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16 FEBRUARY-15 MAY 1996

The Peace Monitor is a quarterly summary of bilateral, multilateral, regional, and international events affecting the peace process.

BILATERALS

Palestinian-Israeli Track

Although the quarter was marked by amendment of the PLO charter, the inauguration of the elected Palestinian Council (PC), and the appointment of the Palestinian Authority (PA) Executive Authority (EA), further progress on the Palestinian-Israeli track was obstructed by Israel's closures following a series of suicide bombings 2/25-3/4. The closure imposed 2/12 at the end of Ramadan to avert clashes over the Ayyash assassination was lifted 2/23, meaning Palestinians were closure free for only two days (2/23-24) this quarter. From 3/5 to 3/15, the IDF imposed an unprecedented "internal closure," banning movement between Palestinian villages (zone B) and prohibiting all entry into Israel, including medical, humanitarian, and VIP cases. The IDF began easing restrictions on entry into Israel 3/24; the closure was loosened and tightened repeatedly thereafter but was never lifted (see "Chronology" for details).

On 2/21, PC member Saeb Erakat and Israeli FMin. legal adviser Yo'el Singer met to discuss 49 outstanding issues in advance of a Palestinian-Israeli Steering and Monitoring Committee meeting 2/22. Between 2/25 and 3/13, Israel halted most official contacts and all negotiations with the PA because of the bombings. PM Peres and Arafat did not meet again until 4/18, when they decided to move forward with

Oslo II implementation and formed joint committees to follow up on economic, political, and security issues. The meeting was notable for occurring the day of Israel's attack on a UN base in Qana, Lebanon, during "Operation Grapes of Wrath," which lasted from 4/12 to 4/27 and had surprisingly little effect on the Palestinian-Israeli track (see "Chronology" for details).

Final Status: Rumors of secret negotiations on the final status escalated this quarter. On 4/7, Israeli settler leaders and PA officials confirmed rumors that since 6/94 they had held some ten informal discussions on coexistence in the context of a final agreement.

Similarly, Israeli M Yossi Beilin (2/22), PA negotiator Mahmud Abbas (2/22), and Israeli academic Ron Pundak (2/17), who was involved in the secret Oslo talks in 1993, admitted they had taken part in discussions of possible final status scenarios between Israeli and PA officials and academics. Details of an alleged draft agreement reached in over 20 meetings in Britain, Cyprus, Jerusalem, The Netherlands, and Sweden were leaked to the press 2/21-22. The draft reportedly called for an unarmed Palestinian state, with Israeli sovereignty over most settlers and religious sites in Jerusalem declared extraterritorial. Other options for Jerusalem reportedly included: granting Palestinians administrative autonomy, creating a borough system, creating separate Arab and

Jewish municipalities under an umbrella administration, shared sovereignty, and "suspension" of sovereignty over contested parts of the Old City considered holy to all religions. Peres (2/18) and Beilin (2/22) confirmed the gist of these reports but stressed that the talks were unofficial and no agreements with the PA had been reached.

Differences over Jerusalem during the quarter centered on settlement and Orient House. On 2/19, Israel announced it would build 6,500 apartments for Jews in Har Homa, East Jerusalem. On 2/20, German FM Klaus Kinkel canceled an official visit to Israel to protest Israeli Internal Security M Moshe Shahal's statements (2/19) urging the government to "act with force" to uphold its ban on FM visits to Orient House. Other activities in East Jerusalem banned by Shahal during the quarter included a convention at Orient House (3/5), an Israeli nongovernmental organizations symposium attended by PC members (3/21), and a PA-sponsored meeting on the closure (4/2). On 3/7, the Knesset passed (49-36) the first reading of a bill calling for Orient House's closure. (The second and third readings are not expected until after the 5/29 elections.)

In order to calm Israelis' preelection fears that final status issues had already been concluded in secret talks, Peres promised (4/1) to hold a national referendum on any final peace accord. Arafat denounced the decision.

Final status talks began on 5/5 according to the schedule set by Oslo, after two days of discussions (5/3-4) to draft the meetings' agenda. The two-day session, the only one before Israel's 5/29 elections, was largely a formality since the future of the entire peace process is dependent on the elections' outcome. On 5/6, the second day of the meeting, the PA delegation walked out of talks for one hour, alleging that the Israeli delegation leaked to the media false reports that PA negotiator Mahmud Abbas's omission of reference to UN Resolution 194 on the refugees' right of return was the result of pressure from Israel's chief negotiator FMin. Dir. Gen. Uri Savir. When the meeting reconvened, the sides agreed to set up a joint steering group of four to five representatives each to address "conceptual aspects" of negotiations, define the framework and modalities of the talks, and form working groups as required.

Redeployment: The IDF was to redeploy its forces from 85 percent of Hebron by 3/28 and on 2/22 formed committees to facilitate the transfer. After the first suicide bombing, however, Israel threatened to delay redeployment and finally froze all preparations (3/10). Peres postponed the redeployment several times (3/5, 3/10, 3/28, 4/18, 5/3, 5/11) and reinforced troops in the city on 3/28. On 5/12, the Israeli cabinet postponed the move until 6/12.

Meanwhile, Peres took steps to position the IDF so that redeployment could be completed within 24 hours of the redeployment order: Israeli police moved out of their station inside the city to new offices near Kiryat Arba (4/3), and the IDF removed equipment from its army camp on the outskirts of Hebron (4/30) and attempted to erect a security gate near Beyt Haddash settlement (5/2) but were blocked by dozens of settlers.

The first 32 observers of the Temporary International Presence in Hebron (TIPH) arrived in Hebron 5/14. The approximately 200 unarmed members from Australia, Canada, Denmark, the EU, Italy, Norway, and Turkey will have no police powers and will only document incidents. Their three-month mandate can be extended by agreement of both Israel and the PA. By Israeli-PA agreement (4/19), Norway will act as TIPH coordinator.

Elections: The PA Election Court of Appeals rejected (2/29) seven appeals, all lodged against the Central Elections Commission (CEC), pertaining to election violations without hearing evidence. Citing Jordanian law as precedent, the judges passed two resolutions stating that appeals may be made only against winning candidates and that the CEC may not be sued. The court also ruled that the plaintiffs may not reissue their appeals against candidates, making the decision final.

The Palestinian Council: The PC met six times this quarter, for the first time 3/7 in Gaza to swear in the 88 PC mbrs. PA Economics M Ahmad Qurai' was named speaker of the PC, making him first in line to succeed Arafat.

At the second PC meeting in Gaza (3/20-23), members debated the draft election law for the municipal elections planned for this summer (no date has been set) and approved the council's standing orders that regulate the PC's internal procedures pending finalization of

the Basic Law required by Art. III.7 of the Oslo II accord. According to the standing orders, amended by the provisional legal committee and referred to Arafat for final endorsement, the PC will meet each Wednesday and Thursday, "unless it decides otherwise," during its two four-month sessions (September–December and February–June).

The 3/20–23 and 4/3–4 PC sessions resulted in the formation of 11 subcommittees: Budgetary, Economic (separate from Budgetary), Education (incl. social affairs, youth, women, and the arts), Human Rights, Internal Security and Local Government, Jerusalem, Land and Settlement, Legal Affairs, Natural Resources, Political Affairs, and Refugees. Final subcommittee lists were approved at the session of 4/10. The average subcommittee has 17 members; the largest (Education) with 33 and the smallest (Budgetary) with 10. Subcommittees began meeting, organizing, and discussing their bylaws in mid-April. Also at the 4/10 PC meeting, Arafat created a separate committee, headed by PA Secy. Gen. Tayyib 'Abd al-Rahim, to oversee dialogue with the PLO-affiliated opposition groups and asked for and received a two-week postponement of the formation of the EA.

The Executive Authority: Under Oslo II, the PA had five weeks from the PC's first meeting to form the EA. Until that time, the PA Council of Ministers, Arafat's cabinet prior to the 1/9 elections, continued to hold its weekly meetings. The 12 members of the Council of Ministers who were elected to the PC retained their same portfolios in the 21-member EA that was formed on 5/9. Vacant portfolios—Housing, Economy (renamed Trade and Industry), and Youth—were given to 'Abd al-Rahman Hamad, Mahir al-Masri, and Az-zam al-Ahmad, respectively (see Doc. B5). On 5/11, Arafat informed the EA that he may add three more ministers to the cabinet after consultations with opposition factions. Final portfolio assignments will be made at that time.

The EA held its first meeting in Gaza 5/11 to draft the new government's policy statement. At the PC meeting in Bethlehem (5/15–16), Arafat asked for and received a ten-day delay in presenting this statement to the council.

The PLO Charter: Under Oslo II, the charter was to be amended within two months of the inauguration of the PC, or by 5/7.

By 4/16, Israel had approved the return of all Palestine National Council (PNC) members and said it would allow an additional 100 observers into the self-rule areas to witness the vote. The Democratic Front for the Liberation of Palestine (DFLP) and the Popular Front for the Liberation of Palestine (PFLP), however, decided to send symbolic delegations, minus their leaders, George Habash and Nayif Hawatmah.

On 4/22, after two days of "national dialogue" meetings (4/20–21), 536 of the 669 PNC members gathered in Gaza City for a two-day meeting on amending the charter. The 669 figure includes 483 diaspora PNC members and 186 members from the West Bank and Gaza. Of the 186, 88 were the elected PC mbrs. The remaining 98 were appointed by Arafat 4/23, the same day Salim al-Za'nun was elected PNC speaker.

On 4/24, almost two weeks before the deadline ran out, the PNC voted (504–54, with 14 abstentions, 97 members absent) to adopt a resolution to amend the PLO charter "by canceling clauses which contradict the letters exchanged between the PLO and the Israeli Government." A second resolution ordered a new charter to be drafted within six months. Over half of those voting against the resolutions were PC members. On 4/29, Arafat issued a presidential decree allowing the PC Legal Committee to begin work on the new charter.

After the amending resolutions were passed, the Israeli Labor party (4/25) overwhelmingly approved a new party platform that omitted opposition to a Palestinian state but retained clauses calling for Israeli sovereignty over a united Jerusalem, the Jordan valley, and all existing settlements.

Security Arrangements: Israel used the suicide bombings to test its interpretation of its security rights in zones A, B, and C under Oslo II. Citing Israel's right to self-defense under international law and Oslo, Atty. Gen. Mikhael Ben-Ya'ir handed (3/8) PM Peres a legal opinion stating IDF pre-emptive or defensive activity in zone A would not be in violation of the Oslo accords. The Israeli High Court ruled (3/19) that the homes of Palestinians suspected in the 2/96–3/96 bombings could be demolished and the suspects themselves deported. At least eight homes were demolished beginning 3/20, and a minimum of

six others were sealed for demolition, but no Palestinians were expelled.

After the 2/25 bombings, the PA began a crackdown on Hamas and Islamic Jihad, arresting over 600 persons by 3/9 and raiding and sealing educational institutions, welfare organizations, youth groups, etc. The IDF took similar actions in zones B and C, detaining and arresting 1,000s of Palestinians (see "Chronology"). On 3/6, Israel moved tanks to the Green Line overlooking the West Bank for the first time since the 1967 war.

The largest confrontation between the IDF and Palestinians took place in Qalqilya 5/6. IDF soldiers shot and wounded nine Palestinians demonstrating against the confiscation of Palestinian lands for construction of a fence separating the city from Israel. Earlier, soldiers on the Israeli side of the border fired live bullets and tear gas to disperse about 600 Palestinians blocking Israeli bulldozers. The IDF also imposed closed military zones on: Qalqilya (barring entry of Israelis) and al-Zahiriyya nr. Hebron (2/22); al-Fawwar refugee camp (3/4, 3/19); Birzeit, Abu Qash, and Abu Shaykhadin (3/28); Jericho (4/12); and Nablus (5/15). Curfews were imposed on Isawiyya (3/23), Bayt Omar (4/7), and Halhul (5/12-19). Curfews were placed on Isawiyya (3/23), Bayt Omar (4/7), and Halhul (5/12).

On 3/5, the PA and IDF made their first joint arrest sweeps. The same day, the PA placed 15 West Bank and Gaza mosques under its control and appointed imams for Friday sermons. On 3/2, the PA began house-to-house searches for unlicensed weapons that had not been registered by the 3/1 deadline.

At PM Peres's insistence following the 3/3 bombing, Arafat outlawed all paramilitary organizations, specifically citing: Qassam Brigades (Hamas); Qasam (Islamic Jihad); the Fatah Hawks and Black Panthers (Fatah); the Red Star (DFLP); and the Red Eagle (PFLP). After the last suicide bombing (3/4), the IDF announced plans to establish a 2-3-km-wide security strip running 350 km. along the Green Line to separate Israel from the West Bank. Only local residents and farmers would be allowed in the zone.

On 3/19, the IDF announced plans to build five new crossing points similar to Qarni in Gaza for transfer of goods only and to create separate West Bank crossings for Palestinians and Israeli. On 3/27 the district coordination office at Erez

checkpoint began operating a special center to oversee the transfer of foodstuffs and basic products to and from Gaza. Goods will not be allowed into or out of Gaza without the center's prior approval.

Other understandings reached this quarter included; a partial agreement (2/18) on security measures (no details were released) at Rachel's Tomb in Bethlehem (see "Peace Monitor" in *JPS* 99); an agreement (5/9) that Palestinians banned from Israel will be permitted to use safe-passage routes two days per week once the routes open; and a guarantee by Israel (5/14) that PC members' freedom of movement will be respected. The last understanding followed from PA complaints about incidents (e.g., 3/7, 3/20, 4/11) where PC members were denied passage through IDF checkpoints or forced to undergo lengthy delays.

Economic Matters: Economic conditions worsened in the self-rule areas as a result of the closures, which forced unemployment to 78 percent by 3/23 (VOP 3/23 in *FBIS* 3/25). Arafat announced (3/24) that PA civil servants' salaries would be reduced by 5 percent and the money diverted into emergency job creation projects (see below) to bolster individual income. On 3/10, the Israeli cabinet decided to import 16,500 additional foreign laborers (13,000 in construction, 3,000 in agriculture) to lessen its dependence on Palestinian workers.

The PA also had difficulties in meeting payments: On 5/7, Israel's Bezeq phone company, which routes international phone calls from the self-rule areas, cut off service for lack of payment on the PA's \$9 m. debt. Bezeq restored PA telephone service 5/9 after the PA agreed to forego \$1.52 m. from the sum it is owed by the Civil Administration. Similarly on 2/29, the Israeli Finance Min. ordered the Customs and VAT [value-added tax] Department to deduct \$1.1 m. from the money owed the PA to cover the PA's debt to the Meqorot water company. On 3/30, the Jordanian Telecommunications Corp. cut international phone service to several PA offices because of millions of dollars in unpaid charges incurred since 1989.

Israel and the PA discussed (2/16, 5/7) plans for the Rafah airport and agreed to set up three subcommittees to examine related security, aviation, and civilian issues. The PA's official television station, the Palestine Broadcasting Corporation,

begin operating in late 2/96. And on 5/9, the PA announced that equipment from The Netherlands that had been embargoed because of the closure had arrived and work had begun on the Gaza port.

Bilateral economic accords this quarter included: a financial protocol with France (3/16) giving the PA over \$16 m. for assistance to fishermen and port infrastructure; an agreement (3/31) whereby Canada will provide the PA with explosive detecting equipment similar to what the U.S. gave Israel after the bombings (see below); and a bill authorizing Pres. Clinton to cancel or reduce customs duties on goods imported from Palestine (passed in the House 4/17).

Diplomatic Matters: On 5/1, after the PLO charter amendment, Arafat held his first official meeting outside of an official ceremony with Pres. Clinton in Washington. The pair agreed to form a joint Palestinian-American commission to handle bilateral relations.

Also of Note: On 3/16, the Palestinian Central Bureau of Statistics conducted a pilot census in preparation for a full population and housing census, which will be conducted in the next 18 months.

On 3/17, Arafat issued a presidential decree renaming the Gaza Strip the District of Gaza and the West Bank the Northern Counties of Palestine. The PC overrode his decision 3/23, replacing the new names with the "Palestinian Governorates in the West Bank and Gaza Strip."

Palestinian Opinion [*The following data are excerpted from a poll conducted 29-31 March by the Nablus-based Center for Palestine Research and Studies (CPRS). This was the last poll CPRS was able to carry out before the Israeli elections due to the closures. Results are based on a survey of 1,262 men and women from the West Bank and Gaza. The poll, twenty-second in a series, was made available by CPRS's office in Nablus.*]

1. Are you satisfied with the results of the Palestinian elections for the president of the authority and for the members of the legislative council which took place two months ago?

	West Bank & Gaza	West Bank	Gaza
a. Yes, I am satisfied	53.4%	50.6%	58.1%
b. No, I am not satisfied	18.8%	21.1%	14.9%
c. I am partially satisfied	23.9%	24.8%	22.5%
d. No opinion	3.8%	3.5%	4.4%

2. Regarding the current peace process between the Palestinian and the Israeli sides, I:

	West Bank & Gaza	West Bank	Gaza
a. Support its continuation	78.3%	76.2%	81.7%
b. Support stopping it	16.4%	18.2%	13.5%
c. No opinion	5.3%	5.6%	4.8%

3. At the end of May, elections for the Israeli Knesset will take place. In these elections the Labor party led by Shimon Peres will compete against the Likud led by Netanyahu. In your opinion who is better in regard to achieving Palestinian goals?

	West Bank & Gaza	West Bank	Gaza
a. A government led by Likud	4.9%	4.9%	5.0%
b. A government led by Labor	40.0%	38.3%	42.9%
c. No difference between the two regarding achievement of Palestinian goals	43.1%	46.6%	37.4%
d. No opinion	11.9%	10.2%	14.7%

4. Which of the following political movements do you support?

	West Bank & Gaza	West Bank	Gaza
a. PPP	1.7%	2.0%	1.3%
b. PFLP	2.1%	1.9%	2.3%
c. Fatah	47.5%	44.3%	52.6%
d. Hamas	5.8%	6.0%	5.5%
e. DFLP	1.1%	1.8%	—
f. Islamic Jihad	1.0%	0.6%	1.7%
g. FIDA	0.2%	0.1%	0.2%
h. Independent Islamist	4.4%	5.5%	2.5%
i. Independent Nationalists	6.0%	6.5%	5.1%
j. None of the above	25.0%	24.4%	25.9%
k. Others	5.3%	6.8%	2.9%

Jordanian-Israeli Track

Jordan and Israel completed (2/27) negotiations on the release of the first batch of Jordanian detainees held in Israeli jails (see "Peace Monitor" in *JPS* 99). Six were freed 2/29 and another nine 3/2.

Jordanian popular and political support for normalization, which diminished with Israel's closure of the self-rule areas (marked by the arrest 3/5 of three men suspected of plotting to bomb Israeli tourist busses inside Jordan), declined further with "Operation Grapes of Wrath." Though the government stated (4/16) it would not suspend the peace process, King Hussein canceled (4/23) plans to appear alongside Peres at the AIPAC conference in Washington and informed Peres that he would not be welcome in Amman before the Israeli elections, as had been planned. On 4/17, members of parliament representing the Islamic Action Front and independents called for an annulment of the peace treaty and the expulsion of the Israeli ambassador. Nine opposition parties formed a committee in support of Lebanon. And 1,000s of Jordanians protested (4/23-24) the Israeli offensive. On 5/6, authorities said they had recently arrested 40 individuals for planning attacks on Israeli tourists and Jordanian officials in protest over normalization.

Despite public criticism, the Israeli embassy in Amman noted (5/19) receipt of an average of 150 requests for tourist visas per day (compared to 20/day last year) and of 3,000 requests to date for work permits, though the embassy does not encourage work permits for fear of harming Jordanian-Palestinian relations. Nonetheless, Jordan's labor minister said (3/13) that the kingdom would not object to providing Israel with Jordanian workers according to standard official procedures. In a bid to improve bilateral relations following "Operation Grapes of Wrath," Israel began (5/14) to lobby the EU via its ambassadors in Europe to raise \$150 m. for economic projects in Jordan.

Treaty Implementation: The transportation agreement signed 1/16 went into effect 4/1 (see "Peace Monitor" in *JPS* 99). Royal Jordanian airlines operated its first direct commercial flight to Israel 4/7. Israel's El Al airlines was to make its first commercial flight to Jordan 4/28, but Israel canceled the flight citing "security problems." For the same reason, bus service and private vehicular traffic between

Jordan and Israel across the Allenby Bridge and Wadi Arba crossing, set to begin 4/28, and private vehicular service between Aqaba and Elat, set to begin 5/5, were postponed indefinitely.

Meetings: Meetings this quarter focused on:

- familiarizing Israeli judges with Jordanian laws relevant to property held by Arabs in pre-1948 Palestine (Israeli M Yossi Beilin, Crown Prince Hassan, Israeli and Jordanian judges in Amman 3/25);
- information sharing and military cooperation (the crown prince, Israeli FM Barak, and their intelligence officials in Amman 3/12; Jordan's Joint Chiefs, PM Peres, Israeli Chief of Staff Lt. Gen. Amnon Shahak in Israel 3/31);
- water issues (Jordanian and Israeli water ministers in Israel 5/13);
- Likud's concept of the peace process (the crown prince, PM 'Abd al-Karim Kabariti, and Likud leader Benjamin Netanyahu in Amman 3/26); and
- Jewish-Jordanian relations (Information M Marwan Mu'asher and a U.S. B'nai B'rith delegation 3/20).

Also of note: On 2/22, Republican Congress mbrs. said they would not transfer the second part (\$280 m.) of the 1/7 military hardware package (see "Peace Monitor" in *JPS* 99) until the White House provided a written accounting detailing from where the money would come. While the administration reallocated funds to cover half of the cost and requested \$140 m. for the balance in March, Congress approved only \$70 m. of new funds. The administration was looking for additional funding sources at the end of the quarter.

Germany and Jordan signed (3/28) a memorandum of understanding on ways to distribute \$28 m. of financial and technical assistance (water and agricultural projects) to the kingdom.

Italy and Jordan signed (4/16) an agreement to reschedule Jordan's \$34.1 m. debt. Jordan will pay back \$12.8 m. in bilateral loans to Italy over 20 years, with a 10-year grace period; will repay \$21.3 m. in export loans over 15 years, with a five-year grace period.

Syrian-Israeli Track

The third round of "exploratory" talks convened in Maryland 2/28, following the same format as before, under media black-

out. The initial three-day session focused on water, security, normalization, and economic issues. While a breakthrough was not expected (even before the talks resumed, Israel stated on 2/25 it planned to take a harder line on security issues), the hope was that there would be sufficient progress so substantive negotiations could resume after Israel's elections. All parties described discussions as "detailed and constructive." The U.S. noted as a positive sign the fact that Syrian Amb. Walid Mu'allim condemned the 2/25 suicide bombings in his opening remarks.

The second three-day session, set to start 3/3, was postponed indefinitely after the suicide bombing that day. Israel complained that Syria did not adequately condemn the attack and refused to resume talks until Syria did so, but kept its team in Washington in hopes talks could recommence quickly. Syria's rejection (3/4) of a U.S. demand to crack down on Damascus-based Palestinian resistance movements combined with a fourth bombing led Israel to recall its team on 3/4.

Israel demanded that Syria halt Hizballah operations in s. Lebanon and condemn in stronger language the suicide bombings in Israel if it wanted talks to resume. Syria rejected (3/24) the preconditions, maintaining that it does not have the ability to contain Hizballah and protested (3/9) the agenda of the 3/13 Sharm al-Shaykh antiterrorism summit, saying it was one sided. FM Faruq al-Shara' sent letters (3/9) to the U.S. and Russian presidents calling on them, as cosponsors of the peace process, to reconvene the Madrid peace conference as an alternative.

The prospect for a quick resumption of talks diminished further due to Israel's "Operation Grapes of Wrath." Israel, strongly supported by the U.S., accused Syria of permitting Hizballah attacks on n. Israel and demanded assurances from Pres. Asad that strikes outside of the "security zone" would cease. Asad in turn denounced Israel for its offensive and the U.S. for undermining its role as cosponsor of the peace process by intervening on behalf of Israel, particularly in the UN (4/15, 4/17-18, 4/23, 4/25, 5/6-7).

Under the 4/26 cease-fire accord, Syria was included along with France, Israel, Lebanon, and the U.S. in a monitoring group. But in meetings to discuss the group's mandate (5/4, 5/10, 5/15), Syria and Lebanon expressed concerns that Israel and the U.S. would try to use the

group as an alternative to the bilateral and multilateral negotiations. Talks had not been resumed by the end of the quarter.

Also of note: PM Peres approved (3/18) the construction of 20 additional housing units in Mevo Hama settlement in the Golan. And on 4/2, the Knesset approved the transfer of \$1.52 m. for Golan agricultural projects.

On 4/30, the State Department issued its annual report on global terrorism, listing Syria among the seven sponsors of international terrorism.

MULTILATERALS

On 3/3, the Trade Committee of the Regional Economic Development Working Group met in Amman. Representatives from Egypt, Israel, Jordan, the PA, and the U.S. discussed trade and investment activities among countries in the region, btwn. these countries and other economic blocs. The Executive Committee of the Regional Business Council held a simultaneous meeting to review the results of a roundtable discussion held in Geneva three months ago.

The Multilateral Working Group on Refugees meeting scheduled for 5/12-14 in Rome was postponed indefinitely.

REGIONAL AFFAIRS

Refugees

The seventh meeting of the quadripartite committee on the 1967 displaced persons was scheduled to convene in Bethlehem 3/21 but was canceled due to the suicide bombings and closure.

Israeli-Arab Relations

On the sidelines of the Sharm al-Shaykh summit (see below), PM Peres met with Omani FM Yusuf Bin-'Alawi; received a formal invitation to visit Qatar; and spoke with representatives of Bahrain, Kuwait, and Yemen—none of which have diplomatic ties with Israel. (On 4/3, however, Peres stated that contacts were being held to establish diplomatic relations with Bahrain and Yemen.)

Two Israeli-Arab MKs visited (beginning 2/25) Yemen but the status of the visit was left ambiguous: the MKs told separate reporters that they were travelling in a private capacity and that they were carrying a message from PM Peres to Pres. Ali Abdallah Salih.

PM Peres visited Oman (4/1-2) and Qatar (4/2) to promote trade relations. Qatar agreed to exchange trade missions; agreed to begin negotiations on two economic charters to prevent dual taxation and to protect investments; and expressed a desire to export natural gas to Israel.

Israeli M Yossi Beilin travelled to Tunisia 5/3, where he was told that the opening of Tunisia's diplomatic representation in Tel Aviv had been delayed because of administrative, not political, reasons. Israel and Tunisia were to exchange interest offices by 4/15 (see "Peace Monitor" in JPS 99).

Inter-Arab Highlights

Jordanian officials said (2/28) they had been holding talks with Syria on improving bilateral relations, and Syria had agreed to appoint an amb. to Amman. Syria has objected to appointing the new amb. for two years.

Jordan and Syria both courted the Iraqi opposition. Syrian VP 'Abd al-Halim Khaddam met with Iraqi oppositionists in Damascus (2/28) and later hosted an opposition convention in Damascus (3/23). Meanwhile, King Hussein gave the Iraqi National Accord opposition group permission to open an office in Amman (2/18) and met with Kurdish resistance leaders in London (2/28, 3/2). Jordan recalled its ambassador on 4/20 over the significant increase in the number of beatings and murders (seven in the previous week) of Jordanians in Iraq and expelled an Iraqi embassy official for monitoring Iraqi dissidents in the kingdom (3/24). Iraq in turn expelled a Jordanian embassy official from Baghdad. Yet Jordan and Iraq also approved the sale of 200 metric tons/day of Iraqi natural gas to Jordan (2/18); ratified an agreement allowing Jordan to export \$220 m. of basic commodities to Iraq (3/2); and lifted its ban (imposed during the Gulf War) on the import or export of Iraqi currency (3/27).

In February, Kuwait and Jordan announced they were optimistic of soon renewing their bilateral relations, which were severed during the Gulf War. On 2/20, they resumed direct telephone links. On 3/14, the Jordanian PM and Kuwaiti FM met in Cairo and agreed to hasten the normalization of their relations.

In Amman 4/1, Jordanian and PA information ministers discussed strengthening

information sharing and media development.

INTERNATIONAL

Turkey's Pres. Suleyman Demirel made the first visit of a Turkish head of state to Israel (3/11-15), where he announced that trade between the countries has doubled in the past year to around \$450 m. and that Turkey would provide Israel with 150 m. cu. m. of water within two years. On 3/19, he said he was working on an accord to provide Israel with 5.3 b. cu. ft. of water.

In the most significant event this quarter, on 4/8, Turkey confirmed rumors (begun 4/5) of a defense pact with Israel signed in 2/96 but gave few details except that military personnel would be exchanged. When eight Israeli F-16 trainer planes arrived in Turkey 4/15, both sides announced that the accord permits their air forces to hold eight training missions in each other's airspace each year. Jets will not be armed or have surveillance equipment. Israel will also upgrade Turkey's fleet of F-14's at an estimated cost of \$650 m. Arab states condemned the pact; the U.S. worried that it would cause a broad strategic realignment in the region. Greece immediately said it was considering a military alliance with Syria, while Egypt exchanged letters with Iran on the possibility of a rapprochement.

On 3/13, 31 nations (incl. Algeria, Bahrain, Egypt, France, Germany, Israel, Jordan, Kuwait, Morocco, Oman, the PA, Qatar, Russia, Saudi Arabia, Tunisia, the UAE, UK, U.S., and Yemen) attended a one-day "Summit of Peacemakers" in Sharm al-Shaykh, Egypt (see Doc. A1). The summit, initially billed as an antiterrorism conference, was called at the initiative of Israel in the wake of the 2/96 and 3/96 suicide bombings. Syria and Lebanon boycotted the meeting, saying it was one-sided. As an alternative, Syria proposed the Madrid Peace Conference be reconvened to discuss all countries' grievances.

The U.S., Israel, and the Arab states differed in their goals for the summit: Israel wanted a symbolic show of unity. The U.S. wanted to curb acts of violence; put pressure on states such as Iran, Iraq, and Libya; invigorate the peace process; and strengthen Peres's position. Arab states emphasized the broader peace process, including Israeli actions. In the end,

parties discussed ways of strengthening the Oslo accords, meeting Palestinian economic needs, finalizing negotiations of remaining tracks, as well as confronting violence; and agreed to form a 30-day committee to develop an economic and security package for Israel and the PA.

The same parties held a follow-up meeting in Washington 3/28-29. Under pressure from the Europeans and Arabs, the U.S. and Israel expanded discussion to include not only ways of combatting terrorism but also ways of unblocking the peace process. Pres. Clinton canceled a third meeting on antiterrorism scheduled for 4/22 in Luxembourg because of the Israeli attack on the UN base in Qana 4/18.

United States: U.S. diplomacy this quarter was viewed by the Arab states as increasingly partisan/pro-Israel. During PM Peres's visit to Washington (4/28-30), Pres. Clinton signed a classified antiterrorism cooperation agreement (4/30) and Secy. of Defense Perry signed (4/28) a statement of intent. These agreements committed the U.S. to enhancing Israeli security by:

- providing Israel with access to real-time satellite data and otherwise increase Israel's early warning system,
- giving \$200 m. over five years to Israel's Arrow missile project,
- resurrecting and securing \$25 m. for the Nautilus laser program that was cut by Congress during the budget battle,
- providing Israel with Phalanx fast-firing guns and F15-I fighter-bombers,
- selling Israel AMRAM air-to-air missile system (considered the world's most advanced air combat weapon),
- committing \$100 m. to the U.S.-Israeli antiterrorism effort for FY 1996-97,
- granting additional access to technology such as supercomputers,
- creating a working group to explore ways to bolster Israeli missile defenses, and
- forming a high-level steering committee to develop new ways of enhancing bilateral security cooperation, including possibly a formal defense pact.

Although the Middle East Peace Facilitation Act (MEPFA) permitting funding to the PLO was extended for 18 months on 2/12 (see "Peace Monitor" in *JPS* 99), the suicide bombings in Israel prompted Congress to pressure the State Department to issue a "mini" PLO compliance report,

covering the shortened period 12/1/95-3/1/96. The report was accepted, suspending restrictions on the PLO until 6/15. A compliance update, submitted 5/15, recommended a further extension of the suspension of restrictions until 8/13.

Despite the administration's approval of these extensions, congressmen led by Rep. Benjamin Gilman (R-NY) and Sen. Bob Dole (R-KS) threatened (3/4, 3/12) to cut off American assistance to the PLO and to continue to block the transfer of \$13 m. of MEPFA funds if Arafat did not take action against Hamas. As of 4/16, the money, slated for PA operating costs, was blocked indefinitely. On 5/8, Sen. Jesse Helms (R-NC) asked Secy. of State Warren Christopher for clarifications regarding the PNC's amendment of the PLO charter (see above), saying he would move to cancel MEPFA aid if he felt that the PNC had not "effectively disavowed and nullified" the charter.

On 4/12, 34 U.S. jets, 1,100 troops arrived at Jordan's Azraq airbase, marking the first time flights to enforce the no-fly zone over s. Iraq were made from Jordan. For two to three months, the U.S. will fly 100-150 sorties a day. In light of the Turkish-Israeli pact (mentioned above), Syria found this threatening.

Russia: Russian-Israeli relations continued to deteriorate this quarter. Israel announced (2/22) it had received a "sharp" letter from the Russian FMin., demanding the return to Russia of ownership rights of property in Jaffa, Jerusalem, and Tiberias formerly owned by the Soviet Union. Israel has recognized Russia as the legal heir of the USSR but has delayed the reregistration of property.

On 4/3, Russia revoked the accreditation of the Jewish Agency—a quasi-governmental body that has brought 630,000 Jewish immigrants to Israel from the former Soviet Union since 1989—and notified local authorities that the agency no longer is permitted to function in Russia. On 4/30 in Piatrgorsk, Russia, police halted a Jewish Agency seminar. Against the Israeli FMin.'s wishes, agency head Avraham Burg travelled to the U.S. 5/2 to enlist the support of American Jewish groups to pressure the U.S. to intervene with Russia on the agency's behalf, but the administration made it clear it wanted to avoid a clash with Russian Pres. Boris Yeltsin before the Russian elections 6/16.

During "Operation Grapes of Wrath," Russia condemned Israel's offensive and offered its own cease-fire proposal. PM Peres criticized the initiative, saying the U.S. was the only party with the ability to formulate a workable cease-fire. When Russian PM Yevgeny Primakov arrived in Israel to brief Peres on his meetings with Pres. Asad and Iranian FM Ali Akbar Velayati (4/21), Peres complained about the Jewish Agency issue, accused Russia of pushing its way into the cease-fire issue, and claimed not to trust Russian diplomacy. Peres and FM Barak later refused to meet with Dep. FM Viktor Posuvalyuk. Russian and some Israeli officials expressed anger at Peres's "lack of diplomatic savoir faire" (*Ha'Aretz* 5/2 in FBIS 5/3; see "Peace Monitor" in *JPS* 98).

European Union: Following a two-day foreign ministers' meeting in Palermo, Italy, 3/9-10, the EU announced a strategy to play a "full and active" role in Middle East peacemaking and to stand up to U.S. criticisms of its Middle East policy, including by continuing contacts with Iran regarding Hizballah actions in Lebanon.

France was particularly involved in reaching a cease-fire agreement in Lebanon. After the agreement was concluded 4/26, French FM Hervé de Charette returned to Jerusalem to meet with PM Peres and FM Barak to underscore the value of France's influence with Syria and contacts with Iran and to encourage Israel to give France a greater role in its negotiations with Syria.

Meetings and Regional Tours: Following Israel's offensive in Lebanon and the opening of final status talks, Egypt's Pres. Hosni Mubarak, Jordan's King Hussein, and the PA's Arafat held a two-day summit in Cairo (5/11-12) to forge a united stand before the PA enters substantive final status negotiations with Israel.

Other meetings and tours included:

- Arafat in Egypt (3/27, 4/16), Morocco, Saudi Arabia (4/7-8), Qatar (5/3), Tunisia (4/15), and the Gulf states (late 3-early 4/96) to brief Arab leaders on conditions under closure.
- French Pres. Jacques Chirac in Egypt (4/6) and Lebanon (4/4-5), marking the first visit of a French president to Lebanon.
- Angolan FM Bernardo de Miranda and Israeli FM Barak to discuss cooperation projects in agriculture, health,

and education (5/1), marking the first visit of an Angolan minister to Israel.

- Israeli FM Barak and U.S. Secy. of State Christopher in Washington to discuss technical aspects of enhancing their bilateral strategic partnership (5/8).
- German FM Kinkel in Israel (3/7-8), Jericho (3/8), and Gaza (3/9).
- Egyptian FM Amr Musa and Turkish Pres. Demirel in Ankara to discuss Turkish-Israeli defense pact (5/2).

DONORS

The Israeli closures derailed all progress that had been made following the 1/9 Paris donors meeting (see "Peace Monitor" in *JPS* 99). Since goods could not enter the self-rule areas and even aid workers travelling on foreign and diplomatic passports could not move freely, all work halted, and many donor nations were forced to cancel initial project meetings and delay sending or recall their project teams.

On 4/12, the donors convened an emergency meeting in Brussels to gauge the extent of the crisis and identified three primary goals: to lower unemployment, to close the budget gap, and to get donor projects back on schedule. The IMF estimated the PA deficit for 1996 would expand from \$75 m. to \$183 m., and noted that, of the \$886 m. promised at the 1/9 meeting and the \$500 m. to be disbursed by 1997, only \$27 m. had been received by the PA.

Donors decided to first address unemployment by creating 50,000 short-term jobs inside the self-rule areas to lower the unemployment rate and boost individual income. The World Bank decided to shift its portion of the \$75 m. (roughly \$53 m.) promised to the Holst Fund 1/9 for PA salaries to emergency employment projects. Though no new pledges were solicited, several countries disbursed to the job creation project money previously pledged but unallocated and undistributed: Japan \$10 m.; Norway \$10 m. (incl. some new money); Germany \$6 m.; Switzerland \$3.8 m. (Israel also agreed to loan the PA \$30 m., but the PA said Israel should first transfer the \$30 m. in tax revenue owed the PA.) The first 2,500 jobs began 3/29. By 5/10, World Bank officials estimated that \$50 m.-\$100 m. had been disbursed to create 21,000 jobs. Jobs run for 10 days

in Gaza, 18 days in the West Bank, and pay \$10/hr.

Donors scheduled a 6/27/96 conference to reassess the donor process, particularly in light of Israeli elections. By the end of 7/96, the donors hope to have a better sense of what postelection policies Israel will adopt, specifically if it will try to permanently cut off the West Bank and Gaza economically. They will then identify ways to solve deficit financing problems, perhaps through new pledges; and to get bridge financing (e.g., loans), perhaps from Israel, to help the PA meet recurrent expenses.

On 5/1, Arafat and World Bank Pres. James Wolfensohn signed an emergency \$20-m. loan for local municipal development. The money will be used to create jobs, develop agricultural areas, initiate water projects, and repair roads.

Additional aid pledged to the PA this quarter included:

- \$12 m. from Japan to ease the effects of the Israeli closure, of which \$3.5 m. is allocated to Peace Implementation Program (PIP) projects in Lebanon and Jordan (3/13).
- \$5 m. from Norway to the UNRWA for job creation (4/96).
- \$3.1 m. from Germany (3/13) to the PIP (unallocated).
- \$900,000 from the EU for food aid to the Palestinians and an additional \$582,000 to the World Food Program to import basic supplies to the self-rule areas (3/21).

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