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

BILATERALS

PALESTINIAN-ISRAELI TRACK

At the beginning of the quarter, Palestinians were still under general closure from the 7/30 suicide bombings in Jerusalem; Bethlehem was under “internal closure,” preventing anyone from entering or leaving the city. Israel was withholding tax money owed the Palestinian Authority (PA) and limiting the movement of goods into and out of the territories, saying it would ease sanctions commensurate with a PA crackdown on Hamas and Islamic Jihad. Daily clashes between the IDF and Bethlehem Palestinians occurred from 8/23 until the internal closure was lifted 8/27. The IDF continued to demolish Palestinian homes: near Bethlehem (8/25, 10/14), in and near East Jerusalem (8/24-26, 8/29, 9/28), near Hebron (8/18), in Hula (9/11), in the Jordan Valley (8/28), and near Nablus (8/26). Arafat’s attempt to contain domestic discontent by holding a national dialogue meeting involving Hamas and Islamic Jihad figures (8/20-21) was condemned by Israel (8/20) as a further violation of Oslo.

General and internal closures were reimposed after a second series of suicide bombings in Jerusalem 9/4, which killed 5 Israelis and wounded 191. On 9/6, Netanyahu stated that the bombings constituted a PA violation of Oslo, therefore Israel was no longer bound to honor the accords. The next day, Arafat, Jordan’s King Hussein, and Egypt’s Pres. Husni Mubarak, meeting in Cairo, denounced the bombings and called on Israel to implement the Oslo II agreements. Israel began allowing humanitarian supplies into the territories by 9/8. The first Palestinian workers were allowed into Israel 9/16. Their numbers slowly increased until the closure was lifted 11/12.

Despite the 9/4 suicide bombings, U.S. Secy. of State Madeleine Albright went ahead with her planned trip to the region 9/10-15 but did not bring any new U.S. initiatives. In her meetings with Israeli pres. Ezer Weizman (9/10), Netanyahu (9/10, 9/11), and Arafat (9/11), Albright urged the PA to make greater efforts in security, to crack down on Hamas, and to consider accelerated final status talks, while calling on Israel to implement interim agreements, ease the closure, transfer money owed the PA, and take a “time-out” from “unilateral actions” undermining confidence. In her 9/11 meeting with Netanyahu, she specifically called on Israel to take a “time-out” from settlement expansion, land confiscation, house demolitions, and confiscation of Palestinian IDs. Before leaving the region, she scheduled follow-up meetings in the U.S. for 9/28-29 and 10/13 in the hope that maintaining momentum would encourage Israel and the Arab states to come together at the Doha economic summit (see below).

Based on Albright’s appeals, Israel released $35 m. in tax money owed the PA (9/15; another $17 m. was released 9/28, and $57 m. on 10/14, leaving some $33 m. embargoed as of 11/7) and lifted the internal closure (9/15) but ignored calls to stop unilateral actions. On 9/13, the day after Albright left Israel, Israel’s urban planning commission approved construction of Jewish housing in the East Jerusalem Palestinian neighborhood of Ras al-Amud; and on 9/24, Netanyahu approved plans to expand the West Bank settlement of Efrat by 300 housing units. Albright termed (9/25) the Efrat decision “not at all helpful” and called on Israel to honor the “time-out” on settlement construction. Netanyahu expressed surprise (9/26) at U.S. criticism and stated that he would continue expanding settlements.

The 9/28-29 talks between Israeli FM David Levy and Arafat adviser Mahmoud Abbas, held on the sidelines of the UN General Assembly session in New York, led to the resumption of Oslo II implementation subcommittee talks 10/7 and to an Arafat-Netanyahu meeting 10/8 (their first since 2/9) at which Netanyahu failed to convince Arafat to forgo further redeployments (FRDs) or to begin accelerated final status talks. Israel, the PA, and the U.S. agreed that the higher level meeting scheduled for 10/13 in Washington (between expanded teams led by Levy and Abbas)
would discuss FRDs and security, explore ways of advancing the peace process "beyond interim measures," and define the "time-out" on unilateral acts that undermine trust, which Albright first called for in her 9/11 speech (see Doc. D1).

The 10/13 talks were delayed twice (to 10/27 and then to 11/3) because FM Levy refused to leave until Netanyahu gave him a clear mandate. The Israeli inner cabinet met 10/29 to try to formulate a unified negotiating position for Levy to take to Washington. In the end, he was given the authority to discuss all issues on the agenda but not to compromise. The inner cabinet rejected any FRD, settlement freeze, or slowdown in construction, suggesting that only Rafah airport, Gaza port, safe passage, and industrial parks be discussed. The PA accused Israel (10/29, 11/1) of trying to change the agenda for the talks to a "limited discussion of technical points" on outstanding Oslo II issues, saying it would only send negotiators to discuss FRDs and definition of Albright’s "time-out."

Talks finally got underway in Washington 11/3, but because the PA’s three-man team wanted to focus on FRDs while Israel’s four-man team wanted to discuss Oslo II issues, the opening talks accomplished nothing. Under heavy pressure from the U.S., which wanted Oslo II issues to be finished and then for accelerated final status talks to begin later in the week, the PA sent three technical experts to Washington 11/5. Talks, which were attended by U.S. special envoy Dennis Ross, closed 11/6, with the sides making some headway on technical issues but remaining deadlocked on FRDs and settlements.

Prior to each major meeting with the PA, Israel released a list of demands, conditions, or "codes of conduct" that it felt the PA should meet before serious negotiations could continue. The lists, devoid of Palestinian input, soured the negotiating environment: On 9/10, the eve of Albright’s regional tour, Israel listed 10 demands the PA must meet in order to fight "terror": (1) full and unconditional security cooperation, (2) deterrence and punishment of "terror," (3) dismissal of "terrorist elements" from the PA police, (4) fulfillment of Hebron security commitments, (5) confiscation of illegal weapons, (6) cessation of incitement of violence, (7) limitations on type and quality of police weapons, (8) reduction of the PA police force by 11,000 men, (9) extradition of wanted "terrorist" to Israel, (10) dismantling "terror groups" infrastructure. Prior to the first follow-up meeting 9/28, Israeli cabinet secy. Dani Nave presented (9/23) U.S. special envoy Ross with a five-point proposal for the resumption of negotiations with the PA: (1) first and second FRDs were to be postponed until "mid-1998," when both would take place together; (2) Israel would continue settlement expansion but "no substantial change in the scope of construction will be evident"; (3) accelerated final status talks would begin 11/1/97 and would result in a new declaration of principles by 5/1/98, after which talks on the specific issues would begin; (4) the eight joint subcommittees dealing with implementation of outstanding Oslo II issues would meet while final status talks are taking place; (5) PA would give its full cooperation in fighting "terrorism" and dismantling the "terrorist infrastructure." On the eve of the second follow-up meeting 11/3, Israeli amb. to the UN Dore Gold presented (10/16) a "code of conduct" that Israel felt the PA should adopt in order to resume negotiations: rejection of violence as a means to achieve political ends; handling disputes directly with Israel rather than discussing them on "the international stage"; replacing "the call to violence with the language of reconciliation"; maintaining permanent channels of communication, even during crises; advancing and encouraging normalization.

Labor Chmn. Ehud Barak offered (9/3) a similar four-point plan, calling for (1) a U.S.-Israeli agreement on steps that the PA must implement to "eradicate" Hamas and Islamic Jihad; (2) a U.S.-Israeli agreement on the scope of the second FRD from the West Bank; (3) a construction freeze at Har Homa until 1/98; and (4) a U.S.-Israeli agreement on the timetable for the start of final status talks.

Following the end of Israeli-PA talks on 11/6, Albright announced that she would hold separate follow-up meetings with Netanyahu and Arafat in Europe on her way to the 11/16–18 Doha economic summit (see below). The PA’s negative assessment of the 11/3–6 talks in briefings with Egypt (11/7, 11/11) was the final factor in Pres. Husni Mubarak decision (11/11) to boycott the summit, ensuring its failure.

Despite Doha’s disintegration, Albright met with Netanyahu in London 11/14 and Arafat in Bern 11/15. She encouraged both to do more to build confidence, close gaps in negotiating positions, and move the process forward and again stressed the need for se-

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curity, FRDs, a “time-out” on unilateral actions, and finding ways of accelerating final status negotiations.

Further Redeployment
The PA, and indeed most of the international community, expected Israel’s second FRD from the West Bank to be completed by 9/7, six months after the first FRD, as required by Oslo II. However, on 8/30, Israel announced that it was not obliged to carry out the second FRD until 11/97—midway between 3/97 and the 8/98 deadline for completion of the FRDs cited in U.S. special envoy Dennis Ross’s letter of clarification on the Hebron protocol (see Special Doc. G in JPS 103). Israel warned that even the timetable set out in Ross’s letter might be “complicated” by the lack of confidence between Israel and the PA. Following the 9/4 suicide bombing, the Israeli cabinet froze (9/5) FRDs.

Oslo II Implementation
As a result of PA-Israeli talks in New York 9/28–29, the sides agreed (9/29) to resume meetings of the eight subcommittees set up to discuss implementation of outstanding Oslo II issues, but cautioned against over-optimism. (Israel and the PA had planned to resume subcommittee talks at the end of 7/97, but talks were canceled after the 7/30 suicide bombings; see Peace Monitor in JPS 105.) Subcommittee meetings began 10/7, were interrupted during the 11/3–6 talks, and resumed 11/9. They included civilian affairs (10/8), economics (10/9, 10/12), Gaza port (10/9, 9/13), international crossings (10/8), legal affairs (10/9), prisoner release (10/9), Rafah airport (10/8, 10/20, 10/21), and security (10/7, 10/29). Starting in mid-10/97, the PA-Israeli Joint Steering Committee met roughly every 10 days to review the subcommittees’ work.

Despite the numerous meetings, only limited progress was made. Israel and the PA discussed (9/11) expanding quotas of goods for import/export as listed in the 4/29/94 Paris Economic Protocol and turning over to the PA some civilian powers at crossing points and some customs related duties, but Israel turned down a request for construction of Palestinian customs warehouses at Israeli ports and airports for storing goods for Palestinian merchants pending customs inspection. Israel agreed (10/20) to allow the PA to issue IDs to West Bank and Gaza Palestinians but retained the right to control the population register and required the PA to turn over all details of the IDs to the IDF for “monitoring purposes.”

The most progress was made on Rafah airport: On 8/18, Palestine Airlines opened a 10-story headquarters in Gaza. Israel released (9/11) equipment for the airport, which had been embargoed at Ashdod port for months. Israel and the PA agreed (10/20) that the walls surrounding the airport would be under PA control, but TV monitors on the walls would be connected to a joint Israeli-PA security office, and Israel security could be posted outside airport buildings provided a PA official is present. A setback occurred in mid-9/97, when Israel denied Arafat permission to land his helicopter at the airport, violating a 3/97 agreement granting his personal aircraft clearance. On 10/20, Israel agreed to give Arafat take-off and landing rights provided that Israeli security be in charge of checking his aircraft, which the PA refused.

Renovations to Hebron’s al-Shuhada Street, outlined in the Agreed Minute to the Hebron protocol (see Special Doc. B in JPS 103), were completed 10/1, six months later than planned because of numerous disruptions by Israeli settlers (e.g., 9/2). Settlers protested the partial reopening of the street to Palestinian traffic 10/29, defacing some of the newly painted buildings with spray-painted Stars of David.

As part of the deal with Jordan to secure the return of the Mossad agents involved in the attempted assassination on 9/25 of Jordanian Hamas leader Khalid Mishal (see below), Israel agreed to release some 50 Palestinian prisoners. Eleven prisoners were freed 10/6, 26 were freed 10/27, and 10 others were scheduled to be released the first week of 11/97.

The PA accused (9/1) Israel of impounding a power generator needed to pump water from two wells in Khan Yunis as part of a UN Development Program plan to rehabilitate the village’s water infrastructure. YESHA settlers’ council blocked (9/18) the PA from operating water drilling equipment in area C near Beit El settlement and protested the Israeli Civil Administration’s decision to allow PA drilling.

Final Status Talks
Israel continued to suggest that Oslo II implementation be bypassed in favor of accelerated final status talks, while the PA stuck to its demand that Oslo II provisions, especially FRDs, be implemented first. During Albright’s 9/10–12 meetings with Israel and the PA and during follow-up meetings in the U.S.
(9/28–29, 11/3–6), the U.S. favored melding the two approaches, suggesting that accelerated final status talks begin as soon as possible but take place at the same time as implementation of outstanding Oslo II agreements.

Security Arrangements

On 8/16, the PA arrested and convicted three Palestinian car thieves to long prison sentences. This, in combination with a “constructive” meeting (8/17) of the U.S.-PA-Israeli security panel (set up the week before; as a policy, no details of these trilateral meetings are made public), prompted Israel to release (8/18) 33% of the tax revenues ($12 m.) owed the PA.

Security relations improved slightly through the end of 8/97, with a meeting between Arafat and Shin Bet head Ami Ayalon (8/19), and the first joint Israeli-PA disaster drill since the 7/30 suicide bombings (8/27). On 8/19, Israel allowed 130 West Bank Palestinians, who had been trapped in Gaza since the 7/30 suicide bombings, to return to their homes. The IDF sealed (8/27) a Hamas-run mosque and charity office in Bani Na'im, in area B.

Following the 9/4 suicide bombings, Netanyahu canceled a meeting of the tripartite security panel and gave the PA a list of 10s of Palestinians he wanted arrested. On 8/17, the IDF for the first time began training regular and reserve units for “large-scale guerrilla warfare” in the West Bank and Gaza.

The PA began mass arrests of Hamas and Islamic Jihad members 9/4 and in Gaza sealed a Hamas newspaper (9/4) and an Islamic youth union (early 9/97). On 9/10, the PA atty. gen. said that arrests since 9/4 had been made without warrants and that the PA security forces were operating under the British Defense (Emergency) Regulations of 1945, which gave the authorities the power to use draconian measures to suppress demonstrations. (International bodies have condemned Israel for using the regulations to justify house demolitions, arbitrary arrests, and other practices that violate human rights conventions.)

On 9/9 and 9/10, Israel presented the PA with lists of new security demands to be met before the PA would be given control over any more land or any new “concessions.” Demands included full and unconditional security cooperation, crushing Islamists groups, deterrence and punishment of “terror,” cessation of “incitement,” reducing the PA police force by 11,000 men, dismissing “terrorist elements” from the PA police force, confiscating illegal weapons, imposing limitations on the type and quantity of police weapons, extraditing wanted Palestinians to Israel, and Israeli and U.S. monitoring of PA security operations to ensure compliance. On 9/12, the PA presented a plan for dismantling the Islamist infrastructure to the tripartite security panel, which expressed satisfaction at the PA’s initiative. The PA continued arresting Hamas members, shut a Hamas television station, and, on 9/25, sealed more than 20 Hamas-owned charities offering social, welfare, and education programs in Gaza.

Israeli elite paratroopers and undercover units arrested (9/21) nearly 100 Palestinians in an extensive sweep concentrated in the area of Assira (area B) in the West Bank. On 9/23, Netanyahu announced that four of the five 7/30 and 9/4 suicide bombers came from Assira. Between 9/20 and 9/26 alone, the IDF claimed to have arrested more than 500 Palestinians. The number Palestinian administrative detainees in Israel’s Megiddo prison doubled to 400 between late 7/97 and 9/25. Israel also requested (9/22) extradition of 36 Palestinians considered “terror suspects,” including PA police chief Brig. Gen. Ghazi Jabali (see Peace Monitor in JPS 105) and three PA policemen.

In late 10/97, PA Preventive Security Forces (PSF) head Col. Jibril Rajib briefed Congress and the CIA on PA actions taken against Hamas. Both Congress and the CIA expressed satisfaction.

The Shin Bet and PA began drafting (10/29) a list of 15,000–20,000 closure-exempt Palestinian workers who would be able to go their jobs in Israel even after a bombing. Shin Bet alone would draw up the criteria for the list.

Jerusalem

On 9/13, the day after Secy. Albright left Israel, Israel’s urban planning commission announced approval of plans by American Jewish developer Irving Moskowitz to build 70–130 housing units for Jews in the Palestinian neighborhood of Ras al-Amud in East Jerusalem. At the same time, settlers moved into two buildings (9/13, 9/15) under heavy police protection. Although Netanyahu condemned (9/13) the action, which he knew of two weeks in advance, he did not reverse it but instead implemented (9/18) a “compromise proposal,” replacing the settlers with 10 Yishuv students.

The Israeli daily Ma’ariv reported (8/22) that an unidentified “senior aide” in Israeli PM Benjamin Netanyahu’s office had discov-
ered a 1947 UN map of Jerusalem that includes Abu-Dis, Bethlehem, and Ramallah within the city limits. According to Ma’ariv, Netanyahu believes the map to show international precedent for the boundaries of Jerusalem to include a broad periphery.

Israel’s Mayor of Jerusalem Ehud Olmert declared (8/25) that the Oslo process must be “redefined” and therefore promised to build additional Jewish housing in disputed territories. As part of a government plan to “unify Jerusalem,” Israel opened (9/4) two new police stations in East Jerusalem.

Israeli Housing Min. presented (10/30) a draft plan aimed at increasing the Jewish presence in East Jerusalem by 25%. The plan, to be presented at an upcoming cabinet session, calls for construction of apartments for Jews (on the roofs of old buildings), two hotels, guest houses; opening new gate in the Old City wall; restoration of Western Wall plaza and “ancient Jewish” sites as tourist attractions; and construction of parking lot, new road, and lookout post. Property outlined for construction has either been bought or confiscated from Palestinians.

The IDF forcibly removed (8/19) a 15-member Jahalin bedouin family from their home near Azariyya in Jerusalem to facilitate expansion of Ma’ale Adumim settlement. On 9/28, the IDF demolished 53 buildings and a school belonging to the Jahalin families who have been removed since the transfers began 1/14.

Israel protested (10/14) that Waqf renovations in al-Aqsa Mosque were being made without approval of the Israeli Antiquities Dept.

A two-day “popular conference for the defense of Jerusalem” was held in Amman 8/20–21. Among the 2,000 participants were members of the Democratic Front for the Liberation of Palestine (DFLP), Hamas, the Popular Front for the Liberation of Palestine (PFLP), and the Popular Front for the Liberation of Palestine-General Command (PPLP-PC); organizers banned anyone with ties to Israel or the PA from attending.

Miscellaneous Matters

In response to Israeli sanctions imposed following the 7/30 suicide bombings, the PA began a selective boycott of Israeli goods 8/18. Israel called the move (8/16) an “appeasement of terrorism” and a violation of the 1994 Paris protocol, which commits Palestinians to free trade with Israel. On 10/7, Bayt Sahur merchants held a strike, claiming that the PA was selectively enforcing the boycott by allowing certain individuals with ties to the PA to sell Israeli goods.

In late 8/97, Tel Aviv Mayor Roni Milo approached Nablus Mayor Ghassan Shaka proposing a twin-city partnership and suggesting that the two communities cooperate in cultural exchanges and city planning.

On 9/5, 9/12, 9/19, IDF soldiers guarding al-Ibrahimi Mosque in Hebron banned Muslims from using loudspeakers for the evening call to Friday prayer, saying it would violate the Jewish Sabbath.

In late 9/97, the Israeli Electric Co. threatened to cut off electricity to Rafah, complaining that the municipality had not paid a $600,000 bill.

Norway and the PA signed (9/18) a $61 m. agreement for joint projects and projects through nongovernmental organizations. The Arab Loan Fund for Economic and Social Development in Kuwait granted (9/18) the PA a $32 m. loan for reconstruction of Salah Eddin Street in Jerusalem and for building schools and health clinics. Japan gave (mid-9/97) the PA $13 m. for improvements to hospitals.

Palestinian Authority

The Palestinian Council (PC) reconvened 9/16 after summer recess to open the second term of the second session. That day, members finished the second reading of the draft Basic Law (i.e., the constitution for the interim period); the first reading was held 8/15/95-10/96. By 11/7, the Basic Law, the Monetary Authority Law, the Income Tax Law, and the Civil Service Law had all passed their third and final readings and had been sent to Arafat for endorsement. The draft law on foreign ownership of land in Palestine, prompted by the controversy over land sales to Jews (see Peace Monitor in JPS 105), had passed a second reading and was awaiting Executive Authority (EA) input. The Judicial Independence Law, the Political Parties Law, and the Prisoners Law were scheduled for debate in the PC.

PC member Haidar ‘Abd al-Shaﬁ (Gaza City-NDC) resigned from the PC 10/2 to protest its marginalization by the EA. Arafat rejected his resignation 10/14, but ‘Abd al-Shaﬁ refused to rescind it.

Two Palestinian prisoners died in PA custody (10/14, 11/9), allegedly as a result of heart attacks. The PSF arrested (10/26) journalist Khalid al-Amayreh following the publication in an Israeli Arab newspaper of his report on PA torture of Hamas activists in recent months.
1. If you want to evaluate the status of democracy and human rights under the Palestinian Authority, you would say it is:

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<th>West Bank &amp; Gaza</th>
<th>West Bank</th>
<th>Gaza</th>
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<tbody>
<tr>
<td>a. Very good</td>
<td>8.6%</td>
<td>10.0%</td>
<td>6.3%</td>
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<td>b. Good</td>
<td>24.9%</td>
<td>25.4%</td>
<td>24.3%</td>
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<td>c. Fair</td>
<td>26.8%</td>
<td>27.3%</td>
<td>25.8%</td>
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<td>d. Bad</td>
<td>20.7%</td>
<td>18.8%</td>
<td>23.7%</td>
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<tr>
<td>e. Very bad</td>
<td>11.4%</td>
<td>8.6%</td>
<td>16.0%</td>
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<td>f. No opinion</td>
<td>7.6%</td>
<td>9.9%</td>
<td>3.9%</td>
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2. In your view, do we have a free press?

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<th>West Bank &amp; Gaza</th>
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<tr>
<td>a. Yes</td>
<td>20.6%</td>
<td>20.4%</td>
<td>20.9%</td>
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<tr>
<td>b. To some extent</td>
<td>49.7%</td>
<td>54.0%</td>
<td>42.7%</td>
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<td>c. No</td>
<td>24.6%</td>
<td>21.6%</td>
<td>29.4%</td>
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<tr>
<td>d. No opinion</td>
<td>5.1%</td>
<td>4.5%</td>
<td>7.0%</td>
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3. In your opinion, can people in the West Bank and Gaza Strip criticize the Palestinian Authority without fear?

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<tr>
<td>a. Yes</td>
<td>35.6%</td>
<td>36.8%</td>
<td>33.5%</td>
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<tr>
<td>b. No</td>
<td>57.6%</td>
<td>55.3%</td>
<td>61.3%</td>
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<tr>
<td>c. Don’t know</td>
<td>6.8%</td>
<td>7.9%</td>
<td>5.1%</td>
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4. If you have been unjustly treated by an official Palestinian authority, such as a ministry or a security service, do you feel that the judicial authority and the Palestinian courts are capable of removing that injustice?

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<th>West Bank &amp; Gaza</th>
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<tr>
<td>a. Definitely yes</td>
<td>33.9%</td>
<td>34.4%</td>
<td>33.1%</td>
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<tr>
<td>b. Maybe</td>
<td>35.6%</td>
<td>36.7%</td>
<td>33.9%</td>
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<td>c. No</td>
<td>11.4%</td>
<td>9.6%</td>
<td>14.4%</td>
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<tr>
<td>d. Definitely no</td>
<td>12.1%</td>
<td>11.0%</td>
<td>14.0%</td>
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<tr>
<td>e. No opinion</td>
<td>6.9%</td>
<td>8.4%</td>
<td>4.5%</td>
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5. The Israeli-Palestinian peace process is going through a major crisis leading to the suspension of negotiations and the Israeli imposition of restrictions on the movement and travel of Palestinians and the prevention of laborers from working in Israel. Who, in your opinion, is the party most responsible for the situation we are in?

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<th>West Bank &amp; Gaza</th>
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<tbody>
<tr>
<td>a. Israeli government</td>
<td>72.2%</td>
<td>69.9%</td>
<td>75.9%</td>
</tr>
<tr>
<td>b. Those who carry out suicide attacks against Israelis</td>
<td>17.8%</td>
<td>18.2%</td>
<td>17.0%</td>
</tr>
<tr>
<td>c. Palestinian Authority</td>
<td>5.7%</td>
<td>6.5%</td>
<td>4.5%</td>
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<tr>
<td>d. Others (specify)</td>
<td>4.3%</td>
<td>5.4%</td>
<td>2.6%</td>
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<tr>
<td>e. No opinion</td>
<td>6.9%</td>
<td>8.4%</td>
<td>4.5%</td>
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6. After a special parliamentary committee found that some ministers were involved in corruption and mismanagement, the Palestinian Council has demanded that the president of the Palestinian Authority reshuffle his cabinet within a month. Do you support or oppose this demand?

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<th>West Bank &amp; Gaza</th>
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<tr>
<td>a. Support</td>
<td>82.7%</td>
<td>81.2%</td>
<td>85.1%</td>
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<tr>
<td>b. Oppose</td>
<td>8.1%</td>
<td>6.9%</td>
<td>9.9%</td>
</tr>
<tr>
<td>c. No opinion</td>
<td>9.2%</td>
<td>11.9%</td>
<td>5.0%</td>
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**JORDANIAN-ISRAELI TRACK**

The Jordanian-Israeli track was dominated by Israel's attempted assassination through poison injection of Hamas political leader Khalid Mishal in Amman 9/25. Once it was known that Mishal's convulsions were the result of a Mossad attack, King Hussein threatened to sever ties with Israel (which had been progressing despite occasional Jordanian complaints—see below) unless Israel provided an antidote to save Mishal's life.

After a weekend of high-level exchanges—including visits to Amman by PM Netanyahu (9/28), DM Yitzhak Mordechai (9/28), Infrastructures M Ariel Sharon (9/28), and Cabinet Secy. Nave—Mishal was given an antidote and recovered. In exchange for Jordan allowing the eight Mossad agents involved in the attack to return home, Israel promised to release all Jordanian detainees and some 50 Palestinian prisoners held in its jails. The first prisoner released was Hamas spiritual leader Shaykh Ahmad Yasin, who was flown to Amman 9/30 and allowed to return to Gaza 10/1. Israel freed (10/6, 10/13) a total of 18 Jordanian prisoners but refused to release at least four others charged with killing Israelis. Jordan was reportedly holding "intense" talks with Israel regarding their release at the end of the quarter.

Although Israel never publicly admitted outright to the assassination attempt, Netanyahu did open an official investigation into the attack (10/12), and the cabinet endorsed (10/5) Israel's right to "fight terror without compromise." Just two days before the 9/25 attack, King Hussein sent Netanyahu a letter informing him that Hamas might be ready to establish a dialogue and declare a truce. Israeli officials claimed (10/8) that the letter reached the PM 9/26.

Despite the Mishal attack, King Hussein accepted (10/5) the credentials of the new Israeli amb. to Jordan, Oded Eran, and told Netanyahu (10/8) that he wanted to rebuild their relations. In talks between Eran and Jordanian FM Fayiz al-Tarawneh (10/12), Israel pledged not to violate the 10/94 peace treaty, particularly articles pertaining to security. Israeli FM Dir. Gen. Eytan Bentzur and Jordan's Amb. to Israel 'Umar al-Rifai discussed ways of improving bilateral relations and security coordination 10/14. In spite of the attempt to move beyond the 9/25 incident, King Hussein stated (11/1) that his trust in Netanyahu had all but evaporated but encouraged Arabs to draw a distinction between the PM and the Israeli people, the majority of whom want peace.

**Economic Matters**

Jordanian and Israeli trade ministers discussed (9/14) setting up a free-trade zone in Irbid, Jordan. The U.S.-Israel free trade agreement would apply to goods manufactured in the zone, enabling Israelis to benefit from Jordan's cheap labor and the U.S.'s favorable tax policies. Talks also focused on renewing the soon-to-expire Jordanian-Israeli trade and economic cooperation agreement.

Jordanian FM Tarawneh said (9/2) that one obstacle to improved trade with the PA areas was the Allenby Bridge, which is in dire need of repair. Jordan cannot legally negotiate repairs with the PA and refuses to negotiate the matter with Israel, since doing so would be a recognition of Israeli sovereignty over the bridge.

Jordan and Israel agreed (mid-8/97) to grant free passage between Aqaba and Elat to 150 businessmen.

Two private firms, one Jordanian and one Israeli, announced plans (8/21) to build a $60 m. shopping mall in Amman.

The Japanese company Nissho Iwai announced (early 9/97) it would begin conducting feasibility studies for a Dead Sea-Red Sea railroad via Jordan. Nissho Iwai also plans to participate in an Israeli project to provide Jordan with desalinated water.

**Jordan Valley Development**

Following meetings 8/26 and 10/20 on Jordan Valley development and water desalination projects, Jordan and Israel agreed (11/10) to set up a joint authority to oversee valley development (including $13.6 b. in tourism, water, agriculture, and industrial park projects)—something Jordan had long sought but Israel only now considered. Jordan assured the PA (10/25) that no projects it was discussing with Israel would affect the occupied Palestinian territories.

**Tourism**

After several meetings (8/21, 8/28, 8/31), Jordan and Israel reached an agreement (8/31) on Israeli use of Jordan's Aqaba airport as an "auxiliary runway" during the interim period before the airport's $120 m. expansion into a joint "peace airport." The accord grants Jordan full security control and sovereignty. Jordanian security will escort passengers traveling to or from Elat on Jordanian busses. Passengers will go through Israeli passport control at Elat only. For a four-month trial period, 12 flights/month will
use Aqaba; this number will slowly increase until it reaches the maximum capacity of 150 flights/month. Although Jordan gave Israel permission to use Aqaba immediately, the Knesset held up implementation, requesting details on security measures and requiring passage of a special bill allowing Israelis to work at Aqaba. The first El Al flight landed at Aqaba the day the bill was passed (11/11).

Jordan's Civil Aviation Authority said (10/16) that it was investigating two incidents in which a Jordanian plane that landed without incident at Ben-Gurion airport developed a "technical defect" before taking off again for Amman.

Israel proposed (10/20) construction of a Las Vegas-style tourism and commercial center in the Aqaba-Elat area.

In early 9/97, Jordan, Israel, and the U.S. announced the establishment of a trilateral project, to be based in Bayt She'an, to identify possible Israeli-Jordanian joint ventures in tourism, industry, and agriculture.

**Security**

Two Israeli embassy guards en route to work were slightly injured (9/22) when unidentified assailants opened fire on their car in downtown Amman.

Jordan submitted two official complaints to Israel: the first (8/16), over the harassment of Amb. to Israel Umar al-Rifa'i and Jordanian writer Nasir al-Din al-Nashashibi at an Israeli checkpoint despite their diplomatic status; and the second (10/19), regarding an attack (10/20) by a number of Israelis on the Tel Aviv apartments of two Jordanian diplomats. Israel was investigating as a possible murder the drowning of a Jordanian diplomat in Tel Aviv in 9/97.

Jordanian police arrested: Hamas spokesman Ibrahim Ghawshah (9/7) for statements that "posed a threat to national security"; six individuals (8/18), including an Israeli, for trying to smuggle guns into the West Bank via the Dead Sea tourist area; and an Israeli Arab businessman (11/12), with an office in the same building as Mishal's, on suspicion of being a Mossad agent. On 10/10, Israeli border guards shot dead a Jordanian trying to cross into Israel.

**SYRIAN-ISRAELI TRACK**

No progress on the Syrian-Israel track was made this quarter. Netanyahu expressed willingness (9/9) to open talks aimed at finding a new formula for resuming negotiations.

Secy. of State Albright (in her meeting with Pres. Hafiz al-Asad 9/12) offered to host such talks in Washington. Russian FM Yevgeny Primakov similarly suggested (10/27) that Israel and Syria hold Wye Plantation-style talks at a secluded location in Russia. On 10/26, Israel told Primakov that it would concede that certain issues had been discussed before and hence talks would not start from scratch, but that it would not accept Syria's requirement that talks begin where they left off in 3/96 and that understandings on the extent of withdrawal and other matters already had been reached.

On 8/28, Itamar Rabinovitch, Israel's former ambassador to the U.S. and chief negotiator with Syria, revealed that in secret talks in 7/94, the late PM Yitzhak Rabin told Secy. of State Warren Christopher that he was willing to discuss a withdrawal to the 6/4/67 lines. The admission lends credence to statements by Rabinovitch's counterpart, Syrian amb. to the U.S. Walid al-Moualem, who has said that both Rabin and Peres committed Israel to withdrawing to the 6/4/67 lines and that the Americans were witnesses (see interview in JPS 102). Meanwhile, Israeli pres. Weizman reportedly told Pres. Clinton (10/13) that Netanyahu was willing in principle to withdraw completely from the Golan Heights. Netanyahu immediately denied this.

On 8/21, Israel unilaterally announced plans (drafted a year ago between Infrastructure M Ariel Sharon and PM Netanyahu) to build a dam just inside the boundary of Syrian land occupied by Israel. The site on the Yarmuk River is 1 mile upstream from a site selected by the Labor government, which fell outside occupied territory. Sharon claimed the new plan had the support of Jordan, which had agreed in its 1994 peace treaty with Israel to largely finance a dam in the al-Adasiyya area, the exact site to be negotiated later. Jordan declared (8/21) it had not and would not agree to a site anywhere inside Israeli-occupied Syrian territory. Israel backed away from the plan.

**MULTILATERAL TALKS**

Due to the status of the bilateral negotiations, no multilateral meetings were held this quarter. The last meeting related to the multilateral track was held in mid-6/97 (see Peace Monitor in JPS 105).
REGIONAL AFFAIRS

Refugees

UN Relief and Works Agency (UNRWA) Commissioner Gen. Peter Hansen informed Arafat (8/19) that the agency was forced to immediately reduce services to Palestinian refugees because of a $20 m. budget shortfall. At an emergency meeting 9/10, donors gave $19 m. to cover UNRWA through the end of the year, allowing Hansen to reinstate some cuts.

Jordan announced (8/29) that it has budgeted $244 m. over the next four years to improve infrastructure in 13 Palestinian refugee camps in the kingdom.

Normalization

The deteriorating Israeli-PA situation had a strong impact on the normalization process. The most obvious indicator of this was the almost complete Arab boycott of the 11/97 Doha economic summit (see below), though Israel's bilateral relations with Arab states also suffered.

Egyptian-Israeli relations became tense 8/31 when an Egyptian court convicted Israeli Arab Azzam Azzam on charges of spying; Israel termed (8/31) the verdict "an outrage." A week later on 9/7, the Egyptian Human Rights Organization reported that the IDF had killed an estimated 7,000-15,000 Egyptian POWs during the 1956 and 1967 wars. The next day, the Egyptian Trade Union Federation and the Central Committee of the International Confederation of Arab Trade Unions announced they would have no dealings with Israel due to the status of the peace process. Egypt banned (10/16) the import of Israeli goods produced in the West Bank, Gaza, and the Golan Heights, requiring the origin of Israeli exports to be certified by the Egyptian embassy; rejected (9/12) an Israeli invitation for a parliamentary delegation to visit the Knesset; and lodged (9/28) a formal complaint with Israel after border police detained the Egyptian amb. at Rafah border and searched his car. This last incident prompted Pres. Mubarak to say (9/28) that he was "reassessing . . . the continued presence" of the Egyptian amb. in Israel.

However, for the first time since diplomatic relations were established, the Israeli amb. to Egypt met with the head of Egyptian intelligence (mid-10/97) and discussed removing security restrictions on the passage of people and goods between the two countries.

Tunisia recalled (8/18) the head of its interest office in Tel Aviv but did not officially close the office. Israel complained (10/28) that Tunisian officials have refused to meet with Israeli FMin. officials and have not granted the Israeli interest office in Tunis, which has been operating for two years, a permit to operate from a permanent address. On 10/14, Israel refused to send a team to a women's bridge tournament in Tunis because Tunisia refused to allow Shin Bet guards accompany it.

The Omani representative in Israel, called home earlier for "vacation," had not returned by the end of the quarter. Netanyahu political adviser Uzi Arad was scheduled to meet with a senior Omani minister in Paris 9/4, but neither side would comment on whether the meeting had taken place.

Morocco canceled (10/22) a Euro-Mediterranean partnership conference scheduled for 10/30-31, saying it did not want to host a meeting attended by Israel. Morocco's national tennis team refused (9/16) to play in Davis Cup preliminaries, risking heavy fines and reduction in rank.

On 9/23, initial talks were reportedly underway between a Saudi Arabian oil company and a group of Israeli entrepreneurs regarding selling Saudi oil to Israel through a joint company registered in Jordan.

INTER-ARAB HIGHLIGHTS

In light of the stalled peace process and Israeli actions, a number of inter-Arab meetings were held this quarter to coordinate positions. Arafat toured Tunisia, Algeria, and Morocco in late 9/97, ending with talks with Mubarak in Alexandria 10/1. Mubarak and Arafat also met 8/25, 9/15, and 11/7. Syrian pres. Asad flew to Alexandria to meet with Mubarak 9/18, following Secy. Albright's visit to the region.

Jordan and the PA signed (8/24) an administrative protocol and set up a follow-up committee to meet every six months. Jordan also agreed (11/4) to help the PA renovate and maintain the Wadi al-Nar road linking north and south West Bank.

Jordan and Syria discussed water issues (10/12-13) and agreed to go ahead with construction of al-Wahda dam on the Yarmuk River in Syrian territory (see Peace Monitor in JPS 105). Syria also began (9/28) diverting Euphrates waters to enable construction of the Tishrin Dam's hydroelectric station.

Over the quarter, in keeping with its plans to renew ties with Jordan (see Peace
Monitor in JPS 105), Kuwait upgraded the representation in its Amman embassy and renewed investments in Jordan. Though no political meetings took place, the "official exchange of courtesies," such as congratulatory cables and phone conversations, resumed, as did postal services, exports of produce, and other trade affairs.

Regional Economic Affairs

Most regional economic activity revolved around the 11/16-18 Doha economic summit. Despite strong U.S. pressure to attend (particularly during Albright's 9/10-15 Middle East tour), only six Arab states were among the 66 nations to send delegations. Qatar held off sending invitations until 10/7, leaving the door open for a postponement. The Arab League (9/21) and the Gulf Cooperation Council (9/30) opted to leave the decision on whether to attend to individual states; before invitations were sent, Iraq, Lebanon, Saudi Arabia, and Syria said they would boycott. The day after Egypt announced (11/11) its intention to boycott the meeting, the Arab League, Bahrain, Morocco, and the UAE said they would stay home. Israel downgraded its delegation 11/13, and the PA said it would not attend 11/14. The six Arab countries to participate were Jordan (10/20), which sent a high-level delegation; Yemen (10/27), which sent a low-level delegation that would not hold talks with its Israeli counterparts; and Kuwait, Oman, Qatar, and Tunisia. All Arab participants, including the Qatari emir in his opening statement, took the opportunity to criticize Israel's peace policy. Secy. of State Albright, who had planned to attend the whole summit, stayed for a few hours, using the excuse of UN-Iraqi tensions to leave for consultations in Bahrain and Saudi Arabia.

Two smaller economic conferences convened this quarter: Thirty experts held a Euro-Arab cooperation meeting in Spain (10/23-24). And 600 investors from Egypt and other Arab countries held a two-day economic conference in Cairo (9/9-10).

PM Netanyahu toured Asia (8/23-8/27) to calm fears that the breakdown in the peace process makes Israel too risky for investment. (Over the past year, foreign investment in Israel has fallen off dramatically as the peace process has stalled.) China (8/23-24) and Japan (8/25-26) stressed that the peace process must move forward before economic ties can expand, but S. Korea (8/27) was more open to building business ties without progress in peace talks.

Syria and Iraq held talks on expanding trade relations (8/19, 8/21, 8/31) and water sharing (10/22, 10/28); Syrian PM Mahmoud Zuhbi's 8/31 meeting with Iraqi Trade Mthor Mahdi Salih was the highest-level meeting between Syrian and Iraqi officials since 1980. An Iraqi delegation participated in a Damascus trade fair (8/28); 195 Syrian companies participated in an Iraqi trade fair (late 10/97), and the two countries reopened a fifth border crossing in early 9/97 (see Peace Monitor in JPS 105). Iraq also discussed expanding bilateral trade ties with Lebanon (10/7/7) and Jordan (10/12), signed an agricultural cooperation agreement with Jordan (11/2) and, beginning 9/4, allowed Iranian pilgrims to visit Shi'i holy sites at Najaf and Karbala for the first time in 17 years.

Iran broadened economic ties with the Arab world, signing a protocol for construction of a Damascus metro (9/5) and holding talks on agricultural cooperation (10/9) and bilateral trade (11/10) with Syria; signing four trade and investment agreements with and agreeing to sell oil at preferential prices to Lebanon (10/25-28); resuming Iran Air flights to Saudi Arabia (9/20); and holding talks (9/28-29) and signing several agreements (9/30-10/1) on expanding bilateral trade, tourism, and transportation ties with Jordan and establishing a Jordanian-Iranian Economic Cooperation Council (9/30). Iran also discussed with Israel (9/20) ways of settling Israel's $1 b. debt to Iran and increasing commercial contacts. Iran's parliament passed (8/26) legislation allowing all foreign firms, except U.S. or Israeli firms, to register in Iran, which would enable them to engage in all lawful business activities.

International

United States

Israel's initial refusal (9/29) to extradite an American teenager wanted for murder in the U.S. led the House Appropriations Committee to freeze a $75.6 m. advance payment to Israel contained in the foreign appropriations bill then up for debate. After Israel agreed to the extradition (10/19), the money was released, only to be frozen again almost immediately when committee members questioned Israel's commitment to continue transferring $50 m. of U.S. aid/year to Jordan for the Peace and Stability Fund (see Peace Monitor in JPS 105). Israel had given the first installment of the money informally, fearing...
that writing the $50 m. deduction from its aid package into legislation would be precedent setting and indefinitely binding, and the House committee feared the U.S. would be stuck with the bill if Israel backed out. The committee released the freeze after Israel provided (10/28) a letter promising to give $50 m./year for five years.

The foreign appropriations bill, which was passed 11/12, also contained language allowing the president to waive restrictions on dealing with the PLO for six months (renewable only once). Congress, which included the wording under pressure from the White House, said it would closely scrutinize the White House's justification for employing the waiver, which would free the U.S. to provide aid to the PLO and permit the PLO office in Washington to reopen. The waiver clause is a temporary replacement for the Middle East Peace Facilitation Act, which expired 8/12 (see Peace Monitor in JPS 105).

Israeli DM Mordechai held defense talks (11/5) with U.S. officials in Washington. Congressmen agreed to consider increasing Arrow funding by $150 m. to counter a perceived Iranian missile threat (see below).

Israeli Finance M Yaakov Neeman said (9/27) that Israel would not ask for an extension of U.S. loan guarantees when they expire 9/30/97. There is still $1.4 b. of the $10 b. in the USAID program (agreed in 1992 to help Israel settle immigrants) against which Israel can borrow.

Congress passed legislation (10/8) designating 30 groups as "foreign terrorist organizations," denying their members visas, and making it illegal to provide them with funds. Among the groups are the Abu Nidal Group, DFLP, Hamas, Hizballah, Islamic Jihad-Shiqaqi group, Palestine Liberation Front, PFLP, PFLP-GC, as well as Kach and Kahane Chai; the PLO is not listed. Pres. Clinton also removed (11/10) Lebanon and Syria from the list of nations supporting illegal drug production and distribution.

U.S. ties with Egypt were strained this quarter by U.S. pressure to attend the Doha summit (see above); the CIA's direct accusation (10/10) that Egypt helped Libya abduct prominent Libyan dissident Mansur al-Kikhia, who disappeared while on a visit to Cairo in 1993; and the appointment as amb. to Cairo of Daniel Kurtzer, a Jewish foreign service officer and intelligence expert who had been part of the Bush-Baker team responsible for shaping U.S. Middle East policy. Egypt viewed (10/2) Kurtzer's appointment as an attempt to pressure it to engage in three-way U.S.-Israeli-Egyptian security cooperation.

In late 9/97, Israel informed the U.S. that Netanyahu would be coming to the U.S. in 11/97 to address an American Jewish group. Though Israel tried (beginning in 9/97) to secure a meeting with Pres. Clinton during the visit, the White House claimed (e.g., 11/14) scheduling conflicts precluded a meeting.

The American Israel Public Affairs Committee (AIPAC) launched a campaign (9/3) to promote Israeli PM Netanyahu's "Alon Plus" final status plan, which he announced 6/4 (see Peace Monitor in JPS 105).

**RUSSIA**

On 9/21, Russian FM Yevgeny Primakov announced that Russia was planning to expand its Middle East role, primarily through intensifying contacts, so as to revitalize the peace process. He then made a tour of the region, stopping in Lebanon (10/24), Syria (10/25–26, 10/27), Israel (10/26–27), Jordan (10/27–29), and Egypt (10/29–30). On his last day in Egypt, Primakov announced that Dep. FM Viktor Posuvalyuk had been named to the new position of Russia's special envoy to the Middle East. Russia assured the U.S. that it was only trying to enhance, not co-opt, the American role.

Although Israel explored economic relations with Iran this quarter (see above) and halted broadcasts of anti-Iranian propaganda (early 9/97), Israel went on the offensive to halt rumored Russian assistance on Iran's missile development program, pressuring the U.S. (early 9/97) to place sanctions on Russian firms and halt aid to Russia. Netanyahu's inner cabinet proposed (8/23) freezing economic cooperation with Russia if it continued to aid Iran. Netanyahu halted talks (9/11) on buying Russian natural gas and froze all joint economic projects (9/12). On 11/14, Russia arrested an Iranian diplomat caught trying to buy missile blueprints.

**EUROPEAN UNION**

The European Union (EU) called (early 11/97) for sweeping measures to ensure Israeli compliance with rules of origin for exports to EU states. Concern was sparked by Israel's export of fruit juices, which it claimed were made in Israel but which in fact were made in the West Bank and Gaza.

On 8/27, French pres. Jacques Chirac said that France would take the lead in persuading the EU to play a major role in getting the peace process back on track. On 9/11, in the
most strongly worded criticism of Israel by a French official since the 1993 Declaration of Principles, FM Hubert Vedrine, speaking to Socialist parliamentarians at Montpellier, held Netanyahu’s “catastrophic policy” responsible for an upsurge in terrorism and for bringing the Palestinian’s situation to an “unprecedented” level of despair. Israeli FM Levy expressed (9/11) “profound astonishment” at Vedrine’s “unacceptable” remarks.

Germany officially protested (10/15) to Israel that despite many requests, its amb. to Tel Aviv, who has been in Israel for 18 months, has not been received by FM Levy.

**UNITED NATIONS**

The UN General Assembly reconvened (11/13) its emergency session on Israel’s settlement construction and passed a resolution (139-3, with 13 abstentions) condemning Israel’s failure to comply with repeated demands to halt settlement construction in East Jerusalem and urging Switzerland to host a conference of the parties to the Fourth Geneva Convention, which bars settlements on occupied territory (see Doc. A4).

The UN Committee Against Torture accused (11/10) Shin Bet of using torture in questioning Palestinian detainees, noting that use of torture has increased since the committee’s last report in 5/97. The UN asked Israel for a written response. (Israel was to have submitted its response to the 5/97 charges by 9/1; as it failed to do so, the UN extended the deadline to 5/1/98.) Israel was also to have submitted a report on its compliance with the 1987 Convention Against Torture and Other Cruel, Inhumane, or Degrading Treatment or Punishment a year ago, but has not. Israel asked for another extension, but the UN refused.

**TURKEY**

On 9/2, the U.S., Israel, and Turkey announced plans to hold 11-day joint naval exercises in the Mediterranean in late 11/97. When Egypt and Syria protested the decision, Turkey encouraged them to send observers. Instead, Russia and Syria held a week of military maneuvers near Moscow around 9/20. Due to unrelated scheduling conflicts, the naval exercises were postponed to 1/98. Israel also began supplying Turkey (late 10/97) with Popeye I air-to-air missiles.

Turkey refused to approve (9/9) Israel’s choice (presented 9/9) for amb. to Ankara, Ehud Toledano, citing Toledano’s personal position on Turkey’s role in the massacre of Armenians. On 10/13, Israel rescinded the nomination.

**OTHER**

Canada recalled its amb. to Israel (10/1) to protest Mossad’s use of forged Canadian passports in the 9/25 Mishal assassination attempt (see above). The amb. returned 10/13 after Israeli formally apologized.

The Balkan states were active in establishing Middle East relations this quarter. Israel established diplomatic relations with Croatia (8/21) and Bosnia (9/26). Slovenia and Syria established diplomatic relations 8/25. Yugoslavia appointed (9/11) an ambassador to Israel for the first time in 30 years. The Croatian Chamber of Commerce visited Israel 11/6, but Israeli public outcry forced Croatian pres. Franjo Tudjman, considered a Nazi sympathizer, to cancel a planned trip.

The Vatican signed (11/10) an agreement with Israel, placing Roman Catholic institutions under the jurisdiction of Israeli law but retaining internal autonomy. The Vatican hoped the agreement, which defines the church’s legal status in the holy land for the first time in 500 years, would stimulate the peace process.

Citing the deadlocked peace process, Indonesia rejected (8/18) an Israeli request for PM Netanyahu to visit during his 8/23-27 Asian tour (see above).

Hungary and Israel signed a free trade agreement 10/14.

**DONORS**

This quarter, PA Ministry of Planning and International Coordination (MOPIC) focused on developing for the first time a multiyear Palestinian Development Plan (PDP) for 1998-2000 to replace the one-year Palestinian Public Investment Program that MOPIC drafted last year (see Peace Monitor in JPS 103). To this end, sector working groups held meetings (e.g., 9/17, 9/22–23, 9/25, 11/11) to draft their three-year “sectoral strategies,” laying out priorities and projects to be incorporated by MOPIC in the $5.2 b. PDP, scheduled to be presented to the donor’s Consultative Group (CG) in 12/97. The goal of the PDP is to wean the PA from donor aid and to reduce Israeli dominance over the Palestinian economy, it will focus on labor intensive projects and will target infrastructure, fiscal management, and institution building.

Donor representatives to the 9/8 Local Aid Coordination Committee (LACC) meeting
in Gaza criticized Israel's policy of closure and economic sanctions, which they concluded seriously undermined the considerable economic gains made in the first half of 1997 and "prevent any reasonable remedies to the situation from emerging." At the PA's request, Belgium, the EU, Germany, Holland, Luxembourg, Spain, and the UK gave a total of $50 m. to establish an emergency fund to offset the PA budget deficit, which is expected to expand to $120 m. from $52 m. as a result of the Israeli closures. Saudi Arabia contributed an additional $10 m. to the PA, and Germany, Norway, and Sweden reallocated funds to labor-intensive projects. $9.8 m. from the Holst Fund was also reallocated to cover emergency budget expenses. Some EU representatives complained that in giving money toward the new emergency fund, the EU was merely compensating for Israel's "failure to keep its promises." One unnamed EU diplomat said, "We don't see why it's always Europe which has to make up for Israeli policies in the Palestinian territories . . . . [But] if the peace process is to be kept going, we have to help to keep the Palestinian Authority alive."

The LACC met again 10/7 to review the UN Special Coordinator's Office (UNSCO) "Quarterly Social and Economic Monitoring Report," covering 1-6/97, which shows that the Palestinian economy performed better than expected in the first half of 1997. Discussion again focused on the negative impact of the Israeli closures and sanctions on the PA economy during the second half of 1997 and on PDP preparation. Plans were made for the IMF to come to the self-rule areas to review third-quarter performance and to revise projections for the year in advance of the Ad-Hoc Liaison Committee meeting held in Washington 11/6 to assess the donor process. UNSCO also reported (10/4) that of the $881 m. pledged at the 11/96 CG meeting, $483.3 m. had been committed and only about $116 m. disbursed by mid-1997.

In late 10/97, the World Bank's private-sector arm, the International Finance Corporation, announced it would provide $16 m. financing for Qarni industrial park in Gaza, to be located on the northeastern side of the Gaza Strip, near the existing crossing point. The park plans to employ 20,000 Palestinians in 250 factories specializing in garment manufacturing, wood working, plastics, food processing, and information services. The Palestine Industrial Estate Development and Management Company, a private-sector company, will build and operate the park at a cost of $39 m.

Compiled by Michele L. Kjorlien

In Jerusalem 9/11, hundreds of right-wing Israelis turn out to demonstrate against Secy. of State Albright's visit to the region aimed at reviving the peace process. (Reuters/Amit Torem/Archive Photo)