PEACE MONITOR

16 May–15 August 1999

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

BILATERALS

PALESTINIAN-ISRAELI TRACK

At the opening of the quarter, the peace process was frozen pending Israeli elections, expected to go to two rounds of voting, with a run-off for the premiership on 6/1. On 5/17, however, One Israel's Ehud Barak won a landslide victory over Likud PM Benjamin Netanyahu, with 56.1% of the vote, making a run-off unnecessary.

Barak used his victory speech (5/17) to lay out his position on negotiations with the Palestinian Authority (PA), promising to put any final status agreement to a referendum by the Israeli public and listing four "red lines": no concessions on Israeli sovereignty over a united Jerusalem, no return to 1967 borders, no "foreign" army west of the Jordan River, and no evacuation of major Jewish settlement blocs. He also announced (5/20) that he would serve as his own DM for at least two years to consolidate control of the peace talks once they resume.

Barak's decisive win raised expectations that negotiations on all tracks would resume quickly, but Barak struggled for six weeks to form the most broad-based government possible in anticipation of the resumption of final status negotiations with Yasir Arafat's PA.

In the interim, the outgoing government of Netanyahu (who resigned as Likud head and announced his retirement from politics on 5/27) capitalized on its lame-duck status by undertaking a number of hard-line actions. In retaliation for a Hizbollah rocket attack on northern Israel that caused no injuries, Netanyahu and DM Moshe Arens ordered—apparently without informing Barak—the largest attack on Lebanon since Operation Grapes of Wrath in 1996 (6/24), killing eight Lebanese civilians, wounding 62, and heavily damaging the Lebanese infrastructure. Arens then (6/29) instructed the Israel Defense Forces (IDF) to ignore the 1996 April Understandings protecting Lebanese civilians. Arens also approved (5/28) a master plan extending the boundaries of Ma'ale Adumim to Jerusalem, doubling the settlement's size and making its surface area larger than Tel Aviv. Jerusalem mayor Ehud Olmert initiated a plan (6/21) to rehabilitate the Bethlehem-Jerusalem road and expand an IDF checkpoint at the northern approach to Bethlehem to create a large crossing on the scale of Erez in Gaza. Olmert claimed that the new crossing would facilitate the entry of tourists to Bethlehem during millennial celebrations, but the PA accused Israel of seizing control of 3,500 dunams of strategically located Palestinian land and attempting to predetermine borders of a final agreement. Within eight days of elections, Jewish settlers had established three new settlement enclaves in the West Bank and had unilaterally begun housing construction (5/18) at contested sites in the Palestinian neighborhoods of Ras al-Amud and Jabal Abu Ghunaym/Har Homa in Jerusalem. The IDF demolished (5/19) reservoirs in Hebron that Palestinians had recently built to capture rainwater to irrigate crops suffering from the ongoing summer drought. Israeli police accused (6/11) the PA of storing weapons in Orient House, threatening to revive the symbolic battle with the PA over sovereignty of Jerusalem (see Peace Monitor in JPS 112). The PA threatened (6/2) not to resume final status talks with Israel until Barak declared a total freeze on settlement construction and called on Palestinians to observe a "day of rage" to protest settlements. Fewer than 3,000 Palestinians across the occupied territories turned out to demonstrate on the appointed day, 6/3.

After weeks of wrangling, Barak's seven-party coalition government was sworn in on 7/6. Although the coalition controlled 75 of 120 Knesset seats, it was not as broad as Barak had hoped, excluding the Likud and the right-wing religious parties. In his speech to the Knesset, Barak said that the peace process would be his priority and that he hoped to conduct simultaneous negotiations with the PA and Syria and withdraw troops from Lebanon within a year.

During the first two months after elections, Barak would speak only in general

terms about his ideas for the peace process, saying (6/18) he wanted to discuss details first with U.S. President Bill Clinton in person, declining even to brief U.S. Amb. Edward Walker or special envoy Dennis Ross in advance. Barak arranged to visit Washington 7/15–20, soon after swearing in the new government, and to hold short get-acquainted meetings beforehand with Arafat (7/11), Pres. Husni Mubarak of Egypt (7/9), and King Abdallah of Jordan (7/13).

In his meeting with the Arab leaders, Barak promised to move quickly to implement the 10/98 Wye River Memorandum, but for the first time said that he would prefer to delay the third stage of the second further redeployment (FRD) outlined in Wye and implement it along with a final status agreement. Under Wye, Israel had agreed to carry out the second of three FRDs called for in the 1/97 Hebron protocol in three stages (moving a total of 1% of West Bank land from Israeli-controlled area C to PA-controlled area A; 12% from jointly controlled area B to area A, including 3% in a nature reserve; and 14.2% from area B to A) and to carry out the third FRD from an unspecified amount of land (see Peace Monitor in JPS 110). Former PM Netanyahu implemented the first stage of the second FRD on 11/20/98, shifting 2% of land from area C to B and 7.1% from B to A, but suspended Wye implementation on 12/2/98, claiming that the PA was not meeting its security requirements (see Peace Monitor in JPS 111).

When the week-by-week timetable for implementation written into the protocol lapsed on 1/29, the PA set a precedent for altering the schedule by saying that it would not resume final status talks until all FRDs were completed, rather than carrying out both simultaneously as stipulated. Moreover, at the 7/11 Barak-Arafat meeting, PA Planning M Nabil Shaath publicly hinted that if Israeli were to carry out the second stage of the second FRD (5% from area C to B) quickly, the PA might consider delaying implementation of the third stage (5% from C to B, 1% from C to A, and 7.1% from B to A) until the start of final status talks.

In Washington, Barak and Clinton spent an unprecedented 10 hours over two days (7/15, 7/19) conferring privately on the peace process, without aides or note takers. Publicly, Barak announced (7/18) that he hoped to achieve a “comprehensive framework for Middle East peace,” including agreements with Syria and Lebanon, within 15 months, a time line chosen in part with upcoming U.S. presidential elections in mind. He left open (7/18) the prospect of a Palestinian state, but ruled out partition of Jerusalem, return of Palestinian refugees to Israel proper, and the removal of most Jewish settlers from the territories. Arafat, whom Barak had briefed by phone on 7/16, declared (7/20) the 15-month time frame unacceptable, saying that when the PLO agreed in 4/99 to put off its unilateral declaration of a Palestinian state, it was assured by the European Union (EU) and the U.S. that an extension of the Oslo period would not exceed one year.

Barak also urged (7/15) the U.S. to reduce its role in negotiations and in enforcing existing agreements, arguing that Israel and the PA must work out their differences on their own. Barak specifically asked the U.S. to end the CIA’s role in monitoring PA adherence to security requirements under Wye. (The CIA has repeatedly contradicted Israeli accusations that the PA has failed to meet its security responsibilities; e.g., see Peace Monitors in JPS 110 and 112.) Clinton publicly agreed (7/15) that the U.S. had become “overly intrusive in the Middle East dialogue.” Clinton, however, decided to send Secy. of State Madeleine Albright to the Middle East in mid-8/99 to follow up on resuming Arab-Israel talks.

Barak planned to hold his first detailed talks with Arafat and Mubarak immediately after returning to Israel on 7/22, but the meetings were delayed due to the sudden death of King Hassan of Morocco (see below). At Erez on 7/27, Barak told Arafat that Israel was willing to carry out the Wye accord as signed if the PA so demanded, but he would prefer to delay implementation of the FRDs until a final status agreement is close to completion, explaining his concern that the third stage of the second FRD, which would isolate a number of Jewish Settlements, would spark violence. Arafat said that he would prefer Wye to be implemented in full as soon as possible, but agreed to have a PA-Israeli committee examine Barak’s ideas over the next two weeks before giving a final answer. The PA Executive Authority (EA) rejected the delay outright (7/29, 7/31), declaring the two-week review period to be “a waste of time.” Meanwhile, in Alexandria (7/29), Barak briefed Mubarak on his proposal and urged him to encourage the PA to accept it. Mubarak said Egypt could accept a
delay of several weeks, but that Israel should implement Wye quickly.

The joint committee, headed by PA Local Government M Saeb Erakat and Barak’s chief negotiator Gilead Sher, held a preliminary meeting on 7/29 and began serious discussions on 8/1, which broke up almost immediately. Official details of the meeting were not released, but reports suggested that Sher offered in exchange for delaying the FRDs an “incentives package,” not publicly defined, but possibly including more contiguous areas in the FRDs or release of more prisoners. When Erakat said that the PA wanted Wye implemented as signed, Sher said that Israel would comply beginning on 9/1, completing the second stage of the second FRD by 10/1 and the third stage in 2/00, to coincide with a declaration of principles on the final status agreement—a much longer time frame than written into the accord. The PA team reportedly was stunned at Israel’s interpretation of “implementing Wye as signed,” frustrated that Sher’s team would not discuss Wye clauses other than FRD, and consequently felt that Israel was trying to renegotiate the accord. Erakat walked out of the meeting, saying only that there were differences on the timetable, content, and manner of Wye implementation.

The PA was also surprised by Israel’s call for a “declaration of principles” on the final status agreement, which the PA interpreted as a call for another interim agreement that would only drag out the negotiating process. PA chief negotiator Mahmoud Abbas rejected (8/6) the concept as an Israeli delay tactic and said that the PA wanted to work on a comprehensive agreement. (Conversely, Has- san Asfour, head of the PA Negotiations Affairs Department, had stated on 6/23 that the first step in final status talks should be for Israel and the PA to agree on the principles of an overall settlement, rather than immediately to hold separate committee meetings on each final status issue. In his view, separate meetings could bog down in details quickly, giving Israel time to create facts on the ground and perpetuate the same Israeli divide-and-conquer strategy behind the separate multilateral working groups.)

After being briefed on the 8/1 committee meeting by Erakat (8/2), Arafat accused Barak of a breach of trust, claiming that Israel was trying to “avoid the accurate and honest implementation of what has been agreed upon.” He asserted (8/6) that Wye should be implemented within weeks, not months. Barak accused the PA of being inflexible and of posturing, but said that Israel would complete the second stage of the FRD by 10/1 as a goodwill gesture. The Israeli cabinet formally announced (8/8) that Israel would begin “the countdown for implementation” of the Wye accord on 9/1. Arafat welcomed (8/8) the decision to begin the FRD, but restated his disapproval of Barak’s attempt to draw out the time frame.

Behind the scenes Barak and Arafat were in constant touch with the U.S. peace team and Egyptian president Mubarak, seeking support for their positions. On 8/6, Barak asked U.S. Secy. of State Albright to delay her trip to the region until the dispute with the PA over the Wye timetable was resolved, and Albright, after speaking with Arafat and Syrian pres. Hafiz al-Asad, agreed (8/8) to reschedule her visit to 9/1. The delay was viewed as a signal that the U.S. was heeding Barak’s request to reduce its role in negotiations. Barak and Clinton spoke twice by phone (8/11, 8/13) about ways to make Albright’s tour “productive,” and Barak sent Justice M Yossi Beilin, an architect of the Oslo accords, to Washington (8/11) to meet with Albright. Albright told Beilin that the U.S. believes Israel should carry out Wye as signed, but would accept “modest adjustments” to the timetable if the PA agreed.

When Erakat and Sher met again at the end of the two-week discussion period requested by Barak (8/11 and 8/13), the PA seemed resigned to the fact that Wye would not be completed in a few weeks. The PA asked for assurances that a revised timetable would include schedules for the other aspects of Wye as well as the FRDs, including prisoner releases, opening of the safe-passage routes, and approval of the Gaza port. The PA proposed that Israel complete implementation by mid-12/99, but Israel stuck by its 2/00 target. The Palestinian Council (PC) released a statement on 8/14 saying that the PA would not resume final status talks until an agreement on the timetable is reached.

The new Israeli government took some steps to reverse last-minute measures taken by Netanyahu’s outgoing government. For example, Barak immediately instructed (7/8) the IDF in south Lebanon to resume compliance with the April Understandings and ordered (7/19) the IDF in Jinin to begin work on relocating its headquarters in anticipation of the resumption of FRDs. Barak also ordered the IDF (7/25) to remove mobile homes placed on a new settlement site on
7/23, vowing to take action against similar "unilateral and illegal" steps by Jewish settlers in the future. Israel's judge advocate general issued a legal opinion (8/11) stating that 30 of the 42 settlement enclaves established since Wye was signed were illegal. Israel released (7/17) the longest-held Palestinian detainee, Osama Barham, after six years in prison without charge or trial. Israel's new internal security minister ruled (7/19) that Orient House would remain open, after finding that the PA was not conducting political activity there. Justice M Beilin said (7/19) that he would work toward ending administrative detentions for Palestinians. Israel's new trade minister, Ran Cohen, removed (mid-7/99) subsidies for settler-run businesses in the West Bank and Gaza. And Interior M Natan Sharansky said (7/20) that he would work toward ending Israel's policy of stripping Palestinians of their Jerusalem residency rights if they live outside the city for more than seven years.

In terms of actions, however, on 7/20, the Interior Ministry stripped respected Palestinian al-Quds University professor Musa Budeiri of his Jerusalem residency rights and ordered him to leave Israel. On 8/10, Peace Now reported that the new housing minister, Yitzhak Levy, had issued tenders for construction of 1,517 settlement housing units during his first month in office—six times the average monthly rate under the Netanyahu administration. (The Housing Ministry claimed that the correct figure was 678—still a threefold increase.) The IDF dismantled and confiscated (7/26) the electricity network of the West Bank village of Aqaba, which residents had installed themselves, at their own expense, because the Israeli Civil Administration had never provided them with electricity. The IDF demolished at least three Palestinian homes and a shelter (7/14, 7/25, 8/11) and walled up a window in the Haram al-Sharif complex that had been widened to create a new door.

As PA-Israeli talks on the Wye timetable bogged down at the end of the quarter, anti-Israeli armed attacks increased for the first time in months, raising concerns of a serious terrorist incident. Hamas's Qassam Brigades took responsibility for shooting and wounding two settlers in Hebron on 8/3. Another settler was shot and wounded by unidentified assailants near Jinin on 8/10, the same day that a Palestinian driver deliberately ran down a group of IDF soldiers hitchhiking near Jerusalem, injuring 12. An explosion in the PA-controlled section of Hebron (8/15) destroyed a Palestinian shop that PA police suspected was a bomb factory.

Barak also survived the first two tests of his coalition. On 7/26, a Likud motion for a no-confidence vote against Barak for informing Arab leaders of his peace plans before briefing his own government failed by a large majority. On 8/13, Shas members threatened to bolt the coalition over a government project to move a large power generator turbine on the Sabbath, but Barak convinced them to stay.

The PLO Central Council (PCC) session on how to handle the end of the Oslo period and whether to declare a Palestinian state, which was suspended for a month on 4/29 (see Peace Monitor in JPS 112), was not resumed in late 5/99 as planned. When Barak had not formed a government by the end of 5/99, the PLO Executive Committee postponed (6/2) the session to the end of 6/99 and then (6/21) to mid-7/99. By the end of the quarter, no date had been set for the PCC to reconvene. The PLO seemed willing to give Barak a chance to move forward with Wye implementation, keeping the option of the PCC session in reserve should the process bog down again.

The Palestinian Constitution

The PCC constitution committee formed at the close of the 4/27–29 PCC session continued work on a constitution for the anticipated Palestinian state (see Peace Monitor in JPS 112). From 6/6 to 6/9, PA Planning M Shaath, who is overseeing the PCC committee, was in Cairo for talks with Arab League secy. gen. Ismat 'Abd al-Majid, chair of the League's legal committee advising the PCC, concerning which international laws should be used as references in drafting the constitution. Shaath brought with him the PLO's 11/15/88 Algiers declaration of Palestinian independence, the Basic Law (the interim constitution approved by the PC, but not by Arafat), the constitution that was in force in Gaza under Egyptian administration, and "other related documents." 'Abd al-Majid invited Arab countries wishing to take part in the drafting to appoint legal experts to his committee. The composition of the two committees has not been made public.

Joint Committees

By the end of 6/99, a number of PA-Israeli committees had resumed meetings. The civilian committee discussed electricity shortages in Gaza (6/22). Israel offered to
supply electricity to Qarni checkpoint and extend another power line from Israel into the Strip, but the PA said it preferred to build a civilian power plant in Gaza. Indeed, the PA already had an $80-m. contract with the Israeli company Ormat to build the plant, but Ormat backed out on 6/30, claiming that the PA was dragging its feet. The PA signed (6/30) a $140-m. partnership agreement with the Houston-based Enron company for the project, but at the end of the quarter still did not have Israeli approval to begin work. The civilian committee met again (6/24) to discuss the Bethlehem 2000 tourism and development project.

At a meeting of the joint aviation committee (6/23), the PA accused Israel of making entry through Rafah crossing unnecessarily difficult for Palestinians catching flights from Gaza airport. The sides also discussed possible PA construction of an airstrip in the West Bank and reopening of Qalandiya airport in Jerusalem under PA supervision.

On 8/6, the Israeli and PA justice ministers agreed to resume meetings of the joint law committee, which has not met for three years, and discussed the cases of some 36 Palestinians wanted by Israel.

The Israeli and PA trade ministers met on 8/3 to discuss resuming meetings of the joint economic committee and talked about implementation of Wye articles on economic issues.

Security Cooperation

On 5/15, Israel and the PA held their first high-level security meeting in several months to discuss ways of easing Palestinians' daily life by facilitating the transportation of goods into the territories, reducing arrests at checkpoints, ending inspections of PC members at Erez crossing (which violates their VIP status), and allowing Gazan students easy transit to their classes in the West Bank. On 7/14, the PA complained that the IDF was still illegally stopping and searching PA officials carrying VIP cards.

In late 5/99, Shin Bet reportedly transferred responsibility for intelligence gathering in the occupied territories to the IDF intelligence branch. The IDF will handle everything related to the peace process and the PA, including strategic, economic, infrastructure, and security issues, while Shin Bet will continue to handle counterterrorism in coordination with the PA.

The IDF closed (5/14) the Palestinian Dahiat al-Barid school complex in al-Ram after talks with school administrators failed to stop students from throwing stones at passing settlers from the campus.

Miscellaneous Matters

Israel agreed (6/7) to allow 1,500 Palestinian refugees in Egypt to return to Gaza over the next two years; the first 17 arrived in Gaza on 6/8. These Palestinians are the last of 4,000 refugees from Canada camp who were stranded in Egypt when the Egyptian-Israeli border was defined as part of the Camp David treaty in 1982. Israel permitted the other 2,500 refugees to return after the 1994 Gaza-Jericho agreement.

At the invitation of Israeli Knesset speaker Avraham Burg, PC speaker Ahmad Quraiti visited the Knesset on 7/26.

Israeli environmental minister Dalia Itzik toured Gaza (8/2) with her PA counterpart Yusif Abu Safiya. The two discussed water pollution, destruction of green areas, and possible joint projects.

On 7/27, Israel and the PA agreed to begin work on a joint industrial park, modeled on Gaza's Qarni Industrial Zone, to be located along the Israel-West Bank border in Jinin.

The new international phone code for Palestine (970) went into effect in Gaza on 6/21. In early 6/99, Israel gave the PA final approval to set up a cellular phone network in the West Bank. The PA hopes to have a phone system completely independent of Israel by 2005. On 7/14, the IDF dismantled and confiscated a Paltel communications network that was set up 18 months ago to serve residents of the Palestinian neighborhood of al-Ram in Jerusalem.

The PA accused Israel (6/3) of refusing to transfer funds due the PA from customs tariffs and taxes as agreed under the Oslo accords. The PA said that it would encourage Palestinians to import goods from countries other than Israel if the money is not turned over. No transfers had been announced by the end of the quarter.

Palestinian Authority

On 6/14, the EA created a special committee to study the operations of Palestinian nongovernmental organizations (NGOs), with the intention of redrafting the NGO law that has been approved by the PC, but which Arafat has refused to promulgate (see Peace Monitor in JPS 109). NGOs fear that the revised law would restrict human rights groups. During the EA meeting, Justice M Frayh Abu-Madayn accused the NGOs of
politicization, mismanagement, and issuing "faulty reports that will harm our people."

Under pressure from rights groups, Arafat filled two long-vacant positions on the PA High Court, naming Radwan al-Agha as chief justice (6/14) and veteran Fatah activist Zuhayr al-Surani as attorney general (6/20). The chief justice position had been vacant since 1/98, when the civil service fired Quay al-Abdalla for criticizing the EA's interference in the judiciary (see Peace Monitor in JPS 107). The previous attorney general, Fayiz Abu Rahma, quit in 5/98 to protest the executive's repeated meddling in the judicial system (see Peace Monitor in JPS 108).

The UN Special Coordinator's Office in Gaza reported (6/8) that as of 2/99, the PA legal system was weak and underdeveloped despite having received more than $100 m. in donor aid. In a broader study of Palestinian public institutions, an American-European panel sponsored by the Council on Foreign Relations in New York concluded (6/28) that Arafat has centralized power completely and public-sector reform is necessary, but that the PA has generally managed and spent its billions of dollars in donor aid responsibly.

The surreal battle over the PA's FY 1999 budget continued this quarter (see Peace Monitor in JPS 112). While the PC approved (mid-6/99) the draft that Finance M Zuhdi Nashashibi submitted on 4/5, the EA rejected it (6/30), sending it back to Nashashibi for revisions and resubmission to the PC. With luck, the 1999 budget will be formally approved by the time the draft budget for FY 2000 is due in 10/99.

The PA cracked down on the opposition media this quarter. PA police twice detained the chief editor and reporters of Hamas's al-Risala newspaper (5/22-23, 8/15) for questioning regarding articles critical of the PA and PA officials. PA police summoned (7/5) the editor of Islamic Jihad's al-Istiqal to warn him against publishing similar articles. PA police detained (8/5) human rights activist Eyad Sarraj for questioning regarding an article in which he criticized the PA's human rights record.

The PA summoned (6/16) Palestinian construction workers to police stations and ordered them to quit their jobs in Jewish settlements in Gaza. The PA also placed ads in local papers asking readers to turn in any Palestinian contractors doing work for settlements and threatening to confiscate ID cards of laborers caught going to settlements. In mid-6/99, newspapers reported incidents of tire slashings, beatings, detentions, and violent questioning of laborers by PA police in Gaza, where access to settlements is more easily controlled than in the West Bank. (Due to the high rate of unemployment in the territories, settlements are often the only source of jobs for Palestinians.)

**INTRA-PALESTINIAN COORDINATION**

With Barak's election, Palestinian political groups awoke to the need to prepare for final status talks with Israel. The first meetings (6/8, 6/18) were held among opposition groups in the territories to determine a unified position to present to the PA in advance of PA-Israeli talks. The Arab Liberation Front, the Democratic Front for the Liberation of Palestine (DFLP), FIDA, the Palestinian Liberation Front, the Palestinian People's Party (PPP), the Palestinian Popular Struggle Front (PPSF), and the Popular Front for the Liberation of Palestine (PFLP), along with members of Fatah, issued statements urging the PA to confront Israeli settlement construction, to hold long-delayed municipal elections by the end of the year (6/8), and to implement the PC-approved NGO law (6/18).

By mid-7/99, Arafat had initiated contacts with most, if not all, of the ten Damascus-based rejectionist groups, hoping to convince them to take part in national unity talks or, ultimately, preparations for final status negotiations. Arafat hopes to have as many groups as possible involved in the final status process, so there will be fewer groups to oppose a final treaty. Details of Arafat's meetings were sketchy and results were mixed. Arafat and his aides seemed to attend meetings as either Fatah or PC representatives, whichever would make his partners more comfortable. Most meetings were with the DFLP (e.g., mid-7/99, 7/19) and PFLP (7/21, 8/1-2), which historically have been more amenable to joining the Oslo process. Arafat also convened (7/31) the first Fatah Central Committee meeting since 1994 to unify Fatah's ranks; three of Arafat's most vocal opponents attended: Faruq al-Qad-dumi, Muhammad Jihad, and Muhammad Ghunaym. Arafat was also rumored to be holding secret meetings in Amman with Hamas. At least one group, Ahmad Jibril's PFLP-General Command, refused (8/6) to participate. At the end of the quarter, however, it was uncertain if talks would continue. A meeting between Arafat and DFLP head Nayif Hawatmah, set for 8/7, fell...
through. After two consultation meetings among the Damascus groups (7/24, 8/3), some organizations were advocating halting contacts with the PFLP for getting too close to Fatah and the PA.

Palestinian Opinion

The following data are excerpted from a poll conducted by the Nablus-based Center for Palestine Research and Studies (CPRS) on 15–17 July. Results are based on a survey of 1,330 men and women from the West Bank and Gaza. The poll, forty-second in a series, was made available by CPRS’s office in Nablus.

1. Do you support or oppose the current peace process between Palestinians and Israelis?

<table>
<thead>
<tr>
<th></th>
<th>West Bank &amp; Gaza</th>
<th>West Bank Gaza</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Support</td>
<td>74.9%</td>
<td>73.6%</td>
</tr>
<tr>
<td>b. Oppose</td>
<td>21.4%</td>
<td>22.9%</td>
</tr>
<tr>
<td>c. No opinion</td>
<td>3.7%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

2. Do you trust the intentions of the new Israeli government headed by Barak toward reaching an Israeli-Palestinian peace settlement with Palestinians?

<table>
<thead>
<tr>
<th></th>
<th>West Bank &amp; Gaza</th>
<th>West Bank Gaza</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Yes</td>
<td>28.6%</td>
<td>27.3%</td>
</tr>
<tr>
<td>b. No</td>
<td>57.8%</td>
<td>60.1%</td>
</tr>
<tr>
<td>c. No opinion</td>
<td>13.6%</td>
<td>12.6%</td>
</tr>
</tbody>
</table>

3. In your opinion, in which of the following PA institutions does corruption exist?

a. Ministries and government offices

<table>
<thead>
<tr>
<th></th>
<th>West Bank &amp; Gaza</th>
<th>West Bank Gaza</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Yes</td>
<td>80.9%</td>
<td>80.5%</td>
</tr>
<tr>
<td>b. No</td>
<td>10.0%</td>
<td>9.8%</td>
</tr>
<tr>
<td>c. No opinion</td>
<td>9.1%</td>
<td>9.8%</td>
</tr>
</tbody>
</table>

b. Security forces and police

<table>
<thead>
<tr>
<th></th>
<th>West Bank &amp; Gaza</th>
<th>West Bank Gaza</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Yes</td>
<td>76.1%</td>
<td>76.1%</td>
</tr>
<tr>
<td>b. No</td>
<td>14.4%</td>
<td>12.6%</td>
</tr>
<tr>
<td>c. No opinion</td>
<td>9.5%</td>
<td>11.3%</td>
</tr>
</tbody>
</table>

c. Office of the president

<table>
<thead>
<tr>
<th></th>
<th>West Bank &amp; Gaza</th>
<th>West Bank Gaza</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Yes</td>
<td>42.8%</td>
<td>44.3%</td>
</tr>
<tr>
<td>b. No</td>
<td>25.4%</td>
<td>21.6%</td>
</tr>
<tr>
<td>c. No opinion</td>
<td>31.8%</td>
<td>34.1%</td>
</tr>
</tbody>
</table>

d. Palestinian Legislative Council

<table>
<thead>
<tr>
<th></th>
<th>West Bank &amp; Gaza</th>
<th>West Bank Gaza</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Yes</td>
<td>50.8%</td>
<td>54.7%</td>
</tr>
<tr>
<td>b. No</td>
<td>30.5%</td>
<td>25.3%</td>
</tr>
<tr>
<td>c. No opinion</td>
<td>18.8%</td>
<td>20.0%</td>
</tr>
</tbody>
</table>

Jordanian-Israeli Track

Israel’s new PM kept the Jordanian track in the background this quarter, preferring to focus on resuming negotiations with the PA and Syria. Although there were fewer bilateral meetings this quarter, Barak was careful to keep Jordan briefed on his plans. He stopped in Amman (7/13) to meet with King Abdullah on his way to Washington for talks with Pres. Clinton, sent FM David Levy to update the king (8/10), and kept in contact with Abdullah by phone (e.g., 6/12).

Jordan reportedly was angry with Barak’s decision (5/30) to name Danny Yatom chief of staff. Yatom is the former head of Mossad who approved the bungled assassination attempt against Hamas political leader Khalid Mishal in Amman. King Abdullah has reportedly said that Yatom may not visit Jordan until he personally apologizes to the king for the Mishal incident.

Meanwhile, Israel and Jordan agreed to move forward with several suspended projects, such as (7/7) the long-delayed construction of the Aqaba-Elat airport. They also agreed (7/7) to increase the number of flights between Amman and Tel Aviv from seven to nine per week and between Amman and Haifa from two to three per week, and to increase the number of passengers allowed per flight. Israel gave Jordan permission (late 5/99) to accelerate construction of
al-Adasiyya Dam, which will increase Jordan's water reserves. Jordan hopes to complete the dam in 9/99.

Jordan and Israel also began talks (7/12) on a media agreement for exchanging newspapers. Jordan said that it would agree to Israel's request to allow the Jerusalem Post into the kingdom if the Jordan Times could be distributed in Israel. In mid-6/99, the two countries signed an agreement to undertake a joint marine research and environmental management project.

On the other hand, Jordan raised (8/10) its usual complaint that Israel obstructs the export of Jordanian goods to the occupied territories. In mid-5/99, hundreds of Jordanian farmers marched toward the Israeli border to protest the deterioration of their economic situation due to the ongoing drought and Israel's control of water flow into the kingdom. They were halted by Jordanian police before they reached the border.

LEBANESE-ISRAELI TRACK

One of PM-elect Barak's first major statements following his 5/17 victory was a reiteration on 5/20 of his campaign pledge to withdraw Israeli troops from Lebanon within a year. He repeated this pledge on 5/27, 7/6, 7/16, and 7/18. As of late 5/99, Barak reportedly viewed withdrawal from Lebanon as part of a five-phase plan with Lebanon and Syria, as follows: (1) a statement by Israel on restarting talks with Syria; (2) a reciprocal statement by Syria; (3) the formation of a joint Israeli-Lebanese-Syrian committee, with U.S. and EU representatives, to discuss Israel's withdrawal from Lebanon; (4) Israel's pullout from Lebanon; (5) an Israeli-Syrian peace agreement. Although Barak became absorbed with the Wye implementation issue and made no new statements about the Lebanese track after his trip to Washington, as of late 7/99, the Lebanese government was rumored to be assembling a negotiating team.

On 5/31, Israel's client militia, the South Lebanese Army (SLA), began a unilateral pullout from the Jezzine salient, an area north of Israel's self-declared security zone that the SLA has occupied on the IDF's behalf since 1985. The withdrawal, completed on 6/3, was the first major retreat by Israeli-backed forces in 14 years and could serve as a model for an IDF redeployment from Lebanon. (See Chronology for details.) In late 6/99, the IDF reportedly was renovating and fortifying positions along the Israeli-Lebanese border, suggesting that the IDF might be preparing for a pullout.

Also of note: Israeli justice minister Beilin said (7/19) that he plans to cancel the legal basis for holding Lebanese detainees without charge or trial, raising the possibility that they might be freed within months. At least 22 Lebanese nationals are currently imprisoned in Israel without charge or trial or after expiry of their sentences.

SYRIAN-ISRAELI TRACK

Barak's election victory on 5/17 precipitated a rush of activity on a track that has seen little progress for over three years. From the day of his election, Barak stated (5/17, 7/6, 7/15) that he hoped to restart talks quickly, would negotiate with Syria and the PA simultaneously, and aimed to complete an agreement within 15 months, while Pres. Clinton said (5/17) that the U.S. would push Israel to resume talks soon. EU special envoy Miguel Moratinos emerged from a meeting with Syrian FM Faruq al-Shara' on 5/19 with the message that the Syrians "respect [Barak] a lot, and they think Labor [now One Israel] can achieve the final peace with Syria," possibly within a year. On 6/23, Syrian pres. Asad and PM Barak traded public compliments mainly through interviews with British writer Patrick Seale, with Asad calling Barak "a strong and honest man" who "can accomplish whatever he decides to do," and Barak praising Asad for having created "a strong, independent, self-confident Syria" and calling Syria the "key-stone of peace" in the region.

While these upbeat exchanges took place in the media, substantive talks took place behind the scenes in an indirect dialogue via the U.S. (confirmed by Ross on 6/22). PM-elect Barak sent former Israeli ambassador Itamar Rabinovitch, who had headed the Israeli negotiating team with Syria under Yitzhak Rabin, on a secret two-day visit to Washington around 5/24 to discuss restarting the Syrian-Israeli track with the U.S. peace team. Pres. Clinton seemed to take a personal interest, phoning Pres. Asad to assure him that he would personally oversee a relaunching of Syrian-Israeli negotiations (5/28) and to brief him on Barak's visit to Washington (7/20). Clinton also sent a letter to Asad (ca. 7/24) and received a written reply (8/4), but no information was released on the content of the messages. These official contacts were paralleled by a number of secret, unofficial shuttle missions, including
fused to sign them, finally halting contacts in 12/98, when early elections were called. The EU and Oman reportedly mediated, and the U.S. was kept in the dark. Syria and Oman immediately denied the story (5/28), but Netanyahu confirmed (5/30) that he held “unofficial contacts” with Syria, adding that Syria’s refusal to compromise on its territorial demands precluded an agreement.

MULTILATERAL TALKS

From 6/13 to 6/17, the Refugee Working Group conducted a five-day gavel mission to refugee camps in Jordan to assess ways of improving refugees’ living conditions. This was the only multilateral meeting this quarter.

REGIONAL AFFAIRS

RELATIONS WITH ISRAEL

While the Arab leaders were unanimous in welcoming Barak’s election, Israel’s bilateral relations with the Arab states did not change dramatically this quarter. Egyptian pres. Mubarak quickly warned Barak (5/24, 7/9) that his vows to keep Israeli control over a united Jerusalem could worsen the already frozen peace process. Former Israeli PM Shimon Peres reportedly contacted Mubarak several times in early 7/99 to encourage him to make a “tangible show of goodwill toward Israel,” such as reviving the MENA regional economic conference, in advance of Barak’s 7/9 visit, but Mubarak said such tokens were premature. Egyptian officials accused Israel (6/2) of having recently imposed arbitrary restrictions and certification requirements on imports from Egypt.

At the funeral for King Hassan of Morocco (7/25), Barak received an unexpectedly warm welcome from Algerian president ‘Abd al-Aziz Bouteflika, who expressed high hopes for the peace process. Barak also met briefly with Arafat, King Abdallah, and Mubarak, as well as the leaders of Kuwait, Qatar, the UAE, and Yemen. Soon after the funeral, former Israeli and Algerian officials revealed that between 1986 and 1988, former Israeli PM Peres and former Algerian pres. Chadli Ben Jaddid held secret talks on resolving the Arab-Israeli conflict. The two nations reportedly also held secret contacts on health, culture, and media issues in 1994 and 1997 and have had a commercial relationship for selling pharmaceuticals since 1994.

After a meeting (8/3) with Morocco’s new king, Malcolm Hoenlein, head of the Confer-
ence of Presidents of Major American Jewish Organizations, reported that King Muham-
dad hopes to speed normalization with
Israel now that the peace process seems to be
getting back on track. Moroccan represen-
tatives took part in the peace process at the

The Ramallah-based International Alliance
for Arab-Israeli Peace, a group of Israeli and
Palestinian NGOs, held a meeting in Cairo
7/5–7 to promote the revival of the peace
process and Arab normalization with Israel.
Former Israeli PM Peres attended but, con-
trary to expectations, Arafat did not take part.
The Egyptian government dissociated itself
from the meeting, saying it was too early in
Barak’s tenure to call officially for normali-
tation. Some 700 Egyptian intellectuals, artists,
representatives of political parties and pro-
fessional associations, and religious leaders
held a counterconference to protest normali-
zation in advance of a comprehensive peace.

On 6/6, Qatar ordered the Israeli trade
mission in Doha to vacate its rented prem-
ises by 6/20, ruling in favor of the villa’s
owner, who claimed that the site had been
leased to Israel without his knowledge. The
Israeli head of mission declared (6/6) that he
would ignore the order and would “not be
moved under threats.” In late 6/9, he agreed
to vacate the villa after Qatar agreed to help
the Israelis find a permanent building. The
trade mission moved into new offices in
mid-7/99.

In mid-6/99, Tunisia granted permission
to Israel to move its trade mission out of a
hotel in Tunis and into permanent offices
and approved an entry visa for the new
trade representative, who had been waiting
months to replace the outgoing head of
mission. The new representative arrived in late
7/99.

Lebanon banned flights to and from Bei-
rut by the newly privatized Bulgarian Airlines
after learning that two Israeli companies had
bought 75% of the company’s shares.

Mauritania and Israel agreed (7/13) to co-
operate on health projects. The head of the
Mauritanian National Committee Against
Normalization with Israel was arrested (7/14)
for publicly criticizing the deal.

INTER-ARAB HIGHLIGHTS

Within days of Barak’s election victory,
the Arab states began to hold intensive, high-
level meetings to coordinate their stands on
the peace process in hopes that negotiations
on all tracks would resume promptly. Egyp-
tian pres. Mubarak took the lead (beginning
5/20), assisted by King Abdallah of Jordan
and Crown Prince Abdallah of Saudi Arabia,
in trying yet again to arrange either a narrow
meeting of the frontline states or a broader
Arab summit. To this end, Arafat met with
Mubarak (5/23, 6/15), King Abdallah (5/25,
5/30–31), and Egyptian FM ‘Amr Musa (5/22).
Asad received Crown Prince Abdallah
(6/2–3), FM Musa (5/29), and Jordan’s Chief
of the Royal Court ‘Abd al-Karim Kabariti
(5/27). King Abdallah met with Crown Prince
Abdallah (6/3–4), Tunisia’s Pres. Zein al-
Abidine Ben Ali, Oman’s Sultan Qabus (6/7),
and Bahrain’s Shaykh Hamad bin Isa al-
Khalifa (6/12–13). Mubarak met with Crown
Prince Abdallah (6/4–5), Algeria’s Bouteflika,
and Morocco’s King Hassan (6/12–13). The
Arab League appealed (5/25) to the frontline
states to meet. Asad even sent a request to
Asad via Jordan’s Kabariti (5/27), asking to
visit Damascus, but Asad refused (5/27). By
mid-6/99 it was clear that, as in previous
quarters (see Peace Monitor in JPS 112),
Syria’s refusal to sit at the table with the PA
would prevent a meeting. In late 6/99,
Abdallah, Arafat, and Mubarak reportedly
tried to plan a tripartite meeting to coordi-
nate positions on final status issues—a fol-
low-up to their fruitless meeting in Amman
in 3/99 (see Peace Monitor in JPS 112)—but
it never took place.

Arab states continued bilateral consulta-
tions on the peace process through the end
of the quarter, mostly to coordinate positions
with either the PA or Syria before talks with
Israel resume. Asad spoke by phone with
Mubarak (7/4) and met with King Abdallah
(7/12, 7/26). Arafat met with Mubarak (7/6,
7/14, 7/20, 7/31), King Abdallah (5/26, 6/9,
6/29, 7/31), FM Musa (7/15), and Jordanian
PM ‘Abd al-Rauf al-Rawabida (8/12). Musa
met with Jordan’s Kabariti (7/21). King
Abdallah’s announced visit to Damascus
on 7/26, on his way home from King Has-
san’s funeral, raised speculation that Abdal-
lah was mediating between Israel and Syria
behind the scenes.

King Abdallah also met with PA security
officials (6/15) for talks on security coordina-
tion. Jordan and the PA signed (7/31) a pro-
tocol on agricultural cooperation.

Relations between Jordan and Syria con-
tinued to improve this quarter. The
Jordanian-Syrian Higher Committee met in
Amman 8/2–3. The sides agreed to set up a
bilateral free trade zone within ten years and
signed agreements on agriculture, airlines,
banking and joint ventures, culture, higher education, industry and trade, scientific cooperation, media, mining and energy, transportation, and water. Separate accords on agricultural cooperation (5/20), oil (5/21), and linking electricity grids (5/21) were signed earlier in the quarter. Other talks on transportation cooperation (6/6, 6/14) and water (5/17) were also held. An express rail line between Amman and Damascus began operation on 7/29.

Emile Lahoud made the first visit to Amman by a Lebanese president in 25 years on 5/29 to discuss regional issues with King Abdullah. Jordanian PM Rawabida held a follow-up meeting with Lahoud in Beirut (6/24), which focused on water issues.

The Jordanian-Tunisian Higher Committee held talks (6/12-15) on bilateral relations and regional issues.

Jordan returned to Iraq 1,016 antiquities confiscated from dealers who had attempted to smuggle them out of Iraq via Jordan.

Yemen and Egypt signed (6/19) 12 cooperation agreements on higher education, scientific research, industry, energy, youth and sports, administrative development, and religious affairs. Yemen and Jordan held talks (7/2-3) on economic cooperation.

Qatari emir Shaykh Hamad met with Arafat in Gaza on 8/8, making him the first Gulf leader to visit the occupied territories since the PA was established. The emir was on a regional tour, which also took him to Lebanon (8/8-9), Algeria (8/9-10), and Morocco (8/11).

**REGIONAL ECONOMIC AFFAIRS**

After four years of negotiations, the EU FMs unanimously approved the Egyptian-EU partnership agreement, meaning the accord should be signed in the next few months. The partnership agreement is part of the EU's Euro-Med initiative to create a Mediterranean free trade zone by 2010 by setting up bilateral free trade accords between the EU and individual Mediterranean states. The process has been hampered by requirements obligating the EU to obtain unanimous approval of the member states, meaning a domestic constituency in one country (e.g., orange growers in Spain) can block passage.

To encourage bilateral trade, Egypt decided (6/5) to grant six-month multiple-entry visas to Palestinian businessmen who do more than $50,000/year of trade with Egypt and proposed starting joint investment projects in the Rafah industrial estate when it opens. Egypt and the PA also signed (6/6) agreements on economic, trade, technological, and cultural cooperation.

The Kuwaiti Fund for Arab Economic Development gave (5/24) Lebanon a three-year, $200-b. loan.

**INTERNATIONAL**

**UNITED STATES**

Publicly, the Clinton administration voiced (5/17) muted congratulations to PM-elect Barak and appreciation for Netanyahu's hard work as PM. Privately, administration officials expressed relief at Barak's election victory, admitting that they found Netanyahu a "difficult" negotiating partner.

The U.S. made sure Barak received a warm welcome during his 7/15-20 visit to Washington. Barak received ten hours of private time with the president (see above); was hosted at Camp David, the White House, and the homes of the vice president and secretary of state; and was man-of-honor at a 400-guest dinner hosted by the first lady. The U.S. approved (7/16) Israel's request to purchase $2.5-b. worth of jets with U.S. taxpayer money—the largest arms buy in Israel's history. Barak and Clinton also agreed to create a Strategic Policy Planning Group composed of senior Israeli and U.S. security officials to report to them quarterly on Israel's security situation.

Clinton promised Barak (7/19) that he would expedite congressional approval of the $1.2 b. in additional economic aid that the U.S. promised Israel to cover the costs of Wye implementation, the $400 m. in U.S. donor aid pledged to the PA at the donor conference after Wye, and the $300 m. for Jordan in thanks for King Hussein's participation in Wye talks. Congress approved (5/18) a supplemental funding bill for the war in Kosovo that included a rider granting $100 m. of the $300 m. to Jordan, but both the House (8/4) and the Senate (8/3) failed to include the rest of the $1.9 b. in their drafts of the FY 2000 foreign aid bill.

During Egyptian pres. Mubarak's visit to Washington for talks on bilateral ties (6/28-7/2), Pres. Clinton angered Israelis by stating in a press conference (7/1) that Palestinian refugees should be allowed to settle "wherever they want to live." The State Department quickly stressed that Clinton's statements did not reflect a change in U.S. policy or a position on final status.
The U.S.-Palestinian Bilateral Committee held its third meeting on 6/23 in Ramallah. The four subcommittees on trade and investment, economic assistance, legal affairs, and educational exchange programs met. The PA asked the U.S. to repeal laws restricting U.S. dealings with the PLO. The sides discussed expanding their bilateral free trade agreement, joint investments, scholarships for Palestinians to attend U.S. schools and universities, and aid for rural PA areas.

As expected, Pres. Clinton waived implementation of the 1995 Jerusalem Embassy Act, which requires the State Department to move the U.S. embassy in Israel from Tel Aviv to Jerusalem (see Peace Monitor in IPS 112). If he had not acted, the State Department would have forfeited about $500 m. in current funding for security and improvements at embassies around the world for having failed to complete the transfer by 5/31. During his visit (7/20), Barak urged members of Congress not to push for implementation of the act during this delicate stage of the peace process.

The House Appropriations Committee rejected (7/14) a proposal by committee chairman Sonny Callahan (R-AL) to end two decades of preferential aid treatment for Israel, which allows Israel to receive its U.S. aid in a lump sum at the beginning of each fiscal year, so that it can put the money in an interest-bearing account.

First Lady Hillary Clinton indefinitely postponed (6/10) a trip to Israel, Jordan, the occupied territories, and Yemen scheduled for late-6/99 because of State Department concerns that her visit could hinder Barak's efforts to form a new government. The first lady angered Israelis in 5/98 when she stated that she believed that creation of an independent Palestinian state would hasten peace in the region (see Doc. C8 in IPS 108). This quarter, as part of her "listening tour" of New York to assess her chances of winning a Senate seat if she were to run, the first lady sent a letter to the New York-based Orthodox Union (7/2), saying that contrary to administration policy, she considers Jerusalem "the eternal and indivisible capital of Israel" and favors moving the embassy there.

Hadassah, the Women's Zionist Organization of America, presented (7/27) the first lady with its highest humanitarian award.

**Russia**

On 7/5-6, Syrian pres. Asad held talks in Moscow with Pres. Boris Yeltsin on a five-year, $2-b. arms deal to upgrade the Syrian military. The deal, which would improve Syria's negotiating position vis-a-vis Israel, was not finalized, but Russia agreed to upgrade technical and military cooperation. Syria and Russia also signed an agreement (5/19) on the use of atomic energy for peaceful scientific purposes.

Israeli PM Barak met with Yeltsin in Moscow on 8/2 for talks on the peace process. He urged Russia to halt the transfer of military technology to Iran and Iraq.

**European Union**

The EU was not very involved in the peace process this quarter. The EU welcomed (5/17) Barak's election and stated (6/1) that it expected the new PM to restore Palestinian confidence by freezing settlement activity and urged Israel to resume talks with Syria. EU special envoy Moratinos was dispatched to Syria (5/19), ca. 7/14, 8/2, Cairo (6/1), and Amman (8/2) to assist in restarting the Syrian-Israeli track. Otherwise, the EU let the U.S. take the lead in reviving the peace process.

Outgoing Israeli FM Ariel Sharon sent a letter of protest (6/26) to French pres. Jacques Chirac opposing France's "one-sided and unbalanced" reaction to Israeli's massive strike on Lebanon on 6/24. France had termed the attack an "overreaction." French envoy Yves Aubin de la Messuziere traveled to Tel Aviv on 6/28 to discuss the issue, but Foreign Ministry officials refused to meet with him.

Spain gave a $55-m. loan to Syria (7/20)—the first loan by an EU state to Damascus—and signed a $100-m. trade agreement with Lebanon (7/21).

**United Nations**

The most important UN event this quarter was the long-delayed meeting of the signatories to the Fourth Geneva Convention, called for under UN Res. ES-10/5 of 3/17/98 (see Peace Monitor in IPS 111), to consider sanctions against Israel for its "persistent violations" of the conventions through human rights abuses and settlement activity in the occupied territories. The meeting was scheduled to be held in Geneva beginning on 7/15 and to be open-ended, to allow as much debate as necessary. The UN Committee on the Exercise of the Inalienable Rights of the Palestinian People held (6/14–15) a preliminary meeting of legal experts in Cairo in preparation.
Ever since the UN set a date for the meeting on 2/9, the U.S. had lobbied against convening the session, but public pressure increased this quarter. At the American-Israel Public Affairs Committee’s (AIPAC) annual conference, VP Al Gore (5/22) and Assistant Secy. of State Martin Indyk (6/8) said that the U.S. was “working hard” to make sure the meeting did not come off. The Mission of Palestine to the UN suggested (mid-6/99) that U.S. pressure at the UN headquarters in New York reached such levels that the UN moved planning operations to Geneva. By late 6/99, the EU had reversed its position, recommending that the meeting be delayed, since it had been scheduled so close to the formation of the new Israeli government and PM Barak’s trip to the U.S. On 7/13, the PA announced that under pressure from the U.S. to avoid friction with the new Israeli government, it would seek the speedy adjournment of the meeting. The signatories met in Geneva on 7/15 (with Australia, Canada, Israel, and the U.S. boycotting) but held no debate and adjourned in only 30 minutes, after approving a statement declaring Israeli settlements illegal.

The UN fact-finding committee on Israel’s repressive practices against the Palestinians conducted visits to Amman (5/24–26), Cairo (5/16–30), and Damascus. Team members interviewed Palestinian refugees residing in the three host countries and Palestinians from the territories who came to meet with them (as a rule, Israel bars access to the territories to all international fact-finding missions).

Responding to Israeli accusations last quarter that the EU and PA were attempting to “revive” UN Res. 181, U.S. VP Gore in a speech to AIPAC on 5/22 stated U.S. opposition to using UN Res. 181, which calls for a two-state solution to the Arab-Israeli conflict, as a basis for Israeli-PA negotiations. U.S. special envoy Ross reiterated this position to AIPAC on 5/24, but stressed that the U.S. still insists on land for peace. On 6/8, Assistant Secy. of State Indyk claimed that in the U.S. view, UN Res. 181 has never been a basis of the peace process.

Iraq

Israel publicly denounced Iraq this quarter for the arrest of 13 Iranian Jews in Shiraz on charges of spying, which automatically carries the death penalty. The 13 Iranians were arrested in 4/99 by the Intelligence Ministry. Israel and the U.S. were informed immediately, but decided to lobby for the Iranians’ release privately out of concern that the arrests may have been a political move by opponents of Pres. Mohamed Khatami to create an embarrassing diplomatic incident in advance of next year’s municipal elections. The news was leaked to the Israeli press on 6/8 and widely reported thereafter, forcing the Israeli government to take a public stand. The World Bank suspended (6/22) work on two $200-m. plans for Iran, which were to be submitted for funding in 9/99, because of the arrests. The Iranians were still jailed at the end of the quarter. Estimates of the number of Iranian Jews range from 12,500 to 27,000.

Iran continued to build relations with Arab states this quarter. Iran held talks with Egypt on expanding political, economic, and cultural relations (6/10); with Iraq on accelerating the release of POWs from the 1980–88 war (6/14); with Jordan on expanding cooperation in culture (7/23), economics (6/19), judicial affairs (5/18–19), politics (6/19), religious affairs (7/25), and tourism (7/25); with Lebanon on resuming direct flights between their capitals (5/20) and on expanding diplomatic and economic relations (6/15, 6/17); with Libya on expanding bilateral relations (7/14); with Syria on water and energy cooperation (6/14–17) and religious affairs (6/27); and with Qatar on bilateral and Muslim affairs (5/19–20). Iran also won a $50-m. contract to build and repair power plants for Syria (7/14) and signed eight cooperation agreements with Qatar (5/20).

At a Gulf Cooperation Council (GCC) meeting on 6/5, the UAE, which has a dispute with Iran over control of three Gulf islands, denounced the GCC, and Saud Arabia in particular, for advocating stronger ties with Iran. Oman agreed with the UAE, but Bahrain, although backing the UAE’s position on the islands, sided with Saudi Arabia over relations with Iran, criticizing the UAE for needlessly causing divisions. The 6/5 session broke up in disarray, as did a session on 6/12; GCC members feared that the argument would incapacitate the council. On 6/21, Qatar brokered a reconciliation in which Saudi Arabia reportedly agreed to make any upgrade in its ties with Iran conditional on a resolution of the island dispute.

Also of note: Britain and Iran restored (5/18) ambassadorial relations after a 20-year break.
TURKEY

Pres. Suleyman Demirel traveled to Israel on 7/19, where he held meetings with Israeli pres. Ezer Weizman and PM Barak. Demirel assured Israel that its resumption of negotiations with Syria would not affect Turkish-Israeli ties, despite tensions between Ankara and Damascus. Turkey offered (7/15) to provide Israel with large quantities of drinking water through an undersea pipeline or by boat and planned a joint committee to examine the feasibility of the project. On 7/21, Israeli and Turkish air force commanders held talks on military training cooperation.

During his regional tour, Demirel also met with Arafat in Gaza (7/16), King Abdal- lah in Amman (7/16), and Mubarak in Cairo (7/26). On his stops in Cairo, Turkey, and Egypt, he signed 12 cooperation agreements, covering agriculture, crime fighting, culture, customs, health, natural gas, and trade.

Tensions between Turkey and Iran rose this quarter when Turkish jets crossed the border during an attack on Kurdish rebels and struck a military base and tribal encampment, killing five Iranians and wounding ten. Iran then captured (7/22) two Turkish soldiers who strayed into Iranian territory. Turkey investigated the incident and admitted wrongdoing (7/28), and Iran released the Turkish soldiers (8/9). As a result of the incident, Turkey and Iran held security talks in Ankara (8/10–11) and agreed to set up a hot line to coordinate their strikes on Kurdish rebels, but failed to agree on Turkish compensation for the cross-border attack.

The American Jewish Committee announced on 6/11 that it had begun mobilizing a lobbying effort to urge the IMF to extend the maximum level of aid to Turkey and to remind the U.S. that Turkey is “a very important strategic partner.”

On 6/15, Israel bowed to a U.S. demand not to sell Merkava tanks to Turkey. Instead, Israel and the U.S. submitted a joint bid for a $7-m. contract to provide M1-Abrams tanks to the Turkish military.

OTHER

Greece held preliminary talks with Iran (ca. 7/1) on a possible bilateral or trilateral (with Armenia) military cooperation agreement. Greece also held talks with Israel (8/4) on military and trade cooperation. In Athens (8/2), a small bomb exploded outside the offices of the Greece-Israel Friendship Society, causing damage but no injuries. A caller claimed responsibility on behalf of the previously unknown Black Star Group.

At the Israel-Holy See Committee conference on anti-Semitism in Tel Aviv on 7/19, Vatican representative Rev. David Yager blamed tensions between Jews and the Catholic Church on Israel's anti-Catholic attitudes. Anti-Defamation League representative Rabbi David Rosen retorted that after two thousand years of Catholic anti-Semitism the “onus is on the Catholic side” to regain the Jews' trust.

As a goodwill gesture to Barak, Cyprus pardoned (8/12) two Israeli spies and deported them to Israel (see Peace Monitor in JPS 110). Cypriot opposition parties denounced the government's decision to release the pair five months into their three-year sentence and claimed that the government acted under “foreign pressure.”

DONORS

A joint meeting of the donors' Joint Liaison Committee and the Local Aid Coordination Committee met in al-Barid on 7/29. The main topic of discussion was the PA budget deficit, estimated to be $70 m. PA Finance M. Nashashi told donors that the PA plans to cover the deficit by imposing austerity measures. The PA also complained that donors have been slow to fulfill their pledges. Participants discussed potential Y2K problems in the West Bank and Gaza. Donors closed by scheduling an Ad Hoc Liaison Committee meeting in Tokyo 10/14–15 to discuss aid effectiveness, the Palestinian public's perception of the impact of donor aid, and suggestions for improvements to the donor organization and administration. The sector working group on wastewater met on 6/28 to discuss the regional drought.

Donors extended the mandate of the Technical Assistance Trust Fund (TATF), which was to close on 5/31, to 12/31/99. TATF administers 13 development projects in the territories dealing with water, tourism, roads, and legal and municipal affairs. As of 7/99, TATF had received donor contributions of $22.9 m., of which $16.5 m. had been disbursed.

On 5/27, the World Bank approved a $21-m. loan to the PA for a project to repair and expand water networks and wastewater treatment systems in Bethlehem, Hebron, and the southern West Bank. The project is administered by the Trust Fund for West Bank and Gaza.

Compiled by Michele L. Kjorlien