces (such as Hamas and, to a lesser degree, Hizbollah) deeply rooted in society as well as the isolation, if rather half-hearted, of a regional actor (Syria) with substantial spoiling power. By adopting isolationist and exclusivist approaches, European policies have more and more contradicted stated European values and long-term objectives of institution and state building, inclusive political systems, and social and economic development. This has become most obvious in the case of the Palestinian territories. Yet, also in the case of Syria, the EU has had little impact on the (limited) Syrian reform process, and political isolation has not had the wished-for effect with regard to Syrian relations with Iran. Also, even though Europeans have considered Syria to be an essential player in the Middle East peace process, due to the isolation approach chosen they were not in a position to credibly push the U.S. administration to give Damascus a meaningful part in the process revived in Annapolis—thereby missing a chance to engage in a comprehensive process, to relieve Syria of the fear of violent regime change, and to provide incentives for more constructive Syrian policies in the region. Fortunately, Euro–Syrian relations have improved significantly since the summer of 2008.

### **Priorities and Approaches for Middle East Policies**

In the months to come, because of the urgency imposed by the rapidly diminishing feasibility of a two-state settlement, the breakdown of the Annapolis process, the renewed escalation of violence in Gaza, and the need to get to a

durable cease-fire, the peace process should be one of the main priorities on the transatlantic agenda. Indeed, European foreign ministers have identified Middle East peacemaking as one of the EU's top priorities for cooperation with the incoming U.S. administration. However, they have so far been reluctant to put forward a concrete plan of action. Most important, such a plan would involve moving from crisis management (or administration) to crisis solution (or settlement). The main focus should be on the reinvigoration of a comprehensive and meaningful Middle East peace process, starting with the Palestinian and Syrian tracks. This would mean that the European Union should be prepared to actively engage with the new U.S. administration to push the process forward. A precondition for such a European role, of course, would not only be a close coordination with the new American president, but also the willingness and capability of Europeans to jointly take on responsibility, be it through the EU Presidency or the High Representative for Foreign and Security Policy backed by his experienced team in the Council Secretariat, within the framework of a substantially upgraded Quartet that also meets regularly and coordinates closely with the Arab Quartet.

In fact, there is need for a much stronger external mediation and chaperonage of the process, one that actively and consistently helps the parties overcome their differences. This should include: 1) the provision of a bridging proposal or blueprint for a final-status document (i.e., a draft agreement that sketches out the main elements of a settlement based on UN resolutions and derived from earlier negotiations that can serve as a foundation, leaving the parties to negotiate the details rather than the principles of a settlement,) 2) monitoring of the parties' compliance with interim commitments leading to a final settlement, and 3) concrete offers for a presence on the ground to oversee the implementation of a final-status agreement. This implies that Quartet partners be ready to back up negotiations on the details of a final-status agreement and be willing to sanction non-compliance and the use of force. In this context, Europeans and Americans should think about incentives and disincentives to influence the parties' behavior by increasing the cost of occupation and the use of violence while raising the enticements for conflict settlement. For the EU that would imply, for example, linking to a complete cessation in settlements the closer cooperation with Israel decided upon in principle in December 2008. In the same spirit, Palestinians should be offered closer cooperation with the EU if they exert their utmost efforts to fulfill their roadmap commitments.

Two other issues are of utmost importance with regard to the Israeli-Palestinian peace process. One is power sharing. Europeans and Americans should support, rather than block, national reconciliation—or at least a renewed power-sharing agreement between Palestinian factions—to provide the Palestinian president with the necessary backing for negotiations, as President Abbas' mandate ended on January 9, 2009, at least according to the Palestinian Basic Law. Also, neither institution building, a stabilization of the security

situation, nor economic development can yield sustainable progress as long as the split within the Palestinian Authority remains. It is high time for serious talks between Fatah and Hamas on how to avoid renewed crises and, among other issues, on how to provide an environment for free and fair elections. While EU member states have stated their willingness to work with a new national unity government, practicalities have been left open. In order to provide clear incentives for Fatah–Hamas cooperation, Europeans and Americans should support national reconciliation talks mediated by Egypt and backed by the Arab League by signaling a clear-cut readiness to accept as a partner an interim government composed of or supported by the main factions. Europeans should also signal their preparedness for continued financial cooperation via the Palestinian single treasury account.

Last, the regional dimension needs to be taken into account: it apparently was Hamas' main sponsor Iran that spoiled the power-sharing talks supposed to take place in Cairo in late 2008, clearly signaling that there would be no reconciliation without its consent. Consequently, there will be no way around engaging Iran and winning it to a supportive role—as occurred in the Saudi–Iranian consultations ahead of the 2007 Mecca Agreement. Best placed to hold such consultations with Iran are again members of the Arab Quartet; however, such preparatory talks stand a better chance to be successful in the context of a new U.S. approach toward Iran, based on dialogue rather than confrontation.

The second issue is to provide an environment in which sustained economic development is possible. Numerous reports of international financial institutions, such as the World Bank, clearly identify restrictions on movement as the main obstacle for a sustained economic upturn in the Palestinian territories. European financial support, which has increased immensely over the last few years, will remain ineffective if it is not accompanied by measures aimed at reducing these restrictions. While it is legitimate for Israel to take measures to protect its citizens from violence, much more can be done to minimize disruptions of Palestinian trade and daily lives, even under continued occupation. Senior U.S. military officers in the Palestinian territories should draw up plans, together with their Israeli and Palestinian counterparts, that allow for the speedy and sustained reduction of movement restrictions in the West Bank. In addition, calm will not prevail in Gaza if basic interests of both sides are not taken into account. Therefore, Americans and Europeans should make a permanent reopening of Gaza's border crossings and the implementation of the 2005 Agreement on Movement and Access a priority. They will need to hold talks with all parties (Egypt, Israel, Palestinian Authority, and Hamas) to find an arrangement that allows for the reopening of the Rafah Crossing on the Egypt–Gaza border and redeployment of the European border monitors. This will have to be complemented by measures on the Egyptian side overseeing sealing tunnels and cutting off routes for smuggling weapons.

### **The Israeli–Syrian and the Israeli–Lebanese Tracks**

On the Israeli–Syrian track, several rounds of indirect negotiations facilitated by Turkey have taken place in 2008. The talks—together with other constructive signals from Damascus sent out in the context of the May 2008 Doha Agreement, at the July 2008 Paris Union for the Mediterranean summit, and at the August 2008 Damascus summit—have already entailed positive side effects for Syria. Its international isolation has been diminished and, among the Europeans, France and lately Britain, which had been the main proponents of isolating Syria over the last few years, have reengaged Syria. However, no substantial progress is to be expected in peace talks as long as they remain indirect and as long as the United States is not involved. The new U.S. administration needs to get involved on this track too and so allow for the contacts to move from indirect talks to direct negotiations. As with the Israeli–Palestinian track, Europeans might be able to assume a supportive, bridging role to move the talks forward, but they will not be in a position to substitute for the United States as a broker and in providing security guarantees. U.S. engagement would necessitate ending the isolation of the Syrian regime and in the mid-term lifting the (present limited) American sanctions. Indeed, it is high time to do so—not least because an Israeli–Syrian peace deal has the potential of positively affecting Israeli–Palestinian as well as Israeli–Lebanese relations.

One should not be too optimistic with regard to progress on this track though: While the issues at stake between Israel and Syria are much less intricate and difficult than those on the Israeli–Palestinian track, there are not many incentives for the Israeli leadership to pursue the negotiations quickly and come to an agreement. To the contrary, Israeli public opinion rather discourages ceding the Golan Heights, at least for the time being. Still, it is worthwhile exploring options for a peaceful settlement in direct negotiations. At the same time, ending Syria's isolation and engaging in negotiations as well as having normal diplomatic relations should not mean rushing in to embrace Syria—at least as long as no concrete and tangible steps have been taken by Damascus to improve Lebanese–Syrian relations (i.e., exchanging ambassadors, demarcating the border and cooperating in border control, and officially clarifying territorial claims over the Shebaa Farms.) Europeans would be well advised to adopt a common position for a gradual and conditioned building of closer cooperation with Syria.

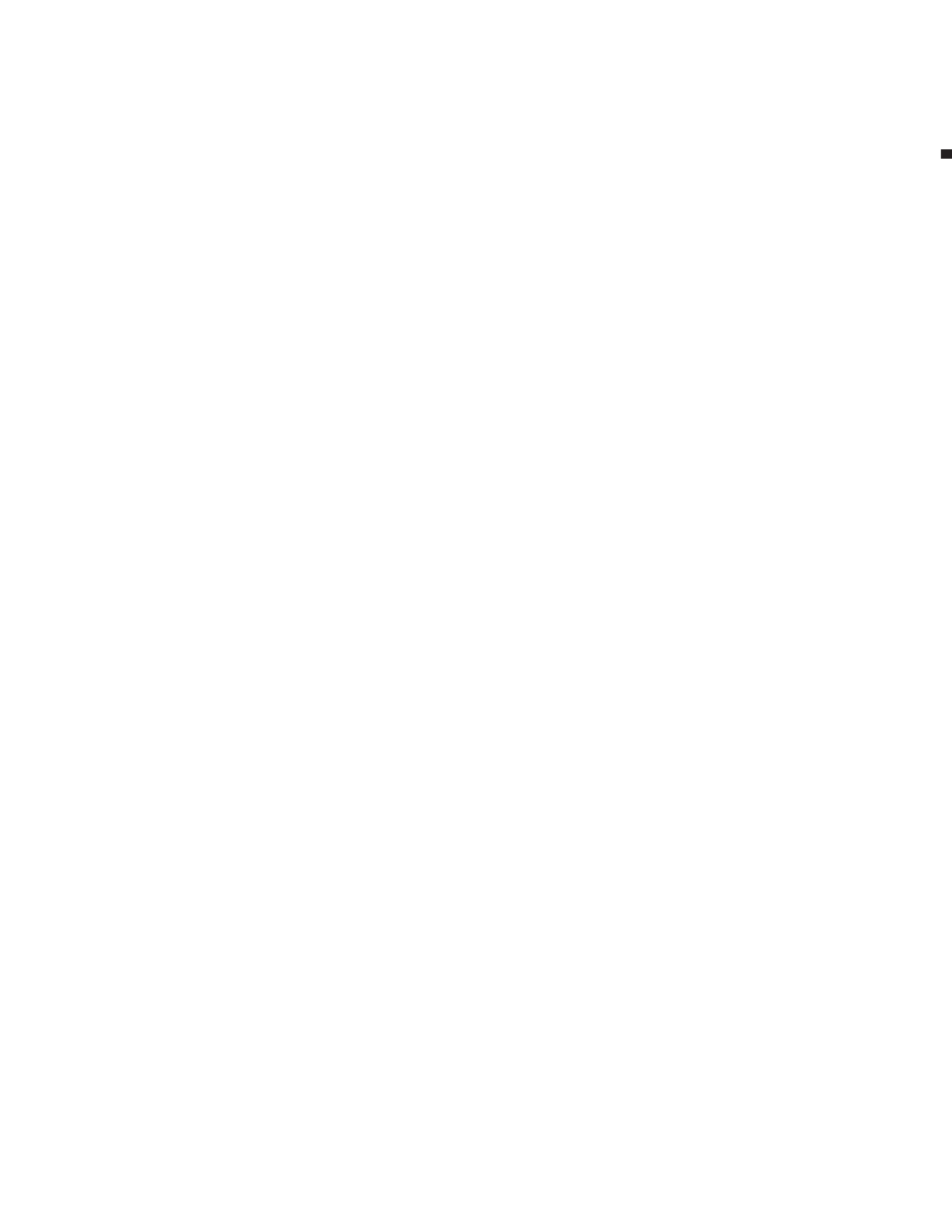
As long as Syrian–Lebanese relations have not improved tangibly and the domestic consensus in Lebanon remains so fragile, it does not make sense to push for direct negotiations on the Israeli–Lebanese track, contrary to what some Europeans and Americans have proposed. At the same time, it is extremely important to strengthen efforts at conflict management and mitigation (e.g., in the tripartite UN–Israel–Lebanon committee) and to support UN mediation with regard to an interim solution for Ghajar and a two-step

approach to the Shebaa Farms issue. Europeans and Americans should also build on initial progress in Syrian–Lebanese relations to work on joint control of the border.

### **Linkages Among Conflicts in the Region**

Finally, Europeans have not sufficiently taken into account the linkages among the different dimensions of the Arab–Israeli conflict as well as the danger of a regional conflagration emanating from spillover effects of other conflicts—in Iraq and the conflict over Iran’s nuclear program. Especially in view of the precarious security situation in the region, Europeans should increase their support for directly addressing factors of instability in the region’s soft spots, rather than only reacting after the fact to the eruption of violence. This applies, above all, to marginalized areas, such as Lebanon’s northern regions and Syria’s northeast with its Kurdish population as well as to Iraqi and Palestinian refugee populations. The 2007 Nahr al-bared crisis has given a first impression of the potential for violence that is linked to radical groups—fed by fighters returning from Iraq and nurtured by different states and political forces in the region—taking refuge in the camps and using them as a basis for attacks on the state.

While the EU and its member states have already been engaged in support for the United Nations Relief and Works Agency for Palestine Refugees in general and its reconstruction efforts in Palestinian camps in Lebanon in particular, progress in the improvement of living conditions and a stabilization of the security situation has dramatically lagged behind. Also, support for Syrian authorities and the United Nations High Commissioner for Refugees in providing for the some one million Iraqi refugees in Syria has not been sufficient. Americans and Europeans have also been foot-dragging with regard to resettlement of some of the most vulnerable refugee populations. Since Americans and Europeans want to stabilize the region, they should concentrate on supporting measures that provide refugee populations with decent living conditions and perspectives to build better lives in a safe environment thus working against desperation and radicalization and closing off gateways for manipulation of refugee populations by radical and Jihadi groups.





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## Notes

- 1 Cf. Report of the Lebanon Independent Border Assessment Team, June 2007 (S/2007/382), <http://www.securitycouncilreport.org/atf/cf/{65BF9B-6D27-4E9C-8CD3-CF6E4FF96FF9}/Lebanon%20S2007%20382.pdf>, p. 3.
- 2 Report of the Lebanon Independent Border Assessment Team II, August 2008 (S/2008/582), <http://www.securitycouncilreport.org/atf/cf/{65BF9B-6D27-4E9C-8CD3-CF6E4FF96FF9}/Lebanon%20S2008582.pdf>, p. 3.
- 3 Ellen Lust-Okar, “Reform in Syria: Steering Between the Chinese Model and Regime Change” in *Beyond the Façade. Political Reform in the Arab World*, Marina Ottaway and Julia Choucair-Vizoso, eds. (Washington, D.C.: Carnegie Endowment for International Peace, 2008).
- 4 Cf. A letter to Syria’s foreign minister (July 22, 2008), in *Daily Star*, July 26, 2008.



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