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

BILATERALS

PALESTINIAN-ISRAELI TRACK

The optimism generated last quarter by the (albeit slow) fulfillment of the interim and final status obligations outlined in the 9/4/99 Sharm al-Sheykh agreement (Wye II) quickly evaporated this quarter, leading the Palestinian Authority (PA) to suspend negotiations with Israel in early 2/00.

Final status teams (led by Oded Eran for Israel and Yasir ‘Abid Rabbuh for the PA), which had begun holding regular meetings to negotiate a framework agreement on permanent status (called the FAPS) by the agreed deadline of 2/13/00, never seemed to move beyond discussion of procedural issues and presentations of maximalist opening positions. Interim talks (led by Eran and Saeb Erakat) immediately locked out the second stage of the second further redeployment (FRD), which was to have been carried out by 11/15 (see below). Early in the quarter, Israel also approved two plans (11/26, 12/2) to expand West Bank settlements, which convinced the PA that Israel was not negotiating in good faith. By the end of 11/99, talks were caught in a loop, with the PA demanding accommodation on the FRD and settlements and Israel refusing to reconsider the FRD maps and claiming (12/6) that it was obligated to follow through on settlement construction begun by previous governments.

To keep up the momentum on the FAPS talks, U.S. special envoy Dennis Ross arrived in Jerusalem on 11/16, but his trip was dominated by the FRD issue. The U.S. refused to intervene, saying the two sides must work out their differences themselves, and attention shifted to plans for a regional tour by Secy. of State Madeleine Albright, set for 12/6–9.

On 12/3, PA head Yasir Arafat announced that final status talks were deadlocked and accused Israel of using negotiations as a cover for settlement expansion. On 12/6, the day before Albright arrived in Israel from Damascus, the PA suspended final status meet- ings, saying it would no longer discuss anything with Israel except settlements. Hours before Albright landed on 12/7, Israeli PM Ehud Barak announced that he would delay work on the 11/26 and 12/2 settlement projects and hold off on approving more settlement units until 2/00, hoping this would allow FAPS talks to advance.

On 12/8, Albright presented Arafat and Barak with a suggested rough time line: by 1/10, Israel and the PA would complete a draft FAPS that would smooth the way for a Camp David–style summit in the U.S. among Arafat, Barak, and Clinton sometime before the 2/13 deadline; soon after 1/10, Arafat would meet Clinton in Washington; on 1/15, Ross would return to the region to oversee intensive FAPS talks that would continue until the summit; in late 1/00, Albright would return to the region to ascertain whether enough progress on the draft had been made for a successful summit to be held.

Hours after Albright's meetings, Pres. Clinton announced that Syrian-Israeli talks would resume in Washington on 12/15–16. Barak and Clinton phoned Arafat immediately to assure him that the resumption of the Syrian track would not affect progress on the Palestinian track and that the U.S. still expected Israel and the PA to stick to Albright's time line. Although Barak canceled (ca. 12/10) a planned meeting with Arafat to follow up on Albright's visit and announced (12/12) that Israel would not carry out a planned prisoner release (see below) until he returned from talks with Syrian FM Faruq al-Shara', Albright's visit was enough for the PA to resume the final status meetings on 12/9. But since Albright had again refused to intervene on the FRD or settlements, talks remained fruitless.

To jump-start the talks, Barak and Arafat held a secret one-on-one meeting in Ramallah on 12/21. (A meeting set for 12/19 was canceled when news of the planned talks was leaked to the press.) After three hours of discussion, Barak and Arafat announced their intention to resolve quickly the two most important outstanding interim obligations: the
second stage of the FRD and the final prisoner release. They also agreed to hold more one-on-one meetings to pave the way for a summit.

Eran and 'Abid Rabbuh began holding almost daily meetings to complete a draft FAPS by the 1/10 target date. The prisoner release was carried out on 12/29 and 12/30, and the second stage of the FRD was implemented on 1/5 (see below). Although 1/10 passed without a draft FAPS, the U.S. was sufficiently satisfied (1/10) with their efforts to proceed with plans for an Arafat-Clinton meeting in Washington on 1/20; coordinator Aaron Miller traveled to Ramallah (1/13) for advance meetings with Arafat. On 1/14, Israel announced that Barak would take time out from the second round of Syrian-Israeli talks (set to begin 1/19) to join the Arafat-Clinton meeting.

Then, on 1/16, Barak postponed the third stage of the second FRD, planned for 1/20, on the pretext that he would not have a chance to review the FRD maps until he returned from the negotiating round with Syria. When the U.S. indefinitely postponed the Syrian-Israeli talks the next day (see below), Barak held a private meeting with Arafat in Tel Aviv. Barak agreed to carry out the FRD within two weeks but asked for a two-month extension of the deadline for completing the FAPS. Arafat did not agree.

In Washington on 1/20, Arafat, Clinton, and Albright discussed delays on the track, and administration officials announced that plans for a Camp David-style summit were off. Clinton and Albright urged the PA to push forward with FAPS talks, entertain compromises, and continue to aim for the 2/13 deadline. They also suggested that Arafat, Barak, and Clinton could meet on the sidelines of the World Economic Forum (WEF) in Davos, Switzerland, 1/29–30 (but in the end, Barak did not attend).

Upon Arafat's return from the U.S., Israel and the PA announced (1/22) plans to hold intensive FAPS negotiations, working simultaneously on multiple tracks (e.g., refugees, Jerusalem, borders, settlements), but warned that talks could miss the 2/13 deadline. Following a preparatory meeting on 1/26, Eran and 'Abid Rabbuh opened a marathon ten-day FAPS session on 1/30.

To close gaps on both interim and final status issues, which were getting nowhere because of the new FRD delay, Arafat and Barak met at Erez on 2/3. They failed to make any progress and left separately, canceling a planned news conference. The PA, warning of crisis, angrily reported that Barak had asked Arafat to delay the FAPS deadline six months and to put off the deadline for a final status agreement until mid-6/01. Israel denied the story and dismissed the idea of a crisis, saying 2/13 had never been a "sacred date." U.S. special envoy Ross, in the area to oversee the FAPS session, did not attend the Erez meeting and again refused to intervene.

On 2/5, Ross and U.S. Ambassador Martin Indyk met with Eran and Erakat to try to solve the FRD issue. Three hours of talks went nowhere, and Ross returned to Washington. On 2/6, the seventh day of the ten-day FAPS marathon, the PA suspended talks and canceled a planned meeting between Arafat and Barak. The PA said (2/7) it would not resume negotiations until it received acceptable answers to three questions: (1) Given that the 2/13 deadline is impossible, does Israel want to eliminate the FAPS and go straight into talks on a full final status agreement or does it seek to extend the FAPS deadline? (2) Will Israel allow the PA to take part in drawing the maps of the third stage of the second FRD and of the third FRD? (3) When does Israel plan to carry out the third FRD? There was no official response from Israel, but Barak told his cabinet on 2/13 that he believed that continuing FAPS talks for a few more weeks was preferable to jumping into talks on a full peace treaty. At the close of the quarter, Pres. Clinton said (2/14) he was optimistic that the PA-Israeli track would resume within a few weeks.

Once again this quarter, there were many rumors that the FAPS meetings were a front for secret back-channel negotiations (see Peace Monitor in JPS 114), however, it is more likely that negotiators and other personalities were informally discussing the viability of possible compromise proposals. The main rumors suggested that Israel was willing to turn over civil control of some Palestinian neighborhoods in Jerusalem—but not in the Old City—to the PA and to allow joint control of Jerusalem's Atarot domestic airport as part of a FAPS deal, and that Arafat had asked the U.S. to draft a working paper for Israel and the PA similar to the one drafted for the Israeli and Syrian teams at Shepherdstown on 1/7 (see below) and to that end had given the U.S. an outline of the PA's positions on several final status issues.
Implementation of Interim Agreements

Disagreements over the FRDs and the Israeli-PA preoccupation with the FAPS pushed implementation of other interim obligations to the back burner, though there was scattered progress.

Joint Committees

No joint committee meetings were reported this quarter, although some may have met without making progress. Eran and Erakat discussed economic issues, but the joint economic committee apparently did not convene. At the close of the quarter, Israel was still refusing to transfer taxes to the PA, which amount to almost $300 m./year.

Further Redeployments

The Wye II agreement set a new time line for Israel to carry out FRDs in the West Bank that were required in earlier peace accords but not implemented (see FRD chart in Peace Monitor, JPS 114). These remaining phases are known as the “second FRD” (which is divided into three “stages” to be carried out on 9/5/99, 11/15/99, and 1/20/00) and the “third FRD” (to be discussed in a joint committee that was to be set up by 9/13/99). Israel completed the first stage of the second FRD late, on 9/10.

Israel indefinitely postponed the second stage of the second FRD on 11/14 after the PA contested the maps, and the two sides were unable to reach a compromise (see Peace Monitor in JPS 114). The PA was unhappy that Israel had unilaterally decided to transfer noncontiguous and sparsely populated areas. Israel claimed it was not obligated to consult with the PA, which wanted areas that link its existing areas of control, that are near Jerusalem, and that bring more Palestinians under its jurisdiction.

Following Albright’s visit (12/8) and the Arafat-Barak meeting (12/21), Israeli and the PA agreed (1/4) to carry out the second stage as Israel originally planned and suggested that Israel would take the PA's requests for more desirable land into consideration in the third stage, set for 1/20. On 1/5, Israel transferred 2% of jointly controlled area B to PA-controlled area A and 3% of Israeli-controlled area C to area B, evacuating six IDF posts. The pockets of land handed over were located south of Jerusalem and around Bethlehem and Jinin, and included desert areas categorized as nature reserves (see Peace Monitor in JPS 114).

As mentioned above, Israel also postponed (1/16) implementation of the third stage of the second FRD, promising (1/17) to carry it out by the end of 1/00. Israel did not consult the PA on the delay, claiming (1/16) that when Wye II was signed, the PA verbally agreed that a three-week extension of the 1/20 date would be acceptable. The PA denied this and protested. The Israeli cabinet did not approve the maps for the redeployment until 2/2, pushing off implementation to 2/10. Barak presented (2/3) the maps to Arafat, who rejected them. Arafat was furious that Israel yet again did not consult the PA on the maps or include populated areas near Jerusalem. The PA suspended talks with Israel (2/6) before resolving the dispute over the maps. Clarification of Israel's intentions regarding the third stage of the second FRD and the third FRD are among the PA’s requirements for restarting negotiations.

Israel and the PA did begin discussing the third FRD this quarter. Talks appeared to be held between Eran and Erakat in the interim team meetings rather than by the joint third FRD committee called for in Wye II, which still does not appear to have been set up. On 12/15, Israel said it would not negotiate the size of the FRD with the PA. By 1/30, Israel revived its request to incorporate the third FRD into a final status agreement. The PA rejected this (2/3), stating that the third FRD was a requirement of the interim agreements and therefore should be carried out during the interim period.

At the close of the quarter, area A was 12.1% of the West Bank, area B was 26.9% (with development limitations on the 3% classified as nature reserves), and area C was 61%.

Prisoner Releases

When the Wye II agreement was negotiated, Israel had still not released 500 of the Palestinian prisoners it had agreed to free under Wye I. The new Wye II accord reduced this number to 350 prisoners, which Israel freed by 10/8 (see Peace Monitor in JPS 114), plus an undetermined number to be freed at the beginning of Ramadan, around 12/9. On 12/12, Israel announced that it would not release the Ramadan prisoners until PM Barak returned from opening talks with Syrian FM Shara' in Washington.

On 12/29, following the Arafat-Barak meeting on 12/21, Israel freed 26 Palestinian prisoners, half of whom had only a few months left to serve. The PA, which expected to receive something closer to 150
prisoners, protested, claims the numbers showed that Israel was not serious about implementing Wye II. As a compromise, Israel released another seven prisoners on 12/30, all of whom were from East Jerusalem. This was a first for Israel, which had previously argued that releasing Jerusalemites could lend credence to PA claims to sovereignty over the Old City.

Safe Passage
The southern safe-passage route, which opened last quarter, continued to operate without incident. Israel reported (11/25) that during the first month, around 11,000 Palestinians traveled the route. Over 60% of them were between the ages of 14 and 24; 70% were from Gaza. There was no progress, however, on the northern route, which was to have opened by 2/5. Differences from last quarter persisted over the location of the West Bank terminus, which the sides were to have selected by 10/5.

Security Cooperation
There were several incidents of violence this quarter, but none affected the Israeli-PA negotiations: On 12/24, a pipe bomb exploded in Israel's Natanya bus station, causing no injuries. No one claimed responsibility, and no arrests were made. On 2/10 a car bomb exploded in a Palestinian village in the West Bank, killing 1 Palestinian and severely injuring another; Israel blamed Hamas. On 1/17, another pipe bomb exploded in a trash can in Hadera, Israel. Around 20 Israelis sought medical attention, mostly for shock. Israel suspected that attack was in retaliation for Israel's "preventive" arrests of around 20 suspected Islamic Jihad members near Hebron, Jenin, and Ramallah on 1/14. Following the 1/17 bombing, the Israeli security cabinet reportedly authorized (ca. 1/20) Barak to carry out operations against Islamic Jihad without the cabinet's prior approval.

IDF troops stormed (11/20) the home of a senior PA security official and arrested him. The PA protested that problems between Israel and members of the PA security forces should be dealt with in the Palestinian-Israeli Steering and Monitoring Committee (PISM). The IDF also stormed (2/7) a Palestinian home in area C to arrest two brothers wanted for security reasons, causing their mother to have a fatal heart attack. Israeli police raided Qalandiyaa (late 1/00) and Shuffat (2/2) refugee camps and arrested several Palestinians for possessing illegal weapons (see Peace Monitor in JPS 114).

On 1/17, the PA for the first time extradited a Palestinian prisoner to Israel. Hisham Najim was wanted for the rape and murder of a child near Nablus.

Also of note: The Israeli Defense Min. announced (1/9) that the number of soldiers deployed to guard West Bank and Gaza settlements would be reduced by 40%, in line with general cuts to the IDF budget. Settlers accused the government of discrimination.

Gaza Port
Work on the Gaza port, which was to have begun by 10/1, did not start this quarter. Israel and the PA reportedly met on the issue every other week but could not agree on a truck route for bringing construction materials to the site that would guarantee the security of Jewish settlers. Israeli said (2/8) it did not expect work to begin until 3/00.

Hebron
There was no progress on the Hebron clauses of Wye II: The joint liaison committee to review security arrangements at al-Ibrahimi Mosque/Tomb of the Patriarchs, which was to have begun work by 9/13, apparently still had not been formed. Hasaba market, which was to open by 11/1, was still closed. The reopening of Shuhada street to private Palestinian traffic, which was to have been completed by 10/30, had not taken place by the end of the quarter. On 1/22, Jewish settlers in Hebron stoned Palestinian taxis on Shuhada street, protesting their access to the road.

Jerusalem
A senior IDF officer stated (1/22) that Israel's political control over East Jerusalem "is gone" and "cannot be regained without a long, bloody campaign that the West will not allow." The PA has taken control of many administrative functions that Israel had virtually abandoned (e.g., schools, medical services, public property, intra-Palestinian policing functions), creating a parallel city administration but leaving overall security control and sovereignty in Israel's hands. Jamil Nassar, the PA official overseeing civil affairs in East Jerusalem, is based in Abu Dis. Meanwhile, the PA seems formally to have dropped West Jerusalem from consideration in the negotiations. When Israel's Ministerial Committee on Jerusalem, chaired by PM Barak, announced plans (11/24) to set aside an area within the city to serve as a future "embassy row," Arafat spokesman Nabil Abu Rudeineh responded (11/24) that "as long as they don't choose a site in East Jeru-
salem, we have no problem with it." Abu Rudeineh did not comment on the committee's other decision authorizing work to begin on a ring road around Jerusalem that would cut off Abu Dis district from the rest of the Jerusalem municipality, link Jerusalem with Tel Aviv, and connect settlements around the city with each other. When asked (2/11) about the final status of Jerusalem, Mahmud Abbas, Arafat's chief adviser and overseer of the negotiations, reiterated that "Jerusalem is occupied territory. . . . The eastern and western parts of the city are well known. We have the east, and they have the west. The borders are clear."

The PA's attitude toward the embassy row proposal is particularly interesting in light of new findings presented in Washington (2/17) by Palestinian historian Walid Khalidi, which show that the majority of the West Jerusalem site Israel proposes for a U.S. embassy was privately owned land confiscated from Palestinians.

Miscellaneous Matters

On 12/4, Arafat attended a tree-lighting ceremony in Bethlehem, officially opening the PA's year-long Bethlehem 2000 celebrations.

Palestinian Airlines began (12/4) twice-weekly service to Cyprus and reached an agreement (ca. 12/26) with Italy's Alitalia under which both companies will begin operating Gaza–Rome flights by 3/00. The PA and Russia also discussed (11/29) developing a regular flight route between Gaza and Moscow. The airline already has three flights/week to Jordan, Saudi Arabia, and the UAE and one flight/week to Bahrain and Qatar.

Around 1/1, Israel halted the export through its ports of Palestinian agricultural goods headed to Europe, saying that the quality of the Palestinian products did not meet standards set by the Israeli Agriculture Min. The PA accused Israel (1/3) of imposing the ban to pressure the European Union (EU) to reverse its policy of excluding from free trade status Israeli products made in Jewish settlements.

On 1/10, Israel lowered the minimum age for Palestinians to work inside Israel from 25 to 21, increased the number of Palestinian businessmen and doctors allowed to drive their own cars into Israel, and cut the fees for commercial traffic entering Gaza through Qarni crossing.

Israeli and PA environmental ministers agreed (1/26) to move forward with plans to construct two water purification plants along the 1967 border that would serve both Israeli and Palestinian towns. Funding would come from the EU.

In Haifa on 12/2, 42 Palestinian companies held a trade fair to market their goods to Israeli businessmen and promote joint projects.

In mid-11/99, the occupied territories were issued a top-level domain (.ps), essentially a country code used at the end of an Internet address.

Palestinian Authority

The PA faced an unusual amount of popular criticism this quarter. The Palestinian Bar Association staged a sit-in (11/17) to protest the Palestinian Council's (PC) passage of legislation requiring a lawyer to have a notarized power of attorney before representing a client. Palestinian taxi drivers held a 3-day strike (11/22–24) to protest a PA tax increase affecting their income. Palestinians staged a sit-in at the PC on 11/22 to protest increased fuel prices. Others refused (11/99) to pay phone bills after rates were lowered in Israel but not in the territories. All of Gaza City observed a strike (11/25–26) to protest price hikes on basic goods, such as flour, that are controlled by PA monopolies. The strikes ended on 11/26, when Arafat ordered certain price reductions and price caps and opened an investigation into phone rates.

These incidents prompted the chairman of the PC budget committee, Azmi al-Shu'aybi, to criticize publicly (11/26) the PA's ongoing lack of fiscal monitoring and accountability. Shu'aybi claimed that the PA was afraid of instituting a monitoring process because it "would reveal the extent of the public funds that are going missing." By way of example, he noted that $126 m. that Finance M Zuhdi al-Nashashibi claimed to have transferred to various ministries had not been received and could not be accounted for. Similarly, he said, a number of companies that are run by senior PA officials and receive tens of millions of dollars in public funding have not reported their profits to the budget committee, claiming they are private companies, yet they have not paid taxes, claiming they are government enterprises.

Shu'aybi's report was overshadowed by publication on 11/27 of a petition signed by 20 Palestinian lawmakers, academics, and professionals that not only accused the PA of corruption but pointed a finger at Arafat personally (see Doc. B1). Between 11/28 and 11/30, the intelligence services, acting under
Arafat's orders, arrested, interrogated, or placed under house arrest 11 of the signatories. The other nine (all Fatah members) were immune from prosecution because of their status as PC members. At an emergency session called by Arafat 12/1, PC members voted (33-8, with 3 abstentions, 37 absent in protest) to condemn their nine colleagues for seeking to divide the Palestinian people but did not act on Arafat's reported wish to strip their immunity. Outside the meeting, thousands of Arafat supporters marched "in support of the PA." On the way home from the session, one of the nine PC members, Muawiya Masri, was shot and wounded by masked gunmen. Another PC member was detained by the General Intelligence Service and severely beaten for participating in a sit-in supporting the signatories. Between 12/19 and 1/6, Arafat released the 11 detainees on bail.

The PA's reaction to the anticorruption petition prompted international condemnation; a flurry of statements in solidarity with the 20, signed by hundreds of Palestinians from around the world (see Docs. B2 and B3); and demonstrations, including a rally of 5,000 Palestinians in Ramallah on 12/4. The Democratic Front for the Liberation of Palestine (DFLP), Hamas, Islamic Jihad, and the Popular Front for the Liberation of Palestine (PFLP) also held a solidarity meeting in Gaza on 11/29 to condemn the PA response and to call on the PA to uphold the freedom of expression.

On 12/24, a dispute between the PA and Issam Abu Isa, former director of the privately run Palestine International Bank (PIB), reached crisis proportions. On 11/29, the PA, acting on rumors that Abu Isa had embezzled $15 m. from PIB, had dissolved the bank's board and installed its own officers, so as to "ensure that the institution remains stable." Abu Isa, a Qatari citizen, took refuge in the Qatari diplomatic mission to avoid arrest and accused the PA of attempting to nationalize PIB. Qatar had almost brokered a compromise when the PA surrounded the mission on 12/24 to force Abu Isa's extradition. In protest, Qatar withdrew its envoy on 12/28. On 1/2, the PA agreed to let Abu Isa return to Doha and to appoint an international auditing firm to investigate the PIB case. In return, Qatar sent its emissary back to Gaza.

In the first major step toward ending corruption and mismanagement, the PA established (1/10) a Higher Council for Development, chaired by Arafat. The council's role is to ensure the transparency of the public finance system. It will handle the general revenue administration, reporting all revenue collected into a single treasury account; oversee management of all commercial and investment operations of the PA; develop a privatization strategy; and oversee handling of internal and external debt policy and the repayment of loans. The IMF and donors praised the council as a major step toward reform.

The PC passed (1/26) the FY 2000 budget, welcomed as the PA's first balanced budget. The PA also identified (2/00) $30 m. of new financing to cover the approximately $50 m. debt carried over from FY 1999. To make the FY 2000 budget balanced, however, the PA did not include pay raises that Arafat had promised to more than 100,000 civil servants. Teachers threatened (1/29) to strike if money for salaries could not be found.

Arafat ratified (mid-1/00) the nongovernmental organization (NGO) law, which delineates the relationship between the PA and Palestinian NGOs. NGOs welcomed the law despite its requirement that NGOs register with the Interior Min. rather than the Justice Min. The executive has more control over NGOs if they are overseen by the Interior Min. The PC also sent (2/3) to Arafat for signature a draft law on independence of the judiciary, which would promote the separation of powers and the financial independence of the judiciary. Palestinian judges observed a strike (2/7-9) to protest the failure of PA police to prevent an attack on a Bethlehem courthouse (2/6) by hundreds of Palestinians angry over a murder conviction.

**INTRA-PALESTINIAN COORDINATION**

The Palestinian leadership continued to put off the PLO Central Council (PLOCC) meetings originally scheduled to take place in 6/99, after Barak's election as PM (see Peace Monitors in JPS 112-14). Postponed until the end of 11/99, it was then bumped to 12/20, 1/15, and finally to 2/2. The reason given for the delays was the "murky political situation" surrounding final status talks—the very subject the PLOCC was to address.

The PLOCC convened in Gaza 2/2-3, with 96 of 126 members attending. Participants represented the Arab Liberation Front, the DFLP, Fatah, FIDA, the Islamic Salvation Party, the National Salvation Party, the Palestinian People's Party, and the Palestinian...
Popular Struggle Front. The PFLP presented its positions before and after the meeting but did not sit in. Hamas's Shaykh Ahmad Yassin attended as an observer. Invited but not attending were Islamic Jihad, the Popular Front for the Liberation of Palestine-General Command, and Sa'iqa. At the close of two days of debate, participants issued a communiqué calling on Arafat to declare an independent Palestinian state by 2/00, outlining consensus positions on interim and final status issues and calling for the reactivation of dormant PLO committees.

**Palestinian Opinion**

The following data are excerpted from a poll conducted by the Nablus-based Center for Palestine Research and Studies (CPRS) on 27-31 January. Results are based on a survey of 1,317 men and women from the West Bank and Gaza. The poll, forty-six in a series, was made available by CPRS's office in Nablus.

1. During the past few weeks, peace negotiations were conducted between Israel and Syria. Do you see their impact as:

<table>
<thead>
<tr>
<th>Option</th>
<th>West Bank &amp; Gaza</th>
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<tbody>
<tr>
<td>a. Hurting the Palestinian track</td>
<td>28.0%</td>
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<tr>
<td>b. Helping the Palestinian track</td>
<td>21.9%</td>
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<tr>
<td>c. Having no impact</td>
<td>26.9%</td>
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<tr>
<td>d. Other</td>
<td>1.7%</td>
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<tr>
<td>e. No opinion</td>
<td>21.5%</td>
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2. A group of 20 Palestinian personalities issued a statement that has become known as the "Petition of 20." Do you support or oppose this petition?

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<th>Option</th>
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<tbody>
<tr>
<td>a. Support it</td>
<td>21.6%</td>
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<tr>
<td>b. Oppose it</td>
<td>9.4%</td>
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<tr>
<td>c. Haven't heard of it</td>
<td>64.2%</td>
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<tr>
<td>d. Other</td>
<td>1.8%</td>
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<tr>
<td>e. No opinion</td>
<td>3.0%</td>
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3. The PA had arrested some of the Palestinians who signed the "Petition of 20." Did you support or oppose that step?

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<tbody>
<tr>
<td>a. Support it</td>
<td>4.9%</td>
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<tr>
<td>b. Oppose it</td>
<td>34.7%</td>
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<tr>
<td>c. Haven't heard of it</td>
<td>57.1%</td>
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<tr>
<td>d. Other</td>
<td>0.2%</td>
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<tr>
<td>e. No opinion</td>
<td>3.1%</td>
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4. The PC has issued a statement approved by a majority of its members in which it condemned the "Petition of 20." How do you view this step by the PC?

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<th>Option</th>
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<tbody>
<tr>
<td>a. Support it</td>
<td>10.9%</td>
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<tr>
<td>b. Oppose it</td>
<td>23.0%</td>
</tr>
<tr>
<td>c. Haven't heard of it</td>
<td>62.4%</td>
</tr>
<tr>
<td>d. Other</td>
<td>0.2%</td>
</tr>
<tr>
<td>e. No opinion</td>
<td>3.5%</td>
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**Jordanian-Israeli Track**

With all of the activity on the Palestinian and Syrian tracks, Israel placed Jordan on a back burner this quarter. Most contacts involved trade issues.

Jordan and Israel renewed their bilateral trade agreement on 1/12. Israel presented a proposal (12/3) to allow direct ("door-to-door") transportation of goods from Jordan to the West Bank as of mid-1/00. Jordan and the PA have complained for years that Israel's security requirements that goods destined for the PA areas switch haulers at the border ("back-to-back" transportation) inflates prices and lowers PA-Jordanian trade exchange. Jordan and the PA discussed the Israeli proposal on 12/25, but Jordan had not presented Israel with its comments on the proposal by the end of the quarter.

The U.S granted (12/6) the Jordanian industrial city of Daulayl status as a qualified industrial zone (QIZ). QIZs were set up to promote joint ventures between Israel and Jordan by giving products made in the zones duty-free entry into the U.S. Israel and Jordan also discussed (1/12) setting up another QIZ in the Aqaba-Elat area; if the U.S. approves, it would be the sixth QIZ.

Israel rejected (1/27) plans for construction of a new terminal for the joint Aqaba-
Elat airport project, citing environmental concerns over the proposed location. Jordan and Israel agreed to the airport expansion project as part of their 1994 peace treaty and signed a memorandum in 1997 agreeing to move forward with the project, but to date no progress has been made.

**Antinormalization**

The most significant protest this quarter against developing Israeli-Jordanian ties was the decision (12/8) by Jordan's Council of Presidents of Professional Associations to freeze the Jordan Press Association's membership in the council's antinormalization committee for deciding against expelling three journalists who visited Israel in 9/99 (see Peace Monitor in *JPS* 114).

**Internal Dissent**

On 11/21, Jordan suspended cases against all Hamas members it had detained since 8/30 (see Peace Monitor in *JPS* 114), deported four senior Hamas leaders (Ibrahim Ghashshah, Musa Abu Marzuq, Khalid Mishal, and Muhammad Nazzal) to Qatar, and released the remaining 20 Hamas detainees. The government claimed that the four leaders, all Jordanian citizens, requested to go to Qatar, but the men claimed upon arriving in Doha that they had been placed on a plane and deported without prior notice. The four men filed (1/8) a legal motion appealing their expulsion, based on article IX.1 of the constitution stating that a Jordanian citizen may not be deported. The government had not responded to the suit by the end of the quarter.

Although the government action effectively eliminated Hamas's presence in the kingdom and King Abdullah held a "reconciliation meeting" with Muslim Brotherhood (MB) leader 'Abd al-Majid Dhunaybat (11/28), the move aggravated existing fissures within the MB. The MB's Shura Council held three days of talks (1/12-14) to dissuade ten hard-line council members from breaking away to form a new political party more closely aligned with Hamas. In Amman on 11/23, 2,000 Jordanians attended a solidarity rally organized by Hamas and the professional unions to support the men deported and to call on the government to step down. Similar but smaller rallies were sponsored by the MB in Amman on 11/26, the Islamic Action Front in Irbid on 12/3, and university students in Amman on 12/8.

Also of note: A bus transporting members of the soccer team based in the Palestinian refugee camp of Whdat in Amman to a match in Irbid was intercepted (12/6) by a convoy of vehicles carrying hundreds of supporters of the rival team, Faisali, whose fans are Transjordanian. Faisali supporters assaulted nine Whdat players, seriously injuring three. Despite King Abdullah's warning against "exaggerating the political dimension of the clash," the Jordanian press interpreted the incident as reflective of Palestinian-Transjordanian increasing tensions in the kingdom.

Jordanian authorities also prevented Hani al-Hassan, a London-based PLOCC member and Arafat adviser, from visiting refugee camps in Jordan in early 1/00 and prevented visiting PC member Abbas Zaki from arranging an Id al-Fitr dinner for orphans in Bakaa refugee camp outside Amman (ca. 1/6). Reports speculated that Jordan did not want the PLO to organize Palestinians in Jordanian camps in advance of a final status agreement.

**Syrian-Israeli Track**

At the close of last quarter, the U.S. was holding serious discussions with Syria and Israel aimed at finding a formula that would allow negotiations to resume. Syria continued to demand that talks start from the point at which they left off in 3/96, which Damascus insisted includes a commitment by former PM Yitzhak Rabin to withdraw to the 6/4/67 line. Israel repeated its insistence that talks resume without preconditions.

Expectations for a breakthrough centered on the 11/18-19 meeting in Istanbul of the Organization for Security and Cooperation in Europe (OSCE), attended by Pres. Clinton, Secy. of State Albright, and PM Barak. Clinton and Barak did discuss the track prior to the meeting on 11/17. (They were reportedly joined by Barak's chief of staff Danny Yatom, who arrived from Paris after holding a secret meeting with French FM Hubert Vedrine.) On 11/18, Albright, Barak, and Egyptian FM 'Amr Musa held similar talks. But no progress was publicly announced, and as late as 12/5, the U.S. played down the possibility that there could be a breakthrough during Albright's tour of the region 12/6-9.

Albright held three hours of talks with Pres. Hafiz al-Asad in Damascus on 12/7. An unnamed senior U.S. official reported that Asad gave "new clarifications on important points" that Albright would relay to Barak on 12/8.

Hours after the 12/8 meeting, Pres. Clinton announced that Syria and Israel had
agreed to resume negotiations “from the point at which they left off,” with “no preconditions”—a formulation that each side could interpret in its own way. PM Barak and Syrian FM Shara’ would hold an initial round of discussions in Washington on 12/15-16, followed by intensive negotiations immediately after. Albright stated (12/12) that neither side had given in on its requirements for restarting talks but that months of secret contacts had narrowed the gaps between them and made each side confident that the other was serious. According to National Security Adviser Sandy Berger (12/8), Clinton had made 31 calls to Barak and Asad since 8/99 and sent a letter to Asad in late 11/99. In the wake of the announcement, both Barak (12/10, 12/12) and Shara’ (12/12) expressed optimism that an agreement could be reached within a few weeks or months.

On 12/13, the Knesset held a debate on whether to give Barak a mandate to negotiate with Syria. Prior to the debate, Barak told his cabinet that although Israel had made no new promises to Asad, it “would not erase” promises made in previous negotiations. In his speech to the Knesset, Barak told Israelis to prepare to pay a “heavy territorial price” for peace with Syria. After seven hours of discussion, the Knesset passed (47-31, with 24 abstentions, 18 absent) a vote of confidence. Three parties in Barak’s governing coalition refused to back him. (Shas abstained; Yisrael Ba’Aliya and the National Religious Party vote against.)

The Washington talks began on 12/15 with a welcoming ceremony at the White House hosted by Pres. Clinton. While Barak and Clinton spoke briefly and optimistically of the possibility of reaching an accord, Shara' gave a prepared address welcoming talks but listing Syria's grievances (see Doc. A3). Shara's's speech and the fact that he did not shake hands with Barak were received poorly by the Israeli public but were dismissed as unimportant by the Israeli and U.S. administrations. The remainder of the 2-day talks was spent discussing procedural matters and confidence-building measures and was described as friendly. Clinton and Albright each met with Barak and Shara' together and separately, but Barak and Shara' never met alone. The two men decided to hold their first round of intensive negotiations 1/3-9 in or near Washington and agreed to a U.S. request that the State Department handle all briefings so as to avoid leaks and unproductive statements.

Between 12/16 and 1/3, Israel and Syria said little about the forthcoming talks. The only detailed statement came from Barak (12/19), who said that he wanted negotiations to focus on security and normalization before dealing with final borders and water (both of which would require discussions on the extent of withdrawal from the Golan); Israel's aim was to reach a “core agreement,” which he defined as more than a declaration of principles and less than a full peace treaty.

Political posturing and confidence-building gestures sent mixed signals: The Israeli education minister urged (11/22) teachers to open classroom discussions on the possible return of the Golan. Syria reportedly withdrew privileges (i.e., travel permits, special car registration) from Palestinian opposition group members in Damascus and rounded up around 500 Islamists, leftists, Palestinians, and other activists opposed to peace talks, mostly from Aleppo, Damascus, Hama, and Homs. In southern Lebanon, Hizballah and the IDF observed the longest unofficial cease-fire in 20 years (12/22-24) to allow Hizballah to collect bodies from recent fighting. Israel turned over the remains of two more Hizballah members on 12/28 and released (12/26) five Hizballah members it had held without trial since the 1980s. But Barak also approved new settlement construction on the Golan (12/24, 12/29), saying settlement expansion would continue as long as Israel and Syria have no treaty.

Round 1 of negotiations opened in Shepherdstown, West Virginia, on 1/3. The first day was taken up with long meetings that Clinton and Albright held with Barak and Shara' separately (during which Barak handed Clinton a request for $17 b. in military aid; see below). Talks focused on Israel's demand that security issues be addressed first and Syria's demand that the extent of Israel's withdrawal top the agenda. The U.S. convinced the two sides to set up (1/4) four technical committees to discuss simultaneously the issues of borders/withdrawal, security arrangements, normalization of relations, and water. On 1/5, the security and normalization committees began meeting, and the U.S. held separate, informal meetings with both sides on borders and water. The State Department confirmed that talks touched on demilitarized zones between the two nations and on high-tech early warning stations that would be "left in the Golan." There were also rumors (beginning 1/5) of Israeli revelations that it had discussed with
Turkey the possibility that, as part of an agreement, Ankara would guarantee Syria an increased water allotment to replace loss of access to Lake Tiberias.

On the fourth day of talks (1/6), Syria complained that, in keeping with Barak's 12/19 statement, Israel was refusing to convene the border and water committees. Syria suspended participation in the normalization and security talks until the other two committees convened, saying informal talks with the U.S. were not an acceptable substitute. Clinton flew to Shepherdstown and held six hours of talks with Barak and Shara' but could not break the impasse.

On 1/7, Clinton presented Barak and Shara' with a draft for an Israeli-Syrian core agreement. The State Department described the seven-page document as "a summary of the issues to be decided and the differences between the parties [that is meant] to focus the substantive discussions and to help bridge the differences that now exist." As such, the U.S. expected discussion of the draft to supersede the technical committee meetings. The teams took a day off on 1/8 and met again 1/9–10 to discuss how to proceed with the U.S. working paper. The teams adjourned the first round to return to their capitals for consultations and agreed to open a second round of talks on 1/19.

Once the teams left the carefully controlled environment of Shepherdstown and returned to their constituencies, the process fell apart. First, the London-based Saudi paper al-Hayat published (1/9) an old document, apparently leaked by Syria, that outlined various Syrian and Israeli positions in a way that implied Israeli consent to a withdrawal but revealed no Syrian concessions. Perhaps as a result, Israel leaked the full text of the U.S. working paper to Ha'aretz, which published it on 1/12 (see Doc. D1), to the dismay of the U.S., which called (1/12) the leak damaging and harmful.

The working paper was more favorable to Israel: It contained no Israeli acceptance of full withdrawal and even hinted that Israel would demand that all settlers remain on the Heights (see article I.2 and the annex to article II) and revealed Syrian acceptance of an early warning ground station on Mount Hermon. The document also seemed to indicate Syrian acquiescence in provisions one would expect it would have considered infringements on its sovereignty (see article IV.B). Clinton phoned Asad on 1/13 to discuss the situation.

In addition to being embarrassed by the asymmetry of concessions indicated by the leak, Syria was still troubled by Israel's attempts to evade discussion of withdrawal during the Shepherdstown talks. On 1/16, Shara' phoned Albright to say that Syria could not participate in further negotiations unless withdrawal topped the agenda and there was a reasonable chance of progress.

The next day, the U.S. put the second round of talks on hold, saying fundamental differences over procedural matters had to be resolved for the next round of talks to be substantive. The U.S. played down (1/17) the suspension, saying that everyone had expected bumps in the road. Maintaining momentum was the key, and both Syria and Israel had agreed to send lower-level teams to Washington to provide comments on the working paper.

Over the next week, Israel, Syria, and the U.S. said little publicly. Shara' stated (1/19) that Syria would not return to the talks until Israel promised to withdraw to the 6/4/67 borders. Barak vowed (1/23) that he would not commit in writing to withdrawal from the Golan to get talks back on track. Rumors circulated that Barak had backed down on a pledge to Clinton that negotiations with Syria would be based on the assumption that Israel would withdraw from the Golan, and that Clinton had sent a letter to Asad promising that Barak would announce at Shepherdstown that Israel was ready to pull back to the 6/4/67 border.

On 1/25, Barak announced without explanation that he would not send his team to Washington that day as planned for talks on the U.S. working paper. In response, Syria canceled (1/25) plans for its team to go to Washington on 1/31. The next day, Barak stated he was optimistic that talks would resume in four to six weeks. Rumors suggested that Israel, Syria, and the U.S. held positive talks toward this end in Geneva on 1/28.

Events in Lebanon complicated the situation. On 1/25, an IDF soldier was killed in southern Lebanon, the first Israeli fatality since 8/99. On 1/30, Hizballah assassinated the second in command of the South Lebanon Army (SLA), Israel's proxy militia. On 1/31, Hizballah hit an IDF post, killing three IDF soldiers and wounding four. On 2/4, Israel made an assassination attempt on Hizballah's top military commander. Hizballah responded by killing one IDF soldier and wounding seven in an attack on 2/5; the battle was aired on Israeli television, causing a
public uproar. Under public pressure, Barak ordered four days (2/7–10) of air strikes on Lebanon's civilian infrastructure, wounding at least 18 Lebanese civilians and leaving most of the country without electricity. Hizballah killed one IDF soldier on 2/8 and another on 2/11, precipitating more Israeli air strikes.

Behind the scenes, the U.S. and Britain were reportedly in contact with Israel and Syria, urging them to move forward on the track despite events in Lebanon and not to let the “window of opportunity” close. At the end of the quarter, Pres. Clinton said (2/14) that he was optimistic that talks could get back on track within a few weeks.

**LEBANESE-ISRAELI TRACK**

There was no overt movement on the Lebanese-Israeli track this quarter prior to the 12/8 announcement of the resumption of Syrian-Israeli talks. But immediately following, Syrian pres. Asad phoned Lebanese pres. Emile Lahoud and PM Salim al-Huss to coordinate positions and reaffirm that neither state would make a separate peace with Israel. Although there were no plans for Lebanon to join the initial round of Syrian-Israeli talks in Washington 12/15–16 or 1/3–9, the U.S. reportedly told Lebanon to begin preparing. Lebanon promptly announced (12/14) its negotiating team, headed by Interior M Michel al-Murr, who is closely aligned with Syria. Israel announced (12/24) that Barak would head a five-member steering committee for talks when they got underway.

On 1/5, Clinton and Albright sent letters to Pres. Lahoud, stating that the U.S. was optimistic that, now that the Syrian-Israeli talks had resumed, progress could soon be made on the Lebanese-Israeli track. The Clarion hotel in Shephardstown was reportedly told (ca. 1/14) to prepare for a “third party” to attend the second round of Syrian-Israeli talks, beginning 1/19, but Lebanon never received a formal invitation; in any case, the talks were postponed (see above). PM Huss anticipated (1/13) that Lebanese-Israeli negotiations would not begin until the Syrian track had “taken off.”

Nonetheless, interested parties began to lay the groundwork for negotiations. Huss himself laid out (12/15, 12/23) Lebanon's opening demands: Israel's unconditional withdrawal from Lebanon to the internationally recognized border, in keeping with UN Res. 425; the return of seven villages inside Israel; the release of all POWs and detainees held in Israeli jails; preservation of Lebanon's water rights and the right of Palestinians to return to their homes; and compensation for damages inflicted on Lebanon as a result of Israeli acts of aggression.

UN special envoy Terje Larsen went to Beirut (12/12) to explore what financial and political backing Lebanon would need to make a peace settlement with Israel; he also explored the refugee issue. The Knesset defense appropriations committee claimed (ca. 1/6) that there was no money to budget for a withdrawal from south Lebanon, so the U.S. and EU would have to provide aid. Members of the SIA petitioned (12/19) the Israeli High Court to grant them refuge in Israel in the event of an IDF withdrawal from southern Lebanon; lawyers for the petitioners estimated that as many as 17,000 Lebanese might seek political asylum.

Tensions between Lebanon and the Palestinians continued to increase this quarter (see Peace Monitor in JPS 114). The Lebanese army arrested (12/24) two Fatah commanders at a checkpoint near Tyre. The PA viewed the arrests, based on outstanding warrants from 1995 and 1996, as an attempt to pressure Palestinian refugees in light of renewed final status talks. The Lebanese army also increased security measures at the entrances to ‘Ayn al-Hilwa refugee camp, raising protests from camp residents (11/20). As'ad ‘Abd al-Rahman, the head of the PLO Refugee Affairs Department, went to Lebanon (1/1–5) to assess conditions in the camps and to hold talks with PM Huss. The day of his arrival, a bomb exploded in ‘Ayn al-Hilwa. Islamic Jihad, which is based in the West Bank and Gaza, for the first time staged attacks (10/26, 11/15, 11/16) on the IDF in southern Lebanon, eliciting stern warnings (11/16, 11/17) that it is not in Lebanon's interest for Palestinian groups to attack Israeli targets from Lebanese territory.

**MULTILATERAL TALKS**

The U.S., Russia, and the EU began pushing for resumption of multilateral talks last quarter (see Peace Monitor in JPS 114), after PA-Israeli final status talks resumed. But Egypt, which was asked to lead the effort, said the Arab states agreed that multilaterals should be tied to progress in the whole peace process, especially the Syrian-Israeli track. The matter was dropped until 12/9, when Albright went to Cairo to brief FM Musa on the decision (12/8) to resume the Syrian track. At the press conference follow-
ing their meeting, Albright announced that the U.S. and Egypt were in agreement that the multilaterals should be resumed as soon as possible. Russia also raised the subject with Egypt on 12/17, immediately after the opening of Syrian-Israeli talks in Washington. On 1/4, during the Shepherdstown talks, Russia and the U.S. announced plans for a steering committee meeting at the FM-level in Moscow on 2/1.

Participants convened in Moscow for bilateral preparatory meetings on 1/31, during which the U.S. and Russia held comprehensive discussions on their cosponsorship of the peace process. On 2/1, Albright and Russian FM Igor Ivanov opened the steering committee session, the first since 1995 and the first at the FM-level since 1992. (Working groups met at lower levels until 1996, when all groups except the refugee group halted meetings to protest the stagnation of the peace process under Israeli FM Benjamin Netanyahu.) Lebanon and Syria continued to boycott the meetings, as they have from the outset, but all other steering committee members took part: Canada, Egypt, Israel, Japan, Jordan, Norway, the PA, Saudi Arabia, and Tunisia.

Participants agreed to resume working group meetings on refugees, water, regional economic development, and the environment in 4/00 and 5/00. But Egypt refused to convene the arms control group, which it chairs, until Israel agrees to open its nuclear program for international inspection. The meetings were scheduled as follows: water, Mazarik, 4/11-12; economic development, Amman, 5/8-11; refugees, Ottawa, 5/16-18; environment, Tunis, 5/31-6/1. In advance of these sessions, participants were asked to concentrate on specific ideas to increase the effectiveness of the working groups. They were also asked to prepare for talks on possible new directions for the multilateral talks in advance of the next steering committee meeting in 7/00 in Paris or Brussels.

In response to Barak's statement on 2/3 (see above), Egyptian FM Musa warned (2/5) that if the 2/13 date for completion of a FAPS with the PA was not "sacred," then the dates for reviving the working group meetings are not "sacred" either.

REGIONAL AFFAIRS

Refugees

After the multilateral talks reconvened on 2/1, Israel agreed to convene high-level quadripartite talks on displaced persons (Palestinian refugees from 1967) for the first time since 1996. The talks among Israeli FM David Levy, Egyptian FM Musa, Jordanian FM Abdallah Khatib, and PA Planning M Nabil Shaath in Cairo on 2/6 focused on reaching a common definition of a "displaced person" and on setting up a data base to centralize information. The sides agreed to hold a technical meeting every two weeks beginning in Tel Aviv in mid-2/00 to compare figures on the number of displaced persons, to begin drafting an application for return, and to lay down mechanisms for the entry of displaced persons. They also tentatively agreed to hold a follow-up meeting at the FM-level in 5/00.

RELATIONS WITH ISRAEL

Pressure on the Arab states to normalize relations with Israel, which increased with the resumption of PA-Israeli final status talks last quarter (see Peace Monitor in JPS 114), continued to be high. Most efforts were focused on resuming multilateral meetings (see above) and regional economic conferences (see below). On a bilateral level, some Arab states were willing to make small gestures, but all agreed that major improvements would have to await substantive progress on the bilateral tracks.

During talks with Jordanian FM Khatib in Tel Aviv 1/17, Israeli FM Levy revived the idea (proposed by Ariel Sharon in 1998) of creating a regional water agency to address the urgent need for fresh water in the region, including issues of water allocation among Israel, Jordan, Lebanon, the PA areas, and Syria. There was no word on Jordan's reaction or whether this idea might be pursued in the multilateral working group meetings.

On the sidelines of the WEF meeting in Davos on 1/30, Bahrain's crown prince met with Israel's Regional Cooperation M Shimon Peres. The men said that the meeting (the highest level to date between the two countries) was not political and dealt only with regional cooperation on education. In an interview afterward, however, the crown prince stated that the Gulf Arab monarchies were willing to move closer to Israel if it presses ahead with the peace process. His statements were not coordinated with other Gulf states. Earlier, on 1/10, the Israeli Foreign Min. reported that Oman had agreed to reactivate trade links with Israel.

Saudi Arabia for the first time granted a two-month visa to an Israeli reporter, allowing Yediot Aharonot to cover Albright's
visit to Riyadh on 12/6. In 1995, Israeli journalist David Makovsky accompanied Albright but was given temporary accreditation with U.S. News and World Report.

On 11/17, Mauritania sent its first official delegation to Israel since establishing diplomatic relations on 10/28 (see Peace Monitor in JPS 114). As the delegation met with Israeli health officials, Mauritanian police violently put down a student protest against the visit at Nouakchott University.

On 2/7, Tunisia's secy. of state for foreign affairs met with Israeli FM Levy, marking the first visit to Israel by a high-ranking Tunisian official since the countries established diplomatic relations six years ago.

Israeli FM Levy made a four-day visit to Morocco (1/9–12) aimed at expanding bilateral ties. Levy asked King Muhammad to raise the level of diplomatic relations with Israel and to open an air link between Casablanca and Tel Aviv. The king declined, saying future relations must be based on progress in the peace process.

Algeria said (11/16) that it would agree to diplomatic relations with Israel as soon as it withdraws from the Golan Heights, southern Lebanon, and the occupied Palestinian territories. In reaction to this statement and Pres. 'Abd al-Aziz Bouteflika's meeting with Israeli cabinet members on 10/22 (see Peace Monitor in JPS 114), a group of well-known Algerian political, religious, and parliamentary figures announced (11/26) the formation of the Algerian Antinormalization with Israel Organization.

**INTER-ARAB HIGHLIGHTS**

Egypt was more than usually involved in maintaining momentum on the Palestinian and Syrian tracks this quarter, possibly under pressure from the U.S. to lead the Arab states in normalization with Israel in light of the resumed PA-Israeli final status talks and Syrian-Israeli negotiations. There was hardly a day between mid-11/99 and 1/00 when Egypt did not hold a high-level meeting on the peace process. The frequent coordination meetings with the Palestinians included: Pres. Husni Mubarak with Arafat in Cairo (11/30–12/1, 12/14, 12/28–29, 1/19, 1/25, 2/6) and by phone (12/2); and FM Musa with chief negotiators 'Abid Rabbuh (12/4, 1/28) and Erakat (1/28) in Cairo, PA Planning M Shaath in Cairo (11/20–21), and Orient House head Faisal Husseini (12/2). Meetings with the Syrians included: Mubarak and Asad in Damascus (1/22), and Musa with Asad (2/7) and Shara' (12/12) in Damascus. Meetings with the Israelis included: Mubarak with Barak (1/30) and Regional Cooperation M Peres in Cairo (11/24), and Musa with an Israeli Foreign Min. delegation in Cairo (12/5).

Following the opening of Syrian-Israeli talks, Egypt revived (12/17) its call for an Arab summit to demonstrate united support for the PA, Syria, and Lebanon. To this end, Mubarak visited Damascus to meet with Asad (1/22) and Amman to meet with King Abdullah (1/23); he also went to Saudi Arabia (12/18), Qatar (12/19), Bahrain (12/20), and the UAE. FM Musa pushed the summit idea at the WEF meeting in Davos (1/29–30). On 12/20, Arafat began calling called for a five-way summit among Egypt, Jordan, Lebanon, the PA, and Syria (repeated 1/24, 1/30) and asked King Abdullah of Jordan to intervene with Syria to help improve PA ties with Damascus. During his 12/22 visit, Mubarak encouraged Asad to rebuild ties with the Palestinians as well. By the end of the quarter, it appeared that Syria still opposed participating in a summit with the PA, precluding a solidarity meeting of frontline states. Saudi Arabia, however, asked (2/15) the Arab League to move a FM's meeting in Cairo from 3/12 to 3/27 to allow more time for states to prepare for a discussion of the peace process, suggesting that a possible alternative may be found.

Jordan's Dep. FM Ayman al-Majali said (12/29) that no steps had been taken or are currently planned to establish the Jordan-Syria-Lebanon confederation that King Abdullah floated last quarter (see Peace Monitor in JPS 114). He claimed, however, that Saudi Arabia and the UAE had approved the idea and that the U.S. and Israel had agreed not to oppose it.

In a symbolic sanctions-busting gesture protested by the U.S., Jordan allowed (2/1) the National Mobilization Committee for the Defense of Iraq to deliver two truckloads of pencils to Iraq. Jordanian citizens donated 3.5 m. pencils to the effort. The UN previously banned delivery of pencils to Baghdad, reportedly arguing that the graphite could be vaporized to provide Stealth-like radar-absorbing coating for Iraqi warplanes.

**REGIONAL ECONOMIC AFFAIRS**

In keeping with international efforts to promote Israel's regional integration with the reactivation of the Palestinian and Syrian tracks, Israel's Regional Cooperation M Peres urged Egypt (11/24) to resume the annual
Middle East and North Africa (MENA) economic conferences, which were last held in 1997. Egypt opposed the idea until early 12/99, when it agreed to hold a summit in 3/00, provided Israel continued to make progress on final status talks over the next two months. Egypt also agreed (1/17) to a request by France to host a Euro-Mediterranean partnership meeting in 10/00.

On the sidelines of the WEF meeting in Davos on 1/29, Israel's Peres also discussed prospects for economic cooperation with the representatives of Algeria, Bahrain, Egypt, Jordan, Morocco, Oman, the PA, Qatar, and Tunisia.

INTERNATIONAL

UNITED STATES

Most U.S. activity this quarter centered on maintaining momentum on the Palestinian-Israeli track and achieving the resumption of Syrian-Israeli negotiations (see above). PM Barak upped the U.S. stake in the peace process on the first day of the Shepherdstown negotiations (1/3), when he presented Clinton with a request for a $17-b. military aid package (including Tomahawk cruise missiles, AWACS planes, Apache helicopters, and a laser-based missile defense system) to ensure Israeli security in the event of a Golani withdrawal. Clinton said that the U.S. assumed there would be a cost associated with an agreement, but expected that the EU and "some in Asia" would also be approached to help out. Indeed, the only surprise was that the request did not include funds for settler relocation, which immediately sparked rumors that the total Israeli bill for peace with Syria could reach $100 b. (the equivalent of all aid the U.S. has paid out for the 1979 Camp David Accords).

By 1/24, Israel and the U.S. had held follow-up talks on the aid package, and Israel had agreed to cut intelligence items but had increased the number of requested Tomahawk missiles, lowering the price tag to $16.9 b. Israel also reportedly asked that $7.5 b. of the total be converted into NIS for purchases from Israeli defense contractors.

Out of concern that Israel could pass top-shelf military technology to third parties, the Pentagon strongly opposed giving Israel continuous access to raw satellite data required to fully enable cruise missiles or giving Israel codes to enable some classified computer systems onboard Apache helicopters.

U.S. asked for elaborations on Israel's reasons for certain items.

During her visit to Israel on 12/8, Albright warned PM Levy that Congress would have a hard time approving a large sum of money for an agreement with Syria, particularly if U.S. firms continued to lose bids on Israeli contracts. (At the time, El Al had all but agreed to award a major contract to the French company Airbus, but Boeing had requested that El Al consider another round of tenders. On 1/14, Israel awarded a $75-m. contract to provide engines for El Al planes to Britain's Rolls-Royce over an American firm.) At least 100 Christians and Jews from across the U.S. came to Washington on 2/8-9 to lobby Congress against approving any U.S. aid to support a Syrian-Israeli treaty.

Congress approved (11/19) the foreign operations appropriations bill, which includes the remaining U.S. aid that Pres. Clinton promised Israel, Jordan, and the PA as part of the 1998 Wye talks: $1.2 b. for Israel, to be disbursed over three years; $400 m. for the PA, also over three years; and $50 m. in economic assistance and $150 m. in military assistance to Jordan.

The U.S.-Israel Joint Political Military Group (JPMG) held a two-day meeting in Tel Aviv (11/17-18) to discuss regional security and defense issues of mutual interest.

Arafat attended a meeting of the Palestinian-U.S. Bilateral Committee in Washington on 1/21. The committee discussed U.S. aid, activation of trade and economic exchange programs, ideas for attracting U.S. investment to the PA areas, legal issues, and academic and cultural exchanges. The next meeting is planned for 3/00.

Pres. Clinton renewed the six-month waiver of the Jerusalem Embassy Act, which calls on the U.S. to move its embassy in Israel from Tel Aviv to Jerusalem or face cuts in the State Department budget.

In early 12/99, Israel sent a high-level Defense Min. delegation to Washington to lobby the Clinton administration to pardon convicted spy for Israel Jonathan Pollard. At the 10/98 Wye talks, Clinton promised PM Netanyahu that he would review Pollard's case, but he has yet to make a decision. Government agencies, including the CIA and Justice Department, have recommended against a pardon.

RUSSIA

PA head Arafat visited Moscow 11/29-30. He and Russian PM Vladimir Putin held talks
on the peace process and expanding bilateral relations in education, culture, communications, and transportation. Israeli FM Levy also made a two-day visit to Moscow on 12/1-2 to discuss the peace process with Putin. Although Arafat and Levy nearly overlapped in Moscow, there was no indication that members of their delegations met.

In Moscow, Russian dep. FM Vasily Sredin met (11/25) with ambassadors of Egypt, Jordan, Lebanon, the PA, and Syria and the Arab League envoy for discussions on the peace process. Sredin also made a tour of the region to discuss the peace process, stopping in Syria (ca. 12/11), Lebanon (2/12), Jordan (12/13-14), Israel (12/15), Gaza (12/16), and Egypt (12/17-18). While in Amman, he met with the Russian ambassadors to Egypt, Iraq, Israel, Jordan, Lebanon, and Syria, as well as the Russian envoy to the PA.

**EUROPEAN UNION**

Portuguese FM Jamie Gama (the current rotating president of the EU), EU special envoy Miguel Moratinos, and EU foreign policy director Javier Solana toured the Middle East for talks on the Palestinian and Syrian tracks and on increasing the EU role in the peace process. Stops included Israel (1/17), the PA areas (1/17), and Lebanon (1/18).

On his way home from Washington (1/24), Arafat stopped in Brussels to meet with EU officials, who praised the PA for significantly improving its management of EU aid.

**UNITED NATIONS**

This quarter, the U.S. and Israel continued to push for Israel's inclusion in the UN's Western Europe and Other regional group, so that it may have the same rights to chair committees and sit on the Security Council that other states are accorded. EU officials held a special session on the subject on 11/26 but failed to reach a consensus. All group members must approve the motion for a new member to enter the group, but Ireland, Italy, and Spain opposed. (On 12/26, Italy reversed its position.) On 12/26, the ambassador of Palestine stated that his mission would support Israel joining the Asian states regional group but would continue to oppose its membership in the Western Europe group. In a speech to the American Jewish Committee in New York (12/12), UN Secy. Gen. Kofi Annan said that actions by UN members to isolate Israel have made the UN appear biased.

**VATICAN**

Arafat visited Vatican City (2/11-15) to meet with Pope John Paul II regarding his scheduled visit to the occupied territories in 3/00. Their meeting on 2/15 followed the signing of an agreement (see Doc. A4) that protects religious freedom and the legal status of Christian churches in the PA areas and reiterates the Vatican's position that Jerusalem should be granted special international status guaranteeing freedom of access to Christians, Muslims, and Jews. Israel called (2/15) the agreement "deplorable," accusing the Vatican of "interfering in the negotiations."

With Vatican support, Roman Catholic and Orthodox churches across Israel and the Israeli-controlled occupied territories closed for two days (11/22-23) to protest Israel's approval for construction of a mosque near the Basilica of the Annunciation in Nazareth. On 11/23, the Vatican formally accused Israel of "creating a foundation for fomenting divisions" between Muslims and Christians in the city (see Doc. A1).

**IRAN**

Iran continued to work on expanding its bilateral ties with Arab states this quarter. To this end, Tehran held talks with Lebanon on tourism, scientific, and cultural cooperation (12/18) and on expanding economic, trade, commercial, and industrial relations (1/30-31); with Egypt on overall bilateral relations (1/29) and agricultural cooperation (2/8); with Morocco on political, economic, and cultural ties (11/26-28); with Qatar on economic, political, and security relations (11/17); and with Saudi Arabia on trade (2/4). Iran and Syria also held economic commission meetings (11/21-24), during which they signed a memorandum of understanding on economic cooperation and agreed to form a joint trade council to promote private sector ties; they also signed a media cooperation agreement on 12/27.

Iranian FM Kamal Kharrazi visited London (1/10-11) for talks with PM Tony Blair on expanding bilateral relations. Kharrazi was the first Iranian official to visit Britain since 1979.

Iran and Turkey held discussions (12/29-30) on the overall status of their strategic relations and held specific talks (11/22) regarding security on their common border.
On 1/18, they signed a memorandum of understanding on enhancing bilateral cooperation in political, economic, security, and cultural areas. Other talks on economic relations were held on 11/22 and 1/26–27, resulting in a second memorandum of understanding on the construction of a natural gas pipeline.

**Turkey**

The Turkish-Israeli alliance continued to develop this quarter. Israel, Turkey, and the U.S. held (12/14–17) their second joint naval maneuvers in the Mediterranean. This time, Jordan did not participate as an observer as it had during the first maneuvers in 1/99, but it did send an observer to the annual Israeli-Turkish strategic meetings in Tel Aviv (12/27–28). During that meeting, Israel assured Turkey that any peace deal with Syria would not harm Turkish interests. Turkey stated (1/17) that it wanted to boost the peace process by selling water to Israel and Jordan (see above). A Jordanian delegation visited Turkey (1/17–19) for talks on importing 180 mcm of Turkish water over two years, but no deal was finalized. A Turkish trade delegation went to Jordan (11/22–26) to visit the QIZs; Israel, Turkey, and the U.S. hope to set up similar QIZs in Turkey, which would add a new dimension to Israeli-Turkish relations. Further Turkish-Israeli talks on expanding trade were held on 2/7.

Now that the Turkish-Israeli alliance has lasted and developed over several years, other countries are beginning to deal with it as a regional fixture. Azerbaijan, for instance, informed Israel on 11/4 that it wants to join the military alliance with Turkey—a development that Armenia, Greece, and Iran have stated they would view as a security threat. Armenia, meanwhile, expressed interest (1/19) in expanding trade ties with Israel. Romania also proposed to Israel (1/4) that their countries would benefit from three-way economic cooperation with Turkey.

Turkey and Cyprus both sent delegations to Israel (11/21–24) to discuss upgrading political, economic, tourism, and trade ties. Turkish officials held tourism talks with the PA on 11/22.

In Cairo on 11/28, Egyptian and Turkish officials discussed promoting bilateral ties and establishing a free trade zone. Egypt also agreed in principle to export gas to Turkey.

**DONORS**

The donors' Local Aid Coordination Committee (LACC) met in Gaza on 12/9 to follow up on the 10/99 Ad Hoc Liaison Committee (AHLC) meeting (see Peace Monitor in JPS 114). Participants discussed the economic situation in the occupied territories, the PA's proposed budget for FY 2000, and the status of donor disbursements. The Joint Liaison Committee also held (12/15) follow-up discussions on the 10/99 AHLC meeting and discussed peace implementation issues affecting Palestinian economic conditions (e.g., Gaza port, safe passage, industrial zones). Donors hope to hold another AHLC meeting in late spring and a full Consultative Group meeting before the end of 2000.

Three of the donors' sector working groups (SWGs) met this quarter: public administration (11/22), water and wastewater (12/13), and industry (12/16). At each of the SWG sessions, the World Bank presented a draft comprehensive development framework (CDF) matrix for projects in the target sector. CDF matrices are essentially budget proposals that would be shopped to donors for funding assistance. In keeping with the World Bank's goal of helping the PA build its own capacity for public sector management, the matrices are aimed at training the PA to make long-range plans, prioritize, and anticipate budget needs for achieving sector development. They also attempt to involve more groups (e.g., NGOs, academic institutions, private sector organizations) in Palestinian development.

Also of note: USAID launched (12/6) a three-year, $30-m. rule-of-law program for the West Bank and Gaza that aims to support democratic governance by the PA and to improve the quality of life for Palestinians by expanding economic opportunities for the private sector and increasing and improving water supplies. The democracy component will focus on improving the judicial system.

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