16 May-15 August 1996

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

BILATERALS

PALESTINIAN-ISRAELI TRACK

Between 5/15 and the 5/29 Israeli general elections, meetings on all bilateral tracks were suspended, except for ongoing security contacts between the PA and Israel. In the run-up to the elections and after his victory, Likud leader Benjamin Netanyahu vowed to redirect $1 b./year from current allocations to the PA to settlements (5/20); to reject the formation of a Palestinian state (6/16); not to discuss Jerusalem in final status negotiations (5/28, 6/16); and to meet Yasin Arafat only if absolutely necessary (7/12). The PA stated (5/30) it would work with any government elected but denounced such statements.

On 7/2, Netanyahu gave his first comprehensive picture of peace with the Palestinians since his inauguration (6/18), stating that Israel had fulfilled land-for-peace requirements by returning the Sinai to Egypt in 1979; Palestinian autonomy should incorporate most of the Palestinian population; the PA should have control over most aspects of national life but not sovereignty; closures should be lifted only when Israel's security is guaranteed; and self-rule areas should not be physically separated from Israel. He also stated that peace with Israel's Arab neighbors by 2000 was unlikely (6/20) and that agreement on Jerusalem was not possible (8/11).

Caretaker PM Shimon Peres ordered (6/3) senior IDF officers involved in security and civilian committee negotiations with the PA to slow the pace of talks until the new government took over. Only two meetings were held from Netanyahu's inauguration (6/18) until he ordered the security committee to resume contacts at the local, district, and regional levels on 7/26: On 6/20, the PA and Israel agreed to form a bilateral technical committee to discuss security measures at Rachel's Tomb (see Peace Monitor in JPS 100); and on 7/14, the PA and Israel held an emergency meeting on insufficient water supply to Janin, and Israel agreed to increase the flow by 140 cups/hour [as reported by Voice of Palestine 7/14].

On 8/5, Israel announced it had begun setting up teams for negotiations with the PA and expected talks on outstanding issues (e.g., Hebron, Rafah airport, economics) to resume in several weeks. On 8/13, the Higher Joint Israeli-Palestinian Civilian Committee resumed meetings in Jerusalem. And on 8/14, Israel and the PA agreed to reactivate all joint liaison committees that follow up on implementation of the peace accords, except for the Palestinian-Israeli Steering and Monitoring Committee, the highest oversight body, which was delayed because of differences between Netanyahu and FM David Levy over power sharing. Also in August, Netanyahu appointed his personal attorney Yitzhak Molho as special envoy to Arafat in charge of ongoing contacts with the PA. Molho holds daily contacts with PA officials and travels to Gaza at least twice a week but will not be a part of the Israeli negotiating team.

In keeping with Likud's policy of viewing the PLO as a "terrorist" group, Netanyahu refused to meet with Arafat or to mention the PLO/PA and in his victory speech 6/2 (see Doc. C3 in JPS 100) referred only to "the Palestinians," not the PLO/PA. While he personally phoned other Arab leaders after his election, it was his adviser Dore Gold who phoned (5/31) Arafat adviser Mahmoud Abbas in Likud's first contact with the PLO/PA to confirm Likud's interest in continuing negotiations. Netanyahu authorized meetings between Gold and Arafat (6/27) and Levy and Arafat (7/23) but distanced himself from an unofficial meeting between Likud's Roni Milo and Arafat adviser Faisal Husseini (6/11). On 8/12, Arafat refused to meet with DM Yitzhak Mordechai until Netanyahu agreed to meet with him.

With Netanyahu's election, settler provocations in the occupied territories increased dramatically (see Settlement Monitor for details). Settlers occupied Palestinian homes and buildings (5/30, 6/5), illegally confiscated land (7/19), and submitted settlement expansion plans (6/5, 7/17, 7/18, 8/4). The new government, meanwhile, approved and began building projects (6/10, 7/16, 7/29, 8/12, 8/15), bulldozed homes to make way for...
bypass roads (8/6, 8/12), amended legislation to facilitate settlement expansion (8/2, 8/12, 8/13), and allowed the Temple Mount Faithful to pray in the al-Aqsa Mosque courtyard (7/25). On 8/12, Netanyahu said he did not believe Oslo II prohibited Jews from building settlements on occupied land.

**Final Status**

No final status meeting has been held since the ceremonial opening session 5/5 (see Peace Monitor in JPS 100), and, at the close of the quarter, no announcement had been made on when negotiations might begin.

Former Oslo negotiator Ya'ir Hirschfeld revealed (7/13) verbal understandings the Rabin government reached with the PA that were to be used as the basis of final status talks (see Doc. C3). Labor M Yossi Beilin confirmed the story 7/31, and the Netanyahu government immediately dismissed the understandings as nonbinding.

**Redeployment**

On 5/31, Peres said he would not use his powers as a lame-duck PM to redeploy troops in Hebron before leaving office and refused PA appeals (6/2) to reconsider. The scheduled date for redeployment, 6/12, passed without troop movement.

On 6/21, Netanyahu began meeting with IDF and Defense Ministry officials on Hebron security. DM Mordechai, charged by Netanyahu to draw up an alternative plan for Hebron, presented (8/15) an initial plan calling for reclassifying the Jewish sections of Hebron as area B; fleshing out Jewish settlements in the city; adding more IDF observer points and troops; limiting the number of PA security forces and their range of patrol; creating a security corridor linking Hebron and Kiryat Arba; giving the IDF hot-pursuit rights; and slowing the timetable for redeployment. The new Israeli government never met with the PA on the subject, and the PA said any change from what had been agreed upon would be unacceptable. (On 6/24, the IDF had recommended fulfilling the original agreement.)

Under Oslo II (Articles V.3.b.10 and XII.b.8), further redeployment from zone C and transfer of internal security to the PA police in zones B and C is scheduled to begin 9/7. At the close of the quarter, however, no progress had been made toward identifying the next areas of redeployment. Meanwhile, the PA and Israel formally asked Norway (8/11) to renew the mandate of the Temporary International Presence in Hebron (TIPH) for another month (see Peace Monitor in JPS 100). Only 32 TIPH members were in Hebron at the end of the quarter; the remaining 168 observers from other countries may not take up their posts until the IDF redeploys.

Also of note: On 7/16, the Israeli tourism minister announced plans to increase investment in tourist projects in Hebron.

**The Executive Authority**

On 5/18, Executive Authority (EA) members were sworn in before Arafat and granted him a two-week extension to complete assignment of all portfolios (see Peace Monitor in JPS 100). On 6/6, the Palestinian Council (PC) demanded that the portfolios be redistributed to correct the fact that only 60% of EA members, rather than the 80% required by the Oslo II accord, were members of the PC (see Doc. B4 in JPS 100). Several changes marking final distribution of portfolios were approved by the PC 6/27: Azzam al-Ahmad was renamed public works minister; the youth and sports portfolio was downgraded to a department; Bashir Barghouti became industry minister; Mahir al-Masri (previously trade and industry minister) was renamed trade and economy minister; and the previously unassigned communications and transportation portfolios were assigned to Imad al-Faluchi and Ali al-Qawasmi, respectively. For the first time, Faisal Husseini was officially named minister in charge of the Jerusalem portfolio (though he was not sworn in as were other ministers), bringing total number of ministers in the EA to 22 and decreasing the percentage of PC members.

Following Netanyahu's victory, Arafat convened (5/31–6/1) a joint meeting of the EA and the PLO Executive Committee (PLOEC) to discuss the implications. From that time on, all weekly EA meetings (ten in all during the quarter; no meeting was held 7/26) included the PLOEC. Most sessions reviewed the week's events: PA policy statement (5/18); Israeli Basic Guidelines (6/7); Arab Summit (6/14, 6/24); UNRWA headquarters relocation to Gaza (7/5); Netanyahu's statements and policies (7/12, 7/19); Israeli settlement policy (8/9); and Jerusalem (7/5, 8/9). At the 6/27 session, however, the EA decided to form a higher judicial council to rebuild the judicial authority so as to assure the judiciary’s independence and to reconsider PA security formations in cooperation with the PC’s security committee.
The Palestinian Council

The PC continued its schedule of meeting every Wednesday and Thursday, holding a total of 14 sessions during the quarter. Only one session, 5/29–30, was canceled due to the closure, though an emergency session was held 5/31 to discuss the outcome of the Israeli elections.

A second emergency meeting was held 8/6 to discuss the death (7/31) of a Palestinian prisoner in PA custody, the conditions of PA prisoners in general, and the large protests against the PA in Nablus (8/1) and Tulkarm (8/2). Members demanded the security services release the approximately 1,200 prisoners held without charge since the 2–3/96 suicide bombings.

On 5/23, Arafat presented to the PC his new government's policy statement calling for continuation of the peace process; Arab unity; nation building; concentration on higher education; reconstruction of the judicial branch; rural and municipal development; more housing and jobs; and special attention to environment, religious affairs, and telecommunications. At the 6/5–6 meeting, the PC demanded that Arafat amend the policy statement to include explicit reference to Palestinians' right of return. On 6/27, the PC passed (50-24, with 6 abstentions and 3 blank ballots) a vote of confidence on the new government and the policy statement.

The PC was scheduled to recess for the summer 7/4 but elected to remain in session until the Basic Law (the PA's interim constitution) was completed. The PC pared seven drafts down to one for debate, but at the 7/17 meeting, Arafat demanded that the draft be withdrawn from discussion so he could submit another version. PC members accused him of trying to subdivide the PC to the PLOEC and marginalize the legislative branch while expanding the role of the executive. Members said that all PLOEC suggested changes should be submitted to the PC for consideration. Debate resumed 7/23. On 7/30, Arafat asked that the PC discontinue the debate until the PLOEC had finished its own draft for presentation to the PC. Nonetheless, debate resumed 7/31, and the PC went ahead with the first reading of its draft at the 8/14–15 session. Members noted differences over article 69 (special procedures in the event of vacancy of the PA presidency) and article 72 (concerning the role of the PA head with regard to the PC).

Also of note: The PC ruled (5/16) that all treaties to be signed by the EA must first be endorsed by the PC and passed a resolution (8/1) calling on the PA to suspend negotiations with Israel until Israel complies with the Oslo accords.

The PLO Charter

During the 7/23 Arafat-Levy meeting, Israel requested a letter from Arafat confirming and clarifying the Palestine National Council decision (4/22) to amend the PLO charter. The next day, Arafat sent Netanyahu a copy of the letter given to the previous government (see Doc. B3 in JPS 100), which Netanyahu deemed unsatisfactory since it did not explicitly say the charter had been "revoked."

Prisoner Release

On 7/18, Israeli Pres. Ezer Weizman pardoned two of the five female Palestinian prisoners previously denied release (see Peace Monitor in JPS 99). One left jail 7/25, but the other refused to be released until the OC Central Command pardoned the last three.

Security Arrangements

The closure on the self-rule areas, in place since the series of Hamas suicide bombings in late February and early March, was tightened and eased repeatedly. At the end of the quarter, 37,000 Palestinian workers were allowed back into Israel. 350 Palestinian businessmen were also granted (6/17) preferential status to enter Israel.

In the first breach of Oslo II security arrangements, the IDF entered (5/18) Dura village near Hebron (a zone B area under PA security control); ordered PA police to remain at their bases; and arrested nine Palestinians, including two relatives of Preventive Security Forces head Col. Jibril Rajub. The IDF also increased patrols in Hebron and randomly searched Palestinian residents there. Similarly, on 6/3, IDF troops in Hebron detained several PA policemen and searched their vehicles, precipitating a clash between troops and Palestinian residents.

The Peres government and the PA held talks (6/6) on implementing safe passage between Gaza and the West Bank, which has been outstanding since Israel refused at the last minute to open the routes in mid-January. The sides decided that their differences on the existing protocol were irreconcilable and the agreement would have to be renegotiated. Talks on a new protocol began 6/10, even though passage and implementation of any agreement would hinge on the new Israeli cabinet.

On 6/12, the IDF, ignoring PC members' VIP status, blocked 22 Gazan members from entering the West Bank to attend their
weekly session in Nablus unless they agreed to be searched. The PC threatened to cancel the session in protest, and the IDF let the Gaza members through 6/13. The PA-Israeli civil affairs committee met 6/14 to discuss the incident, and Israel demanded that PC members continue to submit to security checks. On 6/16, Peres granted 60 PC members second-class VIP cards permitting them to undergo “less stringent” security checks.

The IDF sealed off Tulkarm (8/2); declared Bethlehem (8/10), Janin (5/26-31), Jericho (7/26-27), Nablus (5/15-16, 5/26-31, 8/1), Qalqilya (7/24), and Ramallah (5/16, 7/20) closed military zones; and imposed curfews on Biddiya (6/16-7/1), Hebron (7/10), Nablus (7/19), and Sammu’ (mid-June-7/5). Since the IDF redeployment from zone A, declaring a Palestinian city a closed military zone technically has meant that no Israelis may enter, though in practice it is little different from sealing off a city, when no one is allowed in or out.

The IDF also closed (mid-May) two West Bank mosques after discovering “inflammatory leaflets” on their premises and raided (7/1) al-Ibrahimi Cultural Center in Hebron, confiscating computers, disks, and papers and detaining the center’s director for questioning.

Also of note: On 6/28, Israel blocked entry of $3.5-m. worth of mutton to the self-rule areas. The 10,500 sheep were slaughtered during the Hajj and donated by Saudi Arabia to help feed Palestinians under closure. The meat rotted at the crossing point while awaiting IDF “security checks” and was destroyed 8/14.

Jerusalem

On 6/28, Netanyahu formed a special committee to monitor PA activities in East Jerusalem but said he saw no justification for closing Orient House; declared invalid the 10/93 letter of assurances from FM Peres to Norway, promising Palestinian institutions could continue operating in Jerusalem (see Doc. C1 in JPS 93); and vowed to prevent all foreign representatives from visiting Orient House. Israel banned (6/24) a meeting of Palestinian figures and representatives of nongovernmental and international organizations slated to be held at Orient House and requested (6/25) that the PA cease issuing passports to East Jerusalem residents.

On 7/25, Israel demanded the PA shut two institutions operating out of Orient House (the Palestinian Youth and Sports Department and the Department for Mapping and Geography) and a vocational training center in Shu'fat. Israel later (8/9) made closure of these offices and halting all “violations” of the Oslo accords a precondition for resuming final status negotiations.

On 7/8, seven PC members from Jerusalem district who announced plans to open constituency offices in East Jerusalem were immediately summoned for questioning by Israeli police but refused to report. Israel backed down, saying it only wanted to hold a friendly dialogue, not an interrogation. When PC member Hatim ‘Abd al-Qadir began meeting with local residents in his home 8/1, Israel demanded he close his “office,” threatened to hold for questioning anyone who met with him there, and set up a police cordon outside his home. A compromise was reached (8/7) whereby ‘Abd al-Qadir was permitted to receive guests in return for signing a letter saying his home is not an official PA office.

Faisal Husseini held talks (5/20) with Moroccan businessmen on possible joint projects and proposed the formation of a Jerusalem Fund for Investment and Development, with a starting capital of $2 m., to preserve the Arab and Islamic character of the city. The PA also announced (6/18) that Bahrain, Qatar, and the UAE agreed to form working committees in support of Jerusalem. The Gulf states allotted an undisclosed sum for investment in the city and gave donations to support existing PA institutions in the self-rule areas.

Rafah Airport

On 5/19-23, Israel and the PA held talks on Rafah airport, already under construction. Israel expressed concern that the length of the runway was longer than planned, suggesting the PA was planning to accommodate large passenger aircraft. Israel agreed to allow continued construction; in return, the PA agreed to reclassify the airport as a special zone, where Israel would be responsible for air traffic control and security. An agreement to this effect was signed on 5/23. Talks on a comprehensive accord bogged down 8/15, when the PA rejected Israel’s demand for full security and administrative control of the airport.

Arafat’s plane was the first to land at the airport (6/2). On 6/16, a Moroccan plane carrying medical equipment and food was also allowed to land. But Israeli refused permission for French President Jacques Chirac to land his plane when he came to visit 7/24.
The PA has aviation agreements with Jordan, Morocco, and Qatar and is negotiating contracts with Cyprus and Egypt. The PA received from the Netherlands the first aircraft for its future airline, a Fokker-50, at Egypt's al-Arish airport 8/14.

Economic Matters

Arafat approved (6/28) a low-income housing plan calling for 750 units in the West Bank and Gaza that families could purchase through monthly payments of no more than $200. Work was to begin immediately to construct factories to produce building materials for the project and create jobs for Palestinian workers not allowed back into Israel due to the closure. In early June, Arafat also signed a $35-m. contract to build two new towns along the Gaza coast and a residential neighborhood in Khan Yunis that will include 600 housing units and employ 500 persons for three years.

On 8/12, the PA Trade Ministry announced that beginning 10/96 the PA will not allow goods imported into Israel to be resold in the self-rule areas by Israeli companies. Instead, Israeli companies will have to operate through Palestinian franchises.

U.S. and PA representatives met (7/17) to sign a $46.5-m. contract to increase access to scarce water resources in the West Bank; Israel intervened to stop the signing, demanding that it be a partner to any agreement on water issues. The United States put the project on hold but said it remained committed to its implementation.

The Knesset Financing Committee refused a written request (8/96) from the Finance Ministry to transfer money owed the PA on the grounds that the request used the term West Bank rather than Judea and Samaria. The committee said no money would change hands until the oversight was corrected.

Israel complained (7/29) that plans for industrial parks along Israel's borders with the self-rule areas and seven joint Israeli-PA projects, meant to create thousands of Palestinian jobs, have languished because foreign investors have shunned them.

Bilateral grants to the PA this quarter included $30 m. from the Arab Fund for Development for health, education, and infrastructure projects (5/96); $31 m. from Germany (for Rafah airport, water and sewage, hospitals, technical assistance, tourism) and a promise to transfer an additional $8.6 m. previously allocated (7/31); $25 m. from the European Union (EU) for schools and universities (6/96); and $7 m. from Oman for emergency purchases (5/25). In late May, the Palestinian Energy Authority signed a 20-year purchasing agreement with California's Delma Power Company to build a power plant in Gaza City. And in mid-June, the Arab Gulf states agreed to the entry of agricultural products under Palestinian labels.

Following the Israeli elections, Jordanian and Palestinian businessmen suspended a $50-m. investment project planned for Janin.

Diplomatic Matters

In late May, PA Planning M Nabil Shaath met with U.S. special envoy Dennis Ross in Washington to draft a plan to establish a U.S.-PA committee to address Palestinian concerns in the West Bank and Gaza.

Oman announced plans (5/25) to open an interest office in the self-rule areas within days and approved opening of a PA "embassy" in Muscat, but at the close of the quarter neither office had been opened. Algeria began accepting (6/1) the Palestinian passport.

The International Olympic Committee permitted a three-man Palestinian team to process under the name "Palestine" and carry a Palestinian flag at the opening ceremonies in Atlanta 7/19. Israel earlier refused to approve the necessary documents for 30-40 diaspora Palestinians to participate on the team because they feared it would lend support to the right of return.

Also of Note

In Ramallah, a new private Palestinian television station (al-Watan) and two new radio stations (Voice of Love and Peace and Manara) opened in May.

On 5/27, the PA completed a draft proposal to divide the West Bank into 16 administrative districts, including a Jerusalem district incorporating the Old City.

Palestinian Opinion

The following data are excerpted from a poll conducted 28-30 June by the Nablus-based Center for Palestine Research and Studies (CPRS). This was the only poll CPRS was able to carry out between the time of the Israeli elections 5/29 and the close of the quarter. Results are based on a survey of 1,383 men and women from the West Bank and Gaza. The poll, twenty-third in a series, was made available by CPRS's office in Nablus.
1. Regarding the future of the peace process between Palestinians and Israelis in the aftermath of the success of the Likud party and its leader, Netanyahu, in the Israeli elections and after the formation of the new Israeli government, I feel:

<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>Optimistic</td>
<td>34.4%</td>
<td>29.6%</td>
<td>42.2%</td>
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<tr>
<td>Pessimistic</td>
<td>27.6%</td>
<td>31.4%</td>
<td>21.4%</td>
</tr>
<tr>
<td>No change has taken place in the peace process</td>
<td>33.3%</td>
<td>34.8%</td>
<td>31.0%</td>
</tr>
<tr>
<td>No opinion</td>
<td>4.7%</td>
<td>4.3%</td>
<td>5.3%</td>
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2. Regarding the freedom of expression since the arrival of the Palestinian Authority, I feel:

<table>
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<th>West Bank &amp; Gaza</th>
<th>West Bank</th>
<th>Gaza</th>
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<tbody>
<tr>
<td>It has become better than before its arrival</td>
<td>47.6%</td>
<td>44.8%</td>
<td>52.1%</td>
</tr>
<tr>
<td>It has become worse than before its arrival</td>
<td>30.5%</td>
<td>30.3%</td>
<td>30.9%</td>
</tr>
<tr>
<td>It did not change</td>
<td>17.5%</td>
<td>20.6%</td>
<td>12.4%</td>
</tr>
<tr>
<td>No opinion</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.5%</td>
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3. The formation of the new Palestinian government has recently been announced. Do you have trust in the ability of this government to improve the general Palestinian performance?

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<th>West Bank &amp; Gaza</th>
<th>West Bank</th>
<th>Gaza</th>
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<tr>
<td>Yes</td>
<td>56.0%</td>
<td>53.2%</td>
<td>60.7%</td>
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<tr>
<td>No</td>
<td>21.1%</td>
<td>24.0%</td>
<td>16.4%</td>
</tr>
<tr>
<td>Not sure</td>
<td>22.8%</td>
<td>22.8%</td>
<td>22.9%</td>
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4. Regarding the permanent status negotiations over Jerusalem, refugees, borders, and settlements between the Palestinian and Israeli sides, I believe:

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<th>West Bank &amp; Gaza</th>
<th>West Bank</th>
<th>Gaza</th>
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<tbody>
<tr>
<td>There is a possibility to reach a solution acceptable to the two parties</td>
<td>43.3%</td>
<td>39.8%</td>
<td>51.6%</td>
</tr>
<tr>
<td>There is no possibility to reach a solution acceptable to the two sides</td>
<td>47.5%</td>
<td>53.2%</td>
<td>38.2%</td>
</tr>
<tr>
<td>No opinion</td>
<td>8.2%</td>
<td>7.0%</td>
<td>10.2%</td>
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5. In which camp do you classify yourself?

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<th>West Bank &amp; Gaza</th>
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<th>Gaza</th>
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<tbody>
<tr>
<td>The camp of the supporters of the peace process</td>
<td>69.0%</td>
<td>66.9%</td>
<td>72.5%</td>
</tr>
<tr>
<td>The camp of the opposition to the peace process</td>
<td>11.6%</td>
<td>13.9%</td>
<td>7.8%</td>
</tr>
<tr>
<td>I do not support or oppose the peace process</td>
<td>19.4%</td>
<td>19.2%</td>
<td>19.8%</td>
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6. In your opinion, can people today criticize the Palestinian Authority without fear?

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<th>West Bank &amp; Gaza</th>
<th>West Bank</th>
<th>Gaza</th>
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<tr>
<td>Yes</td>
<td>43.9%</td>
<td>44.3%</td>
<td>43.3%</td>
</tr>
<tr>
<td>No</td>
<td>49.1%</td>
<td>48.3%</td>
<td>50.3%</td>
</tr>
<tr>
<td>No opinion</td>
<td>7.0%</td>
<td>7.4%</td>
<td>6.3%</td>
</tr>
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7. Which of the following political trends do you support?

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<th>West Bank &amp; Gaza</th>
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<tr>
<td>a. PPP</td>
<td>2.4%</td>
<td>2.6%</td>
<td>2.1%</td>
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<tr>
<td>b. PFPL</td>
<td>4.0%</td>
<td>3.5%</td>
<td>4.9%</td>
</tr>
<tr>
<td>c. Fatah</td>
<td>43.3%</td>
<td>39.3%</td>
<td>49.7%</td>
</tr>
<tr>
<td>d. Hamas</td>
<td>7.8%</td>
<td>8.8%</td>
<td>6.2%</td>
</tr>
<tr>
<td>e. DFLP</td>
<td>0.8%</td>
<td>0.5%</td>
<td>1.2%</td>
</tr>
<tr>
<td>f. Islamic Jihad</td>
<td>1.9%</td>
<td>1.6%</td>
<td>2.4%</td>
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<tr>
<td>g. FIDA</td>
<td>0.7%</td>
<td>0.8%</td>
<td>0.6%</td>
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<tr>
<td>h. Independent</td>
<td>3.7%</td>
<td>4.6%</td>
<td>2.2%</td>
</tr>
<tr>
<td>i. Independent</td>
<td>4.5%</td>
<td>5.5%</td>
<td>2.8%</td>
</tr>
<tr>
<td>j. None of the</td>
<td>28.1%</td>
<td>29.4%</td>
<td>26.0%</td>
</tr>
<tr>
<td>above</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>k. Others</td>
<td>2.9%</td>
<td>3.5%</td>
<td>1.9%</td>
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**JORDANIAN-ISRAELI TRACK**

Jordan kept a careful stance regarding the Israeli elections. Jordanian Ambassador to Israel ‘Umar al-Rifa’i met (5/17) with Likud candidate Netanyahu and said Jordan would work with any government elected. After Netanyahu was declared prime minister, King Hussein said (6/1) Arab worries about the election’s impact on the peace process were exaggerated and that the elections had brought no fundamental change in the Israeli position.

**Treaty Implementation**

On 5/22, Jordanian ambassador Rifa’i accused Israel of not implementing aspects of the Jordan-Israel trade and transportation agreements and of not abiding by ratified agreements, especially with regard to finding additional water sources and movement between the two countries (see Peace Monitor in JPS 100).

Direct bus service between major Israeli and Jordanian cities and movement of private cars, tourist busses, and ferries between Aqaba and Eilat—which were to have begun 4/28 and 5/5, respectively—began 6/9. On 6/23, nearly two months behind schedule, Israel’s El Al airlines made its first direct commercial flight to Amman.

Transportation of goods between Jordan and Israel began on schedule 6/26, fulfilling the last requirement of the transportation agreement. Goods will be delivered on a “back-to-back” basis (i.e., goods switch haulers at the border); only in special cases will there be direct “door-to-door” delivery.

Israel’s first commercial attaché took up his post in early July.

Israel announced (7/2) it was in technical violation of its treaty with Jordan regarding the issuance of entry visas for Jordanians: Visa processing was taking longer than the five days stipulated because of high demand (300–400 applications/day instead of the anticipated 100–200). On 7/9, the embassy added staff to ease the backlog. Since 8/14/95, the embassy has issued 17,500 visas, 14,000 since 1/1/96.

**Meetings**

To protest slow implementation of agreements, Jordan canceled a meeting with representatives of Israeli medical associations (5/21) and between the Jordanian and Israeli water teams (6/3), though King Hussein and Israeli FM Ehud Barak met in London to discuss bilateral relations (5/22).

Jordan also postponed Netanyahu’s visit to Amman for the week of 7/1, saying the kingdom would find it “embarrassing” to host the prime minister before he visited the United States and Egypt. King Hussein and PM Netanyahu discussed the peace process over the phone 7/15 but did not meet until 8/5.

At the 8/5 meeting in Amman, Netanyahu and King Hussein discussed outstanding issues related to the 1994 peace treaty and expressed satisfaction about progress in the fields of transport, tourism, water, security, health care, and commerce. However, large-scale, showcase bilateral and multilateral endeavors in the fields of water, energy, communications, and infrastructure are moving slowly or not at all. The king noted with concern that ways to deliver additional water to Jordan have not been found; an industrial park in the Jordan Valley has not been set up; and the planned export of Jordanian textiles, food, and building supplies to the West Bank has not begun.

Following the 8/5 meeting, Israel and Jordan held talks (8/7) on improving security along the West Bank-Jordan border. Israeli infrastructure minister Sharon and Jordanian ambassador Rifa’i discussed (8/8) economic cooperation, water issues, and proposals for rebuilding the Allenby Bridge, opening a new road between the two countries, and building an Elat-Dead Sea railroad. The Aqaba-Elat Development Committee also met (7/16) and recommended that consulates be opened in both cities to issue visas and that
tariffs between the cities be lowered to increase tourism.

**SYRIAN-ISRAELI TRACK**

Netanyahu's campaign promise not to return the Golan to Syria was restated in the new government's Basic Guidelines, issued 6/16 (see Doc. C1). Shortly after his election (6/6), Netanyahu rejected the idea of a comprehensive peace treaty and broad territorial compromise with Syria and instead spoke of seeking limited agreements on specific issues (e.g., trade, water, diplomatic relations, southern Lebanon cease-fire). He also offered (5/30) to influence the United States to drop Syria from the list of nations sponsoring terrorism if Syria dismantled Hizballah and prevented Palestinian organizations from operating from Damascus.

Netanyahu initially called on Syria (6/18, 6/26, 7/24) to resume direct negotiations as soon as possible, without preconditions and not on the basis of the land-for-peace formula and suggested that opening talks focus on a cease-fire accord for southern Lebanon (7/12). These offers were interspersed by Netanyahu's attacks (covered by the media 6/11, 6/26, 7/9), accusing Syria of waging an indirect war against Israel and threatening to take military action or seek international economic sanctions against Syria if it did not cease its hostile actions.

Syria responded (6/23) that it was not "closing the door" on the new Israeli government and was ready to resume talks immediately from the point where they left off 3/1 (see Peace Monitor in JPS 100), but that Israel's rejection of land for peace was in fact a precondition and therefore was unacceptable.

In mid-July, rumors surfaced that Israel was holding secret talks with Lebanon and Syria on resuming negotiations. Contacts were reportedly facilitated by a U.S. mediator with the assistance of Jordan's King Hussein, Egypt's Pres. Husni Mubarak, or France's Pres. Chirac. Syria also allegedly dispatched an envoy to meet Netanyahu before his trip to the United States (7/9-13). Of this, Netanyahu's adviser Gold would say (8/1) only that "no Syrian arrived into Israeli territory with any message from the Syrian leadership," lending credence to other reports that Netanyahu had secretly flown to London after having met with U.S. special envoy Ross on 7/26 to meet the vacationing King Hussein. Netanyahu's office would say (8/1) only that Netanyahu did not go to an Arab or Muslim country. On 8/2, the Israeli deputy prime minister confirmed that secret contacts—not negotiations but "the beginning of talks"—were underway with Syria through a U.S. mediator. On 8/5, the State Department said it had been passing messages between Israel and Syria for two weeks.

Confirmed movements that may have some bearing on the rumors are as follows: On 7/16, Syrian FM Fanq al-Shara passed a message from Pres. Hafiz al-Asad to Pres. Mubarak. The same day, Sharra met with Jordanian PM 'Abd al-Karim Kabariti. Also the same day, Kabariti made an emergency visit to Netanyahu in Tel Aviv. On 7/18, Mubarak and Netanyahu met in Cairo, where they discussed the Syrian-Israeli track. And on 7/20, Egyptian FM 'Amr Musa traveled to Damascus to brief Pres. Asad on the Mubarak-Netanyahu meeting. Chirac held an unscheduled meeting with Syrian VP 'Abd al-Halim Khaddam on 7/31.

Other reports stated that Israel (possibly Gold and cabinet secy. Dani Nave) and Lebanon held a secret meeting in an EU capital between 7/19-20 to discuss a "Lebanon First" proposal without Syria's knowledge. According to this plan (as spelled out by Netanyahu 8/8), Israel would withdraw from southern Lebanon if Hizballah was disarmed, the Lebanese army deployed to the international border with Israel, and the South Lebanon Army's protection guaranteed. Syria and Lebanon issued a joint statement (7/27) rejecting the idea and criticizing Israel for trying to divide the Syrian and Lebanese tracks.

On 7/24 in Damascus, Ross briefed Pres. Asad on Netanyahu's visit to Washington and told him Israel was considering (as a confidence-building measure to precede talks on the Golan) offering to withdraw from southern Lebanon in exchange for a 25-mile pullback by Hizballah. Asad reiterated his proposal to resume talks where they left off at Wye and on the basis of land for peace (8/2, 8/6, 8/7, 8/11).

On 8/15, Netanyahu stopped insisting talks with Syria initially focus just on Lebanon and said he was willing to hold "parallel" negotiations on Lebanon and Syria simultaneously. He also stated he would not recognize any unsigned understandings Syria had reached with the Rabin and Peres governments to the effect that security arrangements in the Golan would be decided after an Israeli withdrawal.

Also of note: Israeli ambassador to the
United States and head of Israel's negotiating team with Syria, Itamar Rabinovitch, resigned his post (5/31) in protest of Netanyahu's election. On 7/8, while still acting ambassador, he warned Israel not to ignore Syria.

MULTILATERALS

The Multilateral Working Group on Water Resources held its eighth round in Tunis 5/15. 150 representatives from 40 states and international organizations participated. Talks focused on setting up a regional education project on water preservation and management, to be partially funded by the United States; and the group adopted a declaration of principles introduced by Norway on the future cooperation regarding water in the region.

The Multilateral Working Group on Refugee Affairs held an intersessional meeting 5/14 in Rome to discuss strategies for the future. And a two-day technical meeting was held in Oslo 6/12–13, without addressing substantive issues. Israel canceled a third meeting scheduled for Rome in objection to the participation of a Jew on the Palestinian delegation. On 8/4, the PA asked Israel to resume the group's meetings.

The Multilateral Working Group on the Environment met in Amman 6/19–21. No details were released.

REGIONAL AFFAIRS

ISRAELI-ARAB RELATIONS

On 5/27, prior to the Israeli elections, a Tunisian interest office opened in Tel Aviv and an Israeli trade mission opened in Qatar. The same day, an Israeli business delegation arrived in Oman for discussions on trade links and economic cooperation.

After Netanyahu's election, Algeria, Qatar, and Tunisia said (6/2) they would consider slowing, but not reversing, normalization with Israel. During an informal meeting at the Arab Summit, Egypt, Oman, Qatar, and Syria agreed (6/22) to link future normalization with progress on the peace process. Netanyahu phoned Egypt's Pres. Mubarak and Jordan's King Hussein (5/31) and the foreign ministers of Qatar and Oman (6/5) and sent Gold to both Gulf countries (7/22) to stress his commitment to building bilateral contacts. Nonetheless, Qatar canceled (6/11) the opening of a trade office in Israel but agreed (8/14) to permit the Israeli economic mission in Doha to issue Israeli visas to Qataris. Tunisia followed through with plans to send an economic delegation to Israel (6/22) to investigate business prospects there. Egypt signed (7/21) a $1.2-m. deal with Israel (the largest to date) to build an oil refinery in Alexandria. Oman opened a trade office in Tel Aviv (8/11).

King Hassan of Morocco turned down Netanyahu's request to stop in Rabat on his way back from Washington (7/13), saying he would not meet with the prime minister until Netanyahu met with Arafat. King Hassan also reportedly refused to speak with Netanyahu when the latter phoned immediately after official election results were announced and refused (8/6) to receive an Israeli MK delivering a message on behalf of the government.

INTER-ARAB HIGHLIGHTS

The first Arab Summit since the Gulf crisis of 8/90 was held in Cairo 6/22–23, with the aim of presenting a unified Arab stand, particularly against any attempts by the new Israeli government to halt or sway the peace process (see Doc. B1 for final statement). All 22 Arab League nations (except Iraq, which was not invited) attended.

On 7/13–14, the Damascus Declaration states held a meeting similar to the Arab Summit in Muscat.

On 5/30, Jordan imposed entry restrictions on Palestinians (who do not have Palestinian or Jordanian passports) from Arab countries, requiring them for the first time to submit a $7,000 bail bond with an entry visa. The bail bond requirement replaces earlier requirements for either a judicial bond, which is more difficult to obtain, or a personal guarantee from a prominent individual. On 8/6, Jordan and the PA discussed transportation cooperation and possible flights between Jordan and Rafah.

On 6/1, King Hussein accused Syria of sponsoring "terrorism" to destabilize Jordan and hinted that international action against Syria was warranted. King Hussein met with Asad for the first time in two years at the Arab Summit (6/22, 6/23), where he gave Asad a dossier on attempts by Syrian-based groups to carry out sabotage attacks in Jordan. Asad denied knowledge of the incidents but promised to investigate.

In mid-July, Jordan and Syria agreed to declare their common border a "red zone," closing it to members of Palestinian organizations based in Damascus, and exchange information aimed at halting crossborder smuggling. Syria began arresting (7/27) "Af-
ghan Arabs" (i.e., Arabs who volunteered to fight with the rebels in Afghanistan in the 1980s) for plotting attacks in Jordan, and closed (8/5) offices of several Palestinian opposition groups in Damascus. On 8/3, King Hussein made his first trip to Damascus since 1993, discussing with Asad water, security, and negotiations with Israel.

Asad also attempted to improve other ties: He invited Arafat to Damascus for the first time in two years (7/25); offered to mediate conflicts between Bahrain and Iran (6/29) and Egypt and Iran (7/5); and appealed to Turkey's new government to improve Turkish-Syrian relations (7/8).

Iraq and Jordan continued to consult and coordinate on inquiries into murders of Jordanian citizens in Iraq (see Peace Monitor in JPS 100), and discussed (6/3) Iraqi oil and gas assistance to Jordan. On 6/13, an unofficial 70-member Jordanian delegation (representing 16 opposition parties, trade unions, mass organizations, intellectuals, and the media) went to Baghdad to demonstrate support for the Iraqi people.

Iraq invited (5/19) Syria to resume diplomatic relations. The two nations held a week of talks (beginning 6/30) on water issues and the impact of Turkey's plans to build another Euphrates dam (see Peace Monitor in JPS 100).

Arab League Secy. Gen. Ismat 'Abd al-Majid met (5/17) with Libyan leader Col. Mu'ammar Qaddafi to dissuade him from resuming deporting Palestinians since the freeze on deportations had expired 4/25 (see Peace Monitor in JPS 98). Qaddafi promised Arafat (6/23) that no more Palestinians would be expelled.

Jordan and Lebanon signed (7/17) a bilateral free trade agreement, outlining plans for exemption of fees and taxes on agricultural trade and granting of preferential trade status on industrial goods.

Jordan and Saudi Arabia held (8/12-13) their first bilateral talks since 1990. The meetings focused on security coordination and economic ties (including Jordanian workers in the kingdom, entry of Jordanian agricultural goods into Saudi markets, and facilitating transportation).

Most other meetings this quarter were held to coordinate positions in light of Netanyahu's victory. They included: Hussein, Mubarak, and Arafat in Aqaba (6/5); Mubarak, Asad, and Saudi Arabia's Crown Prince Abdullah in Damascus (6/7-8); Arafat with King Hussein (7/6, 8/7); King Hassan (7/10), Mubarak (7/14-15, 8/10), King Fahd (7/28), and Yemeni Pres. Ali 'Abdallah Salih (7/29); Asad with Egyptian FM 'Amr Musa (5/31); Lebanese Pres. Ilyas Hrawi (6/2), Mubarak (6/3), and Lebanese FM Rafiq Hariri (6/11); Qatari and Syrian foreign ministers (6/9); Arab envoys to Israel (minus Moroccan, Omani envoys) in Tel Aviv (6/12); Jordanian Amb. Ri'a'i with Arab MK 'Abd al-Wahhab Darawsh (6/13) to discuss formation of a peace lobby between Arab envoys and MKs; Jordanian FM 'Abd al-Karim Kabariti and Faisal Hussein in Amman (6/2); Egyptian and Saudi Arabian foreign ministers (6/3-4); and the Syrian-Saudi Higher Committee (7/9-10).

**REGIONAL ECONOMIC AFFAIRS**

On 6/17, an EU-Mediterranean business conference was held in Rome. Participants discussed the progress of EU-Mediterranean cooperation since the Barcelona conference 11/27-28/95 (see Peace Monitor in JPS 99) and prepared for the EU meeting in Florence 6/21-22 (see below).

In late June, Jordan, Israel, and the United States announced the establishment of a $1-m. Trilateral Industrial Development program (TRIDE), which will offer applicants grants of up to 50% of the direct costs needed to bring new products into the market and encourage joint ventures between the countries.

The U.S. Senate approved (8/6) an $840-m. allocation for FY 1997 to establish a Middle East Development Bank, thus reviving a project that had been suspended for several months for lack of interest (see Peace Monitor in JPS 98).

**INTERNATIONAL**

Israel and Turkey expanded their cooperation this quarter: A Turkish military delegation toured (5/21) Israeli naval bases and munitions plants and agreed to joint naval exercises in the Mediterranean. The two nations held talks (6/4) on expanding the 2/96 military cooperation pact (see Peace Monitor in JPS 100). Turkey announced (6/11) that its air force had flown joint training missions with the Israeli air force and that it had asked Israel to transfer a $600-m. loan agreed to in 8/95 to upgrade 54 F-4 Phantom jets. (Under the loan agreement, financed by Israel's General Accounting Office 8/8, Israel would also provide radar and early-warning systems.) And Israel's ambassador to Turkey toured (5/6) the disputed border province of...
Hatay, formerly the Syrian province of Alexandretta, ceded by France to Turkey in 1939.

Syria reinforced troops on its border with Turkey in response to the joint naval exercises on 5/24 and again on 6/15, following the 6/11 disclosures. Syria and Iran held discussions on possible joint reactions to the Israeli-Turkish military pact (6/9–10) and expanded technical cooperation (8/13). Shin Bet reported (5/22) that Islamic Jihad was recruiting in Turkey and recommended that Israel reconsider plans to import 10,000 Turkish workers. On 5/18, Turkish Pres. Suleyman Demirel escaped an assassination attempt, carried out by a gunman angry over the 2/96 accord.

Turkey accused (5/20) Syria of backing the Kurdish Worker’s Party and threatened retribution. Syria accused Turkey of staging bombings around the country (5/27) and of waging a disinformation campaign (5/25). Despite this, the two countries held talks on water issues 7/11.

On 6/18, Greece announced that it had concluded a secret military cooperation agreement with Israel over a year ago similar to Israel’s pact with Turkey and that joint naval exercises were underway. Israel, however, does not have permission to use Greek airspace. On 6/20, Iran offered Syria a military pact to counterbalance the Turkish-Israeli agreement.

The formation (6/28) of a new government in Turkey with Islamic party leader Necmettin Erbakan as prime minister did little to alter alliances, though the formal signing of the $600-m. loan agreement was postponed because the scheduled date coincided with Erbakan’s trip to Iran (8/11–13).

United States

Following the official Israeli election results, Pres. Bill Clinton invited (5/31) Netanyahu to Washington and gave assurances to Arafat (6/1, 6/24), Asad (6/1), Saudi Arabia’s King Fahd (6/3), Lebanon’s Pres. Hrawi (6/5), King Hussein (6/12), and Mubarak (7/28, 7/31). Secy. of State Christopher said (5/31) the White House would adapt to the new prime minister but first wanted to “brief” him on U.S. goals. On 6/3, special envoy Ross offered to fly to Israel to do so, but Netanyahu said the meeting would be premature. Netanyahu then postponed (6/12) a trip to the United States, scheduled for 6/25, prompting Christopher to make a trip to Israel 6/24–25. Netanyahu stressed publicly the visit was made at the United States’s insistence, not Israel’s request, and refused to discuss with Christopher any government positions.

The Clinton-Netanyahu meeting (7/9) was reportedly friendly but not warm: Netanyahu refused to moderate his positions on Hebron, settlements, meeting with Arafat, or lifting the closure. In his speech before Congress (7/10), Netanyahu listed three noes—no division or multiple sovereignty over Jerusalem; no formation of a Palestinian state; and no return of the Golan—and one yes—to the eventual reduction of Israeli aid requests to the United States. Congress gave Netanyahu a standing ovation.

The State Department submitted to Congress (7/13) a mini-PLO compliance report (see Doc. D1) in keeping with the Middle East Peace Facilitation Act (MEPFA) legislation adopted 2/13, which requires a one-time certification of the PLO within six months (see Peace Monitor in JPS 100). The president approved the report 8/12, allowing the PLO to continue to receive MEPFA funds.


Regarding funding sources for the $300-m. military aid package to Jordan (see Peace Monitor in JPS 100): In briefings before the House (5/29) and the Senate (6/4), the U.S. administration proposed taking $30 m. from the FY 1996 foreign aid package, $70 m. from FY 1996 Defense Department overruns, plus an “intent to ask” for $30 m. from the FY 1997 and $45 m. from the FY 1998 and 1999 foreign aid bills, with Jordan covering the $80-m. in-country costs. Congress passed the proposal 7/29.

Also of note: U.S. troops ended maneuvers in Jordan and left the country 6/28 (see Peace Monitor in JPS 100).

Russia

Following his election, Netanyahu vowed (6/4) to improve ties with Russia. Pres. Boris Yeltsin responded (6/10) with a message stating Russia’s wish to play a more active role in the peace process. Russia also sent assurances to Arafat (6/8) and Asad (6/13).

After hinting in mid-May that it might reapprove accreditation of the Jewish Agency (see Peace Monitor in JPS 100), Russia in mid-June informed Israel that the agency could have only one office in Moscow and must close 18 others. Russia forced the closure of offices in Rostov-on-Don (5/
22) and in Pyatigorsk (6/10). In hopes of solving the problem, the agency submitted (7/19) an application to the Russian Justice Ministry to create a new organization emphasizing local leadership that would have a joint Israeli-Russian board.

Russia also canceled (7/17) Israeli Chief of Staff Lt. Gen. Amnon Shahak's scheduled trip to Moscow to discuss bilateral weapons sales; and denied (7/13) American Jewish Committee Executive Director David Harris a visa to attend a conference in St. Petersburg. Within a week, 44 members of Congress sent a letter to Russian Pres. Boris Yeltsin voicing concerns over the issue.

**EUROPEAN UNION**

An EU delegation, visiting Syria (5/30–31) to discuss bilateral relations in advance of the Syrian-European Cooperation Council meeting in Luxembourg 6/10–11, expressed the desire to increase economic cooperation and reaffirmed support for the peace process. At the Luxembourg meeting, the delegation also drafted a policy statement regarding, among other things, the peace process and relations with the Middle East. The final policy statement—calling for Palestinian self-determination, land for peace, lifting of the closure, and fulfillment of all existing agreements—was issued at the Florence meeting of EU foreign ministers (6/21–22; see Doc. A1).

The PA and EU met in Brussels (6/25–26) and agreed to draft an interim agreement on trade and cooperation (including financial, social, and cultural relations), with the goal of fully integrating the Palestinians into the emerging Euro-Mediterranean area. Arafat set up a committee (6/28) headed by Planning Minister Nabil Shaath to oversee the drafting of the agreement.

Also of note: British FM Malcolm Rifkind warned Israel 5/23 not to discount the option of a Palestinian state. And on 6/9, FM John Major sent a letter to Netanyahu, calling on him to evacuate Hebron, meet Arafat, and take "early" steps to restate Palestinian confidence in the peace process. Netanyahu viewed the letter as a threat to bilateral relations.

Following Netanyahu's speech before Congress (see above), French DM Charles Millon postponed indefinitely his official visit to Israel (planned for mid-July), saying that if Israel halts the peace process, France will suspend all bilateral cooperation agreements, including defense and security accords, signed over the past three years.

**MEETINGS AND REGIONAL TOURS**

U.S. special envoy Ross made a tour of the region (7/22–26), with the aim of restarting Israeli-Syrian talks. He also met with Mubarak, King Hussein (7/22), Crown Prince Hassan (7/25), Oman's Sultan Qaboos (7/22), and Saudi Arabia's Prince Bandar (7/22).

French FM Hervé de Charette visited the region (7/22–24) to hold talks on bilateral relations and the peace process with Asad (7/22), Lebanese Pres. Ilyas Hrawi and Foreign Minister Faris Buwayz (7/23), Crown Prince Hassan (7/23), PC members (7/23), Netanyahu (7/24), and Arafat (7/24).

A G-7 summit in Lyons, France (6/30) issued a final statement supporting the peace process and proclaiming economic support for the PA but not referring to formation of a Palestinian state or the Palestinians' right to self-determination.

**DONORS**

The Ad Hoc Liaison Committee meeting scheduled for 6/27 to address the second half of 1996 (see Peace Monitor in JPS 100) was postponed until 9/5 at the request of the new Israeli government, which needed time to review the past government's files.

The Local Aid Coordination Committee (LACC) held two meetings in Gaza (6/7, 8/2) to assess the effects of closure. The LACC noted that, while the flow of merchandise and workers had improved slightly, the deficit was still growing (up to $127 m. from $75 m.) and funding for emergency job creation programs (see Peace Monitor in JPS 100) was expected to run out in early 9/96. At the 8/2 session, the World Bank reported that the total number of Palestinians employed by its job creation programs had peaked in June (16,056), declined slightly in July (11,671), and was expected to fall sharply by 9/96 if new funds were not found. Special employment programs for the West Bank and Gaza run by UNRWA (2,000 jobs) and UN Development Program (3,000 jobs) fell off slightly as well.

The Palestinian Economic Council for Development and Reconstruction announced (7/96) that annual per capita income in the West Bank and Gaza had declined in the past year from $1,800 to $800 and from $1,200 to $600, respectively. UN Special Coordinator Terje Larsen warned (6/2) that 50,000 Palestinian workers must be allowed
into Israel to work and aid must immediately be disbursed to the PA to avoid crisis, or the PA would be forced to begin laying off civil servants.

The World Bank approved three loans to the PA this quarter: $20 m. for a second emergency rehabilitation project for small to medium infrastructure projects (roads, sewage, water) was finalized 5/30; $25 m. for water and sanitation systems improvement in Gaza was finalized 7/8; $40 m. for municipal infrastructure development (roads, electricity grid, water supply systems) was finalized 7/11.

The World Bank also announced in 8/96 that the Holst Fund had paid out $169 m. of the $212 m. it had received to date. The UNRWA reported that since 10/93 the Peace Implementation Program (PIP) had received and disbursed $15.5 m. in contributions toward reconstructing 1,589 refugee shelters and repairing 2,133 others in Gaza.

Additional aid pledged to the PA this quarter included:

- $10 m. from Saudi Arabia to PIP for UNRWA education and health projects in the West Bank and Gaza (6/21).
- $2.88 m. from the Netherlands to PIP for the Shat'i camp coastal sea protection barrier (8/96).
- $2.7 m. for housing, $1.4 m. for education, and $3.7 m. for energy projects from Finland (8/96).

Compiled by Michele L. Kjorlien