

# SURVEY OF ARAB AFFAIRS

A periodic supplement to Jerusalem Letter/Viewpoints

SAA:10 2 Kislev 5748 / 23 November 1987

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**KING HUSSEIN, THE PEACE PROCESS AND THE TERRITORIES**

**Pinhas Inbari**

Although the international conference initiative has bogged down, this does not mean that the peace process is also frozen. On the contrary, a vigorous, if quiet, political process is underway in the territories. It can be seen as an alternative to the international conference that Foreign Minister Shimon Peres wants so badly. To the extent that it succeeds, the chances for the conference will become more remote while the existing situation will be consolidated. Only if the current process fails will the door to the international conference be opened.

Public declarations notwithstanding, it is doubtful if the present Jordanian government desires an international conference. Jordan fears a comprehensive political process that will result

in a Palestinian solution that is undesirable for it — specifically, consolidation of the PLO's standing. The government of Zeid Rifa'i prefers to offer Israel an alternative process: instead of a comprehensive settlement, partial shared rule in the territories, and practical cooperation against the PLO. In an international conference, Jordan will have to cooperate with the PLO against Israel and Jordan does not trust that Palestinian partner. It has more faith in the Israeli partner — against the Palestinians.

Past and present Israeli governments have longed for such a situation and when the opportunity arrived the Israeli leaders had difficulty resisting the Jordanian temptation. Amman in fact proposed implementation of the Allon

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plan, not in the territorial but in the functional sense: division of the West Bank between Israel and Jordan at the expense of the Palestinians. In 1986 the Labor party accepted the challenge and today an Israeli-Jordanian condominium on the West Bank is already crystallizing. But there is a heavy price to pay: Peres will not be able to advance the idea of an international conference and will get into a new confrontation with the Palestinians in the territories, a rerun of the confrontation that took place in the days of the Village Leagues.

(In 1981, Menahem Milson, head of the Israeli Civil Administration in the territories, built up the existing rural-based Village Leagues to be used as an indigenous Palestinian alternative to the urban-based pro-PLO institutions. This effort met with strong opposition from the PLO, Jordan, and certain circles in Israel as well.)

Perhaps this will bring an understanding with Jordan on the conduct of everyday life in the territories, but withdrawal will no longer be a possibility because, in Jordan's conception of this condominium, Israel will have a clear role: Israel will be the stick, the oppressors of the Palestinians, and Jordan will be the carrot, giving aid within the framework of the various five-year plans and sounding the alarm in a mighty voice against the oppression.

As part of this arrangement, there have been a string of understandings with Jordan on the issue of Jerusalem, designed to initiate a joint struggle against the Palestinian power bases and a strengthening of pro-Jordanian institutions, especially the Supreme Moslem Council which is supposed to be the dominant Arab institution in the eastern part of the capital. Israel and Jordan have agreed to divide the city functionally, but not geographically. The municipal services will make a distinction between Arabs and Jews, but in exchange Jordan has ordered the Moslem Council to cooperate with Israeli institutions such as the municipality and the Israeli judicial system, which it has not done in 20 years or more.

In order to provide the pro-Jordanian institutions more room to maneuver, the steamroller is being activated against institutions with a Palestinian character. The Arab East Jerusalem Electric Company is the most prominent Palestinian economic institution in East Jerusalem and, therefore, it is fated to destruction or drastic reduction. The new arrangement with the East Jerusalem Electric Company, keeping it alive but with its jurisdiction reduced to Jerusalem area Arab neighborhoods, illustrates the character of the emerging condominium. The Likud ministers are correct when they claim that the division of the company's concession so that Arab consumers will continue to receive electricity from an Arab company while Jewish consumers will receive electricity from the Israel Electric Company is, in fact, a partition of Jerusalem.

Needless to say, the Palestinians will not yield easily. The workers' committee composed of PLO supporters will certainly oppose it. The pro-Jordanian management is also opposed, but the arrangement appears to have been agreed to by Israel and Jordan and could be imposed on the company once political agreement is obtained in Israel. However, prior to the November Arab summit there were signs that Jordan might in the end renege on its agreement with Israel over the East Jerusalem Electric Company.

The program of destroying or reducing Palestinian power bases in order to give pro-Jordanian power bases room to maneuver is also being carried out in other spheres in Jerusalem and the territories. In July 1987, two items were published on the same day, on a similar issue, to the point where the Itim (Israel's news agency) correspondent rightly included them both in one report. It said that Mahmud Abu Zuluf, editor of Al-Quds, the most widely-distributed newspaper in the territories, had been served a restriction order. By contrast, the deposed mayor of Gaza, Rashad a-Shawwa, received permission to distribute his own newspaper, called Al-Huda.

Al-Quds was for many years a pro-Jordanian voice, but following King Hussein's major speech over two years ago in which he announced a break with the PLO, Al-Quds, along with many of the leaders of the pro-Jordanian camp such as, for example, Hikmat al-Masri from Nablus, did not express support for him because they did not want to get involved in a confrontation with the PLO. Not only the Jordanians felt betrayed. So did the Israelis who pinned great hopes on King Hussein's new policy. Abu Zuluf had been on excellent terms with senior Israeli politicians and military leaders and his "betrayal" caused a great deal of anger. The political context is clear: Jordan was very much interested in assisting A-Nahar, the new newspaper which reflects its position, and a blow to the standing of Al-Quds would not cause grief to the Jordanian policy-makers for the territories.

Vigorous Jordanian activity is being carried on in the field of higher education as well. Its purpose, on the model of the understanding regarding the Arab electric company, is to reduce or eliminate the existing universities, the strongholds of Palestinian nationalism, and to establish in their place a new network of universities controlled by Jordan. Abd a-Rahim Sartawi, a director of Jordan's Hittin University and a personal envoy of Jordanian Prime Minister Zeid Rifa'i, is currently in the West Bank to assist in the establishment of a new network of universities with a view to the coming academic year. It may be assumed that studies at the existing universities will be extensively disrupted during the coming academic year as in the past, whether Israel closes them for prolonged periods of time or their own management does in response to internal political ferment. Then the students will have an alternative: to register at new universities under Jordanian supervision.

The envoy is handling the establishment of a university in Nablus which will be affiliated with Hittin University in Jordan. This new institution will be called "university college," a name which indicates the manner in which Jordan seeks to control

the student body in the West Bank. Unlike the existing universities, the Jordanian-sponsored universities will not grant degrees in the West Bank; students will have to spend their final academic year in Jordan. That will be the whip that Jordan will use to impose order: students who stand out as being politically active will not be permitted to complete their studies in Jordan and their years of study will go down the drain.

Key pro-Jordanian functionaries have already submitted requests to develop "university colleges" throughout the West Bank. It should be especially noted that in the Hebron region, the request has been submitted by none other than the "distinguished educator" Jamil al-Amla, head of the Village Leagues. The involvement of Village League figures such as al-Amla points to one of the primary weaknesses of the vigorous Jordanian move in the territories. No important pro-Jordanian figures have affiliated themselves with this move, rather second- and third-order functionaries who as a result need Village League support, both in enlisting manpower for their thin ranks and for armed guards. They also resort to the methods of the Village Leagues in imposing their will on the general population.

The Jordanian minister of occupied lands affairs is Marwan Doudin, who does not have such a good reputation in the West Bank, but possesses an almost magnetic influence on the Israeli defense establishment. He is currently carrying out a policy of reaching out to the Village Leagues. It may be assumed that he was deliberately appointed minister of the territories in order to entice the defense establishment to cooperate with Jordan against the PLO, since a Village Leagues-oriented policy still appeals to Israel. If this policy failed in the days of Mustafa Doudin, former head of the Village Leagues, because of Jordanian opposition at that time, perhaps it will be more successful now with Jordanian support.

Accordingly, al-Amla reached an agreement in principle with Jordan to the effect that Amman would pardon the

Village Leagues and would not implement the decrees against them, provided the Village Leagues disband and join the ongoing pro-Jordanian activities within the framework of the forthcoming pro-Jordanian party, the Jordanian-Palestinian Alignment. This party was to have been unveiled a short time ago, but premature press reports forced the Jordanians to delay the announcement. In the meantime, it is building its foundations: establishing committees in every town, holding secret meetings and recruiting supporters. However, the more this activity deepens the conflict with the PLO, the more the opposition to it will grow among broad groups, including leading supporters of Jordan. They fear a repetition of the situation which prevailed during the days of the Village Leagues, when anyone who did not support them was suspected of being a PLO supporter and was exposed to measures on the part of Israel, and this time by Jordan as well.

This Jordanian activity also has many opponents in Jordan. In the days of the prime ministers preceding Rifa'i, opposition to the Village Leagues served to unite Jordan and the PLO. Today, the cooperation being woven between Jordan and the Village Leagues brings closer the day of conflict between Jordan and the PLO, to the dismay of those past prime ministers, as well as the ranking supporters of Jordan in the territories who oppose the activity of the Jordanian-Palestinian Alignment.

Egypt is also displeased with the developing conflict with the PLO. The Egyptians understand that Jordanian policy is designed to reach a settlement with Israel without an international conference at the expense of a comprehensive settlement in the Middle East. For the first time, Egypt has recently begun to take

steps in the territories that reflect its dissatisfaction with this policy.

The first step was inviting a delegation of Palestinian figures, most of them PLO supporters supposedly taken from Jordan's "black list." The delegation formulated a memorandum which should be of concern to Jordan, since Egypt in effect was asked by them to replace it as the Arab country with a special status in the territories. Jordan was not mentioned as possessing any sort of function in the territories and Egypt was asked to stand at the head of those Arab countries concerned with respect for human rights in the territories. This memorandum was signed not only by PLO supporters, but also by the leading supporters of Jordan: Rashad a-Shawwa, Elias Freij, and Hikmat al-Masri. The signal to Amman was clear: if it persists with its current policy, in the final analysis it will remain only with the Jordanian-Palestinian Alignment and Jamil al-Amla.

To reinforce the implications of that encounter, Egyptian Ambassador to Israel Mohamed Bassiouny held a special reception for residents of the territories on the occasion of the anniversary of the Egyptian revolution, and in Addis Ababa, Egyptian President Hosni Mubarak met with Yasser Arafat.

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## ISRAEL'S BEST-KEPT SECRET

Hesh Kestin

A few years ago, an Arab League official responsible for enforcing the now 40-year-old Arab boycott against Israel got a nasty shock. He opened a box of chocolates in Kuwait and found they were embossed with little Stars of David. He would have gotten an even nastier shock were he to visit the little Israeli factory of Eli S. Its sole product is a lotion in demand in the Arab world because of reputed aphrodisiac qualities. Virtually all of Eli S.' production that is in little boxes labeled "Made in Amman" goes to Arab countries.

The chocolates with the Stars of David and Eli S. and his factory are part of Israel's best-kept secret -- millions of dollars worth of Israeli goods that annually find their way into the Arab world despite the boycott. This secret trade is apart from Israel's thriving international arms sales, some of which find their way to Moslem countries. Israeli manufacturers, working with Arabs in Israeli-administered territories and with sympathetic European and American traders abroad, have found ways to penetrate even the most hostile countries in the lucrative Arab market, selling everything from renowned drip irrigation systems to ouds.

Ouds? Few Westerners know what they are -- and that indeed is one reason Israel has been so successful in the secret trade: The Israelis know their market. The oud, sometimes called "the guitar with a goiter," is the basic musical instrument in large parts of the Arab world. During a recent music fair in Frankfurt, Israeli ouds were snapped up by buyers from Saudi Arabia, Lebanon, Tunisia and Syria. (One London-based Arab even insisted the "Made in Israel" labels remain; Israeli products enjoy a fine reputation among Arabs, he said.)

A Western musical instrument manufacturer, of course, would have trouble

determining what Saudi oud buyers prefer, but an Israeli maker need only export what he has already been making for the local market. Market research? No problem. Nearly two million Arabs are either Israeli citizens or subject to Israeli rule, and there are an equal number of Jews in Israel who came from Arab countries or are children of those who did.

Or take agricultural technology, an Israeli specialty. The Arabs have heard how Israel made its deserts bloom, and they have plenty of deserts of their own. In 1983 Israel exported \$700 million worth of technology, such as its famous drip irrigation systems. Official statistics, of course, do not say how much of that went to Arab countries, but judging by how much production leaves Israeli factories with the firms' names and nationality left off, the figure may be 10-20 percent. The distinctive black piping of Israeli drip systems can be seen on either side of the Jordan River, and as far away as Saudi Arabia.

How do the Israeli exporters manage it? "There is the very sophisticated use of third parties," says Gad Gilbar, a specialist in Mideast economics at Haifa University. "Consider Israeli components in various finished goods. In technological industries the second or third element can be the most important, and most expensive. An Israeli manufacturer can be exporting components to the U.S. that become 40 percent of the value when the finished product is sold in Riyadh." Can Arab boycott officials not trace this? "The Israeli component maker simply lists the U.S. as the final market," Gilbar says, not without some satisfaction. "And the American producer will not declare it."

While this thriving indirect trade is going on with avowed enemies, open commerce with the two Arab countries where Israel has an open border -- Egypt and

Jordan -- has been problematic, glaringly so with Egypt. Long before Anwar Sadat made his historic journey to Jerusalem in 1977, you could get Israeli beer in Cairo. It was called "O.K.," and for all the information on the label it could have come from Mars. These days Cairenes drink another Israeli beer called Maccabee, and there is no hiding its origin. But for Israelis who had hoped peace with Egypt would bring healthy trade, this slight improvement only underscores the disappointment. In fact, five years after Sadat's visit, Israeli exports to Egypt were an insignificant \$2 million or so annually. Zeev Hirsch, professor of international trade at Tel Aviv University, estimated that another \$18 million got through unofficially. But in view of the high hopes, peace with Egypt, all in all, has been a trade bust.

At least part of the blame is Israel's. Only recently was it disclosed that in talks that followed the signing of the Camp David Accords in 1979, the Egyptians themselves suggested the possibility of direct barter of Israeli goods for the \$500 million worth of oil they had agreed to supply. But the Israelis turned it down. A pity, says Hirsch: "We could have made a tremendous inroad into the Arab boycott of Israeli goods."

Nevertheless, much of the problem today is on the Egyptian side. Indeed, most Israeli businessmen have folded their tents in Cairo. Even Israel's agricultural technology has failed to sell big in Egypt. Sometimes, says Avihu Yodfat, who spent two years traveling up and down the Nile for Israeli firms, noncommercial World Bank terms are more attractive. Sometimes it is Egyptian national pride ("Jews forget, Arabs remember," Yodfat says). Or Israeli high-tech products are often unsuited to the Egyptian peasantry. But mostly it is caution. "People there are afraid to take steps," Yodfat says. "They do not know what will happen tomorrow." Moreover, adds Hirsch, "The Egyptians themselves do not want to be blacklisted. They are doing business with the Arabs."

What about Jordan? "Chicanery on both sides," says a Bank of Israel official. But because of it, the 2,200-square-mile area that Jordan calls the West Bank and Israel calls Judea and Samaria is a bizarre and booming commercial hybrid the likes of which has rarely existed between enemies.

The commercial barrier between the West Bank, captured by Israel in 1967, and Jordan is nominal at best. So goods flow rather freely -- about 12,000 truckloads annually -- over the narrow Allenby and Adam bridges from Israeli-administered territory to Jordan itself. Most of this then goes to Syria, Iraq, Saudi Arabia and markets in the gulf. In all, these exports to or through Jordan exceeded \$100 million in 1984. The rickety bridges have become a symbol of cooperation between enemies.

The chicanery arises because King Hussein, considering the West Bank his, allows only goods produced by West Bank Arabs, not Israeli goods in Arab drag, to cross the river. He keeps tabs with the help of some 8,000 ex-civil servants on the West Bank still receiving royal salaries and through his customs men, who zealously keep files on every factory and farm.

But between the occasional payoff and a pervasive Middle Eastern nepotism, the books are well cooked. In the words of a former Israeli army officer, "It is very difficult to tell a Moslem tomato from a Jewish tomato." So Israeli farmers outside Judea and Samaria sell produce to Arab middlemen who meld it with West Bank crops sent to Jordan. (Some marketing savvy is often called for. "Honey from Israel is purposely dirtied to make it appear like the less-refined West Bank stuff," says the ex-Army officer. "The Saudis prefer it that way; otherwise they suspect it is all sugar.")

The West Bank also has become a showplace for Israeli agricultural techniques. Farmers using drip irrigation, specialized fertilizers and mechanization have raised crop yields to amazing levels. Since 1967, by official figures, farm production in Judea and Samaria has grown by

an unprecedented (some think unbelievable) 10 percent a year, twice Israel's own phenomenal 5 percent rate.

But any figure may be misleading. Seeds, fertilizers, pesticides, hormones, tools, water pumps, water pipes and even some of the water are all Israeli, as is fuel to run tractors and trucks. Even the crates are made in Israel. In fact, depending on the specific fruit or vegetable, up to 90 percent of it can properly be considered an Israeli product planted and harvested by Arabs. Says one Western diplomat in Jerusalem with admirable understatement, "Everyone goes to considerable lengths to keep this quiet."

There are many ways of keeping it quiet. One new technique is to set up factories abroad. Israeli plants have recently been opened in West Germany, Holland, England, France, Italy and South Africa, and one canny Israeli flower grower has taken over a whole valley in Spain. With the U.S. and Israel having negotiated a treaty to set up an unprecedented bilateral free trade zone, the movement of goods both ways ought to complicate the picture; products will be all

but untraceable to Arab boycotters. One manufacturer of fruit-picking equipment, who has had to sell his rigs to Iraq and Algeria through European middlemen, will soon be able to sell direct. His new plant is in California.

For those Israeli businessmen who cannot build plants in California, the secret trade often takes on an other-worldly dimension that is incomprehensible outside the Middle East. Which brings us to za'atar, or wild thyme, a pungent Israeli spice enormously popular in the Gulf. Not long ago Israeli officials seized some 10 tons of za'atar that had been harvested illegally, leaving whole hillsides in Israel denuded. Trying to calculate how much shipping volume 10 tons of dried thyme takes up is an exercise less in mathematics than in imagination. "It's like feathers," says a customs official at the Allenby Bridge. "Anyway, we would not let it go out to Jordan. It is protected."

Then how did Israeli entrepreneurs expect to slip 10 tons of the stuff to the Persian Gulf? In the words of Eli S., "Don't ask."

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#### DATA BASE: ARAB POPULATION GROWTH IN THE TERRITORIES - Decline in the '70s, Upswing in the '80s

Former Prime Minister Menahem Begin often referred to the relative lack of growth of the Arab population in the administered territories. The percentage of Arabs in Israel and the territories relative to the total population had hardly changed since 1967, he pointed out in 1981. This was largely due to a substantial increase in Arab emigration from the territories in the wake of the oil boom in the Gulf States.

Tables 1 and 2 illustrate the significant decline in the growth rate of the Arab population in the territories between 1974-81, as compared with the 1968-74 period.

These same tables also illustrate the dramatic reversal which has taken place in Arab growth rates in the territories since 1981. Table 1 shows that nearly the same

amount of population increase took place in the three years from 1981 to 1984 as occurred in the previous seven years, while Table 2 documents a marked decline in emigration in "balance of movement of residents" and an accompanying upswing in "percent annual increase," beginning in 1982.

The decline in demand for foreign workers which accompanied the world oil glut that began in 1982, as well as Jordanian moves against student emigration from the territories, are two reasons for the change. The present annual increase of both the Judea and Samaria and Gaza populations are markedly higher than Israel's Jewish population increase, which has averaged 1.6 percent between the years 1980-1984.

Table 1  
ARAB POPULATION OF JUDEA AND SAMARIA  
IN SELECTED YEARS

	Total Population	Growth	Percent Annual Growth Rate
1968	583,200		
		86,600 (6 years)	2.3
1974	669,800		
		62,000 (7 years)	1.3
1981	731,800		
		61,600 (3 years)	2.7
1984	793,400		

Source: Judea, Samaria and Gaza Area Statistics, No. 1,  
1987 (Vol. XVII).

Table 2  
ARAB POPULATION IN JUDEA AND SAMARIA:  
SOURCES OF GROWTH  
(000)

	Population at end of period	Births	Natural Increase	Balance of Movement of Residents	Percent Annual Increase
1974	669.7	30.5	20.1	-2.8	2.7
1975	675.2	30.5	20.6	-15.1	0.8
1976	683.3	31.8	22.5	-14.4	1.2
1977	695.8	31.3	22.7	-10.2	1.8
1978	708.0	30.4	21.6	-9.4	1.8
1979	718.7	31.5	23.3	-12.6	1.5
1980	724.3	30.4	22.9	-17.3	0.8
1981	731.8	30.4	23.2	-15.7	1.0
1982	749.3	31.2	24.5	-7.9	2.4
1983	771.8	32.0	25.2	-2.7	3.0
1984	793.4	33.8	27.4	-5.8	2.8
1985	815.5	33.2	27.1	-5.0	2.8
1986	836.5	33.1	--	--	2.5

Source: Judea, Samaria and Gaza Area Statistics, No. 2, 1987  
(Vol. XVII).