**PEACE MONITOR**


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

**BILATERALS**

**PALESTINIAN-ISRAELI TRACK**

The sour mood on the Palestinian-Israeli track continued this quarter, as Israeli PM Benjamin Netanyahu's repeated attempts to avoid the U.S. 13.1% further redeployment (FRD) formula (see Peace Monitor in JPS 108), Israel's 50th anniversary celebrations (e.g., 5/19, 5/24), and Israel Defense Force (IDF) clashes with Palestinians commemorating the 50th anniversary of their dispossession, known as al-Nakba (e.g., 5/16), all continued into the beginning of this quarter. Israel's provocative moves in Jerusalem (see below) and an increase in IDF demolitions of Palestinian homes increased tensions.

Netanyahu's myriad attempts last quarter to redefine the 13.1% figure contained in the U.S. FRD formula—proposing either to reduce the responsibilities of the Palestinian Authority (PA) over the land, give fewer larger blocks of land rather than numerous isolated islands, or alter the phasing of the transfer—were interpreted as indications that Israel's concern was less over the amount of land to be ceded under the second FRD than the degree of control Israel would maintain over that land and whether it could avoid a third FRD. At their meeting in Washington 5/17, Netanyahu told U.S. special envoy Dennis Ross that Israel would be prepared to accept a phased second FRD amounting to 13% if the third FRD were eliminated or at most kept to a symbolic 1/2-1%

Ross immediately flew to London (5/17) to brief Secretary of State Madeleine Albright on Netanyahu's latest modifications. Albright summoned PA head Yasir Arafat to London, where she asked him (5/18) to consider Netanyahu's proposed “refinements.” Arafat refused. The meeting marked a definitive and public reversal of the U.S. threat to pressure Israel on redeployment (see Peace Monitor in JPS 108).

While outwardly the process seemed dead (with Netanyahu stating as much in a speech to foreign ambassadors 5/22), reports of secret talks behind the scenes were frequent. A string of secret contacts apparently began with a meeting between Netanyahu and Arafat adviser Mahmoud Abbas on 5/24 and ended with Ross's talks with Abbas and Palestinian Council (PC) speaker Ahmad Qurai', possibly including an Israeli team, in London on 6/4 and included “marathon” phone calls between Netanyahu and U.S. officials in Washington (usually Ross). Israeli DM Yitzhak Mordechai and Infrastructures M Ariel Sharon, angry at not having been informed of Netanyahu's 5/24 meeting, canceled planned talks with Abbas and Qurai'. Ross's repeated attempts to get the four to meet failed.

Most of the secret talks apparently focused on a proposal for a 15% second FRD, mostly from area B (joint PA-Israeli control) to area A (full PA control). A document leaked to the Israeli press 5/25 by someone in the Israeli government outlined a six-point proposal: (1) Israel would agree not to build new settlements or significantly expand existing settlements; (2) Israel would agree to hand over 13% of West Bank land over 12 weeks (12% to area B and 1% to area A), linked to PA security clamp-downs; (3) Israel would transfer a further 14.2% from area B to area A; (4) Israel would halt plans to demolish 1,800 Palestinian homes, release prisoners, and open Rafah airport and the Qarni industrial zone; (5) The PA would ensure that it would arrest, prosecute, and jail Palestinian “terrorists,” confiscate illegal weapons, halt anti-Israeli incitement, and increase security coordination; and (6) both sides would resume final status talks immediately. Of this document, a U.S. official said (5/25) that 'one of the parties has elected to go public with what they think are notes of our ideas,' suggesting that this was a U.S. proposal (see Doc. D1). Some reports suggested that the U.S. had offered to stay out of the third FRD talks, leaving them to a joint PA-Israeli comm., if Israel accepted the 15% figure.

During this push for an agreement—likely initiated by the U.S. in hopes of achieving a quick policy “success” following its failure to predict the surprise Indian nuclear tests mid-

5/98—Netanyahu asked for and grudgingly received numerous extensions on the U.S. deadline to respond to the FRD proposal: 5/21, 5/28, 6/6, 6/15, 6/24. The talks led nowhere. On 6/10, Arafat received a letter from King Hussein of Jordan, outlining Netanyahu’s stand on the FRD issue. Netanyahu apparently backtracked, saying he would accept the 13.1% U.S. plan if (1) the Palestine National Council (PNC) convened a full session in the PA areas to amend the PLO charter; (2) the third FRD would be discussed in the final status talks, not before; and (3) the second FRD would be implemented during the Knesset’s summer recess (beginning 7/29) to reduce chances that the Israeli government would be toppled over the FRD. A hoped-for meeting between Arafat and Mordechai 6/13 did not happen because neither side saw a reason to meet.

In early 6/98, Netanyahu began seriously examining the idea of holding a national referendum on FRD. Some analysts noted that the time needed to debate and set up a referendum would carry the government into its month-long summer recess beginning 7/29. This would be followed by Israeli local elections and the U.S. congressional race in 11/98 and Israeli budget debates in 12/98, meaning the peace process could be put off until early 1999. On 6/25, Netanyahu and his senior advisers made a final decision against holding a referendum before an FRD agreement.

In early 7/98, rumors of marathon phone conversations, secret security meetings, and secret talks surfaced again, this time involving Ross and Netanyahu adviser Yitzhak Molcho regarding the formation of a new land classification, area D, which would be similar to the C-plus plan offered last quarter (see Peace Monitor in IPS 108) in allowing the PA no security control but would limit PA municipal authority, including a ban on construction. Netanyahu phoned Albright seven times between 7/4 and 7/8 for what State Dept. spokesman James Rubin called “intensive endgame negotiations.” In the talks, some of which were characterized as “heated,” Albright repeatedly refused Israel’s request to send Ross back to the region to oversee negotiations.

On 7/7, Pres. Bill Clinton instructed his peace team to inform Israel and the PA that they must deal directly with each other. At Albright’s invitation, PA chief negotiators Local Government M Saeb Erakat and Planning M Nabil Shaath came to Washington (7/9), where Albright told them that the U.S. was unable to get Israel to accept its FRD formula and had no plans of making the proposal public. Reversing the U.S. position adopted 1/22 (see Peace Monitor in IPS 107), Albright also said that the U.S. backed Israel’s demand that the PNC be convened to abolish the PLO charter.

On 7/13, the State Dept. announced that senior Israeli and PA officials had agreed to reopen direct talks but that the U.S. would not be the host and was not optimistic about the outcome. Unnamed U.S. officials said (7/13) that the talks were meant to “cover the administration’s political tracks at home” by forcing Israel to be the one to halt the peace process. Israeli DM Mordechai’s mandate from the Israeli cabinet (given 7/16) allowed him only to state the Israeli position and listen to new ideas but not to bargain.

Talks led by Mordechai and Abbas began on 7/19 at U.S. Amb. Edward Walker’s residence in Israel. Instead of addressing the FRD and Israeli demands to revoke the PLO charter as the Palestinians had been led to expect, Israel refused to discuss the U.S. FRD plan (or any percentages at all) but instead focused on the status of the land to be transferred. A new category, area D, involving land returned as a “nature reserve,” with no PA security control and a ban on building, was presented. Despite the lack of progress, both sides agreed to continue meetings 7/20 and to set up small teams to discussed issues blocking FRD. Netanyahu said (7/21) that he hoped to expand the talks to include “at least eight or nine other issues” besides FRD, including extradition, reducing the size of the PA police force, safe passage, Gaza port, and halting car thefts—essentially reverting talks to a discussion of outstanding Oslo II issues.

With the talks going nowhere, Arafat declared (7/22) the bilateral track bankrupt, and Mordechai made seven phone appeals to the U.S. to send Ross to the region. The U.S. refused, saying (7/22) the sides “ought to try harder.” Egypt (7/21), Jordan (7/19, 7/22, 7/24), the European Union (EU; 7/20), the U.S., and several Israeli MKs acting independently (7/23, 7/24) encouraged Israel and the PA to keep talks going, with Jordan’s Crown Prince Hassan offering (7/22) to host a round of meetings.

Mordechai met with Abbas again on 7/25 and offered the following concessions: (1) the land classed as area D would be concentrated in one location in the desert near
Bethlehem, rather than in a number of dispersed locations; (2) the PA would have some security powers in area D; and (3) the PLO Central Comm. (the 100-member intermediate body that liaises between the full PNC and the Exec. Comm.) would be able to ratify changes to the PLO charter (after the PNC delegated its authority), with the understanding that Israel could demand another procedure by the PNC at the conclusion of final status talks. Abbas agreed to resume the smaller working team meetings that day and suggested that Israel release 100 Palestinian security prisoners as a goodwill gesture.

Prospects for an agreement were further dampened by the Knesset’s passage of three no-confidence motions (7/27) on Netanyahu’s handling of the peace process (though none passed by the simple majority needed to oust the government). Possibly as a result, Netanyahu the same day publicly backtracked on the Israeli position, saying that Israel would offer an FRD under which the PA would get full or partial control of 10% plus another 3% in area D and demanding that the full PNC revoke the PLO charter. When the sides met again on 7/28, the representation of both teams had been downgraded (Efrat for the PA and Molho and Cabinet Secty. Dani Nave for Israel). The PA team refused to consider creating a C-plus or D classification and demanded that any redeployment come from area C to area B or A. Separately, Mordechai and Abbas agreed (7/28) to hold weekly meetings on the outstanding Oslo II issues.

The Knesset sent another warning to Netanyahu 7/29 before going into summer recess, passing (60-6, with 1 abstention and 53 MKs boycotting) the first reading of a bill to dissolve parliament. With the encouragement of the EU (7/30) and Egypt (8/1), Arafat agreed (8/2) to hold a third round of talks on 8/3.

At the 8/3 meeting, Molho offered Abbas a “compromise” under which (1) the nature reserve would be classified as area B but termed a “special zone” where the PA would have reduced security rights, and (2) a team of Israeli, Palestinian, and American jurists would be formed to decide the procedure to change the PLO charter. The Palestinians rejected the proposal. As a final offer, Netanyahu agreed (8/3) to consider releasing 100 Palestinian prisoners who are ill or do not pose a security threat, but the PA said it would be an empty gesture. At the close of the quarter, Israel had still not given the PA maps showing the areas from which it was proposing to withdraw.

International efforts to encourage the talks, notably by Jordan (8/3, 8/6), continued to the end of the quarter. Albright also phoned Netanyahu (8/5) to say that his freezing the process was harming U.S. interests in the Middle East, particularly the coalition against Iraq. Israel again asked that Ross be sent back to the region (8/5, 8/7), but the U.S. said he would only go if serious progress were made. Channels of communication between Israel and the PA apparently remained open, but at the end of the quarter Arafat refused (8/15) to see Molho, saying there was no point to the meeting, and Netanyahu declined (8/9) an invitation from Norway to attend a celebration (8/23–24) of the fifth anniversary of the Oslo Accord in which Arafat and former Israeli PM Shimon Peres had agreed to take part.

Oslo II Implementation

Following 5/25 reports of a possible FRD proposal including the opening of Rafah airport and Qarni industrial zone, U.S. Amb. Walker hosted (6/7) the first meeting in six weeks between the cochairs of the Palestinian-Israeli Steering and Monitoring Comm. (PISM), which oversees talks on outstanding Oslo II issues, for discussions on those two topics. There was no report of follow-up sessions.

Due to the unusually dry summer, Palestinian wells in Hebron ran dry in mid-7/98, and Hebron residents began strict rationing, with each house receiving water once every one to two weeks. By 8/14, despite the continuing heat, Israel reduced the water supply to Palestinian areas to meet increasing demands of Jews in Israel and in the settlements, where watering lawns and washing cars was still permitted. The PA complained that Israel was not permitting new wells to be dug and was not giving the self-rule areas the amount of water allotted under the agreements. Israeli water commissioner Meir Ben Meir denied the charges and recommended that the PA explore desalination.

In late 7/97, Israel eased barriers on Palestinian visitors and trucks traveling between Gaza and the West Bank, allowing 90 trucks and ten vans per day to pass without escorts and increasing the total number of Palestinians allowed to travel from 600/day to 1,000/day. Unescorted travel between the West Bank and Gaza has been banned since 1995.

The Israeli Defense Min. announced (6/7) that despite PA objections, it will spend

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$540,000 to partially renovate the yeshiva at Joseph’s Tomb in Nablus, which was damaged by fire during the 9/96 tunnel riots.

**Security**

On 7/2, a 12-hour standoff took place in Gaza over control of the Dayr al-Balah-Mouassi coastal road. A convoy of 22 cars led by PA Supply M ‘Abd al-Aziz Shahin tried to use the road but was halted by the IDF. (Under the 9/95 Gaza-Jericho agreement, Annex 1, Article IV.3.b and IV.5.b, the area is under Israeli jurisdiction, but Palestinians are allowed access to the road.) The IDF offered to allow Shahin’s car through, citing his VIP status as a PC member, but ordered the others to turn back, precipitating a shouting match between PA and Israeli security forces. The IDF then used armored personnel carriers to block a major road linking two main Gaza cities, causing a massive traffic jam. In retaliation, PA police blocked three access roads leading to Jewish settlements, prompting Israel, which now feared a clash between security forces, to seal the Strip and call in reinforcements. After intervention by DM Mordechai, Arafat adviser Abbas, and U.S. envoy Ross, the roadblocks were cleared and the convoy was allowed to pass. Netanyahu complained (6/21) to Infrastructures M Sharon that he was not consulted and considered the outcome a “cave in” to the PA.

CIA Director George Tenet traveled to Israel and the PA self-rule areas in early 6/98 to hold secret meetings with Netanyahu (date unknown) and Arafat (6/10) to discuss Israeli-PA security cooperation between Israel and the PA. Netanyahu reportedly demanded that Tenet replace the CIA representative to the tripartite security comm., claiming he is biased toward the PA. (The official had submitted a report to the U.S. administration saying that the PA was cooperating fully security-wise.)

In two security breaches, Israeli police in Jerusalem claimed to have foiled a car bombing by Hamas hours before Israeli-PA talks resumed 7/19; the incident did not delay the meetings. And on 8/15, Hamas member Imad Awadallah, jailed by the PA for the 3/29 murder of Hamas member Muhieddin Sharif, escaped from a PA jail in Jericho. The PA police conducted house-to-house searches in Jericho and Ramallah and placed a curfew on central Jericho but did not find him. The curfew, lifted 8/17, was the first placed on Palestinians by the PA.

The first week in 6/98, 500 Israeli security forces raided Kafr Shuwayka village near Tulkarm and arrested 33 Palestinians for stealing cars in Israel and stripping them for parts in the West Bank. On 8/11, Israeli police rounded up 2,000 Palestinians caught working inside Israel illegally. All but two were released and returned to the West Bank within hours.

The Israeli High Court ruled (7/19) that in the event of a disagreement in the occupied territories between the IDF and a judge over the danger posed by a Palestinian, the judge’s opinion would override the military’s, meaning the IDF could not extend a Palestinian’s administrative detention in contravention of a judge’s ruling. The Israeli atty. gen. and chief of police finalized (8/9) new regulations for the IDF, police, and Shin Bet that should eliminate special treatment for Jewish settlers who break the law in the occupied territories, especially in cases involving disputes with Palestinians.

Israel and the PA signed (7/1) an agreement extending the mandate of the Temporary International Presence in Hebron for another three months.

Palestinian prisoner Walid Qawasmeh died (8/9) en route to a Nablus hospital after 10 days in PA custody. An autopsy concluded that he had been tortured. Palestinian land dealer Badawi Jawlani, suspected of selling Palestinian land to Jews, was found murdered near Ramallah 7/16. (See Peace Monitor in JPS 105 for other land dealer murders.)

**Jerusalem**

Israel’s aggressive stance toward Jerusalem this quarter further raised tensions with the PA. Prompted by government estimates that the Jewish population of Jerusalem would fall to 60% of the total by 2020 unless the government intervened to maintain a 70% Jewish majority, PM Netanyahu presented (6/18) a draft plan for Jerusalem development into the 21st century that would extend Jerusalem’s municipal authority over eight nearby Jewish settlements in the West Bank and several suburbs inside Israel, increasing the city’s area by almost 50%. Although the plan was denounced by the U.S. (6/19, 6/20), the Israeli cabinet unanimously approved the draft (6/21; see Doc. C2). The cabinet will have to debate the plan following the summer recess before it can take effect. Palestinians in Jerusalem observed a general strike (6/27) to protest the plan.

In mid-5/98, Netanyahu canceled a directive issued in 9/97 that required his approval
for Jews to move into any large house or complex in densely populated Arab areas of East Jerusalem. Soon after on 5/25, 30 Jewish settlers from the Ateret Cohanim group accompanied by Israeli police and guard dogs evicted a Palestinian woman from her rented home in East Jerusalem and lay foundations for nine new buildings on an adjacent 2,000-sq. m. plot (apparently without permits). On 5/26, scores of Palestinians, including 13 PC members, clashed with Israeli border police at the site. To prevent further violence, Israel’s mayor of Jerusalem, Ehud Olmert, banned the confiscation, saying the land fell under the Israeli Antiquities Department, and ordered the settlers to leave and their illegal dwellings to be demolished. However, on 6/8, with Olmert’s permission, Ateret Cohanim began an “archaeological dig” at the site; the same settlers who occupied the property 5/25 returned as “guards” and dig “volunteers.” On 6/29, Netanyahu gave the keynote address at a fundraiser for Ateret Cohanim in which he expressed support for the East Jerusalem settlers. Ateret Cohanim said it planned to use the proceeds from the $200-a-plate dinner to take over more East Jerusalem properties.

In a predawn operation 6/8 carried out under Israeli police protection, 15 Jewish settlers affiliated with the settler group Elad took over a plot of land and five Palestinian apartments in two buildings in the Silwan neighborhood of East Jerusalem, fighting with Palestinians who tried to stop them. Israeli police arrested 20 Peace Now members who arrived to protest the seizure. Elad settlers also raided 6/22 a Palestinian bakery in East Jerusalem, claiming that it was located on land that is to be confiscated by Israel. The Palestinian owners claim to have all legal documents to prove their ownership.

Between 6/28 and 7/9, 100s of Israeli security forces scoured Shu’afat refugee camp in East Jerusalem, using dogs and causing extensive damage, to collect taxes, check vehicles to make sure they met standards, and apprehend persons without proper permits.

On 5/24, Israel marked the anniversary of Jerusalem’s capture by staging the largest military parade (13,000 troops) through West Jerusalem since 1973, attended by a U.S. congressional delegation (see below). The IDF banned Palestinians from entering the city, sparking clashes between the IDF and Palestinians in Bethlehem. The same day, right-wing Israelis tried to enter the al-Aqsa Mosque compound and marched on Orient House. On 7/13, a bomb exploded 100 feet from Orient House, slightly injuring 1 Palestinian. A Palestinian was stabbed and wounded by a Jewish settler in West Jerusalem (7/27).

The Israeli Interior Ministry approved (6/9) construction of 58 housing units for Jewish settlers near the Mount of Olives in East Jerusalem and had three Palestinian homes in Jerusalem demolished (6/15) for being built in an area zoned as “open space.” As many as 20 Palestinian homes in Jerusalem were demolished in 6/98 alone (e.g., 6/2, 6/15, 6/17, 7/2).

Qatar formed (6/3) a standing comm. for support of Jerusalem, with the aim of countering Israeli plans to Judaize the city and preserving the holy sites by gathering donations and establishing a fund.

Miscellaneous Matters
Hamas leader Shaykh Ahmad Yasin continued his regional tour (see Peace Monitor in JPS 108), traveling to Yemen (mid-5/98), Syria (5/20), the Sudan (5/29), and Egypt (6/22). On 5/25 and 6/8, Jordan rejected (some say at Arafat’s demand) Yasin’s requests to visit the kingdom. Iraq also rescinded an invitation to Yasin. Bahrain, Malaysia, Morocco, and Pakistan invited Yasin to visit, but he returned to Gaza instead on 6/24. Israel had debated not allowing Yasin to return but decided it was better to have him in Gaza than abroad. In Syria, Yasin met (5/23, 5/25) with the leaders of the 10 Damascus-based Palestinian opposition groups, who criticized Hamas for being too flexible toward the PA. Sudan said (6/2) that it gave Yasin a plot of land and a farm, the proceeds of which will fund Hamas activities, and permission to open a Hamas office in Khartoum. Israel’s State Attorney’s Office reported (7/1) that Israel had paid some $27 m. to 1,000s of Palestinians wounded by the IDF during the intifada. Of the 5,000 Palestinian claims submitted to the court, 3,850 had been settled. Israel figures that 18,000 Palestinians were wounded during the uprising.

PA Trade M Mahir al-Masri and Manufacturers Association of Israel president Dan Propper discussed (7/5) preventing the sale of counterfeit Israeli products in the territories, easing some requirements (e.g., printing labels in Arabic) for Israeli products sold in small quantities in the territories, and increasing cooperation between Israeli and Palestinian manufacturers in penetrating Arab markets.
The Israeli Justice Min. gave (8/6) the PA a list of 20 Palestinians who owe millions of dollars to the Israeli government or suppliers. The 20 will not be allowed into Israel until their debts are repaid.

The PA asked Israel (7/8) to return the bodies of 100s of Palestinians killed over the years in border skirmishes with the IDF and in attempted crossborder infiltrations. The bodies are buried in a desert graveyard in the Jordan Valley.

**Palestinian Authority**

On 6/9, the PC gave Arafat until 6/15 to reshuffle the Executive Authority (EA; the PA's cabinet) or face a no-confidence vote over government mismanagement. Arafat agreed (6/11) to reshuffle the cabinet but asked the PC to delay the no-confidence motion. The PC granted a 10-day delay on 6/15 (by which time the Democratic Front for the Liberation of Palestine, Hamas, Islamic Jihad, and the Popular Front for the Liberation of Palestine had decided that they would not participate in the new EA) but rejected a request for a second postponement on 6/24. To avoid the no-confidence vote, Arafat was forced to accept (6/24) the resignations of the 18 EA members that had been submitted 8/1/97. By removing the government on which a no-confidence vote was to be taken, Arafat forced the cancellation of the 6/25 PC session and gave himself until 7/9 to submit the names of the new cabinet members. After a further delay, Arafat presented a new cabinet on 8/5 that kept all of the old EA members, including those the PC had wanted dismissed after corruption allegations, but added 10 new members. After two days of heated debate (8/8-9), the PC approved (55-28, with 3 abstentions) the new cabinet (see Doc. B2).

The PA Election Appeals Court canceled (5/19) a Gaza by-election set for 5/29 to fill Haidar ‘Abd al-Shafi’s seat on the PC, arguing that the replacement’s term would be less than the minimum year required by law, since the PC’s mandate expires with the interim period on 5/4/99. ‘Abd al-Shafi resigned 10/2/97, but the EA did not accept his resignation until 3/30/98. As of 5/8, only 100 of the 10,000 Palestinians eligible to cast a ballot in the by-election had signed up to vote. Six candidates (4 independents, 1 Fatah member, 1 Islamic Struggle Movement member) had registered to run for the seat.

On 6/30, a special session of the PC approved the 1998 budget (37-22, with 6 abstentions). A second special session was held 7/1-2 to discuss the Israeli cabinet’s 6/21 approval of Netanyahu Jerusalem development plan (see above). On 6/1, the PC political, social, and legal committees met and agreed that the draft law on nongovernmental organizations and charitable societies would require these groups to register with the Justice Min., rather than with the more security-minded Interior Min. Human rights groups and democracy advocates saw this as a victory for civil society.

The Palestinian High Court ordered (6/4) the PA police to release Hamas spokesman ‘Abd al-Aziz Rantisi, who was arrested 4/9. As of 7/15, the police were still refusing to comply.

**Palestinian Opinion**

The following data are excerpted from a poll conducted by the Nablus-based Center for Palestinian Research and Studies (CPR) on 30 July-1 August. Results are based on a survey of 1,325 men and women from the West Bank and Gaza. The poll, thirty-fifth in a series, was made available by CPRS’s office in Nablus.

1. Do you believe that the Israeli government is sincere and serious in its intentions to reach a peaceful solution to the conflict with the Palestinians?

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<tr>
<th>West Bank &amp; Gaza</th>
<th>West Bank</th>
<th>Gaza</th>
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<tr>
<td>a. Yes</td>
<td>6.1%</td>
<td>6.8%</td>
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<tr>
<td>b. No</td>
<td>86.7%</td>
<td>84.2%</td>
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<td>c. No Opinion</td>
<td>7.3%</td>
<td>9.0%</td>
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2. Do you think the Israeli people are sincere and serious in their intentions to reach a peace settlement with Palestinians?

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<tr>
<td>a. Yes</td>
<td>26.9%</td>
<td>28.4%</td>
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<td>b. No</td>
<td>66.4%</td>
<td>65.9%</td>
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<tr>
<td>c. No Opinion</td>
<td>6.7%</td>
<td>7.7%</td>
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3. Do you expect the current peace process to lead to the establishment of a Palestinian State in the West Bank and Gaza Strip in the coming years?

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<tr>
<td>a. Yes</td>
<td>37.2%</td>
<td>37.9%</td>
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<tr>
<td>b. No</td>
<td>37.5%</td>
<td>37.8%</td>
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<tr>
<td>c. Not sure</td>
<td>25.4%</td>
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4. Concerning armed attacks against Israeli targets, I . . .

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<th>West Bank &amp; Gaza</th>
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<tr>
<td>a. Support</td>
<td>43.6%</td>
<td>39.4%</td>
</tr>
<tr>
<td>b. Oppose</td>
<td>49.4%</td>
<td>53.3%</td>
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<tr>
<td>c. No Opinion</td>
<td>7.1%</td>
<td>7.3%</td>
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**JORDANIAN-ISRAELI TRACK**

Whereas last quarter Jordanian-Israeli economic contacts and meetings within the framework of the peace treaty continued uninterrupted despite the impasse in the peace process and sorely strained diplomatic relations, this quarter Jordan chose to halt all but the most necessary contacts and refused to implement any agreements reached until progress on the peace process is achieved.

In late 5/98, Jordanian FM Jawad al-Anani reported that King Hussein was shunning PM Netanyahu and that a meeting between the king and Israeli Education M Yitzhak Levi had been canceled. On 7/12, Jordanian parliamentarian Dhwagan al-Hindawi told the Arab-European Parliamentary Union that “Jordan is currently freezing, without announcement, its dealings with Israel regarding issues stipulated in the [1994] peace treaty” until Israel changes its policy toward the peace process.

This harder line brought the government position closer to that of the Jordanian public. In a high-profile incident on 6/11, Ahmad al-Kurdi, owner of a popular restaurant in Jerash, discreetly refused to serve parliamentarian Hamada al-Fara’ina and his guest, Israeli ambassador Oded Eran. Fara’ina and Eran took Kurdi to the local police, who said that they could not force Kurdi to serve them, citing King Hussein’s statement that “the state does not impose normalization on any Jordanian citizen.” Eran filed a formal complaint with Jordan, viewing the incident as an insult to Israel.

In early 6/98, the Israeli embassy in Amman sent flowers and letters to Jordan’s media outlets requesting the opening of contacts with the embassy, but at least one newspaper, al-Majd, refused (6/7) to accept the package. In early 7/98, the Jordan Professional Associations council decided to boycott al-Ra’i newspaper for publishing an ad for Israel’s El Al airlines. The boycott was lifted 8/3.

**Economic Matters**

Jordan and Israel agreed (6/3) to establish a 2,500-dunam, $280-m. industrial zone straddling the Jordan River near the Shaykh Hussein bridge, but no date was set for implementation; the U.S. has already agreed to give goods produced in the zone free trade status. Jordan also signed (5/98) a bromine deal with a U.S. firm despite serious negotiations with an Israeli firm over the past three years.

In the face of lobbying by Jordanian investors in the Irbid industrial zone (7/98), Israel agreed to lower the percentage input required from an Israeli investor in order to qualify a product for duty-free entry to the U.S. for one year from 11.5% to 8% on commercial products and 7% on technological products. The U.S. Dept. of Commerce approved the change. (See Peace Monitor in JPS 108 for an explanation of duty-free requirements.)

Jordan and Israel discussed (8/12) possible arrangements for moving Jordanian imports from Europe and North America through Haifa port. Jordan threatened to charge Jordanians a fee to import through Haifa unless Israel agrees to use Aqaba (which is more expensive for Israeli importers) as its entry point for goods from Asia.

Jordan's Shipping Agents Union warned (6/21) Jordanian businesses and merchants against using Israeli ports instead of Aqaba, saying Jordan’s economy and food security would be threatened. Most Jordanian goods imported through Israel are food and agricultural products.

Jordan and Israel discussed (6/9) the export of Jordanian agricultural goods and farm products to Israel and the occupied territories. Israel approved (8/12) 75% of the 2,314 items on the list of products Jordan asked to add to the list of goods traded with the PA.

In early 7/98, the Israeli Interior Min. gave initial approval for construction of a Dead Sea-Aqaba railroad but said that no project...
with Jordan would advance until progress is achieved on the peace process.

**Tourism**

Jordan's Civil Aviation Authority agreed (7/8) to consider an Israeli request to perform maintenance on Israeli commercial planes but said technical details must first be worked out before a memorandum of understanding could be signed. Jordan agreed (7/20) to have Royal Jordanian airlines transport Israeli cargo via Amman to countries that El Al does not service, such as Indonesia, Pakistan, and the UAE. (Jordan has transported Israeli cargo to these countries before, but the haul was taken over land to Amman first.) The sides also agreed that carriers other than El Al and Royal Jordanian and "mixed flights" carrying passengers to both Israel and Jordan can land at the joint Aqaba-Elat airport. Jordan complained (8/14) that Israel was flying only one flight/week to Aqaba airport, well below the goal of 15–30 flights/week outlined in the interim agreement on Israeli use of the airport (see Peace Monitor in *JPS* 108).

**Security**

In early 7/98, a Jordanian court found two Jordanians guilty of spying for Mossad since 1984. The case was kept low profile to avoid further straining relations with Israel.

Jordan's State Security Court opened (7/28) the trial of 20 defendants (six in absentia) charged with smuggling weapons from Iraq to Jordan and the West Bank. The defendants, who are of different Arab nationalities, allegedly transported 250 machine guns and 75 handguns to the West Bank.

**Other**

In response to King Hussein's 7/21 announcement that he has lymphoma, PM Netanyahu transferred (7/30) to Jordan the $50 m. that Israel owed the kingdom for the Peace and Stability Fund (see Peace Monitor in *JPS* 105). Although Netanyahu said that the money was being transferred a month early to assist Jordan at a difficult time, Israel was to have transferred the money some eight months ago. The U.S. released the $50-m. Egyptian allotment to the fund after the Israeli money was received.

In late 5/98, Jordan and Israel reportedly agreed in principle to open Jordanian consulates in Elat and Haifa and Israeli consulates in Aqaba and Irbid and to allow Jordanian workers to cross from Aqaba to work in Elat during the day, but implementa-

tion was suspended due to the stalemate in the peace process.

Jordan said (6/30) that talks were ongoing with Israel on the release of the remaining Jordanian detainees held in Israeli jails but that Israel was not responsive. Israel had promised to release all of the detainees following the Mossad's attempted assassination of Hamas political leader Khalid Mishal in 9/97. While only 18 were released, 10 to 20 are still in detention.

**Syrian-Israeli Track**

The Syrian track remained dormant again this quarter. Some hopes for restarting talks were raised when Syrian FM Faruq al-Shara' suddenly requested a meeting with Secy. Albright in Washington on 5/22 on his return from a conference in Colombia, but both sides stressed that the session was routine, to "keep lines of communication open," though they did discuss Israel's recent initiative for a conditional withdrawal from south Lebanon based on UN Res. 425 (see Peace Monitor in *JPS* 108). Israeli DM Mordechai confirmed that the withdrawal proposal was still on the table in talks with Russian special envoy Viktor Posuvalyuk on 5/19, and Israeli Foreign Min. Dir. Gen. Eytan Bentzur discussed the plan with Jordanian FM Fayiz Tarawnah 5/24.

Lebanese PM Rafiq Hariri (6/17) and EU special envoy Miguel Moratinos (6/20) hinted strongly that efforts were underway by France, the UN, and the U.S. that could lead to a resumption of Israeli talks with Lebanon and Syria within weeks. Soon after, in a possible confidence building measure, Israel returned (6/25–26) to Amal and Hizballah the bodies of 40 fighters and released 60 prisoners in exchange for the body of one IDF soldier.

On 7/16, Syrian pres. Hafiz al-Asad traveled to France for talks with Pres. Jacques Chirac, marking Asad's first visit to a Western nation in 22 years. Prior to the meeting, Chirac had reportedly discussed resuming Israeli-Syrian talks with Netanyahu and was planning to present Asad with a proposal based on the following understandings: (1) Israel would accept Syria's centrality to regional peace; (2) Israel would agree to resume talks with Lebanon and Syria based on the land-for-peace formula; (3) Israel would agree that talks cannot resume from the beginning but must take into consideration progress reached by the Labor government; (4) Syria would accept that Israel's main ob-

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jective is security; (5) Israel would accept that Syria's priority is return of the Golan; and (6) both sides would agree that the goal of negotiations is comprehensive peace. Netanyahu seemed open to the plan but at the last minute changed his mind, citing coalition difficulties, so Chirac decided against raising the ideas with Asad.

Chirac did raise his proposal for an international summit on the peace process (see below), but Asad was skeptical, stressing that a summit should not merely invite parties to talk and recommend negotiations but must be prepared to take action if progress is not made, and that reaffirming the Oslo structure without ensuring enforcement of agreements would be a grave tactical error.

Also of note: On 7/22, the Knesset passed (78-31, with 1 abstention) the preliminary reading of a bill that would require an absolute Knesset majority of 61 MKs and a public referendum majority to approve any territorial concessions on or changes in the status of the Golan Heights. Eleven MKs voting for the bill were Labor members. In late 5/98, Israel put up for sale 380 houses in 14 Golan settlements. Available government loans and grants could cover up to 95% of the unit price.

**MULTILATERAL TALKS**

Only two multilateral sessions were held this quarter. The Refugee Working Group (RWG) convened an intersessional meeting in Washington 6/18 to discuss vocational training, human resource development, and microfinance. Over 30 delegations, including some 25 governments and six nongovernmental organizations, attended. On 6/19, the RWG held two coordination meetings at the Canadian embassy in Washington.

**REGIONAL AFFAIRS**

**Refugees**

Syrian FM Shara' met (6/10) with PLO Exec. Comm. member and Arafat adviser on refugee affairs As'ad 'Abd al-Rahman to reopen discussions on bilateral refugee issues. Shara' began the meeting by saying that he would not accept any messages from Arafat, highlighting that Arafat-Asad relations are still poor.

**Relations with Israel**

Nearly all normalization with Israel was frozen this quarter due to the peace process impasse and Israel's aggressive settlement policies. Even Jordan, which previously continued to move forward with treaty implementation despite strained diplomatic relations, would not set dates for execution of new agreements with Israel (see above) and approached Saudi Arabia as an alternative aid source should Jordan decide to suspend all normalization and the U.S. halt assistance as a result (see below). Egypt was also rumored (7/15) to be close to freezing ties with Israel.

Citing the stagnation of the peace process, Morocco denied (5/24) Israeli Education Minister Jaffel permission to drive through Moroccan territory to the cities of Ceuta and Melilla, Spanish enclaves located inside the kingdom. A group of Israeli tourists was allowed passage, but Levi was forced to return to Israel. Morocco also refused (6/27) Moroccan-born Israeli Interior M Elyahu Suisa's request to visit and attempted to bar (6/19) an Israeli delegation from attending an International Organization of Customs meeting in Marrakech in late 6/98. Morocco was forced to admit the delegation under pressure from Germany, the Netherlands, the UK, and the U.S., which noted (6/20) that the international customs charter obligates the host country to grant entry to all delegates. In response, Syria withdrew its delegation.

As of 8/6, Tunisia refused to approve a visa for the new head of the Israeli interests office in Tunis, who was to have replaced the current representative (who is still in Tunis) in late 5/98. Israel complained that in late 7/98, Tunisia "for all intents and purposes" shut its office in Israel, leaving only an Israeli secretary.

In mid-7/98, the Arab Journalist Associations voted unanimously to halt all professional contacts with Israelis as a manner of halting normalization to protest the peace impasse.

On a nongovernmental level, activists from Israel's Peace Now and Egypt's Cairo Peace Society met in Cairo 6/6 for talks on ways of reviving the peace process and the land-for-peace formula.

**INTER-ARAB HIGHLIGHTS**

Inter-Arab efforts this quarter continued to revolve around the possibility of holding a summit to address the stalemate in the peace process. Discussions on holding an Arab summit, suspended with Albright's announcement of an Israeli-PA summit in Washington 5/11 (see Peace Monitor in JPS 108), resumed with the Washington meet-
ing's cancellation and the evaporation of U.S. pressure on Israel (see above): Jordan and the PA discussed an Arab summit (5/16, 5/20), as did Jordan and Egypt (5/16), and Lebanon and Saudi Arabia (5/17). But talks did not resume in earnest until French pres. Chirac suggested (5/28) to Egyptian pres. Husni Mubarak the need for a new international peace conference to restart the peace process. According to Chirac's plan, the two-stage conference would begin by bringing together the principal Madrid Conference countries: the U.S., Russia, three EU nations (France, Germany, the UK), and three Arab countries (Egypt, Morocco, Saudi Arabia) to reaffirm Madrid's founding principles of land for peace and security. In the second stage, these countries would invite Israel to resume negotiations with Lebanon, the PA, and Syria under their joint sponsorship.

Immediately upon Mubarak's return to Cairo, inter-Arab discussions began, debating the advantages of an international conference, an Arab minisummit, or an expanded Arab summit. To this end, high-level meetings were held between Egypt and the EU (7/31), Jordan (5/27), Lebanon (6/2), Morocco (5/26), the PA (5/24, 5/25, 6/14), Saudi Arabia (5/27, 6/10, 6/23, 8/8), and Syria (5/26, 7/29); the PA and the Arab League (5/26), Bahrain (6/27), Jordan (6/10, 7/30), Oman (6/3), Qatar (6/27), Saudi Arabia (5/24, 5/31), Syria (7/30), and the UAE (around 5/20); Jordan and Algeria (6/3), Morocco (6/15), Qatar (6/20), and Saudi Arabia (6/1–2); and Lebanon and the EU (7/28) and Tunisia (6/24). At the Euro-Mediterranean conference preparatory meetings in Beirut 6/1, Algeria, Egypt, Jordan, Lebanon, Libya, Mauritania, Morocco, Tunisia, Syria, the PA, and the Arab League took time to focus on the possibility of an Arab or international conference. In talks 6/1–2, Saudi Arabia refused Jordan's request that Saudi Arabia act as Jordan's alternative aid source should Jordan halt normalization with Israel and be cut off from U.S. aid as a result.

The U.S., which has always opposed convening a new Arab or international summit, called on the Arab states (6/2) to give the U.S. time to announce the outcome of its FRD proposal before making a decision on holding a summit. Talks slowed (see above) until the Israeli cabinet approved Netanyahu's Jerusalem development plan on 6/21.

On 7/5 in Cairo, Mubarak, Arafat, and King Hussein held a tripartite summit to discuss the deteriorating situation in the occupied territories, the 6/30 UN statement on Netanyahu's Jerusalem development plan (see below), the possibility of an Arab summit, and the rising tensions in the occupied territories. Syria's Pres. Asad, who reportedly was privately planning a meeting with Mubarak, was unhappy that the 7/5 session took place without his prior knowledge, particularly since an Arab summit was discussed. Asad and Mubarak held their own meeting 7/26.

With the breakdown of Israeli-PA talks in late 7/98, Egypt and France met again (7/27–28) to discuss the international summit, which they hope to hold in 10/98. A joint working comm. had already been set up to prepare for the summit.

Members of the PC and Jordanian parliament met in Amman 5/20–21 to discuss forming a comm. to coordinate between their legislative bodies. Jordan and the PA also held talks (6/3–6) on cooperation in the judicial, legislative, and legal areas; administration of justice; judicial training and rehabilitation; and formulation of laws.

On 8/9, Jordan's new amb. to Iraq took up his post in Baghdad and held talks with Iraqi VP Taha Yasin Ramadan on boosting bilateral cooperation. Lebanon announced plans (8/11) to reopen its embassy in Iraq for consular and trade activity.

Jordan and Syria held talks in Damascus (5/16–17), where they agreed to resume their Wahda Dam project and discussed the environmental situation on the Yarmuk River.

Jordan and Morocco agreed (6/15–16) to set up a joint higher comm. for coordination in all fields and signed protocols on cultural, social, and economic ties.

Jordan held talks with Saudi Arabia (7/28) on expanding security cooperation.

**REGIONAL ECONOMIC AFFAIRS**

The Arab League's Arab Economic Unity Council convened its annual session (6/3) to discuss efforts toward Arab economic integration. Talks focused on economic reform, sanctions on Iraq and Libya, and the troubled Palestinian economy.

In keeping with the Arab free trade agreement that went into effect 1/1 (see Peace Monitor in IPS 107), Jordan signed free trade agreements with Algeria (6/3) and Morocco (6/16) and discussed converting its existing trade agreement with Saudi Arabia into a free trade accord (6/4–7). Jordan also signed two cooperation agreements with Algeria (6/3) and held talks with the PA.
(5/19-22, 7/20) on economic cooperation and creating a free trade zone (see Peace Monitor in JPS 108).

Representatives of Egypt, Jordan, Israel, and the PA along with private sector participants attended (5/25-27) a meeting on agricultural cooperation sponsored by the Israel/Palestine Center for Research and Information. Attendees discussed export issues, trade barriers, agricultural output, scientific cooperation, water issues, joint ventures, and a possible regional common market for agricultural goods.

After two days of talks (7/13-14), Iraq and Syria signed an agreement to reopen the oil pipeline linking Kirkuk with the Syrian port of Banias on the Mediterranean and to build a new, high-capacity pipeline through Syria. The Kirkuk line, closed since 1982, can transport 1.4 m. barrels of oil per day. Syria hailed the accord as a positive step in economic relations but said more was needed before diplomatic relations could be upgraded. The U.S. said (7/14) that the UN must give its approval before Iraq can start exporting. Iraq and Egypt also agreed to expand trade relations in talks 6/16-17.

Lebanon and Tunisia signed (6/24) economic cooperation accords and agreed to resume (6/26) flights between their countries, which were halted in 1985 due to the Lebanese civil war.

INTERNATIONAL

UNITED STATES

Despite the U.S. decision to ease pressure on Israel, U.S.-Israeli relations remained strained this quarter over the FRD issue, particularly Israel's repeated requests for extensions of the deadline to respond to the U.S. FRD proposal (see above). Netanyahu also affronted Albright when she phoned 6/18 to denounce his Jerusalem development plan (see above). At first he denied the plan's existence. When she told him that she was looking at a copy of the draft, he passed it off as “not serious.”

In addition, the U.S. added Israel (6/1) to the list of countries that violate international property rights, which could result in some sanctions; and (late 6/98) to the list of countries violating the Missile Technology Control Regime against proliferation of long-range missiles, which automatically restricts the activities of Israeli scientists in the U.S.

Despite these tensions, the U.S. seemed open to Israeli suggestions on how the U.S. could facilitate an FRD agreement and ensure Israel's security. In addition to reallocating Israeli economic aid to military aid in the FY 1999 budget (see Peace Monitor in JPS 108), the U.S. also seemed open to financing Israel's redeployment: On 5/20, Netanyahu revealed that during his last visit to Washington (5/13-14), he told the U.S. that once an FRD agreement is reached, he will ask for $1 b. in aid to finance infrastructure in the West Bank (e.g., bridges, bypass roads, tunnels, new military bases) needed to ensure Israeli security after redeployment and in a final arrangement. The U.S. would also be asked to provide the PA with $100 m. in aid. On 5/26, a congressional delegation to Israel said it was receptive to the idea. U.S. Defense Dept. Missile Defense Program head Gen. Lester Lyles also held talks (6/29) with Israeli DM Mordechai on expanding cooperation between the Israeli defense establishment and the Pentagon and signed an agreement to transfer $45 m. to the Arrow missile program. The U.S. also announced (6/12) that it will sell Israel $73-m. worth of spare parts for the Patriot antimissile missile. In 1992, the U.S. accused Israel of illegally transferring Patriot technology to China.

Knesset Foreign Affairs and Defense Comm. heads Uzi Landau and Ori Orr met with Sen. Jon Kyl (R-AZ) in Washington 6/4 to discuss plans for a new joint Knesset-congressional body on Israeli missile defense, which is scheduled to hold its first formal meeting in 9/98 in Washington. The group, created at Kyl's initiative, will assess threats to Israel and help prepare Israeli defenses. No budget for the group has been allotted yet.

At House Speaker Newt Gingrich's (R-GA) invitation, a PA delegation led by PC Speaker Qural' visited Washington (7/21) to meet with congressmen. It was the first time that Palestinian lawmakers were invited to Capitol Hill since the PC was elected in 1/96.

Four congressional delegations comprising 24 congressmen traveled to Israel in 5/98 to attend Israel's 50th anniversary and Jerusalem Day celebrations. The most controversial of these delegations was that led by House Speaker Gingrich (5/23-26). Gingrich had planned to lay a symbolic cornerstone at the proposed site of the proposed new U.S. embassy to Israel in Jerusalem, but complied with White House requests not to do so. He did, however, address the Knesset (a privilege usually reserved for heads of state) and drove past the proposed embassy site. Two
congressional delegations also went to Syria (5/27, 7/4).

In Washington, Egyptian FM Amr Musa held (7/10-15) high-level talks on the peace process and bilateral relations, including the FY 1999 aid package. With Egypt's approval, Congress discussed (7/15, 7/22) reducing Egypt's aid by $40 m.–$120 m. per year for ten years, as will not be done with aid to Israel (see Peace Monitor in JPS 108). Final decisions will not be made until 9/98 at the earliest. At the close of the meetings, the State Dept. announced (7/15) the opening of an Egyptian-U.S. "strategic dialogue" that aims to create a "new institutional framework for the common objectives of pursuing peace." Meetings will be conducted twice a year by Musa and Albright.

**European Union**

With the failure of the U.S. efforts to restart the peace talks (see Peace Monitor in JPS 108) by the beginning of the quarter, the EU moved to take a stronger stand on the peace process. The UK expressed concern (5/18) that the U.S. was letting its brinkmanship with Israel on the FRD issue fade. The same day, French pres. Chirac proposed to Egyptian pres. Mubarak a plan for an international conference to revive the peace process (see above). By the end of the quarter, Egypt and France had set up a joint comm. that had begun planning for a 10/98 summit.

In late 7/98 following the 7/7 UN decision to upgrade the status of the PLO at the UN (see below), Britain gave the Palestinian mission to the Court of St. James the "enhanced status" of "Palestinian General Delegation," meaning that the British government will include the Palestinian delegation on the London Diplomatic List, though under a separate section for missions without diplomatic status, as well as other privileges.

EU representatives met (5/20) with Israeli Finance M Yaakov Neeman to discuss Israel's practice of exporting goods from the occupied territories with "Made in Israel" labels, entitling them to enter the EU duty free. The EU said that it would consider boycotting these goods altogether if Israel does not change the labels. Netanyahu warned (5/20) that a boycott would "put an end to European attempts to play a role in the peace process, because the EU would prove that it cannot be an objective mediator." The EU foreign ministers also called (6/29) for full, rapid implementation of the EU trade cooperation agreement with the PA.

**United Nations**

On 7/7, the UN General Assembly (UNGA) voted (124–4, with 10 abstentions) to upgrade the PLO's UN status to that of a nonvoting member or "superobserver," allowing the Mission of Palestine to cosponsor (but not propose) resolutions and to speak in debates, though without the right to vote (see Doc. A3 for text). A stronger version of the 7/7 resolution was debated in 12/97 but was withdrawn under pressure from the EU (see Peace Monitor in JPS 107). Although Israel denounced the decision as a "clear violation of Oslo," the Israeli FM. legal adviser Alan Baker had already issued a legal opinion (6/29) that upgrading the PLO to "superobserver" status was not a violation of Oslo.

On 7/17, the Rome-based UN Diplomatic Conference of the Plenipotentiaries on the Establishment of the International Criminal Court, a body created by the UNGA, approved (120-7, with 21 abstentions) a draft statute to create an international war crimes court. Israel, which had lobbied for the creation of the international criminal court for four years, voted against the measure, which would make building Jewish settlements in the occupied territories a war crime. China, India, Iraq, Libya, Russia, and the U.S. also voted against the draft, though the U.S. did not mention the clause referring to population transfer to occupied territory as a reason. This "Rome Statute" will go to the UNGA for consideration later this year. If it is approved, the court will be set up in the Hague once 60 countries sign on.

In keeping with UN Res. ES-10/5 of 3/17/98, which calls on Switzerland to convene the parties to the Fourth Geneva Convention to discuss Israeli settlement construction in Jerusalem, the Swiss government sent (5/29) identical letters to the PLO and Israel proposing two measures: an experts-level meeting between Israel and the PLO under the auspices of the International Comm. of the Red Cross to examine steps that would contribute to effective application of the convention in the occupied territories, and a call by Switzerland (made in 7/98) for a meeting of the high contracting parties to the convention by fall 1998. The experts' meeting was held in Geneva 6/9–11. Participants agreed to improve respect of international humanitarian law in the territories, to avoid politicization of international humanitarian law, and to support the peace process. A decision was taken to continue the dialogue.
On 6/30, the UN Security Council (UNSC) opened debate (42 representatives spoke) on a resolution condemning the Israeli cabinet’s approval (6/21) of Netanyahu’s plan to expand Jerusalem’s municipal boundaries. Prevented by the U.S. from issuing a resolution condemning Israel, the UNSC (7/13) issued a nonbinding statement (see Doc. A4) urging Israel not to implement the plan or take any other steps that would prejudice the outcome of the peace process.

Israel submitted (6/2) its long overdue report on the implementation of the International Covenant of Civil and Political Rights to the UN Human Rights Comm. (see Doc. C3 for related material). The comm. convened 7/15–16 and 7/28 to discuss the report and Israel’s treatment of Palestinians in the occupied territories.

For the third year in a row at the UN’s annual North American NGO Symposium on the Question of Palestine (6/15–5), the UN prevented Amnesty International from distributing its report on PA human rights practices, though it is allowed to distribute its report on Israel. The UN says that the symposium’s mandate does not cover the PA’s conduct or “internal” matters.

**Iran**

Iran continued to develop its bilateral relations with Arab states. Iran and Syria discussed the expansion of cultural and art exchanges and joint construction of steel mills in Syria (5/24); expansion of commercial ties and economic cooperation (8/2); financial cooperation, joint investment, and elimination of double taxation (8/5); and cooperation in the judicial sphere (8/6). Iran and Syria also signed (5/25) a mining cooperation agreement for development of phosphorus and ferrous mines in Syria.

Iran and Egypt signed a protocol on bilateral cooperation in industry and investment (6/13); a memorandum of understanding on extending trade exchanges, preparing for mutual investment, and establishing joint banks (6/14); and an agreement on health cooperation. The two countries also agreed (7/4) to set up a joint company to market and export pharmaceuticals.

Iran and Jordan discussed expanding cultural, political, and economic relations (6/30, 8/9–10, 8/15); agreed to set up a comm. in Amman to explore joint ventures (6/30); and signed accords on shipping and resuming flights between their countries in order to boost trade and tourism (6/16). The first Jordanian flight in 18 years landed in Tehran on 6/16.

Saudi Arabia and Iran held talks (5/26–27) on expanding bilateral ties and signed a wide-ranging cooperation agreement, which should result in increased trade, exchange of academics and students, sports competitions, and technological cooperation.

Iran and Iraq held follow-up talks (6/20) on exchanging the remaining POWs from their 1980–88 war (see Peace Monitor in JPS 108), while Iran and Oman held talks (6/28) on expanding bilateral relations.

Iran and Turkey signed a border security agreement (6/17) and a memorandum of understanding on setting up a joint chamber of commerce and beginning engineering and technical cooperation on natural gas (6/10). Iran also agreed (5/21) to sell Turkey 3 b. cu. m. of natural gas beginning in 1999 and urged Turkey (6/7) to rethink its relations with Israel.

**Turkey**

Turkey and Israel continued talks on strengthening bilateral relations (7/6–7), expanding their free trade agreement (7/6–7), furthering military cooperation (5/26, 7/25), and possible joint arms projects (5/26, mid-7/96, 7/25). As of 7/98, the U.S. was blocking Israeli proposals for Turkish participation in the U.S.-led Popeye II and Arrow missile projects (see Peace Monitor in JPS 106) out of concern that classified U.S. technology would be shared with Turkey, which is on the U.S. missile control list, or fourth parties. As an alternative, Israel suggested that Israel and Turkey undertake joint production of a defensive missile “similar to the Arrow.” In mid-7/98, Israel completed the transfer of Popeye I missiles to Turkey, which began in 10/97 (see Peace Monitor in JPS 106).

Six Turkish F-16s and their crews completed (7/13) military training exercises with the IDF in the Negev. Training reportedly included drills on attacking S-300 antiaircraft missile batteries, which Russia has recently promised to supply to Cyprus under a $425-m. deal.

Turkish FM Ismail Cem urged (7/6) Israel to accept the U.S. FRD proposal and to use its influence with the U.S. to promote construction of a pipeline to carry natural gas from Turkmenistan through Turkey instead of through Iran. Turkish Maritime Lines inaugurated (7/7) a new Turkey-Cyprus-Israel route.
Turkey held several meetings with Jordan, raising Syria’s concerns that Israel and Turkey were attempting to form a trilateral alliance with Amman. Turkey’s air force commander visited Jordan 6/3–6 and left with a preliminary agreement whereby Jordanian and Turkish air force pilots would be able to use each other’s airspace for military training purposes. Israeli DM Mordechai brought the head of Israeli security relations with Jordan, David Ivry, with him for his meeting with King Hussein 6/7, just after the Turkish military visit, increasing Syria’s unease.

Syria and Turkey held two days of talks (7/1–2) on normalizing their diplomatic relations, which have deteriorated in recent years over Syria’s alleged support to Kurdish groups, the water issue, and Turkey’s military cooperation agreement with Israel, but made only limited progress. Although Turkey welcomed Syria’s statements that it considers the Kurdistan Workers Party a “separatist terrorist organization” and that supporting “terrorism” is not in Syria’s interest, Turkey refused Syria’s proposal for a follow-up meeting between their foreign ministers. On 7/18, Turkey complained that Syria’s damming of the Así River was preventing adequate water flow to the Hatay/Alexandretta province, threatening crops there. On the 59th anniversary (7/23) of the ceding by France of the Alexandretta province to Turkey from mandated Syria, PM Mesut Yılmaz gave an address containing barely veiled threats to Syria regarding control of Hatay/Alexandretta, support for the Kurds, and water. Syria accused (7/23) Turkey of escalating tensions.

Turkey and the PA also held talks (6/21, 7/3, 7/8) aimed at improving bilateral relations and signed (6/23) an education cooperation agreement for 1998 to 2000. Arafat made a one-day trip to Turkey (7/31) during which he asked Pres. Süleyman Demirel and PM Yılmaz to urge PM Netanyahu to accept the U.S. FRD plan. Yılmaz promised to raise the issue during his trip to Israel in 9/98. Arafat also asked Turkey to transfer the remaining $23 m. of the $50 m. it has pledged to PA donor projects.

Turkey and Egypt signed a memorandum of understanding on construction of a pipeline to transport natural gas from Egypt to Turkey via the Mediterranean.

**The Vatican**

In the first open confrontation since the establishment of diplomatic relations in 1994, PM Netanyahu accused the Vatican (8/6) of bending to political pressure from the PLO in appointing a Palestinian, Boutros Mouallem, a Palestinian refugee and bishop in Brazil, as archbishop of the Melchite (Greek Catholic) church in Galilee. Netanyahu also admitted that he previously met with Melchite leaders to discuss the appointment and that he had suggested Emile Shufani as an alternative candidate. The Vatican denounced (8/7) Israeli efforts to block the appointment, saying that such nominations are the pope’s reserve. Israel lifted its opposition on 8/13.

The PA and the Vatican held (6/30) preliminary talks on giving some sort of official PA connection to the church’s activities in the self-rule areas. Arafat met with Pope John Paul II at the Vatican (6/12) and invited him to attend the Bethlehem 2000 celebrations.

**Other**

PM Netanyahu canceled (7/19) a visit to Australia set for 8/98 after the parliament in Canberra issued a report concluding that Israel’s hard-line policies were endangering the peace process.

Citing the stalemate in the peace process, Singapore turned down (5/20) a request by Israel to accept PM Netanyahu on an official visit in 8/98. The government warned that if Netanyahu came, it would be forced to publicly announce its view of Israeli policy on the peace process, “which will do . . . relations no good.” On 7/26, Singapore recognized the PA passport.

The Netherlands canceled (6/28) a visit by an Israeli FM. delegation, saying that the time was not right for a political dialogue given the status of the peace process.

China promised the PA (7/15) that it would provide financial and moral support to a Palestinian state if one were proclaimed in 99.

Israeli Trade M Sharanovsky toured (6/28–7/2) the Central Asian republics of Kazakhstan, Turkmenistan, and Uzbekistan to discuss expanding economic cooperation and to promote commercial ties. Israel is said to hope that economic ties with Israel will encourage these states to turn away from Islamism and Iran. Analysts also suggest that Israel sees building ties with these nations as a way of sidelining the Arab states within a more broadly defined Middle East region.

**Donors**

The donor’s Joint Liaison Comm. (JLC) and Local Aid Coordination Comm. (LACC)
met in Gaza 6/16 to discuss the outcome of the 5/13 Ad Hoc Liaison Comm. meeting (see Peace Monitor in JPS 108) and preparations for the 1999-2001 Palestinian Development Plan. The JLC also established a Task Force on Project Implementation to follow up with the Israeli FM in on problems hampering implementation of donor projects.

Donors also agreed that the Holst Fund should remain open to donor pledges through 12/98. As of 5/98, the fund had received $264 m. from 26 countries, of which $247 m. had been disbursed ($212 m. for recurrent budget expenses and $35 m. for employment generation). Of the $17 m. left in the fund, $7.7 m. is for overhead costs and the rest is allocated to employment generation.

Sector Working Group meetings took place as follows: Police on 6/9 in Gaza; Rule of Law on 7/14 in Gaza; a workshop on public administration on 7/21 in Gaza; Local Government on 7/23 in Ramallah; and Agriculture on 8/4 in al-Bireh.

The World Bank approved (5/23) an $85-m. "immediate aid package" to the PA, most of which will go to the Bethlehem 2000 tourism and development project (see Peace Monitor in JPS 108). World Bank directors also recommended (5/28) that the bank give $90 m. to the Trust Fund for Gaza and the West Bank to fund ongoing projects, including Bethlehem 2000.

In mid-5/98 in Bethlehem, Arafat, former Israeli PM Shimon Peres, and World Bank president James Wolfensohn inaugurated the Peace Technology Fund, a venture capital fund that will invest in projects in the West Bank and Gaza between Palestinians and Israelis or international investors. The fund opened with $50 m. (40% each from Israeli and Palestinian investors, 20% from the World Bank).

The Palestinian Economic Council for Reconstruction and Development (PECDAR) reported (7/98) that between 1993 and 1997, the Palestinian gross domestic product declined 23% and the per capita income fell from $1,006 to $700 in Gaza and from $2,300 to $900 in the West Bank. PECDAR also noted that despite the overall economic decline, 3,028 new companies had been set up in Gaza and 5,442 in the West Bank. The PC noted (6/30) that the budget deficit remained $36 m.

Compiled by Michele L. Kjorlien

IDF soldiers hold their position during a tense twelve-hour standoff with PA police on the Dayr al-Balah-Mouassi coastal road in Gaza on 2 July. (Reuters/Suhaib Salem/Archive Photos)