



PISM | POLSKI INSTYTUT SPRAW MIĘDZYNARODOWYCH
THE POLISH INSTITUTE OF INTERNATIONAL AFFAIRS

BULLETIN

No. 75 (1321), 4 June 2019 © PISM

Editors: Sławomir Dębski • Patrycja Sasnal • Rafał Tarnogórski

Sebastian Płóciennik • Justyna Szczudlik • Daniel Szeligowski
Jolanta Szymańska • Marcin Terlikowski • Szymon Zaręba • Tomasz Żornaczuk

New Palestinian Authority Government: Challenges and Perspectives

Michał Wojnarowicz

President of the Palestinian Authority (PA) Mahmoud Abbas swore in a new government led by Mohammad Shtayyeh. The main challenges for it are the unresolved conflict with Hamas, a bad economy, and the lack of prospects for change in Israel's policies towards the Palestinians. The U.S.'s unfavourable position towards the PA has influenced the new government's decision to boycott the economic conference in Bahrain planned by the Americans as part of the revival of the peace process. Tensions between the PA, U.S., and Israel increases the role of EU diplomacy.

The appointment of the new cabinet, which was sworn in on 13 April, is an attempt to strengthen the presidential camp of the Fatah party in the face of mounting political challenges. [The most important of them is the ongoing dispute with Hamas. Both Palestinian parties have failed to implement a conciliation agreement](#)—PA institutions were not reinstated in the Gaza Strip and the sanctions imposed on Hamas were not lifted. Moreover, the Palestinian leadership may be forced to react U.S. announcements about a peace plan and to increased tensions in relations with Israel, which has begun [yet another election campaign. The long-term goal of the change of PA prime minister is to ensure the stability of succession among the Fatah elite after the Abbas presidency.](#) An indication of this is that the new PM, an ally of Abbas, has a strong position in the party (unlike his technocratic predecessors), though he is not perceived as a successor. Also, important cabinet portfolios (e.g., MFA) were maintained by the previous ministers.

Internal Challenges. Although the new PM outlined national reconciliation as one of his priorities in domestic politics, the exacerbation of relations with Hamas is visible. The very establishment of a new cabinet means a departure from the national unity government format, which in theory (due to the lack of Hamas ministers) was the previous government. The likelihood of an agreement was reduced further by a decision by the Palestinian constitutional court in December 2018. The court (appointed by Abbas in 2016) issued a decree dissolving the PA parliamentary assembly, in which Hamas had the formal majority since the last elections in 2006. The court decision deepens the institutional chaos and was protested by Hamas and other important parties—the Popular Front for the Liberation of Palestine and the Democratic Front for the Liberation of Palestine, which refused to participate in the Shtayyeh government.

The divide between the main political forces affects the Palestinians' ability to hold overdue parliamentary elections—another declared goal of the new government. PM Shtayyeh has rejected conducting the elections only in the West Bank without the Gaza Strip and East Jerusalem (in case Israel refuses cooperation). This limitation, in turn, would be met with dissatisfaction among Palestinian citizens (opinion polls estimate it at 74%) and a partial boycott of the elections, which would undermine the renewal of the social mandate of the authorities. Meanwhile, 72% of respondents demand simultaneous presidential elections, which the government did not declare. In these conditions, Fatah may seek to postpone the parliamentary elections, which is risky for an unpopular party.

Another priority for the government is improving the deteriorating economic situation in the Palestinian territories. According to the World Bank, GDP growth in the PA fell from 4.8% in 2016 to 1.7% in 2018 and unemployment reached over 30%. Moreover, since February there has been a fiscal crisis. It started when Israel withholding part of the taxes it collects under the Oslo Agreements and transfers to the PA. The sum is equal to the funds paid by the AP to imprisoned Palestinians charged with terrorism in Israel and their families. The Palestinian leadership, which treat the fund as an important political tool, then refused to accept the rest of the taxes until the reduction is cancelled. The tax transfer from Israel constitutes more than half of the PA budget, so the lack of it could result in financial collapse. In addition, the situation is exacerbated by the suspension of U.S. funding for PA structures (including the security forces), provided as part of development aid. To maintain the prisoners' funding, the PA suspended part of the salaries in the public sector.

The political-economic turmoil reinforces the poor social mood and has prompted anti-government protests (also against Hamas in the Gaza Strip). Among the respondents to a survey, 41% criticize the appointment of a new prime minister while 38% support it. Polls indicate a split amongst the Palestinian public regarding the perception of the PA (47% consider its existence a success while the same number has the opposite opinion), the strategy towards Israel (47% support a return to armed resistance), and in the chances to overcome the political stagnation (46% think that elections will not take place this year). At the same time, the clear majority supports the stiff position of their leaders towards Israel (e.g., demanding suspension of security cooperation) and the U.S. (supporting freezing of relations).

International Context. PM Shtayyeh announced his government will maintain the current political line toward Israel as well as towards the latest demands in the peace negotiations (e.g., the issue of East Jerusalem). The limitation in the bilateral dialogue is additionally influenced by the new elections in Israel. The majority of Israeli political forces favour a tough attitude in relations with the PA and is reflected in their election platform. The lack of a climate of [cooperation](#) leaves space for radical demands, for example, the termination of the Oslo agreements and the withdrawal of Palestinian recognition of Israel. The situation may be additionally complicated by the escalation of violence in the Gaza Strip or in [Jerusalem](#).

The PA's political and economic problems increase the influence of external actors. Egypt plays a key role as mediator in the Palestinian disputes and in the communication channel with Israel. Russia also has intensified its activity. A reconciliation meeting in Moscow was held between the representatives of Fatah and Hamas in February. The EU undertook mediation in the Israeli-Palestinian financial disputes. The PA rejected the compromise proposed by EU diplomacy (payments only for the prisoners' families), but agreed to accept additional funds from the EU for the overdue salaries. Ultimately, the stabilisation of the PA budget is to come from Qatar support amounting to \$480 million, including \$180 million for the Gaza Strip. Other Arab League members have declared they will contribute additional funds as well. [However, there is a visible drop in regional states' support, including financial, for the current Palestinian leadership. This trend is strengthened by the current U.S. political line towards the PA.](#)

The reference point for the new government will be the U.S. attempt to reactivate the peace process. The U.S., together with other states in the region, announced an "economic workshop" in Bahrain this June dedicated to improving the economic situation in the Palestinian territories. The summit was criticized by the PA government as a format devoid of the needed political solutions. The PA announced it will boycott the conference, which may expose it to new political repercussions from the U.S. and their Middle Eastern allies. In the long term, an opportunity for the Palestinians to improve relations with the U.S. would come with a victory by a Democratic candidate in the 2020 presidential election, especially if he or she hails from the ["progressive wing"](#) of the party.

Perspectives. The change in PA government serves the mid-term political interests of President Abbas and Fatah, in particular in their conflict with Hamas. It does not increase the chances of internal Palestinian reconciliation and that will significantly hamper the implementation of other new cabinet appointments, improvement of the economic situation, and holding elections. Faced with difficulties in maintaining public support, the Palestinian leadership may look for legitimacy in a more confrontational attitude towards Israel, risking increased violence and deepening dependence on foreign partners.

This situation increases the role of the EU and the Member States as potentially stabilising entities. *Ad hoc* financial and humanitarian aid should be accompanied by actions for systemic solutions to restore democratic mechanisms in the AP and avoid accusations that it is perpetuating an ineffective political system. This includes assistance in conducting elections (e.g., help in organising them in East Jerusalem) and strengthening Palestinian civil society. An important role may be played by EU diplomacy, especially if the outcome of the Bahrain "conference" is unfavourable for the Palestinians or there is room for mediation in the Israeli-Palestinian economic disputes. However, the effectiveness of EU assistance will be strictly dependent on the willingness of the Palestinian government to cooperate.