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# Promoting Regional Cooperation in the Middle East

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# PREFACE

*Fred Wehling*

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While negotiations on all aspects of the Middle East peace process continue, problems such as terrorism, economic underdevelopment, and refugees threaten to undermine the region's progress toward peace. The persistence of these threats reveals an urgent need for new approaches to key issues and underlying problems in the peace process.

To help meet this need, IGCC invited an international group of scholars and diplomats to its conference "Promoting Regional Cooperation in the Middle East," held 4–7 November 1994 in Vouliagmeni, Greece. Co-sponsored by the Institute of International Relations of Panteion University in Athens, this conference was the first meeting of Arab and Israeli specialists in the five functional areas of the multilateral talks (arms control and security, economic cooperation, the environment, refugees, and water) held since the signing of the Israeli-Jordanian peace treaty in October 1994. The meeting also included a special working group on the economics of security, co-sponsored by the Centre for International Studies, University of Toronto.

Many points of disagreement in the contentious region remained clear throughout the conference. Nevertheless, the working groups agreed on substantive recommendations for each functional area of the ongoing negotiations, including the use of satellites for cooperative monitoring of arms control agreements, an international environmental protection regime for the Gulf of Aqaba, and ways of meeting the humanitarian needs of Palestinian refugees. These ideas and other recommendations of the working groups are summarized here in reports by Howard Adelman, Philip Warburg, Alt Z. Ghezawi, Yoram Avnimelech, Lewis Dunn, and Richard Rosecrance.

IGCC is grateful to the CRB Foundation, the W. Alton Jones Foundation, the Ploughshares Fund, the Lawrence Livermore and Sandia National Laboratories, and private donors for their financial support of this project. The participants, contributors, and organizers of the conference join together in the hope that scholarship and dialogue will continue to advance the cause of peace in the Middle East.

Fred Wehling  
La Jolla, California  
June 1995



# REPORT OF THE WORKING GROUP ON ARMS CONTROL AND REGIONAL SECURITY IN THE MIDDLE EAST: ASPECTS OF AN EVOLVING DIALOGUE

*Dr. Lewis A. Dunn*

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Since the inception of the Middle East Peace Process in 1991, arms control and regional security issues have been one of the most difficult areas to address. The establishment and functioning of the official multilateral Arms Control and Regional Security (ACRS) Working Group in the multilateral process has had to overcome at best lack of knowledge and at worst deep skepticism on the part of Arab and Israeli officials and onlookers about arms control. In that regard, the parallel process of so-called “track-two” non-official discussions has helped to increase understanding and build support for the concept of a regional arms control and confidence-building component in the overall Middle East Peace Process.

The following paper summarizes the themes of the discussion within the Arms Control and Regional Security working group of one such track-two meeting held in Vouliagmeni, Greece, from November 4–8, 1994. Sponsored by the Institute on Global Conflict and Cooperation of the University of California, San Diego, this meeting brought together a mix of officials, former officials, observers, and academics.

More specifically, those Vouliagmeni discussions suggested a continuing evolution in the participants’ overall perspectives toward the role of arms control and confidence-building measures in the Potential purposes to be served by the regional arms control and security dialogue, a variety of specific proposals, and overall strategy toward the arms control and regional security component of the multilateral peace process also figured prominently in the meeting. In effect, the Vouliagmeni discussions provided a partial gauge of the state of the evolving semi-official dialogue on arms control and regional security issues in the Middle East.

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Lewis A. Dunn is Vice President, Science Applications International Corporation. The views herein are those of the author, not necessarily those of SAIC or any of its sponsoring agencies. Further, though this paper seeks to reflect accurately the main lines of discussion of the working group, it is the responsibility of the author alone and none of the participants is responsible for the specific points that follow.

What stands out is the extent to which, at least at the semi-official level, there is a growing if still sometimes questioning acceptance of the potential contributions of arms control and confidence-building approaches in enhancing regional security.

## **Evolving Perspectives on Arms Control?**

In at least three ways, discussions within the Arms Control and Regional Security working group of the Vouliagmeni meeting indicated how the approaches toward arms control taken by Arab and Israeli participants have evolved since the early days of the Peace Process. These concerned the sequencing of arms control and confidence-building measures generally and treatment of the issue of Israel's nuclear capability particularly; the relationship of arms control and the wider political Peace Process; and the scope of measures to be pursued.

### **Arms Control—Sequencing**

At the start of the multilateral process, in both the official ACRS process and in track-two discussions, pressures from Egypt and other Arab governments for moving sooner to discuss arms control issues clashed with Israeli emphasis on setting arms control aside for a later stage of the Peace Process. Closely related, Arab (again especially Egyptian) calls for putting Israel's nuclear capability on the table at the start of the process were met by Israeli refusals to acknowledge that its nuclear program was even a legitimate subject for discussions.

By comparison, the Vouliagmeni working group's discussions suggested instead a somewhat greater readiness on all participants' parts to seek out practical arms control and confidence building that could enhance regional security. Moreover, even on the issue of Israel's nuclear capability, a modest evolution had occurred in the dialogue. An emphasis on the need to deal with this capability sooner (but no longer immediately) was now juxtaposed against a greater readiness at least to acknowledge that "eventually" the nuclear issue would need to be addressed.

### **Arms Control and the Peace Process**

During the early stages of both official and non-official multilateral discussions on arms control and regional security, the view frequently was expressed that the pace of such discussions could not outrun the Peace Process. Concern also was evident that efforts to engage too rapidly on arms control issues could damage that process.

Success in the Peace Process continues to be seen as the most critical condition for breakthroughs. However, the progress that had occurred in the Peace process prior to the Vouliagmeni meeting was seen to be changing the arms control and regional security dialogue in at least two respects. It has given greater momentum to the search for practical arms control and confidence-building steps. It also has made it necessary to focus more attention on the possible arms control adjuncts of bilateral settlements (e.g., the types of security-related and monitoring measures for the Golan Heights that might accompany an Israel-Syria peace agreement.)

### **Other Regional Security Concerns**

The Vouliagmeni discussions also emphasized the importance of thinking about security issues outside of the core Arab-Israel dispute. In particular, attention focused as well on confidence and security-building measures for the Gulf, the Maghreb, and elsewhere in the Middle East. This may be especially important in helping create a broader constituency and increased support for the arms control process in the region.

## **Approaches to Regional Arms Control**

A number of different ways of thinking about the ongoing Middle East arms control and regional security dialogue—and the purposes it might serve—were identified in the course of the discussions. A rich menu of specific proposals for next steps also emerged, frequently linked but sometimes overlapping different potential purposes.

### **Getting Prepared**

One of the main payoffs of the regional arms control dialogue of the past several years has been "getting prepared." Official and non-official discussions have helped greatly to provide increased understanding of the lessons of past arms control and confidence-building activities as well as of the concepts, approaches, limits, and potentialities of regional arms control initiatives. A critical component has been direct contact between Middle East participants and successful U.S. and Russian arms control practitioners.

Looking ahead, still other steps could be taken to continue to fill the conceptual "toolbox" with arms control and confidence-building ideas, procedures, and technologies that could be drawn on later once the political possibilities context is right. A number of specific possibilities were discussed, without

necessarily gaining consensus support from the participants.

#### *Cooperative Monitoring Demonstrations Outside the Region*

Technology holders, e.g., other nations, industry, or R&D laboratories and facilities in other countries, could set up demonstrations of technologies that could be used cooperatively by parties to monitor compliance with agreed limits on military forces, military deployments, or related constraints. Demonstrations could range from paper briefings to more extensive hands-on exhibits.

#### *Verification Requirements and Capabilities Workshops*

Either within ACRS or in the track-two process, a next step could entail more focused discussions of verification requirements for given categories of arms control limits and of generic capabilities to meet those requirements. This would help to familiarize participants with some of the specific choices, likely to arise in designing future limits and ways to verify them.

#### *Nuclear Fuel Cutoff Verification*

More focused discussions could be pursued on requirements and measures to monitor a cutoff of the production of plutonium or highly-enriched uranium for nuclear weapons. This could be dove-tailed with on-going negotiations on a cutoff agreement within the Geneva Conference on Disarmament. It also could entail use of a shut-down facility in one of the nuclear powers as a venue for such talks.

#### *Experience Negotiating Nuclear Free Zones*

Two nuclear free zones already are in place (in Latin America and the South Pacific) and a third one is about to be concluded (in Africa). Negotiators could be brought together with Middle East officials and others to discuss their negotiating lessons and experiences.

#### *Track-Two Discussions*

Additional track-two meetings were also acknowledged to be a proven means of enhancing knowledge and stimulating thinking about arms control and regional security concepts and practices.

### **Laying Foundations**

Going beyond discussions and dialogue, another purpose of a continuing Middle East arms control and regional security process was seen to be laying foundations for future actions. This would require concrete agreements and more practical initiatives

rather than simply discussions, presentations, and exchanges of ideas. Here, too, various possibilities were considered at Vouliagmeni, including some which are the subject of discussion or action in the more formal ACRS process.

#### *Declaration of Arms Control and Regional Security Principles*

Though non-binding, adoption of such a set of principles in the ACRS process was thought a desirable step. In particular, doing so could be an important means to set the future agenda.

#### *Golan Heights Monitoring Experiment*

This would entail an agreement by Israel and Syria to participate in a demonstration of technology for monitoring vehicular traffic on to-be-determined roads in the Golan Heights. It was seen both as a step toward more extensive technology demonstrations and to the eventual use of monitoring technologies as part of Israeli withdrawal from the Golan Heights in the context of an Israel-Syria peace treaty.

#### *Regional Monitoring Demonstration*

Building on activities outside of the region, countries could be invited to participate in demonstrations of monitoring technologies that could be used as part of future peace settlements and confidence-building agreements. Once again, the purpose would be not only to provide information about potentially useful technologies but also to reinforce the political dialogue by suggesting how compliance with future limits in such political-military settlements could be verified.

#### *Information Exchanges*

Designed both to test communications procedures and build confidence, exchanges of information on military planning, preparations, and doctrine could also help provide a foundation for additional actions later.

### **Institution Building**

Going a step further, institution building was widely acknowledged to be another purpose of an evolving Middle East arms control and regional security process. Three aspects stood out in the discussions: creating mechanisms to lessen the risk of conflict, to reinforce present and future peace agreements, and to build channels of communication and eventually cooperation. Both governmental and non-governmental and region-wide and sub-regional approaches were thought essential.



*Regional Security Studies Center*

Regarding specific institution-building initiatives, one possibility thought worthy of further exploration was establishment of a non-governmental Security Studies center within the region. Possibly modeled on either the London International Institute for Strategic Studies or the Stockholm-based SIPRI, such a center could facilitate dialogue by bringing scholars and practitioners from different countries together, develop and provide information on security issues, and prepare analyses on arms control and regional security next steps.

*Regional Security White Paper*

A more specific product of such a center might be preparation of a White Paper on Middle East security. This could entail joint drafting by researchers from several different countries, including Israel and its Arab neighbors. It would seek to highlight the full range of outstanding security questions as well as the full range of potential responses to deal with them. The process itself of exchanging views and seeking a common product was itself thought likely to be instructive for all sides.

*Regional Cooperative Monitoring Center*

A formal center devoted to cooperative monitoring and verification might be established, either independently or possibly under the auspices of regional crisis prevention centers. Its purpose would be to provide a venue to demonstrate technologies, develop and evaluate monitoring architectures, and more generally facilitate uses of monitoring technologies to build confidence in compliance with future demilitarization and related regional security agreements. Outside technical support would be provided.

*Experts Group on Verification and Monitoring*

Possibly established under the ACRS process, this group would comprise individuals from within the region with expertise on verification and monitoring, both policy issues and technical possibilities. Its function could be to provide technical expertise on verification and monitoring (as requested by national governments) as well as to discuss and assess different approaches to monitoring future arms control and regional security agreements.

*Crisis Prevention Centers*

Already being pursued under the ACRS process, establishment and operation of such centers were also highlighted as a next step. In addition to their formal missions, Crisis Prevention Centers were seen as a means to build informal channels of communication among national representatives seconded to them.

*Sub-Regional Military Notifications*

Also highlighted was the possibility of exploring notifications of military exercises and other activities in key sub-regions, e.g., the Maghreb or the Gulf. This reflected a broader interest in the role of arms control and confidence-building measures in alleviating Middle East security concerns outside of the Arab-Israel dispute.

**Keeping Issues Alive but Deferring Settlement**

From the perspective of many Arab governments, perhaps the most difficult—and most controversial issue—on the arms control and security agenda continues to be Israel's nuclear weapons capability. For Israel, military postures in neighboring Arab countries that continue to emphasize large standing conventional forces raise comparable if different concerns. Prospects for near-term actions to begin to deal with, let alone resolve, either side's security concerns in these areas are virtually nil.

Still another purpose of the arms control and regional security process would be to keep such controversial issues on the agenda even while acknowledging that time is not ripe to deal with them. Several of the more specific measures highlighted already would serve that purpose. These include, for example, agreement on principles of arms control and regional security, discussions and demonstrations of cooperative monitoring technologies and approaches, tapping experience on nuclear free zones, and the creation and operation of a regional security studies center.

**Strategies for the Future**

Over time, skepticism about the potential role of arms control and confidence-building measures as means to enhance regional security has gradually declined among both officials and non-officials. The concept itself, as well as familiarity with specific measures, are now elements of the regional dialogue. This was reflected in the wide-ranging arms control and regional security dialogue at Vouliagmeni as well as in participants' readiness to explore—if not necessarily to endorse—many ideas for potential initiatives. At the same time, it also was widely acknowledged that the bilateral Peace Process will have a dominant impact on the shape of the future arms control structure in the Middle East—both by requiring arms control limitations (e.g., monitoring demilitarized zones) as an adjunct of political settlements and by providing an indirect impetus to specific agreements (assuming again progress in the bilateral process.)

With these considerations in mind, a multi-tiered strategy appeared the most promising future strategy: continued talking; expanding participation; greater emphasis on action, especially to lay foundations and build institutions. Some means of keeping the nuclear issue alive but still deferring its resolution—in effect, treading water—also was thought necessary by many participants.

### **“Talking-Up” Arms Control and Confidence-Building**

Despite growing familiarity with existing theories and past practice of arms control and confidence-building, continued exchanges were thought desirable and necessary on arms control’s potential contributions within the Middle East. This could help strengthen the habit of discussions which has already begun to emerge. Understanding and support would be increased for specific arms control or confidence-building actions in the future.

As in the past, several different types of outsiders were seen to continue to have an important part to play in helping to facilitate this process of talking arms control and confidence-building. Seminars in the Middle East and elsewhere, technology demonstrations, invitations to individuals to visit research and technology development centers all were identified as possible.

Closely related, expanding participation in both the formal ACRS process and the non-official track-two dialogue, it was widely agreed, should be a top priority. In particular, convincing Syrian officials to participate was stressed.

### **From Dialogue to Action**

Broad agreement was evident at Vouliagmeni on the importance to shift from dialogue to action in the arms control and regional security process. But the rich menu of possibilities—as well as differing perspectives on what items should be given priority—were obstacles to identifying specific initiatives to give priority. Nonetheless, two broad tracks appeared to stand out in thinking about next steps. These are: laying the practical foundations to implement arms control and confidence-building measures when the political context is ripe; institution-building, including, if necessary, activities that might involve only several countries within the region. Further, at least initially, the process itself of reaching agreement and implementing even limited arms control or confidence-building measures was

widely thought likely to be as important as the specific results derived.

### **Backing Into the Nuclear Issue?**

From the start of the multilateral arms control and regional security discussions, the Israeli nuclear issue has been widely recognized as one of the most technically difficult and politically sensitive matters. Either to leave it off the agenda entirely or to engage on it too soon, or in the wrong manner, could disrupt the delicate political balances underlying the overall Peace Process. However, it is difficult to believe that a more stable regional security structure for the Middle East as a whole—from the Maghreb to the Gulf—can be based on the current nuclear status quo in the region.

The Vouliagmeni discussions did not suggest a clear strategy for dealing with this conundrum. Assuming a readiness on the part of the countries in the region to explore them, however, several initiatives proposed during those discussions could provide a partial way ahead. Perhaps most useful might be to put on the formal ACRS agenda an item focused on tapping the lessons of past experience in negotiating nuclear free zones in Latin America, the South Pacific, and Africa. This would build on past ACRS sessions which focused on the lessons of East-West arms control. It also would be consistent with support by all countries in the region for the concept of a Middle East nuclear free zone.

## **Arms Control and Regional Security**

In the Middle East, as elsewhere, arms control and confidence-building measures are not ends in themselves. Instead, they need to be viewed as potentially useful means to enhance regional security and evaluated in terms of their contribution to that goal. Throughout the discussions at the Vouliagmeni meeting, this point was clearly acknowledged. At the same time, what equally stood out was a growing acknowledgment that such measures, properly crafted, can reinforce the overall Peace Process and build institutions to lessen the risks of future conflict and help manage a future peace.

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# REPORT OF THE WORKING GROUP ON ENVIRONMENT AND WATER

*Philip Warburg, Chair*

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## **Water Management**

*Ali Z. Ghezawi*

**F**ive speakers made presentations on water management-related concerns. The first speaker, Dr. Alan Richards, highlighted the wisdom of pricing water and creating water markets. He noted that the presence of transactions costs implied that the initial distribution of property rights would affect water resource allocation. He also noted that, despite various conflicting legal principles, the final allocation of water rights will, of course, be the outcome of negotiated agreements. The speaker argued that a reduction in irrigation water subsidies could facilitate reaching such agreements. Despite the use of such subsidies throughout the world, Dr. Richards stressed that these subsidies are not appropriate to the region. Opinions to the contrary were expressed, and others in partial agreement were voiced.

The second speaker, Dr. Munther Haddadin, reviewed three topics. First, he examined the water dimension to the Jordanian-Israeli Peace Treaty, looking at the mechanisms, format, and substance of the successful negotiations and examining the contents of the Treaty's water annex. Second, he reviewed in brief the potential and imperative for regional cooperation in addressing water management challenges. He cited water demand and supply management as important fields of cooperation where the exchange of experience will help improve water use efficiency, increase agricultural yield per unit of water flow, expand water supplies for beneficial uses, and help in protecting the environment. Third, Dr. Haddadin reviewed potential obstacles on the road to cooperation, citing disparities in national income and in the acquisition of advanced technology. He highlighted the need for confidence-building measures in the water management field and referred to the desire among all the parties to make cooperation succeed. Asked if the Jordanian-Israeli water agreement had any adverse impact on Palestinians, the speaker answered that the contrary is true and that the Treaty could enhance the chances of Palestinians to negotiate favorably regarding their water-related interests.

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Philip Warburg is a member of the Environmental Law Institute, Washington, D.C., and Jerusalem. Ali Z. Ghezawi is a member of the Royal Scientific Society, Amman, Kingdom of Jordan. Yoram Avnimelech is Professor of Agricultural Engineering, Technion-Israel Institute of Technology, Haifa.

The third speaker, Dr. Saul Arlosoroff, reviewed a wide spectrum of regional water issues ranging from the lack of adequate storage to the benefits of establishing a water market within the region. He advocated demand management and the comprehensive re-use of sewage effluents as essential ingredients in an effective regional water management strategy. In addition, he stressed the importance of increasing water use efficiencies by all parties in the region. Finally, he focused on the economic benefits of regional cooperation in enhancing water supplies, citing the Litani River and Turkey as potential resources capable of providing water at a lower cost than sea water desalination.

In his presentation, Mr. Yaakov Kolton described the results of initial studies performed recently on water resources in Wadi Araba/Arava. The studies indicate the possible existence of water bodies within porous formations in the northern part of Wadi Araba/Arava, potentially yielding approximately 30 million cubic meters per year of water over a fed, indicated pros and cons of the various period of 30 years. He stressed the essential need for cooperative studies to further determine the nature and extent of these and other “one-time” water reserves. Such reserves, he said, could provide important interim supplies of water to water-scarce Middle East nations.

The final speaker, Mr. Aharon Zohar, presented the group with two principal issues for consideration:

- A proposed methodology for determining an order of priorities for joint development options in the Middle East.
- A regional model in which interdependency will be concentrated to a significant extent in Regional Peace Centers located along border areas. The concept proposes over 200 major development options that will provide employment to the region’s inhabitants.

Dr. Jad Isaac, though not present at the Subgroup meeting, submitted a paper proposing a Palestinian water policy geared toward the adequate provision of a regular, high-quality domestic water supply, the development of water-efficient agricultural industrial sectors, the avoidance of over-pumping aquifers, and the rehabilitation of aquifers. The paper favored priority attention to wastewater treatment, the use of pricing to reflect water as a limited resource, and the achievement of water savings through public awareness and other measures. He urged regional cooperation in these objectives. The paper was not discussed.

Discussion of the presentations by the participants, as expected, indicated pros and cons of the various supply and demand management

proposals. During the discussion it was proposed that, where feasible, cooperation in using saline water for food production (mariculture) should be encouraged as a promising alternative or supplement to freshwater-consuming agriculture. Finally, the group concluded that regional cooperation should be encouraged in fields such as water supply and demand management, hydrological investigation, and technology transfer.

## **Environmental Protection**

### *Yoram Avnimelech*

Several speakers presented various concepts related to regional cooperation on environmental management strategies.

Dr. Yuval Cohen presented a proposal for a strategy for environmental protection and management of the Gulf of Aqaba. He suggested that this strategy could serve as the core in the development of a regional environmental program in the Gulf. He suggested that the overall goal of the program would be “to protect the Gulf of Aqaba against the adverse effects of human activities so as to conserve its ecosystem and to safe-guard human health while providing the rational use of its resources necessary for social and economic development.” He then presented examples of specific goals for the program and a preliminary list of priorities for action, and he discussed some aspects of the program’s development and implementation.

Philip Warburg observed in his remarks that significant progress has been made over the past year in laying the foundation for a joint oil spill response strategy for the Gulf of Aqaba. He stresses, however, that other priority concerns are needed to protect the Gulf’s environment. He discussed three high-priority concerns:

- The need for a regional commitment to banning or strictly limiting sewage discharges into the Gulf.
- The need for measures to reduce environmental risks associated with the region’s growing mariculture industry.
- The need for measures to prevent damage to Gulf coral reefs from aquatic tourism.

Yoram Avnimelech, in his talk, advocated the creation of a regional “think tank” to examine environmental protection issues. He stressed that such a regional body would be able to take the lead in developing environmental protection standards that are better suited to the particular environmental

conditions of the Middle East than Western European or North American environmental standards.

## Recommendations

The Environment and Water Working Group agreed upon the following recommendations related to environmental protection concerns in the region:

The specific environmental characteristics of the region should be taken into account in the preparation of a regional environmental code. Specifically, a regional technical organization, endorsed by the Multilateral Working Group on the Environment, should develop an appropriate environmental code to be presented to regional governments and the international community.

2. In order to satisfy the needs both of environmental protection and socio-economic development in the Gulf of Aqaba region, a comprehensive environmental protection and management strategy is required. Such a strategy should be based on common principles, agreed goals, and scientific methods. The strategy should take into account all types of human activities in the Gulf and its watershed which may have an impact on environmental quality.

3. The following practical steps can be taken toward the development of an effective environmental protection program for the Gulf:

a. Establishment of a regional committee to define the program, agree on its goals, and define the modalities of its operation.

b. Establishment of a national committee within each of the Gulf-bordering states or another

appropriate mechanism which would serve to coordinate activities at the national level and would serve to guide national representatives on the regional committee. Establishment of a Gulf of Aqaba Fund for financing research that is essential to the effective environmental management of the Gulf.

d. Implementation of immediate measures to control environmental threats to the Gulf from known sources including:

- A Gulf-wide ban or strict limitation on sewage discharges into the Gulf, combined with effective land application of treated effluent.
- Measures to minimize environmental risks to the Gulf's marine ecology from mariculture operations in the region.
- The creation of a hierarchy of marine Protected Areas, including zones of general use for commercial shipping and recreational boating, limited use zones for carefully regulated aquatic tourism, and zones of special protection restricted to scientific research.

4. Within the regional cooperative framework for the Gulf, the following additional measures could be considered:

- a. Joint scientific research and monitoring.
- b. Joint projects for the treatment and utilization of sewage and mariculture effluent.
- c. Joint training of inspectors, tour hotel operators, dive instructors, and individual tourists.

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*See also IGCC Policy Brief No. 4, "Middle East Environmental Cooperation," by Phillip Warburg.*

# REPORT OF THE WORKING GROUP ON REFUGEES

*Howard Adelman*

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## Assumptions

**T**he recommendations for action to complement the work of the multilateral contained in this report are based on the following assumptions:

### Process

1. The multilateral talks are committed to working within and facilitating bilateral peace arrangements.
2. The multilateral talks have the advantage of including in both the discussion and implementation phases parties other than the primary actors, including donor countries, international and specialized agencies.
3. The multilateral refugee talks differ from the other four multilateral talks in at least two respects: a) whereas the other multilaterals are primarily concerned with securing the peace, the refugee talks are one of the conditions for concluding any peace since there can be no real peace without a solution to the refugee problem; b) the refugee problem is organically linked with the settlement of the Palestinian national cause.
4. Academics can best contribute to the work of the multilaterals not simply by providing information and analyses, but by enhancing understanding which can be used to bridge gaps between the negotiators; more specifically, the function of this conference is facilitate the progress of the bilateral talks and their successful conclusion and implementation.

### Political Frame

1. Nothing proposed by this conference should preempt any possible political solution but should facilitate the ability of the negotiators to make choices.
2. The legal and political rights of the Palestinian refugees should not be isolated from the historical final compromise between Israel and the Palestinian people, but in the interim they have been bracketed in order to advance cooperative action and coexistence on the basis of objective factors.

3. The refugee issue is an urgent one; inaction fosters conditions which can be exploited by those opposed to peace.

4. A resolution of the refugee problem is a dynamic process which will be implemented over time; initial and early steps can enhance or diminish the long term prospects of an ultimate resolution.

### **Refugee Frame**

1. The Palestinian refugee issue differs from other refugee problems in that the definition of a refugee was specific to the situation in Palestine, in the fact that this problem has endured for almost half a century, and in the fact that the mandate of the international agency which assumed responsibility for the refugees included no responsibility for protection or for finding a durable solution.

2. Normalization of the situation of the spontaneous integration should be removed. refugees is the goal in the context of a just and lasting peace.

3. The mode of achieving this goal may encompass a multi-faceted approach using all traditional durable solutions, including repatriation, settlement and integration in countries of first asylum, or even resettlement in countries outside the immediate region.

4. Recognition must be given that much of the resolution will depend on spontaneous integration, and factors which block spontaneous integration should be removed.

### **Context**

The above objectives and the following recommendations for action are specified within the following context:

1. transitional peace accords have been signed between the PLO and Israel, and a final peace agreement has been signed between Jordan and Israel, both of which make reference to the resolution of the refugee problem, specifically making provision for discussion of the 1948 refugees in the final status talks while providing for immediate quadrilateral negotiations on return of the 1967 refugees.

2. The Working Group on Refugees has already approved a number of projects intent on improving the material conditions of the refugees, particularly in the West Bank and Gaza.

3. Norway, Canada, and Jordan have agreed to study the living conditions of refugees in Jordan.

The “gavel” of the working Group on refugees has already been charged with commencing a dialogue with refugees and states outside the West Bank and Gaza.

### **Parameters**

Given the above assumptions and the as current context, the following parameters were set down as guides to the recommendations,

1. Within the realm of possibilities, in order to ensure the interests and concerns of refugees are taken into account, the refugees themselves should be involved as much possible in the process as well as the solution; refugees should be facilitated in making choices that will end their refugee status.

2. Special attention should be paid to vulnerable groups such as women and children by recognizing the right of every woman and child to feel safe and protected, and to receive adequate education and health care; the role of women in the peace process should be recognized lest refugee reforms remain incomplete without a focus on women’s situation and quality of life.

3. The Working Group on Refugee’s stress on deliverables and improving the material conditions of the refugees through the provision of infrastructure and opportunities to work and acquire education is endorsed; although the emphasis on material improvements of the refugees is the highest priority, nevertheless, that stress should not come at the expense of neglecting preparatory work which will enable the negotiators to agree on the resolution of the refugee problem, including the status of the refugees.

4. Proposed solutions must recognize that options and opportunities depend on the situation of the receiving country.

## **Recommendations for Action**

### **Status**

#### *Documentation*

1. The process of issuing identity documents to Palestinians in the West Bank and Gaza should be expedited;

2. Consideration should be given to the implications of issuing identity documents to Palestinians outside the West bank and Gaza which will enhance their political identity without taking away from any of their political rights or rights to compensation;

3. Discussions should commence to enable these documents to be internationally recognized for travel purposes.

#### *Resettlement*

Under the auspices of the Working Group on Refugees, explorations should commence among

Western Arab countries on settlement opportunities that might be made available to Palestinian refugees and to what degree those settlement opportunities could be conjoined with the retention of a Palestinian national identity.

#### *Permanent Residence*

1. Permanent residency should be considered as one aspect of the various possible solutions to the situation of refugees particularly applicable in some countries.

2. To that end, the terms and conditions of permanent residency should be studied which could protect the human rights of the Palestinians without either threatening any loss of their identity or political rights or the national identity of the host country.

3. In countries where appropriate, negotiations should be initiated or continued on the terms of accepting permanent residence status for the refugees and the numbers to which such status will apply.

#### *Dual Citizenship*

1. A survey should be undertaken of the policies of states in the region with respect to granting citizenship to people born within those states.

2. The merits and demerits of dual citizenship for Palestinians and Jews should be considered as one aspect of the solution which would allow the refugees to integrate in other countries without loss of their national and political identity.

3. Negotiations should begin with states willing to grant dual citizenship.

#### *Survey of Preferences*

The wishes and attitudes of refugees, particularly those outside the West Bank and Gaza, towards the various alternatives and options toward normalization should be studied.

## **Integration**

#### *Deliverables*

Existing and ongoing efforts to improve the living conditions of the Palestinian refugees in the region as an urgent priority are recognized and endorsed.

#### *Rehousing*

1. The possibilities and modes of rehousing the refugees should be explored with the host countries.

2. The desires of the refugees to be rehoused in the areas of the present camps should be ascertained.

3. The structural and infrastructure requirements for supporting and developing existing refugee areas should be analyzed.

#### *Municipal Government*

Studies should be initiated to ascertain which camps might best be given independent municipal status and which camps should be integrated and incorporated within existing municipalities.

#### *Demonstration Projects*

In contrast to the current apparently scattered and more comprehensive approach, consideration should be given, in coordination with UNRWA and the Palestinian Authority, to the merits and demerits of concentrating efforts on two or three refugee camps in order to develop them as demonstration projects as a substitute or in addition to the present approach.

## **Vulnerable Groups**

1. Both the multilateral and bilateral negotiating process should include in all relevant agenda items specific reference to issues affecting refugee women.

2. Policies should be developed for consideration and the cooperation of governments sought to develop a working plan for the guarantee of safety and protection of refugee women within the family, community, and the state in order to protect refugees from structural abuses; mechanisms should be developed to ensure their physical and psychological well-being.

3. There is a need to recognize, support and include the invisible contributions and economic potential of women to the welfare of their community.

4. Adequate efforts should be made to ensure access and utilization of adequate education in health care and housing for refugee women.

5. Governments within the multilateral talks on refugees should place a high priority in investing in job training for refugee women in accordance with future workfare and skill requirements.

6. International organizations and involved governments should plan a joint working conference on Palestinian women and their role in maintaining and supporting peace initiatives and processes.

7. In preparation and as a product of the conference, an "olive paper" should be developed outlining the situation of women refugees, the goals for their integration, settlement and repatriation, and how women can best develop as individuals and treated with equality under family reunification programs.

8. Women refugees should be included in any delegations related to refugees.



## Preparation

### *UNRWA*

A management study should be undertaken for transferring some of the functions of UNRWA in Gaza and the West Bank to the Palestinian Authority that may enhance the integration in the delivery of education, health and welfare services while ensuring continuing donor commitment with such transfer.

### *Compensation*

An academic study should be undertaken by the Multilateral Working Group on Refugee on issues related to compensation, including:

1. methods of ascertaining and confirming losses;
2. methods of establishing eligibility for claims;

3. methods for establishing current values for past claims;

4. options for recovering ownership of property that was lost, destroyed, confiscated, appropriated, etc.

5. issues and options related to individual versus collective compensation;

6. methods of adjudicating claims;

7. modes of balancing competing claims;

8. modes of payment;

9. sources of funds for payment;

10. any other areas—legal, political, diplomatic—which would facilitate the utilization of a compensation mechanism if such a mechanism is to be considered and possibly utilized by the parties involved in the peace process.

# REPORT OF THE WORKING GROUP ON ECONOMIC COOPERATION AND THE ECONOMICS OF SECURITY

*Richard Rosecrance, Chair*

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## Introduction

The group spent its sessions over three days investigating the degree to which peace in the region could contribute to the economic development and welfare of the central parties: Israel, the PLO authority, and Jordan—with wider implications for Egypt, Syria and Lebanon. In the early sessions, it was established that increased trade between Israel and its Arab neighbors, while important, would not become the spark plug for the economic transformation of the region. Israel is technologically in advance of its Arab partners, and it has a much larger economy. Immediate free trade between the previously feuding opponents would undermine fledgling Arab industry and also agriculture. In addition greater trade among Arab nations after a peace settlement which reduced tensions generally in the region might not be wholly advantageous because Arab nations do not possess complementary economies. With the exception perhaps of oil (where some nations possess it, and some do not), they are if anything too similar, economically speaking. Arab nations, particularly the PLO authority and Jordan, will need considerable outside aid in addition to trade if they are to develop rapidly.

In more general terms, it was understood that the peace process and the economic effects of peace would contribute to a general international climate of relaxation of tension, just as had occurred as a result of the South African agreement and of the propitious talks among the IRA, the British government, and Ireland. Nations frequently emulated either conflict or cooperation processes that occurred among others.

It was also understood that the explicit formalization of peace would only represent a particular point in the peace process. Israel and her Arab neighbors (with the possible exceptions of Iran and Iraq) have already reduced military expenditure. Some of the “peace dividend” has

already been reaped in terms of higher growth and investment rates, but further delays in the achievement of peace could set back commercial and investment activity. It is thus very important to bring the Syrians into the emerging arrangement.

During our discussions there was considerable debate about whether greater economic interdependence was actually a force for peace or whether it might lead to political complications among parties so linked. While some participants were skeptical about closer economic ties, most of the group felt that if economic relations were properly regulated, they could aid, not hinder the achievement of peace.

## Recommendations

1. The participants in the Arab-Israeli peace process need a new vision of economic possibilities in the aftermath of a settlement. Perhaps first elaborated by Shimon Peres, this vision would seek to chart new economic development for Israel, Palestine and Jordan in ways that would relate it to achievements in the European Union, the United States, and East Asia. If successful, economic development among the immediate core participants would represent a stimulus to the region that would serve as an energizer and catalyst for Egypt, Syria, the Gulf States, and ultimately Iraq and Iran.

2. The participants favored means by which they, through IGCC, could continue to function as a working group. As a result, our discussions could be used to influence the "multilaterals" to get the economic group to move more quickly and substantively toward greater economic progress.

3. In regard to the peace process, the participants believed that we should be working toward a regional economic arrangement in which economic access (primarily to the Israeli economy) was achieved first. Reciprocity would be achieved only later as the Arab constituents became able to stand on their own feet. In this respect it was important to coordinate donor policy with practical business investment in the PLO-authority area.

4. In particular terms, the group favored:

- a. New investment in the occupied territories.
- b. Freer trade between the Arabs and Israel, including an end to the Arab boycott of trade with Israel and an end also to secondary boycotts of industries trading with Israel.

5. Israel should recognize that the closure of the territories was not the most effective means of dealing with security threats.

6. Israel should find ways to support the access of Territory and Jordanian goods to the Israeli market on favorable, even concessionary terms.

7. In regard to the West Bank and Gaza, it was understood that political criteria would shape economic strategies in the short term. In the medium term, however, the territories should move to a policy of greater economic openness. They should prepare and develop a plan to achieve such openness.

8. IBRD resources which have been allocated to fund 50,000 new housing units in Gaza should be spent forthwith to get economic revival underway.

9. Israel and Jordan should consider the possibility of developing a new merged and common port of Aqaba and Eilat.

10. Israel, Egypt and Jordan should revise primary, secondary and tertiary curricula to reflect the new realities in the region, de-emphasizing past conflict images.

11. Jordan should benefit in the same way as the occupied territories from concessionary trade and investment from Israel.

## Conclusion

The participants did not harbor illusions that trade and economic growth alone would stabilize a full peace. The latter would have to be based primarily on the achievement of security arrangements among the affected parties. Nonetheless, it was recognized that economic ties and expanded trade had an important role to play in that process and that economic progress of the parties, as a result of peace, could help attract others to adopt similarly peaceful attitudes.