Peace Monitor


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

BILATERALS

Palestinian-Israeli Track

As the quarter opened, regional attention was still focused on the possibility of a U.S.-British strike on Iraq to force it into compliance with UN inspections requirements (see Peace Monitor in JPS 107, Israel, concerned that the U.S. viewed the stalled peace process as a hindrance to its ability to form an Arab coalition against Iraq and might therefore pressure Israel on the further redeployment (FRD) issue, stepped up informal contacts with the Palestinian Authority (PA) in hopes of reaching a compromise itself. Meetings to this end included Israeli PM Benjamin Netanyahu with PA head Yasir Arafat’s adviser Mahmoud Abbas and Palestinian Council (PC) Speaker Ahmad Qurai’ (2/16); Arafat with Netanyahu adviser Yitzhak Molho (2/16), and Israel’s Infrastructures M Ariel Sharon with Abbas and Qurai’ (2/17).

Immediately after the U.S. accepted (2/23) UN Secy. Gen. Kofi Annan’s 2/22 agreement with Iraq, which allowed the resumption of UN inspections and dissipated the crisis, Netanyahu revived (2/23) the suggestion that Israel and the PA hold Camp David-style talks under U.S. auspices to discuss “core issues.” Arafat and King Hussein of Jordan rejected the proposal, calling it a ploy to divert attention from the “real issues of peace.” Netanyahu also relented (3/1) the idea of an IDF withdrawal from south Lebanon based on UN Resolution 425, which the Arab states rejected (3/1, 3/8) as “not serious” (details below).

By 3/98, the U.S. had narrowed its withdrawal proposal to a 13.1% FRD over 12 weeks, concurrent with the resumption of final status talks. According to press reports: In the first stage (five weeks), Israel would transfer 1.9% of area C (full Israeli control) to area B (joint PA-Israeli control), 0.1% of area C to area A (full PA control), and 1.5% of area B to area A; the PA would ban all forms of anti-Israeli incitement; the PA and Israel would set up a joint comm. to investigate cases of incitement; the PLO Exec. Comm. would annul each clause of the PLO charter calling for Israel’s destruction; and a U.S.-PA mechanism would be set up to look into Israeli claims that the PA has a “revolving door” policy of arresting and quickly freeing suspected “terrorists.” In the second stage (six weeks), Israel would turn over 5% of area C to area B; the PA would give Israel a full list of PA police personnel; the Israeli-PA-U.S. security comm. would discuss Israeli claims about weapon smuggling into the PA areas; and the Palestinian-Israeli Steering and Monitoring Comm. (PISM) would discuss extradition of Palestinian suspects to Israel. In the third stage (one week), Israel would turn over 5% of area C to area B, 1% of area C to area A, and 5% of area B to area A. In sum, while only 13% of land would move out of full Israeli control, 13.1% would move into full PA control, bringing the total amount of land under full or partial PA control to 40.1%.

On 3/3, U.S. Pres. William Clinton, VP Al Gore, Secy. of State Madeleine Albright, National Security Adviser Samuel Berger, special envoy Dennis Ross, and Asst. Secy. of State Martin Indyk held a strategy session to discuss “new thinking” on reviving the peace process. Though no details were released, the meeting fueled speculation that the administration would soon publicly present the FRD proposal in an Albright speech (reportedly drafted weeks before) laying blame on Israel for the deadlock. On this basis, the European Union (EU) reportedly held back on a plan to have British PM Tony Blair, the current EU pres., present a new EU formula for jump-starting the peace process when he met with Netanyahu in London 3/8 and instead sent the EU troika (FM’s from the UK, Luxembourg, and Austria) to Washington 3/19 to coordinate strategies with the U.S. With similar anticipation, Arafat reportedly called for a halt (3/10) to the informal PA-Israeli talks, signaling for the first time a willingness seriously to consider the 13.1% plan. By 4/3, Arafat was encouraging Albright to present the deal.

On 3/22, days after the U.S. announced it would send special envoy Ross back to the

region to discuss “refinements” to the U.S. FRD proposal, the Israeli cabinet unanimously stated that a 13.1% FRD would be “unacceptable” and that the imposition of any percentage would be a breech of the written promise contained in former Secy. of State Warren Christopher’s side letter to the Hebron Protocol (see Special Doc. D in JPS 103) that Israel alone would decide the extent of the withdrawals.

During late 3/98, Netanyahu tested several compromises with the U.S. but never formally offered any of them, sticking to the 9–9.5% figures offered last quarter and claiming 13.1% would jeopardize Israeli security. The various alternatives reportedly included an 11–12% FRD; an FRD of less than 13.1% but with more land linking enclaves already under PA control; and a 10% FRD, provided that the third FRD called for under the agreements were eliminated.

Ross’s 3/26-30 shuttle between Netanyahu and Arafat made no progress, prompting the State Department to warn (3/30) that “one option has always been for us to disengage from this kind of direct catalytic role.” Israel proposed (4/3) another compromise involving a new classification of land, “area C-plus,” where the PA would control municipal affairs, but Israel would retain security control, including civil policing (the one security related function handled by the PA in area B). Netanyahu suggested to his cabinet (4/8) the possibility of offering a 9% FRD with an additional 2% to area C-plus and sent Molho back to Washington (4/8) to present the idea, after which Clinton agreed (4/9) to send Ross back to the region after the Passover and Id al-Adha holidays at the end of the month.

In the interval, British PM Blair met with Netanyahu in Israel 4/19, where he discussed EU ideas for reviving the peace talks, including a suggestion for a multilateral meeting in London. Blair stressed that talks would be based on existing U.S. proposals (especially the 13.1% FRD plan) and would not undercut the U.S. mediating role. Netanyahu reportedly suggested Israel could accept an 11% FRD, this time defined as the 9% Israel has already proposed for the second FRD plus 2% from the first FRD that was never implemented (see Peace Monitor in JPS 107). Before Blair had a chance to present the EU’s new ideas to Arafat, Netanyahu announced to the press that he was willing to travel to London in 5/98 for new talks on advancing the peace process, scooping Blair and making it seem that he was the initiator. After meeting with Arafat 4/20, Blair announced that Netanyahu and Arafat had agreed to go to London 5/4 to hold separate meetings with Blair (who would discuss Oslo II implementation issues) and Secy. of State Albright (who would discuss FRD and final status). Technically, the meeting would be at U.S. invitation and hosted by the UK. Ross’s trip to the region 3/25–27 thus became a series of preparatory meetings for the 5/4 talks.

Though Gore’s flurry of unscheduled meetings with Arafat (5/2), Netanyahu (5/3), and Egyptian pres. Husni Mubarak (5/3) during his social visit to Israel (see below) raised speculation about an 11% FRD compromise in London, the London summit did not yield a breakthrough. In talks with Albright 5/4, Arafat “signaled general acceptance” of the U.S. FRD proposal; Netanyahu discussed (but did not officially offer) the C-plus option for an 11% FRD, but Albright refused to move from the 13.1% figure. After brief follow-up meetings 5/5, Albright addressed the press, stressing for the first time that Israel’s failure to compromise was the major cause of the lack of progress and that the U.S. proposal (contrary to Netanyahu’s statements) would not jeopardize Israeli security. Summoning Arafat and Netanyahu to Washington 5/11, she specified that acceptance of the “invitation” would require both sides to agree to the 13.1% FRD plan and to begin accelerated final status talks at the 5/11 meeting, in advance of the redeployments (a goal of the Netanyahu government). If either side did not attend, the U.S. would be forced to “reevaluate and reexamine our role.” Arafat immediately agreed, but Netanyahu said that he would have to consult his cabinet at the next weekly session 5/10.

On 5/6, Netanyahu briefed his inner cabinet and reportedly raised the idea of offering an 11% second FRD and a 2% third FRD as a compromise. He then asked the U.S. to send Ross back to Israel for further consultations in advance of the full cabinet session, with the goal of finding a face-saving way to redefine a part of the 13.1% that would allow Israel to accept the figure and allow Netanyahu, in the words of his adviser David Bar-Ilan, “to vent our fury” at being subjected to U.S. “arm-twisting.”

Ross returned to Israel 5/7 and held a series of meetings with Netanyahu between 5/8 and 5/10. Netanyahu complained (5/8) that the U.S. deadline of 5/11 did not give Israel enough time to come to terms with the
U.S. proposal and warned that Israel would not “accept dictates—we are a sovereign country.” Ross said (5/8) that the U.S. would consider a brief postponement if Israel seemed to be moving toward a deal. On 5/9, the U.S. canceled the 5/11 summit, saying that Pres. Clinton hoped to reschedule the meetings for late 5/98.

In talks with Ross 5/10, Netanyahu presented a proposal for an “escrow” arrangement. The proposal would allow Israel to stick to its demand for a 9% FRD while agreeing to the U.S.’s 13.1% figure by placing the remaining 4% “in escrow,” to be handed over to the PA at some [undefined] future date, pending the PA’s “good behavior on Israel’s security concerns.” Israel reportedly might consider a “compromise” of an up to 11% FRD with as little as 2% held in reserve; the escrow amount could even be considered a third FRD, thereby complying with Oslo demands for three redeployments. Ross presented the option (3/1) to the PA, which rejected it. Netanyahu did not raise the FRD issue in the 5/10 cabinet meeting.

Pres. Clinton directed (5/11) Secy. Albright to meet with PM Netanyahu on 5/13 during his previously scheduled trip to Washington. The pair met twice on 5/13 and 5/14 but made no progress, prompting Clinton to speculate that “some of the actors in the Middle East drama” were carrying out “a deliberate strategy of delay.”

Oslo II Implementation

With the stepped-up informal PA-Israeli contacts mentioned above, the cochairs of the PISMC, which oversees the 8 subcomms. addressing outstanding Oslo II issues, met (2/18) with U.S. Amb. Edward Walker and U.S. Consul Gen. John Herbst to discuss resuming the subcomm. meetings. Herbst offered bridging proposals on the Gaza port, airport, and Qarni industrial estate, and teams discussed safe passage. Follow-up meetings were held 2/21 in Jericho and 2/24 at Walker’s residence in which the teams agreed to hold weekly meetings at Walker’s home at the PISMC level. Reports indicate that the meetings were held throughout the quarter but that no progress was made.

With the exception of sovereignty issues related to Gaza airport, the remaining differences blocking full implementation of Oslo II reportedly are minor and could be solved within days or weeks. The PA, in effort to pressure Israel to reach an acceptable FRD compromise is currently refusing to close cases until an FRD agreement is reached.

During the quarter, Israel approved the amendment of lists A.1 and A.2 of the Paris Protocol, which defines the economic relationship between the PA and Israel. Quantities of goods on the lists were increased 250%—in proportion to the increase of the population coming under PA jurisdiction. The lists should have been adjusted automatically with the transfer of powers under Oslo II, but Israel refused to discuss signing off on the adjustment until 12/97.

Security

Palestinian demonstrations and clashes with the IDF increased substantially this quarter. An incident in Hebron 3/10 in which IDF soldiers opened fire on a van of Palestinian workers, killing three and wounding five, sparked four days of IDF-Palestinian clashes across the West Bank, the largest of which were held in Bethlehem, Dura (where the victims were from), Ramallah, and Nablus. On 3/13, 40 armed Jewish settlers marched into the PA-controlled sector of Hebron, sparking a riot. Despite the assessment of the Temporary International Presence in Hebron that the IDF was to blame for allowing the settlers to get past them and into the PA sector, the settlers managed to reenter the PA area the next day, where they smashed car windows and touched off a second riot. Clashes and demonstrations also occurred (4/2, 4/3, 4/4, 4/11) after the mysterious murder in Ramallah (3/29) of senior Hamas member Muhieddin Sharif, which the PA claimed was the result of Hamas infighting but which was popularly believed to have been orchestrated by Israel.

The most severe fighting since the 9/25/96 tunnel incident occurred 5/14, when 100,000s of Palestinians across the West Bank, Gaza, and Jerusalem turned out for a two-minute moment of silence and nonviolent "March of One Million" marking 50 years of dispossession. Marches in several areas (including, Bethlehem, Gaza, Hebron, Jericho, Jerusalem, Jenin, Nablus, and Ramallah) devolved into fights between the IDF and the marchers. The IDF fired live ammunition and rubber bullets, killing five Palestinians and wounding 200–400. Twenty Israeli soldiers and 2 civilians were also injured.

In an incident reminiscent of the Yehuda Gil case (see Peace Monitor in JPS 107), the Israeli government reported (3/5) that the Shin Bet coordinator in Asriyya fabricated stories about Hamas operations there.

The PA Preventive Security Force (PSF)
revealed (3/8) that it had uncovered a shop for making Uzi submachine guns in Gaza. It did not know how many guns were made or sold. On 3/29, the PSF announced that it had discovered seven Hamas arms caches and weapons factories. On 4/5, the Shin Bet informed the Israeli cabinet that the PA was fighting “terrorism” and using its full weight against Hamas.

During their meeting 4/20, British PM Blair and Arafat signed a bilateral security accord under which UK instructors will train PA security forces. The arrangement, which gives the UK the opportunity to monitor PA compliance with Israeli security demands, was reportedly initiated by the EU after Netanyahu canceled the U.S.-Israeli-PA memorandum of understanding on security last quarter (see Peace Monitor in IPS 107).

A delegation of senior Israeli and PA police officers held (5/2–11) a joint training session with Europol and Interpol personnel in Germany. This was the first such joint training program aimed at improving Israeli-PA police cooperation.

**Jerusalem**

Israeli police evicted (2/16) 137 Jahalin bedouin from their homes near Azariyya in Jerusalem to make way for expansion of Ma’ale Adumim settlement (see Peace Monitor in IPS 106). Although an official said that more bedouin would be moved because they were “squattting on state-owned land,” the High Court allowed the families to return to their homes pending a “satisfactory agreement” between the Israeli Civil Administration and the Jahalin.

Between the last week of 2/98 and 5/13, six Palestinians were stabbed in West Jerusalem, one of whom died. While acknowledging that the attacks could be related and could have been carried out by Jewish extremists, the Israeli police did not increase security in the city or carry out extensive investigations as is routine in cases when a Jew is attacked in the city.

On 3/13, a bomb exploded in East Jerusalem, wounding four Palestinians as they left Friday prayers at al-Aqsa Mosque. On 5/14, one of the wooden doors to the al-Aqsa Mosque compound was set on fire.

The UAE hosted a festival (2/25–26) to raise funds to aid Jerusalem.

**Miscellaneous Matters**

Israel allowed Hamas’s spiritual leader Shaykh Ahmad Yasin to travel to Egypt with several advisers 2/20 to undergo medical treatment. After staying in Egypt for several days, Yasin traveled to Saudi Arabia (3/3), Iran (4/29), the UAE (5/6), and Kuwait (5/11), at each stop being received like a head of state and (particularly in Saudi Arabia) with honors never granted Arafat. Trips to Qatar, South Africa, Sudan, Syria, and Yemen were planned, increasing Israeli and PA concerns that Yasin’s illness was being used as an excuse to leave the territories for fundraising. On 4/21, Arafat made a very low-key trip to Saudi Arabia to discuss with Yasin Hamas-PA tensions following the 3/29 Sharif murder (see above), but Yasin refused to meet him.

The Israeli customs authority requested (2/19) that the Israeli Free Export Processing Zone (FEFZ) Department grant the Israeli-controlled Erez industrial zone the same FEPZ status as given to the PA’s Qarni industrial estate in Gaza, fearing that Qarni’s preferential status once opened would reduce Erez’s export potential.

The PA reported (4/1) that it had allocated $140 m. for development of a Rafah industrial estate and free trade zone. Israel said that the PA had not coordinated the move with Israel and that it would not approve the plan.

**Palestinian Authority**

In his speech to the opening of the PC’s 1998 session (3/7), Arafat addressed the issue of reforms and corruption, saying that the PA should be expected to experience growing pains. He said he was open to some reforms but did not announce a cabinet reshuffle, which has been expected for months (see Peace Monitor in IPS 107). He also refused to allow his speech to be aired on Palestinian television or radio.

The PA Central Bureau of Statistics released (2/26) the initial results of the 12/97 census, showing a total of 2.89 m. Palestinians living in Gaza (1.02 m.), the West Bank (1.65 m.), and East Jerusalem (210,209). Final results are not expected for several months. Israel claimed (2/26) that the figures were inflated and that there are no more than 170,000 Palestinians in East Jerusalem.

In a 3/22 memorandum, the PA security agencies warned Arafat not to hold municipal elections because Hamas had a chance of winning and taking control of the municipalities. Indeed, Hamas blocs won student council elections at Hebron University (3/30) and Birzeit University (4/1), beating out Fatah-led blocs. In early 5/98, Arafat announced that the municipal elections, which
were postponed in mid-7/97 until Israel carried out all three FRDs, would be put off until further notice due to the stagnated peace process. Since the 7/97 postponement, the PA has carried out its plan to appoint interim municipal comms. (see Peace Monitor in JPS 105). These comms. have been made up mostly of Fatah activists answerable to Arafat, occasionally (as in Tulkarm) replacing long-serving elected/popular figures.

PA Atty. Gen. Fayiz Abu Rahman resigned (5/6), citing the repeated undermining of his authority and jurisdiction by the Executive Authority (EA). Although Abu Rahman had clashed with the EA before (see Peace Monitor in JPS 107), the incident that led to his resignation was the EA's reversal of his order to allow Hamas spokesman 'Abd al-'Aziz Rantisi (arrested 4/9) to see his lawyers. The EA finally backed down and said that the lawyers could meet with Rantisi, but by the end of the quarter the PA police had not allowed them into the prison.

Despite the PA’s 2/10 ban on “pro-Iraq” demonstrations, Palestinians continued to hold almost daily protests, attracting up to 1,000 people, until the UN agreement was reached 2/22. Following the PA’s 2/14 ban on broadcasts concerning the Iraq crisis, PA police in Bethlehem forced the closure (2/16) of Popular Front for the Liberation of Palestine’s Shepherd’s Television station for airing reports on the West Bank demonstrations. On 2/18, the PA ordered all 34 Palestinian television and radio stations to obtain licenses from the Information Min. as well as the Interior Min. and closed the nine stations that did not have such licenses. On 4/9, the PA shut the Reuters office in Gaza for disseminating “news that provoked sedition in the Palestinian state” after it aired a Hamas video accusing the PA of collaborating with Israel in Shari’i’s murder (see Security). The PA General Intelligence Service (GIS) also arrested without charge (5/5) the Reuters reporter who delivered a copy of the video to the PA.

The PA High Court ruled (3/19) that the PA’s closure of al-Risala newspaper in early 2/98 was illegal. The paper was shut down after running an article critical of the PA’s handling of High Court judge Qusay al-Abadlla’s dismissal (see Peace Monitor in JPS 107).

The PA police detained (4/11) the heads of the Palestinian Society for the Protection of Human Rights and the Environment for questioning regarding their publication of several articles critical of the security services’ human rights record. They were released the next day despite their refusal to sign a pledge not to criticize the PA.

Hours after being summoned to appear before the GIS, Palestinian Muhammad Anqawi, previously arrested on suspicion of being a collaborator, was found shot dead in Ramallah. Human rights groups suspect that he was murdered by the GIS.

The PA Trade Min. reported (3/19) that 19.1% of Palestinians live below the poverty line, with an annual per capita income of $650, and that unemployment reached 28.4% in 4/98. By comparison, the average Israeli’s annual income is over $17,000.

The PA interior Min. reported (3/20) that 55,067 Palestinians applied for permission to emigrate in 1997, up from 28,158 in 1996 and 9,153 in 1995. The PA blames the increase on the unstable economic and political situation.

**Palestinian Opinion**

*The following data are excerpted from a poll conducted by the Nablus-based Center for Palestine Research and Studies (CPRS) on 5-7 March. Results are based on a survey of 1,328 men and women from the West Bank and Gaza. The poll, thirty-second in a series, was made available by CPRS’s office in Nablus.**

1. There are different Palestinian views regarding the proposed Public Assembly Law, which is being discussed now by the PC. Some think that people should have a right to hold public meetings without prior permission from the Palestinian Authority, while others think that holding such public meetings should require permission. What do you think?

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<th>West Bank &amp; Gaza</th>
<th>West Bank</th>
<th>Gaza</th>
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<tr>
<td>a. No need for prior permission from the PA</td>
<td>22.6%</td>
<td>25.0%</td>
<td>19.0%</td>
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<td>b. Prior permission by the PA should be a requirement</td>
<td>72.4%</td>
<td>69.5%</td>
<td>76.8%</td>
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<td>c. Other (specify)</td>
<td>1.0%</td>
<td>0.7%</td>
<td>1.6%</td>
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<td>d. Do not know</td>
<td>4.0%</td>
<td>4.8%</td>
<td>2.6%</td>
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2. The PC is currently debating a proposed law regarding carrying weapons. The proposed law requires Palestinian factions and organizations to license any weapons they may have. Some people support the requirement that factions and organizations license their weapons, while others oppose such a requirement at the present time. What do you think?

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<th>West Bank &amp; Gaza</th>
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a. I support the requirement that Palestinian factions and organizations license their weapons | 74.0% | 77.6% | 68.5% |
b. I oppose the requirement that Palestinian factions and organizations license their weapons | 20.0% | 16.9% | 24.9% |
c. Other (specify) | 2.4% | 1.6% | 3.6% |
d. Do not know | 3.6% | 4.0% | 2.9% |

3. Which of the following political trends do you support?

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<th>West Bank &amp; Gaza</th>
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a. PPP | 1.1% | 1.1% | 1.0% |
b. PFLP | 2.5% | 2.2% | 3.1% |
c. Fatah | 45.6% | 42.3% | 50.8% |
d. Hamas | 9.1% | 7.9% | 11.1% |
e. DFLP | 1.1% | 1.3% | 0.7% |
f. Islamic Jihad | 2.4% | 3.2% | 1.2% |
g. Fida | 0.3% | 0.4% | 0.1% |
h. Independent Islamists | 2.9% | 3.4% | 2.0% |
i. Independent nationalists | 3.1% | 3.6% | 2.3% |
j. None of the above | 29.4% | 31.8% | 25.7% |
k. Others | 2.5% | 2.8% | 1.9% |

**Jordanian-Israeli Track**

Although diplomatic relations remained tense this quarter due to Mossad's 9/25/97 attempted assassination in Amman of Hamas political leader Khalid Mishal (see Peace Monitor in *JPS* 107), economic contacts and meetings within the framework of the peace treaty continued uninterrupted. The stream of semisecret visits to Amman by Israeli officials attempting to repair relations (see Peace Monitor in *JPS* 107) continued as well (2/18, 2/19), although meetings scheduled for 2/22, 2/23, and 2/25 were postponed due to violent "pro-Iraq" demonstrations in Ma'an.

On 2/16, Israel's Ciechanover Committee charged with investigating the Mishal affair issued its report, which concluded that Mossad head Dani Yatrom did not properly supervise the operation, but the report did not criticize the violation of Jordanian sovereignty or PM Netanyahu. Jordan denounced the findings (2/16) and warned that it might not restore intelligence cooperation with Israel as long as Yatom kept his position. After Yatrom resigned (2/24) and Netanyahu appointed (3/4) Ephraim Halevy, a central player in the Israeli-Jordanian peace talks, as his replacement, relations quickly improved: On 3/8, Israel's Infrastructures M Sharon and Trade M Natan Sharansky held comprehensive contact talks with King Hussein (details below); and on 3/10, Crown Prince Hashan, meeting with Netanyahu in Tel Aviv, hailed a "new beginning" in Jordan-Israel relations and announced the full restoration of security ties. The Jordanian opposition parties denounced (3/10) the rapid normalization.

Just days later, on 3/14, Sharon made a public statement vowing Israel would eventually kill Mishal. Jordan lodged a formal complaint with Israel (3/15) and considered severing all security cooperation again, but Sharon sent a letter of apology to King Hussein (3/19), clearing up the matter.

At Netanyahu's sudden request, King Hussein traveled to Elat (4/16) for discussions on the Palestinian-Israeli track, their first meeting since 11/18/97. After Netanyahu used the meeting to argue why a 13.1% FRD would be a security risk for Israel, Hussein sent a strong letter (4/17) criticizing his hard-line policies and urging him to implement FRDs quickly or risk destroying the peace process, one of the first casualties of which would be the Jordanian monarchy.

A series of unattributed bombings in and around Amman this quarter underlined public discontent over the status of the peace process and normalization with Israel. Bombs exploded outside the Modern American School on 3/27; outside a Jordanian Highway Patrol directorate on 4/23; under the empty car of former Jordanian intelligence chief Muhammad Kilani (who headed...
the investigation into the 3/13/97 Daqamusa shooting; see Peace Monitor in JPS 104) on 4/29; outside the home of Senator Jawdat al-Subul on 4/29; and, on 4/30 underneath a car parked at the al-Quds International Hotel, where a reception celebrating Israel's 50th anniversary was going on. (Although the reception and an Israeli embassy party marking Israel's 50th were held, the Jordanian government banned a rally scheduled by the 13 opposition parties for 4/29 to commemorate 50 years of Palestinian dispossession.) In the following days, Jordanian police detained 50–60 suspects connected with Palestinian groups and the Islamists Bayat al-Imam, but announced 5/10 that it had arrested seven Jordanians and an eighth “Arab national” allegedly “affiliated with a fundamentalist religious organization with foreign financing.”

**Economic Matters**

Jordan and Israel held talks in Tel Aviv 2/18 on water and Jordan Valley development. They agreed to form a joint comm. to issue tenders for multimillion-dollar projects such as building a hospital and health centers in the Jordan Valley staffed by medics from both countries, a Dead Sea-Aqaba railway, a U.S. business and agricultural college, and an Aqaba-Elat tourist park. Israel also announced that it had allocated 250 dunams (4 dunams = 1 acre) of West Bank land near the Allenby Bridge for an Israeli-Jordanian industrial park straddling the border.

The U.S. designated (3/6) the Iribid industrial zone as the first “qualified industrial zone” (QIZ) in the Middle East, enabling companies operating there to export duty free to the U.S. The first privately owned Israeli-Jordanian factory in the zone opened in mid-2/98, and by 4/1, scores of Arab and foreign investors had applied for space. Administrators plan to expand the zone by 200 dunams by the end of the year to accommodate all potential investors. (Non-Israeli, non-Jordanian firms can operate in the zone if at least 35% of their production inputs come from Jordan and Israel.)

In the 3/8 Sharon-Sharansky-King Hussein meeting and follow-up sessions 3/9–10, Jordan and Israel agreed to extend their bilateral trade accord, which expires in 10/98, for another year and to work toward a free trade agreement and the elimination of nontariff barriers; unified inspection standards; drafted a letter asking the EU to give free trade status to goods produced in the Iribid zone; agreed to set up a joint comm. to license Iribid-based businesses eligible for QIZ status; and discussed setting up a private venture capital fund to finance joint projects. Teams planned to accelerate the connection of the Aqaba and Elat electricity grids and to discuss other joint energy development projects. At the conclusion of the meetings, Jordan and Israel announced the formation of the Israeli Foreign Trade Risk Insurance Corp.—a $100-m. fund to protect Israeli companies investing in Jordan against political and trade risks. Israel also approved in principle the expansion of the lists attached to the trade protocol between the PA, Jordan, and Egypt and Jordan’s expansion of the Allenby bridge. On 2/28, however, Israel reversed its approval of the bridge project, postponing discussion of the issue to final status talks with the PA. The refurbished Shaykh Hussein bridge linking Jordan and Israel was completed at the end of 3/98 and set to open in early 4/98. Further talks on ways to increase bilateral trade and Jordanian exports to the PA areas were held 5/4.

On 2/20, Jordan complained that Israel still had not sent the U.S. its $50-m. contribution to the Peace and Stability Fund, set up by the U.S. to aid the kingdom (see Peace Monitor in JPS 106). The U.S. is holding Egypt’s matching $50-m. contribution until the Israeli sum arrives. At the end of the quarter, Israel was planning to send the money in 8/98.

**Tourism**

Jordan’s Civil Aviation Authority complained (2/26) that Israel had recently canceled many international flights to Aqaba airport, noting that El Al was averaging three flights/week, rather than the 15–30 flights/week agreed to under the interim accord on Israeli use of the airport. Israel responded (2/26) that a lack of coordination threatened to jeopardize plans to extend the trial period. On 3/8, however, Israel agreed to renew the accord and increase the number of flights diverted from Elat airport. On 4/15, Jordan announced that in keeping with the 10/94 treaty, Israel had submitted a plan to build a new terminal on the Israel side of the border, connected to Aqaba airport for passengers bound for Elat. The Israeli cabinet approved (5/12) a draft resolution to construct the terminal for use by the end of 1998.

Jordan and Israel agreed (3/27) on an “Aqaba-Elat Tourism Program” to encourage travel packages for large tour groups. They also discussed a recent decision by two tourist transport companies to cancel daily trips to the area because of low demand.
Security

Despite Jordan's partial suspension of security cooperation, Jordanian security tipped off the IDF (2/28) to two boatloads of arms being smuggled into the West Bank via the Dead Sea, leading to the arrest of a Palestinian and the confiscation of the weapons. Jordanian authorities also arrested (2/16) five Hizbullah members who had infiltrated from Syria allegedly to carry out attacks on Israel and U.S. targets in Amman, arrested (2/22) three Jordanians for plotting attacks on Israeli interests, and convicted (2/25) ten Jordanians of plotting to smuggle weapons into the West Bank.

Other

Jordan and Israel held at least four meetings on water issues in 2/98 and 3/98. Israel agreed in principal to allow Jordan to have greater reservoir facilities in Lake Tiberias than permitted under the 10/94 peace treaty and to construct a wall to divert 20 mc of Yarmuk River water to the King Abdullah Canal. (Construction of the diversion wall is also the first step of the Syrian-Jordanian al-Wahda Dam project.)

In 4/98, Israel approved construction of a new border crossing from the West Bank into Jordan at Tsofer, midway between the Dead Sea and the Gulf of Aqaba. Jordan and Israel conducted (3/30) a one-day naval exercise in the Gulf of Aqaba to simulate containment of an oil spill and environmental cleanup. It was their first joint naval maneuver.

On 5/13, Jordan lodged an official complaint with Israel regarding Red Sea pollution from Israel's sewage treatment plant in Elat. Jordan complained (4/3) that Israel was still holding 12 Jordanian detainees despite an agreement following the attempted Mishal assassination to release all detainees (see Peace Monitor in JPS 106).

On 3/21, Jordan and Israel held talks in Amman to discuss prospects for media coordination.

Lebanese-Israeli Track

Whether to distract attention from the U.S. FRD proposal or to increase pressure on Arafat to agree to an Israeli compromise, Netanyahu revived (3/1) and actively began to lobby for an IDF withdrawal from south Lebanon. While Netanyahu for the first time based his proposal on UN Res. 425—which calls for Israel's unconditional withdrawal from the occupied zone—he also demanded security assurances from Lebanon. Lebanon rejected (3/1) the proposal on grounds of the contradiction. The UN called on Israel to withdraw (3/20) and welcomed its intention to implement Res. 425 (3/25) but would not comment on Israel's additional demands.

Also on 3/1, Netanyahu sent Cabinet Secy. Dani Nave and adviser Uzi Arad to Europe to encourage EU members to support the plan in talks with Lebanon, Syria, and the U.S. He followed up with his own tour of Spain, Germany, Norway, and the UK (3/5-8), while DM Yitzhak Mordechai was sent to France and the Netherlands (3/5-8) to shop the proposal. Despite the flurry of high-level visits, the Europeans remained skeptical.

On 3/6, Russia rejected Israel's request to support the idea with Syria. Instead, FM Yevgeny Primakov wrote (3/7) Syrian FM Faruq al-Shara' declaring that the Lebanese and Syrian tracks cannot be separated and that Israel should withdraw simultaneously from south Lebanon and the Golan Heights. On 3/18, Primakov said that the expressed intent to implement Res. 425 was "a step in the right direction."

On 3/16, the Knesset Foreign Affairs Comm. debated proposals for a withdrawal, including scenarios for a unilateral pullout, an agreement with Lebanon only, and an agreement with Lebanon and Syria. The Labor and Meretz parties accused (3/16) Netanyahu of "floating futile initiatives and deluding the people" with his proposals. IDF intelligence stated its assessment (3/20) that an agreement on south Lebanon could not be reached without an Israeli commitment to pull out of the Golan Heights.

On 4/1, the Israeli inner cabinet formally accepted Res. 425, as long as Lebanon provides security guarantees, including disarming Hizbullah and guaranteeing the safety of South Lebanon Army members. Lebanese PM Rafiq Hariri responded (4/3) that Lebanon will not act as Israel's border police while the two countries are still formally at war, thereby rejecting the "security before peace" formula contained in Israel's definition of Res. 425.

With actual debates on withdrawal taking place in the Knesset and Israeli cabinet, Lebanon and Syria began a concerted effort to stress Res. 425's requirement of unconditional withdrawal. While DM Mordechai lobbied U.S. special envoy Ross (3/25) and Secy. Albright (3/28) to support the Israeli proposal, Lebanese officials met with the leaders of Austria (3/26), France (4/14), Iran (3/30), It-
ally (3/31), the UAE (4/2), and the Vatican. Syrian leaders also discussed the issue with French and Iranian officials.

Following high-level Lebanese-Syrian summits in Damascus (4/6) and Latakia (4/13), Lebanon’s PM Hariri and FM Faris Buwayz met with Syria’s VP ‘Abd al-Halim Khaddam and FM Shara’ in Damascus (4/16) and drafted a joint position paper on how best to counter Israeli efforts to gain international acceptance of its conditional withdrawal proposal. The paper, the text of which was not released, stressed three beliefs: (1) that the Israeli proposal conflicts with requirements of UN Res. 425; (2) that Syria is not a party to Res. 425, hence the status of its troops in Lebanon is an independent issue; and (3) that since Lebanon is a party to the Madrid Conference, it cannot enter into an implementation of Res. 425 at the expense of a just and comprehensive regional peace.

This position was argued by Lebanon’s PM Hariri, Speaker Nabih Birri, and FM Buwayz in meetings in Egypt (4/21), Italy (5/8), Kuwait (4/22), and the Vatican (5/9). In Beirut, they also met with the heads of mission from Australia, Canada, Iran, Italy, Qatar, and the Asian states (4/25), as well as the EU (4/30), China (5/5), Nigeria (5/11), and Russia (5/13). Syrian officials met with the leaders of Egypt (4/24) and Iran (4/25–26). Foreign representatives expressed overwhelming support for Lebanon’s position.

By 4/1, Israel had turned its attention to the Palestinian track, although Netanyahu, in his meeting with UN Secy. Gen. Annan in New York 5/14, restated the intention to withdraw from south Lebanon without reference to a time frame. With no apparent provocation, on 5/13 the Israeli air force staged the deadliest attack on south Lebanon in more than two years, launching a rare night raid on the training camps of Fatah-Uprising and the Popular Front for the Liberation of Palestine-General Command near Ta’ayil, killing ten Palestinians and wounding 26.

**Syrian-Israeli Track**

There was no activity on the Syrian-Israeli track this quarter apart from the diplomatic interventions related to the Lebanese-Israeli track. In early 4/98, Israel protested to the UN that Syria was building military fortifications inside the Golan buffer zone in violation of the cease-fire agreement. Syria claimed that the structures served agricultural purposes. The UN said it would send a team to inspect the sites.

**MULTILATERAL TALKS**

The only multilateral meeting this quarter was that of the Coordination Comm. of the Refugee Working Group (RWG) 4/19–21 in Canada—its first session since 11/96 and the first multilateral meeting since the RWG last met in 12/97. The heads of delegation from Israel, Egypt, Jordan, and the PLO and representatives of the project “shepherds” Canada, the EU, France, Italy, Japan, Norway, Russia, Sweden, and the U.S. attended. Norway reported progress on the development of data bases containing refugee statistics. France reported that since the last meeting of the family reunification subcomm. in 5/97, Israel had resumed processing West Bank applications for family reunification, reduced application processing fees, and allowed humanitarian reunifications in addition to the established quotas. Teams on job creation and human resource development, health, and child welfare reported expanding services.

**REGIONAL AFFAIRS**

**Refugees**

Britain hosted a refugee conference sponsored by France and the EU in London 3/22–23. Representatives from the PA, Israel, the refugee host states (Egypt, Jordan, Lebanon, Syria), the EU, key refugee donor countries (Canada, Japan, Norway, the U.S.), the UNRWA, and various nongovernmental organizations (NGOs) attended. In addition to discussing refugee needs, the conference was meant to bring Israel and the PA together in an informal setting in hopes of stimulating the peace process. At the close of the session, participants announced the formation of a European Task Force on Refugees to provide a forum for EU intervention.

The Jiddah-based Islamic Development Bank gave 3/9 Jordan a $43.5-m. grant, part of which has been earmarked for improving the kingdom’s 13 Palestinian refugee camps. Germany gave Jordan an $11-m. grant to improve living conditions in poor areas, including the camps.

**Relations with Israel**

The chill in normalization continued this quarter, with few contacts between Israel and the Arab states. Egypt’s Pres. Mubarak met with Israeli PM Netanyahu in Cairo 4/28 for the first time since 5/27/97 to discuss the FRD
issue, with Mubarak pressing Netanyahu to accept the U.S. 13.1% FRD proposal. In late 4/98, Egypt warned that it would revise its relationship with Israel if the impasse in the peace process is not broken by 6/98. On 5/15, 800 Egyptians held a rally at al-Azhar Mosque in Cairo to mark the 50th anniversary of Palestinians’ dispossession and to protest Israeli policies toward the peace process.

On a bilateral level, Israel accused Egypt (4/7) of denying repeated requests for a meeting between the Egyptian trade minister and the Israeli ambassador, rejecting visa requests by Israeli businessmen, harassing Egyptians who do business with Israelis, and pressuring Turkey to refuse to host the next Middle East/North Africa economic summit. On 4/10, Egypt suspended negotiations with Israel on natural gas exports, claiming Israel was not serious about reaching an agreement.

In 3/98, King Hassan of Morocco refused an Israeli request to receive Netanyahu in Rabat and informed the Israeli representative that he would no longer receive messages from the PM. Morocco also refused (3/22) to grant Israeli athletes entry permits to participate in the World Cross Country Championships, forcing them to return home.

Qatar was considering (3/17, 4/13) shutting Israel’s trade mission in Doha because of the virtual halt to the peace process.

**Inter-Arab Highlights**

Arab coordination on the peace process this quarter was relatively active. High-level briefings and strategy sessions were held between the PA and Jordan (3/9, 3/20, 3/27, 3/29, 4/5, 4/24, 5/7, 5/12), the PA and Egypt (2/25, 3/14, 3/24, 4/1, 4/5, 4/22, 5/7), Jordan and Egypt (3/6, 4/10, 5/15), and Egypt and Syria (2/18, 4/15) and in the Arab League (3/24). Arafat also made stops (5/6–7) in Morocco, Algeria, and Tunisia on his way back from London to brief leaders on the 5/4–5 talks. At the Arab League session, FMs considered convening an Arab summit to show a united stand toward Israel.

With the State Department’s announcement (3/30) that Ross’s mission had failed to close any gaps between Israel and the PA (see above), the FMs of Egypt, Syria, and Saudi Arabia held a surprise low-profile meeting in Riyadh (3/30–31) to seriously discuss holding a summit. Syria reportedly wanted to confine participation to Egypt, Syria, and Saudi Arabia, rejecting the participation of the PLO and Jordan, seen as too concessionary toward Israel. Egypt wanted to expand participation to include the PLO, Jordan, Lebanon, and Morocco, with the idea that a minisummit could pave the way for a pan-Arab summit, possibly including Iraq.

On 3/31, Lebanese PM Hariri arrived unexpectedly in Riyadh to meet with Syrian FM Shara’.

Mubarak briefed Arafat (4/1) and King Hussein (4/10) on the Riyadh meetings. King Hussein reportedly was particularly angry at the “Syrian veto” of Jordan’s participation. On 4/4, Egypt discounted the possibility of a minisummit in the near future, hoping instead that Ross’s failed mission would spur the U.S. to publicly present its FRD proposal. On 4/15, Mubarak and Asad ruled out a seven-member summit altogether, citing the need to “avoid sensitivities” and deciding that the only alternative to another Egyptian-Syrian-Saudi meeting would be a full Arab summit. With the prospect that the U.S. was hardening its policy toward Israel with Al-bright’s call for a Washington meeting on 5/11, discussion of any Arab summit was put on hold.

The 4/28–29 Egyptian-Palestinian Higher Comm. meeting in Gaza resulted in several agreements to strengthen economic and trade cooperation. The meeting also marked the first time that an Arab foreign minister, Egypt’s Amr Musa, stayed in Gaza overnight.

The Jordanian-PA Technical Comm. on Public Works signed an agreement (5/9) under which Jordan will provide the PA with road maintenance plans and engineering designs for schools, health centers, and government buildings.

**Regional Economic Affairs**

In keeping with the Arab free trade agreement that went into effect 1/1 (see Peace Monitor in JPS 107), Egypt and Lebanon agreed (4/21) to set up a free trade zone. Jordan and Tunisia also signed agreements (4/21) creating a free trade zone, unifying standards and specifications, and outlining rules pertaining to the origin of goods.

Jordan and Turkey held talks (2/28) on expanding trade and economic ties. The meeting was preceded by two days of talks on bilateral relations.

**International**

**United States**

The U.S. desire to see Israeli movement on the FRD issue escalated tensions in U.S.-Israeli relations this quarter, resulting in great
pressure on the administration from—and unusually overt strategizing among—Israel, the American Jewish lobby, and Congress. Immediately after the Iraq crisis dissipated, Netanyahu initiated a campaign to pressure the U.S. not to publicly release or push Israel to accept its FRD plan. To this end, he sent media adviser Bar-Ilan to meet with Jewish-American leaders, representatives of the Christian Right, and allies in Congress (2/28); ordered his amb. to the UN, Dore Gold, to head to Washington with a senior American Israel Public Affairs Committee (AIPAC) official to meet with Republican members of Congress (3/2); hosted a delegation of the Conference of Presidents of Major American Jewish Organizations (CPMAJO; 3/2); enlisted World Likud Chmn. Zalman Shoval to start an “information campaign” targeting U.S. public opinion; sent Trade M Sharansky and adviser Arad to Washington to meet with VP Gore and Asst. Secy. Indyk, respectively (3/18); sent Finance M Yaakov Neeman to New York to meet with American Jewish leaders; and dispatched Communications M Limor Livnat to meet with congressmen (3/24).

In addition to Amb. Gold’s mission to Washington with a senior AIPAC official, senior Israeli officials met with AIPAC leaders (3/29) to discuss progress of an AIPAC drafted letter to Pres. Clinton criticizing his pressure on Israel, sponsored by Sens. Joseph Lieberman (D-CT) and Connie Mack (RI-FL). The number of signatures on the letter jumped from around 40, where it had leveled off before the meeting, to 81 by the time it was sent to Clinton five days after the meeting on 4/3 (see Doc. C2). On 5/6, 221 of 435 House members sent Clinton a similar letter urging him to change course (see Doc. C6). Clinton and Albright received two letters (drafted in response to the 4/3 letter) that praised their Middle East policy—one signed by six senators (4/2; see Doc. C1), the other by 33 representatives (4/6; see Doc. C3). The PA sent letters (4/10) to the 81 signers of the Lieberman-Mack letter, urging them to back Clinton’s stand.

The Israeli daily Ha’Aretz reported (4/27) that during this stage, Netanyahu sent two letters to CIA Dir. George Tenet to be transmitted to Pres. Clinton. Since both letters addressed purely diplomatic issues, Tenet consulted with the State Department, which concluded that Netanyahu was attempting to bypass Secy. Albright to get to Clinton and instructed Tenet to return the letters to Netanyahu for forwarding through proper channels. The CIA refused to comment on the report, but the State Department confirmed it 5/18.

Immediately after Albright made her 5/5 call in London for a Washington summit 5/11, CPMAJO demanded (5/5) a conference call with her. During the 3.5 hour accounting (5/6), CPMAJO censured Albright for issuing an “ultimatum” to Israel, “micromanaging” the peace process, and breaking fnr. Secy. of State Christopher’s pledge to let Israel alone decide the FRDs (see above).

To add to tensions, Hillary Clinton stated in an interview (5/6) that the creation of an independent Palestinian state would hasten peace in the Middle East (see Doc. C8). The White House emphasized (5/6) that the remarks reflected personal opinion, not policy. Then on 5/7, Pres. Clinton gave the first speech to an American Arab organization (the Arab American Institute) by a sitting U.S. president. The audience was enthusiastic about Clinton’s participation, although his speech said little about the peace process.

At the urging of Israel’s Amb. to the UN Gold, CPMAJO voted (5/7) on whether to issue a public criticism of the Clinton administration. The media reported (5/8) that the vote failed by a wide margin due to sharp divisions among member groups. CPMAJO denounced (5/8) the reports, claiming it was “virtually united” against pressure on Israel, and convened (5/11) a second emergency session in which members voted 27-3 to ask for a meeting with Clinton and to draft a letter objecting to what it termed the “undermining” of U.S. pledges to Israel and asking Pres. Clinton to denounce the first lady’s 5/6 statements. As of 5/15 the letter had not been finalized.

Despite tensions over the FRD issue, U.S.-Israel relations in other fields remained unblemished. VP Gore, whose term is set to expire in 2000, was the only foreign leader to attend Israel’s official celebrations in Jerusalem 4/29-30, where he gave a laudatory address, straying from his prepared speech to address the audience in Hebrew and praise the special U.S.-Israel relationship (see Doc. C5), and applauded Netanyahu’s statement that Jerusalem “must never be divided.” Pres. Clinton hosted a White House ceremony (4/27) celebrating Israel’s 50th anniversary.

U.S. Secy. of Defense William Cohen’s 4/98 tour of the region included stops in the Gulf, Turkey (4/17), Jordan (4/18), Egypt (4/19), and Israel (4/20). In Israel, DM
Mordechai presented Cohen with a 10-year, $20-30-b. plan for modernizing the Israeli armed forces after 2005. Cohen promised that the U.S. would consider financing the plan and announced approval of U.S. funding to build a third battery of Israel's experimental Arrow antiballistic missile system. Congress is already in the process of approving $45 m. in Arrow research and development costs for 1998. Finance M Neeman was on Capitol Hill (5/5–6) to follow up on his 1/28 talks with Congress on reducing economic aid and increasing military aid to Israel (see Peace Monitor in JPS 107).

During the Iraq crisis, the U.S. sent (2/19) Israeli dozens of Patriot missiles as part of a "emergency aid" package. The missiles were a gift, rather than a loan as they were during the 1991 Gulf conflict.

In 5/98, the U.S. agreed to exempt Israeli imports arriving via ports from customs duties. The only other countries to enjoy exemption are Canada and Mexico, within the NAFTA framework.

**Russia**

Russia discussed (2/22–24) with Israel expanding bilateral cooperation. Israeli officials met (2/24) with Russia's leading gas producer Gazprom to discuss constructing a pipeline to bring Russian gas to Israel via Turkey.

Syria and Russia held (2/20–23) talks on trade, technical, and scientific cooperation. At the conclusion of the meetings, the two countries signed a cooperation accord on nonmilitary nuclear power, tourism, and economic measures. This was followed (2/25–26) by talks on expanding bilateral relations.

During talks with the PA on education cooperation (4/20), Russia said that it would offer 100 scholarships in various fields to Palestinian students.

Russia convicted (3/22) two military intelligence officers of selling some 200 classified satellite photos of Arab countries to a Mossad agent.

**European Union**

On 3/6, British FM Robin Cook, the current head of the EU troika, outlined six steps that the EU believes Israel and the PA must take to restore confidence, trust, and a sense of progress in the peace process: (1) both parties must restate their unequivocal commitment to honor existing agreements; (2) Israel must make substantial and credible FRDs; (3) the PA must make a 100% effort on security and create an effective mechanism for security monitoring; (4) Israel must halt settlement expansion; (5) Israel must open the Gaza airport, the Qarni industrial estate, and the southern safe passage and allow work on the Gaza port to begin; and (6) Israel and the PA must resume final status talks as soon as there is progress on the ground. At their informal meeting in Edinburgh (3/13–14), the EU foreign ministers endorsed these points.

Cook toured the region (3/16–18), stopping in Egypt (3/16), Jordan (3/16), Israel (3/17), the PA areas (3/17), Syria (3/18), and Lebanon (3/18). During his trip to Israel, Cook visited the controversial Har Homa settlement construction site with PA council member Salah Ta'amari. Although Cook was only accompanied by Ta'amari and was briefed at the site by Israeli cabinet secy.

Nave, Netanyahu claimed that Cook broke a promise to tour the site with an Israeli delegation, cutting his meeting with Cook short and canceling a dinner in his honor as a protest. British officials termed the incident a "fantastic overreaction" (3/17), and the EU formally endorsed Cook's handling of the incident (3/30).

**United Nations**

The UN General Assembly resumed (3/17) its emergency session (last held 11/13/97) on Israel's construction at Har Homa and issued a new condemnation (120–3, with 5 abstentions) of Israel's failure to stop building at the site. The U.S., Israel, and Micronesia voted against; Australia, Bulgaria, the Marshall Islands, Romania, and Swaziland abstained.

Israel failed to comply with the UN Comm. Against Torture's order to submit by 5/1 a written response to the comm.'s claim that Shin Bet employs torture on Palestinians and that use of torture is on the increase. On 5/15 during its annual session, the comm. expressed concern over Israel's continued use of torture but also noted positive developments such as the creation of a comm. for oversight of police violence, creation of a public defender's office, and ministerial review of several security services' interrogation practices. The Israeli delegation responded (5/15, 5/18) by admitting to hooding, shackling, sleep-depriving, shaking, etc. but claimed that such "physical pressure" is "not severe" and hence does not violate UN conventions. The comm. reiterated its stand that use of such methods should cease immediately.
Reacting to IDF-Palestinian clashes throughout the occupied territories on 5/14, UN High Commissioner for Refugees Mary Robinson called on Israel (5/15) to respect the Palestinians' right of peaceful assembly and to avoid excessive use of military force. UN Secy. Gen. Annan toured the Middle East 3/18–25, stopping in Jordan (3/18), Egypt (3/19), Lebanon (3/20–21), Syria (3/22), Gaza (3/23), and Israel (3/24), with a day in East Jerusalem (3/25). During the trip, Annan toured two Palestinian refugee camps in Jordan and visited the UN Disengagement Observer Force in the Golan. In Jerusalem, Annan met with Orient House head Faisal Husseini but did not go to Orient House itself so as to blunt Israeli criticism of his meeting with Husseini.

**Iran**

Iran was very active this quarter in expanding bilateral relations with the Arab states. It held talks with Jordan on improving bilateral tourism (2/25), allowing academic and collegiate exchanges (3/10), and upgrading cooperation on culture and information (3/19, 3/23, 4/15); with Syria on upgrading cultural relations and exchanges (3/14); with Saudi Arabia (4/4) and Kuwait (4/27) on expanding bilateral ties (4/4); and with Oman on expanding diplomatic relations and trade. Egypt requested an exchange of ambassadors (4/3), and Iran called on Egypt to improve bilateral ties (5/4). Iran and Iraq implemented a POW exchange (4/2–6), freeing a total of 5,584 Iraqi and 332 Iranian POWs, including high-ranking generals, taken during the 1980–88 war. Talks on freeing the remaining POWs and the fate of MIAs were held 4/20, and a joint operation to find soldiers' remains began 5/11. Iran also said (4/4) that it would allow its citizens to travel to Shi'i holy sites in Najaf and Karbala. (On 9/4/97, Iraq lifted the 17-year-old ban preventing Iranian pilgrims from visiting Iraq, but Iran had refused to let them make the trip.)

On 2/23, the EU announced it would resume visits to Iran by cabinet-level officials, saying that the U.S. policy of isolating Iran is counterproductive. Days later, on 2/25, the State Department began encouraging Americans to visit Iran and promised to ease visa restrictions on Iranians visiting the U.S. The travel warning on Iran was eased 4/2. In 3/98, USAID started a program to fund visits to Iran by U.S. academics, journalists, and artists; Clinton sent Iranian New Year's greetings to the Iranian people; and the State Department allowed an Iranian diplomat at the UN to give a speech outside the New York area and held midlevel talks in New York on increasing academic and cultural exchanges. Several representatives of U.S. intelligence organizations (including the CIA) issued a statement (5/4) contradicting a State Department report (5/1) that Iran continues to support "terrorism." The statement asserted that Pres. Mohammed Khatami is sincerely lobbying for an end to government supported "terrorism," which continues only because he has not consolidated his control over relevant security and intelligence services.

**Turkey**

Uri Bar-Ner presented his credentials (5/8) as Israel’s amb. to Turkey, a post left vacant for eight months. He said Israel hopes to increase bilateral trade from $650 m. last year to $2 b. this year. Bar-Ner hosted a reception at the embassy (5/11) to mark Israel’s 50th anniversary. Turkish PM Mesut Yilmaz and Dep. Chief of Staff Gen. Çevik Bir attended.

In meetings in Ankara 3/24, Turkey and Israel signed a trade protocol; agreed that joint initiatives should focus on the GAP project, agriculture, health, electronics, telecommunications, and energy; and discussed constructing a pipeline from Turkey to Israel to transport Russian gas (see above).

In 3/98, Turkey and Israel signed an agreement to study whether Turkey needs a missile defense system. The two countries would consider a joint project (based on Israeli technology from the Israeli-U.S. Arrow missile program) to build a missile defense system if the study concludes that one is required. The U.S. expressed reservations.

Several Turkish F-16s took part in a training mission in Israel (4/21–25) as part of the 1996 Turkish-Israeli military cooperation agreement. It was the first time that Turkish planes used Israeli airspace. During the Iraq crisis, Turkey said (2/19) that if Iraq attacked Israel, Turkey would consider an Israeli request to use Turkish airspace to retaliate.

Israeli combat planes violated (4/8) Cyprus’s airspace. Cyprus lodge a formal complaint (4/8), accusing Israel of taking aerial photos for Turkish intelligence. Israel officially apologized (4/10) but denied it was spying.

**DONORS**

The Joint Liaison Comm. (JLC), which met in al-Ram 5/8, and Ad Hoc Liaison Comm. (AHLC), which convened in Oslo 5/13, re-
acted favorably to the PA’s implementation to date of the Palestine Development Program (PDP; see Peace Monitor in JPS 107) and discussed ways in which the donors could aid in preparing the next three-year plan covering 1999–2001. A Donor Contact Group consisting of some key donors, the World Bank, IMF, and the UN Special Coordinator’s Office was set up to meet with the PA Planning Min. to discuss PDP preparation and possible technical assistance. Donors agreed to review their coordination structures and guiding strategies to make sure they reflect the evolving capacity of the PA. Participants also discussed the economic situation in the PA areas and support for private sector development.

In late 3/98, Palestinian NGOs began submitting bids for funding from the World Bank’s new $15-m. NGO Trust Fund administered by the Geneva-based Palestinian Welfare Association. The fund came about in part because the World Bank thought that its technical assistance approach relied too heavily on foreign consultants and wanted to enhance Palestinians’ ability to help themselves “by building their own capacity to design and implement their own development.” The program is also attractive to donors because it shifts aid to projects that typically have lower overhead costs than those run by government or foreign-based agencies.

The EU, UN, and World Bank sponsored a meeting in Brussels 5/11–12 to discuss fundraising for the PA’s Bethlehem 2000 project, which envisions wide-scale development (from infrastructure building to development of private sector businesses) in Bethlehem in preparation for a series of cultural and religious events celebrating 2000 years of the city’s history, to be held from 12/99 to Easter 2001. The long-term goal is to make Bethlehem a tourist haven for a future Palestinian state. To this end, the PA asked for $327 m. in donations: $114 m. for events and events management; $109 m. for infrastructure; $51 m. for public services; $32 m. for cultural heritage; and $21 m. for tourism development. An additional $85 m. should come from the private sector. To date donors have pledged $51 m.

In Gaza 4/14–15, representatives from the PA Finance Min., World Bank, Palestinian Economic Council for Development and Reconstruction, USAID, Deutsche Ausgleichsbank, and the Palestinian Development Fund held meetings on donor assistance to the Palestinian private sector and briefed the Palestinian business community on various loan and credit initiatives to stimulate the private sector.

As of 4/29, the anticipated PA budget deficit for 1998 was $37 m. The PA could cover $36 m. of this deficit by reallocating funds currently set aside for the development budget or request additional donor aid, but experts believe the PA is more likely to try to cover the shortfall by increasing revenues in the FY 1999 budget. For over a year, donors have been weaning the PA from using donor assistance to cover budget overruns.

Compiled by Michele L. Kjorlien