PEACE MONITOR

16 FEBRUARY–15 MAY 1997

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

BILATERALS

PALESTINIAN-ISRAELI TRACK

Events this quarter were marked by two issues: the extent of the first phase of Israel’s further redeployment (FRD) from the West Bank called for in the Note for the Record (see Peace Monitor in JPS 103) and announced by Israel 3/6, and Israel’s 2/19 decision to proceed with a new settlement on Har Homa/Jabal Abu Ghanaym in East Jerusalem. As a result of these actions, the Palestinian Authority (PA) suspended negotiations with Israel 3/9, which had not resumed by the end of the quarter. Following a suicide bombing in Tel Aviv 3/21, the PA and Israel severed all but low-level security contacts.

Following the suicide bombing, Israeli PM Benjamin Netanyahu told the PA (3/24, 3/28) that it must unconditionally meet six demands for the peace process to continue: arrest and punish all “terrorists,” crack down on Islamists and dismantle “guerrilla groups,” prevent all violence and hostile propaganda against Israel (particularly in the Palestinian press), resume full security coordination, review Israeli extradition requests, and confiscate all unlicensed weapons. For its part, the PA refused to resume negotiations until Israel halts all settlement construction, including that in East Jerusalem.

To break the impasse, Netanyahu proposed (3/19, 4/4) that Israel and the PA bypass the three FRDs and hold Camp-David-style negotiations aimed at concluding a final status agreement in three to six months. If no agreement was reached by 9/97, the two sides could go ahead with the redeployments as previously planned. PA head Yasser Arafat rejected the idea (3/19, 4/4). Although U.S. Pres. Bill Clinton also rejected the proposal (4/7), the U.S. said (4/1) that it was open to a compromise that would accelerate the final status talks while implementing the FRDs and Oslo II provisions as originally scheduled. On 4/10, the PA suggested that this might be acceptable as long as Israel halted all settlement activity. On 5/1, Arafat spokesman Marwan Kanafani said that the PA was willing to resume talks with Israel even without a freeze on Har Homa, provided talks focus on ending all Israeli settlement construction (including East Jerusalem) and on the scope of FRD. Israel did not respond.

Pres. Clinton (4/7) and U.S. special envoy Dennis Ross (3/27–28, 4/15–18, 5/8–16) encouraged Israel to make gestures toward the Palestinians to regain their confidence, but Netanyahu refused. Ross spent his last trip to the region this quarter unsuccessfully trying to fashion a package of Israeli gestures (short of halting Har Homa construction) to get the PA to return to the table, but neither the PA nor Israel would moderate its conditions.

During late 4/97, Egypt, the PA, and the U.S. floated several proposals for a multilateral summit (including Egypt, Israel, Jordan, the PA, possibly Syria and Lebanon) to discuss the peace process and ways of reviving the Israeli-Palestinian track. Again, Israel refused Egypt and the PA’s basic demand (4/25) that it halt Har Homa construction and make confidence building gestures beforehand. The initiatives were not pursued.

Meanwhile, Labor MK Yossi Beilin approached Arafat (4/27) with his own—unauthorized—five-point plan for restarting talks: (1) both sides would avoid unilateral acts; (2) both sides, but the PA in particular, would make a “supreme” effort to prevent violence; (3) Israel would immediately carry out the FRD approved by Netanyahu 3/6; (4) Israel, PA would agree on the extent of the second FRD; and (5) final status talks and security coordination would begin immediately. Although the Israeli government declared (4/27) that the Beilin plan was dangerous to the process and was not being considered, Beilin traveled to Cairo and Jordan (5/6) to discuss it.

Further Redeployment

In keeping with Israel and the U.S.’s reading of the Note for the Record (see Peace Monitor in JPS 103), Israel unilaterally determined the extent of the first FRD, which was to have been completed 3/7. On 3/6, the Israeli cabinet approved (10-7) the first FRD,

Journal of Palestine Studies XXVI, no. 4 (Summer 1997), pp. 126-137.
covering a total of 9% of the West Bank. However, since 7% was moved from area B, already under partial Palestinian control, to area A, only 2% of new land was to be transferred to the PA. The 7% of area B (30 villages with 200,000 residents) moved to area A raises area A to roughly 9% of the West Bank; and the 2% of area C moved to area B raises area B to roughly 23% of the West Bank. (Estimates for the original combined size of areas A and B vary between 27% and 31% and for area A alone between 1% and 3%.) The new areas designated for transfer are in noncontiguous enclaves, preserving Israeli control of transportation corridors and lands adjacent to settlements and preventing the formation of large blocks of PA-controlled territory.

At a PA-Israeli meeting 3/9, convened to work out the logistics of implementing the first FRD, PA negotiator Mahmud Abbas handed FM Levy a memo expressing the PA’s “nonacceptance” of the plan. Although Israel said (3/9) it might withdraw unilaterally, it announced (3/12) that it would not transfer the areas if the PA refused to take control of them. To date, no redeployment has taken place.

Oslo II Implementation

The eight Israeli-Pa subcommittees set up 1/28 to draw up protocols on implementation of the “issues for negotiation” outstanding from Oslo II listed in the Note for the Record (civilian affairs, cooperation, economic and financial affairs, Gaza port, international crossings, Rafah airport, safe passage, and security affairs) began meeting 2/16-17 as planned. Subcommittees were to meet twice weekly, with Israeli FM David Levy and PA negotiator Mahmud Abbas to meet once a month. Meetings were held 2/23-24 and 3/3, but were suspended, along with most other Israeli-Pa contacts, after Israel announced (3/6) the extent of the first FRD.

In a bid to ease tensions over the extent of redeployment, the U.S. suggested (3/10) that Israel quickly approve the Rafah airport and Gaza port projects, open a safe passage route between the West Bank and Gaza, and end seizures of Palestinian lands as confidence building measures. Israel refused, and the PA protested that the proposal amounted to compensating Israel for taking actions already required of it under Oslo.

Israel allowed (3/17) Arafat's plane to begin using Rafah airport 3/21, but constructed (4/97) a tower at the end of the runway that would obstruct take-offs and landings of larger aircraft. Israel claimed that the tower was built on Israeli-controlled land and therefore did not violate Oslo II.

Final Status Talks

Under the 1/15 Hebron protocol, final status talks were to resume 3/17 but did not, due to the Har Homa decision and the first FRD.

Netanyahu stated (5/12) that he would present the inner cabinet with the IDF map of Israeli interests in the West Bank, which shows 45-50% of the West Bank as “vital” for state security, as the basis for a permanent settlement. According to press reports (e.g., Ma’ariv 5/12), Netanyahu wants to retain in a final settlement 60% of the West Bank, including the Jordan Valley, a north-south mountain ridge through the West Bank, areas around the Gush Etzion settlement bloc south of Jerusalem, the West Bank’s western border with Israel, and both sides of the corridor connecting Jerusalem to Israel. He would agree to evacuate a few isolated settlements to avoid leaving them surrounded by Arabs but would not allow a Jordanian-Palestinian border to be formed.

Security Arrangements

On 2/17, Israeli-Pa joint patrols resumed in Tulkarm after having been suspended, as in all Palestinian towns, during the 9/24-28 violence (see Peace Monitor in JPS 102). Patrols in all other towns had already recommenced. From that time until late 3/97, Israel and the PA coordinated their security efforts as agreed under Oslo, most notably halting a protest march on Har Homa by 2,000 Palestinians 2/27.

Following the 3/21 suicide bombing, Israel suspended all but security coordination with the PA. Netanyahu and his senior aides accused Arafat (3/23, 3/25) of deliberately causing the attack by giving a “green light to terrorism” in a national unity meeting 3/9 (see below) and of coordinating all West Bank and Gaza demonstrations against Har Homa. Israeli intelligence chiefs declared 3/23 that the PA police who intervened to halt demonstrations did so because they were “unaware” of the PA’s orders to stage the protests. In response, the PA cut off all but low-level security contacts (3/24).

The PA's 3/24 decision prompted Israel to authorize (3/25) the resumption of Shin Bet intelligence operations in area A, Gaza, and Jericho and to send (3/27) tanks and troop reinforcements to surround West Bank self-
rule areas. On Land Day (3/30), marked annually by Palestinians to protest Israeli land confiscations, the IDF deployed more tanks around Bethlehem and Nablus and flew helicopter gunships over Nablus. PA police also fired in the air and clubbed and shoved Palestinian protesters in Nablus and Hebron to prevent them from reaching Jewish sites. Israel credited the PA (4/10) with helping arrest five Hamas members allegedly responsible for the 3/21 suicide bombing and the kidnapping and murder of an IDF soldier missing since 9/96, but said such actions were not sufficient.

As a result of a meeting between Arafat and Israeli FM David Levy in Malta (4/15), the PA agreed to hold discussions with Israel on resuming security coordination, provided that a U.S. representative be present. The three-way meetings began 4/16 and were held 5/6 and 5/9.

Also of note: Israel claimed (4/30) that the PA had deployed 1,500 policemen in Hebron—four times the number agreed to in the 1/15 Hebron protocol.

**Jerusalem**

On 2/19, Netanyahu approved the construction of 6,500 housing units for 30,000 Israelis at Har Homa in East Jerusalem, one of the last undeveloped tracts between Bethlehem and Abu Dis. On 2/26, a special Israeli ministerial committee unanimously approved the plan along with a provision to permit the construction near Har Homa of 3,015 housing units for Arabs (on 3/20 increased to 6,000 units throughout East Jerusalem), but did not approve any financing for the Arab units. Also on 2/26, Netanyahu deployed additional police and border guards in Jerusalem, placed troops on alert for clashes similar to those 9/24–28, and warned the PA that violent protests could lead to the suspension of FRD. Scattered Palestinian demonstrations were held (e.g., 2/27, 3/1, 3/3, 3/17), but daily protests did not begin until 3/18, when the Israelis broke ground at the site. The first demonstration to involve a clash with the IDF occurred 3/20.

Israel also decided (2/18) to speed construction of roads in and around East Jerusalem and ordered (3/4) the PA to close four offices in and remove all security forces from East Jerusalem by 3/7. The order to shut the offices was rescinded 3/13.

Israel acknowledged (5/4) that in the past year, it has confiscated the Jerusalem ID cards of 1,047 Palestinians (104 of whom hold U.S. green cards), stripping them of their Jerusalem residency and giving them 15 days to "leave the country." Interior M Eli Suissa said the goal is "a rise in the Jewish population" of the city (Washington Post 5/5, Washington Times 5/6). At the same time, he claimed that the ministry does not have the staff to process the backlog of 8,000 Palestinian requests for family reunification that have been submitted since 1994 (during the same period the department has evaluated and approved 236,268 applications for citizenship/reunification for Jews).

On 2/19, the Knesset approved (23–13) the first reading of a bill that would require an 80-MK majority to make any change in the Jerusalem Law, which delineates the city's status and boundaries.

Also of note: on 4/5, Jordan's Crown Prince Hassan hosted a "National Gathering for Jerusalem" to discuss Israel's policies toward the city. Participants agreed to establish a fund called the Jerusalem Fund for Joint Investment Company, to finance building housing and infrastructure for East Jerusalem Palestinians and to encourage investment in the city.

**Economic Matters**

The Palestinian Stock Exchange (PSE) opened in Nablus 2/18 with 25 companies (with an overall market value of $750 m.) listed and 311 shares traded. As of 3/21, 500 investors had opened accounts for trading. In 4/97, the PSE began issuing the "Jerusalem Index" measuring on a daily basis the performance of all shares listed. The PSE will have weekly three-hour trading sessions until volume expands.

The PA and European Union (EU) signed (2/23) a partnership agreement to phase out trade barriers over ten years and give Palestinians preferential access to EU markets and development funds.

Palestinian Airlines made its first landing at Amman airport 4/10 and its first regular flight from Amman to Morocco (with a stopover in Tunis) 4/11. The PA requested (4/24) that Jordan amend its aviation agreement with the PA to allow regular flights between Amman and Egypt's al-Arish airport until Rafah airport is opened. Jordan agreed in principle (5/9), pending approval on technical details. Cyprus, Egypt, Greece, Saudi Arabia, and Turkey already allow Palestinian Airline planes from al-Arish to land at selected airports.

The PA and the U.S. agreed (3/3) to form a high-level joint committee to coordinate policy on economic and political issues. The
group, which will meet several times a year, will be co-chaired by Arafat and Secretary of State Madeleine Albright. The working heads will be PA Planning M Nabil Shaath and Aaron Miller, assistant to Dennis Ross.

In early 3/97, the PA signed a $30-m. agreement with a Spanish company to build three hotels in Bethlehem, Gaza, and Ramallah; two contracts worth $7.1 m. with Japan for equipment for the civil defense forces and the PA Agriculture Ministry; a $7 m. deal with two Norwegian companies to rehabilitate the electrical distribution network in the West Bank; and a $3.2-m. deal with Czechoslovakia to provide electricity to eight West Bank villages. Spain also donated (4/23) $4 m. worth of vehicles to the PA's Nablus municipality.

The UAE donated (4/97) $100 m. to the PA for housing construction in Gaza, marking its first major donation to the Palestinians since the Gulf War. Sweden agreed (5/97) to fund a $100-m. project for needy children, to be run through the PA Social Affairs Ministry. Norway allocated (5/97) $60 m. for 1997 PA operating costs. Germany signed an agreement (5/97) promising the PA $42 m. in financial support. The Arab Fund for Economic and Social Development gave (5/97) the PA a $37.4-m. loan.

**Diplomatic Matters**

On 3/15, Arafat hosted a meeting with Arab, EU, Japanese, Norwegian, and U.S. envoys in Gaza to discuss Netanyahu's development plans for East Jerusalem. Israel considered the move (3/10, 3/15) as an attempt to evade negotiations and a violation of Oslo, which says that disputes between Israel and the PA should be handled in the Palestinian-Israeli Steering and Monitoring Committee, where Israel has ultimate veto power.

Israel's Labor party drafting committee approved (3/27) two additions to the party charter: one recognizing for the first time the Palestinians' right to self-determination and a state (subject to limitations on issues such as armed forces); the other saying that Jerusalem should remain united under Israeli sovereignty but suggesting that the 160,000 Palestinians in East Jerusalem be given "municipal autonomy." The changes will be submitted to the party congress for approval in 6/97.

On 2/27, Arafat convened the broadest gathering of Palestinian groups since the signing of the DOP, including Islamist and leftist groups opposed to Oslo. Although no achievements were made at the meeting, participants agreed to continue the national dialogue with the aim of arriving at an agreed document that would outline Palestinian positions on final status issues.

Arafat convened (3/9) a meeting of senior leaders of the Democratic Front for the Liberation of Palestine, Hamas, Islamic Jihad, and Popular Front for the Liberation of Palestine to discuss the status of the peace process given the extent of Israel's proposed first FRD. His pessimism at this meeting and his release of 100 Hamas members, including a Hamas military figure (3/10), were later cited by Israel as the "green light for terrorism" that allegedly precipitated the 3/21 suicide bombing. Citing the crackdown against Hamas members that followed the bombing, Hamas and Islamic Jihad refused to attend the next national dialogue meeting (4/28).

**Palestinian Authority**

On 3/20, the Palestinian Council (PC) held the first meeting of its second session and reelected Ahmad Qurai' as PC speaker. From the start of the new session until late 4/97, the PC was unable to form a quorum because Israel prevented Gaza members from reaching the West Bank despite their VIP status. On 4/1, the weekly session was canceled due to Israeli closure of the territories.

On 4/14, the PC members in attendance conducted the first reading of the monetary authority law to regulate the relationship between banks and the PA and began debate on corrections to the council's Standing Orders (see Peace Monitor in JPS 100). At the weekly session 4/23-24, members unanimously supported the Palestinian teachers' strike (see below) and addressed the status of Palestinian prisoners in Israel given the suspension of peace talks.

On 5/2, the PA Executive Authority (EA) and PLO Executive Committee decided to ban sales of Palestinian land to Israelis and to punish offenders. Though no punishment was specified or recommended at the meeting, PA Justice Minister Frayh Abu-Madayn said (5/5) that until the PC could draw up its own legislation, the PA would use a Jordanian law still in effect that permits the death penalty for those who sell or facilitate the sale of land to Jews. On 5/9, a Palestinian land dealer from Jerusalem was found dead in Ramallah. Israel blamed the PA (5/11) and arrested a PA policeman (5/15), but Arafat denied (5/11) PA involvement.
In late 2/97, the PA tentatively set municipal elections for 8/97. Elections will be held in all population centers of more than 1,000 residents (299 electoral districts in the West Bank, 20-30 in Gaza). Each electoral district will be administered by a committee of 5-9 members that will register voters and prepare voter registries in cooperation with the Central Bureau of Statistics. In keeping with Oslo, Palestinians in Jerusalem will not be allowed to elect a municipal government. Each population center with fewer than 1,000 residents (of which there are about 1,000) will appoint a “minicouncil” to be approved by the PA. As of 5/15, all political factions planned to participate. Some 21,000 candidates, who must pay $750 each, are expected to run. The council term is four years; council members may serve for a maximum of two consecutive terms.

After a month of job actions to protest their salaries (which are paid by the PA and range $300-$500/month), Palestinian teachers called a strike in early 3/97. It was temporarily suspended 3/17 when the teachers agreed to accept a 10% increase pending further negotiations with the Education Ministry. However, the EA vetoed (4/2) a PC motion to support the teachers, and the ministry suspended (4/3) 19 strike leaders and called them before a disciplinary council. The strike was re-imposed 4/5, forcing the ministry to cancel the disciplinary action. After meeting with Arafat (4/19), 25 teachers were arrested (4/21). Only after the PC submitted a no-confidence motion against Education M Yasir Amr and demanded the teachers' release (4/24) did the PA release the teachers on 4/25. The teachers agreed to end the strike that day, without a salary increase, in exchange for a PA promise to set up a ministerial committee to examine their demands. All schools were functioning normally by 4/27.

Beginning in mid-4/97, television broadcasts of the PC weekly sessions were jammed. Some PC members and television owners blamed the PA, though Arafat's office claimed (4/30) that it could not find the source of the interference.

**Palestinian Opinion**

*The following data are excerpted from a poll conducted 6-9 March by the Nablus-based Center for Palestine Research and Studies (CPRS). Results are based on a survey of 1,542 men and women from the West Bank and Gaza. The first question, on support for the peace process, was also asked of 1,334 men and women from the West Bank and Gaza in a CPRS poll conducted 10-12 April. For comparison, both responses (1a. and 1b. respectively) are reproduced here. The polls, twenty-sixth and twenty-seventh in a series, were made available by CPRS's office in Nablus.*

1a. Do you support or oppose the current peace process between Palestinians and Israelis?

<table>
<thead>
<tr>
<th></th>
<th>West Bank &amp; Gaza</th>
<th>West Bank Gaza</th>
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<tbody>
<tr>
<td>a. Support</td>
<td>73.3%</td>
<td>68.6%</td>
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<tr>
<td>b. Oppose</td>
<td>22.2%</td>
<td>26.0%</td>
</tr>
<tr>
<td>c. No opinion</td>
<td>4.6%</td>
<td>5.3%</td>
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</tbody>
</table>

1b. Do you trust the intentions of the current Israeli government toward the peace process with the Palestinians?

<table>
<thead>
<tr>
<th></th>
<th>West Bank &amp; Gaza</th>
<th>West Bank Gaza</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Yes</td>
<td>60.2%</td>
<td>60.0%</td>
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<tr>
<td>b. No</td>
<td>34.4%</td>
<td>33.7%</td>
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<tr>
<td>c. No opinion</td>
<td>5.4%</td>
<td>6.3%</td>
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2. Following the peace process and the implementation of autonomy, your economic situation and standard of living have become:

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<tr>
<th></th>
<th>West Bank &amp; Gaza</th>
<th>West Bank Gaza</th>
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<tbody>
<tr>
<td>a. Better</td>
<td>4.8%</td>
<td>5.1%</td>
</tr>
<tr>
<td>b. Worse</td>
<td>90.5%</td>
<td>89.3%</td>
</tr>
<tr>
<td>c. No opinion</td>
<td>4.6%</td>
<td>5.6%</td>
</tr>
<tr>
<td>d. Don't know</td>
<td>4.6%</td>
<td>1.0%</td>
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3. Do you support or oppose the new settlement on Jabal Abu Ghunaym. While the Palestinian side strongly opposes that, what, in your opinion, is the best means (select one only) to express opposition?

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<thead>
<tr>
<th></th>
<th>West Bank &amp; Gaza</th>
<th>West Bank Gaza</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Better</td>
<td>12.6%</td>
<td>13.3%</td>
</tr>
<tr>
<td>b. Worse</td>
<td>51.9%</td>
<td>49.3%</td>
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<tr>
<td>c. Stayed the same</td>
<td>34.0%</td>
<td>35.6%</td>
</tr>
<tr>
<td>d. Don't know</td>
<td>1.5%</td>
<td>1.8%</td>
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</tbody>
</table>

4. Oppose or support the new settlement on Jabal Abu Ghunaym. While the Palestinian side strongly opposes that, what, in your opinion, is the best means (select one only) to express opposition?
Peace Monitor

<table>
<thead>
<tr>
<th></th>
<th>West Bank &amp; Gaza</th>
<th>West Bank</th>
<th>Gaza</th>
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<tbody>
<tr>
<td>a. Negotiations</td>
<td>55.8%</td>
<td>53.5%</td>
<td>59.9%</td>
</tr>
<tr>
<td>with Israel</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>b. Armed attacks</td>
<td>9.0%</td>
<td>10.0%</td>
<td>7.3%</td>
</tr>
<tr>
<td>against Israeli</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>targets</td>
<td></td>
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<tr>
<td>c. Demonstrations</td>
<td>15.6%</td>
<td>14.3%</td>
<td>17.8%</td>
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<tr>
<td>and unarmed</td>
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<td></td>
<td></td>
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<tr>
<td>confrontations</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>d. Return to the</td>
<td>13.7%</td>
<td>15.1%</td>
<td>11.1%</td>
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<tr>
<td>intifada</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>e. Other</td>
<td>5.9%</td>
<td>7.1%</td>
<td>3.9%</td>
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</tbody>
</table>

Jordanian-Israeli Track

Jordanian-Israeli relations hit a low point this quarter due to Israel's Har Homa plans and the stalemate on the Palestinian track. King Hussein warned PM Netanyahu (2/23, 2/26, 3/8) that constructing Jewish housing in East Jerusalem could jeopardize the peace process, and Crown Prince Hassan canceled (2/25) a planned visit to Israel in protest. Additional tension came from Israel's emphasis on 2/18 of its interpretation of the Jordan-Israel peace treaty as agreeing "that there will be no change in the current status of absentee properties" i.e., that real estate belonging to Jordanian citizens expelled from 1948 Palestine will continue to be regarded as "absentee property" under the 1950 Israeli absentee property law. Tensions peaked 3/9 when King Hussein sent PM Netanyahu an accusatory letter (see Doc. B1). Netanyahu dismissed the king's concerns in a letter the next day (see Doc. C). Despite Jordanian domestic discontent, manifested in the call by 22 Jordanian deputies (3/11) for the government to cancel the 1994 peace treaty, King Hussein and PM 'Abd al-Karim Kabariti stated (3/11) that Jordan would not sever or freeze relations.

Two days later (3/13), a Jordanian soldier opened fire on a group of Israeli girls on a field trip to a Jordan River island, killing seven and wounding six. Israel blamed (3/13) King Hussein for provoking the attack with his 3/9 letter. The king visited Beyt Shemesh, Israel, 3/16 to ask the forgiveness of the families of the seven girls and to visit the wounded. The visit was a media success in Israel but was criticized by many in Jordan, where the government was forced to halt 100s of people from making solidarity visits to the soldier's family (3/17, 3/18, 3/22) and 100s of independent lawyers and legal associations volunteered defense teams. The case was turned over to a military court 3/27.

Israeli military officials are participating in the investigation.

On 3/19, King Hussein accepted PM Kabariti's resignation. Kabariti suggested (3/19) that his dismissal was due in part to differences with the king on policy toward Israel. His replacement, 'Abd al-Salam Majali, was the PM who signed Jordan's peace treaty with Israel in 1994.

Economic Matters

Jordan postponed (3/31) a meeting of the Jordanian-Israeli technical committees on law and trade, scheduled to discuss the founding of a joint company to oversee the creation of a peace airport in Aqaba and an association for pilots' rights. Jordan's Civil Aviation Authority attributed the delay to PM Kabariti's resignation, not to the 3/31 Arab League decision (see below).

The Jordanian cabinet voted (5/3) to make Aqaba a free trade zone. A ministerial committee will be appointed to determine the borders, functions, and schedule of implementation.

Water

On 2/23, Israel said that recent rains had improved the water balance in Lake Tiberias, allowing Israel to supply the first 50 mcm of water to Jordan as stipulated in their peace agreement. However, the supply of the additional 50 mcm of Bayt She'an Valley water at the end of next year may be significantly delayed. To furnish the second supply, Israel plans to dry out fish ponds in the valley, a move that local farmers and fishermen are trying to block.

Israeli infrastructure M Ariel Sharon and Jordanian water and irrigation M Munther Haddadin met in Israel (5/4) to discuss the as yet unimplemented Annex II.3 of the 10/94 peace treaty (see Doc. A2 in JPS 94), which required Israel to help Jordan find 50 mcm of additional water sources per year by 10/95, but reached no agreement. As a result, Jordan canceled a follow-up meeting in Amman for 5/5, Israel canceled a meeting between Netanyahu and Crown Prince Hassan 5/6, and King Hussein canceled plans to speak at the Technion graduation in Haifa 6/2. On 5/8, Netanyahu and King Hussein met in Aqaba and agreed to a deal under which Israel would immediately provide Jordan with 25 mcm/year of water from existing sources and redirect another 25 mcm/year of Yarmuk River floodwaters after three years. Israel and Jordan would equally split the cost of building the storage facilities to contain the floodwaters.
Tourism

As of mid-3/97, the Haifa-Amman air corridor had begun service, and Tel Aviv-Amman flights were operating at 60% capacity, which is considered commercially successful. In addition, Israel and Jordan agreed to offer tourist packages for Israeli visitors to Amman and Jordanian visitors to Haifa that would include a return flight ticket and a three-night stay in selected hotels for a modest fee.

The Aqaba-Elat Committee met in Aqaba 2/26 and agreed to open a Jordanian consulate in Elat and an Israeli one in Aqaba, to issue one-day travel visas for entry through Wadi Arba crossing, and to reduce entry and exit duties between the two cities.

Diplomacy

The U.S. announced (5/15) that with Israel's strong support, it was looking for ways to transfer to Jordan $50 m. in funds from its annual aid to Israel and Egypt. The U.S. and Jordan also signed (2/25) an agreement under which Jordan will receive a $21-m. soft loan to help it purchase wheat from private U.S. companies; and a bilateral investment and private sector trade agreement (4/3), which should facilitate financing for Jordan from U.S. banks. In addition, Jordan and the U.S. Export-Import Bank reached (4/21) a credit facilities agreement to allow Jordanian banks to open letters of credit in U.S. dollars and with U.S. and Central Bank of Jordan guarantees for clients to finance imports of U.S. goods.

Syrian-Israeli Track

There were no contacts aimed at resuming negotiations between Israel and Syria this quarter. Despite the continued freeze, Syrian VP 'Abd al-Halim Khaddam and FM Faruq al-Shara' made a tour of EU capitals (2/27-mid-3/97) and a trip to China (4/9) to gain support for the Syrian negotiating position.

On 2/18, al-Quds al-Arabi reported that in early 2/97, PM Netanyahu presented a proposal to Pres. Clinton that included an Israeli commitment to withdraw from large areas of central Golan and adjacent to Jordan, while retaining areas overlooking Lake Tiberias and surrounding Mount Hermon. Size of the areas would be linked to progress on talks on bilateral ties and normalization. Pres. Clinton doubted that Syria would agree to anything less than full withdrawal, and Syria indeed rejected the proposal. Lending credence to this story, Israeli papers reported (late 2/97) that during his 2/13 meeting with Clinton, Netanyahu agreed to a personal request from the president to recognize that UN Res. 242 applies to the Golan, but with the proviso that Israel retains its traditional interpretation of Res. 242 as requiring withdrawal from some, but not all, territory. On 4/26, Syrian amb. to Washington Walid Moualem said that the freeze in talks would continue until Netanyahu agreed to resume talks on the basis of the principles of the Madrid conference.

Also of note: Israel accused Syria (4/29) of making a new lethal nerve gas called VX and preparing ground-to-ground missiles to deliver it.

Israel announced (3/31, 4/30) that it would supply the 1,800-member South Lebanon Army with new, advanced weapons (including night vision equipment and TOW antitank rockets) and train its members for commando operations outside the self-declared security zone. The IDF also reinforced its troops in southern Lebanon 4/13.

Multilateral Talks

Multilateral talks were scheduled to resume at the steering committee level 3/20 in Moscow, but due to the suspension of Israeli-PA negotiations this meeting was postponed until 6/97. Similarly, scheduled meetings of the committee on children's rights (3/8), the environmental working group (3/10), and the special disarmament committee of the arms control working group (5/97) were canceled.

Regional Affairs

Refugees

In early 3/97, the quadripartite committee on refugees held a two-day meeting on verifying the number of refugees in the diaspora but made no progress. Israel reportedly negated on an earlier agreement to rely on UNRWA and host-country reports for assessing the number of refugees.

Concerned about the lack of progress in existing multilateral and quadripartite groups and the immanence of final status talks, Jordan called (2/19) for the formation of a joint Arab-Israeli committee on Palestinian refugees comprising Egypt, Israel, Jordan, Lebanon, the PA, and Syria.

In Qalandia refugee camp, the local Coordinating Committee of the Campaign for the Defense of Refugee Rights, organized by an independent grass-roots organization representing the refugees from 16 West Bank camps, inaugurated (3/20) a program to cre-
ate a refugee lobby to pressure PA, PC, and PLO officials, the international community, and international NGOs to work on behalf of the refugees’ cause.

**NORMALIZATION**

Several Arab organizations—including the Arab League (3/30-31), the Arab Parliamentary Union (5/14), the Gulf Cooperation Council (early 3/97), and the Pan-Arab Conference (3/24)—called on Israel to rescind its decision to move ahead with Har Homa construction and on member states to suspend ties with Israel and freeze normalization efforts. The Arab League statement was the strongest, recommending reimposition of the Arab boycott (see Doc. B2).

In keeping with the Arab League’s call, the Arab Businessmen’s Association (4/12), the Egyptian Businessmen’s Association (4/4), and the Federation of Egyptian Industries (4/4) urged their members to halt trade ties with Israel. The Higher Council of the Arab Engineers’ Union, based in Amman, announced (5/5) that it would form an anti-normalization committee, but Jordan said it would block the move as an interference in Jordan’s domestic affairs.

Rallies to protest Har Homa were held by refugee camps in Jordan (3/21) and Syria (3/20). In Cairo, 1,000s of students staged rallies (3/5, 3/11, 3/22-25) to denounce Israeli settlement and redeployment policies, to call on Arab states to halt normalization with Israel, and to call on Egypt to revoke its 1979 peace treaty. On 4/4, the demonstrations spread to government-owned factories in the Nile delta area.

Egyptian Pres. Husni Mubarak and PM Netanyahhu held tense, inconclusive talks (3/5), marked by disagreement over Israeli settlement plans. With government permission, nine Egyptian intellectuals also met with Netanyahhu to convey public support for peace but displeasure with Israel’s policies on settlements, Jerusalem, negotiations with Syria and the PA, and Palestinian statehood. Netanyahhu adviser Dore Gold traveled to Cairo in late 3/97 to encourage Egypt to support Netanyahhu’s proposal for accelerated Camp-David-style negotiations on final status, but Mubarak would not do so.

Egypt’s Pres. Mubarak and Syria’s Pres. Asad discussed (3/25, 5/1) hosting an Arab summit on the peace process but disagreed on the scope. Egypt suggested a minisummit comprising Egypt, Jordan, the PA, and Syria; Syria wanted a larger conference of Arab states capable of additional measures against Israel. Syria was also concerned that a four-way meeting would lead Israel and the U.S. to assume Arab support for Jordan and the PA’s bilateral peace agreements with Israel.

A further difference was Mubarak’s desire to give the U.S. time to reach a compromise that would bring the PA and Israel back to the table, versus Asad’s wish for quick action to protest Israeli actions and U.S. support of them. As a result of these differences, no meeting was planned.

Oman froze (3/23) economic and diplomatic ties with Israel, citing Israeli FM Levy’s accusation that the 3/21 suicide bombing was an act of “political terrorism” by Arafat; turned down Israel’s request to participate in a book fair (3/15), a telecommunications and computer trade fair (4/97), and Muscat’s fourth international trade fair (10/97); and denied visas to two Israeli diplomats (4/7).

Qatar froze relations with Israel and suspended plans to open a commercial office in Tel Aviv (3/1) because of the Har Homa decision and later said (3/27) that it was considering severing relations. The government also hosted (4/12) a delegation of Arab MKs, who urged Qatar to uphold the 3/31 Arab League decision. Saudi Arabia’s King Fahd also called on the international community (3/27) to pressure Israel to halt all settlement construction.

Despite the 3/31 Arab League decision, Morocco sent a delegation to Israel (4/1) to discuss starting operations of Royal Air Moroc airlines in Israel. Egypt held (4/97) a military liaison meeting with Israel to discuss merchandise, drug, and possible arms smuggling between Egypt and Gaza via underground tunnels, three of which had already been discovered by the IDF. Kuwait denied (4/7) the Committee for the Defense of Islamic Issues permission to stage a rally outside parliament to protest Israel’s Har Homa construction and U.S. support for Israel.

Israel announced (2/24) that secret contacts with Yemen were held 2/22-23 in Europe regarding Yemen permitting some 10,000 Israelis of Yemeni origin to visit Yemen and the possibility of exchanging interest offices.

**INTER-ARAB HIGHLIGHTS**

In early 5/97, Jordan agreed to hand over to the PA copies of maps and real estate registration documents for the West Bank. The decision was in response to a PA request earlier in the year for help distinguishing between land claimed by families and public or
unclaimed land that would eventually come under PA control.

Libya dismantled (4/17) the border camp where 250–300 Palestinian refugees, who were expelled from Libya but were denied entry to Egypt, had been stranded since 10/95 and ordered the refugees back to Libya. However, on 5/13, Libya expelled two of the families to Egypt again because the two fathers held Egyptian residency visas. The two were allowed into Egypt, but 13 others were stranded on the border.

The Jordanian-Palestinian Higher Committee, headed by PA negotiator Abbas and Jordanian PM Karabiti, held its first meeting in Gaza 3/8. The committee, a product of Arafat’s 1/28 visit to Amman, focuses on economic, political, and security issues. Other talks on bilateral relations were held 3/29, 4/2, and 4/7.

The fifth two-day Arab parliamentary seminar on water security was held in Damascus 2/16–17. Fifteen Arab countries, including Iraq, attended. The session focused on supporting Jordan, Lebanon, Syria, and the PA’s inalienable water rights; setting up water data banks; and searching for new and preserving old water resources. (Turkey and Syria held bilateral water talks 3/10–13.)

Jordan and Morocco agreed (2/19) to form a bilateral committee to enhance cooperation, particularly on Jerusalem. Qatar hosted a week of events (3/26–4/2) under the slogan “To Save Jerusalem.”

**REGIONAL ECONOMIC AFFAIRS**

Twelve Mediterranean states (including Egypt, Israel, Jordan, Lebanon, the PA, and Syria) and all 15 EU states attended a Euro-Mediterranean conference in London (3/6–7) to promote investment opportunities in the region. FMs of the 27 nations met again in Malta (4/15–16) to follow up on decisions taken at the 11/95 Barcelona conference, with focus on creating an EU-Mediterranean free trade zone by 2010. The EU, which had already signed bilateral free trade accords with Israel, Morocco, the PA, and Tunisia, signed an accord with Jordan during the conference and is negotiating accords with Egypt and Lebanon. According to EU special envoy Moratinos (4/15), the EU assured Israel that the Malta conference would not be used as a platform to criticize Israel’s Har Homa project.

A meeting of the Egyptian-Palestinian Economic Committee was held 2/20–23, following the Higher Egyptian-Palestinian Committee convened 2/17–19. The economic meeting resulted in agreements on the creation of a free trade zone along the Egypt-Gaza border to facilitate trade; the export of Palestinian citrus to Egypt; and tourism, industrial, and commercial cooperation. A follow-up economic meeting was held in Cairo 3/15–16 to discuss how to implement the free trade agreement within the year.

The Syrian-Iranian Joint Oil and Economic Committee signed (2/22) nine agreements covering agriculture, energy, health, housing, industry, oil, mining and metals, roads, technical matters, tourism, and transportation. On 2/25, the two countries also signed a communications agreement, increasing from 12 to 24 the number of satellite channels they jointly operate.

Iran and Turkey signed (5/10) a $2.5-b. deal to build a gas pipeline. On 5/15, the two countries signed a second agreement with Turkmenistan to build a pipeline from Turkmenistan to Europe.

**INTERNATIONAL**

International community criticism of the Har Homa project included, among others, protests of varying intensity from the Anglican church (3/16), the EU (2/25, 2/26), the International Parliamentary Union (4/18), Iran (3/3, 3/12), Japan (2/27), Malaysia (3/11), the Non-Aligned Movement (NAM; 4/7), the Organization of the Islamic Conference (OIC; 3/3, 3/23, 3/28), Russia (3/11, 3/18, 3/20, 3/25), South Africa (3/20), Turkey (4/8) the United Kingdom (3/18), the UN (see below), and the U.S. (see below). The NAM statement also called on member states to review their diplomatic ties with Israel. In Kuala Lumpur, 100s of Malaysians staged anti-Israel demonstrations (3/30, 4/1, 4/4), at times clashing with police.

**UNITED STATES**

During the first part of this quarter, the State Department made statements critical of Israel’s decisions to speed up East Jerusalem road construction (2/18), to move ahead with Har Homa (2/26, 3/10, 3/12), and to order the PA to close offices in East Jerusalem (3/4). Secretary of State Albright personally asked Netanyahu (3/5) to delay the Har Homa project and rescind the order to close four Palestinian offices in Jerusalem. At his first one-on-one meeting with Arafat 3/3, Pres. Clinton himself stated that the Har Homa decision built mistrust and praised Arafat’s restraint. In a statement meant to show that “we are not totally satisfied,” the
U.S. accepted (3/6) Israel's proposal for the first FRD but stated its hope that Israel would be more forthcoming in the remaining two stages.

Following the 3/21 suicide bombing, the U.S., criticized by Israel for ignoring warnings about the PA's alleged support for terrorism, began (3/24, 3/28) pressuring the PA to denounce terrorism, to do more to curb violence, and to coordinate with Israel on security. When U.S. spokesmen hinted (4/3) that Pres. Clinton planned to request during their 4/7 meeting that PM Netanyahu halt all settlement expansion for six months, Netanyahu's office issued strongly worded statements ruling out the possibility.

At their meeting on 4/7, Clinton did not support Netanyahu's proposals to jump ahead to a Camp-David-style summit, while Netanyahu laid all blame for the impasse in negotiations with the Palestinians. The two leaders did not hold a joint press conference after their meeting, suggesting talks were tense.

During Israeli DM Mordechai's visit to Washington (4/5-4), Secretary of State Albright expressed U.S. concern over Israeli settlement activity, but went on to pledge increased U.S. funding for the Arrow and Nautius defense programs. On 4/2, Clinton informed Congress that he had given Israel permission to purchase 15 Blackhawk helicopters and 34 helicopter engines for an estimated $200 m. PA Higher Education M Hanan Ashrawi (4/6), senior PA negotiators Mahmoud Abbas and Saeb Erekat (4/10-11), King Hussein (4/1-2), and Pres. Mubarak (3/8-10) also came to Washington to discuss the peace process, but left without making progress.

On 3/3, 153 congressmen sent Arafat a letter requesting a timetable for drafting the new PLO charter. Scores of congressmen also signed on to letters urging the State Department not to send representatives to meet with Arafat 3/15 (see above).

Clinton nominated (3/20) Amb. to Israel Martin Indyk as assistant secretary of state for Near East affairs. On 3/30, U.S. officials said that the nomination had been delayed for several months because Netanyahu wanted Indyk to remain as amb. due to the fragile state of the peace process.

On 5/6, the FBI opened an investigation to determine whether Israeli amb. to Washington Benjamin Ben-Elissar activated a mole to obtain a copy of the secret U.S. letter of assurances to the PA, which was attached to the Hebron protocol. On 5/7, the U.S. confirmed that Ross had read the letter to Netanyahu but did not give him a copy to keep.

RUSSIA

PM Netanyahu visited Moscow (3/10-13), where he urged Russia not to arm Iran and Syria. Pres. Boris Yeltsin expressed concern over Har Homa, but went ahead with discussions on expanding bilateral economic and political ties, Israeli cooperation in rebuilding the Russian air force, and supplying Israel with natural gas.

EUROPEAN UNION

The EU formally protested (2/25, 2/26) Israel's decision to move ahead with Har Homa construction, and France denounced (3/5) the 3/4 order to close Palestinian offices. Nonetheless, the EU went ahead with approval (2/97) of an EU-Israel Association Agreement aimed at relaxing trade barriers between Israel and EU member states. The accord must be ratified by each member state, a process expected to take months.

The EU announced (4/8) that its 15 members had agreed on a plan for a joint EU-U.S. initiative to revive the peace process. Before the EU could present the proposal to Clinton for discussion, the State Department issued a statement (4/9) saying that "it is important to remind everybody...[that] the U.S. has the central role in the Middle East peace negotiations" (Washington Post 4/10). The next day, EU Pres. Wim Kok declared that while the EU wants to share in peace diplomacy, it sees its role as supplementary to that of the U.S.

French FM Hervé de Charette toured Israel, Lebanon, the PA areas, and Syria 3/3-5. He had originally planned to spend three days in Israel but changed his plans to allow for only one day to meet with Israeli and PA leaders, a move Israel interpreted as a criticism of its Har Homa plans.

UNITED NATIONS

The UN Security Council (UNSC) opened a debate on Israel's proposed Har Homa construction on 3/5, after a one-day delay. At the end of the session (3/7), the U.S. vetoed a resolution calling on Israel to abandon its plans for Har Homa, saying that while Israel's decision was counterproductive, settlements are not an issue that should be addressed by the UN (see Docs. A1, D2). The U.S. vetoed a second UNSC resolution on 3/21 calling for a halt to Har Homa construc-

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tion (see Doc. A5). The text had been drafted by Egypt using phrasing that mirrored previous Clinton statements criticizing Har Homa so as to encourage U.S. approval.

On 3/12, the UN General Assembly (UNGA) convened an extraordinary session to discuss Har Homa. The next day, it passed (130-2, with Israel and the U.S. voting against) a resolution calling on Israel to rescind the “illegal” Har Homa decision (see Doc. A3). The UNGA also held an emergency debate on Israeli settlement construction (4/24-25) that resulted in the passage (134-3, with 11 abstentions) of a resolution containing the first-ever threat of collective international action against Israel (see Doc. A6).

On 4/20, the UN Human Rights Committee voted (51-1, with 1 abstention) to express grave concern over Israel’s actions in Lebanon’s Biqa’ Valley and to denounce Israel’s persistent violations of the 1949 Geneva Conventions. The U.S. voted against. At an earlier committee meeting (3/24), the Israeli and U.S. delegations tried to prevent PA Higher Education M Ashrawi from speaking, but the forum overruled the request.

The UN Committee Against Torture summoned Israel (5/7) to face accusations that its practices against Palestinian prisoners violate international conventions. Israel rejected the committee’s 5/9 ruling (see Doc. A7).

OTHER

Israeli FM Levy traveled to Ankara (4/8) for talks with Turkish PM Necmettin Erbakan on bilateral relations and implementing existing agreements. 10s of demonstrators were on hand to protest his visit, and Erbakan himself openly wavered before agreeing to meet him. Turkey sent three high-level military delegations to Israel (2/25, 4/30-5/2, 5/3-6) to discuss deepening their defense relations. As a result, the two nations agreed to a $100-m. deal to jointly produce Popeye II air-to-ground missiles (mid-5/97) and to carry out joint military maneuvers with the U.S. (5/1). Erbakan postponed the maneuvers indefinitely (5/13), but both the Turkish army and Israel said (5/13) that they had not received official notice of the delay. Turkey and Israel also ratified a free trade agreement (4/4); the current level of trade between the states is $500 m./year and is expected to quadruple by 2000.

On a visit to Lebanon (5/10-11), Pope John Paul II called for the restoration and respect of Lebanon’s total independence and complete sovereignty, but came short of reit-

erating the 12/95 call by Lebanese bishops for the withdrawal of Israeli and Syrian troops.

China and Israel discussed (2/16-20 in Israel; 2/25-27 in China) enhancing bilateral economic and trade relations; set up (4/97) a joint $5-m. fund for research in natural resources, health, and agriculture; and signed (4/9) an agricultural accord.

Following his tour of China, FM Levy made a five-day official visit to Japan (2/27-3/3), where he opened talks on bilateral relations, aviation accords, agricultural imports from Israel, and Japanese investment in Israel; and signed a foreign trade risk insurance agreement for joint ventures in third countries. Japan had asked Israel to delay the signing in light of the 3/31 Arab League decision (see above), but Israel refused.

Malaysia announced (2/23) that it would continue its limited trade ties with Israel despite setbacks on the PA-Israeli peace track but would not establish full trade ties until Israel agrees to fulfill all of its obligations under Oslo.

Israel and Mexico agreed (2/19) to begin negotiations on a free trade agreement.

DONORS

A Joint Liaison Committee (JLC) meeting was held in Gaza 2/17 to discuss PA budget deficit and the passage of trucks and cargo in and out of the West Bank and Gaza. The PA reported that donors have disbursed 40% of the technical assistance funds pledged, but that a large amount was returned to the donor countries in the form of salaries paid to foreign experts. Debate was also begun on ways of improving the local aid structure to get the PA more involved in the financial planning process.

Based on discussions held at the 2/17 JLC meeting and a 4/1 Local Aid Coordination Committee (LACC) meeting, the donors and the PA decided (4/10) to restructure the sector working groups (SWG), which focus PA, UN, and donor efforts on 12 areas considered critical to development. The infrastructure SWG added subgroups addressing energy, housing, public buildings, and strategic projects (e.g., port and airport); roads and transportation; telecommunications; and water and waste water. The institution building SWG added subgroups on legal affairs, public administration, and local government. These subgroups will work with the related PA ministries to develop policy and project proposals to be included in the Public In-
vestment Program (PIP; see Peace Monitor in JPS 103). These proposals will be collected and synthesized by the PA Ministry of Planning, which will then finalize the PIP and secure donor funding.

Two more JLC (5/13) and LACC (5/14) meetings were held to prepare for the Ad Hoc Liaison Committee meeting to be held in Washington 6/5. The JLC and LACC criticized the PA for not consolidating all of its accounts under the Ministry of Finance; Israel for hindering development projects (particularly related to infrastructure for the industrial zones) in area C and the movement of goods and people between the West Bank and Gaza and Israel, Jordan, and Egypt; and the donors for not disbursing all the money they have pledged. Donors disbursed only $60 m. against ongoing projects in the first quarter of 1997.

In the continuing effort to have the PA assume more fiscal responsibility, the PA took over from the World Bank (4/97) the maintenance of the donor Matrix, which lists the pledges, commitments, receipts, and disbursements of donor funds by donor, sector, and implementing agency. At the 5/14 LACC meeting, each country was given a copy of its matrix for approval. At the 5/13 JLC meeting, participants reviewed the basic summaries to the Matrix.

In 3/97, the World Bank's Multilateral Investment Guarantee Agency (MIGA) agreed to set up a special investment guarantee fund for the PA that will provide foreign companies with political risk insurance for projects in the West Bank and Gaza for terms up to 15 years. Since the PA is not a World Bank member state, the money for the fund cannot come out of MIGA's regular capital base. Instead, the Bank gave the PA a $10-m. loan as seed money to start the fund; additional money must come from donors. Once the fund reaches $15 m. (hopefully by 6/97), MIGA will open the fund for business.

Compiled by Michele L. Kjorlien