

# Israel, West Bank/Gaza, Jordan, and Kuwait:

## A Middle East Trip Report

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### ABOUT THE AUTHORS



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Brief Analysis

### **R**OBERT SATLOFF

The Peace Process: President Clinton's visit is generating Palestinian euphoria and Israeli ambivalence. The huge strategic gain for the Palestinians -- de facto U.S. recognition of the legitimacy of their aspirations to statehood -- is the product of a studied campaign by PA Chairman Yasir Arafat to do and say things in order to attain U.S. support. As evidenced by his vague but moderate-sounding speech in Stockholm, Arafat's strategy can be characterized as strategic ambiguity. Arafat is attempting to sound temperate in order to build an alliance with Washington that will serve as a strategic deterrent to Israeli efforts to slow down or stop the march to statehood. The Chairman has a plan as to where he is going; for him, compromises within negotiations constitute postponement of claims, not renunciation of them.

Such a compromise is evident in the PA's relations to Hamas. The demonstrations in the West Bank for the release of political prisoners are not a sign of PA weakness; rather, they were largely instigated by the PA security apparatus as a means to exert pressure on Israel. While a number of Hamas institutions were shut down before the signing of Wye, a senior Hamas official told us that no Hamas-related institution has been shut down since the agreement. The crackdown on terrorism has certainly not approached the effort undertaken in spring 1996.

> In contrast to Arafat's clear strategic vision, Israeli Prime Minister Binyamin Netanyahu has found himself boxed into a process whose end is unclear. Israelis are struggling through a political and strategic battle that has posed three basic questions: What is the goal? How should we achieve it? Who should lead us to the goal's completion? On the first question, that of the goal, there is unprecedented unity; the three main candidates in the next election for prime minister -- Netanyahu, Labor head Ehud Barak, and former Chief of Staff Amnon Lipkin-Shahak -- have few differences on this issue. The real problem is on the third question, who should lead Israel to "peace with security." Israelis are united on policy but deeply divided on politics; opponents from the left and right both view Netanyahu himself as the chief irritant in the peace process. In the end, though, Wye will be fulfilled, with each incremental step fought over, time and again, such as is the case with the current crises over prisoner releases and the Palestinian National Charter.

Two issues that could lead to further crises are terrorism and the U.S. role as supervisor/arbiter/judge of Wye implementation. On the terror front, so far there has been a lot of luck. However, a recent Hamas statement declared that U.S. implementors of Wye, such as CIA personnel, are now targets as well. Hamas continues to consider as legitimate any attacks against those associated with Israeli security, or even attacks against civilians which Hamas claims are in retaliation to Israeli actions. While Israelis dismiss the idea that America is acting as judge, senior Palestinians, such as West Bank security chief Jibril Rajoub, went so far as to call the United States role as "judge" one of the PA's best achievements in the peace process. Since the Israelis seem to seek U.S. confirmation when they need support on any issue requiring a judgment call, future tension over U.S. judgments in the implementation of Wye seem likely.

> The demise of the Israeli government could also lead to a peace process crisis. Netanyahu's options have become finite; the prospect of the government falling are very real. New elections could come just before the fateful date of May 4, 1999. Ironically, if this were the case, it is likely that Arafat would exercise restraint through the election period; after all, with Netanyahu having moved to the center, all candidates would be running on a battle for the electoral middle. As for the "May 4" issue itself, it would take almost a complete absence of a peace process -- a situation very far from what there is today -- for the Palestinians to make the mistake of issuing a unilateral declaration of independence (UDI). As one senior Palestinian negotiator said, "We have spent too many years to care about one date." It will take a great deal of ingenuity and creativity to arrive at a suitable new agreement -- a new Declaration of Principles, perhaps -- to fill the political vacuum that will occur that day, no matter what. Ruling out UDI, however, is premature; continued vigilance, from Jerusalem and Washington, is important.

Jordan: Jordan is suffering through anxieties from several sources: King Hussein's illness, the impact on Jordanian security of final status talks on refugees, borders, water and Jerusalem, closed Jordanian markets on most of its borders, declining per capita income, conflicts with both Syria and Iraq, and a 100,000 Iraqi expatriate community in Amman that is a den of Saddam's agents. The combination of strategic challenges that Jordan faces are worse than those of 1990-1, and on par with those of 1970-1.

Under impossible circumstances, Crown Prince Hassan has performed admirably, both domestically and in playing the quiet but instrumental role with Israel and the PA that is Jordan's special place in the peace process. Jordanian-Palestinian mistrust is almost as high as Israeli-Palestinian mistrust. No one in Jordan wants to mention the idea of a Jordanian-Palestinian confederation because of a potential loss of sovereignty. As for final status, the Jordanians have a unique dilemma -- they are neither "in" nor "out." A potential rush to resolve all Israeli-Palestinian problems could inter alia relegate Jordanian interests to a second-class status. Washington needs to recall that one of its vital interests in the peace process is to ensure the interests of Jordan, and make sure that they are not disadvantaged by the outcome of the Israeli-Palestinian negotiations.

Iraq: There is an eagerness among many Arab leaders for the United States to strike Saddam, but a realization that the situation could be a lot worse if the United States attempted to unseat him and failed. While Kuwaitis offer moral support to the Iraqi opposition, they are not willing to commit any operational support, e.g., permission for opposition offices to open in Kuwait. Jordanians oppose the opposition scenario and to unseat Saddam via reliance on a "palace coup." In both countries, some espoused the "radically conservative" view that nothing should be done until the post-Saddam picture is clear. For proponents of this view, the current situation -- the presence of U.S. troops and restraints on Iraqi oil and armaments -- is better than many alternatives. As the next crises approaches, it will be up to the United States to define its position and the regional states will react to U.S. leadership.

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Jordan's Economy: Jordan's difficult economic situation is spurred by Syria's warming ties with Saddam, which has diverted Jordanian trade with Iraq, and by continuing limits on the number of Jordanians working in the Gulf. But

the main problem is that Jordan has not received the dividends expected from its peace treaty with Israel. The Qualified Industrial Zone (QIZ) in Irbid is a good beginning, but there has not yet been the needed level of foreign investment. Jordan must share some of the blame though for the dearth of trade with Israel, though. Jordanian professional associations have refused to deal with Israelis, impeding the development of economic ties. At the same time, Israel has imposed non-tariff barriers, e.g., limits on Jordanian trucks transporting goods to Israel. While the Jordanian-Israeli political situation is healthy, the economic situation has fueled popular opposition to peace with Israel.

> The United States must take stock of Jordan's economic plight and undertake a more systematic effort to help Jordan's economy. This effort should begin with a new foreign investment strategy that will lay the groundwork for \$200 million in private sector investment over the next two years. A privatization program must be accelerated in order to capitalize the Jordanian stock market and attract foreign investment. Also, the United States should help lay the groundwork for a new Israeli /PA/Jordanian QIZ on the Jordan River.

The Gulf Economies: The drop in oil prices have had a major impact on the Gulf States, politically, economically, and socially. They have already had to go into credit markets and reach into their "rainy day" funds to fund their budget deficits. Even the Saudis have been forced to seek credit. If the oil prices dip further -- to about \$6 per barrel, as some in the region predicted -- then there will be a significant depression in the region, with wide-ranging implications for U.S. interests.

This Special Policy Forum Report was prepared by Ben Orbach.

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