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# PEACE MONITOR

16 AUGUST–15 NOVEMBER 1996

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

## BILATERALS

### PALESTINIAN-ISRAELI TRACK

Although PA Chairman Yasir Arafat and Israeli PM Benjamin Netanyahu met for the first time on 9/4 at Erez checkpoint, no breakthroughs were made and little progress was achieved during the first half of this quarter. Israel's opening (9/24) of the archaeological tunnel in Jerusalem sparked five days of the worst violence seen in the territories since the intifada and the first time the IDF and PA security forces exchanged fire (see Chronology, IPS Forum, and Settlement Monitor for details). The violence resulted in the "Washington summit" (10/1–2) convoked by President William Clinton and including Arafat, Netanyahu, and Jordan's King Hussein, during which Israel and the PA agreed to hold nonstop intensive talks until a new understanding on Hebron redeployment was reached. Although continuous negotiations were held beginning 10/6, no such agreement was forthcoming by the end of the quarter.

#### *Structure of the Negotiations*

At PM Netanyahu's suggestion (8/14), UN special coordinator Terje Larsen initiated (8/15) secret talks (which became public 8/31) between Israel, represented by Netanyahu adviser Dore Gold, and the PA, represented by Arafat adviser Mahmud Abbas, aimed at identifying points of disagreement between the two sides, with Larsen briefing U.S. special envoy Dennis Ross and Egyptian Pres. Hosni Mubarak adviser Osama al-Baz. As a result, the PA and Israel agreed (9/3) to a vaguely-worded statement signed by Larsen, defining several matters as exceptional (Hebron, further redeployment, Rafah airport, prisoners, safe passage, economic issues), meaning they would be discussed by the Palestinian-Israeli Steering and Monitoring Committee (PISMC), which oversees implementation of the Oslo accords. [PA Local Government M Saeb Erakat and IDF chief of staff Lt. Gen. Dan Shomron were appointed (8/19) the heads of the respective sides of

the committee.] However, before the tunnel incident, only one PISMC meeting, the first since the 5/29 Israeli elections, was held (9/9).

After the Washington summit, the PISMC opened the new round of talks at Erez 10/6, with the participation of U.S. Secretary of State Warren Christopher and special envoy Ross. Talks were divided into three simultaneous subcommittees on Hebron, security (including Rafah airport and closure), and economics. Daily meetings continued until 10/10, without progress. At the 10/10 meeting, Israel and the PA decided to move talks to Taba and Elat, away from the media, beginning 10/14. Between 10/10 and 10/14, continuous "preparatory talks" and one official security meeting (10/13) were held.

Resuming in Elat (10/15), PISMC sessions and private, high-level meetings (involving combinations of Netanyahu, FM David Levy, Shomron, Gold, Netanyahu's personal lawyer Yitzhak Molho, Arafat, Abbas, Erakat, PA Information M Yasir 'Abid Rabbu, Larsen, Ross, and U.S. ambassador Martin Indyk—though never Netanyahu with Arafat) continued to meet almost daily, with Israel claiming (and the PA denying) that an agreement was near if only Arafat would give his approval (10/6, 10/10, 10/13, 10/14, 10/15), and both sides accusing the other of reopening discussions on aspects that had been agreed (10/19, 10/21, 10/28).

On 10/23, the PISMC issued a formal joint paper, identifying 15 large hurdles. Though the subcommittees continued to meet for several more days, substantive negotiations shifted to "back room talks," notably between Arafat and Netanyahu via Ross shuttling between Gaza and Jerusalem. At Ross's request, IDF Chief of Staff Amnon Shahak joined the security talks (10/25) to upgrade the level of talks and to include an Israeli negotiator respected by the PA. On 11/1, Israel removed its chief Hebron negotiator for civilian affairs, Maj. Gen. Oren Shahor, for "improper conduct" in meeting privately with PA leaders and passing information to Labor during visits with Peres.

Back room talks reached an impasse 10/28, prompting Ross to return to Washington. To break the stalemate, the United States submitted (11/5) a document proposing solutions to the remaining security-related disagreements on Hebron. On 11/6, the PA sent a formal letter to Israel (with copies to the European Union (EU), the United States, Russia, and Arab nations) accusing Israel of deliberately delaying the resumption of committee-level negotiations.

On 11/12, Israel and the PA agreed to raise the level of talks. Shahak and Abbas, who were chosen to lead discussions, held their first meeting the same night at Indyk's home. The next day, Netanyahu canceled a visit to the United States to take charge of the talks himself.

### **Hebron**

Prior to the current round of intensive talks that began 10/6, Israel's ministerial forum on Hebron security resumed discussions (8/18; see Peace Monitor in *JPS* 101), with some members favoring adherence to the Oslo II accord in its entirety and others calling for a civilian partition of the city in addition to the security partition outlined in Oslo II. Israel presented (and the PA rejected) two new Hebron redeployment plans (9/4, 9/18) based on the forum's discussions and requested that the Oslo II agreements on Hebron be reopened (9/18). Arafat refused, but agreed to turn the matter over to the PISMC.

At the 10/6 PISMC meeting, Israel again insisted that the Hebron agreement be renegotiated and demanded more stringent security measures, including total security control over both Palestinian (H1) and Jewish (H2) areas, new 900-foot-wide IDF-only buffer zones in what is now zone B, IDF control of the hills surrounding the Jewish areas, a ban on Palestinian transportation within 1–2 km. of Jewish areas, and increased restrictions on the PA police (limited areas of operation, sidearms rather than rifles). On 10/16, Israel added to its demands a redefinition of the H1 and H2 zones and Israeli control of city zoning and planning (which could be used to expand settlements in and around Hebron). Netanyahu stated (10/4) that if the PA accepted these new security demands, Israel would be more inclined to make concessions elsewhere in the West Bank. However, the PA, refusing what it considered an unacceptable precedent, insisted that Israel implement the existing Hebron agreements signed by Labor.

The United States convinced both sides (10/6) to move ahead in the context of making "adjustments" to the existing accord. At the close of the quarter the main sticking points in the talks appeared to be "hot pursuit," a PA demand to reopen al-Shuhada Street to Palestinian traffic, movement of joint patrols, and the type of arms to be carried by the PA police.

Despite the impasse in negotiations, construction of Hebron's joint District Coordination Office began 11/4. On 11/13, IDF officials said military preparations for redeployment were virtually complete: New bunkers had been placed at strategic junctions around the Jewish enclave in the center of the city, the remaining three IDF posts could be vacated by 11/16, and more Israeli police officers had been added to deal with any settler resistance.

Israel also detained without trial for two months (11/10) Hebron settlement leader and Kach member Noam Federman. Israeli Internal Security M Avidgor Kahalani commented that the detention was part of a plan to round up 20–30 militant settlers before redeployment to reduce the chance of violence during the transfer of powers.

At Israel and the PA's request, Norway granted month-long extensions of the Temporary International Presence in Hebron (TIPH) mandate on 9/11, 10/11, and 11/12. Israel ignored a PA request (8/27) to increase the size of the TIPH observer force. The Netherlands offered (10/10) to contribute forces to TIPH if asked by Israel and the PA.

### **Further Redeployment**

Under Oslo II, further Israeli troop redeployment from zone C and transfer of internal security to the PA police in zones B and C was scheduled to begin 9/7/96. At the close of the quarter, however, no meetings had been held to identify which areas would be affected. On 10/7, Netanyahu suggested to the Knesset that once the Hebron issue was resolved, Israel and the PA could move directly to final status talks, skipping clauses of the Oslo accords that had not been implemented, including further redeployment. The PA denounced the suggestion.

At the 10/25 PISMC session, Arafat demanded that Netanyahu include a written commitment to further redeployment and opening Rafah airport as part of a revised Hebron deal. On 11/12, Netanyahu agreed to supply oral assurances, but the next day agreed to put the pledge in writing on the

condition that the PA upheld all of its agreements.

### **Security Arrangements**

Following the 9/24–28 clashes, the IDF issued (9/30) new open-fire orders for the West Bank and Gaza, allowing soldiers to use concentrated fire with any type of weapon toward any Palestinian—armed or not—who approaches within 900 feet. Israel's High Court also ruled (11/14) that the Shin Bet may use physical force while questioning Palestinians suspected of having knowledge of planned anti-Israeli attacks. The PA and Israel decided (10/7) to set up a hot line between their field commanders to quickly solve conflicts between security forces, and Arafat issued (10/8) a "permanent order" to the PA police not to fire at the IDF. The same day, Netanyahu demanded that Arafat punish any policeman who shot at IDF troops during the clashes. Joint patrols, suspended during the fighting, were resumed in Jericho 10/5 and Janin 10/31.

On 9/1, a telephone maintenance worker was wounded and a PA policeman was killed when a wiretap that had been discovered in the Gaza military headquarters exploded as they attempted to remove it. When the tap exploded, phones went dead in the homes of several local Islamic Jihad and Hamas activists. Five more taps were found in PA buildings on 9/9. Israel refused to admit or deny that it planted the devices but said (9/9) that it was normal for security forces to spy on each other.

With the permission of the PA-Israeli Joint Liaison Committee (PIJLC), South Africa hosted (9/15) an arms fair in Ramallah for PA police and security forces, exhibiting for sale flak jackets, riot gear, batons and riot shields that emit electric shocks, pepper gas, pistols, and shot guns. The PIJLC must approve all weapons sales to the PA.

Israel barred (8/17) PLO representative to the EU Ha'il Fahoum from entering the self-rule areas to visit his family in Nablus but allowed (10/30) 85 PLO civilian cadres, mostly from Fatah, to return to these areas over the next six months. This was the first group of Palestinians allowed to return since Netanyahu took office.

The joint coordination and liaison office at Erez crossing began (9/12) using new procedures for admitting Israelis into Gaza: Israelis must deposit their ID cards when entering the area, utilizing temporary IDs during their visit. A new checkpoint in

southeastern Gaza, Sufa, opened to Palestinians entering Israel on 9/1. No commercial goods will be allowed through this crossing.

### **Jerusalem**

Israel said (8/20) that the IDF would not redeploy in Hebron until the PA ceased all activity in Jerusalem. The PA acquiesced (8/26) to closing the three offices (the Palestinian Geography Center, a branch of the PA Youth and Sports Department, and a vocational training center) demanded by Israel, though under pressure. Despite PA compliance, Netanyahu said (9/8) that he was not convinced fully that all PA outlets in the city were closed. Orient House itself remained open: Heads of state are officially banned from visiting there, but foreign ministers and officials of lower rank are not—though Netanyahu had vowed (6/28) actively to discourage their visits (see Peace Monitor in *JPS* 101).

Israel asked (8/18) an EU delegation to cancel its trip to Jerusalem set for 9/96 because delegates planned to visit Orient House, and warned (9/5) EU head Dick Spring not to schedule EU meetings at Orient House in the future. On 11/10, the EU troika (the past, present, and future EU heads) arrived in Israel on their way to meet with Arafat but, in protest, refused to meet with Israeli officials.

On 9/9, Israel's Interior Committee chairman Salah Tarif and three aides (one Labor member and two from United Arab List) met with Faisal Hussein at Orient House, causing an uproar among right-wing government officials. In mid-10/96, Democratic Arab Party MK Talib al-Saana (supported by a number of Arab party, Meretz, and Labor MKs) created a Knesset caucus to promote East Jerusalem as the capital of a future Palestinian state.

Following the tunnel opening, which Netanyahu stated (9/24) was intended as a message to Palestinians that Israel is the sole sovereign in Jerusalem, and the ensuing violence, the PA announced (10/8) plans to open a new underground prayer hall, to be named Marwani Mosque, a few hundred feet from the tunnel. In 1/96, Israel gave permission for the hall to be used for prayers during Ramadan and rainy days when al-Aqsa courtyard cannot be used.

In mid-9/96, the PA announced that Saudi Arabia would fund a \$2-m. project to renovate 64 Palestinian homes in East Jerusalem.

### **Economic Matters**

The UN reported (10/28) that between 1992 and 1996, real GNP in the West Bank and Gaza declined 22.7%, mainly as a result of the loss of employment in Israel and the decline in trade flow caused by the closures. During the same period, real per capita GNP (i.e., income generated per person) declined 38.8% and unemployment rose from an average of 10% to 30%. In late August, PEC DAR reported that unemployment was 51% in Gaza and 40% in the West Bank.

FM Levy confirmed (11/13) that Israel and the PA had drawn up a draft amendment to the 4/29/94 Paris economic protocol (see Special Doc. B in *JPS* 92) so that the scope of Jordanian and Egyptian exports to the self-rule areas could be increased. The PA had previously complained that the accord, which sets out a specific list of products that the Palestinians could import from sources outside Israel, allows Israel to keep the West Bank and Gaza as a captive market for itself, curtailing Palestinians' economic freedom.

The first session of the Israeli-PA Joint Economic Committee since the 5/29 Israeli elections was held 9/16. Discussion focused on easing the closure, increasing the amount of tax revenues transferred from Israel to the PA, implementing increases in the number of Palestinian workers allowed into Israel, and a PA request that it be allowed to import more products from Arab countries. No decisions were taken.

Israeli Infrastructure M Sharon approved (8/28) construction of a railroad from Ashdod port to Erez checkpoint to reduce Palestinian traffic leaving Gaza and to simplify the flow of goods from the port to Gaza. The PA endorsed the plan 9/9.

The PA implemented (10/1) its law requiring goods imported into Israel for resale in the self-rule areas (totalling almost \$2 b. per year) to be moved through Palestinian franchises (see Peace Monitor in *JPS* 101). PA Economic M Maher al-Masri said that the law was not meant to boycott Israeli goods but to encourage foreign businesses to operate in the West Bank and Gaza rather than in Israel, and that it would not be applied rigidly. Israel denounced the law as a violation of the Paris protocol's presentation of Israel and the PA as a customs union.

On 10/22-24 the first round of negotiations for a first-ever EU-PA trade and aid agreement were held. The accord aims to speed up economic development in the West Bank and Gaza and to promote EU-

Palestinian trade and business links. Israel complained that by concluding such a deal, the EU would be backing Palestinian demands for an independent state.

The United States implemented (10/96) the extension of free trade status to the West Bank and Gaza, giving duty-free treatment to goods imported from the self-rule areas (see Peace Monitor in *JPS* 98). In return the PA agreed to grant duty-free status to imports from the United States and promised to support efforts to encourage the end of the Arab League boycott of Israel. Previously, U.S. goods were imported to the West Bank and Gaza through Israeli franchises and were labeled "made in Israel"; this will no longer be the case under the new agreement.

The IDF stopped (10/27) the transport to Jordan of 80 tons of Palestinian produce, with valid permits. In response, the PA Agriculture Ministry declared (10/27) a boycott on Israel goods in Gaza. The next day, the IDF let the goods through and the PA ban was lifted. On 11/11, the PA announced that it was stopping the import of Israeli flour and would begin buying from other sources.

### **Diplomatic Matters**

The PA and Red Cross signed (9/1) a memorandum of understanding, organizing their coordination on human rights.

In late 9/96, the International Communications Federation agreed to consider the PA's official application for an international phone code. The International Postal Federation agreed (also late 9/96) to send experts to the self-rule areas to study the PA postal services.

Following the violence over the tunnel opening, Arafat made his first public trip to Israel (10/8) to visit Israeli Pres. Ezer Weizman at his home in Caesarea.

### **Palestinian Authority**

The Executive Authority (EA) continued to hold weekly meetings with the PLO Executive Committee. The Palestinian Council (PC) also kept to its weekly schedule until it broke for fall recess in late 9/96—despite its failure to conclude debate on a draft Basic Law (see Peace Monitor in *JPS* 101).

The PC reconvened (10/9-10) in Ramallah for an emergency session to discuss the 9/24-28 clashes and the negotiations. It then adjourned for two weeks to reevaluate its first six months of work and to draw up a self-evaluation report, which was submitted

at the following session (10/30-31; see Doc. B4).

The PC also approved (8/21) recommendations based on its investigation into the Palestinian security forces attacks on Palestinian demonstrators in Nablus (8/1) and Tulkarm (8/2) and ordered restrictions on the security services' authority. On 8/31, however, the EA approved the creation of a new University Security Force (USF), which would bring to 11 the number of PA security branches. The PC Human Rights Subcommittee ruled (mid-9/96) that the decision to set up the USF was a violation of existing PC resolutions and asked it to reconsider its ruling. Also of note, PA police opened fire (9/23) with rubber bullets on a rowdy group of Palestinian spectators during a soccer game, killing one and wounding two.

Following the 9/24-28 clashes, the EA and PLO Executive Committee formed (10/10) a national dialogue committee, comprising PNC Speaker Salim Za'nun, the PA's Faisal Husseini, DFLP Politburo member Taysir Khalid, PFLP Politburo member Taysir Quba', PPP head and PA Industry M Bashir Barghouti, PA Information M 'Abid Rabbu, and PA Finance M Zuhdi Nashashibi. The committee's task is to make contact with all political factions, including the Islamists, to encourage them to join in a "comprehensive national dialogue." Hamas welcomed the move.

In late 8/96, the PA Local Government Ministry announced that discussion on a municipal elections law had begun and that the vote only could be held three months after the election law is approved by the PC. The PA originally had hoped to hold municipal elections in the spring of 1996 (see Peace Monitor in *JPS* 99). Canada, the EU, Japan, and the United States already have agreed to provide the necessary funding.

The PA Information Ministry informed (10/12) the Palestinian Society for the Protection of Human Rights and the Environment (LAWE) that it would be prevented from providing legal aid or monitoring abuses in zone A areas if it did not register with the PA as a nongovernmental organization. LAWE protested.

The first week of September, Arafat fired Palestinian Supreme Court president Amin 'Abd al-Salam, allegedly for ordering Arafat to release ten Birzeit students arrested after the 2-3/96 suicide bombings. The ten remain in jail and have not been charged.

**PALESTINIAN OPINION**

*The following data are excerpted from a poll conducted 26 September-17 October by the Nablus-based Center for Palestine Research and Studies (CPRS). Results are based on a survey of 1,233 men and women from the West Bank and Gaza. The poll, twenty-fourth in a series, was made available by CPRS's office in Nablus.*

1. Generally, how do you evaluate the performance of the PC?

	West Bank & Gaza	West Bank	Gaza
a. Very good	9.6%	8.2%	11.8%
b. Good	37.9%	38.0%	37.7%
c. Between	25.0%	25.1%	24.8%
d. Bad	8.7%	8.5%	9.0%
e. Very bad	4.6%	5.1%	3.7%
f. No opinion	14.3%	15.1%	12.9%

2. Do you believe that the Executive Authority should implement all of the decisions made by the PC?

	West Bank & Gaza	West Bank	Gaza
a. Yes	60.0%	56.2%	66.3%
b. No	23.6%	25.8%	19.8%
c. No opinion	16.4%	17.9%	13.9%

3. Generally, how do you evaluate the performance of the Palestinian police and security services?

	West Bank & Gaza	West Bank	Gaza
a. Very good	25.2%	25.7%	24.5%
b. Good	37.0%	33.1%	42.2%
c. Between	13.4%	13.2%	13.7%
d. Bad	13.4%	16.9%	8.8%
e. Very bad	10.1%	10.3%	9.8%
f. No opinion	0.8%	0.7%	1.0%

4. Currently, the PC is discussing municipal election laws for villages and cities. It is suggested that refugees should participate in these elections. Do you:

	West Bank & Gaza	West Bank	Gaza
a. Support	84.5%	82.7%	87.7%
b. Oppose	9.4%	10.7%	7.3%
c. No opinion	6.0%	6.6%	5.1%

5. Generally, how do you evaluate the performance of the Executive Authority?

	West Bank & Gaza	West Bank	Gaza
a. Very good	29.2%	24.2%	37.6%
b. Good	42.8%	43.8%	41.1%
c. Between	12.1%	13.0%	10.8%
d. Bad	6.5%	8.3%	3.5%
e. Very bad	3.2%	4.1%	1.5%
f. No opinion	6.2%	6.6%	5.5%

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

	West Bank & Gaza	West Bank	Gaza
a. PPP	1.7%	1.6%	2.0%
b. PFLP	4.0%	4.1%	3.7%
c. Fatah	43.6%	41.8%	46.6%
d. Hamas	8.1%	8.3%	7.9%
e. DFLP	0.8%	0.9%	0.7%
f. Islamic Jihad	2.4%	2.5%	2.2%
g. FIDA	0.4%	0.5%	0.2%
h. Independent Islamist	4.6%	5.6%	2.9%
i. Independent nationalists	5.5%	6.2%	4.4%
j. None	25.9%	24.7%	27.9%
k. Other	3.0%	3.9%	1.5%

### JORDANIAN-ISRAELI TRACK

The 9/24–28 tunnel incident led to a chill in Jordanian-Israeli relations. King Hussein was particularly angry that Netanyahu adviser Gold made no mention of plans to open the tunnel during their 9/22 meeting in Amman. Jordan submitted formal protests (9/30, 10/8) to Israel, stating that the opening was a violation of the 10/94 peace treaty, under which Israel recognized Jordan's special role in Jerusalem as protector of the Muslim holy sites. Israel's formal response (10/1) ignored Jordan's complaints, instead stressing the economic benefits to be gained by the Palestinians through increased tourist traffic.

Even prior to the 9/24–28 clashes, relations had cooled. Israel canceled several planned trips to Jordan by Israeli officials for "technical reasons," and Crown Prince Hassan postponed indefinitely (9/23) a 10/6 visit to Israel.

At the 10/1–2 Washington summit, King Hussein criticized Netanyahu for "arrogance of power" and for jeopardizing the peace

process. Despite the king's uncharacteristic outburst and the formal complaints, Netanyahu's inner cabinet concluded (10/9) that tensions with Jordan were, in FM Levy's words, "a wave that will soon pass." After PM 'Abd al-Karim Kabariti refused Israeli ambassador Shimon Shamir's request for a meeting, contacts were held to improve bilateral relations between King Hussein and Pres. Weizman in Amman (11/6), King Hussein and Israeli ambassador to the EU Ephraim Halevy in London (10/11), and Jordanian ambassador to Israel Umar al-Rifa'i and Netanyahu adviser Gold in Israel (10/13).

### *Economic Matters*

Between 8/20 and 8/24, Jordanian ambassador to Israel 'Umar al-Rifa'i held discussions with Israeli FM Levy, Infrastructure M Sharon, Internal Security M Kahalani, Trade M Natan Sharansky, and Tourism M Moshe Qatzav regarding Jordan's complaints of Israeli obstacles to economic cooperation. Specifically cited were Israeli bureaucratic hurdles delaying implementation of Jordan's trade agreements with the PA; unwarranted Israeli security checks, which cause border delays; unnecessary costs due to the back-to-back hauling system (see Peace Monitor in *JPS* 101); Israel's failure to reassess as promised the list of products and quotas for trade after self-rule was extended to the West Bank; stringent, cost-prohibitive testing requirements to assure that Jordanian exports meet Israeli standards; and Israel's failure to resume joint technical committee meetings. The Israelis said they wanted to move ahead with all treaty implementation but requested time to examine the "security aspects."

By late 9/96, Jordan and Israel agreed on an updated list of duty-free imports in keeping with the trade accord. On 10/22, Israel approved a door-to-door transport deal to replace the back-to-back hauling requirements.

Jordan began (9/20) shipping goods to Haifa as part of the 1/6 transportation agreement. (Israel had begun shipping to Aqaba on 2/3.) Talks were also underway on exporting Israeli goods abroad via Aqaba port. The two countries implemented (9/15) the "Green Channel" agreement, under which products that are imported into Jordan as inputs for later exportation will be exempt from detailed customs inspections.

On 9/10, Kabariti and Qatzav met in Amman to discuss joint projects to be presented to the Cairo Economic Summit

(see below). Twenty-five plans were selected by the joint Jordan Valley Development Committee at its first meeting 9/24. The Jordanian and Israeli trade ministers met on the sidelines of the economic summit to discuss ways of better implementing their trade accord, particularly increasing the flow of Jordanian goods to Israel and the self-rule areas. (In mid-8/96, Israel reported that in the first six months of 1996, it had exported \$1.7-m. worth of goods to and imported \$930,000-worth of goods from Jordan.)

### **Tourism**

On 9/9, Jordan and Israel signed an agreement broadening tourism cooperation, agreeing to market jointly tourist attractions to travel agents in Europe, Japan, and the United States. They also discussed plans for a joint tourist park near the Dead Sea.

In late 10/96, Royal Jordanian Airlines and El Al doubled their schedule to two flights a week, opened a new flight route between Haifa and Amman, and reduced flight times.

Israel requested (9/10) that Jordan allow Israelis to enter the kingdom by the Allenby Bridge as well as the Shaykh Husayn Bridge, as currently required. Jordan replied (9/18) that Israeli tourist use of Allenby Bridge is contingent on the outcome of the Israeli-PA negotiations on the status of the West Bank. According to the Oslo accords, the control of bridges linking the West Bank and Jordan will be decided in a final status agreement.

### **Water**

On 8/22, Israeli Agriculture M Rafael Eitan accused Jordan of violating the peace treaty by agreeing to go forward with a 7/96 Syrian initiative to resume construction of the al-Wahda dam on the Yarmuk (part of the dam's foundation has been finished, but work ceased due to lack of funds) and warned that Israel may reconsider its water agreements with Jordan as a result. On 9/4, Jordan said that Israel was not opposed to the project and that, despite Eitan's threats, Infrastructure M Sharon, who approves of the dam, controls Israel's water portfolio.

### **Security**

On 10/9, unidentified gunmen shot at an IDF patrol from Jordanian territory, injuring three soldiers. In keeping with security agreements, the IDF and Jordanian army made joint searches of both sides of the border. In 9/96, the armed forces also cooperated in clearing mine fields in the Wadi Arba areas that were returned to Jordan under the 10/94 peace treaty.

### **Diplomacy**

The Aqaba-Elat Committee agreed (10/30) to establish consular missions in both cities as early as 1/97; to offer free, day-long visas to tourists; to reduce the exit fees in each country from \$17 on the Israeli side and \$6 on the Jordanian side to \$5 both ways; and to issue a total of 150 businessmen, port employees, and municipal workers from each city badges that will allow unlimited movement between Aqaba and Elat. Exit fees charged these persons will be \$3.50.

On 11/4, Israel returned 540 dunams in the Jordan Valley near the Allenby Bridge to a cousin of King Hussein after six weeks of talks between the prince and the prime minister's office.

Iran's Majles suspended (9/8) discussion on a draft commercial accord with Jordan, citing Jordan's "conciliatory stances" toward Israel.

### **SYRIAN-ISRAELI TRACK**

Tensions between Israel and Syria rose this quarter. Israel issued general warnings (8/16, 8/19) that increased Hizballah activity in southern Lebanon would be met with strong retaliation, reinforced its troops in its self-declared security zone (8/20, 9/3-4, 9/26-27, 11/12) and on the Golan (9/21), performed large-scale maneuvers on the Golan (between 9/17 and 10/27, 10/29), and test launched its Arrow-2 missile (8/20). Syria warned Israel against carrying out "foolish acts" that could bring destruction to the region (8/20), moved a special forces division (possibly including an elite commando battalion) from Lebanon to the edge of the Golan (8/25), redeployed the 10th Armored Division from positions east of Beirut to the southern Biqa' Valley (8/27), and staged maneuvers near the Golan (in late 9/96 and early 10/96). Syrian troop movements (totaling 10,000-12,000 troops), which coincided with Lebanese general elections and were monitored by U.S. and Russian ships off the Lebanese coast, were interpreted by most in the international (8/27, 9/14, 9/20) and Israeli (8/27) military communities to be largely defensive. Syria and Israel both issued assurances that they were not planning offenses (8/21, 9/18-19, 9/21), but on 10/28, Israeli defense officials asked Netanyahu for an emergency addition of more than \$1 b. to the defense budget to pay for upgrading the IDF's level of preparedness for war.

Israel, after setting up (8/18) a negotiations steering committee (PM Netanyahu, FM

Levy, and DM Mordechai) for talks with Syria, reiterated its readiness to resume negotiations "without preconditions" but not on the basis of land for peace (8/21, 10/14); emphasized it had dropped the "Lebanon First" idea (10/14; see Peace Monitor in *JPS* 101); invited Asad to attend a summit meeting to discuss resuming talks (9/9); suggested a formula whereby Israel would acknowledge the achievements in negotiations made to date but would not accept commitments or understandings not contained in formal agreements (9/9); and drafted a memorandum of understanding for resuming talks, written by Gold and Ross (9/11)—though it was never presented to Syria (Ambassador to the United States Walid Mu'allim informed Ross 9/13 that he was not invited to Syria during his 9/17–19 regional tour, as he apparently did not have a substantive Israeli stand to bring to Asad). Syria continued to reiterate (9/10, 9/12) its demands that talks resume at the point at which they left off on 3/1 and that Netanyahu honor all understandings reached by the previous governments. Syria sent Israel messages (10/17, 11/7) that it was ready to listen to new ideas but would not resume negotiations until Israel reached an agreement on Hebron with the PA.

Also of note: On 9/12, Netanyahu confirmed a 9/11 report by the Israeli daily *Yedi'ot Aharonot* that Pres. Asad gave PM Yitzhak Rabin oral assurances that Syria would agree to all of Israel's security demands. In response, according to the report, Rabin secretly promised Clinton that Israel would give back the Golan to the 6/4/67 line (see Peace Monitor in *JPS* 96). In an interview with CNN (9/25), Asad confirmed only that Rabin had agreed to withdraw to the 6/4/67 line.

On 8/22, Itamar Rabinovitch, former Israeli ambassador to the United States and head of the Israeli delegation to the talks with Syria, revealed that former U.S. Secretary of State James Baker III carried out, with Clinton's approval, a secret round of shuttle diplomacy in 3/95 aimed at restarting Syrian-Israeli talks. A Baker aide confirmed the report but said the trip occurred without Clinton's knowledge.

## REGIONAL AFFAIRS

### REFUGEES

In Bethlehem 9/13, 600 Palestinian refugees met and elected a 49-member refugee

council to establish relations with the PA, PLO, UNRWA, and other refugees in the diaspora. Their goal is to set up similar councils around the world that would act as a refugee lobby to protect the right of return.

The Bethlehem meeting was a prelude to the 9/17 Palestinian Refugee Conference in Gaza, sponsored by the PA and attended by members of the PLO Executive Committee, the Palestine National Council, the EA, the PC, and unnamed foreign dignitaries and Palestinians. The conferees reaffirmed UN Resolution 194 as the basis of any solution to the refugee problem and rejected the concept of compensation in place of the right of return. They also opposed transferring UNRWA responsibilities to the PA.

### ISRAELI-ARAB RELATIONS

The continuing deterioration of Israeli-Arab relations was heightened by the 9/24 tunnel opening.

Egypt held ten days of massive military maneuvers (9/12–22) which Israel called threatening (9/19) and Pres. Mubarak said (9/23) were routine. Also on 9/23, FM 'Amr Musa presented a list of five things that Egypt wanted Israel to do before the Cairo Economic Summit: redeploy in Hebron, lift the closure, resume final status talks with the PA, resume negotiations with Syria from the point at which they left off in 3/96, and refrain from floating negative trial balloons such as "Lebanon First." Israel responded (9/24) by summoning the Egyptian ambassador to the Foreign Ministry to protest the series of "unprecedented threats and insults." Mubarak then invited (9/25) former PM Peres to visit Egypt, which he did 10/27. Mubarak also refused to attend the 10/1–2 Washington summit. On 10/12, he said he would not meet with Netanyahu again until the Hebron issue is solved.

Israeli Pres. Ezer Weizman visited Mubarak in Cairo (10/14). The two agreed to resume searches for MIAs from the 1973 war, which were called off following reports (9/5/95, 9/20/95) that Egyptian POWs had been killed by IDF soldiers during the 1956 war. Israeli Brig. Gen. Shimon Hefetz arrived in Cairo 10/29 to recommence work. Mubarak also agreed to speed up the issuance of visas to Israelis to facilitate trade and tourism. Within two weeks, Egypt began issuing six-month multiple-entry visas to Israeli businessmen. On 10/30, Israel appointed a new ambassador to Egypt, Zvi Mazel.

Qatar further delayed (9/23) the opening of its representative office in Israel and canceled (9/24) a business delegation visit to Israel and a planned meeting between its foreign minister and FM Levy on the sidelines of the 9/23-25 UN General Assembly session. Around the same time, Israeli Infrastructure M Sharon informed Qatar that the letter of intent to buy natural gas exclusively from Enron (see Peace Monitor in *JPS* 98) had been voided for reasons of "national security" but that Israel would be willing to consider Qatar as one of several suppliers.

Algeria reiterated (9/17) that it had no intention of normalizing relations with Israel. Morocco froze (8/24) discussions on establishing formal relations with Israel and refused Netanyahu's request to visit Rabat. On 9/29, the Moroccan opposition parties called for a halt to all contacts with Israel. By mid-10/96, Morocco, Qatar, and Tunisia had reduced as much as possible their formal contacts with Israel and had agreed to let signed agreements stand but not to conclude new ones. Oman, on the other hand, announced (10/6) that commercial and economic relations with Israel were continuing as usual and, on 10/10, said it would stop normalization only if the PA and Syria officially ended negotiations.

At the PA's request, the Arab League held an emergency session (9/14-15) to seek a united Arab stand on Israel's peace policy. The league passed a resolution tying normalization to progress in the peace process and criticizing Israel for violating the peace agreements by imposing closure; failing to redeploy in Hebron, set up safe passage routes, or release prisoners; and continuing to confiscate land.

#### INTER-ARAB HIGHLIGHTS

In Amman 10/14, Arafat briefed King Hussein on the status of the PA-Israeli negotiations. The next day, the king returned to Jericho with Arafat for his first visit to the West Bank since it was lost to Israel in 1967. At talks in Amman 11/4, the PA agreed that Jordan's religious affairs minister in Jerusalem would have overriding control of religious sites in the city during the interim period.

A delegation representing ten Jordanian opposition groups traveled to Damascus (10/28-31) to show solidarity with Syria in its stalemated talks with Israel.

Libya issued official instructions (10/1) to compensate all Palestinians in Libya for dam-

ages (e.g., loss of wages, jobs, and housing) incurred directly or indirectly as a result of the government's decision to return them to the self-rule areas (see Peace Monitor in *JPS* 101).

On the sidelines of the 9/14-15 Arab League session, the Egyptian and Iraqi foreign ministers met for the first time since the 1990 Gulf conflict. The ministers' undersecretaries then met (9/23) in Cairo, where they discussed the possibility of reopening embassies by the end of the year and establishing a mechanism for Iraq to compensate Egyptian workers for their unpaid wages from the Gulf War period. Jordan and Kuwait also held three days of positive talks (11/8-10) on restoring bilateral relations to the pre-Gulf War level.

Jordan blamed Iraq (8/17, 8/22) for instigating the 8/16-18 bread riots throughout Jordan. The rioters protested the king's 8/13 decision to suspend bread subsidies in accordance with the International Monetary Fund's suggested economic reforms. Jordan also demanded that Iraq make an official inquiry into the 11/11 murder of a Jordanian embassy official in Iraq and the theft of 250 passports he was carrying.

#### REGIONAL ECONOMIC AFFAIRS

The Cairo Economic Summit, the follow-up to the Amman Economic Summit (10/29-31/95), was held as scheduled 11/12-14. Pres. Mubarak had threatened (8/22) to cancel it because of the poor status of the peace process but agreed (9/12) under heavy U.S. pressure to go forward. Nonetheless, heads of state were not invited and most Arab states downgraded their representation. Though 4,000 public and private sector delegates from 92 countries attended, Lebanon, Syria, Palestinian businessmen, and the Israeli Agriculture and Infrastructure Ministries boycotted. Egypt and the Arab states advertised the summit as an opportunity to promote inter-Arab economic ties rather than to integrate Israel into the regional economy. Most proposals targeted Egypt and North Africa. Mubarak's opening statement was apolitical, and Israel's FM Levy submitted a prepared statement. Only EU head Dick Spring's speech was political, calling for a return to the land-for-peace principle and promoting Euro-Arab and Euro-Mediterranean partnerships.

On the second day of the economic summit, Amoco, Egypt, and Turkey signed a gas deal, under which Egyptian gas would

be transported to Turkey via tankers. The agreement sank the proposed "peace pipeline" project (to link Egypt, Gaza, Israel, Lebanon, Syria, and Turkey), which had been discussed since the first economic summit in Casablanca (10/30-11/1/94). Amoco claimed that its decision to go with the tanker deal was purely economic, a product of its frustration with the pace of the peace process and its desire to conclude a contract that could be implemented quickly. Israel called it a "slap in the face" and blocked (11/14) a proposal for Egyptian-Israeli-Jordanian development of the northern end of the Gulf of Aqaba into a "Red Sea Riviera" (including transportation links and joint infrastructure), claiming that a proposed radar installation on the Straits of Tiran to prevent ships from colliding with reefs would pose a security threat.

Despite the reluctance of most of the EU and Arab states, efforts to set up the Middle East Development Bank (MEDB) moved ahead. The United States and Russia registered the agreement establishing the bank with the UN (8/28). Egypt, Israel, Jordan, and the PA signed on as regional partners, controlling 4% of the bank's equity. Japan secured 9% and Russia 6%. The United States signed for 21% of the shares, just over the 20% required to obtain veto power. Despite the U.S. commitment, Congress has not approved the over \$250 m. needed to buy the shares. At the Cairo summit, Secretary of State Christopher assured participants that he would obtain the funding approval by 3/97, and Egypt said it thought the bank could begin operation by the next summit meeting in Qatar in late 1997.

Egypt, Iraq, Jordan, Syria, and Turkey signed an agreement (11/7) to implement the first phase of a project (to be completed by the year 2002) to link their electricity grids. The Syrian and Iranian cultural attachés also met in Damascus (9/25) to discuss expanding cultural ties. Jordan and Turkey discussed (11/11-12) bilateral trade relations, including the possibility of Jordan buying Turkish water.

## INTERNATIONAL

### UNITED STATES

Discreet U.S. pressure on Israel to move ahead with negotiations continued this quarter. Shortly after Netanyahu and Arafat's first meeting, Secretary of State Christopher

warned (9/7, 9/8) Netanyahu that the meeting was not enough and that Israel should take "concrete steps," such as easing the closure, quickly redeploying in Hebron, and issuing more visas for Palestinian workers. Clinton reiterated these points in his meeting with Netanyahu in Washington 9/9. Netanyahu responded to the U.S. pressure by saying (9/15) that

regardless of the fact that our relationship with the U.S. is of the first rank of Israel's strategic assets, it is not the supreme asset. The supreme asset is our security, those things that are sacred to us, like Jerusalem. If a regime should arise in the U.S. and say "You must give in on all this in exchange for relations with the United States," I will not give in.

During the 9/24-28 clashes, the United States privately demanded that Israel "make a gesture" concerning the tunnel, preferably closing it, but Clinton limited his public comments to appealing for a cease-fire (9/26). During the 10/1-2 Washington summit, Clinton criticized Netanyahu for failing to fulfill his promise (made during Netanyahu's 7/9 meeting with Clinton) to encourage Rep. Benjamin Gilman (R-NY) to release the \$10 m. in aid owed the PA (see *Peace Monitor* in *JPS* 101).

Chairman of the Joint Chiefs of Staff Gen. John Shalikashvili canceled (10/4) his visit to Israel planned for 10/6. Israel attributed the action to U.S. dissatisfaction with Israel over the tunnel incident. Yet on 10/15, Defense Secretary William Perry agreed to deploy an early-warning system for detection of surface-to-air missiles in Israel by the end of the year and to give Israel \$1.8 b. in military aid through 1998.

Israel's new ambassador to the United States, Eliahu Ben-Elissar, took up his post 9/3. Ben-Elissar has no previous serious Washington experience; has no links to inner circles at the White House, Pentagon, or State Department; and, as a close associate of FM Levy, reportedly is not trusted by Netanyahu.

On 9/3, the White House held a secret discussion with Arab-American leaders to brief them on the Arafat-Netanyahu meeting planned for 9/4. After news of the gathering was made public (9/12), U.S. government sources said it was the fourth such biweekly meeting for exchanging ideas on how to revive the peace process. Clinton attended the first meeting in 7/96 to give credence to the sessions.

**RUSSIA**

Although Russia strongly criticized Israel (9/26) for sparking the 9/24–28 clashes by opening the tunnel 9/24, relations between the two nations generally improved this quarter. They agreed (10/31) to open cultural centers in each other's country. Russia granted (10/17) the new Jewish Agency for Russia a license to operate (see Peace Monitor in *JPS* 101). Israel transferred (10/31) to Russia the title to property in Jerusalem previously held by the Soviet Union (see *JPS* 100). PM Victor Chernomyrdin phoned Netanyahu (11/5) to express interest in advancing economic relations. Netanyahu accepted his offer to visit Russia in early 1997.

**EUROPEAN UNION**

During the 9/24–28 crisis, Netanyahu toured Europe, stopping in London (9/24), Paris (9/25), and Bonn (9/26), cutting his visit short by a few hours to return to Israel to oversee the crisis. France, Germany, Italy, and Spain blamed Israel's decision to open the tunnel (9/24) for the violence in the territories; the UK, while criticizing Israel, called on all sides to cease attacks. Some member states, according to EU foreign ministers (9/30), considered taking economic steps against Israel. On 10/1, the EU issued its strongest condemnation of Israel since 1980 (see Doc. A4).

French Pres. Jacques Chirac made a controversial tour of the region (10/19–25) aimed at increasing the EU's influence in the peace process. He angered Israel even before he arrived by announcing (10/17) that he would not bring FM Hervé de Charette with him to protest Israel's opposition to de Charette's planned visit to Orient House. Instead, he brought Health M Hervé Gaymard, who went to Orient House 10/21. Chirac made a high-profile visit to the PC (10/23), where he was the first foreign head of state to address the council, but made only a last-minute stop (under Israeli pressure) at the Knesset (10/21). On 10/22 in East Jerusalem, he railed against his Israeli bodyguards for preventing him from greeting Palestinians on the street or speaking French with journalists. Throughout Chirac's visit, Israeli officials stressed that the EU had an important role to play in the peace process, but only on the economic level. Chirac also stopped in Egypt (10/25), Lebanon (10/25), Jordan (10/23–24), and Syria (10/19–20).

The EU decided (10/6) to appoint a special envoy to the Middle East to serve in

a similar capacity as U.S. special envoy Ross. Israel immediately opposed the idea of an EU envoy who would become involved actively in the mediation process. On 10/28, Spanish ambassador to Israel Miguel Angel Moratinos was named "special envoy to monitor the peace process," permitting him to observe and report only. Moratinos held his first meeting with Netanyahu, former PM Yitzhak Shamir, PA Higher Education M Hanan Ashrawi, and the PA's Faisal Husseini on 11/7.

**UNITED NATIONS**

Despite U.S. and Israeli protests, the UN Security Council (UNSC) began debate (9/27) on the wording of a resolution regarding Israel's opening of the tunnel 9/24 and the consequent violence. On 9/28, the UNSC passed (14-0 with 1 abstention) Resolution 1073, calling for the "reversal of all acts which have resulted in the aggravation of the situation" (see Doc. A2). Israel called the resolution (9/28) "one-sided and unbalanced."

UN special coordinator Terje Larsen, a trusted and influential mediator in behind-the-scenes negotiations and donor issues since the Madrid process began, was recalled to Norway (10/25) to assume a new position as minister for national reform and planning in the Norwegian cabinet. UNRWA Commissioner General Peter Hansen will act in his stead until his replacement is named.

**DONORS**

In preparation for the 9/5 Ad Hoc Liaison Committee (AHLIC) in Washington, donors met 8/22 to discuss a transfer of funds to cover the PA budget deficit, which was estimated to be \$127 m., of which \$64 m. had not been financed. Israel and the PA announced (8/27) that they would pursue donors jointly, and, at the PA's request, Israel agreed to give the PA a \$30-m. advance on its tax and customs payments in addition to the \$40 m. already transferred to the PA for 8/96.

The 9/5 AHLIC meeting was the first major donor meeting since the 5/29 Israeli elections. The donors discussed the PA budget deficit, development projects in the self-rule areas, and ways to accelerate aid to the PA. No new pledges were made or solicited. The PA estimated that the closure to date had cost the PA \$150 m. in lost revenue and requested that the donors establish a fund of the same amount to help the PA deal with

unemployment. The World Bank reported that \$2.2 b. of the \$2.9 b. pledged to the PA to date had been committed. Total disbursements amounted to over \$1 b., although those for 1996 were lagging (\$287 m. of the target \$500 m.). Of aid disbursed as of 10/96, 33% went to infrastructure and housing, 16% to public finance, 15% to education, 11% to institution building, 10% to health, 6% to job creation, 4% to the private sector, 2% each to the environment and PA police, and 1% to agriculture.

On 9/18, representatives from Norway, the PA, the UN, the United States, and the World Bank met in Gaza to plan a drive to collect funds already pledged from the largest donors and, if possible, to get donors to reallocate their commitments to an "inner core" of employment generating infrastructure projects—these are a subset of the Core Investment Program targeted at the 1/9 meeting (see Peace Monitor in *JPS* 99). Arafat met (10/10) with 40 donor representative and asked them to give the PA loans if they could not provide grants.

In mid-August, the PA signed a contract with PADICO to begin work on the first industrial zone (al-Muntar) near Qarni check point in Gaza, following its decision to proceed with the project unilaterally because of Israeli and donor foot dragging. A groundbreaking ceremony was held 11/15. The zone will provide duty and quota free access to U.S. and European markets. The first clients are expected to be in place by mid-1997.

The PA and World Bank signed (9/15) a \$25-m. soft loan to establish a financing institution for development projects (especially housing) that will offer long-term loans to low-income Palestinians. The PA and Denmark signed an agreement (9/6) to facilitate the transfer of \$62 m. to the PA for infrastructure projects and to cover the budget deficit (9/6). Spain gave the PA (11/11) a \$50-m., interest-free loan for technical assistance in public works.

Additional aid pledged to the PA this quarter included:

- \$60 m. in emergency aid from Norway (9/25);
- \$30 m. from Austria for housing, agriculture, education, health, and water (9/2);
- \$5 m. from Sweden for unnamed projects (10/6);
- \$3 m. of emergency aid from Japan for Gaza infrastructure, to be disbursed through the UN Development Program;
- \$2 m. from Italy and the UNESCO for higher education (10/6);
- \$2 m. from the UK toward the budget deficit (10/30);
- \$1 m. from The Netherlands to develop and rehabilitate 100 archaeological sites in the self-rule areas (9/96);
- \$500,000 in emergency aid from Turkey (10/30); and
- \$400,000 in emergency aid from Ireland (10/6).

Compiled by Michele L. Kjørlien



Hebron, December 1996. (Rina Castelnovo/NYT Pictures)