Peace Monitor


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

BILATERALS

Palestinian-Israeli Track

At the opening of the quarter, Israel and the Palestinian Authority (PA) continued the low-key contacts of the close of last quarter, undertaken more to show ongoing movement rather than in the expectation of progress. These talks, which focused on various Israeli ideas (see Peace Monitor in JPS 109) for defining the 13% of land proposed for a second further redeployment (FRD) by the U.S. (see Doc. D1 in JPS 109), included meetings between PA head Yasser Arafat and Israeli PM Benjamin Netanyahu's adviser Yitzhak Molho (8/16, 8/18, 8/22), PA negotiator Ahmad Qura'i and Netanyahu (three times in mid-8/98), and Qura'i and Molho (seven times in mid-8/98). Though no details of these meetings were released, enough progress was made to allow Pres. Bill Clinton to agree (9/3) to send special envoy Dennis Ross back to the region for the first time in four months, something the U.S. had refused to do without signs of serious movement.

Ross arrived on 9/8 and remained longer than expected. Although almost no details of his meetings with Arafat, Netanyahu, Crown Prince Hassan of Jordan, and Pres. Husni Mubarak of Egypt were released, the trip was obviously a turning point, and Ross returned to Washington 9/19 with the goal of securing a three-way meeting (U.S.-Israel-PA) on the sidelines of the UN General Assembly (UNGA) session in New York 9/23–27.

Secretary of State Madeleine Albright spent five days in New York meeting with Netanyahu, Arafat, and other Arab officials in an intensive effort to get Israel and the PA to “lock in” a partial agreement on key issues related to the FRD. Albright convinced (9/24) Arafat and Netanyahu to go to Washington 9/28 to hold separate meetings with Pres. Clinton and unexpectedly got them to meet together with her 9/27.

At the White House 9/28, Clinton, Arafat, and Netanyahu agreed on the essentials of an Israeli withdrawal (constituting the first and second FRDs outlined in the Hebron ac-

cord) from 13% of Israeli-controlled area C but failed to agree on parallel Palestinian actions related to Israeli security. The three leaders agreed to hold detailed negotiations on this basis in the U.S. in mid-10/98.

Albright, Ross, Assistant Secretary of State Martin Indyk, and CIA Director George Tenet left for the region 10/5–7 to lay the groundwork for talks at Wye Plantation and to try to bridge as many gaps as possible beforehand. During the meetings, Israel and the PA agreed to three components of an FRD agreement: Israel would quickly open the Qarni industrial estate, the PA would form an anti-incitement committee, and both sides would start “people-to-people” programs to foster relationships between Israelis and Palestinians. Ross stayed beyond 10/7 to continue preparations, and PA and Israeli teams continued meeting on outstanding Oslo II issues (e.g., Gaza airport, security) to bridge as many gaps as possible before the Wye talks.

Netanyahu discussed the upcoming Wye talks with his inner cabinet 10/8, presenting for the first time two FRD maps reportedly showing different placements for a 3% nature reserve, one in the desert near Israel's eastern border and the other on the slopes of the Hebron hills, closer to existing Jewish settlements. He said the maps would not be taken to Wye and would be given to the Knesset for approval only after an agreement was signed. Netanyahu also appointed Infrastructure M Ariel Sharon as his new FM and chief negotiator with the Palestinians to head the delegation to Wye and the final status talks. The appointment of Sharon (known for his role in the 1982 Lebanon war, collusion in the 1982 Sabra and Shatila massacres, and rejection of territorial compromise) was a surprise to the U.S.

While negotiations made limited headway, Israeli settlement expansion advanced dramatically in the aim of securing Israeli control of as much land as possible before an FRD or final settlement. Jewish settlers declared the establishment of new enclaves in East Jerusalem (10/8, 10/15) and Joseph's

Tomb in Nablus (8/18) and expanded settlements at Ma‘ate Hever (10/4) and Midgalim (8/28). The Israeli government announced expansions in the Golan (8/19), Hebron (8/23), and Jerusalem (8/27) and in Alei Zahav (10/14), Mihula (9/3), and Yitzhar (9/17) settlements; the creation of a permanent settlement at Tal Rumayda in Hebron (10/6); and the allocation of $23.4 m. in new settlement funds (8/24). Israeli demolitions of Palestinian homes in the West Bank also accelerated, with at least 33 in 8/98 alone, including 15 near Hebron (8/19) and 7 in Samu‘a (8/20).

Jewish settler violence was up this quarter, with attacks on Palestinians in Hebron (8/23, 8/25, 8/27); shootings at Palestinians and their homes in al-Arrub refugee camp (8/30), Beitunia (9/17), and Burin (10/2); arson to Palestinian homes in Bethlehem (10/15), East Jerusalem (10/2), and Hebron (8/26); and the abduction of a Palestinian youth near Yitzhar (8/26). The IDF sent 2,000 troops to halt settler attacks in Hebron 8/27.

The quarter was also marked by a number of serious clashes between Palestinians and the IDF, the largest being in Biddu (9/30), Hebron (8/22, 9/30-10/9), Ramallah (9/19), and Shu‘fat refugee camp in Jerusalem (9/5, 9/10). The inaccessibility of medical facilities resulting from IDF closures and curfews led to the deaths of a newborn (8/26), an infant (8/22), and a woman in labor (10/9) in Hebron and an older man in Shu‘fat. The IDF raid (9/10) that resulted in the death of escaped Palestinian prisoner Imad Awadallah (see Peace Monitor in JPS 109) and his brother and a 5-day blanket curfew on the occupied territories sparked Palestinian clashes (9/12-13, 9/18) with the IDF and settlers across the territories, leaving over 150 Palestinians injured. Some Palestinians accused the PA of colluding with Israel to kill the Awadallah brothers.

Under this cloud, the Wye talks opened 10/15 with a ceremonial meeting at the White House between Clinton, Arafat, and Netanyahu, after which the teams adjourned to Wye Plantation. The nine days of talks were held under a U.S.-imposed media blackout, though the Israeli and PA spokesmen frequently leaked their positions to the press.

From the start, there were tensions with the Israeli team. Minutes after Clinton declared a media blackout for the duration of the talks (10/15), Netanyahu walked across the White House lawn to speak to reporters. FM Sharon and DM Yitzhak Mordechai arrived at Wye late (10/18) despite being in the U.S. since 10/16. PM Netanyahu, FM Sharon, and Trade Min Natan Sharansky left the Wye compound several times against U.S. wishes to meet with settler leaders (10/18) and the Israeli group Victims of Terror (10/16, 10/20). Netanyahu rejected Clinton’s offer to host a dinner for PA and Israeli teams (10/17).

The U.S. brought out its big guns: Secy. Albright, envoy Ross, and CIA Dir. Tenet joined the talks at the start, with Pres. Clinton coming intermittently, first for informal discussions (10/17) and then as mediator (10/19), in the end spending over 70 hours in talks. VP Al Gore also participated briefly (10/18). The U.S., Israeli, and PA teams all kept in close contact with Pres. Mubarak of Egypt and King Hussein of Jordan.

The high-powered teams and Camp David-style format belied the true scope of the discussions. At base, the Wye talks constituted no more than a U.S-sanctioned Israeli renegotiation of the terms of the 1/97 Hebron protocol, which had also aimed to solve outstanding issues of the 9/95 Oslo II agreement (some of these, such as safe passage, had been under discussion since 1/96). Eighteen months of stagnation allowed the U.S. to cast these talks as progress and Israel’s refusal to adhere to signed agreements as concessions.

The talks made little headway between 10/15 and 10/18. In the first full day of talks (10/16), the Israeli and PA teams set up subcommittees to address the four main points of discord: security, safe passage, the Gaza airport, and the PA economy. Israel requested an extension of the 5/4/99 deadline for the interim period, but the PA refused. In the second full day of talks (10/18), the PA demanded that Israel commit to a third FRD in keeping with Hebron protocol, and Israel demanded that the PA reduce the size of the police force to levels stipulated in Oslo II.

On 10/19, a Palestinian grenade attack on a bus stop in Beersheba injured 64 Israelis, causing Netanyahu to suspend all but security talks (although teams continued other discussions informally). The main result was to bring Pres. Clinton (10/19) and King Hussein (10/20) into the talks and to secure the first meeting (10/20) between Arafat and Netanyahu since 10/16. That night (10/20), Clinton personally drew up a list of the Israeli-PA points of agreement and disagreement based on his talks with both teams.
On the morning of 10/21, the U.S. announced plans to present Israel and the PA with Clinton’s list for discussion, hoping that if no further progress could be made, the document could constitute a partial agreement that the teams could sign. The Israelis, however, feared an ultimatum and insisted that talks thus far had not resulted in adequate security guarantees. Talks during the rest of the day were mostly between the U.S. and Israel.

Just before press time in Israel 10/21, Netanyahu suspended talks, threatened to send his team home that night if the PA did not agree to his demands, and held an emergency telephone conference with members of the Conference of Presidents of Major American Jewish Organizations to rally their support in an anticipated public dispute with the White House. Clinton canceled plans to return to Wye that night, and Albright ordered U.S. participation suspended until Netanyahu allowed security talks to reconvene. The State Department declared that Albright was not asking new concessions of Arafat. U.S. officials noted that “in all the key areas that would constitute a security work program, the Palestinians have come up with effective and credible responses.” One U.S. official called Netanyahu’s threat to leave a “childish ploy” intended for Israeli domestic consumption. After 2 1/2 hours of security talks, Netanyahu backed down.

The next day’s talks (10/22) were decisive. Clinton and King Hussein rejoined talks, and by evening agreements were reached on the PLO charter and the arrest of Palestinians wanted by Israel, and deals on a third FRD, safe passage, and the Israeli release of Palestinian prisoners were near. Over dinner, the king implored the sides to reach an agreement. Negotiations continued overnight.

After 21 straight hours of talks, an agreement was reached in the early morning of 10/23, and a signing at the White House was announced for later in the day. But before Clinton could board a helicopter for Washington, Netanyahu announced that he would not attend the signing, claiming the U.S. had backed out of a deal to free Jonathan Pollard, convicted in 1987 of spying for Israel. After several hours of heated discussion and a threat by Tenet to resign if Pollard were released, Clinton agreed only to review Pollard’s clemency case, and Netanyahu agreed to go to the signing. Arafat and Netanyahu signed the memorandum on 10/23 at the White House in the presence of Pres. Clinton and King Hussein (see speeches in Special Doc. D).

The Wye memorandum itself lists “reciprocal responsibilities” each side must take and gives a time line detailing when each step should occur (see Special Doc. A). Under the memorandum, Israel agrees to turn over 13% of area C in a combined first and second FRD; 1% will go directly to area A, 12% to area B (though 3% will be “nature reserves” in which new construction is banned). Israel will maintain full security control in the nature reserves, but PA security forces may enter with prior Israeli approval. Israel will also turn over 14.2% of land currently in area B to area A, leaving the PA at the end of 12 weeks with full control of 18.2% of the West Bank and in partial control of 21.8%. Israel also commits to carry out a third FRD, but the memorandum (Article II.B) codifies the Christopher letter (see Special File Doc. D in JPS 103) attached to but not a binding part of the Hebron protocol, which states that Israel alone will decide the extent of FRD.

Israel’s other responsibilities are procedural and open-ended. They include pledges to:

- open the Qarni industrial estate in a “timely” manner,
- revive talks on safe passage (with “best efforts” to open one route within a week of the agreement going into force),
- resume talks on the Gaza port (with an aim of beginning construction in two months), and
- address outstanding legal disputes with the PA.

The PA and Israel both agreed to prevent all acts of terrorism, crime, hostilities, and incitement against people and property under the other’s jurisdiction (II, preamble). The wording was a small victory for the PA. Netanyahu had rejected the 12/97 security memorandum of understanding (see below) for containing the same wording, which he believed equated settlers with “terrorists.” The YESHA settlers council denounced the wording (10/30).

The PA’s specific obligations are concrete and must be met by specific dates. These include pledges to:

- submit and implement a work plan to the U.S. on combating “terrorist organizations,”
- resume full security cooperation with Israel,
- outlaw organizations or wings of organizations that incite violence,
apprehend specific individuals suspected of violence,
prohibit and collect illegal weapons,
issue a decree prohibiting all forms of incitement, and
provide a list of all PA police “in conformity with prior agreements.”

The memorandum contains a clause (Art. I.I.C.4) stressing that the PA police shall not abuse human rights in order to meet these obligations, though many rights groups expressed skepticism (see Doc. D3).

Concerning the PLO charter, Art. I.I.C.2 states that the PLO Executive Committee and Central Council will reaffirm Arafat’s 1/22/98 letter to Clinton listing the 26 out of 33 articles of the PLO charter annulled on 4/22/96, after which Arafat will invite members of the Palestine National Council (PNC), as well as members of the Central Council, the Palestinian legislative council, and heads of PA ministries to a meeting to reaffirm their support for the Executive Committee and Central Council’s decisions and for the peace process in general. The wording of this clause was also a score for Arafat, who prefers to take a decision on the charter by consensus of a group largely supportive of the peace process, rather than by vote of the full, largely critical PNC.

Both sides agreed to resume final status talks immediately with the goal of concluding an agreement by 5/4/99, to refrain from taking any unilateral steps that will change the status of the West Bank and Gaza, to revive the Palestinian-Israeli Steering and Monitoring Committee and existing committees on economics, and to approach donors before the end of 1998 to ask for continued assistance. They also concluded a protocol on the Gaza airport, which has not been made public.

Seven committees are to be formed under the agreement: (1) an Israeli-PA committee on the third FRD; (2) a U.S.-PA committee on combating terror; (3) a U.S.-PA committee on prosecution of individuals suspected of violence; (4) a U.S.-PA committee to oversee illegal weapons prevention and collection; (5) a U.S.-Israeli-PA anti-incitement committee; (6) a high-ranking U.S.-Israeli-PA committee to address threat assessment, PA-Israel security cooperation problems, and PA antiterror efforts; and (7) a PA-Israeli ad hoc committee on economic relations. It is unclear to what degree the membership of these committees will overlap or whether the high-ranking U.S.-Israeli-PA committee will be a continuation of the existing trilateral security committee (see Peace Monitor in JPS 109).

Contrary to widespread reports, the Wye memorandum does not mention Israel’s agreement to release 750 Palestinian prisoners, the PA’s agreement to arrest 30 of 36 Palestinians wanted by Israel, the explicit call for the PA to cut some 10,000 members of its police force, the exact routes of the two safe passages, Israel’s promise not to inspect Arafat’s plane, or a reported U.S. agreement to give Israel $500 m. to cover the costs of redeployment. Of the letters of assurance from Secy. Albright to PM Netanyahu (see Special Doc. B) and Arafat (see Special Doc. C) and the four U.S. letters of clarification (see Special Doc. E) made public, only Ross’s letter sheds light on these issues, stating that Israel and the PA agreed that the total number of PA policemen would not exceed 30,000. The vague nature of the memorandum and the detailed expectations of both sides suggest that a number of agreements or understandings, signed or unsigned, were reached at Wye but not made public. Though this may have been a political necessity, it quickly proved to be a threat to the agreement itself.

Following the signing of the agreement, the PA immediately began taking steps to meet its obligations, sometimes sparking riots and prompting accusation of human rights abuses (see Chronology for details). The PA resumed full security cooperation with Israel (by 11/7) and took numerous actions (see below) to halt incitement, crack down on Hamas and Islamic Jihad, and collect illegal weapons. The Executive Authority ratified Wye on 10/30; no details were available on the vote. The PLO Executive Committee reaffirmed the Arafat letter to Clinton on 11/5, ahead of the Wye timetable.

Meanwhile, Netanyahu postponed (10/27) cabinet and Knesset ratification of Wye on the pretext that the PA would not meet its obligation to present the U.S. with its work plan to combat terror by 11/2 as required. When the PA met the deadline, he claimed (11/2) that he could not move forward with implementation because Israel had not ratified the memorandum and because PA security commitments were incomplete. Netanyahu delayed the cabinet ratification again on 11/3 and 11/4, demanding that the PA produce a written timetable for the arrest of the 30 wanted Palestinians, saying oral promises given at Wye were not enough.
The U.S. warned (11/3) that Netanyahu was placing Arafat in a dangerous position by trying to force sensitive security issues into the open. After receiving U.S. assurances that 18 of the 30 men had already been arrested, exceeding the verbal timetable, Netanyahu convened (11/5) the cabinet, opening the meeting by threatening not to implement the FRD unless the PA agreed to convene the full PNC to vote to annul the PLO charter (see above). Netanyahu also presented FRD maps to the cabinet and to settler leaders, who recommended 50 changes. Cabinet discussions were postponed again due to an attempted car bombing 11/6.

While delaying Wye, Netanyahu proceeded with settlement expansion, declaring (10/26) that he had not agreed at Wye to halt settlement expansion or construction, confiscation of Palestinian lands, or house demolitions. Around 10/28, Netanyahu approved the addition of 1,000 new units to existing West Bank and Gaza settlements within 18 months, and on 10/30 allocated nearly $1 m. for settlement security in East Jerusalem and $60 m. for bypass roads. The Israeli government approved the fortification of 33 settlements near the expanded area A prior to redeployment (11/10); approved construction of 13 paved bypass roads requiring confiscation of large tracts of Palestinian land (11/13); ordered massive land confiscations for expansion of Almon (10/27), Hananit (10/31), Rihan (10/31), Shakid (10/31), and Kirtya Arba (11/1) settlements; and began accepting bids for construction of 6,000 units at Har Homa/Jabal Abu Ghuyrum (11/12). Settlers rushed to expand enclaves in East Jerusalem (11/1) and established five new settlements, including ones near Hebron (10/27), Ramallah (11/1), and Tulkarm (around 11/1).

When the cabinet finally reconvened under "intense" U.S. pressure on 11/11 (a day after Israeli municipal elections) and ratified the Wye memorandum (8-4, with 7 abstentions), it set so many conditions on its approval that the U.S. said (11/11) that more disputes and delays were inevitable. The conditions included that the full PNC take a formal vote to revoke the charter, that the cabinet be allowed to review PA security compliance before approving each stage of the phased FRD, that the third FRD be limited to no more than 1%, and that Israel reserve the right to annex West Bank areas if Arafat declares a state in 5/99.

At the close of the quarter it was uncertain where Wye implementation was headed. Netanyahu said (11/11) he expected to open the Gaza airport and begin releasing Palestinian prisoners within a week; Israeli and PA teams practiced (11/13) security procedures at the airport; Israel and the PA submitted their lists of members for the Wye committees by 11/13; and U.S. envoy Ross, who had delayed his trip to the region for almost a week, arrived 11/13 to oversee implementation. But rhetoric from both sides threatened to put the process on hold. Arafat restated (11/14) plans to declare a Palestinian state in 5/99 and said in a radio address (11/15) that Palestinians would retain the right to stage a new intifada if Israel blocked their access to Jerusalem's holy sites. Israel condemned (11/15) the statements as a "declaration of war against the peace process." The same day, FM Sharon called on Jewish settlers to "grab" unoccupied West Bank land and "enlarge the settlements, because everything we take now will stay ours. Everything we don't grab will go to them."

Security

By 8/24, Israel, the PA, and the United States had resumed work on a revised security memorandum of understanding (MOU; see Peace Monitor in JPS 108), which Israel required as part of an FRD deal. Of note, IDF Chief of Staff Lt. Gen. Amnon Shahak reportedly ordered the IDF to stay out of the MOU talks to protest Netanyahu's rejection of the 12/97 MOU that the Shin Bet co-authored with the CIA and the PA Preventive Security Force (PSF). Netanyahu's friend, retired IDF Gen. Meir Dagan, has reportedly been advising the PM on the revised MOU. On 9/8, the CIA presented the PSF with a new draft MOU that included 11 new Israeli demands, all of which were later incorporated into the Wye agreement.

Israel said (8/24) that it would not transfer a shipment of mini-Ingram submachine guns from the Netherlands to the PA that it intercepted two weeks earlier until after the second FRD. The Netherlands has demanded that Israel transfer the weapons, approved under the Oslo II agreement, or return them immediately.

PM Netanyahu approved (8/16) a plan to build 50 miles of walls, ditches, and fences along stretches of the 194-mile Green Line in order to prevent Palestinian car thefts (see Peace Monitor in JPS 109) but stressed that the barriers would not constitute a de facto border between Israel and the West Bank. Israeli and PA security forces have carried out joint operations that have captured 200
Awadallah Two for combined the incitement connected in Bireh. Mahmoud for tended mility attacks and hurt the movement.

The PSF detained three members of an Israeli special unit caught traveling in PA-controlled Hebron carrying machine guns and pistols. After questioning, the PSF turned them over to the IDF in the presence of members of the Temporary International Presence in Hebron. The PSF also detained two Israelis working as plainclothes settlement security guards outside PA negotiator Mahmud Abbas’s home in PA-controlled al-Bireh.

The PA imposed house arrest (8/22) on the family of Palestinian prisoner Imad Awadallah (see above), precipitating a sit-in strike (8/25) by Palestinian Council (PC) members, journalists, and human rights activists, which was violently dispersed by a combined detail of PA PSF, General Intelligence, and Force 17 (presidential guard) officers.

A PA military court sentenced (8/29) three PA policemen (all brothers) to death for killing two Fatah members (also brothers) in a family feud (8/27) and sentenced a cousin of the three to life with hard labor. Two brothers were executed 8/30; the third had his sentence reduced to life.

In early 10/98, after two Gaza groups attended a Peres Peace Center affair where South Lebanon Army soldiers were present, the PSF reportedly began looking into activities of 10s of Gaza organizations that maintain ties with Israel and considered tightening supervision over them as a requirement for renewal of operating licenses.

Following the signing of the Wye memorandum, the PA raided Fatah offices for illegal weapons (10/24); detained up to 450 alleged Hamas and Islamic Jihad members after failed car bombings 10/29 and 11/6; and closed several welfare organizations connected to Hamas and Islamic Jihad, including health clinics and a nursery school.

Incitement

The PA began to clamp down on anti-PA incitement prior to the Wye agreement. On 8/17, the PA arrested Islamic Jihad leader Shaykh ‘Abdallah al-Shami for his article in the weekly al-Istiqal criticizing the PC. He was released 9/27. Force 17 arrested (9/21) the director of the PA Youth and Sports Ministry after he gave a speech in Ramallah protesting the killing of the Awadallah brothers (see above).

Immediately following the signing of the Wye accord, the PA detained 11 journalists (10/24) for trying to obtain an interview with Hamas spiritual leader Shaykh Ahmad Yasin, placed Yasin under house arrest (10/29); and arrested al-Aqsa cleric Shaykh Hamid Bitawi (10/24) and Islamic Jihad chief spokesman Nafiz Azzam (10/24) for publicly criticizing the memorandum. The Office of the President issued new orders (11/2), denounced by the Information Min., regulating accreditation and movement of the press in the territories.

In mid-9/98, the U.S. consulate, under pressure from Israeli groups who claimed that the Palestinian Broadcasting Corporation (PBC) airs inciting material, removed receivers (donated in 4/97) that allowed PBC to transmit excerpts from Voice of America. The consulate admitted that it did not monitor PBC broadcasts itself but relied on reports by the right-wing Israeli group Peace for Generations.

Declaration of a Palestinian State

Arafat began to rally support for declaration of a Palestinian state on 5/4/99, the end of the interim period. In early 9/98, the PA Executive Authority (EA; or cabinet) agreed to set up a committee to prepare international opinion. Arafat planned to make his intention to declare a state the centerpiece of his speech to the UN 9/28, but ended up muting his statements under pressure from Israel and the U.S. Following the Wye signing, however, Arafat reassessed (11/14) his intention to declare a state, prompting Netanyahu to threaten to put Wye implementation on hold.

Safe Passage

Israel and the PA have reportedly agreed that Israeli security forces will accompany Palestinians using the passage routes. PA policemen will have to turn their arms over to the Israeli police while on the routes but will have arms returned when they reach the other side. Israel will have to operate the safe passage for at least 10 hours a day; it may close routes temporarily for security reasons but must try to keep one route open. Crossings will be made in cars and busses driven by Israeli security. Arafat will never be searched. PC members and PA se-
curity people will not need prior approval to use the routes but others would require prior approval. Israel wants to charge a fee for Palestinians using the route to cover maintenance costs, but the PA opposes this, and the issue remains unresolved.

It is thought that the first safe passage route to open will run south from Gaza to Hebron. The larger route will run north from Gaza to Ramallah, through heavily populated Israeli areas.

Jerusalem

Palestinians boycotted Israeli municipal elections in Jerusalem (11/10) and observed a general strike to protest Israeli Arabs' decision to run candidates in Jerusalem for the first time since 1967. The IDF arrested eight Palestinians, including one of Orient House head Faisal Hussein's employees, for inciting Palestinians to boycott. Only 4% of East Jerusalem residents, half the usual amount, voted. Likud's Ehud Olmert won reelection as mayor, while right-wing religious Jews won over half of the city's council seats.

In late 9/98, the Israeli Transportation Min. unveiled plans for an eight-spur light railway in Jerusalem. The first route would link Pisga Ze'ev settlement with East Jerusalem and Kiriya Menahem settlement. Other routes would link Ramot, Neve Ya'akov, Har Nof, and Gilo settlements with East Jerusalem.

Miscellaneous Matters

A casino jointly owned by the PA and an Austrian firm opened in Jericho 9/15. It is off limits to Palestinians but not to other Arabs or Jews, who are not allowed to gamble in Israel. Foreign workers at the casino are housed in Ma'ale Adumim settlement. Only a handful of Palestinians will be employed by the casino, and the PA has given large tax breaks to secure the Austrian firm's participation, meaning economic benefits to Palestinians will be minimal.

The International Telecommunications Union voted by a large majority (11/4) to give the West Bank and Gaza a separate international phone code (970) from Israel (972). A joint PA-Israeli telecommunications committee, established under the 1993 Declaration of Principles, plans to meet to discuss which areas the new code will cover.

The Israeli cabinet allocated (8/23) $3.4 m. to bring Palestinian education in East Jerusalem "up to the standards" of the education system in West Jerusalem and approved a three-year plan to create a "holistic education program" for Jerusalem.

Palestinian Authority

The PC reconvened (10/19) after its summer break and held talks (10/19–20, 10/22) on health issues, illegal tapping of water supplies due to the continuing drought, and PC members' accusations of financial management by the PA (including some $70 m. in customs revenues collected at border crossings but never deposited in the PA treasury).

The quarter saw two instances of PA ministers' resignation threats over unresolved issues: PA chief negotiator Saeb Erekat threatened to resign in mid-9/98 over the PA's handling of talks, but Arafat rejected the resignation, and Erekat stayed on. PA Environmental M Yusif Abu Saffieh (Fatah-N. Gaza) resigned his post (9/17) to protest the fact that his ministry had not been formally established but rescinded his resignation when the PA created the ministry 9/18.

The PA banned (mid-9/98) any public showing of movies or videotapes without a license from the PA Interior or Information Mins.

The Gaza municipality defied (10/5) a ruling by the Palestinian High Court and demolished the home of Palestinian Jamal Thalathini. PSF officers beat Thalathini when he tried to block the demolition.

PALESTINIAN OPINION

The following data are excerpted from a poll conducted by the Nablus-based Center for Palestine Research and Studies (CPRS) on 8–10 October. Results are based on a survey of 1,331 men and women from the West Bank and Gaza. The poll, thirty-six in a series, was made available by CPRS's office in Nablus.

1. Regarding the permanent status negotiations between the Palestinian and Israeli sides over Jerusalem, refugees, borders, and settlements, I believe

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<th>West Bank &amp; Gaza</th>
<th>West Bank</th>
<th>Gaza</th>
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<tr>
<td>a. There is a possibility of reaching a solution acceptable to the two parties.</td>
<td>30.5%</td>
<td>25.5%</td>
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<td>b. There is no possibility of reaching a solution acceptable to the two parties.</td>
<td>61.3%</td>
<td>64.1%</td>
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<td>c. No opinion</td>
<td>8.2%</td>
<td>10.4%</td>
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2. Are you optimistic or pessimistic with regard to the future of the Palestinian people?

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<tr>
<td>a. Optimistic</td>
<td>59.1%</td>
<td>55.5% 64.3%</td>
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<tr>
<td>b. Pessimistic</td>
<td>37.6%</td>
<td>40.4% 33.6%</td>
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<tr>
<td>c. No opinion</td>
<td>3.3%</td>
<td>4.1% 2.1%</td>
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3. According to the Oslo agreement, the transitional period will end on 4 May 1999. Some people see the necessity of transforming the PA into a Palestinian state at that date even if Israel objects. Others argue that the establishment of the state should wait until an agreement is reached with Israel. What do you think?

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<tr>
<td>a. Support waiting till reaching an agreement with Israel.</td>
<td>43.6%</td>
<td>42.8% 44.8%</td>
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<td>b. Support establishing a Palestinian state right after the end of the transitional period even if no agreements are reached with Israel at that time.</td>
<td>44.7%</td>
<td>43.1% 47.1%</td>
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<tr>
<td>c. Other</td>
<td>5.6%</td>
<td>5.9% 5.1%</td>
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<tr>
<td>d. Don't know</td>
<td>6.1%</td>
<td>8.1% 3.0%</td>
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4. In your opinion, can people in the West Bank and Gaza Strip criticize the Palestinian Authority without fear?

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<tr>
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<th>West Bank &amp; Gaza</th>
<th>West Bank Gaza</th>
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<tbody>
<tr>
<td>a. Yes</td>
<td>37.3%</td>
<td>39.0% 34.7%</td>
</tr>
<tr>
<td>b. No</td>
<td>56.8%</td>
<td>53.2% 62.0%</td>
</tr>
<tr>
<td>c. Don't know</td>
<td>5.9%</td>
<td>7.7% 3.2%</td>
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**JORDANIAN-ISRAELI TRACK**

Despite King Hussein's participation in the Wye talks, Jordan generally continued to limit contact with Israel to what was absolutely necessary due to the impasse in the peace process. Crown Prince Hassan, acting as regent while King Hussein was in the U.S. for cancer treatment, stated (8/30) that economic dividends of Jordan's 1994 peace agreement with Israel have failed to materialize. He noted that trade between Israel and Jordan is barely $20 m./year and trade with the occupied territories is lower than in 1984, when the areas were under full Israeli control.

En route to Wye, PM Netanyahu and FM Sharon stopped in Amman (10/14) to brief Crown Prince Hassan about the talks. Sources speculated that the meeting addressed reviving the Madrid Jordanian-Palestinian joint delegation for final status talks and Palestinian confederation with Jordan in a final settlement or following declaration of a state in 5/99. When asked about the rumors, Crown Prince Hassan said only that Jordan does not negotiate on behalf of the Palestinians. Prior to Wye, Sharon went to the Mayo Clinic to visit King Hussein (10/16).

Following the Wye signing, Jordan clamped down on Hamas to prevent criticism of the agreement. Authorities reimprisoned (10/31) Hamas political leader Khalid Mishal for statements rejecting Wye and vowing to continue violence and urged Hamas not to take any actions against the agreement. Officials later detained (11/1) Mishal, on his way to a meeting of Palestinian rejectionists groups to discuss the accord, at the Syrian border.

Meanwhile, Jordan agreed (10/26) to move ahead with the long delayed $1.65-m. joint project to build the 'Adasiiya diversion wall, which will move 40 mc/yr. of water from the Yarmuk River to the King Abdullah canal. The project does not increase Jordan's water supply but regulates its flow for higher efficiency.

**Economic Matters**

During his visit to the U.S. (10/2-5), Jordanian PM Fayiz Tarawnah gave the U.S. a list of Israeli obstacles to Jordanian trade with the occupied territories. Jordan states that Israel had failed to institute door-to-door shipping policies, approve increases in trade quotas for certain items, accept Jordanian standards and specifications, reduce crossing fees, improve bridges, increase quotas on the number of trucks entering Israel, and allow trucks freedom of movement, rather than restricting them to convoys.

Jordanian Telecommunications Company cut its direct line to Israel's state-owned Bezeq Telecom Company because Bezeq has not paid its bills for the past year, running up a $5-m. debt. Bezeq says its service will remain unaffected since it can route calls to Jordan through third countries.

Jordan and Israel signed (8/17) protocols formalizing relations in agricultural trade,
fighting plant diseases, and veterinary inspection. The agreement also exempts certain taxes and fees for Jordanian exports to the occupied territories. A second agricultural cooperation agreement was signed 10/27.

Tourism
The Israeli embassy in Amman announced (9/14) that it would henceforth issue six-month, single-entry visas for visits to Israel and the occupied territories.

Security
As a gesture to Jordan, Israel agreed (9/14) to move all Jordanian political detainees to Ashkelon prison and to allow the Jordanian consul to visit them once a week. Israel also allowed two relatives of each inmate to make a one-day visit to Ashkelon on 10/20.

Other
In mid-9/98, Jordan and Israel began talks on revising the 1995 Israeli Absentees Property Law, which in essence invalidates Jordanian claims to absentee property. Jordan maintains that the law violates the 1994 Jordan-Israel peace treaty, which states that there will be no change in the status of absentee properties. Amending the law would allow Jordanian citizens to file legal proceedings in Israeli courts to regain properties in Israel that were captured in 1948.

Jordan protested to Israel (10/21) over its decision (9/27) to confiscate Palestinian land in the Israeli town of Unm al-Fahm (see Chronology), claiming it is a violation of the Rhodes armistice agreements signed between Israel and the Arab states in 1949. Israel claims that the 1994 Jordan-Israel peace treaty invalidates the Rhodes accord.

Syrian-Israeli Track
No contacts were held on the Syrian-Israeli track again this quarter. Of significance to a final outcome, PM Netanyahu approved (8/19) the largest settlement expansion on the Golan since Israel captured the area in 1967, authorizing construction of 2,300 houses and 2,500 vacation units, some in new settlements. The plan sets no timetable for the construction, which would double the Golan’s current settler population of 15,000.

Multilateral Talks
The only multilateral meeting this quarter was the Refugee Working Group’s first ever mission to the West Bank and Gaza (10/24–29) to assess the conditions and needs of refugees there so as to better allocate project funding. (Previous missions went to Jordan in 1994, 1996; Lebanon in 1994, 1997.) The delegation concluded that the integrity of UNRWA services, especially in education and health, must be maintained; overcrowding in camps must be reduced; and infrastructure, especially sanitation, must be expanded to improve public health.

Regional Affairs
Relations with Israel
The Arab states continued to avoid contacts with Israel in light of the stalled PA-Israeli talks. Once the Wye agreement was signed, the U.S. (10/26) called on the Arab states to resume normalization immediately, but most states preferred to wait to see how and whether Israeli implementation of the memorandum would unfold.

Israeli-Egyptian relations were particularly poor, with Pres. Mubarak admitting that he had no trust in PM Netanyahu and accused Egypt of sabotaging its negotiations with the PA by encouraging Arafat to adopt a harder line. Egypt lodged a formal complaint with Israel for Netanyahu’s spokesman David Bar-Ilan’s statement calling Egypt a “wicked child . . . inciting the Palestinians to take hard-line stands.” Netanyahu sent aides Dani Nave and Uzi Arad to Cairo (9/9) to encourage Mubarak to press the PA to agree to Israeli FRD proposals.

The Mauritanian FM visited Israel (10/30) to offer congratulations on the Wye signing and then traveled to Jordan to discuss the agreement with Crown Prince Hassan. As a result, Egypt and Syria approached the Arab League about isolating Mauritania by preventing its participation in League meetings and reducing its aid from Arab states as punishment for failing to follow the League’s 5/97 decision to suspend normalization with Israel (see Peace Monitor in JPS 104).

An Israeli delegation participated (11/10) in a Qatari military exhibition, but Arab delegates boycotted their booth. Qatar claimed that it was the French cosponsors, not themselves, that invited the Israelis. Qatar rejected (10/98) a request from three Israeli doctors to attend a medical conference in Doha in 12/98.

Lebanon called on the UN (11/3) to stop Israel from taking fertile topsoil from south Lebanon and transporting it to the Galilee.
Lebanon claimed that 20–30 Israeli civilians and the IDF had taken 100s of tons of top-soil since 9/98. Israel confirmed the story (11/6) and vowed the IDF would prevent further thefts.

**INTER-ARAB HIGHLIGHTS**

The PA coordinated closely with Egypt and Jordan on the peace process throughout the quarter. Contacts included Arafat with Mubarak (8/18, 10/1) and Crown Prince Hassan (8/31, 10/12), PA negotiator Abbas with Crown Prince Hassan (9/8, 10/3), and daily phone calls during the Wye talks.

Egypt and France held a meeting in Paris (9/14) to discuss lobbying countries at the UNGA session in New York to back their initiative for an international summit on the peace process (see Peace Monitor in JPS 109). Egypt also held talks with Syria (8/23). However, they agreed (9/23) to suspend their plans until the outcome of the Wye initiative is known. After the Wye signing, Egypt’s Pres. Mubarak and Syria’s Pres. Hafiz al-Asad held an important meeting (11/11) in which they reportedly discussed convening an Arab minisummit to assess the potential threats posed by Wye.

On his way home from Wye, Arafat made a tour of Arab capitals to brief leaders on the agreement, stopping in Algeria (10/25), Egypt (10/25), Morocco, Saudi Arabia (10/26), and Tunisia (10/26) before returning to Gaza 10/28. The Arab states kept each other briefed on Israeli delays to Wye implementation through the end of the quarter, with contacts including Mubarak and Arafat (11/5), Arafat by phone with King Hussein (11/10), PA negotiator Qurai’ with Mubarak (11/4) and Egyptian FM Musa (11/2, 11/4), PA negotiator Abbas with Jordan’s PM Tarawnah (11/5), and PSF head Muhammad Dahlan with Musa (11/10).

Diplomatic relations between Jordan and Syria worsened slightly at the end of this quarter. Jordan requested (10/12) that Syria release the 700–1,000 Jordanian prisoners and detainees it holds. Jordan also protested (10/25) Syria’s detention for several hours (10/25) of two Jordanian engineers traveling through the republic to a meeting in Lebanon. Jordan also protested to Qatar and closed the office of the Doha-based al-Jazeera television (11/4) over an extended interview aired by al-Jazeera in which the Qatari host and two Syrian guests accused the Hashimites of conspiring with Zionists since 1948 and of being “rewarded” with a kingdom as a result.

Lebanon barred (9/22) a Palestinian delegation traveling on PA passports from entering Lebanon to attend a UN meeting. Lebanon does not recognize the PA passport.

A Jordanian parliamentary delegation visited the occupied territories (9/10) to meet with Arafat and PC members.

**REGIONAL ECONOMIC AFFAIRS**

The stalled peace process continued to take its toll on the Israeli economy. The Finance Min. reported (10/26) that 1998 has been Israel’s worst year in the past decade, with real foreign investment in the Tel Aviv stock exchange down 75% for the first six months, according to the Bank of Israel (8/19). The Central Bureau of Statistics expected (10/19) a “considerable” economic slump for the second half of 1998. Over 300,000 Israeli public employees observed the second national strike this year (9/4–7) called by the Histadrut labor federation to demand 8% wage increases.

The Jordanian-Palestinian Higher Committee met in Amman 10/19 to discuss increasing trade, implementing previously signed agreements, and providing Jordanian logistical help to the PA’s Bethlehem 2000 tourism and development project (see Peace Monitor in JPS 109). The sides agreed to increase scrutiny of certificates of origin and quantities of goods exchanged; to encourage the establishment of a private Jordanian-Palestinian trucking firm that could facilitate cross-border transportation of goods; and to add 88 products to the commodity lists A1 and A2 of the 1994 Paris Economic Protocol, which delineates what products may be traded in what quantity. Jordan’s PM Tarawnah and Arafat held follow up talks in Ramallah 10/31. Jordan also agreed to allow the PA to use Aqaba port immediately for imports (10/29) and signed an agricultural accord with the PA (10/28).

The Jordanian-Palestinian Businessmen Council met in Amman (9/8) to discuss ways of increasing trade and improving investment relations. On the sidelines, businessmen discussed a proposal for setting up a joint commercial services company to increase commercial cooperation between Jordan and the PA. Jordan and the PA also held agricultural talks on 9/8.

Syria opened a trade center in Baghdad 9/3. Iraq opened its center in Damascus 9/20. The two states also agreed (8/20) on a
timetable for rehabilitation of the Kirkuk-Banias oil pipeline (see Peace Monitor in JPS 109) and discussed health cooperation (10/6). Syria also held talks with Jordan on expanding economic relations and a possible free trade agreement (9/16) and with Lebanon on exchanging agricultural products (8/19).

Egypt and Lebanon signed (9/9–10) a free trade agreement, which will go into effect on 1/1/99, as well as a marine transportation agreement and an accord to standardize specifications.

INTERNATIONAL

United States

Pres. Clinton—weighed down by his admission of an affair with Monica Lewinsky (8/17) and possible impeachment hearings (9/12), the miscalculated U.S. attacks on Afghanistan and Sudan (8/20), and the growing defiance of Iraq (reaching a head 10/31–11/15)—was in particular need of a foreign policy victory that could cement an anti-Iraqi Arab alliance and bring a Democratic victory in the midterm elections 11/3.

Following the Wye signing, Pres. Clinton and Secy. Albright expressed frustration (10/26) at the Arab states’ (particularly Egypt’s) tepid support, saying they should embrace the agreement, increase economic aid to the Palestinians, make new efforts to integrate Israel into the region, and deepen bilateral relations with Israel. Senior U.S. officials also said (10/26) that since the peace process had been “invigorated,” the U.S. expected Arab states to offer more support for U.S. policies on Iraq and Iran.

Following the Wye signing, on 10/31, the U.S. and Israel signed a security memorandum under which the U.S. agreed to “enhance Israel’s defensive and deterrent capabilities,” upgrade strategic and military cooperation with Israel, and set up a joint committee to recommend new technology transfers to Israel. Although the details of the agreement were finalized during the Wye talks and it serves as a “signing bonus” for Israel, it is technically independent of the Wye memorandum and has not been made public.

As part of the Wye deal, the U.S. reportedly (10/23, 11/16) agreed to give Israel $500 m. to move 2 IDF posts and construct bypass roads in advance of redeployment. Israel was also rumored to have arrived at Wye with a “wish list” that included 30 Blackhawk helicopters ($12 m. each), 4 Patriot missile batteries, and more. What is certain is that the Israeli DMin. asked (11/10) the Pentagon and State Department for $15 b. over the next 10 years to modernize the IDF. The U.S. officials reacted positively but warned that budget constraints would affect the decision. Earlier (9/22), the Pentagon offered to sell Israel (for $5 b.) 30 F-15is and 60 F-16Gs and Ds, all equipped with advanced radar and LAAT/RIN navigation and targeting pods to give them ground-attack capability.

Israel and the U.S. agreed (11/11) to reduce U.S. civilian aid to Israel by $120 m./yr. for the next 10 yrs. and to increase military aid by $60 m./yr. for 10 yrs., at the end of which Israel will receive no civilian aid and $2.5 b./yr. in military aid. The U.S. and Jordan agreed (10/31) to set the level of U.S. aid to the kingdom at $225 m./yr. for the next five years. The FY 1999 foreign appropriations bill, signed 10/21, contained sections prohibiting funding to the PBC and ordering the government to promote “equality for Israel in the United Nations” by working for its inclusion into a regional grouping (see below).

In Washington, Congress and the Knesset held (9/14–17) their first joint hearing under the new U.S-Israeli Interparliamentary Committee on National Security, which aims to improve Israel’s missile defense capability. The session addressed funding joint missile development and increasing shared technology and called for accelerated missile development and deployment. The committee will meet again in 12/98 in Israel.

On 10/21, during the Wye talks, the U.S. asked Israel to investigate two incidents in 3/98 (see Chronology for 3/10, 3/13) in which the IDF shot Palestinians, raising the issue for the first time under a U.S. law that can limit foreign aid when troops abuse human rights.

The Israeli government’s recent decision (see Chronology in JPS 108) to make Jonathan Pollard’s clemency case a high-profile issue peaked this quarter, with Israel specifically requesting his release and lobbying congressmen on the issue for the first time on 9/10, and Pres. Clinton rejecting (10/1) a personal request by Netanyahu (9/28) to free him. The issue was also the final sticking point of a Wye agreement (see above), ending in Clinton’s agreement to review the case. On 11/4, Netanyahu restated that since Israel had been asked to make concessions at Wye, the U.S. should also give
up something important by releasing Pollard. The White House took the lead in the clemency review away from the Justice Department on 11/11, a decision some U.S. officials saw (11/11) as meaning that a political decision had already been made and a serious review was not going to occur.

**RUSSIA**

Arafat briefed (10/8) Pres. Boris Yeltsin on his meetings with Pres. Clinton and Secy. Albright in preparation for the upcoming Wye talks and requested Russian participation in the meetings. Although the Russians were interested in taking an overt role, they were “encouraged to keep talks to a triparty scenario.” They stayed in constant contact with the PA, Israel, and the U.S. throughout but were told not to disturb the presentation of Wye as bilateral talks under U.S. auspices.

**EUROPEAN UNION**

At the end of the quarter, the European Union, led by France, was delaying a decision on Israeli membership in its Fifth Framework for Research and Development until progress is made on Wye implementation.

**UNITED NATIONS**

As a result of the upgrade in the status of the Mission of Palestine to the UN (see Peace Monitor in *JPS* 109), Arafat was able (9/28) to address the regular opening session of the UNGA for the first time. Under U.S. and Israeli pressure, he did not use his speech to announce his intention to reaffirm the declaration of a Palestinian state in 5/99. Following the Wye agreement, Israeli FM Sharon sent a letter (10/30) to Secy. Gen. Kofi Annan, outlining Israel’s interpretation of the Wye agreement (see Doc. C). The letter called on the UN to include Israel as a member of a regional grouping so that it may sit on the UNSC in rotation and to halt annual readoption of UN resolutions “which no longer reflect present realities and achievements.” Israel’s natural regional group, Asia, has blocked its membership since Israel’s creation.

Instead of convening a meeting of the high contracting parties to the Fourth Geneva Convention, which was to take place this fall in keeping with UN Res. ES-10/5 of 3/17/98, Switzerland hosted (10/27-29) a second experts-level meeting attended by representatives from the PLO and Israel, plus others invited by Switzerland. The aim of the session was the same as the first (held 6/9-11; see Peace Monitor in *JPS* 109): to examine obstacles blocking implementation of the Fourth Geneva Convention in the occupied territories.

**iran**

Iran continued to emerge from diplomatic isolation, expanding its regional and international ties. The U.S. and Iran held their highest-level meeting since 1979 (Secretary Albright and Dep. FM Javad Zarif) on 9/21 on the sidelines of the UNGA session, and Iranian Pres. Mohamed Khatami again called (9/22) for warmer relations with the U.S. Britain and Iran agreed (9/24) to upgrade diplomatic relations to the ambassadorial level. France discussed (8/23) improving bilateral ties and economic relations with Iran and invited Khatami to visit Paris. Egypt also upgraded its diplomatic ties with Iran to the ambassadorial level (10/28).

Iran and Syria discussed economic relations (8/25-27, 10/17-19, 11/8), cultural relations (9/14-17), and telecommunications (9/21) and signed a memorandum of understanding on economic issues (10/23). Defense ministers held talks on “expanding bilateral cooperation” (9/9).

Iran and Lebanon held talks on cultural ties (8/23-26, 9/18-20), economic relations (10/20-22), and tourism (11/4) and signed (8/26) draft agreements on cooperation on aviation, taxation, housing, and urban development.

Iranian relations with Iraq slipped, with Iraq shutting its border with Syria to Iraqi pilgrims and refusing to issue visas to Iranian pilgrims out of its embassy in Jordan (see Peace Monitor in *JPS* 108). Iran also discussed cooperating on agricultural issues with Jordan (10/22), expanding economic ties with Oman (11/10), and coordinating energy issues with Qatar (11/11).

**Turkey**

Turkey and Israel reaffirmed their growing ties this quarter, with PM Netanyahu declaring (9/1) that the Turkey-Israel relationship is the “main axis” of the Middle East security framework. Turkey demurred (9/1), saying that there can be no regional security framework before peace between Israel and its neighbors, but signs of strategic realignments precipitated by the Turkish-Israeli military accord have become undeniable.

Analysts doubted Turkey could have waged its surprising diplomatic assault on
Syria, which dominated this quarter (see Chronology), without its alliance with Israel. Syrian-Turkish tensions began to escalate last quarter, with the unexplained failure of their 7/1-2 talks on normalizing diplomatic relations (see Peace Monitor in JPS 109) and continued into 8/98 with Turkey's rejection (8/24) of Syria's request to revive water talks. (Iraq and Syria held bilateral water talks 9/25-28.)

Turkish PM Mesut Yilmaz's trip to Israel, Jordan, and the occupied territories (9/5-8) was mirrored by a surge of Turkish criticism of Syria's alleged support for the Kurdish Workers Party (PKK). Just prior to Yilmaz's departure, new accusations appeared in the Turkish press that Syria not only supported but masterminded PKK insurgency. Turkey ignored Syria's calls for dialogue to ease the tensions (e.g., 10/2), instead threatening military intervention (e.g., 10/1, 10/3).

The crisis was averted in the end due to Egyptian and Iranian intervention, and Turkey and Syria signed (10/20) a security agreement exclusively addressing the PKK. The crisis, however, prompted strategic assessment meetings of Iran, Greece, and Armenia (mid-9/98) and Iran and Greece (10/5). Iran also held talks with Turkey on demarcating their common border (10/12) and on Turkish-Israeli relations (9/13-14), and Turkey began work (11/9) on an Iran-Europe oil pipeline despite U.S. objections. Also of note, in reaction to U.S. sponsorship (9/19) of a rapprochement between rival Kurdish groups and passage of a law (10/31) funding opposition groups in northern Iraq against Saddam Hussein, Turkey upgraded (9/26) its diplomatic relations with Iraq.

In talks 11/2, Israel tried to assure Cyprus that its military ties with Turkey posed no threat to it and that Cyprus could serve as an economic and political bridge between Israel and Europe. Israel, Cyprus, and Egypt also held joint sea pollution cleanup exercises off the Cypriot coast 11/2-5. These small confidence-building exercises were offset, however, with Cyprus's arrest (11/8) of two Israelis, thought to be Mossad agents, caught in a sensitive military area with sophisticated radio equipment and accused of spying for Turkey.

On the bilateral level, Turkey and Israel discussed (9/7) improving trade ties and undertaking joint projects, including the possibility of Turkey supplying water to Israel, and signed agreements on agriculture and sports and a joint communiqué on industry and commerce. Israel won a $71-m. contract to upgrade 48 Turkish F-5 aircraft and signed an $80-m. deal to build ground-to-air missiles for Turkey. Israel announced (11/9) that naval maneuvers with Turkey and the U.S. had been planned for 1/99. (The last maneuvers were held in 1/98; see Peace Monitor in JPS 107.)

Yilmaz promised (9/8) to give Arafat Ottoman-era documents proving Palestinian ownership of lands in the West Bank, Gaza, and Israel. Turkey and the PA also signed cooperation agreements on culture, education, and the environment.

Jordan agreed (9/5) to develop economic ties with Turkey but stated it had no intention of joining a security alliance with Israel and Turkey. There were reports, however, that Jordanian military chief of staff Field Marshal 'Abd-Hafiz Marai al-Kabna had held several meetings with Turkish generals and that Jordanian pilots underwent (late 9/98) aircraft simulator training in Turkey.

**The Vatican**

Vatican relations with Israel hit their lowest point since diplomatic ties were established in 1994. Israel requested (11/4) that the Vatican postpone for 50 years plans to beatify Pope Pius XII, criticized for remaining silent about the Holocaust. Jewish groups protested the beatification (mid-10/98) of Alojzije Cardinal Stepinac, who was criticized for keeping his post as archbishop in Zagreb when a Nazi puppet regime ruled Croatia during World War II, and expressed outrage at the canonization (10/11) of Carmelite nun Edith Stein, who was born a Jew but converted to Catholicism and was put to death at Auschwitz in retaliation for a proclamation by Dutch Catholic bishops condemning the deportation of Jews during World War II. The groups (including the Anti-Defamation League and Simon Wiesenthal Center) called the canonization a "slap in the face" and an "unnecessary and painful act" of "Christianizing and universalizing the Holocaust." Rome called (11/4) the moves "imprudent and provocative" and viewed them as interference in internal affairs.

The Vatican and the PA drew up (10/16) a draft agreement outlining a system regulating the Catholic church's relations with the PA (see Peace Monitor in JPS 109). No further details were released. In an important statement 10/26 (see Doc. A), the Vatican FM reaffirmed Rome's belief that East Jerusalem is occupied territory, called for the holy
places in Jerusalem to be given special international status in a final status agreement, and requested the Vatican be allowed to give input into final status talks in Jerusalem. The Vatican also announced (10/14) its readiness to recognize a Palestinian state if one is declared. Israel rejected Rome’s participation in negotiations on 11/3.

OTHER

In its continuing effort to secure ties with Central Asian states (see Peace Monitor in JPS 109), Israel signed (9/14–16) nine agreements with Uzbekistan on expansion of economic, legal, political, and financial cooperation. The two states also agreed to share data on Iran but did not sign a formal agreement. Israel also held talks with Armenia on economic cooperation (10/29) and with Croatia on trade and maritime affairs (10/28).

DONORS

With the five-year donor commitment coming to an end in 12/98, a major reassessment meeting of the Consultative Group was planned for late 10/98–early 11/98 to discuss a forum in which donors could express their continued support for the PA economic program beyond 1998. This meeting was postponed as a result of the Wye memorandum clause calling on donors to stay engaged. Donors now plan to meet toward the end of the year to address the post-1998 period.

The only donor meeting to be held this quarter was a meeting of the Local Aid Coordination Committee in al-Ram in the West Bank 9/14 to review in general terms work on the Palestinian Development Plan (PDP) for 1999–2001, donor assistance, and the economic situation in the occupied territories. Parties discussed revitalizing the donor structure, particularly the sector working groups, which are becoming obsolete as PA ministries assume their duties.

On 10/7–8, 23 UN agencies and PA ministries met in the occupied territories to discuss the 1999–2001 PDP. Participants attended workshops aimed at identifying areas of improvement in the sectors targeted by the PDP (including infrastructure and natural resources, human resource development, and institution building), as well as on the Palestinian economy in general. The UN agencies are primary donors to the PA, having disbursed over $850 m. to projects in the territories since the Oslo process began in 1993.

This quarter, Belgium pledged (11/8) $17.4 m. over three years for health, rural development, technical assistance, and education projects under the 1999–2001 PDP. Norway pledged (10/12) $55 m. for 1998–99 toward schools; water, electricity, and infrastructure projects; and the Bethlehem 2000 tourism and development program. The World Bank loaned (11/2) the PA $25 m. to cover infrastructure, cultural heritage, and tourism projects under Bethlehem 2000.

Compiled by Michele L. Kjorlien