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# PEACE MONITOR

16 AUGUST-15 NOVEMBER 1999

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

## BILATERALS

### PALESTINIAN-ISRAELI TRACK

At the opening of the quarter, Israel and the Palestinian Authority (PA) were holding nearly daily meetings on a timetable for implementation of the 10/98 Wye River Memorandum, which lapsed in 1/99 after former Israeli PM Benjamin Netanyahu suspended implementation and called early elections. PA head Yasir Arafat wanted to resume the old schedule where Netanyahu left off, assigning new deadlines for the outstanding Wye stages and keeping the original tight schedule, while Israel's new PM, Ehud Barak, called for a new schedule that expanded the period over which Israel would carry out its further redeployments (FRDs). It quickly became apparent, however, that talks were not merely on determining a mutually agreeable timetable, but also on revising the Wye agreement itself.

The PA and Israel reached an impasse on 8/16 and 8/18 concerning the remaining Wye prisoner releases. The Wye agreement had called for Israel to release 750 Palestinian prisoners in three stages; Netanyahu carried out the first stage on 11/20/98, releasing 250 prisoners. But as only 100 were security prisoners and 150 were criminals, the PA had protested, citing an unwritten understanding among all parties at Wye that those released would be security prisoners and claiming that therefore Israel had not met its obligations. It was on these grounds that at the 8/16 and 8/18 meetings, the PA demanded that Barak free another 650 security prisoners. Israel countered that it never agreed to free Palestinians linked to violent attacks on Israelis and that by this definition only 250 of the roughly 2,000 Palestinians imprisoned were eligible for release. Israel said (8/18) it was prepared to make one final prisoner release of 250 Palestinians by 10/8. The PA balked and, after continuing talks for several days without progress, suspended meetings on the issue on 8/24.

While the prisoner release and the FRD timetable issues foundered, PA and Israeli

teams agreed (8/23) to begin construction of the Gaza port by 10/1, to open the southern safe-passage route within weeks, and to open the northern safe-passage route by 1/2000. By 8/25, the timing of all the lesser aspects of Wye implementation had reportedly been cleared up.

Behind the scenes, the PA encouraged Egypt and the U.S. to intervene with Israel to break the impasse on prisoners and FRDs. Pres. Husni Mubarak agreed, meeting with Arafat (8/22, 8/31) to coordinate positions and dispatching his adviser, Osama Baz, to speak with Israeli officials (e.g., 8/20, 8/28). The U.S. was less active given Barak's request (repeated 8/22; see Peace Monitor in *JPS* 113) that the U.S. reduce its role and allow Israel and the PA to negotiate directly.

By the end of 8/99, time had overtaken the Wye timetable issue, making it obsolete; Barak's offer, proposed in 7/99, to complete the FRDs by 2/00 was no longer much different from the PA's demand that Israel adhere to the original "compressed" schedule. Moreover, both Israel and the PA felt pressure to reach an understanding by the time U.S. Secy. of State Madeleine Albright arrived in the region on 9/1, especially since she had already delayed her trip once at Barak's request (see Peace Monitor in *JPS* 113). On 8/28, following a preparatory meeting in Washington (8/27) between Albright and PA chief negotiators Saeb Erakat and Mahmud Abbas, the PA resumed daily meetings on prisoners with Israel.

As of 8/28, Barak played a classic game of brinkmanship, repeatedly (8/29, 9/1, 9/2) suspending talks and demanding that the PA accept Israel's position and close a deal "within hours" or he would carry out the Wye agreement "as written," only to apologize hours later and allow teams to continue meeting. By 9/1, Israel and the PA had narrowed their positions, with Israel claiming to have identified 350 Palestinians qualified for release and the PA demanding that at least 400 prisoners be freed. Albright spent 9/2-3 shuttling among Arafat, Barak, and Mubarak to reach a final agreement. The Wye II ac-

cord (or Sharm al-Shaykh memorandum) was signed by Arafat and Barak in Sharm al-Shaykh, Egypt, on 9/4, with Albright, Mubarak, and King Abdallah of Jordan initialing as witnesses (see Special Document File). It was ratified by the Israeli cabinet (9/5; 21-2), the Knesset (9/8; 54-23), and the PA Executive Authority (EA; 9/6).

Most requirements of Wye II reproduce those of the original Wye River Memorandum. For example, provisions for interim issues such as FRD, security, safe passage, Gaza port, and joint committees remain the same, except for new target dates (see below). The agreement decreases to 350 the number of prisoners Israel must release, and a new section is added on fulfilling outstanding requirements of the 1/97 Hebron protocol. The important changes regard final status negotiations: Wye II repeats the call for quick resumption of accelerated final status talks. But unlike Wye I, it calls on Israel and the PA to conclude a framework agreement on permanent status issues (called the FAPS) by 2/13/00 and sets a deadline of 9/13/00 for completing a comprehensive final status agreement. Previously (see Peace Monitor in *JPS* 113), the PA rejected the idea of a framework agreement, seeing it as another interim accord meant to delay serious negotiations. Significantly, Wye II does not define the FAPS or its purpose.

There was considerable Palestinian criticism of the new accord. On 9/4, seven of the main nationalist opposition groups denounced the PA for making more "gratuitous concessions" to Israel and further weakening the Palestinian negotiating position. Palestinians in East Jerusalem observed (9/5) a general strike to protest the agreement. Tens of Palestinians staged a sit-in at Orient House to denounce concessions on the prisoner releases. The explosion of car bombs in Haifa and Tiberias on 9/5, killing three Palestinian bombers but causing no other injuries, did not derail implementation.

Following the Wye II signing, Israel and the PA generally fulfilled their outstanding obligations, though frequently behind schedule (see below). The only serious snag was implementation of the second stage of the FRD, scheduled for 11/15, which Israel postponed after Arafat protested (11/11) the areas that were to be turned over (see below). Nonetheless, at the end of the quarter, both sides were continuing to meet on the issue, and it appeared likely that it would be resolved by early next quarter.

With interim issues under control, focus shifted to final status. In fulfillment of Wye II, Israel and the PA held a ceremony at Erez crossing on 9/13, the sixth anniversary of the Oslo Accord, symbolically reopening final status talks. Arafat quickly appointed his negotiating teams (9/15-16): Erakat to oversee implementation of the interim agreements; Culture and Information M Yasir 'Abid Rabbuh to lead the final status talks; and Abbas, as chief negotiator, to liaise between the teams and Arafat. On the Israeli side, Barak delayed naming his final status team despite his own insistence on accelerated talks. While the Erez ceremony was taking place, he convened a ministerial meeting on expanding Israeli control over Jerusalem (see below).

Instead, without briefing his closest advisers, Barak invited Arafat to come secretly to Israel on 9/16 for one-on-one talks. The meeting was immediately leaked to the Israeli press, which reported Barak's proposal that he and Arafat hold regular private meetings to monitor final status talks. Barak also reportedly suggested that he and Arafat sign a document on a "common definition" of UN Res. 242 that would be used as a basis of the FAPS. Later, on 11/7 and 11/9, Barak stated that Israel no longer considers Res. 242 to be fully applicable to the West Bank and Gaza—a significant departure for Israel, since all the peace accords cite Res. 242 as the basis of negotiations. When asked on 10/15 why Barak had not named a final status team or started final status talks, Barak's spokeswoman said the PM was considering using informal meetings, such as the 9/16 talks, to hammer out the FAPS.

On 10/17, Barak told his cabinet that he had been working on a proposal for economic separation between Israel and the future Palestinian entity. He was reportedly considering three alternatives for permanently regulating economic relations between the PA and Israel, while guaranteeing Israel's security: (1) a single customs and tax system to allow the free flow of merchandise; (2) total economic separation, with duties on imports and exports; or (3) economic separation, with a free trade zone. His renewal of the separation idea marked a major policy shift for Israel, since the Oslo process was based on the concept of economic integration. Barak also said (10/17, 10/24, 11/9) that he was leaning toward a physical separation between Israel and the PA entity.

On 10/20, U.S. Pres. Bill Clinton announced plans to meet Barak and Arafat in

Oslo on 11/2 to promote final status talks. U.S. special envoy Dennis Ross arrived in the Middle East on 10/26 for preparatory meetings with the two leaders, reportedly telling them that Clinton expected them to bring a detailed draft of the FAPS to Oslo. The next day (10/27), Barak named his ambassador to Jordan, Oded Eran, as head of Israel's final status team. Eran and 'Abid Rabbuh quickly agreed (10/29) to convene the first meeting of the final status teams on 11/8. Among those who thought Eran's appointment was too well timed to be taken seriously was Israeli FM David Levy, who said (10/26) he expected the PM's Office would set up a "shadow" negotiating team to carry out substantive talks.

Clinton, Barak, and Arafat arrived in Oslo on 11/1 to take part in two days of ceremonies honoring slain Israeli PM Yitzhak Rabin. On 11/1, Clinton met separately with Arafat and Barak, with no aides present, and Arafat and Barak met one-on-one. On 11/2, all three men met together. Talks reportedly focused on determining the best way for Israel and the PA to approach final status talks: whether they should deal with issues one at a time and have different committees for each, or whether they should discuss everything at once, as a package. Barak reportedly offered a third option of dividing the FAPS issues into two groups: "possible" and "difficult." The PA and Israel would then work on reaching a final status agreement on all "possible" issues by 9/13/00, with the understanding that any "difficult" issues that cannot be resolved by 9/13/00 could be deferred indefinitely by mutual agreement. He explained that Israel sees three categories of final status issues: those, such as Jerusalem, that are non-negotiable; those that are vital but negotiable; and those on which there can be flexibility. Barak also suggested that the U.S. convene a Camp David-style summit as early as 1/00. Clinton agreed in principle, provided the sides are near an agreement, but preferred that the meeting not be held until a FAPS is concluded. There was no word on the PA's reaction, but Arafat and Barak agreed to meet regularly before the 2/00 FAPS deadline. Clinton promised to send special envoy Ross to the region every few weeks and to dispatch Secy. of State Albright at least once before 2000.

The PA and Israeli final status teams held their first meeting on 11/8, despite a pipe bombing incident in Netanya (11/7) that lightly injured 27 Israelis. They agreed to

meet 2-3 times a week, alternating between Jerusalem and Ramallah, and reportedly decided to deal with issues as a package rather than to form separate committees. The teams met again on 11/11 and 11/14, but no progress was reported.

Given Barak's solo approach, there was speculation that behind-the-scenes contacts were taking place and not being reported. Among the many rumors of secret dealings this quarter, the most common suggest that (1) Barak is willing to recognize a Palestinian state in 1/00 if the PA postpones final status talks on refugees and Jerusalem; (2) Barak would agree to give the PA full control of 18% of the West Bank and recognize that area plus Gaza as a Palestinian state if the PA would accept the status quo as a permanent arrangement; and (3) Israel and the PA have held numerous secret meetings on the FAPS, have exchanged detailed drafts, and have shared drafts with the U.S.

The issue of 42 settlement outposts created after the Wye I signing in 10/98 distracted attention from the negotiations (see Settlement Monitor for details). On 10/10, the Israeli cabinet gave Barak the authority to decide the fate of the settlement enclaves. Based on an IDF assessment, he ordered (10/12) 15 of the 42 removed. After discussions (10/13) with the YESHA settlers' council, Barak agreed to remove only 10 and partially disassemble 2. On its face this was a landmark decision, making Barak the first Israeli PM to order a West Bank settlement dismantled, but in fact it was symbolic only. Settlers voluntarily left 11 of the 12 settlements (by 11/9) and, as a nonviolent protest, forced the IDF to evacuate the 12th (11/10). In the end, 30 enclaves were validated; two were allowed to remain in some form; and settlers and equipment from the remaining 10, which were mostly uninhabited, were moved to new locations within the master plans of existing settlements. Of more significance was Barak's approval (10/11) of construction of 2,600 new settlement housing units in the West Bank, near Jerusalem—roughly the number that former PM Netanyahu averaged per year.

#### ***Joint Committees***

The Wye II agreement calls for all existing PA-Israeli joint committees to resume or continue meeting. The old bilateral committees, overseen by the Palestinian-Israeli Steering and Monitoring Committee, are responsible for implementing various aspects of the interim agreements, such as legal af-

fairs, civil affairs, economics, security, and cooperation. Wye II added a new joint committee to manage the prisoner releases (see below).

Three committees were given specific deadlines in Wye II. There was no indication that two of them ever met: the Continuing Committee on Displaced Persons, which was to resume meeting by 10/1; and the Third FRD Committee, which was to begin meeting by 9/13. The third, the Ad Hoc Economic Committee (established by Wye I to address Israeli purchase taxes, vehicle theft, unpaid Palestinian debts, and barriers to Palestinian trade) was given until 10/30 to implement a list of recommendations, including expanding the Paris Protocol list of goods the PA is allowed to import and transferring some purchase taxes to the PA. The committee was holding regular meetings as of 9/18, but the PA walked out of talks on 10/28 in protest over Israel's threat not to turn over tax revenues until the PA halts all car thefts from Israel. At the end of the quarter, there was no word on whether the recommendations had been carried out.

#### ***Further Redeployment***

As mentioned above, the amount of land slated for transfer to area A (full PA control) and area B (partial PA control) is the same under Wye II as under Wye I. The only change is that the transfer is to occur in three stages instead of two.

Given the complexities of the FRD issue, it is useful to review the process, keeping in mind that Wye II, like other accords before it, is essentially a revision of a preceding agreement. Following the transfer of the Gaza Strip and Jericho to the Palestinians in 1994, the 9/95 Oslo II agreement stipulated (Articles X and XI) that Israel would make an "initial redeployment" from West Bank population centers (roughly 27%), followed by three "further redeployments" (FRDs) in which it would turn over to the PA full or partial control of an unspecified amount of West Bank land.

The initial redeployment was almost completed—the IDF had only to pull out of Hebron—when on 3/10/96 Israeli PM Shimon Peres suspended the process because of a series of Hamas bombings. When PM Netanyahu entered office, he refused to resume the pullout and succeeded in renegotiating the redeployment process. The resulting 1/97 Hebron protocol obligated Israel to complete the initial redeployment from Hebron, which it did on 1/17/97, but Netanyahu won a let-

ter of assurance from the U.S. that he argued gave Israel the right to unilaterally determine the scope of the remaining three FRDs. When Israel designated small, noncontiguous areas for transfer on 3/9/97 under the first FRD, the PA, in protest, said it would not take control of them. Israel did not carry out the first FRD but went ahead planning the second.

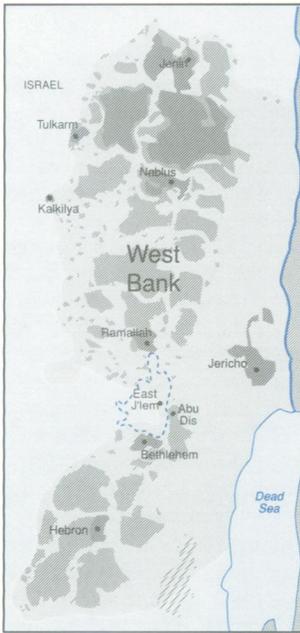
No further progress was made until 1/98, when U.S. Pres. Clinton proposed as an ice-breaker that Israel carry out a three-stage second FRD, with no mention of a first or third FRD, essentially suggesting that Israel could fulfill the Oslo II requirement for three FRDs by making one FRD—misleadingly termed the second FRD—in three stages. This proposal became the basis for the 10/98 Wye I agreement. Under Wye I, the PA agreed to combine the first and second Oslo II FRDs into one three-stage "second FRD" covering another 13% of land, while Israel agreed to make a "third FRD" from an unspecified area. PM Netanyahu carried out only the first stage of this second FRD (on 11/20/98) before suspending Wye implementation and calling early elections.

Under Wye II, the remaining two stages of the Wye I "second FRD" are divided into three stages, extending the timetable: 9/5/99 (transferring 7% from Israeli-controlled area C to jointly controlled area B), 11/15/99 (2% from area B to PA-controlled area A and 3% from area C to area B), and 1/20/00 (1% from area C to area A and 5.1% from area B to area A). Israel is still committed to a "third FRD" as per the Hebron protocol; the PA and Israel were to begin meetings of the joint Third FRD Committee, established under Wye I, by 9/13/99, but there was no sign this took place.

Israel was late in carrying out the first stage of the Wye II FRD. It turned over maps to the PA on 9/9 and made the transfer on 9/10. The numerous pockets to come under PA control were sparsely populated, and no IDF forces or checkpoints were moved. Soon after, on 9/20, Israel announced approval of around 14 military orders to seal off large areas of West Bank agricultural land belonging to some 79 Palestinian villages. The total land area affected was greater than the 7% of land transferred to PA control on 9/10.

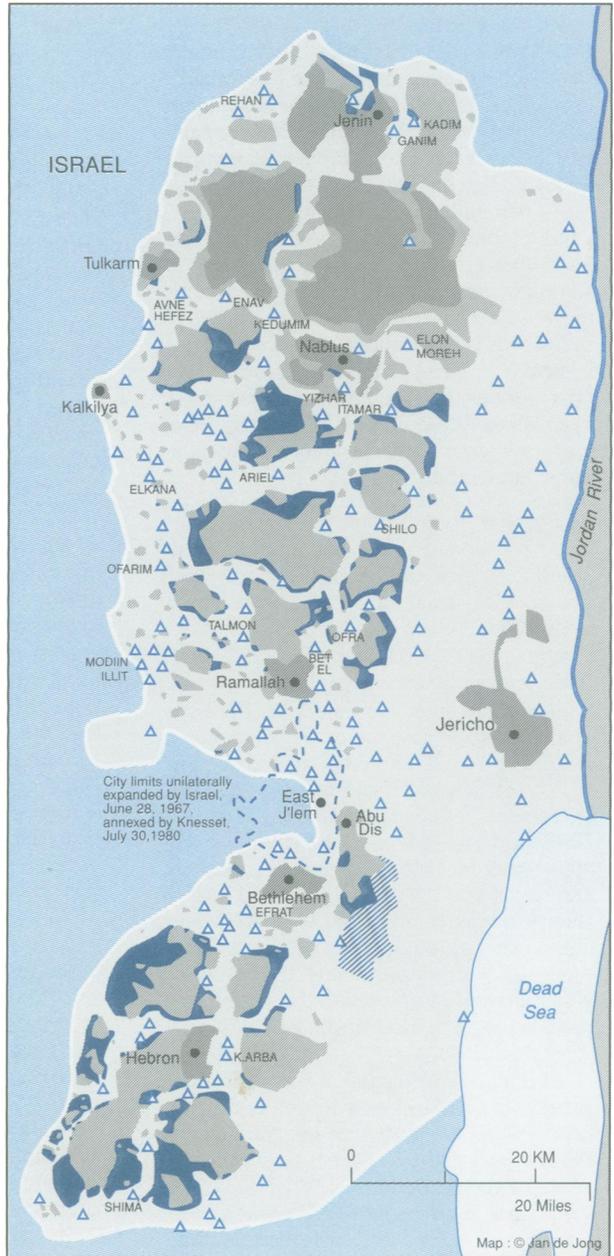
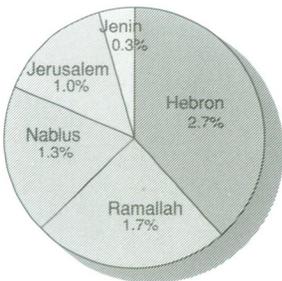
On 11/11, Israel presented the PA with the maps for the second stage of the Wye II FRD, but Arafat rejected them, saying the areas proposed for transfer were too sparsely populated and did not link existing areas of

**The West Bank**  
*After the First Israeli Redeployment*  
 According to the Sharm al-Sheikh Memorandum - September 1999



- Palestinian Autonomous Area (Area A; Full Civil and Security Control)
- Palestinian Autonomous Area (Area B; Full Civil Control, Joint Isr./ Pal. Security Control)
- Area C; Israeli Civil and Security Control
- Israeli Redeployment from Area C Changed to Area B
- Designated Nature Reserve Area B
- Israeli Settlement

Israeli Redeployment According to Percentage in Palestinian Districts ( Total : 7 % )



PA control. According to press reports, the maps placed the 3% of land to be transferred to area B in the Judean desert and classified it as a nature reserve, as described in the Wye I agreement. The other 2% to area A would be near Jinin. After three days of talks (11/12-14) failed to produce a compromise, Israel postponed the FRD.

**ISRAELI REDEPLOYMENTS IN THE WEST BANK, PROPOSED AND IMPLEMENTED (STAGES IMPLEMENTED ARE IN BOLD)**

	Area A Full PA Control	Area B Joint Control*	Area C Full Israeli Control
Oslo II <b>initial redeployment ending 1/1/97</b>	<b>3.0%</b>	<b>24.0%</b>	<b>73.0%</b>
Hebron 1st FRD, proposed but not implemented 3/9/97	10.0%	19.0%	71.0%
Wye I <b>1st stage 2d FRD, 11/20/98</b>	<b>10.1%</b>	<b>18.9%</b>	<b>71.0%</b>
2d stage 2d FRD, proposed but not implemented 12/21/98	10.1%	23.9%	66.0%
3d stage 2d FRD, proposed but not implemented 1/31/99	18.2%**	21.8%	60.0%
Wye II <b>1st stage, 9/10/99</b>	<b>10.1%</b>	<b>25.9%</b>	<b>64.0%</b>
2d stage, proposed but not implemented 11/15/99	12.1%	26.9%**	61.0%
3d stage, set for 1/20/00	18.2%	21.8%**	60.0%

\* PA controls civil affairs, Israel controls security.

\*\* Includes 3% as a "nature reserve," with special limits on Palestinian land use.

**Prisoner Releases**

Under Wye II, Israel is required to free only 350 Palestinian prisoners (rather than the 500 outstanding from Wye I) but agreed to try to release more prisoners before Ramadan, which begins around 12/9. To be eligible for release, prisoners must have committed their offenses prior to the signing of the 9/13/93 Oslo Accord and have been arrested before the signing of the 5/4/94 Gaza-Jericho agreement. Nothing in the text bars Israel from freeing criminals meeting these requirements.

Israel was to release the prisoners in two stages: 200 on 9/5/99 and 150 on 10/8/99. But since the joint committee charged with

drawing up the lists of prisoners did not meet until 9/5, the first release did not take place until 9/9. Only 199 Palestinians were freed in that batch; one man on the list refused to leave, saying his term was almost complete, so someone else with more time to serve should replace him.

When Israel presented (10/7) the list of the 151 prisoners for the second release, the PA rejected it on the grounds that it included too many prisoners whose sentences were almost up and some who had been arrested recently. Israel postponed the release and revised the list, which the PA accepted on 10/13. The 151 prisoners were freed on 10/15. For the first time, the batch included Hamas and Islamic Jihad members, as well as around 40 Palestinians who had resided in other countries, including Egypt, Iraq, Jordan, Lebanon, Sudan, and Syria.

Of note: The PA Preventive Security Force (PSF) arrested (9/15) popular talk show host Maher al-Disouqi on incitement charges after guests on his show, the mothers of Palestinians imprisoned by Israel, denounced Arafat for failing to secure their sons' release. Disouqi was released on 10/4.

**Safe Passage**

Wye II sets a timetable for the creation of two safe-passage routes linking the West Bank and Gaza. The routes, which symbolically link the two realms of PA control, are meant to facilitate the movement of Palestinians while controlling their passage across Israel. The only significant difference between Wye I and Wye II is that Wye II sets target dates for opening the northern safe passage (see below).

Israel and the PA were to agree on the location and functioning of the southern safe-passage route by 9/30 and open the route by 10/1, but differences over security issues delayed an agreement until 10/4. On 10/5, Israel and the PA signed a deal (see Special Document G) creating a southern passage that runs 28 miles from Erez crossing in Gaza to Tarquimiyya in the West Bank, using existing Israeli roads until a special road, bridge, or tunnel can be built. Because of a last-minute disagreement over the location of a joint office in Gaza that issues the travel permits, it did not begin operating until 10/25.

The process for using the safe passage outlined in the 10/5 agreement applies to both the southern and northern routes: Palestinians apply to the PA for magnetic cards that give them one-year access to the

route, but Israel has the right to reject any applicant. The 130,000 Palestinians who work in Israel automatically qualify to receive cards. Most Palestinians may use their own cars, but those with "security problems" must travel in busses escorted by Israeli police that will run only twice a week. The routes will be open at least ten hours a day, seven days a week. Israel promises not to "trap" wanted Palestinians but does not renounce its right to arrest Palestinians on the routes. As of 10/25, 2,500 Palestinians, mostly from Gaza, had applied for cards, and 84 had been rejected. These figures rose by the end of the quarter to a reported 10,000 applications and 4,000 rejections.

Under Wye II, Israel and the PA were to agree on the location of the northern safe-passage route by 10/5 and open the route within four months thereafter. Discussions on the northern passage did not begin until 10/7, and by 10/21 they were reportedly frozen over disagreements regarding the location of the West Bank terminus. The reason for the dispute was unclear, especially since Wye II expressly states (Article 5.f) that the locations of the safe passages will not prejudice the permanent status negotiations on borders.

### **Security Cooperation**

Although PA-Israeli security cooperation has continued without interruption, Wye II reaffirmed the PA's security responsibilities, including collecting illegal weapons and suppressing "terror" and incitement. The PA was also required to give Israel a list of PA policemen by 9/13. (Under Wye I, Article II.C.a, the PA was to supply this list by 12/14/98, but because Netanyahu suspended Wye implementation on 12/2/98 it did not.) The PA handed the list of 30,000 names to Israel two days late, on 9/15.

The PA resumed efforts to collect illegal weapons in early 9/99 but ran into opposition from Fatah factions. Representatives from 13 West Bank refugee camps also rejected (9/28) the PA's order to surrender unlicensed arms. PA police arrested (early 9/99) 17 residents of Balata refugee camp for refusing to turn in their guns. Police also arrested (9/28, 9/30) 7 Palestinian journalists for writing stories "harmful to the PA."

In Bethlehem, where tensions were already high because of Israeli construction of a new checkpoint on the northern approach to the city (see Peace Monitor in *JPS* 113), an IDF soldier on guard duty at Rachel's Tomb accidentally shot and killed (10/25) a Pales-

tinian. The shooting sparked three days of Palestinian demonstrations and clashes with the IDF, which left over 40 Palestinians and two soldiers injured.

### **Gaza Port**

Wye II states that construction of the Gaza port should begin on 10/1 but that the port cannot open until Israel and the PA reach an agreement on all aspects of its operation, including security. By the end of the quarter, there was no indication that either construction or talks on port operations had begun.

### **Hebron**

Wye II provides for three unfulfilled clauses of the 1997 Hebron protocol: Article 7.b.2 on reopening of al-Shuhada Street, the main thoroughfare in Hebron; Article 7.b.1 on reopening of Hasbahe market, the main Palestinian wholesale market in the city; and the Agreed Minute (*sic*, actually Article 4.f) on establishing a joint liaison committee to review security at al-Ibrahimi Mosque/Tomb of the Patriarchs.

Wye II acknowledges that the IDF carried out the first stage of the al-Shuhada reopening on 8/19, before the agreement was signed, allowing Palestinian traffic on part of the road. The second stage to reopen the rest of the road was to be completed by 10/30 but was not. Israel began allowing Palestinian taxis to use the road on 10/31 and said other Palestinian vehicles would be given access gradually.

Hasbahe market was to open by 11/1, "in accordance with arrangements which will be agreed upon by the two sides." When the market did not reopen, Israel blamed (11/1) the PA for renegeing on a deal to build a wall separating the market from an abutting Jewish settlement enclave, so as to ensure the settlers' security.

The liaison committee was to begin its review by 9/13, but there was no indication it met this quarter.

### **Jerusalem**

On 9/13, PM Barak convened his ministerial committee on Jerusalem and vowed to consolidate Israeli sovereignty over the city "especially in this year of intensive discussions on the permanent status agreement." The PM's Office said (9/13) that the government plans to work toward three goals: expanding Jerusalem's borders to the west, improving infrastructure and services in East Jerusalem, and developing industry. On 9/14, Barak toured Ma'ale Adumim outside Jerusa-

lem and promised to strengthen the settlement so it would remain "forever part of Israel."

Israel's Interior M Natan Sharansky rescinded (10/17) the regulation allowing the residency rights of Jerusalem Palestinians to be revoked on the grounds that their tax, water, electricity, rental, or enrollment records suggest they may have lived outside the city for some time during the past seven years. He did not say whether Palestinians who had their residency revoked would have their rights restored. The Interior Min. reversed (9/11) its decision to revoke the residency of al-Quds University professor Musa Budeiri (see Peace Monitor in *JPS* 113), but said his case will be reviewed in 2003.

On 10/26, British FM Robin Cook met with PA Jerusalem Affairs M Faisal Hussein at the American Colony Hotel in East Jerusalem for talks on the city's contested status. During their meeting, Israeli and PA security officers scuffled over who should be allowed into the hotel to provide Cook's security. Israeli police surrounded the building for 90 minutes and ordered Hussein to turn over two of his guards. Hussein complied to defuse the situation, but accused Israel of merely trying to humiliate the Palestinian and British delegations. The guards were questioned and released.

#### **Miscellaneous Matters**

Israel's High Court unanimously ruled (9/6) that Israeli security forces have acted illegally by routinely inflicting mental and physical pain on Palestinian detainees, concluding that despite "the harsh reality of terrorism," such actions have no basis in law. (See Doc. B1). By the end of the quarter, several Knesset members had drafted bills that, if approved, would allow the use of "physical means in interrogation," effectively providing a legal basis for torture.

The PA and Israel inaugurated (10/5) a new industrial estate in Jinin on land recently transferred from area C to area B. Companies should begin operating in the zone soon.

The PA announced (10/18) that it had begun working with the World Bank and IMF on issuing a Palestinian currency. The process should take two years and will involve changing how the PA and Israel handle tax transfers and amending the Paris Protocol on imports and exports. Israel says it would not object to the PA having its own currency in a permanent arrangement.

In mid-8/99, the PA and Israel signed several postal agreements aimed at improving

mail delivery to the PA areas and allowing Israel to send mail directly to Jordan and Egypt.

Israel's Histadrut labor federation and the PA's trade unions agreed (9/30) to cooperate on training Palestinians for high-tech jobs.

The PA Aviation Authority signed (10/30) an agreement with a Russian airline, RusAvia, to operate weekly flights between Moscow and Gaza. No start date was set.

#### **The Palestinian Constitution**

PA Planning M Nabil Shaath reported (9/20) that the PLO Central Council constitution committee was still working on a preliminary draft, which would contain alternative versions of articles addressing points open to debate (e.g., according to Shaath, whether the future Palestinian state would have a parliamentary or presidential system and whether the legislature, executive, and judiciary would be combined or separated). Once the draft is complete, it will be submitted to the "Palestinian leadership" for review and possibly to Palestinian voters for referendum. Revisions would then be made and a new draft submitted to legal experts for comment. The committee met in Gaza (10/28-29) to work on the draft.

#### **Palestinian Authority**

Without explanation, Gaza Chief Justice Radwan al-Agha ordered (10/10) a number of PA judges transferred from their current positions to posts in the West Bank. The judges' scheduled hearings were postponed until 11/99 to give them time to review the cases in their new jurisdictions. West Bank judges went on strike (10/11) to protest the decision.

On 8/26, a PA military court sentenced Ayman Abu Saada to death for fatally injuring a PA policeman during a confrontation between two families on 8/23. The officer died of his wounds on 8/25.

The PA High Court ordered (10/12) the PA to release immediately 34 Palestinian political detainees being held in Nablus prison. By the end of the quarter, the PA had not complied.

#### **INTRA-PALESTINIAN COORDINATION**

The PA continued to encourage meetings among opposition groups to agree on a unified Palestinian position on final status issues (see Peace Monitor in *JPS* 113). Three meetings were held in Ramallah to discuss convening a national dialogue. The first, hosted by the PLO Executive Committee on 8/31,

was attended by the Arab Liberation Front (ALF), the Democratic Front for the Liberation of Palestine (DFLP), Fatah, the Palestinian Democratic Union (FIDA), and the Popular Front for the Liberation of Palestine (PFLP); Hamas and Islamic Jihad were invited but did not attend. The second, on 9/14, was held among FIDA, the Palestinian People's Party (PPP), and the Palestinian Popular Struggle Front (PPSF). The third, on 10/12, was attended by the ALF, DFLP, Fatah, FIDA, Hamas, the Palestine Liberation Front (PLF), PFLP, PPP, and PPSF. FIDA and the PFLP held bilateral talks on final status on 10/20. The Damascus-based opposition groups held a similar meeting in late 9/99.

In talks in Cairo (8/22–23), Arafat and DFLP head Nayif Hawatimah agreed to set aside their differences over the Oslo process and coordinate on final status. The DFLP Central Committee met in Damascus (9/21–23) and approved Hawatimah's decision. PLO Political Department head Faruq al-Qaddumi followed up with DFLP officials in Damascus on 11/2.

Fatah and the PFLP met in Amman on 9/28. Although they did not reach an agreement on the PFLP's participation in final status talks, they issued a joint statement calling on all PLO factions to take part in an upcoming PLO Central Council session to discuss organizational matters and "coming political challenges." The PLO's Qaddumi continued discussions with PFLP leaders in Damascus on 11/2.

At Arafat's request, Israel agreed to allow DFLP head Hawatimah (10/25) and PFLP Dep. Secy. Gen. Abu Ali Mustafa (9/16) to return to the PA areas from Damascus. Mustafa returned to the West Bank on 9/30, but Hawatimah's offer was rescinded (10/29), after he stated in an interview that armed struggle was legitimate as long as Jewish settlements remained in the territories. The Israeli High Court ruled (10/12) that PLF head Muhammad Abbas is immune from trial in Israel for the 1985 *Achille Lauro* hijacking, in which an American was killed.

#### PALESTINIAN OPINION

*The following data are excerpted from a poll conducted by the Nablus-based Center for Palestine Research and Studies (CPRS) on 14–16 October. Results are based on a survey of 1,316 men and women from the West Bank and Gaza. The poll, forty-four in a series, was made available by CPRS's office in Nablus.*

#### 1. After signing [the Wye II] agreement, do you trust the intentions of the new Israeli government headed by Barak toward reaching an Israeli-Palestinian peace settlement with Palestinians?

	West Bank & Gaza	West Bank	Gaza
a. Yes	19.0%	16.1%	23.7%
b. No	68.7%	71.7%	63.7%
c. No opinion	12.3%	12.2%	12.6%

#### 2. An interministerial committee for administrative reform was formed by the PA after the publication of international reports concerning Palestinian institution building [the Rocard report]. Do you trust the PA intentions toward reforming its institutions?

	West Bank & Gaza	West Bank	Gaza
a. Yes	61.3%	61.6%	60.9%
b. No	26.9%	26.0%	28.3%
c. No opinion	11.8%	12.4%	10.8%

#### 3. The Palestinian security services have been conducting campaigns to collect unlicensed weapons from citizens. Do you support or oppose these campaigns?

	West Bank & Gaza	West Bank	Gaza
a. Support	86.5%	84.1%	90.4%
b. Oppose	11.2%	13.4%	7.6%
c. No opinion	2.3%	2.5%	2.0%

#### JORDANIAN-ISRAELI TRACK

Relations between Jordan and Israel on a government-to-government basis were noticeably warmer this quarter. On 8/18, Israel sent a delegation to Amman to discuss ways of promoting peace with Jordan. The team was led by former Mossad head Danny Yatom, who brought a letter to King Abdallah apologizing for the attempted assassination of Hamas's Khalid Mishal (see Peace Monitor in *JPS* 113). Jordan agreed (8/99) to reactivate some 17 bilateral agreements that had been suspended because of the impasse in the peace process under Netanyahu.

Jordan and Israel inaugurated (8/23) the new Japan-financed Shaykh Husayn Bridge crossing in northern Jordan (delayed since 4/98), agreed (9/16) to link fiberoptic networks, and held talks (9/16) on promoting the economic benefits of peace. The joint tourism committee met (9/6-7, 9/14, 10/26) to discuss the Aqaba airport project, joint tourism packages and tourism marketing programs, maritime transport, and trade between Jordan and the PA areas. A large delegation of Israeli businessmen visited Aqaba (mid-10/99) to look into using the Jordanian port for large-scale imports.

In mid-8/99, Israel approved Jordan's request to obtain part of its winter water share directly from the Yarmuk River, rather than storing it in Lake Tiberias as stipulated in the 1994 peace treaty. (Water quality in the lake has been compromised by the ongoing drought.) Teams met on 8/25 to discuss technical aspects of the agreement.

#### ***Antinormalization***

As the Jordanian government's relations with Israel warmed, Jordan's 14 professional unions and 13 opposition groups initiated an antinormalization campaign. Their ad hoc coalition, the National Conference to Fight Normalization (NCFN), announced in mid-10/99 that to mark the fifth anniversary of the Jordan-Israel peace treaty on 10/26, it would publish a blacklist of 300 Jordanians who have visited Israel, encouraged normalization, or had significant contact with Israelis. Jordanians were urged to boycott the products of those listed, scare away their clients, and force them out of the government and unions. Some individuals who learned their names were on the list approached the NCFN and promised to halt their contacts if the group would not publish their names. Ultimately the list was not released because of disagreements within the coalition on what constitutes normalization (e.g., meeting with Israeli officials only or also meeting with private Israeli citizens).

Individual professional unions took actions against their own members for normalization moves. The Jordanian Artists Association expelled (8/24) a senior member for "normalizing" relations with Israel by inviting Israeli artists to participate in a theater festival in early 1999. The Jordan Bar Association ordered (11/2) two lawyers defending clients charged with illegally selling Palestinian land to Israelis to quit the case. The Jordan Press Association expelled (10/19) three reporters for attending a conference in Haifa,

but later rescinded the decision (11/3). These actions are serious because in many fields membership in an association is required to practice, so being expelled is equivalent to being prevented from legally working at one's profession. Jordan arrested (10/15) two university students for setting up a Web site promoting antinormalization.

Israeli settlers attacked (10/9) a Jordanian parliamentary delegation visiting the PA-controlled section of Hebron. The delegates said that a detachment of IDF soldiers nearby observed the incident but did not intervene to protect them. Jordan officially protested (10/9), but Israeli FM Levy replied (10/13) that the assault could have been avoided if Jordan had coordinated the trip with Israel. Jordan noted that it had given Israel the group's itinerary, listing the Hebron visit, in advance and that the Israeli embassy in Amman issued the group's visas. Angered by the incident, Jordan asked Israel to cancel a planned visit to Amman by the Israeli trade minister; Israel complied. Israeli Knesset Speaker Avraham Burg sent an apology to Jordan on 10/14.

#### ***Internal Dissent***

On 8/30, the eve of Secretary Albright's trip to the region, Jordanian security forces abruptly arrested 12 senior Hamas activists and sealed Hamas's Amman offices. The next day (8/31), Jordan issued arrest warrants for Hamas's four senior representatives in the kingdom—Khalid Mishal, Musa Abu Marzuq, Muhammad Nazzal, and Ibrahim Ghawshah—all of whom were out of the country. Hamas speculated that the new king was acting under U.S. and Israeli pressure and that he had ordered the arrests while the four officials were abroad on the assumption they would seek asylum elsewhere and the cases would never go to court.

Convinced the charges were baseless, the four returned to Amman on 9/22 to force the government's hand. Ghawshah, Mishal, Nazzal, and four armed bodyguards, all Jordanian citizens, were placed under arrest on charges of membership in an illegal organization and possession of handguns; Abu Marzuq, who holds a Yemeni passport, was deported. On 10/7, the State Security Court added charges of possession of automatic weapons and hand grenades, with intentions of illegal use; illegal paramilitary training; forging official stamps; illegal fundraising; and obtaining cell phones for illegal activities. The first two charges carry the death penalty.

The Muslim Brotherhood immediately stepped in to mediate an agreement to end the crackdown. Jordan reportedly offered (ca. 10/16) to free Ghawshah, Mishal, and Nazzal if the three men left the country, but Hamas refused. On 11/8, the government arrested three more Hamas activists. The Brotherhood was still mediating at the end of the quarter, but no progress had been made.

Several large rallies were held to protest the government action: 3,000 Palestinians staged a sit-in in Amman on 9/24; 100s of Palestinians in Amman's Wihdat refugee camp rallied on 10/15; 100s of Hamas supporters marched in Amman on 10/14 and in Irbid on 10/29; 700 Palestinians demonstrated in Nablus on 9/22; and Damascus-based Palestinian opposition groups held a solidarity meeting on 10/1. Jordanian security forces generally tolerated the protests, but arrested (e.g., 9/4, 9/28, 9/29, 10/1) prominent figures who took part in solidarity meetings, gave Friday sermons, or wrote articles in support of the Hamas detainees.

There were also rumors this quarter (9/10) that in mid-8/99, Jordan asked Arafat to halt Fatah operations in the kingdom and close Fatah's secret offices there. Arafat reportedly agreed and took action by mid-9/99.

The higher committee of Jordan's 14 opposition groups reportedly met in late 8/99 to discuss the effects of recent unity talks among the DFLP, PFLP, and PLO/Fatah (see above). The committee expressed concern that the rapprochement could lead the DFLP and PFLP's affiliate parties in Jordan, respectively the Democratic People's Party and the Popular Unity Party, to break away from the opposition alliance, weakening the Jordanian opposition for purely Palestinian reasons.

#### LEBANESE-ISRAELI TRACK

While there did not seem to be any movement toward resumption of Lebanese-Israeli talks this quarter, Barak repeated (9/29) his intention to withdraw the IDF from south Lebanon by 7/7/00, either unilaterally or as part of an agreement (see Peace Monitor in *JPS* 113). Barak also reportedly (8/20) instructed the IDF to prepare scenarios for unilateral withdrawal and withdrawal within the framework of political arrangements.

U.S. Secy. of State Albright made a brief visit to Beirut on 9/4, where she reportedly presented Pres. Emile Lahoud with a seven-point plan for south Lebanon. The draft,

which may have been an Israeli initiative or a U.S. plan based on talks with Israel, proposed (1) Israeli withdrawal, with Lebanese security guarantees; (2) expanding the tasks of the UN Interim Force in Lebanon; (3) transforming the South Lebanon Army (SLA) into a local police force, affiliated with the existing Lebanese police force, to patrol the Christian areas of the south; (4) disarming Hizballah in the first stage of IDF withdrawal; (5) freezing all resistance activity during negotiations; (6) providing Lebanon with \$10 b. for debt reduction and economic development; and (7) keeping international monitors in southern Lebanon until full withdrawal is complete and international forces are deployed along the international border. Lahoud rejected the proposal on the grounds that it aimed to split the Lebanese and Syrian negotiating tracks. He also reiterated Lebanon's rejection of resettlement as a solution to the Palestinian refugee issue.

In an apparent warning to Arafat not to exclude Lebanon from final status talks, a Lebanese military court issued (10/27) a death sentence in absentia against Sultan Abu al-Aynayn, a senior Fatah official who has lived in Lebanon for years, for heading a subversive armed group. Abu al-Aynayn, who is not in hiding, was unaware that he was under prosecution until the verdict was announced. The PA accused (10/29) Lebanon of putting pressure on the refugees to make sure they accept Beirut's positions on final status.

Also of note: On 8/26, a Lebanese military court sentenced 29 former members of Israel's client militia, the SLA, to prison terms of six months to two years for collaboration with Israel. The 29 were among the 200 who surrendered when the SLA withdrew from Jazzin in 5-6/99 (see Peace Monitor in *JPS* 113); 54 others have received similar sentences.

#### SYRIAN-ISRAELI TRACK

At the opening of the quarter, Syria was frustrated by Barak's failure to make a serious proposal for resumption of bilateral talks or to take any confidence-building measures to give substance to his repeated calls for Syria to resume talks quickly. Syria was also reported as interpreting Barak's renegotiation of the Wye agreement and U.S. Pres. Clinton's initial failure to secure from Congress the money he promised in 10/98 to finance Wye implementation (see below) as evidence that the new Israeli government does

not consider its own agreements binding and that the U.S. is unable to fulfill its pledges. Syria also stated its displeasure (9/17) with Israeli attempts to divide the Syrian and Lebanese tracks. Nonetheless, numerous efforts behind the scenes were underway to find a formula for resuming negotiations.

On 9/4, U.S. Secy. of State Albright made a high-profile stop in Damascus to meet with Pres. Hafiz al-Asad. She brought a message from Barak, which Asad publicly claimed was disappointing, and possibly a separate U.S. proposal. In mid-9/99, Syria reportedly forwarded an initiative to the U.S. that would require Barak to provide Syria with a written guarantee in advance of negotiations that he would fulfill a promise (allegedly contained in Barak's 9/4 message) to withdraw from the Golan at the end of the talks.

Albright and Syrian FM Faruq al-Shara' held follow-up talks 9/22 on the sidelines of the UN General Assembly (UNGA) meeting in New York. Borrowing from the PA-Israeli negotiations, Albright recommended formulating a kind of declaration of principles that could be used as an agenda for talks and an outline for a final agreement. Shara' rejected this approach, saying it was a formula to reach agreements on "side issues" while delaying discussion of a final settlement.

On 9/29, Shara' was invited to the White House to meet with Pres. Clinton. Clinton asked Syria to outline what its position would be on five issues—security arrangements, normalization, water sharing, terms of an Israeli withdrawal from south Lebanon, and a timetable for implementation of these actions—if Israel were to promise to make a full withdrawal from the Golan. Shara' refused to answer hypothetical questions.

At the close of the quarter, Pres. Clinton and Secy. of State Albright were said to be considering meeting with Pres. Asad to push for a resumption of talks. The reports were interpreted as suggesting that, despite outward appearances, Syria and Israel were narrowing their positions, since Clinton is averse to holding such high-profile talks unless an agreement is likely. If a meeting were to take place soon, it would most likely occur around 11/18-19, when Clinton and Albright plan to be in the region for an Organization for Security and Cooperation in Europe conference.

As was the case last quarter, several individuals undertook unofficial or semi-official shuttle missions between Israel and Syria, in hopes of jump-starting talks: former U.S. am-

bassador to Syria, Christopher Ross (mid-9/99); former U.S. secretary of state, James Baker (ca. 10/24); and Norwegian FM Knut Vollebaek (ca. 8/22-26). Ambassador Ross may have met with Barak's chief of staff, Danny Yatom, who was sent to Paris 9/24 on an undisclosed mission thought to be related to Syria. Israel's Internal Security M Shlomo Ben-Ami was sent to Spain 9/15-16, reportedly for talks on the Syrian track.

Several internal developments in Syria may also affect the peace process. On 9/22, it was officially announced that Ambassador to Washington Walid al-Moualem, who led the Syrian team, would return to Damascus in 11/99. FM Shara' suffered a heart attack and underwent emergency heart surgery (10/4). Asad's son and heir apparent, Bashar, was given more responsibility, making an official trip to Paris (11/7) for talks with Pres. Jacques Chirac on resuming peace talks. French FM Hubert Vedrine went to Damascus (11/10) to follow up on Bashar's visit.

The government also moved against supporters of Asad's brother Rifat, now living in France, who attempted to overthrow Asad in 1983. As many as 1,000 Rifat supporters were arrested (9/19-24), and Rifat's Latakia estate was raided (10/20), possibly leaving scores dead or injured. While the campaign was believed to signal a power struggle between the president and his brother, perhaps over the succession of their sons, experts discounted rumors (ca. 8/20) that it was in response to a second coup attempt.

Syria seemed to ease the reins on Hizballah in southern Lebanon; whereas Hizballah attacks dropped to their lowest level in years immediately following Barak's election (see Peace Monitor in *JPS* 113), this quarter attacks dramatically increased beginning in mid-8/99.

## MULTILATERAL TALKS

Once Wye II was signed, the U.S., and to a lesser extent the European Union (EU) and Russia, began lobbying for the resumption of multilateral talks, aiming to have working groups meet by 10/99 and a multilateral steering committee convene in Moscow in 12/99. At the UNGA on 9/22, U.S. Secy. of State Albright pressed Egypt to take the lead, but Egypt refused (9/26), saying the Arab states agreed that Israel should first reenter bilateral negotiations with Syria and Lebanon. Israel rejected (9/27) linkage between Syrian negotiations and "wider Middle East peace talks." Arab representatives restated

their position during informal consultations on multilaterals that were held on the sidelines of the 10/14–15 donor meeting in Japan (see below).

From 9/17 to 9/25, the head of the Refugee Working Group, Canadian Andrew Robinson, traveled to Egypt, Israel, Jordan, and the PA areas to assess the possibility of resuming multilateral negotiations. No other working group activities took place this quarter.

## REGIONAL AFFAIRS

### REFUGEES

Although the Arab states did not want to resume multilateral talks, Egypt, Jordan, and the PA were interested in reviving the quadripartite technical committee meetings on displaced persons (1967 refugees) with Israel, which are outside the Refugee Working Group and have not taken place since 1997. In anticipation of a four-way meeting, the three Arab states met in Gaza on 10/27 to discuss displaced persons, implementation of Wye II, and upcoming final status talks. They hoped to hold talks with Israel around 11/1, but Israel refused.

On 10/6, the Israeli daily *Ma'ariv* reported that Jordanian FM Abdallah Khatib made a secret visit to Israel several weeks before to discuss the permanent resettlement of Palestinian refugees in the kingdom. He reportedly said the kingdom would need \$7 b. to "rehabilitate" the refugees. Israel took a positive view of Jordan's proposal and said it hoped that other Arab host countries would take the same approach.

In a poll of 470 Palestinians from refugee camps in Lebanon conducted by the Palestinian Human Rights Foundation (released 10/24), 97.7% of respondents said they do not believe that the peace process will guarantee their right of return; 93.2% said they oppose the PA's positions on the refugee issue in negotiations with Israel; 67.4% said they would prefer to hold dual Lebanese-Palestinian nationality; and 95.5% said they would refuse to leave Lebanon for any country other than Palestine.

### RELATIONS WITH ISRAEL

Following the Wye II signing, U.S. Secy. of State Albright hosted (9/22) a reception at the UN for Israeli FM Levy. The main goal was to encourage Arab delegates to meet with Levy as a first step toward rapid normalization with Israel. Bahrain, Egypt, Jor-

dan, Mauritania, Morocco, Oman, Qatar, the PA, Saudi Arabia, Tunisia, Yemen, and the UAE accepted invitations. Representatives of Canada, Japan, Finland (which currently holds the EU presidency), Norway, Russia, and the UN secy. gen.'s office also participated. Albright not only lobbied for resumption of multilateral talks (as mentioned above), but also encouraged Arab states to upgrade their relations with Israel.

As a result of Albright's efforts, Mauritania agreed to exchange ambassadors with Israel, becoming only the third Arab League state after Egypt and Jordan to establish diplomatic ties. The signing ceremony was held in Washington (10/28) in recognition of the U.S. role in arranging the agreement. The Arab League denounced (10/28) the move as inappropriate.

Of related interest: Egypt, Jordan, and Morocco were invited to attend the Oslo ceremonies 11/1–2. King Abdallah initially agreed to participate, but canceled after Egypt and Morocco declined.

Albright reportedly pressed Tunisia and Morocco, which already have trade missions in Tel Aviv, to upgrade to diplomatic relations, but this did not take place by the end of the quarter. A 230-member business delegation from Morocco visited Israel 9/6–16. The group included three members of parliament, four managers of the king's farms, and the adviser to the Construction Ministry. Morocco and Israel discussed (mid-10/99) expanding economic cooperation.

In mid-9/99, a senior Israeli Foreign Ministry official visited Tunisia and was told that Tunis would send an envoy to Israel soon. Tunisia has had a trade mission in Tel Aviv since 1996, but the last representative left over a year ago to protest the pace of movement on the peace process, and the position has not been refilled.

Israeli cabinet ministers Shimon Peres and Ben-Ami met (10/22) with Algerian pres. 'Abd al-'Aziz Bouteflika on the sidelines of a regional cooperation conference in Spain. Peres and Spanish PM José María Aznar urged Bouteflika to meet with Barak, but Bouteflika said that such relations cannot be established before a comprehensive peace.

Arab states protested the Walt Disney Corporation's decision to host an Israeli exhibit entitled *Jerusalem, Capital of Israel* at the Epcot Center in Florida. Numerous meetings between Disney officials and Arab representatives were held during the quarter (e.g., 9/15), but Disney decided (9/17) to al-

low the exhibit to go forward as planned, under a different title. Israel's Ambassador to the U.S. Zalman Shoval attended the opening on 9/29.

After Israel announced plans to search for natural gas deposits over a 10,000-km<sup>2</sup> area near the Egyptian border, Egypt warned Israel (9/15) against any attempts at trans-border exploration. Israel contracted British Gas to conduct the search after Cairo rejected Israel's requests to buy gas from Egypt.

Israel's national handball team participated in the world championship games in Qatar on 8/21. Bahrain, Kuwait, and Saudi Arabia boycotted in protest. Egypt and Tunisia, the only other Arab states with teams to qualify, attended.

### INTER-ARAB HIGHLIGHTS

There were fewer inter-Arab meetings this quarter since the Arab states shelved an initiative to hold an Arab summit to coordinate positions in advance of final status talks.

The Arab League held a regular session in Cairo (9/12-13) that addressed the peace process. Arafat gave an address calling on Arab states to oppose resettlement of Palestinian refugees in their host countries. Iraq chaired the session, in keeping with the regular rotation schedule. Bahrain and Kuwait attended but sent lower-level delegations; Saudi Arabia's FM attended but arrived late to avoid being present for the formal passing of the gavel to Iraq.

In late 8/99, the Arab press carried numerous reports that King Abdallah was working on a proposal for the formation of a Jordanian-Syrian-Lebanese economic alliance (perhaps including political and security aspects) both to increase leverage against Israel in final status talks and to offset the strategic boost Israel would gain by concluding a final status agreement with the PA. During talks with Lebanese PM Salim al-Huss (9/13-14), Abdallah focused on expanding economic and political relations with Lebanon and Syria and stressed that the three countries have a "strategic interest" in coordinating their positions on final status issues. He did not, however, propose a formal alliance *per se*.

Jordan and Syria agreed (9/1) to expand the list of tax-exempt goods traded between them and to work to increase their overall volume of trade. They also held energy talks (9/29-10/3) in which they agreed to link electricity grids. Per an agreement on 8/16,

Syria began allowing (8/21) Jordanian newspapers into the country for the first time in five years.

The PA and Jordan discussed (8/29) the transportation of goods between Jordan and the West Bank. They also discussed (11/12-13) expanding and diversifying their trade exchange.

King Abdallah made an official visit to Kuwait (9/6-7) to mark a new stage in bilateral relations, which had soured during the 1990-91 Gulf War. Abdallah promised to help Kuwait recover 600 POWs believed to be held by Iraq and installed an ambassador to the emirate. (The embassy itself reopened in 4/99.) The new Kuwaiti ambassador to Amman assumed his duties on 10/17.

Kuwait's relations with the PA continued to deteriorate. In mid-9/99, Kuwait Airlines reportedly began banning from its flights Palestinians carrying passports issued by the PA or travel documents issued by other Arab countries. In the worst rioting in Kuwait's history, Egyptian workers took to the streets (10/30-31) to protest Kuwaiti discrimination against foreign workers.

PA and Tunisian trade ministers held five days of meetings (9/8-12) on industrial cooperation.

Mauritania recalled its ambassador to Iraq (10/31) after Iraq threatened unspecified retaliation against Nouakchott for establishing diplomatic ties with Israel.

### REGIONAL ECONOMIC AFFAIRS

With the conclusion of the Wye II agreement, the U.S. and EU suggested that Middle East and North Africa (MENA) economic conferences be resumed. Egypt, which is slated to host the next session, said (9/14, 11/11) it would consider holding a MENA conference in fall 2000, if the peace process is active and progressing. MENA conferences, which are meant to support the peace process and promote normalization with Israel, were held annually from 1994 to 1997, but none has been held since because of the stagnant peace process.

### INTERNATIONAL

#### UNITED STATES

Most U.S. activity on the peace process this quarter involved securing the Wye II agreement and then pushing for normalization with Israel. Most efforts were directed at the Arab states, as detailed above, but others targeted the UN, as shown below. The U.S.

was also busy behind the scenes trying to find formulas for the resumption of Syrian-Israeli and Lebanese-Israeli talks.

Israeli PM Barak, who last quarter urged American Jews not to lobby for implementation of the Jerusalem Embassy Act because of the delicate state of the peace process (see Peace Monitor in *JPS* 113), told (8/19) a visiting delegation from the American Israel Public Affairs Committee (AIPAC) that he hopes that Pres. Clinton will drop his objections to moving the U.S. embassy from Tel Aviv to Jerusalem by 2/15/00, because by that date he expects to have completed a framework agreement on final status with the PA.

Clinton approved (10/20) Barak's request to send U.S. Asst. Secy. of State Martin Indyk back to Israel as ambassador, a position Indyk held from 1995 to 1997. Edward Walker, the current ambassador, will take up Indyk's present job. In return, Barak agreed (10/26) to a U.S. request to replace outgoing Israeli ambassador Shoval with National Security Adviser David Ivri.

In mid-10/99, Clinton vetoed the FY 2000 foreign appropriations bill. Among his reasons was that the House and Senate had removed \$1.8 b. of Wye aid that he promised Israel, Jordan, and the PA in 10/98. (Israel was to get \$1.2 b. to pay for FRD; the PA, \$400 m. in donor aid; and Jordan, \$300 m. in economic assistance, of which \$100 m. was disbursed earlier this year.) The money was virtually guaranteed, but congressmen were considering allocating it in a separate omnibus bill as a way of protesting White House increases to the foreign aid budget. On 10/26-27, AIPAC staged one of its largest lobbying efforts, sending 200 of its members to press 150 congressmen to restore the Wye aid to the foreign appropriations bill before winter recess. On 11/4, Congress and the White House agreed on a draft bill that included the \$1.8 b., but requires Israel to give up for one year its "early disbursement" privilege, under which Israel gets its \$1.9 b. in annual military aid within 30 days of the bill's signing, so that it receives the interest income. In 2000, Israel would get no more than \$1.35 b. up front, with the U.S. holding at least \$550 m. The estimated \$60 m. in accrued interest the U.S. would earn would pay for part of the \$1.8 b.

The U.S.-Palestinian Bilateral Committee met in Washington on 9/23 and signed several cooperation agreements on economics and education that were decided upon at the

last committee meeting in 6/99 (see Peace Monitor in *JPS* 113).

In Washington on 9/30, the U.S.-Israeli Defense Policy Advisory Group (DPAG) held its first meeting on bolstering bilateral defense cooperation. Barak and Clinton agreed to form DPAG, which links the Israeli Defense Ministry and the Pentagon, during their meeting in 7/99 (see Peace Monitor in *JPS* 113).

CIA Director George Tenet traveled to the Middle East (10/22-31) for a week of talks on preventing terrorism with political and security officials from Israel and the PA.

First Lady Hillary Clinton, who is expected to run for the U.S. Senate in New York, arrived in Israel 11/10 for a solo visit aimed at improving her standing with Jewish voters. She had planned to go to Israel only, but the State Department pressed her to balance the visit with a trip to the PA areas. Her brief stop in Ramallah 11/11 was a disaster: Palestinians were disappointed that she did not repeat her 5/98 statement supporting a Palestinian state; Israelis and American Jews were angry that she went to Ramallah at all and were even more so that she failed to immediately denounce her host Suha Arafat's sharp criticism of the Israeli occupation. Earlier, on 8/29, New York assemblyman Dov Hikind suggested that if Mrs. Clinton used her influence with the president, spy for Israel Jonathan Pollard could be freed "way before the election," increasing Jewish support for her candidacy.

#### RUSSIA

On the sidelines of the Oslo ceremonies on 11/2, Russian PM Vladimir Putin met with Barak and proposed expanding cooperation on economics, culture, law enforcement, and counterterrorism. He also suggested that Israel and Russia set up a joint commission to exchange information on cooperation with Iran.

#### EUROPEAN UNION

On 10/11, Israeli FM Levy met with 15 EU FMs to discuss ways of "reinvigorating" Israeli-EU relations (especially boosting bilateral trade and investment) in light of the Wye II signing. The EU agreed to form an EU-Israel forum to bring together experts and personalities to exchange ideas on a broad range of "common interests, values, and policies." The EU representatives also called on Israel to halt settlement construction.

As of 10/24, the EU had agreed to finance a "twin city" program (begun earlier in 1999 by Palestinian and Israeli NGOs) to link Palestinian and Israeli cities, plus European city sponsors, with the aim of increasing regional cooperation and encouraging development of PA areas. Two twin city agreements have reportedly been signed: one linking Gaza City and Tel Aviv (Barcelona as sponsor); and another linking Jinin with Beit Shean, Gilboa, and Haifa (sponsor unknown). As yet, no exchange visits or development projects have been announced. The PA said (10/24) it approves this type of "normalization" as long as the Israeli participants recognize Palestinian rights and support the Oslo process.

#### UNITED NATIONS

The UNGA opened its annual session on 9/20, the Jewish holiday of Yom Kippur. Neither Pres. Clinton nor U.S. Amb. to the UN Richard Holbrooke attended opening-day meetings in protest. Secy. Gen. Kofi Annan announced (9/20) the appointment of Terje Larsen, the Norwegian diplomat who oversaw the secret PA-Israeli negotiations in Oslo in 1993, as UN special coordinator for the Middle East peace process and as his personal envoy to the PLO/PA. Israel protested the appointment, claiming it implied that the UN intends to expand its role in the peace process and participate in negotiations in support of the PA.

In the wake of the Wye II signing, newly appointed U.S. Ambassador Holbrooke, who filled a post left vacant for almost a year, made it one of his priorities to convince the Western Europe and Others regional group to accept Israel as a member, so that it may have the full benefits of UN membership (most importantly, the ability to sit on the UN Security Council in rotation). As of late 10/99, several countries were holding out against the move, which must be accepted unanimously by group members. Barak asked France (10/7) to support Israel's bid.

#### TURKEY

Turkey suffered two massive earthquakes this quarter (8/17 and 11/12) that caused thousands of deaths and injuries and temporarily incapacitated the country. In both instances, Israel immediately sent relief teams and massive amounts of aid and constructed prefabricated houses for the homeless, taking the opportunity to build ties with Turkey, particularly on a popular level. Out of con-

cern that Islamist groups would gain political advantage from the Turkish government's inept response to the 8/17 crisis, PM Barak phoned (ca. 8/24) European and Scandinavian leaders to personally urge them to undertake a European-wide effort to aid earthquake victims. On 10/25, Barak went to Turkey to open a village of Israeli-constructed prefab houses, marking the first visit by an Israeli PM to Turkey.

A Turkish delegation attended an agricultural conference in Israel (9/5-8) and met with trade officials (9/5) to discuss expanding economic cooperation and bilateral investment. Barak discussed expanding bilateral military trade during his 10/25 visit. Israeli and Turkish officials held preliminary talks (9/7, 10/25) on technical aspects of transferring water from Turkey to Israel (see Peace Monitor in *JPS* 113).

Israel asked (10/7) for Turkey's mediation in developing ties with Turkic republics (e.g., Kazakhstan, Turkmenistan, Uzbekistan). Israel wants to invest in the energy field by cooperating with the U.S. in transporting Caspian oil and natural gas to the West.

Turkey's Culture M Istemihan Talay went to New York (10/27) to coordinate with U.S. Jewish groups that are lobbying the U.S. government to increase aid to Ankara (see Peace Monitor in *JPS* 113). PM Bulent Ecevit received an AIPAC delegation on 10/20.

#### OTHER

Israeli PM Barak and Greek DM Akis Tsouhatzopoulos signed (10/14) a memorandum of understanding on defense cooperation and arms production, in effect reviving a 1994 Greek-Israeli defense pact that was never implemented. Tsouhatzopoulos briefed Arafat on the new agreement on 11/6. Greece reportedly agreed to the memorandum because it thinks that the only way to influence Israeli policy on Turkey is to build closer relations to Tel Aviv.

Israel announced (11/9) that it was outfitting a Chinese air force jet with a Phalcon early-warning radar system. Israel Aircraft Industries creates the Phalcon system by modifying Boeing equipment to mimic AWACS technology, which the U.S. has refused to release to Israel for security reasons. Though Israel claimed that the sale did not involve U.S. technology, the Pentagon expressed (11/9) concern, saying the U.S. has shared so much information with Israel that it is difficult to separate Israeli and American technology. Israel was also reportedly in nego-

tiations with India (early 9/99) over a \$2 b. defense deal that would include outfitting Indian planes with Phalcon radar. U.S. Defense Secy. William Cohen also expressed concern to Barak (10/26) over Israel's proposed sale to India of Popeye air-to-surface missiles, which were also jointly developed.

Israel and Bulgaria held talks on possible joint defense projects, including production of weapons, ammunition, telecommunications systems, textiles, and chemicals (10/6), and on expanding commercial relations (10/13).

Israel confirmed (10/11) that over the past two years, Cuba has allowed 400 Jews to emigrate to the Jewish state in a secret operation apparently approved by Fidel Castro. An estimated 1,300 Jews remain in Cuba, 200 of whom are interested in emigrating.

## DONORS

Donors maintained the same level of activity this quarter even though the future of the donor process is not assured; since the five-year donor commitment initiated by the Oslo Accord ended in 12/98, programs have been extended to 12/31/99. Since the security section of Wye II calls on donors to increase their pledges and disbursements to support Palestinian economic development, international assistance will most likely continue.

The donors' Joint Liaison Committee met in Gaza on 9/15, immediately following the Wye II signing, to discuss general political and economic issues and to plan for the upcoming Ad Hoc Liaison Committee (AHLC) meeting. The PA reported that donors had transferred only a third of the money they

pledged for 1999. PA Finance M Zuhdi al-Nashashibi briefed participants on PA accomplishments in the areas of fiscal policy, institution building, tax management, and increasing public revenues.

The AHLC met in Tokyo 10/14-15 to discuss the decline in 1998 disbursements and two studies on donor coordination and aid effectiveness. The Tripartite Action Plan, which sets out the responsibilities of the PA, Israel, and donors, was also revised to bring it in line with the priorities of Wye II.

To increase the likelihood of continued donor aid, the PA this quarter formed the Administrative Reform and Development Committee (ARDC) to act on criticisms noted in the 6/28 Council on Foreign Relations study, known as the Rocard report (see Doc. D1 in *JPS* 113). ARDC members, mostly PA ministers and senior ministry officials, established (9/15) five technical committees charged with identifying and eliminating any duplication of duties or obstacles to independent and efficient functioning in the areas of government administration, fiscal policy, the judiciary, health, and pensions benefits. On 11/3 in Brussels, the ARDC presented the Rocard committee, major donor nations, the World Bank, and the IMF with a short-term plan for reforming PA institutions, along with a budget for implementation and technical assistance. The EU and Norway agreed (11/3) to provide some financing, but other sources of aid are not clear. The Rocard committee has no official standing; Rocard-ARDC meetings are informal.

Compiled by Michele L. Kjørlien