

153  
DEVELOPMENTS IN THE MIDDLE EAST  
OCTOBER 1994

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Y 4. F 76/1: M 58/20/994-3

Developments in the Middle East, 10...

HEARING  
BEFORE THE  
SUBCOMMITTEE ON  
EUROPE AND THE MIDDLE EAST  
OF THE  
COMMITTEE ON FOREIGN AFFAIRS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED THIRD CONGRESS

SECOND SESSION

OCTOBER 4, 1994

Printed for the use of the Committee on Foreign Affairs



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## DEVELOPMENTS IN THE MIDDLE EAST

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TUESDAY, OCTOBER 4, 1994

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON FOREIGN AFFAIRS,  
SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST,  
*Washington, DC.*

The subcommittee met, pursuant to call, at 10:03 a.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman) presiding.

Chairman HAMILTON. The meeting of the subcommittee will come to order.

The Subcommittee on Europe and the Middle East meets in open session to discuss recent developments in the Middle East. The subcommittee last met in open session to discuss these developments on June 14.

Our witness today is the Honorable Robert H. Pelletreau, Assistant Secretary of State for Near Eastern Affairs.

We have got a number of topics we want to talk with you about today, Mr. Secretary, including the progress of the peace talks between Israel and Syria, the status of Israeli-Palestinian efforts to implement early empowerment and move toward Palestinian elections; the administration's decision on a deduction from Israel's fiscal year 1995 loan guarantees; Israeli-Jordanian efforts to achieve a peace treaty; the status of the Arab boycott; the status of U.N. sanctions against Iraq; the upcoming report of the U.N. Special Commission on Iraq; and our U.S. policy toward Iran and Egypt.

We are anxious to hear from you regarding the administration's assessment of these and other developments and their implications for U.S. policy toward the Middle East.

Before we begin, I would like to acknowledge the presence of members of the Egyptian People's Assembly, who are with us today. I think they are with us.

Are they in the room?

I have been informed they are on the way. So I may acknowledge them once they come in. We will be very pleased to have them in attendance.

Your statement, of course, will be entered into the record in full, Mr. Secretary, and you may proceed with your summary.

**STATEMENT OF THE HONORABLE ROBERT H. PELLETREAU,  
ASSISTANT SECRETARY OF STATE FOR NEAR EAST AFFAIRS,  
DEPARTMENT OF STATE**

Mr. PELLETREAU. Thank you, Mr. Chairman.



My statement covers the major developments in the Middle East since our last session. But to open this session, let me just tick off the peace process developments of the past week to indicate the pace and dimension of positive accomplishment that we are witnessing.

Last Friday, the foreign ministers of six Arab States of the Gulf Cooperation Council (GCC) announced that they were ending the secondary and tertiary aspects of the Arab boycott and further that they will support action in the Arab League to end the boycott altogether. This means that American companies doing business in Israel do not have to worry about being prevented from doing business in the Gulf and American companies doing business in the GCC countries may also engage in business in Israel without fear that the door might be closed behind them. It also means that travelers with Israeli stamps in their passports can travel to the GCC countries without fear that they will be turned away at the borders.

Tunisian and Israeli foreign ministers met and agreed that they would establish economic liaison offices, in the Belgium embassies in each other's country, in order to develop economic relations between them. They have described this action as the beginning of a process of normalizing their relations. They plan to meet, together with Secretary Christopher, later today at the State Department.

In New York, the Secretary held a productive meeting with Foreign Minister Buwayz of Lebanon to review the outstanding issues on the Lebanese-Israeli track of negotiations.

Yesterday, Foreign Minister Peres and Crown Prince Hassan, meeting with President Clinton at the White House, announced a number of positive measures as they proceed along the path of negotiating a full peace treaty. These include opening a second border crossing in the northern part of their border to complement the Aqaba-Eilat crossing opened in August; establishing a Red Sea Marine Peace Park; exploring in Aqaba and Eilat a free trade zone and establishing a free tourism zone for the two cities where citizens of each country can travel back and forth freely; completing terms of reference for the Jordan Rift Valley joint master plan; exchanging delegations in the economic field; and holding a symposium on the proposal to construct a Red Sea-Dead Sea Canal.

It is evident that the two countries are not waiting for full agreement on everything but are proceeding energetically to implement areas of agreement as soon as they occur.

Also yesterday, in Cairo, Israeli and Palestinian negotiators began discussion of the terms and modalities for holding elections for a Palestinian Council as called for in the Declaration of Principles. We strongly support the introduction of democratic processes to Palestinian self-governing areas, to holding elections, and will be supporting this effort, politically and through our assistance program.

Also yesterday, in Jerusalem, Prime Minister Rabin won an important Knesset vote endorsing his peace policies. Later this week, we will welcome Syrian Foreign Minister Farouk Shara to Washington for further discussion of negotiations between Syria and Israel.



The two leaders are fully engaged, through Secretary Christopher's facilitation, in negotiating the issues of peace, withdrawal, security and the timing and interfacing of the various elements of these issues. And while their positions are still quite far apart, they are not as far apart as when the Secretary began his shuttle diplomacy last spring.

The Secretary will return to the region this weekend with plans, as is his custom, to advance the process on each of the tracks. We should not expect that each visit and each stop will produce something newsworthy but taken as a whole, as we chart the course of the Middle East peace process from month-to-month, we can see the barriers, both psychological and physical, breaking down.

Discussion of differences proceeding and agreements being reached: The United States will not be caught wanting in this process. President Clinton, Secretary Christopher and all of us are determined to do everything we can to assist the countries and peoples of this vital region to reach a just, lasting and comprehensive peace.

I would be pleased to proceed to the questions.

[The prepared statement of Mr. Pelletreau appears in the appendix.]

Chairman HAMILTON. Thank you, Mr. Secretary.

Mr. Lantos.

Mr. LANTOS. Thank you, Mr. Chairman.

Welcome, Mr. Secretary.

#### STATUS OF JERUSALEM

Mr. Secretary, I would like to begin with the question of Jerusalem. As you know, the U.S. Congress has passed several resolutions supporting Jerusalem as the undivided capital of Israel. And the Declaration of Principles leaves Jerusalem as a final issue to be resolved during the discussion of the final status of relations between Israel and her neighbors. Yet, there have been repeated attempts by Arafat and the PLO to undermine these very clear principles and agreements by having official meetings in Jerusalem with Palestinian and U.S. officials.

I would like first to ask you whether the Clinton administration fully supports the principle concerning Jerusalem as being viewed as the undivided capital of Israel, and the fact that no discussion of that matter can take place during this transitional period?

Mr. PELLETREAU. Well, we support and agree with the declaration in the Declaration of Principles between Israel and the Palestinians, that Jerusalem will be a final status question and a final status issue. We are not ourselves going to take any positions that are inconsistent with that.

We think that is a wise course that has been decided between the parties and that they should have the full leeway to continue on the course that they have set. It is true that there have been some meetings in Jerusalem between Israelis and Palestinians as agreed to by the two governments—by the two parties, and when that occurs, I don't think it is the position of the United States that we should object to that.

We should let the two parties proceed to develop their coexistence through their direct negotiations as the best way of proceed-

ing, because it is only through direct negotiations between them, without outside imposition—

Mr. LANTOS. I am not talking about their meetings. I am talking about other officials meeting with the PLO.

Mr. PELLETREAU. We are conducting an assistance program to the Palestinians to help them in their economic development, and in doing that, we have numerous meetings with members of the Palestinian authority. But I can assure you, Mr. Lantos, that we do not have meetings on assistance matters with members of the Palestinian authority in Jerusalem. We have those meetings in areas that the Palestinian authority operates in. And we have not had any meetings of that sort in Jerusalem.

#### SYRIA AND TERRORISM

Mr. LANTOS. Now, I would like to turn to the question of the relationship between Syria and a variety of terrorist organizations still operating on Syrian-controlled territory, whether in Syria or in the Bekaa Valley or in the south of Lebanon. I would like to have you delineate for us exactly what our Government's understanding is of Syria's support or acquiescence in these ongoing terrorist activities.

Mr. PELLETREAU. Syria provides safe haven and support to a variety of organizations that are engaged in terrorism activities. Some of these are what we group together as the Palestinian rejectionist organizations, such as Ahmed Jibril's general command of the Popular Front for the Liberation of Palestine.

One of these is also Hezbollah, which operates in southern Lebanon largely and does have support from the Syrian Government. Another one of these is the PKK, the Kurdish opposition group from Turkey. And Syria, again, provides safe haven and possible training areas for the PKK.

Mr. LANTOS. In view of your testimony, I take it there is no contemplation of removing Syria from the list of countries that support terrorism?

Mr. PELLETREAU. It is our hope that over time, as progress in the peace process continues, that Syrian policies toward these organizations will also change and that this would give way to an eventual removal of Syria from the terrorism list.

Mr. LANTOS. Well, I fully share your hope.

Given the realities that you have just described, is there any intention on the part of the administration to remove Syria from the list of countries supporting terrorism?

Mr. PELLETREAU. There is not so long as Syria is continuing to provide safe haven and support to terrorist organizations.

Mr. LANTOS. Is it your intention to raise this issue with the Syrian foreign minister when he comes?

Mr. PELLETREAU. This is part of the overall dialogue that we continue to conduct with the Syrian authorities. Whether it will be in the forefront of the discussion here, I can't say at this time. But it will be part of our ongoing dialogue.

Mr. LANTOS. Is it the intention of the Secretary of State to raise this issue when he goes to the region?

Mr. PELLETREAU. The Secretary has raised this issue on more than one occasion in the past, and I am sure he will be continuing to raise the issue.

#### U.S. POLICY TOWARD IRAN

Mr. LANTOS. If I may conclude this round with a broader question: it seems to those of us who have followed the Middle East for a long time, that hopefully a new era may be dawning and there are many positive signs. There is no point in my recounting them because we are all familiar with these, establishment of diplomatic relations or at least relations of various kinds, the most recent one being the economic offices being established by Israel and Tunisia respectively, the raising of the secondary and tertiary boycott by the Gulf States and many other developments.

What this means, among other things, is that the region may move toward a whole new positive and constructive era with one very dangerous cloud on the horizon, that is, radical Islamic fundamentalism. The coming conflict is clearly not between Israel and the Arab States but between secular and rational, and to some extent, democratic societies and radical Islamic fundamentalism with its Home base in Iran.

Could you outline for us what the policy of this administration is as of now with respect to Iran and what our statements are to our Western European friends and to Japan, which clearly have not yet grasped the tremendous danger that Iran holds 5 or 10 years down the road for the stability of the entire region.

Mr. PELLETREAU. We have a number of differences with Iran because there are a number of Iranian policies that we object to. Among those are Iran's continuing interest and efforts in acquiring weapons of mass destruction; Iran's opposition to Arab-Israeli peace, and active support for terrorist groups which are trying to undermine that peace; Iran's subversion of other countries in the region, more moderate countries in the region; Iran's repression of its own population, at home and abroad. In short, Iran is acting as an aggressive neighbor in its region, not a good neighbor, and we would like to see a change of all these policies.

We have an ongoing dialogue within the G-7 and particularly with the European Union and Japan. With respect to the policies we should all follow toward Iran to try to bring about a change of policy on the part of Iran's leaders, we have no disagreement in the question of providing sophisticated armament for fueling Iran's efforts to acquire weapons of mass destruction. We do have—

Mr. LANTOS. How can you say that in view of the continuing supplying of weapons and systems and dual-use technologies by several of our West European allies and Japan?

Mr. PELLETREAU. We do not see our allies providing direct support to Iranian high-tech military resupply or the acquisition of weapons of mass destruction. What we do see is that some of our European allies and Japan are continuing to provide types of economic assistance or credits that give Iran additional wherewithal to follow whatever policies it likes. And this we disagree with, and we have an ongoing dialogue with them in an effort to persuade them to cut back on the extension of credit or the extension of assistance and to call into question the assertion of some of them



that maybe they are assisting the growth of moderation in Iran. We don't see that as happening, and this is an ongoing dialogue and an ongoing process between us.

Mr. LANTOS. Is that your testimony, Mr. Secretary, that we have no evidence that West European companies are currently supplying items which could be useful for developing Iran's capability in the field of weapons of mass destruction?

Mr. PELLETREAU. It is my testimony that in our discussions with the governments of our allies, we have reached broad agreement that we do not support Iranian efforts to acquire weapons of mass destruction and we will act to prevent, each within his own legal system, that from occurring.

Mr. LANTOS. And you are satisfied that the countries of Western Europe and Japan have prevented the export of such items to Iran?

Mr. PELLETREAU. I am satisfied that it is their policy to prevent such exports.

Mr. LANTOS. Well, the question is, is the policy being implemented?

Mr. PELLETREAU. I am not sure we have all the information that we could have on that subject.

Mr. LANTOS. Well, I think, Mr. Chairman, we may need to have a closed session on this because clearly the evidence that many of us have directly contradicts the hopeful and optimistic statements of the Secretary. I think it is important to discuss these in a closed session.

Chairman HAMILTON. The Chair will be glad to cooperate with the gentleman from California.

Mr. PELLETREAU. Would be pleased to.

Chairman HAMILTON. I am sure Mr. Pelletreau would do likewise.

#### INTRODUCTION OF MEMBERS FROM EGYPTIAN PEOPLE'S ASSEMBLY

Let me acknowledge now two members of the Egyptian People's Assembly that have joined us.

We are very pleased to have you. We are honored to have you in our presence this morning. Thank you very much.

You have several of your colleagues with you and we welcome all of you to the hearing.

#### LIFTING OF ARAB BOYCOTT

Mr. Secretary, you began by citing a number of positive developments that have occurred here in the Middle East. Let me just pick up on one of those, and that is this boycott issue.

Did the United States play any role in bringing about this development in the—by the Gulf Cooperation Council on the boycott lifting?

Mr. PELLETREAU. Yes, we had a very active dialogue prior to that decision.

Chairman HAMILTON. And why do you think it occurred now?

Mr. PELLETREAU. To go back a few weeks, we had a dialogue with a number of Arab governments about the possibility of seeking a formal lifting of the secondary and tertiary boycotts at the last session of the Arab League. That did not occur. But in the

aftermath of that meeting, we followed up with a number of governments that had reacted in a more positive manner.

Chairman HAMILTON. What I am trying to understand is what is really driving this decision on their part at this point.

Mr. PELLETREAU. I think they are seeing the positive developments that are taking place on all the tracks, including the Syrian track. They understand increasingly the argument that we make that in order for American firms to participate fully in Palestinian economic development, they need to have the assurance that they can trade freely in both directions. That is the kind of incentive they need.

Chairman HAMILTON. So there are both political and economic factors operating here?

Mr. PELLETREAU. I think there are both types of factors.

Chairman HAMILTON. Do you think the next step will be taken any time soon, to do away with the primary boycott?

Mr. PELLETREAU. I think that this will come along as progress continues to be made on the bilateral tracks, particularly on the Syrian track. This will be the kind of action that—

Chairman HAMILTON. You especially link the progress on the Syrian track with the Arab boycott?

Mr. PELLETREAU. Well, I do that only because I have heard a number of Arab leaders in our discussions with them refer to the importance of progress on the Syrian track.

Chairman HAMILTON. Have any other Arab States indicated a willingness to follow the Gulf lead here in the relaxation of the boycott?

Mr. PELLETREAU. We have not really had many discussions since that action was taken last Friday. But it was part, for example, of the Jordanian-Israeli-Washington delegation that their organization would have as one of their objectives removing the economic barriers to trade between them.

Chairman HAMILTON. Did the United States play a role in the establishment of the ties between Israel and Tunisia?

Mr. PELLETREAU. We have certainly encouraged movement in that direction, but the actual move that took place took place as a result of direct contacts between them.

#### SYRIAN TRACK

Chairman HAMILTON. We had a visit just a few days ago from the Israeli Deputy Foreign Minister, Mr. Beilin. And among other things, he said to us was—and perhaps to you as well—that the opportunity to achieve a breakthrough in the Syrian negotiations disappears in mid-1995 because of Israeli elections and then followed on by U.S. elections. Do you share the view that we have less than a year to achieve a breakthrough on the Syrian track?

Mr. PELLETREAU. Not entirely. I think it is artificial to set specific deadlines. It is fair to say that we have an opportunity that should not be wasted right now to move with energy to achieve that breakthrough, and they are trying to do so. But I don't want to say and I don't think that honestly that Mr. Beilin would say that as of July 1, 1995, everybody has to rest on his orders because we can't accomplish anything more. In point of fact, there are no elections in July 1995, and—

Chairman HAMILTON. Well, do you—I think the point he was making is that as you move toward elections in these two countries, the prospect of achieving a breakthrough diminishes.

Mr. PELLETREAU. There may be some—

Chairman HAMILTON. If you don't want to agree, that is OK.

Mr. PELLETREAU. That is OK. Since we are in the realm of speculative thinking here.

Chairman HAMILTON. Yes.

Mr. PELLETREAU. It may be that that perception exists out there, and history has shown that as you draw closer to elections in various countries, certain types of moves get more difficult to take. But it doesn't mean that they are impossible. It doesn't mean that if we don't achieve a breakthrough before the U.S. or Israeli elections—and I hope we do, but if we don't, it doesn't mean that the effort isn't going to continue.

Chairman HAMILTON. Let me give you two views of the U.S. role in the Israeli-Syrian negotiations. And I just want to get your concept. You mentioned in your statement, that Secretary Christopher will be leaving soon, probably this weekend, to go back to the region.

And one view, of course, is that direct American involvement is very much needed in order to try to close the gap between the parties. And that we have to engage ourselves very directly and even aggressively in trying to close that gap. There is another view out there now that I know you are familiar with, and that is that progress is only going to come through direct, secret, high-level negotiations between the two countries, Syria and Israel, and that, in fact, the U.S. role is preventing the establishment of the so-called back channel. Now, these are the kind of the two views kicking around.

Do you want to comment on those for me?

Mr. PELLETREAU. Sure. There is a kernel of truth in both views, but only to a certain extent with respect to the second view. Both parties have welcomed the engagement of the United States as a facilitator in conveying positions back and forth between Israel and Syria, in explaining the positions of each to the other, and in attempting to narrow the differences between them. Both parties value the U.S. role in that respect.

Chairman HAMILTON. Obviously, we are working now under the first approach.

Mr. PELLETREAU. That is true.

Chairman HAMILTON. Active involvement.

Mr. PELLETREAU. That is true. And it is also—

Chairman HAMILTON. We have made some progress there.

Mr. PELLETREAU. We have made some progress. It is also true that Israel has made no secret of its desire to establish a private channel and its hope that such a private channel would be able to come about.

Chairman HAMILTON. And the Syrians have not accepted that view?

Mr. PELLETREAU. Up to this point, the Syrians have not accepted that and we are proceeding on our facilitative mission. At some point, I think it is very likely that there will be a return to a direct

negotiation between the two parties, either in a publicly recognized forum or through other contacts. I think that will come about.

Chairman HAMILTON. There is no such back channel now, to your knowledge?

Mr. PELLETREAU. To my knowledge, no.

Chairman HAMILTON. OK, let me pursue a little further, if I may, questions on this Syrian track. There has been, I guess, something of a warming trend that has occurred at least in the public rhetoric, in the public statements with regard to Israeli and Syrian officials; is that correct?

Mr. PELLETREAU. Yes, that is correct.

Chairman HAMILTON. Now how do you read that? What is the significance of that?

Mr. PELLETREAU. I think the prime significance is that each party is preparing its own public opinion for peace with the other, and in the case of the Syrian leadership, they are also, through public diplomacy, indicating to the broader Israeli community that Syria genuinely is seeking what they call a peace with honor. They have multiplied the instances of public diplomacy in recent weeks.

President Asad has given an important speech on Army Day to his armed forces and before his Parliament where he has spoken of Syria seeking to achieve a peace with honor and Foreign Minister Shara has spoken of "a warm peace," and he has met with Israeli journalists to say that. There are also posters appearing on the streets of Damascus and elsewhere in Syria with the same sort of message. So I think we see a Syrian public diplomacy effort that is accompanying their negotiating effort.

#### U.S. TROOPS TO MONITOR PEACE ACCORD WITH SYRIA

Chairman HAMILTON. Prime Minister Rabin said yesterday in Jerusalem that there would be an Israeli request for U.S. troops to monitor any peace accord with Syria. Is that your expectation, that as part of this arrangement for security in this region, that you would see U.S. troops involved?

Mr. PELLETREAU. There has not been as yet by the specific parties to the United States to participate in security arrangements. But from the tenor of discussions so far, I think it is correct to say that we have an expectation that such a request might be part of the overall package.

Chairman HAMILTON. So it is your view that both countries probably are anticipating, even though they have not made a request at this point, but they are anticipating that in any arrangement for security guarantees, U.S. troops would be on the ground, would be part of those arrangements?

Mr. PELLETREAU. As part of an international security force, I think there is an expectation on both sides that U.S. troops would play a part in such a force.

Chairman HAMILTON. Have we indicated to them that we are prepared to do that?

Mr. PELLETREAU. We have said to them no more than we have said publicly before the Congress, that the United States would be prepared to consider such a request when and if it is brought to us within our normal constitutional processes.



Chairman HAMILTON. Now, the prime minister apparently—I have only an indirect quote in the newspaper this morning, used the word “monitor,” that the U.S. troops would monitor any peace accord. Do the Israelis make a distinction here between monitoring and observing, on the one hand, peacekeeping, on the other?

Mr. PELLETREAU. I think the prime minister was making such a distinction. From what I read of the same news reports, he referred specifically to the Sinai operation as one that might be applicable.

Chairman HAMILTON. And when you are talking about U.S. forces possibly being involved here, are you also thinking in terms of monitoring?

Mr. PELLETREAU. Yes, we are.

#### SECRETARY CHRISTOPHER'S TRIP

Chairman HAMILTON. Secretary Christopher leaves this weekend, and he is, I presume, going to be concentrating on the Syrian-Israeli track in his advice to it the Middle East this time; is that correct?

Mr. PELLETREAU. Well, he will be working on the Syrian-Israeli track, but he tries to advance all the tracks when he makes a visit to the region.

Chairman HAMILTON. Mr. Rabin said yesterday that it is possible you would have the signing of a full peace treaty between Jordan and Israel by the end of the calendar year. Do you agree with that statement?

Mr. PELLETREAU. Well, I hope he is right.

Chairman HAMILTON. Now, what is Secretary Christopher going to be doing there? I mean, in the past he has always stated it in terms of clarifying the positions of each party and exchanging ideas and trying to get them to bargain and narrow the gap. Does he have the same goals in this trip as he has had in past trips in those terms?

Mr. PELLETREAU. Yes, that continues to be an accurate description, with the addition that it seems that in each visit, because of his active engagement, we get into greater and greater detail on these issues and greater and greater specificity, and that is a form of progress, as well.

Chairman HAMILTON. Is the United States encouraging the resumption of direct bilateral talks?

Mr. PELLETREAU. We have certainly encouraged that throughout the process, but not with any indication that we are somehow impatient or tired of the role that we are playing.

Chairman HAMILTON. Some people are saying that Syria is not going to be brought into the agreement with Israel without sweeteners from the United States. I don't know exactly what that phrase means, “sweeteners.” What does that mean?

Mr. PELLETREAU. Once again, there has not been any specific discussion of new assistance.

Chairman HAMILTON. Yes.

Mr. PELLETREAU. Or a complementary improvement in Syrian-U.S. bilateral relations. But I suppose those are the two areas that people look to when they talk about sweeteners.

Chairman HAMILTON. We have not made any offers at this particular stage in the process of sweeteners; is that correct?

Mr. PELLETREAU. Certainly not with respect to new assistance. We have offered a more intensive dialogue on the question of improving bilateral relations.

#### PROGRESS IN LOCATING SIX ISRAELI MIA'S

Chairman HAMILTON. Has there been any effort, any progress in the effort to locate the six Israeli MIA's?

Mr. PELLETREAU. There has been considerable discussion between us and the Syrians, both during and after the congressional staff mission on this subject. I think it is fair to say there has been some progress but no conclusive results as yet.

Chairman HAMILTON. Mr. Lantos.

Mr. LANTOS. Thank you, Mr. Chairman.

#### IRAQI COMPLIANCE WITH U.N. RESOLUTIONS

I would like to deal next with the question of Iraqi compliance with various United Nations' resolutions concerning their responsibility with respect to weapons and continued monitoring. The administration's most recent report to the Congress on Iraq states, and I am quoting: "Significant gaps in accounting for Iraq's weapons of mass destruction programs remain, particularly in the biological weapons area." In view of this, what would the administration's response be to a proposal to lift sanctions on Iraq?

Mr. PELLETREAU. We believe that such a proposal would be unjustified at this time because Iraq remains not in compliance with Security Council resolutions.

Mr. LANTOS. Have we made this clear to the other permanent members of the U.N. Security Council, and what is their position?

Mr. PELLETREAU. Yes, we have made this clear. The position of all members of the Security Council at this time is that Iraq is not in compliance, and that resulted in a unanimous decision at the last Security Council review in September, to continue all the sanctions for another 60 days.

Mr. LANTOS. What do you expect happening at the end of that period?

Mr. PELLETREAU. I expect that we will have another review, and my own expectation is we will continue to find Iraq not in compliance with Security Council resolutions and the sanctions will again be renewed.

#### LIFTING OF IRAQI SANCTIONS

Mr. LANTOS. Now, we have had some indications that Iraq might be ready to accept the sovereignty of Kuwait and use a declaration to that effect as an argument for having the sanctions lifted. It seems to me that such a statement would have only rhetorical significance since clearly Iraq is in no position to invade Kuwait. I wonder if you would give us the administration's view on what would happen if Iraq publicly would accept Kuwaiti sovereignty. Would we view this as having any bearing on the continuance of sanctions?

Mr. PELLETREAU. The fact that Iraq has not up to this point accepted the delineated borders of Kuwait, or Kuwait's sovereignty, or accounted for Kuwaiti missing in action, or returned stolen Ku-

waiti property is one of the essential elements of Iraqi noncompliance with Security Council resolutions. It is not the only one, but it is one. So Iraqi action to comply with those sections of the sanctions would be a welcomed development, but it would not be sufficient to lift the sanctions.

#### SANCTIONS VIOLATIONS BY TURKEY AND JORDAN

Mr. LANTOS. There is a growing stream of reports concerning sanctions violations, both via Turkey and Jordan. In August, Turkey opened its harbor border crossing into northern Iraq through which Turkish trucks go into northern Iraq and return, the reports are, with petroleum products. Have we confirmed these reports?

Mr. PELLETREAU. It is correct that there is some leakage taking place through the harbor crossing.

Mr. LANTOS. What representation have you made to the Turkish Government concerning that?

Mr. PELLETREAU. We have discussed this issue with the Turkish Government. What is occurring is that truckers carry food stuffs and medicines into Iraq, and that in itself is a permitted activity. But that they are topping off their tanks with diesel fuel while they are in Iraq and bringing that back and selling it, mostly in the southeastern part of Turkey, and this does technically constitute a leakage in the sanctions. It is not a major undermining of the sanctions, but it is a subject of ongoing discussion between the Turkish Government and ourselves.

Mr. LANTOS. My information is that they are not just topping off but they are using spare fuel tanks and they are coming back with loaded trucks full of petroleum products.

Mr. PELLETREAU. I think all that they are bringing back is being sold in the southeastern part of Turkey. I don't think there is any evidence that this fuel is moving into international commerce.

Mr. LANTOS. Now, what is the extent of leakage with respect to Jordan?

Chairman HAMILTON. Would the gentleman yield first?

Mr. LANTOS. Be happy to.

Chairman HAMILTON. Let me just pursue that a minute. Turkey is now, in our judgment, violating the U.N. Security Council resolutions; is that your testimony?

Mr. PELLETREAU. There is in this aspect of trucks coming back with fuel that has been acquired in Iraq, this is technically a violation of the Security Council sanctions.

Chairman HAMILTON. Well, what does technically mean? I mean, it is a violation, isn't it?

Mr. PELLETREAU. It is a violation.

Chairman HAMILTON. Why do you use the word "technically"?

Mr. PELLETREAU. Because we are discussing it with the Turks and because it seems to be contributing in a sense to Turkish policies with respect to trying to improve the economic well-being in the southeastern part of their country.

Chairman HAMILTON. And Iraq is benefiting from this. Baghdad is benefiting; right?

Mr. PELLETREAU. There is some benefit, yes.

Chairman HAMILTON. We consider these illicit oil imports into Turkey?

Mr. PELLETREAU. That is correct.

Chairman HAMILTON. I thank the gentleman for yielding.

Mr. LANTOS. Of course.

I would like to pursue the Jordanian issue at some length. We all support the readmission of Jordan into the family of our friends, following Jordan's disastrous and inexcusable siding with Saddam Hussein during the Persian Gulf War. We are moving toward improving relations and assisting them in many ways.

There are reports that they will be asking for debt forgiveness, among other things, and we welcome the very positive developments between Israel and Jordan as exemplified in yesterday's meeting at the White House between Crown Prince Hassan and Foreign Minister Peres.

Is Jordan fully aware of the fact that they are playing with fire if they are going to break the sanctions on Iraq and are encouraging illicit trade between Jordan and Iraq, either through active support, acquiescence, closing their eyes to ongoing realities? And have you, as our Government official responsible for the Middle East, made this clear to the Jordanian officials at the highest levels?

Mr. PELLETREAU. Yes, this subject has been a subject of numerous conversations between the U.S. Government, including myself, and Jordanian officials.

#### WORLD TRADE CENTER BOMBING

Mr. LANTOS. My final question on Iraq relates to the rumors that Iraq has indicated that it has inside information concerning the World Trade Center bombing. What credence do we place in these rumors or have you checked them out?

Mr. PELLETREAU. We have checked on those rumors. We have tried to obtain the sort of confirmation that we could obtain from the Iraq officials that they might really have something. But we have not seen that kind of confirmation come forward.

Mr. LANTOS. If I may just pursue one more subject, Mr. Chairman.

#### RUSSIAN MILITARY SALES TO IRAN

During the recent visit of President Yeltsin of Russia, President Clinton raised with President Yeltsin the question of Russian military sales to Iran. My understanding is that the Yeltsin position was that they have existing contracts which they expect to fulfill but they will not enter into new contracts.

My question is, is my understanding basically accurate? If so, what is the remaining unfulfilled value of Russian-Iranian military sales contracts? What items are involved? And did we get an assurance from Yeltsin that they will enter into no new additional military sales contracts with Iran?

Mr. PELLETREAU. Your understanding is correct, Mr. Lantos, that we did receive the assurance from Mr. Yeltsin that they would not engage in new arms transactions after current contracts were fulfilled. We appreciate and welcome this concept. This should open the way to Russian inclusion in the new post-COCOM arrangements. There is still an ongoing dialogue, however, as to exactly what is in the pipeline and exactly how soon the pipeline will close.



Mr. LANTOS. Are the Russians leveling with us on that issue and what is our best understanding of what is in the pipeline? How many more months does that pipeline run? What is the value of as yet undelivered military products; and what are those items?

Mr. PELLETREAU. I do not have here information specific enough to answer your questions and I will have to ask to provide you an answer for the record.

[The information referred to was subsequently supplied for the hearing record and follows:]

On September 28 at the White House, President Yeltsin pledged that Russia would not undertake any new arms sales to Iran. Specifically, he stated, ". . . the old contract, which had been signed years ago, back in 1988, will be honored. But no other new contracts, no other new supplies, no other new shipments of weapons and weapons goods will be shipped." In response, President Clinton noted that "we've made some progress on the difficult issue of Russian arms sales to Iran . . . we've reached a conceptual framework" but "we cannot say it is resolved."

In fact, important details must be worked out before we can say we have a final resolution. Two factors are particularly relevant:

Yeltsin referred to a 1988 contract, without details. We do not know the full scope of Russia's contracts with Iran, but there have been significant arms transfers, including Kilo submarines, sea mines, T-72 tanks, BMP's, MiG-29 fighters, SU-24 fighter-bombers, and air-to-surface missiles.

Iran has long been interested in acquiring additional sophisticated weapons from Russia, such as SA-10 surface-to-air missiles, advanced fighter aircraft, and arms production facilities.

The next important step, as the President has clearly stated, is for Russia to provide details of what is in that pipeline before we decide if these transfers will be disruptive to peace in the Gulf. Such detail would include the kind of weapons, the quantities, and the delivery dates in the existing contracts. We do not now possess information from any source which provides these essential details.

The Russian Government is fully aware of our chief concerns: that the pipeline be shut down as soon as possible; that transfers pursuant to existing contracts not involve destabilizing numbers and types of weapons or provide Iran with military capabilities with which to threaten its neighbors and international peace; and that the pipeline be closed down in a comprehensive manner, including any specially designed equipment or technology that would allow Iran to produce weapons indigenously. President Yeltsin's commitment to share detailed information is a necessary precondition to satisfactory resolution of this important issue.

Mr. LANTOS. Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Leach.

Mr. LEACH. Thank you, Mr. Chairman.

I apologize, I missed your opening comments as well as several of the chairman's questions. So let me go over a question that you may have addressed.

#### TROOP PLACEMENT ON THE GOLAN

But ever since the end of the Gulf War, there has been escalating optimism that there may be a basis for peace between Syria and Israel. In that circumstance, I think the assumption has been that there would have to be some change in the status of the Golan, and that there might be the possibility that other countries' troops might be placed there, including those of the United States. What is the status of any discussions of that nature? What obligations are we potentially going to be taking on? And will we be doing it in concert with any other countries?

Mr. PELLETREAU. The status is that no specific discussion has taken place as yet in negotiations of United States' participation in an international security force as part of these security arrange-

ments on the Golan. However, there is an expectation, I believe, by both sides that the United States would participate in such a force and that the force would have a similar mission to the mission of the Sinai force, the multinational force and observers in Sinai of monitoring and observing the peace, which had been reached between the two sides.

We, ourselves, have taken the position that we would be willing to consider a request by the two parties for U.S. participation in such a force, but we would do so in accordance with our constitutional processes, which would mean appropriate consultation.

Mr. LEACH. I think that is thoroughly appropriate. I would be reasonably confident that you would get a positive response from the Congress and there would be no difficulty in either accepting or maintaining that type of agreement. This would be the type of sustaining obligation that I think Congress would be very likely to approve.

Mr. PELLETREAU. Thank you.

Mr. LEACH. Thank you, Mr. Chairman.

Mr. PELLETREAU. Thank you, Mr. Leach.

#### EMPOWERMENT AGREEMENT BETWEEN ISRAEL AND PALESTINIANS

Chairman HAMILTON. Mr. Secretary, we had the early empowerment agreement between Israel and the Palestinians a few weeks ago. That sets up the Palestinian authority with responsibility over several spheres. Has there been any progress in implementing that agreement?

Mr. PELLETREAU. Well, the early empowerment agreement called, first of all, for a transfer of responsibility for education to the Palestinian authority by September 1, which was the date of the opening of Palestinian schools. And if you recall, we were all treated to photos of Chairman Arafat attending various schools to participate in the opening ceremony—quite a positive image shift, I would say, from some of the images of the past. The two sides also agreed that authority would be transferred, responsibility would be transferred in several other areas.

Chairman HAMILTON. Is the education system running now effectively?

Mr. PELLETREAU. Yes, it is.

Chairman HAMILTON. Who is paying the teachers?

Mr. PELLETREAU. The teachers are being paid by funds raised by the Palestinian authority.

Chairman HAMILTON. Are we contributing to that?

Mr. PELLETREAU. We, at the present time, are not directly contributing to that. We are in discussion with the Palestinians about the budget that would be required to assume all five areas of responsibility under the early empowerment. We have not quite completed those discussions yet because we are seeking a great deal of precision. And once we have that precision, our intention is to go to the international community and see what the international community collectively could do to lend a hand in this regard with our contribution declining over time as the Palestinian ability to raise revenues themselves increased.

## PALESTINIAN ELECTIONS

Chairman HAMILTON. OK. I want to get into that a little bit. But let's go first to the question of elections.

Are elections likely to be held this year?

Mr. PELLETREAU. I think it is frankly unlikely that full agreement will be reached to hold elections this year, but I don't want to rule it out completely because discussions have started and we have seen in the past sometimes those negotiations can move quite fast.

Chairman HAMILTON. And if you have elections, they would be elections for what?

Mr. PELLETREAU. The Declaration of Principles calls for elections of a Palestinian Council, and one of the subjects open for further negotiation is exactly what the responsibilities of that council would be.

Chairman HAMILTON. And the size of it, too.

Mr. PELLETREAU. And the size of it, as well. Would it have legislative or quasi-legislative responsibilities in addition to executive responsibilities, for example?

Chairman HAMILTON. Are we likely to see local elections prior to the elections for the Palestinian Council?

Mr. PELLETREAU. It is possible that that could be agreed to, as well. But the Declaration of Principles doesn't address that subject. It addresses the question of elections of a council, and I believe that is where the primary focus is going to be.

Chairman HAMILTON. Now, there is an elections commission that is working on a plan. Some Palestinians contend that it has been working in virtual secrecy and that it is not going to produce full and fair and free elections. What is your assessment of the steps being taken toward free elections?

Mr. PELLETREAU. There is a commission that has been working under the direction of Arafat. It has done considerable work in connection with identifying electoral districts and how voters would be registered and that sort of thing. It has also looked at and developed some planning for local elections, as well.

Chairman HAMILTON. We have had several Palestinians express to us a skepticism about the United States wanting free and fair elections. What is our position?

Mr. PELLETREAU. That skepticism is unwarranted. The United States does want free and fair elections. We think that free and fair elections will be a vital part of the Palestinian self-government as it takes hold, and we support the extension of democratic processes into the Palestinian self-governing areas.

Chairman HAMILTON. What is your assessment of Arafat's commitment to fair and free elections?

Mr. PELLETREAU. The chairman has told us, I have heard him say it, that he supports free and fair elections.

Chairman HAMILTON. There have been conversations we have had with Palestinians here who are questioning and skeptical of Arafat's commitment to democracy and to open governance. What is your assessment with respect to that?

Mr. PELLETREAU. We have also heard that skepticism expressed and it probably stems from the way that Arafat has conducted his



responsibilities up to this point. He has great difficulty in delegating responsibility. He often tends to manipulate his advisors, and there is, I think, some justifiable skepticism that Arafat would submit himself fully to a free and fair and democratic election.

At the same time, he has said to the Israelis and to us and to the Palestinian people that he supports elections. He has appointed negotiators and authorized them to open negotiations with the Israelis over establishing election modalities, and we support that process and we are following it closely.

Chairman HAMILTON. So his commitment, at least appears to you to be firm, and you are confident then they are moving toward and election process?

Mr. PELLETREAU. That is the direction that things seem to be going and we will continue to encourage progress in that direction.

Chairman HAMILTON. Are you concerned at all about the appointments that he makes to the Palestinian authority being based more on loyalty to him than on competence?

Mr. PELLETREAU. I think that the agreements that have been worked out thus far give him the authority and the responsibility to make those appointments, and we hear a good deal of criticism of some of them, less criticism of others. This may be indeed the beginning of the political process.

#### ARAFAT'S RESPONSIBILITY TO PREVENT TERRORIST ACTS

Chairman HAMILTON. Are you satisfied Mr. Arafat understands his responsibilities to prevent acts of terror in the areas under his control and to punish violations?

Mr. PELLETREAU. I think his recognition of this responsibility has been clear. He very clearly condemned the last killing of an Israeli soldier. And after his meeting with Prime Minister Rabin, he has recognized the need for Palestinian police to be more assiduous in the carrying out of their duties.

We still don't think it is enough. We think that more needs to be done by Arafat and by the Palestinian authorities to ensure that acts of terrorism do not take place, either within the Palestinian self-governing areas or by people who come from the Palestinian self-governing areas.

Chairman HAMILTON. But after these attacks occur, are you persuaded that they are being followed up with vigorous law enforcement action?

Mr. PELLETREAU. No, we think it could be more vigorous. There has been some follow-up.

Chairman HAMILTON. There have been a number of cases where detention has been very brief, and quick release.

Mr. PELLETREAU. That is correct.

Chairman HAMILTON. And when that happens, what is the effect of that?

Mr. PELLETREAU. The effect of that is unclear. It may have some deterrent effect, but unless there is vigorous investigation, followed through by a full trial and responsibilities—and punishment for people who are guilty, we cannot say that enforcement is fully satisfactory.

## PAYMENT FOR POLICE SALARIES

Chairman HAMILTON. Now, we are paying police salaries; are we not? We just recently committed \$4 million additional on top of \$5 million for police salaries.

Mr. PELLETREAU. That has been a contribution that we have made to police salaries, yes, that is correct.

Chairman HAMILTON. Are other donors contributing to that at all?

Mr. PELLETREAU. Yes, they are. A number of other donors have contributed to paying police salaries. I can cite the Norwegians, the British, the Saudis, for example, as some that are contributing specifically to meeting these police salaries.

Chairman HAMILTON. We have seen reports that the Palestinian police are very under-equipped and being housed in very bad living conditions.

Mr. PELLETREAU. The Japanese have made a contribution through UNDP to building police housing, as well. I should have mentioned that earlier. It is very important that the Palestinian police have the cohesiveness and take on the responsibility of ensuring law and order in the self-governing territories.

## LEGAL STRUCTURE

Chairman HAMILTON. Is there today a coherent legal structure so that the police know what laws to enforce?

Mr. PELLETREAU. There is a legal structure that is being improved at the present time. But there is a legal structure, yes.

Chairman HAMILTON. But there is also a lot of random and kind of summary justice; is there not?

Mr. PELLETREAU. I wouldn't say there is a lot. There are instances, yes.

Chairman HAMILTON. Work is being done to try to develop a coherent legal structure for this area?

Mr. PELLETREAU. There is an overhauling that is taking place now because—

Chairman HAMILTON. Are we participating in that effort?

Mr. PELLETREAU. One of the American NGO's is helping in that respect.

Chairman HAMILTON. What are the various human rights groups saying about the behavior of the police?

Mr. PELLETREAU. They have noted instances of excess, but particularly the group that is headed by Hanan Ashrawi. And in the reports that they have submitted to the police leadership and to the member of the Palestinian authority responsible for justice, they feel that there has been some responsiveness and some improvements as a result of their reports.

## FUNCTIONING TAX COLLECTION AUTHORITY

Chairman HAMILTON. There has been a delay in setting up a tax collection authority, hasn't there?

Mr. PELLETREAU. Yes, there has.

Chairman HAMILTON. And how long do you believe it is going to take before you have got a functioning tax collection authority there?

Mr. PELLETREAU. Well, we have the beginnings of it now. And the IMF has offered further training to Palestinians in tax collection, and the Palestinians and Israelis seem to be cooperating with respect to the turn over of tax collection records. So we see gradual taking on in this domain.

Chairman HAMILTON. Are taxes now being collected in Gaza and Jericho?

Mr. PELLETREAU. Some taxes are being collected, yes.

Chairman HAMILTON. Are the Israelis still collecting taxes on the West Bank?

Mr. PELLETREAU. I believe they are, yes. I am not 100 percent positive of that answer, but the early empowerment has not transferred authority in areas except for education, so I believe the Israelis are continuing to exercise that responsibility.

Chairman HAMILTON. And do they turn over some of the tax revenue to the Palestinian authority to help finance some of this early empowerment?

Mr. PELLETREAU. That is the concept, yes.

Chairman HAMILTON. OK. I still have some other questions.

Mr. Lantos, welcome back.

Mr. LANTOS. Thank you, Mr. Chairman.

#### MILITARY SALES BY NORTH KOREA

Mr. Secretary, could you describe for us in as much detail as you have, the current military relationship between North Korea and Iran, Iraq, Libya and Syria? I would like to know exactly what military sales are taking place between North Korea and each of these countries and what your evaluation is of the impact of these sales.

Mr. PELLETREAU. North Korea has provided the Scud-B and Scud-C missiles and technology to Iran and to Syria. There have been discussions between the Iranians and the North Koreans about the No-Dong missile, but that has not, to this point, been provided. I am not able to give you a good answer right now on the extent of North Korean-Libyan cooperation, but I will try to do so.

It is fair to say that North Korea is not abiding by the Missile Technology Control Regime in these transfers. We have urged and encouraged the North Koreans to abide by that regime, but it has not had an effect thus far.

Mr. LANTOS. Now, in the many meetings Ambassador Gallucci has had with the North Koreans, has he made it clear to them how seriously the Congress and our administration views the continued supply of weapons of mass destruction by North Korea to rogue regimes in the Middle East?

Mr. PELLETREAU. Yes, that has been a part of our dialogue and an important message that we have been bringing home to the North Koreans.

Mr. LANTOS. What has been the North Korean response?

Mr. PELLETREAU. Their response has been unsatisfactory up to this point.

Mr. LANTOS. Could you specify what unsatisfactory means?

Mr. PELLETREAU. I would prefer to do that for the record.

Mr. LANTOS. In a closed session?

Mr. PELLETREAU. I may be able to do it in an open session, but because I, myself, was not participant in these discussions, I would rather review the record before I make an authoritative statement to you.

[The information referred to was subsequently supplied for the hearing record and follows:]

Because the United States has no formal diplomatic relations with North Korea, our opportunities for direct discussion of other issues are limited. However, we have raised the issue of shipments of MTCR-class missiles, including to Syria and Iran, directly with North Korean officials and have urged them not to make such transfers. We have also encouraged North Korea to adhere to the MTCR Guideline and have asked other countries to urge North Korean officials to refrain from engaging in such transfers. The United States attaches enormous importance to preventing the transfer of ballistic missiles and related technologies as well as other commodities that are necessary for the development of destabilizing military systems.

#### IRANIAN SUPPORT OF TERRORISM

Mr. LANTOS. This most recent spate of terrorist atrocities in Argentina, Panama and the United Kingdom seem to have had as the support element basically Iran. Is that the judgment of the administration?

Mr. PELLETREAU. There is a pattern that would point in that direction, but the investigation is ongoing as we speak, and there has not at this point, in my understanding, been clear evidence to support this supposition.

Mr. LANTOS. Not long ago, a few years ago, when the PLO was a major terrorist organization, there were disturbing reports subsequently verified that various European governments made a deal with the PLO by allowing them to operate in their countries freely if they did not engage in terrorist activities in those countries. You remember these events?

Mr. PELLETREAU. In a general way, yes.

Mr. LANTOS. There are now similar reports that Iran has made deals with a variety of European countries offering, as it were, a diabolic quid pro quo, no terrorist activities in a specific country in exchange for a free run of Iranian-supported terrorist in those countries. What information do you have on this matter?

Mr. PELLETREAU. I have heard similar statements, but I cannot confirm them to you, Mr. Lantos.

Mr. LANTOS. Were we in a position to confirm these, what would be the position of our administration?

Mr. PELLETREAU. That such deals were absolutely unacceptable to us or to the international community at large. Our position would be that we and our allies among the democracy should be taking a firm, solid and cohesive line against terrorism as a collectivity and that it would be absolutely unacceptable for one state, so-called, to buy its way out by making a deal with the terrorists.

Mr. LANTOS. Well, since several European countries had no difficulty reconciling their collective conscience to such unacceptable deals with the PLO some years ago, why would they now be so improved in terms of their ethical standards that they wouldn't be prepared to buy peace for themselves at such a price?

Mr. PELLETREAU. I would hope that in the post-cold war world we could achieve a closer and higher degree of cooperation on this issue.



Mr. LANTOS. That is based on hope, not on experience, I take it, in view of Yugoslavia and a lot of other places.

Mr. PELLETREAU. Yes, that is correct.

Mr. LANTOS. We would hope that something more substantive could be offered. How quickly could Iran or Iraq assemble a nuclear device if they could acquire enriched uranium or plutonium from the former Soviet Union?

Mr. PELLETREAU. There have been estimates made by the intelligence community that go, in my recollection, in the neighborhood of 7 to 10 years. I say that recognizing at the same time that once we had found out exactly the extent of Iraq's development of a nuclear device, that we had found them to be a good deal further along than we had thought before. But that is the current estimate with respect to Iran.

With respect to Iraq, there is a quite extensive international monitoring regime being put in place, and it is the clear expectation of those who are in charge of putting the monitoring regime in place and those who are supporting it, including ourselves, that it will prevent Iraq from moving forward to restore a nuclear weapons development program.

#### DUAL CONTAINMENT POLICY

Mr. LANTOS. You know, the administration still uses, I take it, the phrase "dual containment" to describe our policy toward Iran and Iraq; is that accurate?

Mr. PELLETREAU. That is a phrase used frequently by members of the administration. I tend to shy away from it myself.

Mr. LANTOS. Why?

Mr. PELLETREAU. Because we have a policy toward Iran that is designed to meet Iran's circumstances and toward Iraq that is designed to meet Iraq's circumstances, and it is not identical in each case. In other words, it is not duplicate containment, and that is why I think that just using the shorthand phrase "dual containment" without having an opportunity to explain that we have a rather careful and well-developed policy toward each country, sometimes leads to misimpressions.

Mr. LANTOS. Well, I agree with you that there are differences in the two approaches, as there should be. But what I am concerned with is that the trend globally is in the direction of diminished dual containment. And I am reminded to some extent of the meetings we had with one of your predecessors, Secretary Kelly, with respect to this same issue as far as Iraq was concerned, where he expressed hope and optimism not long before the invasion of Kuwait took place.

Now, I don't anticipate an invasion imminently, but what I do anticipate is the continued chipping away by Iraq of the policy of sanctions, encouraged and supported by countries such as France and Russia, and our inability to stop this development. And if, in fact, the forces that move toward lifting the sanctions prevail and Iraq again will be able to sell oil on a large scale, one does not need to be a nuclear scientist to understand that they will go headlong for rebuilding their weapons of mass destruction.

Is the administration aware of the relative importance of this issue to, for instance, the issue of Haiti in terms of the range of

resources brought to bear on infinitely more important items? The development of weapons of mass destruction by Iran and Iraq are infinitely more dangerous for the peace and security of the world than whatever is going on in Haiti.

And there seems to be, to me, a disconnect between resource allocation and the rational analysis of global threats. I know Haiti is not in your bailiwick, but the issue has to be in somebody's bailiwick, because there is a disconnect between resource allocation, both intellectual and political and diplomatic and other, to far more important items, such as the growing danger from Iran and also from Iraq and far less significant items.

Mr. PELLETREAU. I share completely your reference to the dangers from Iraq and Iran, and there is a similarity between the two that is worth pointing out. You just referred to it in that there is no question that Iran wants to rearm as fast as it can and acquire weapons of mass destruction. There is no question in my mind that Iraq, except for the U.N. sanctions, would be rearming as fast as it could and acquiring weapons of mass destruction. This is proof that the area of the Gulf is an inherently unstable area that requires the continued vigilance and close attention of the United States and the world community.

Mr. LANTOS. Well, would you go beyond and make a reference to my comment with respect to our Caribbean involvement and the sort of casual and lackadaisical approach with which we seem to be approaching our allies from Germany, Japan, concerning the supplying of weapons of mass destruction to both Iran and soon Iraq once the sanctions are lifted? Because dual containment certainly is not present since Iran currently is able to buy practically everything, everything.

Mr. PELLETREAU. Dual containment is a phrase of U.S. policy that aims at an objective that is not fully realized. You are right that up to this point, we have not been able to prevent fully the supply of components and weaponry that would support building or rebuilding a weapons of mass destruction program, and we do need to give this effort a high priority, and I believe we are doing so. But I certainly agree with you that we should not shirk and should not neglect this very important area.

Mr. LANTOS. Well, I see that I am not succeeding in getting you to make a cross-area reference. So let me just say for myself, looking ahead 10, 15 years, I view both Iran and Iraq as potentially infinitely more dangerous for U.S. national interests than the particulars of the Haiti internal situation.

Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Schumer.

Mr. SCHUMER. Thank you, Mr. Chairman.

And thank you, Mr. Secretary.

I guess my questions—let me go over them and if they have been asked, please tell me and I will just look at the record and see your answers.

#### STATUS OF JERUSALEM

First, one relates to Jerusalem. Yasser Arafat and the PLO have made control over Jerusalem a major political issue despite the fact that the Declaration of Principles leaves Jerusalem as a final sta-

tus issue and they have tried actively to create symbols of sovereignty over Jerusalem. They have done so by coordinating PLO activity from Jerusalem, and telling them to hold official meetings with foreign diplomats, and it is my view that we should not do anything to legitimize that status in any way.

So what I would like to ask you is, since U.S. law prohibits official meetings in Jerusalem between Palestinians and U.S. officials and prohibits the administration from building U.S. Government offices in Jerusalem to distribute aid to the West Bank and Gaza, does the Clinton administration support this law? That is the first question.

How will it be implemented? What steps has the administration taken to prevent the Palestinian authority from conducting business in Jerusalem?

Did you answer all those questions already?

Mr. PELLETREAU. I answered some of them but not quite in the way in which you ask them. But I would like to assure you that in our implementation of our assistance program to the Palestinians, we are ensuring that we do not have contacts with the Palestinian authority or meetings with the Palestinian authority in Jerusalem for that purpose, nor have we established any separate aid offices in Jerusalem for that purpose.

We note, and I have noted for the record that Israel has had meetings with the Palestinian authority in Jerusalem and we don't feel that we should interfere with what the two parties decide to do. But we, ourselves, are going to observe fully the provisions of the Declaration of Principles that makes Jerusalem a final status issue for negotiation between the two.

Mr. SCHUMER. Would it be administration policy to convey to the Palestinians that these kinds of symbols of sovereignty are not helpful to the peace process?

Mr. PELLETREAU. We have done so in the—both in our refusing to have meetings with them and in discussions of certain aspects of the ongoing negotiations.

#### PROGRESS ON ARAB BOYCOTT

Mr. SCHUMER. Saturday, I was heartened to see the progress that had been made on the Arab boycott. To me, and I probably have been one of the members more skeptical of the whole peace process, frankly, because I doubted the intent of the Arab world in making peace with Israel. The announcement made a real difference because we always knew that some of the governments do unilaterally take action to end the boycott.

It always stuck in my craw that the Kuwaitis and the Saudis, after Operation Desert Storm, were still boycotting American companies because they did business with Israel. And now they have said, as I understand the press reports, that the Saudis and the Gulf States, on their own, will unilaterally end the secondary boycott and urge the Arab League to end the entire boycott. Is that a correct reading?

Mr. PELLETREAU. That is the intent and direction of their statement. What they said exactly was that they, as the six countries, were lifting the secondary and tertiary boycotts and that they



would support action within the Arab League to end the boycott entirely.

Mr. SCHUMER. Can you give us your prognostication of what the likelihood is of the Arab League doing that? What nations stand in the way? I would be particularly interested in Syria's point of view of this issue.

Mr. PELLETREAU. Syria has considered the boycott to be a negotiation card in its hands in its negotiations with Israel and Syria, and has tried to keep that card from slipping away or being played too soon.

We have a completely different view of the boycott. We think the boycott should be ended now, and ending the boycott on the part of the Arab States would be an important confidence-building measure with Israel. Little by little and steadily, the boycott is being eroded from within. And we see in this action taken last week, I believe, the most important single significant action that we have seen all along in that these six states have now on their own, without an Arab-League decision, taken the decision publicly before the world to lift the secondary and tertiary aspects.

Mr. SCHUMER. I think it is particularly significant that the Saudis, who in the past have at least claimed they were trying to nudge the Arab consensus in a more peaceful direction, have done this on their own. And that is very significant to me.

Mr. PELLETREAU. That is right. And the Saudi Foreign Minister, Prince Saud al-Faysal was standing next to the Secretary when they announced that.

Mr. SCHUMER. Right. I am remiss in not thanking you and the Secretary for helping. I know that this has been a high priority of the administration, I am glad to see it bear fruit.

Can you give us your prognostication. Do you think it is likely first that other States will unilaterally on their own drop the secondary and tertiary boycotts? And perhaps even the primary?

I heard a rumor to the effect that one of the Arab nations, an African-Arab nation was going to drop the entire boycott. I don't know if that has happened yet or if it is true and I don't want you to spill any beans.

Mr. PELLETREAU. No, that is OK.

Mr. SCHUMER. Spill any crucial information.

Mr. PELLETREAU. I can open rather openly on this subject because I think the precedent of these six countries acting is going to lead to a number of other countries to take the same action.

Mr. SCHUMER. Are we urging the rest of the Arab world to do so?

Mr. PELLETREAU. Yes, we are.

Mr. SCHUMER. Give us your prognostication of the Arab League dropping as a unit, either the entire boycott, which would be clearly preferable, or at the very least, the secondary and tertiary boycott.

Mr. PELLETREAU. I think it is going to be somewhat harder to get formal Arab League action because, first of all, Syria will object within the forum. A number of other states will want to include issues of importance to them, Libya and Iraq, for example, are both members of the Arab League. And it is going to be more complicated within the forum itself.

Mr. SCHUMER. I don't know how it works.

Do you need a unanimous vote, or do they work by consensus, that if one or two countries object, they won't do it? How does it work?

Mr. PELLETREAU. On this issue, I have been assured by the Secretary General of the Arab League that it does not need a consensus vote. It can be voted by a majority.

But a number of states will be influenced, I believe, in the formal sense by Syria's opposition, even though, in their own practices, they are dismantling different aspects of the boycott every day. Some of them have in a de facto sense terminated the boycott entirely and begun, as you have seen, dealing directly with Israel and their businessmen and making deals directly with Israeli businessmen. So the boycott is being eviscerated from within even though the shell continues to exist, and we will continue our full-court press to have the boycott eliminated, both in the formal and in the practical application ways.

Mr. SCHUMER. I would just simply say that particularly in terms of Syria, this is very important. The Syrians are interested and eager for trade, more economic relationships with the West. And secondly, at least flirting with peace with Israel related to the Golan. To simply hold everything back as a negotiating tool after a 50-year history of war and enmity isn't going to serve their purpose if their professed goals are their real goals. I would hope that would be communicated.

Mr. PELLETREAU. Yes.

Mr. SCHUMER. Thank you, Mr. Chairman.

#### ASSISTANCE TO THE PALESTINIANS

Chairman HAMILTON. Mr. Secretary, we pledged \$500 million over 5 years on the assistance to the Palestinians, and we have used that \$75 million for several different purposes. Is that \$75 million per year enough money to fund the projects adequately? Are you concerned—

Mr. PELLETREAU. No. Mr. Chairman, Palestinian needs greatly exceed that \$75 million. That is a contribution that the United States felt it could make, along with an additional \$25 million in OPIC lending and guarantees. But that is just our own contribution.

Many States are making contributions to the Palestinian efforts at self-government. Even with all those efforts, that is not going to be sufficient. The Palestinians themselves are going to have to take increasingly the responsibility through their own revenue-raising mechanisms, both tax-raising mechanisms and calling on the Palestinian community overseas.

Chairman HAMILTON. It is obvious that you could use a lot more money than that to meet the Palestinian needs, but will the \$75 million achieve the purposes that we have set out for ourselves, startup costs, budget support for the Palestinian authority, including the police salaries, some high-visibility development projects designed to have a political impact and some longer-term economic development projects? I mean, is that \$75 million enough for us to accomplish the goals of our assistance?

Mr. PELLETREAU. It is enough for us to make a respectable showing, Mr. Chairman.

Chairman HAMILTON. Do you favor increasing the size of the Palestinian aid program?

Mr. PELLETREAU. We could certainly use more money into the program, but it is a difficult tradeoff to try to determine where we should best put our funds, and I am confident that this is a contribution that is being well used and making an important impact.

Chairman HAMILTON. Well, one of the things that it strikes you about it when you look at it is that money is being spent for short-term kind of startup costs. And I am just wondering if that is the best use of that money?

Mr. PELLETREAU. Over the whole 5-year period, this is probably not the best use of that money. But as we have seen the difficulties the Palestinians have had in establishing, and setting up their institutions and getting their police force operating, we have, I think, gained a greater appreciation of the importance of startup costs and contributing to startup costs. And so we have shifted a larger percentage than we originally thought in the direction of startup costs.

Chairman HAMILTON. You are not planning any kind of additional request or front-loading or anything of that sort, I gather?

Mr. PELLETREAU. No specific plans at this time, Mr. Chairman.

#### SETTLEMENT ACTIVITIES

Chairman HAMILTON. OK. Now I want to go into the settlements issue with you. I understand as part of the loan guarantees for Israel, we have decided to deduct \$311.8 million from the \$2 billion that they are eligible to borrow in fiscal year 1995?

Mr. PELLETREAU. That is correct.

Chairman HAMILTON. And that figure represents the nonsecurity-related government expenditures in the West Bank and Gaza?

Mr. PELLETREAU. Yes.

Chairman HAMILTON. What does nonsecurity mean there?

Mr. PELLETREAU. Well, it means government settlement activity or activity that supports settlements or supports nonsecurity-related infrastructures.

Chairman HAMILTON. All right, now do we have agreement with the Israelis on the expenditures in the territories?

Mr. PELLETREAU. We don't have an agreement. We asked the Israelis to provide us their best calculation of what they have spent in this regard, and we also used the information that we ourselves have gathered in coming up with the figure, which in this case was the figure you cited.

Chairman HAMILTON. I have just been told that Mr. Ackerman has an appointment at noon today, and I am going to interrupt my questions here.

Mr. Ackerman, you are recognized.

Mr. ACKERMAN. That is very kind of you. Thank you very much, Mr. Chairman.

#### HUMAN RIGHTS ABUSES IN IRAN

I just have a couple of questions concerning our Iranian policy, Mr. Secretary, if I might. There are certain aspects of the policy that I am having difficulty understanding. From the reports that



I have been reading, the human rights abuses in Iran seem to go on basically unabated and the trend in that particular area does not seem to be moving in a positive direction at all. My basic question is why do we continue to pursue a policy that suggests that the regime in power is a regime of moderates or one with whom we can easily deal?

Mr. PELLETREAU. I don't believe we intend to make any suggestion whatsoever. We have pointed out, and I have pointed out earlier in this testimony today, the very substantial differences we have with the Government of Iran over their support for terrorism, their violations of human rights, their repression of their own people, their opposition to Arab-Israeli peace, their subversion of other friendly states. There is a great deal that we point to in way of Iranian policy and conduct that we disagree with completely.

#### OPPOSITION GROUPS IN IRAN

Mr. ACKERMAN. Why is it then we find them more worthy to deal with than we do the opposition? The opposition seems to have at least recognized the rights of women and they have committed themselves to the virtual Declaration of Human Rights. Why is it that we are not speaking to them?

Mr. PELLETREAU. There are a good many groups that are in opposition. We are in touch with a number of them. If you are referring specifically to the Mojahedin-e-Khalq, we are committed to providing the Congress a report on that group and we intend to provide that report. We intend to provide it in a detailed way. We have considerable information on this organization, partially through its own published materials, and we will provide you a comprehensive and factual report.

[The report was subsequently submitted in a letter dated October 28, 1994 from the Department of State. It appears in the appendix.]

Mr. ACKERMAN. Are you suggesting that there is specific reasons that you want to exclude dealing with this particular opposition group? Are they not the largest opposition group?

Mr. PELLETREAU. No, they are not the largest opposition group. I don't want to prejudge what we say in our report, which we will try to make as factual and objective as possible.

We have not dealt with the Mojahedin-e-Khalq up to this point because the Mojahedin-e-Khalq has claimed the responsibility for the murder of American citizens. The families of these citizens are uncompensated. They do not have any claim that justice has been served. The Mojahedin-e-Khalq supported the taking of American hostages and holding American hostages in Iran for how many days, we all remember, 500—

Mr. ACKERMAN. 444.

Mr. PELLETREAU. Exactly. When we finally negotiated the release of those hostages, Mojahedin-e-Khalq protested against the release of those hostages saying that was premature and the government had accepted a bad deal.

Mr. ACKERMAN. Was it they who held the hostages or was it the present regime?

Mr. PELLETREAU. They participated at that time. They were part of the same group. At that time, they were participating.

Now, today, the primary location of the Mojahedin-e-Khalq is Baghdad. Their primary supporter is somebody named Saddam Hussein. These are the reasons why we have not dealt with them up to this point. We do not feel that with that background they have a very wide base of support in Iran.

I admit they have made a considerable effort over the past year to try to cultivate the Members of the U.S. Congress and other Western parliaments, and to say that they have changed their spots, they are a leopard that has changed its spots. But we have not dealt with them up to this time for the reasons that I have laid out. They have killed Americans in Iran. They have admitted responsibility for that. They participated in the hostage taking and they supported it completely. And their primary base of operations today is in Iraq with the support, sponsorship and umbrella protection of Saddam Hussein.

Mr. ACKERMAN. Well, I—not to take more of the committee's time, Mr. Chairman, but Mr. Secretary, I would like the opportunity to discuss and pursue this matter a little bit more fully with you, especially whether a leopard can change its spots.

It seems that the position of the government historically has been well known, and if the tiger can change its stripes, I see no reason why a leopard may not be able to change its spots, and indeed if suddenly changes in historical trends make it in vogue to deal with people who are in the IRA, and people who have been in the PLO, then certainly other groups and other organizations have the same right to do the kinds of things that we have been urging them to do historically over the years. And I would welcome the opportunity to discuss that further with you.

Mr. PELLETREAU. Fine. I would suggest that we produce our report, which is due before the end of the month, and then that would be a basis on which we could discuss it further.

[The report appears in the appendix.]

Mr. ACKERMAN. Thank you, Mr. Secretary.

Chairman HAMILTON. Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman.

#### OPENING REMARKS

I want to welcome Assistant Secretary Robert Pelletreau this morning for what I guess will be our last subcommittee meeting of this session on this subject. I suspect that the smile on the Secretary's face is welcome—it is welcome news.

Before we go into any specifics, I would like to take the opportunity to commend the State Department for what I know is a great deal of pushing on their part, regarding lifting of the secondary and tertiary boycott, and that is welcome news, I think, for the entire region. Just a few days before that announcement, I had met with the Secretary General of the GCC, and strongly urged that they do just that. I am pleased that this is the first step in that direction.

I am also pleased at the news of the establishment of economic relations between Israel and Tunisia and hope that that quickly leads to higher level diplomatic relations and also pleased to learn that the administration will credit Israel the \$95 million when calculating the deductibility of the loan guarantees for Israel's costs

in implementing risks for peace associated with the Declaration of Principles. So there is a lot of good news and of course there are still a lot of problems out there, as we have already heard this morning.

#### ARAB LEAGUE BOYCOTT OF GUATEMALA

Let me ask our Secretary, last week, Guatemala announced its decision to move its embassy in Israel from Tel Aviv to Jerusalem. Subsequently, the Arab League announced a boycott of Guatemalan cardamom added to coffee in the Arab world, and that boycott represents a substantial part of the Guatemalan economy. What are the ramifications that this boycott holds for other nations attempting to enhance their diplomatic relations and did we make any statement with regard to the boycott on Guatemalan cardamom?

Mr. PELLETREAU. We have not made such a statement up to this point. It is not sure at this point that States of the Arab League are going to institute any kind of a boycott of Guatemala. But I think it would be an appropriate subject for us to raise with the Arab League, and I will undertake to do so, Mr. Gilman.

Mr. GILMAN. I appreciate that and I hope you would pursue that. Otherwise, it could deter further enhancement of the trade relations.

#### JORDANIAN ANTI-JEWISH PROHIBITIONS

Although we are quite aware that unlike Syria, Egypt, Lebanon, or even Iran or Iraq, no Jewish community exists in Jordan, it is my understanding that Jordanian law contains a number of prohibitions against Jews.

Are you aware of any of these prohibitions, and do you believe the Hashemite Kingdom could amend those anti-Jewish provisions in our discussions with them?

Mr. PELLETREAU. I am not personally aware of those provisions. I think that would be a subject for direct Jordanian-Israeli discussions.

For example, in the agreement yesterday, it was announced the two countries would establish a free tourism zone in Aqaba, where each other's citizens could travel back and forth freely. And that is, I think, symbolic of the new relationship which the two countries are trying to develop. And obviously such laws would be inconsistent, it seems to me, with that kind of a relationship.

Mr. GILMAN. I would hope that we could encourage more openness by the Jordanian Kingdom.

#### SECURITY ARRANGEMENTS ON THE GOLAN

Mr. Secretary, when you appeared before the subcommittee back in June, you stated that if both parties wished the United States to be part of security arrangements on the Golan within an international context, we would consider such action in accordance with constitutional requirements.

Can you tell us what exactly you understand to be the relevant constitutional requirements and how would they be implemented in practice?



Mr. PELLETREAU. I am not sure we have examined all the legal ramifications of that, Mr. Gilman. But what I certainly mean is, first of all, consultation with the Congress.

Mr. GILMAN. Does that mean there would be a proper role in terms of the Congress whether or not to commit U.S. forces for deployment on the Golan?

Mr. PELLETREAU. Certainly within that consultation process, we would want to have the views of the Congress, yes.

#### SYRIAN PRODUCTION OF SCUD MISSILES

Mr. GILMAN. And with regard to Syria, Syria's statements about its intentions to make peace with Israel, there was a recent article in *Defense News* which reported that the Syrian Government will begin full-scale production of the Scud-C tactical ballistic missile by mid-1996. Do you have any information with regard to that? And if that report is accurate, how would that impact our approach to the peace negotiations with Syria?

Mr. PELLETREAU. I believe that report is largely accurate, that Syria has obtained Scud-C missiles from North Korea. They have been obtaining the technology at the same time to produce. I don't have a precise calendar when it might be logical to expect such production to actually reach reality. I do not believe that activity is inconsistent at this time with Syria's desire to reach a peaceful settlement with Israel. From all we have observed, the Syrian leadership is genuine in its participation and engagement in negotiations and its desire to reach a peaceful settlement.

#### IRANIAN SUPPORT OF TERRORISM

Mr. GILMAN. Mr. Secretary, intelligence agencies believe that the bombing of Argentina's Jewish community in July of 1994 was carried out by members of Ansarollah, a branch of Hezbollah financed by Iran.

Do we have any new evidence that supports or contradicts that contention and has Iran decreased or increased support for Hezbollah? Has Iran decreased or increased its support for the Palestinian rejectionist groups headquartered in Damascus? Has Iran ceased its attacks on the peace process? Can you tell us a little bit more about Iran on all that?

Mr. PELLETREAU. First of all, with respect to the responsibility for the Argentine bombing, the investigation is ongoing. It appears to follow a pattern of a previous bombing in which both Hezbollah and Iran were involved, but the evidence is not complete or decisive at this time, in my understanding in the current course of this investigation. Iran is continuing to provide support for Hezbollah. Iranians and Hezbollahees are in frequent activity, and Iran is continuing its opposition to the peace process.

Mr. GILMAN. Did you want to add something?

Mr. PELLETREAU. No, I was thinking whether I had any more information to throw out, but that is about it.

#### U.S. DIALOGUE WITH IRAN

Mr. GILMAN. Thank you. You seem to indicate that we are going—we would not object to a U.S. dialogue with Iran. Is that de-



spite all of the violent opposition groups and its violations of human rights and its quest for new and sophisticated arms and strong opposition to the peace process? Are we still going to consider having a dialogue with Iran?

Mr. PELLETREAU. We certainly object and publicly and visibly and morally object to all those Iranian practices. What we have offered or what we have said is that we would enter a dialogue with authorized representatives of the Iranian Government to discuss these differences. The key here is that we are not interested in doing anything behind anybody's back or under the table. It would be an authorized dialogue with authorized representatives in which we would discuss just exactly these differences that you and that I earlier have pointed out.

#### IRAQI COMPLIANCE ON WEAPONS OF MASS DESTRUCTION

Mr. GILMAN. Mr. Secretary, if we could just take a look at Iraq for a moment. In a recent address to the Washington institute, our CIA director, Mr. Woolsey, accused Iraq of holding on to Scud missiles and chemical and biological munitions, despite a U.N. program to rid that country of its weapons of mass destruction. Furthermore, Mr. Woolsey stated that Iraq is now building underground shelters and tunnels to produce and store these kind of weapons.

How does that report conflict with U.N. claims that Iraq Scud missiles and chemical weapons have been eliminated? In light of the Woolsey report, how can the U.N. ensure whether Iraq has complied with all relevant U.N. resolutions? Specifically, what sort of safeguards will our Nation pursue and do we require Iraqi recognition of Kuwait with its newly defined borders as a condition for removing sanctions against Iraq?

Mr. PELLETREAU. There is a ongoing dialogue between us and UNSCOM about how much of the total Iraqi arsenal has been uncovered and discovered. And that will continue. There are some discrepancies in our respective analyses. And we are continuing that discussion as the monitoring regime is being put in place.

We believe that today Iraq is not in compliance with any of the Security Council resolutions. And certainly first and foremost among those is that Iraq has not recognized the border with Kuwait or Kuwaiti sovereignty. And that is the reason the international community went to war with Iraq, to restore international legitimacy and to liberate Kuwait. So that is a very essential part of the U.N. Security Council resolutions, on which we would expect to see Iraqi full compliance.

Mr. GILMAN. Well, we hope we are going to keep a close eye on both Iraq and Iran, trouble spots in the entire attempt to build peace in that region.

Thank you for appearing before us, Mr. Secretary.

Mr. PELLETREAU. Thank you.

#### DEDUCTION FOR SETTLEMENTS

Chairman HAMILTON. Mr. Secretary, I want to pick up where I left off. We had started to talk about the settlement issue and I had mentioned that the administration had decided to deduct the \$311.8 million from the \$2 billion that Israel was eligible to receive

this fiscal year, 1995. I was informed last week that the administration intended to offset a portion of that \$311 million loan guarantee deduction in order to help Israel meet some of its costs associated with the implementation of the Declaration of Principles.

Now, how much of that \$311 million deduction is being offset?

Mr. PELLETREAU. Roughly \$95 million.

Chairman HAMILTON. OK. So what then is the total amount being deducted from the loan guarantees?

Mr. PELLETREAU. With the waiver of \$95 million, the final amount to be deducted for Israel's fiscal year 1995 loan guarantee authority, would be \$216.5 million.

Chairman HAMILTON. How did you get that figure?

Mr. PELLETREAU. That was derived from our examination of the special Israeli expenses in connection with their redeployment, and also the fact that we recognized that Israel has had to bear a special burden as it carried out the Declaration of Principles and the Gaza-Jericho Agreement, and we wanted to recognize that special burden, just as we have gone to the international donor community to secure help for the Palestinians. And this was deemed a way that we could do it.

#### LOAN GUARANTEES

Chairman HAMILTON. Now, as I understand, the loan guarantee legislation that was put into effect by President Bush in 1991, 1992, and it was designed to help Israel absorb the massive migration basically from the former Soviet Union, and I think also from Ethiopia. Are they still experiencing that massive immigration?

Mr. PELLETREAU. No, the immigration figures have gone down more recently. They are still having some absorption challenges.

Chairman HAMILTON. So the rationale for the loan guarantees is shifting; is that correct? I mean in effect—

Mr. PELLETREAU. The basic rationale was still there. And the basic way that the loan guarantees are still being used is to provide support for both Israeli infrastructure and Israeli private sector development that could absorb and provide employment for the immigrants.

Chairman HAMILTON. These loans provide a low interest source of hard currency for Israel, in effect, don't they?

Mr. PELLETREAU. Yes, that is true.

Chairman HAMILTON. Now, the loan guarantee legislation requires the President to deduct from the guarantees an amount equal to all Israeli Government nonsecurity-related expenditures.

Mr. PELLETREAU. In the occupied territories, yes.

Chairman HAMILTON. In the occupied territories. And the purpose of that deduction is to discourage Israeli settlement activity?

Mr. PELLETREAU. Certainly that is the message that the deduction sent, and the fact that Israeli expenditures have gone down is an indication that that message is being heard.

Chairman HAMILTON. Now, the \$95 million offset from the loan guarantees is a gesture of support for the Rabin policies?

Mr. PELLETREAU. Yes, that is correct.

Chairman HAMILTON. Does that not have the effect of weakening further U.S. opposition to Israeli settlement activity?

Mr. PELLETREAU. That is not our intention, Mr. Chairman. The process that we go through and have gone through this year is to determine the full amount of the Israeli expenditure, nonsecurity-related expenditure in the occupied territories.

Chairman HAMILTON. I understand it is not your intent, but isn't that the effect of it? It weakens further U.S. opposition to Israeli settlement activity; doesn't it?

Mr. PELLETREAU. No, the deduction for the settlement activity is still there. Then we are making as a separate step, as a separate action—

Chairman HAMILTON. I think there would be broad agreement that we want to try to help the Israelis with these extra expenses. But why do you choose this means of doing it? Because it seems to me that by doing it, you are in effect weakening further U.S. opposition to Israeli settlement activity. Why not try something else? Why focus on this way of doing it?

Mr. PELLETREAU. We looked at different ways of making this recognition and gesture to Israel. To state it frankly, we thought we could do it through this vehicle without eroding the message we are sending with respect to sanctions by making it separate actions. And we knew that doing it in this way would not entail a separate charge against the U.S. budget. We thought that was important, as well.

Chairman HAMILTON. Aren't we acquiescing to \$95 million worth of nonsecurity expenditures in the territories?

Mr. PELLETREAU. No, we are not. We are not acquiescing in any nonsecurity expenditures in the territory. What we are doing is making a separate gesture that happens to come out of this particular sum. Of course, we have other provisions of assistance to Israel, as well.

Chairman HAMILTON. Do you think this offset will have an impact on the U.S. ability to be perceived as an honest broker between the Israelis and the Palestinians?

Mr. PELLETREAU. I do not expect it will have an impact on that.

Chairman HAMILTON. What kind of a message do you think we send here with this \$95 million offset about our commitment to discouraging Israeli settlement expansion in the territories?

Mr. PELLETREAU. I think the message that we intend to send by this offset is we recognize that Israel has had additional and unusual, extraordinary burdens with respect to its part in carrying out the Gaza-Jericho Agreement and the early empowerment agreement, and we wanted to recognize that.

Chairman HAMILTON. I understand your intent. But picking this to weaken our commitment—you are going right to the point of our commitment to discourage Israeli settlement expansion. Why do you do that? Are there no other ways to do it, to provide some help to Israel?

Mr. PELLETREAU. Obviously, there are other ways to do it. This was a way to do it that did not entail an additional scoring against the U.S. budget.

#### HOUSING CONSTRUCTION IN WEST BANK

Chairman HAMILTON. Now, last week the Israeli Government announced that it intended to approve 1,000 house construction con-



tracts that had previously been canceled in the West Bank settlement of Alfamanosh. It is east of Tel Aviv. And the Israelis described this project as a lifting of the freeze on construction in this settlement. What message do you think it sends that, in the same week that Israel announces it is going to approve for construction 1,000 previously frozen housing contracts, the administration reduces the loan guarantees deduction for settlement construction by \$95 million?

Mr. PELLETREAU. There was obviously no connection between our action and these particular news stories about what Israel may be intending to do.

Chairman HAMILTON. Now wait a minute, Mr. Secretary. How can you making that statement that there is no connection?

Mr. PELLETREAU. Well, we have a very clear record of—

Chairman HAMILTON. There is a connection in everybody else's mind in the world but yours. There events are happening together. You can't ignore them.

Mr. PELLETREAU. You know, there are a lot of events that have happened over the past week that don't all have direct and immediate connections one with the other. We have sought some additional information and clarification from the Israeli Government with respect to that announcement that you referred to. And we are studying the additional information they have given us.

Chairman HAMILTON. Let me say, I believe there is broad support in the Congress to look for ways to help offset Israel's expenses associated with the peace process. I really don't think that would be all that difficult to work out. I just think you picked absolutely the wrong way to do it.

#### CONSULTATION WITH CONGRESS

Now, I was informed of this I think Thursday afternoon. The fiscal year ran out Friday. And I understand my colleague, the chairman of the Appropriations Committee, likewise was informed the same day. We weren't consulted. We were contacted by a high level administration official who told us that this is going to happen. We were told just a few hours before the fiscal year ended. There was no request for our opinion. We were just told.

Now, some day when you are sitting over there in the State Department talking with your colleagues about how to deal with the Congress on foreign policy questions and you are wondering why the Congress from time to time gets a little upset with the administration on the conduct of foreign policy, and why we sometimes try to micromanage, as you often accuse us of doing—you being the administration—I hope you will recall this incident.

This is about as clumsy an effort to consult with the Congress as I can ever recall. It is an insult to me, and I am authorized to say to the chairman of the Appropriations Committee, Mr. Obey, neither one of us like the substance of what you did. We think it seriously weakens American policy to discourage the settlements. And we think the manner in which it was done was quite unacceptable to us as a means of consultation.

There really was no consultation at all. It was just a matter of informing us. Politely, but no consultation. Now, the goal of the—of this deduction process in the loan guarantee agreement, I want



to be clear about that. Is it to discourage all settlement expansion or is it to discourage only government-funded settlement expansion?

Mr. PELLETREAU. In this particular process with respect to the loan guarantees, what was covered was government funding and government support, government expenses in the occupied territories.

#### ISRAELI PRIVATELY FUNDED EXPANSION

Chairman HAMILTON. By deducting only for government funded expenditures, do we in effect encourage Israeli Government to approve privately funded expansion?

Mr. PELLETREAU. That is not our intent, Mr. Chairman.

Chairman HAMILTON. Does the loan guarantee agreement between the United States and Israel say anything about privately funded settlement expansion that has been approved by the Israeli Government?

Mr. PELLETREAU. Not to my best recollection, but I will go back and review the text.

[The information referred to was subsequently supplied for the hearing record and follows:]

The understandings associated with the Loan Guarantees for Israel Program relate to nonsecurity expenditures by the Government of Israel, not privately financed construction.

Chairman HAMILTON. Well, what is the administration's view of privately funded settlement expansion in the West Bank that has been approved by the Israeli Government?

Mr. PELLETREAU. We would like to discourage such activity.

Chairman HAMILTON. But what—and why would you like to discourage it? Do you think it has an adverse impact on the peace process?

Mr. PELLETREAU. Yes, we feel it would be a complicating factor in the peace process.

Chairman HAMILTON. Do you do anything to discourage the privately funded settlement construction?

Mr. PELLETREAU. As I mentioned, we have sought some clarifications from the Israeli Government with respect to the latest announcement. And we are—we are studying the information that they gave us. We understand that this has not been a fully approved action.

Chairman HAMILTON. Do you think the use of the privately funded settlement construction violates the loan guarantees agreement?

Mr. PELLETREAU. I don't believe that it violates the agreement as such, no. But we would still like to discourage such activity.

Chairman HAMILTON. I understand. Now, why do you think the Israeli Government has decided to move ahead on those housing contracts I referred to a moment ago in Alfamanosh?

Mr. PELLETREAU. I think there has been some particular pressure from the inhabitants of this area and—

Chairman HAMILTON. Are they trying to improve their bargaining position on the final settlement talks?

Mr. PELLETREAU. I think they are trying to relieve overcrowding in this particular area. And as I understand it, subject to further

clarification that we receive from the Israeli Government, this is not involving any expropriation of land or any public expense. But that doesn't mean that we condone it.

Chairman HAMILTON. Do you consider the action that they took, the Israeli Government, to be consistent with the Declaration of Principles?

Mr. PELLETREAU. The Declaration of Principles declares settlements to be an issue for final status negotiations. And I think the implication of that is that there would not be actions taken that would prejudice that issue.

Chairman HAMILTON. With regard to that announcement on those housing contracts in that settlement, have we said anything to the Israeli Government about that?

Mr. PELLETREAU. Yes, we have sought clarifications on that.

Chairman HAMILTON. Have we expressed our disapproval?

Mr. PELLETREAU. We have as yet—at this point, we have only sought information on what is being intended. The news stories were quite incomplete.

Chairman HAMILTON. Will you let me know what you conclude with respect to that?

Mr. PELLETREAU. I would be pleased to.

[The information referred to was subsequently supplied for the hearing record and follows:]

The Government of Israel is reexamining its decision to release additional land for privately financed development in and around Alfe Menashe. Even as originally proposed, the plan did not call for any new public construction. We have been assured by the Government of Israel that there has been no change in government policy regarding settlement construction.

Chairman HAMILTON. When would you expect to make a judgment about it?

Mr. PELLETREAU. I would say within a—within a month. But it—I say that advisedly, because I understand that the approval process is a very lengthy one and it could be something that would take as long as 6 months.

Chairman HAMILTON. OK. About last year, only \$6 million of the \$437 million deducted from Israeli loan guarantees reflected Israeli Government spending in East Jerusalem, according to the information we have. Now, that means that we calculated that the Israeli Government spent only \$6 million in nonsecurity expenditures in Jerusalem in the previous year; is that correct?

Mr. PELLETREAU. I am not sure I have that specific calculation here.

Chairman HAMILTON. OK. What portion of this year's deduction of the \$311 million reflects Israeli Government spending in Jerusalem, do you know that? Maybe you can furnish that for us.

Mr. PELLETREAU. I would have to look further for that.

[The information referred to was subsequently supplied for the hearing record and follows:]

The deduction from loan guarantee authority for government spending is a calculation based on government infrastructure development expenditures in those parts of Jerusalem not under GOI administration prior to June 5, 1967. Only a small portion of this year's deduction was due to GOI expenditures in these areas.

## U.S. POLICY TOWARD JERUSALEM

Chairman HAMILTON. OK. Now, when you testified before us last time, you said that U.S. policy toward Jerusalem is that Jerusalem is a final status issue, pursuant to the Declaration of Principles, and we do not want to characterize Jerusalem in any other statement or form. That was your position, as I understood it.

Mr. PELLETREAU. Yes, that is correct.

Chairman HAMILTON. It is my understanding that under previous administrations U.S. policy was that we oppose unilateral actions taken by any party regarding the ultimate disposition of Jerusalem prior to negotiations to determine Jerusalem's final status. Is that your view, also?

Mr. PELLETREAU. My view would continue to be the way I stated it to you in previous testimony.

Chairman HAMILTON. OK. What is current U.S. policy with regard to unilateral actions by any party that could affect the final status of Jerusalem prior to final status negotiations?

Mr. PELLETREAU. I think the implication of the Declaration of Principles is that there would not be actions taken that could prejudice the final status negotiations.

Chairman HAMILTON. Does the Israeli construction in East Jerusalem qualify as unilateral action?

Mr. PELLETREAU. I think we would want to look at the specific activity involved, sir.

Chairman HAMILTON. Well, the specific activity is construction. The question is, does construction qualify as unilateral action?

Mr. PELLETREAU. It certainly could qualify as unilateral action, yes.

Chairman HAMILTON. But you haven't made a determination that it does?

Mr. PELLETREAU. No, we have not made such a determination.

Chairman HAMILTON. Is it under consideration?

Mr. PELLETREAU. It has not been under active consideration in our recent deliberations, no.

Chairman HAMILTON. All right, OK. I am about coming to the end here. You have had a long morning, and I do want to just check on a couple of things with regard to Iraq.

## U.S. POLICY ON EASING OF IRAQI SANCTIONS

The administration has insisted that there has to be a substantial testing period of the long-term monitoring program before the question of easing Iraqi sanctions can be addressed. That is the administration position, isn't it?

Mr. PELLETREAU. Yes, that is correct.

Chairman HAMILTON. Is there a minimum period of testing that we want to see before taking up the question of easing the sanctions?

Mr. PELLETREAU. We have not felt it appropriate to take any specific period at this time because the monitoring period hasn't begun yet.

Chairman HAMILTON. There is some talk at one point about a 6-month testing period. Where did that come from, do you know?

Mr. PELLETREAU. Some other governments started sounding out such a possibility.

Chairman HAMILTON. That didn't come from us?

Mr. PELLETREAU. That did not come from us.

Chairman HAMILTON. If you did establish a set period of testing on the monitoring program, would that require a new Security Council resolution?

Mr. PELLETREAU. I am not sure of the answer, because we have opposed such a specific set, fixed time period for testing. I will certainly look into it. Whether that would require a new resolution or would be part of the 60-day roll-over, I am not positive.

[The information referred to was subsequently supplied for the hearing record and follows:]

The United States remains firmly opposed to any defined probationary period. Such an arrangement would create an assumption that Iraqi cooperation in only one of the areas addressed by the Security Council—weapons of mass destruction—will result in lifting sanctions. The Council already has a mechanism—its regular 60-day review process—to consider the full range of sanctions issues.

The lifting of the embargo on Iraq's oil exports would require further Security Council action. If the Security Council were to establish a monitoring period meant to lead to lifting the embargo, in our view such action would also require a new Security Council resolution. We would oppose such a step.

Chairman HAMILTON. How about France and Russia, do they favor setting a specific time period of testing?

Mr. PELLETREAU. They have spoken about it, yes.

Chairman HAMILTON. In support of it?

Mr. PELLETREAU. They have spoken in support of it, but I am not sure what their final position would be.

Chairman HAMILTON. China.

Mr. PELLETREAU. I don't think China has been specific.

Chairman HAMILTON. Can you give us the mood of the Security Council on this issue?

Mr. PELLETREAU. In the last review, it was generally recognized by all members of the Security Council that Iraq was not in compliance, and so there was unanimous consent to renewal. There was also no statement that was made indicating any Iraqi progress, although there were some members that favored making such a statement.

I think that all members of the Security Council recognized that Iraq must comply with the Security Council resolutions. There are some that I think would look to the day of lifting the oil embargo sooner than others. And that is a question to be further debated and resolved in the future. Because up to this point, as I have stated, there is unanimous agreement that Iraq is not in compliance with the Security Council sanctions.

Chairman HAMILTON. So we have got some differences in the Security Council on this question, right?

Mr. PELLETREAU. Some potential differences for the future, yes.

#### FLUSHING OF IRAQI-TURKISH PIPELINE

Chairman HAMILTON. OK. Last time you were here, you testified that you anticipated a U.N. Security Council resolution authorizing a limited flushing of the Iraqi-Turkish oil pipeline in order to, I



think, allow for repairs. But no pipeline flushing deal has been forthcoming. The Security Council has taken no action—

Mr. PELLETREAU. That is correct.

Chairman HAMILTON [continuing]. Is that correct? What is holding up formal Security Council action on that pipeline flushing issue?

Mr. PELLETREAU. Well, Turkey has not come to the Council with a full plan of what all aspects of the agreement would be. There is particular outstanding difference on how foodstuffs and medicines that would be purchased with the funds from the pipeline flushing would be distributed in Iraq.

Chairman HAMILTON. Have we played any role in trying to reach an agreement on flushing the pipeline, the United States?

Mr. PELLETREAU. The United States has discussed the issue with Turkey, to ensure that a flushing agreement stayed within the context of the overall Security Council sanctions.

Chairman HAMILTON. Is there time to flush that pipeline and complete repairs before the onset of winter?

Mr. PELLETREAU. We have not specifically examined that question.

Chairman HAMILTON. Can the pipeline be repaired in the winter?

Mr. PELLETREAU. I think the flushing can take place at any time. But I am not—

Chairman HAMILTON. The repair?

Mr. PELLETREAU. I am not positive of the full answer.

[The information referred to was subsequently supplied for the hearing record and follows:]

We understand that the required repair and maintenance would be much more difficult to accomplish during the winter months. During the winter, the area where the pipeline crosses the border is very mountainous and subject to significant snowfall and low temperatures, making access to the pipeline and related equipment very difficult.

Chairman HAMILTON. OK. We haven't had a chance to get to a number of areas. We will probably be submitting some questions to you.

#### EGYPT

We did have the initiative launched by President Mubarek and Vice President Gore on this Egyptian Partnership for Economic Growth and Development. That promises benefits to both countries. Do we expect the provisions of that initiative to be implemented soon?

Mr. PELLETREAU. Yes. We have had some further discussions with the Egyptians about setting up the committees that were called for in that initiative. The Vice President has stated his hope that he would be able to go back to Egypt early next year and that by that time we would have the mechanisms in place for the new initiative.

Chairman HAMILTON. Now, the IMF is pressing Egypt again to devalue the pound, and Egypt, of course, is objecting to that. Do we agree that the pound is overvalued?

Mr. PELLETREAU. We have not been actively involved in that discussion.

Chairman HAMILTON. Do we think that if the Egyptian Government does not devalue now, it will be forced under market pressures to devalue later, probably under less favorable conditions?

Mr. PELLETREAU. That is a possible outcome.

Chairman HAMILTON. It certainly is.

All right, look, I have sat on this committee for many years and we have approved aid to Egypt over and over and over again. And we put about \$30 billion into economic and military assistance to Egypt since the signing of the Israeli-Egyptian peace treaty. And yet when you look at the Egyptian economy today, I don't think you can say that they are better off in 1994 than they were back then, 1980. Maybe worse.

They are ranked among the developing states with the most highly skewed income distribution. And thousands of Egyptian peasants who received land are about to be kicked off their land by the government.

There is very widespread official corruption, and so you have to ask yourself the question, what has all that \$30 billion done? Or, as we say in our politics, are they better off in 1994 than they were in 1980? Do you have any comment to make on those general observations?

Mr. PELLETREAU. I think that the Egyptian economy is considerably better off now than it was at the beginning of our assistance program. I think that the macroeconomic Egyptian situation is considerably improved.

Infrastructure, particularly in the areas of power generation, telecommunications, water and wastewater treatment, is considerably improved. The agricultural scene is vastly improved with improved yields from rice in particular and other crops and commodities.

Chairman HAMILTON. I am aware of some of the improvements, of course, but let me just express my concern here. I am worried that the social and economic policies of the government, which really appear to me to be deepening the impoverishment of the rural masses, while the elite in Egypt are becoming very, very rich, and I think you might very well be feeding a situation which leads to Islamic extremism.

I don't want to overstate that. There are good trends that you have identified. But I am very worried about that. And I just mention it for your consideration.

Mr. PELLETREAU. Thank you.

#### TRAVEL BAN ON LEBANON

Chairman HAMILTON. And then finally on Lebanon, you extended this ban on the use of U.S. passports for travel to Lebanon.

Mr. PELLETREAU. Yes, that is correct.

Chairman HAMILTON. And we had it come up yesterday in the committee and decided to pull the bill, the bill which had already been passed by the Senate. Are you giving any consideration to reducing the ban to a travel advisory?

Mr. PELLETREAU. That is one of the options that we could take during our review of the situation. At present, we thought that continuation of the ban was justified for another 6 months.

Chairman HAMILTON. What do you base that on?

Mr. PELLETREAU. We base it on the fact that there are groups in Lebanon that operate outside the control and authority of the government, that entertain a special hostility toward Americans, that we know have Americans in Lebanon under surveillance. And we do not believe that the situation there ensures the safety and security of Americans for travel.

Chairman HAMILTON. Do we base that on information that Americans are being targeted for Hezbollah or some similar group?

Mr. PELLETREAU. Yes, we do.

Chairman HAMILTON. All right. Now, if—given the current situation on the ground in Lebanon—if a travel ban were not now in place, would the administration impose a ban?

Mr. PELLETREAU. It is still a very unsettled and in some areas dangerous situation. I certainly think we would consider it.

Chairman HAMILTON. Now, you have got a large number of U.S. citizens who travel to Lebanon in violation of the ban. I was told yesterday, I don't know of the accuracy of this figure, that it is 40,000 Americans or so. Is that about right, do you think?

Mr. PELLETREAU. I have heard that figure, as well. I honestly don't know what the true figure is.

Chairman HAMILTON. It is a pretty large number.

Mr. PELLETREAU. There is a substantial number of people who travel. Whether they all travel on American passports or other travel documents, I couldn't be sure.

Chairman HAMILTON. Why don't we prosecute them?

Mr. PELLETREAU. Well, we don't know who they are.

Chairman HAMILTON. You confiscated the passports of people who are returning from Lebanon. You must know who they are.

Mr. PELLETREAU. Well, in a few cases that happened. But we have not done very much of that.

Chairman HAMILTON. Are you making any effort to prosecute these people or do you just—

Mr. PELLETREAU. No, we are not.

Chairman HAMILTON. You are not making any effort?

Mr. PELLETREAU. We are not making an effort to prosecute.

Chairman HAMILTON. So you have got the ban, but you don't try to enforce it?

Mr. PELLETREAU. We are not seeking prosecution at this time.

Chairman HAMILTON. OK. Thank you, Mr. Secretary. That is all. We will submit some questions to you.

Mr. PELLETREAU. Thank you.

[Whereupon, at 12:40 p.m., the subcommittee was adjourned.]





# APPENDIX

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STATEMENT OF  
ROBERT H. PELLETREAU  
ASSISTANT SECRETARY OF STATE  
FOR NEAR EAST AFFAIRS  
DEPARTMENT OF STATE  
BEFORE THE HOUSE FOREIGN AFFAIRS COMMITTEE  
SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST  
October 4, 1994

Mr. Chairman, distinguished members of the Subcommittee: I am pleased to appear before you again to review recent developments in the Middle East.

Mr. Chairman, my statement today will cover the peace process, Gulf security, and commercial policies in the region. Let me begin by restating American interests in the region. They include:

- o Securing a just, lasting and comprehensive peace between Israel and all Arab parties with which she is not yet at peace.
- o Maintaining our steadfast commitment to Israel's security and well-being.
- o Building and maintaining security arrangements that assure the stability of the Gulf region and unimpeded commercial access to its petroleum reserves, which are vital to our economic prosperity.
- o Ensuring fair access for American business to commercial opportunities in the region.
- o Countering the proliferation of weapons of mass destruction, the systems to deliver them, and combatting terrorism.
- o Promoting more open political and economic systems, and respect for human rights and the rule of law.

This region, long plagued by war, has embarked on an historic journey toward peace. Former antagonists are negotiating, opening doors to a new era of coexistence. This comes at a time when many countries are undergoing complicated internal transitions. Governments and the governed are seeking appropriate responses to currents of change set in motion by the end of the Cold War. The Middle East remains a complicated, and in many ways a dangerous neighborhood, but it is a place where peace is gaining ground.

Just over a year has passed since Israeli Prime Minister Rabin and PLO Chairman Arafat signed the Declaration of Principles on the south lawn of the White House. This accord addressed one of the core issues of the Arab-Israeli conflict -- Palestinian-Israeli co-existence -- and cleared the way for other agreements that have followed. It has produced the beginnings of Palestinian self-government as well as economic interaction and security cooperation with Israel. Today in the Middle East, normalization of relations between peoples is taking root. While the road to a full and lasting peace between Israel and the Arab world remains long and difficult, we are firmly engaged on that path and recent developments hearten and encourage us.

Following the Washington Declaration on July 25 and the dramatic announcement by King Hussein that the state of war between Israel and Jordan had ended, Secretary Christopher traveled to the Middle East in early August to continue the Administration's effort to move the peace process forward and to support those agreements already reached. The Secretary returned from the region impressed by the progress that has been made and persuaded of the opportunities to move the process forward. Ambassador Dennis Ross visited the region in mid-September and the past week has witnessed important developments in New York and Washington. Secretary Christopher plans to visit the region again in the next few days to continue the momentum toward our objectives of a just, comprehensive and lasting peace.

Mr. Chairman, let me briefly review with you the current status of each of the bilateral and multilateral tracks of the peace process.

#### The Bilateral Negotiations

##### Israel-PLO

Since the signing of the Declaration of Principles, Israel and the PLO have remained engaged in direct negotiations, and have been making steady progress.

- o In April, the two sides concluded an economic agreement with far-reaching implications for their relations.
- o The Gaza-Jericho Accords, signed on May 4 in Cairo, set out the terms for implementation of the Declaration of Principles, and included annexes on security arrangements, civil and legal matters, and economic relations. These accords cleared the way for the withdrawal of Israeli forces from Gaza and Jericho, and for the Palestinians to assume self-government responsibilities.

- o In August, a further agreement expanded Palestinian self-rule in the West Bank with the transfer of authority over education, and set the stage for the Palestinians to assume responsibility for social welfare, health, tourism and direct taxation.
- o Yesterday, the two sides began negotiations on the range of issues related to the holding of elections for a Palestinian council as provided for in the Declaration of Principles. The United States regards the holding of elections as a vital step in the Palestinian self-governing process, one which should be encouraged and supported by the international community.

The progressive transfer of authority to the Palestinians will demand greater accountability on the part of the Palestinian administration. We are troubled by the ongoing violence in the territories, such as the stabbing on September 25 of a 17-year-old Jewish settler by a young Palestinian in Gaza. We welcome Chairman Arafat's quick condemnation of the incident as an act of terrorism. His characterization of the attack as a challenge to the Palestinians is fully on the mark. It is clear that more must be done to prevent these kinds of incidents in the future.

The Administration has exerted every effort to ensure that implementation of the Declaration of Principles advances successfully. USAID is providing advice to the Palestinians on the administration of elections, and has other programs underway for housing construction, food distribution, and health care delivery. In addition to our financial aid, we recognize the vital role of private sector investment. Last month, OPIC finalized an agreement to begin offering loans, loan guarantees and political risk insurance to American companies with business ventures in the West Bank and Gaza. Seven projects have already been announced that will represent an investment of approximately \$87 million, to create up to 5,000 permanent and temporary jobs.

While the donor response to the Palestinians' financial requirements has been extraordinary, we have made it clear that it must also be temporary. The Secretary has urged Chairman Arafat to take the necessary steps to establish a tax collection system in Gaza and Jericho. The donors are prepared to provide additional funds, but the Palestinians must demonstrate that they have taken adequate steps to generate revenues of their own. Palestinian self-help efforts -- collecting taxes and tapping the resources of the Palestinian diaspora -- as well as cooperation between the Palestinians, Israel, and other regional forces to implement economic cooperation are ultimately the keys to Palestinian self-sufficiency.

### Israel-Jordan

Yesterday, President Clinton met with Jordanian Crown Prince Hassan and Israeli Foreign Minister Peres to, as they expressed after the meeting, "pursue their common purpose of creating a new era of peace in the Middle East."

Yesterday's trilateral builds on the progress made on July 25, when King Hussein and Prime Minister Rabin signed the Washington Declaration, which officially marked the end of Jordan's and Israel's state of belligerency. The Declaration they signed is a positive, forward-looking document, committing the Jordanians and Israelis to work toward a treaty of peace. In it Jordan also agreed that their future negotiations with Israel will address the abolition of all economic boycotts.

The Washington Declaration has already brought tangible changes on the ground. On August 8, Secretary Christopher participated in the opening of a border crossing north of Eilat and Aqaba, an event of great symbolic and practical importance for future Israeli/Jordanian relations.

The Jordanians and Israelis have also agreed to a series of joint projects that have emerged from their trilateral negotiations, in which the United States plays a major catalytic role. The joint communique issued at the October 3 trilateral meeting expressed the interest of the parties in exploring new forms of regional political and economic cooperation. The parties have agreed to the terms of reference for the Jordan Rift Valley Master Plan. Meanwhile, the administration is sponsoring a study of three U.S. parks for trilateral experts working on the Dead Sea transboundary park and a Red Sea marine research park.

In their bilateral talks, the two sides are grappling with the crucial issues of boundaries and water sharing, as well as civil aviation and transportation issues.

The administration will continue to work closely with Jordan and Israel to support the bilateral and trilateral negotiations. However, the success of the talks between these two parties demonstrates that there is no more promising avenue to peace than direct negotiations.

### Israel-Syria

While the Declaration of Principles dealt with the core political issue of the Arab-Israeli conflict, the Israeli-Syrian talks address the conflict's key strategic issues. Prime Minister Rabin and President Asad are serious and engaged on the substantive details of their negotiations. With the U.S. as an active intermediary, the Israelis and the



Syrians have begun to outline their views on withdrawal, security, peace, timing, phasing and the relationship among those elements. Since the end of April, Secretary Christopher has conducted careful shuttle diplomacy to narrow these issues and assist the parties in exploring how the key elements could fit together. Foreign Minister Shara will be in Washington this week to discuss these issues.

The gaps are wide and the bargaining is hard, but both leaders want the effort to continue and neither is shrinking from the process of engagement. It is significant that President Asad has taken no steps to disrupt the growing Palestinian and Jordanian co-existence with Israel. In this July's Army Day speech, Asad spoke of a "peace with honor." On September 10, he outlined to the Syrian People's Assembly a strategy of peace based on normalization of relations with Israel and acknowledged the "objective requirements" of peace.

These are positive signs, and we will remain actively engaged to advance the Syrian-Israeli track in 1994.

#### Israel-Lebanon

Progress has been slow in the Israel-Lebanon negotiations. But we think here, too, the fruit is ripening. The issues are clear: the Lebanese seek Israeli withdrawal from southern Lebanon. Israel claims neither land nor water but justifiably seeks to secure its northern border from terrorist attack and to establish formal peace and security arrangements between the two governments. Meanwhile, Lebanon is making steady progress in emerging from the dark years of civil war and in rebuilding its economy. As Secretary Christopher reiterated last week in New York to Foreign Minister Bouez, we support Lebanese independence, sovereignty, and territorial integrity and share the goals of the Lebanese people of a nation secure and at peace, free of all foreign forces.

#### The Multilateral Negotiations

As you know, Mr. Chairman, in early 1992, shortly after the Madrid Middle East Peace Conference, a set of multilateral negotiations was launched to complement the bilaterals. For almost three years now, representatives of Israel, the Palestinians, thirteen Arab countries, and more than 30 parties from outside the region have been meeting in various working groups to address issues facing the region as a whole: water, the environment, economic development, refugees, and arms control and security. Progress in these talks has surpassed our expectations. Israeli delegations are becoming routine features in Arab capitals where such meetings occur: five of the six meetings of the last round of multilateral talks were held in the region -- in Morocco, Tunisia, Egypt, Qatar, and Oman.

Syria and Lebanon have not yet agreed to join the multilaterals pending progress in their respective bilateral negotiations with Israel. The door remains open to them.

Let me briefly describe the activities of the five working groups.

- o The Arms Control and Regional Security Working Group is establishing a communications network among its members patterned after the CSCE network. The group is also working on a declaration on security principles to guide the conduct of regional parties.
- o The Environment Working Group is developing an oil spill contingency plan for the Gulf of Aqaba. Israel, Jordan, the Palestinians, Egypt and Tunisia have developed a regional work plan to combat desertification. This group and the Water Resources Working Group are cooperating on a project for waste-water treatment and re-use for small communities in the region.
- o The Refugee Working Group is working to improve living conditions of Palestinian refugees, especially outside the occupied territories. It is developing projects for vocational training centers, housing rehabilitation, and a health master plan. The group completed a study on living conditions of refugees in West Bank camps, which is now being used to set up a Palestinian statistical office in the territories.
- o The Regional Economic Development Working Group recently adopted an action plan containing over forty initiatives in the areas of tourism, transportation, communications, training and agriculture.
- o The Water Resources Working Group is testing rain catchment systems in the parched Gaza Strip, and has agreed to establish a center on desalination research and technologies in Oman. It is also developing regional water data banks, low-cost desalination technologies, examining how to rehabilitate small community water systems, and is providing water sector training to regional water managers and technicians.

Additionally, the Multilateral Steering Group, which I co-chair along with my Russian counterpart, is working on guidelines for regional development and a paper on the future of the Middle East.

The multilaterals provide several benefits to the process as a whole. They reinforce the bilateral negotiations and buffer periods of difficulty. They are building networks of Arab and Israeli professionals with similar interests. They provide mechanisms through which regional problems can be addressed and constitute an available forum for other states to join at the appropriate time. They are also spawning new areas of cooperation, and here I would cite the decision by Israel and Morocco to open liaison offices, the agreement by Israel and Tunisia to open economic liaison offices, and the Middle East/North Africa Economic Summit that will take place in Casablanca at the end of this month. The multilaterals are proving to be a catalyst for positive change, and may be giving us a glimpse of what the region will look like when the countries of the area cooperate in an era of comprehensive Arab-Israeli peace.

#### The Middle East Economic Summit

Although not formally tied to the multilateral process, the upcoming Middle East/North Africa Economic Summit represents an unprecedented opportunity to reinforce the dramatic developments that have occurred in Arab-Israeli peacemaking over the past two years. The Summit, sponsored by the Council on Foreign Relations and the World Economic Forum, will include participants from business and government. President Clinton and Russian President Yeltsin are honorary co-chairs. Summit participants will be encouraged to work toward the creation of a regional financing mechanism, a regional Chamber of Commerce, and Middle East/North African economic community, a regional tourist board, and to agree to a follow-on business conference in 1995.

#### The International Conference on Population and Development

Although the Population Conference, held in Cairo in the first half of September, was global in nature and subject matter, the fact that it was held in the Middle East and contains important implications for Middle Eastern nations makes it relevant to this report. The U.S. delegation was led by Vice President Gore and played an active role in negotiating the final program of action. President Mubarak and the government of Egypt are to be commended for hosting this conference -- it was a gigantic undertaking from the organizational and security points of view as well as in a substantive sense. It also offered an opportunity to showcase Egypt's own family planning program which under the energetic leadership of Dr. Maher Mahran has brought growth rates in Egypt down over the last decade from 2.7 percent to 2.2 percent, a significant reduction.

## Challenges to Peace and Stability

Development in the peace process and the successful outcome of the Population Conference allow a degree of optimism that would have been unrealistic and impermissible in past years, but they do not condone complacency. A great deal of work still needs to be done.

We must also be vigilant in the face of challenges to peace and stability. Forces of terrorism and rejection will continue to complicate the task of peacemaking. The pursuit of weapons of mass destruction by some states poses a long-term threat to the region. Some governments also face challenges from opposition movements, religious and secular, that use violence and terrorism as the path to political power. Also, the activities of Iran and Iraq in the Gulf region remain a source of great concern. Let me briefly review our policy toward the Gulf.

### Gulf Security

No one familiar with the history of the second half of the twentieth century needs to be reminded of the importance of this region to the United States or the world. U.S. exports to Gulf countries are in the billions of dollars annually. Sixty-five percent of the world's known petroleum reserves is located here. American presidents have identified unimpeded access to these resources as a "vital" interest -- one for which we will if necessary commit military forces, as we did in Desert Storm.

In this vein, a key objective is to ensure the physical security of the Persian Gulf -- to reduce the chances that another aggressor will emerge to seek control over the area, threaten the independence of existing states, or dictate policy in the region. Iraq, despite its defeat in the Gulf War, is still ruled by Saddam Hussein and still harbors ambitions of regional domination. It has yet to show any serious willingness to demonstrate its peaceful intentions toward its neighbors or its own citizens as demanded by the Security Council.

Our stance toward Iraq is unambiguous: It must fully comply with all relevant UN Security Council resolutions, and with the measures taken by the international coalition to enforce and monitor them.

There is no convincing evidence that Saddam Hussein's regime is prepared to meet this standard. Iraq is not today in full compliance with any of the relevant UN Security Council resolutions. It has not even met the basic requirements of the resolution which ended the fighting in the Gulf War -- such as formally recognizing the U.N.-demarcated border with Kuwait. With such a record, Iraq's calls for the immediate lifting of sanctions ring hollow.



United States Department of State.

Washington, D.C. 20520



But the United States has no quarrel with Iraq's much oppressed population. We work closely with the U.N., international donors, and non-governmental organizations in carrying out a humanitarian relief program. We strongly support the continued territorial integrity and unity of Iraq. We also support the Iraqi National Congress in its efforts to unify and strengthen the Iraqi opposition, and to bring about a democratic, pluralistic government to Iraq which can live in peace with its neighbors and its own people. In sum, we are determined that the will of the international community, as expressed in U.N. Security Council resolutions, be enforced to ensure that an Iraqi tyrant does not again threaten his neighbors or pose a threat to broader peace.

Let me repeat that we bear no ill will toward the Iraqi people. Saddam Hussein's brutal treatment of Iraq's civilian population is a matter of record. The Iraqi government could alleviate the suffering of the Iraqi people by ceasing its repression, especially in the north against the Kurds and in the south against the Shiites, and by taking advantage of U.N. Security Council resolutions 706 and 712, which allow Iraq to sell oil under U.N. control to purchase food, medicine and other humanitarian goods.

As for Iran, we have very deep and serious concerns about its behavior in five areas:

- Its quest for nuclear and other weapons of mass destruction, and the means for their delivery.
- The continued involvement of the Iranian government in terrorism and assassination worldwide.
- Its support for violent opposition to the Arab-Israeli peace process.
- Iran's threats and subversive activities against its neighbors.
- Its dismal human rights record at home.

Our policy is not aimed at changing the Iranian government, but at inducing Iran to change its policies in these areas. We have made clear that we are prepared to enter into dialogue with authorized representatives of the Iranian government to discuss the differences between us. We seek to persuade Iran that it cannot expect to enjoy normal state-to-state relations so long as it violates basic standards of international conduct. Thus, we work with other countries to deny Iran access to military or dual use technology and other means it might use to pursue international destabilization and terrorism, as well as acquire weapons of mass destruction.

We seek positive change in Iranian policy to allow the Iranian people to join the widening circles of peace. But so far, Iran has turned backward, choosing resistance rather than co-existence.

In recent weeks there has been an effort by the Iranian opposition group Mojahedin-e-Khalq, with the support from some members of Congress and some media opinion, to press the Administration to establish contacts with this group. The argument goes that we cannot prepare an unbiased report on the Mojahedin-e-Khalq as mandated by Congress without sitting down and talking to its leaders. We believe such contacts are unnecessary, Mr. Chairman, to meet the Congressional requirement. The U.S. Government possess a great deal of information on the group's activities, some of it directly from Mojahedin published sources. I can assure you that the report will be comprehensive and factual.

#### Collective Security among Gulf States

A second focus of our policy in the Gulf, complementing our efforts to counter the threatening potential of Iran and Iraq, is bolstering the defensive capabilities of our friends in the Gulf region. We are urging the members of the Gulf Cooperation Council to work more closely together on collective defense and security. We have also strengthened our own ability to act quickly by maintaining strong forces in the region, by prepositioning equipment and material and concluding defense cooperation agreements with several GCC states.

Our goal here is to complement, not replace, the Gulf states' own collective security efforts. We do not intend to station troops permanently anywhere in the region. Our objective is to increase regional stability and deter threats, and to raise the threshold at which direct U.S. military action might be needed; that is, reducing the likelihood that we and our allies would have to fight to repel an aggression.

#### U.S. Commercial Interests

Before closing let me say a few words about our economic cooperation in the Gulf region and U.S. support for private business. From President Clinton down, this Administration has made crystal clear its view that supporting American business overseas would be at the heart of our foreign policy interests. This Administration's support for NAFTA, the GATT and to promote our country's efforts to secure specific commercial contracts show we are taking that mandate seriously. We wish to reduce barriers to trade and investment and to ensure that the rights of American businesses are not infringed. We are working to protect the integrity of American patents, copyrights and trademarks by asking all Middle Eastern states to join the international convention protecting intellectual property rights.

Saudi Arabia's decision to purchase up to four billion dollars worth of telecommunications equipment from U.S. manufacturers demonstrates how our partnership with private industry can translate into large orders for goods and services produced by American workers. Support for American business is a priority of each of our Ambassadors overseas.

Our embassies have been active elsewhere in the Gulf helping American business to secure, for instance, over 500 construction contracts in Kuwait worth approximately five billion dollars and a 98 million dollar contract to dredge a channel in Doha.

We are also working to develop increased linkages between the U.S. private sector and their counterparts in the region. With this in mind, Vice President Gore and Egyptian President Mubarak agreed on September 6 to intensify the U.S.-Egyptian partnership in economic areas. The core of this partnership will be a new, high-level Joint Committee for Economic Growth, which will facilitate contacts between the U.S. and Egyptian private sectors, strengthen science and technology cooperation, and establish an "economic dialogue" that will foster development of broad-based economic relationship focused more on trade, investment, and mutual commercial benefit than on assistance.

A major remaining impediment to economic expansion in the region is the Arab boycott of Israel. It suppresses economic growth at a time when trade and economic development is critical to the area's stability. I am pleased to say that the validity of the case against the boycott is increasingly recognized by the Arab states themselves. Last week the Foreign Ministers of the Gulf Cooperation Council, meeting in New York, agreed to end the secondary and tertiary aspects of the boycott and to support Arab League action to end the boycott in its entirety. Our objective remains a complete end to the boycott, and we continue to press Arab leaders at every opportunity.

### Conclusion

Even as the region's political landscape is being transformed by the logic of peace, it remains a dangerous neighborhood, demanding our unwavering vigilance.

- o Forces of terrorism and rejection will continue to complicate the task of building a comprehensive peace.
- o It is critical to stanch the flow of weapons of mass destruction into the region.
- o A collective security framework must be strengthened and maintained on the Western side of the Gulf to deter governments with aggressive intentions toward their neighbors.

- o Non-governmental movements, whether religious or secular, that use or espouse violence and terrorism as the path to political power will continue to pose a threat to stability until they decide to work peacefully and respect human rights.
- o But we also need to continue our work with governments in the region to encourage greater openness and responsiveness in their political systems, and to enhance the protection of human rights. Otherwise, terrorism and radicalism will prosper.

Mr. Chairman, let me end with a perspective on recent developments in the peace process. The agreements and activities I have described today were set in motion by courageous leaders. These accords are creating new political and economic bonds across traditional lines of conflict. They are also catalysts for expanding reconciliation among peoples. I have seen this when Jordanian and Israeli war veterans embraced one another at the opening of their border. It is evident in the multiplying contacts between Arabs and Israelis to explore tourism, commerce, and cultural activities. It is also in small signs such as graffiti welcoming peace on the walls of Gaza, and of Palestinian and Israeli theater troupes joining in a production of Romeo and Juliet. These signs testify that the region is turning a corner. Peace is not only being pushed by politicians and diplomats, it is also being pulled by the people of the region.

This administration recognizes that there is no more compelling goal of statecraft than to seek and consolidate peace and reconciliation between countries and peoples. President Clinton, Secretary Christopher and all of us involved in carrying out our policy will do everything in our power to make that goal a reality in tomorrow's Middle East.

Thank you.



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(with SECRET attachment)  
DECL:OADR

Dear Mr. Chairman:

In accordance with Section 523 of the FY 1994-95 Foreign Relations Authorization Act, Public Law No. 103-236, I am pleased to submit on behalf of the Secretary of State the report, "People's Mojahedin of Iran."

The Administration has welcomed the opportunity to conduct a comprehensive review of the People's Mojahedin of Iran. The U.S. Government has been monitoring the group's activities since the 1970s. We believe the report to be a balanced and comprehensive analysis.

Consideration of this issue suggests it may be appropriate to take this opportunity to restate the Administration's policy towards the government of Iran. We want to be clear that our conclusions about the Mojahedin do not in any way imply support for the behavior of the current regime in Iran. As you are aware, longstanding U.S. policy on Iran has been based on an unvarying premise: Iran should not enjoy the benefits of normal, state-to-state relations with other countries so long as it acts in ways that fall outside generally understood patterns of acceptable government behavior.

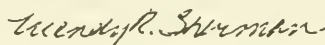
The Honorable  
Lee H. Hamilton, Chairman,  
Committee on Foreign Affairs,  
House of Representatives.

UNCLASSIFIED  
(with SECRET attachment)

Our record of objection to outlaw Iranian behavior is clear. We vigorously oppose Iran's support for terrorism, its efforts to block the Middle East peace process through violence, its attempts to acquire weapons of mass destruction, and its dismal human rights record. Until Iran alters its behavior in these critical areas, we will continue to lead the world in pressuring Tehran. We must convince the regime that there is a price to be paid for flouting international standards.

We welcome the opportunity to brief the Congress on all aspects of our bilateral relations with Iran. You can be assured we will continue to monitor the activities of the Mojahedin. We remain, however, guided by the premise that our mutual distaste for the behavior of the regime in Tehran should not influence our analysis of the Mojahedin.

Sincerely,



Wendy R. Sherman  
Assistant Secretary  
Legislative Affairs

Enclosure:

Report on the People's Mojahedin of Iran

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(with SECRET attachment)

PEOPLE'S MOJAHEDIN OF IRAN

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INTRODUCTION

The following report has been prepared at the request of Congress. Section 523 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995, Public Law No. 103-236, requires the President to submit "a report detailing the structure, current activities, external support, and history of the People's Mojahedin of Iran. Such report shall include information on any current direct or indirect support by the People's Mojahedin for acts of international terrorism." The conference report noted that Congress intended no prejudgment of the organization and urged the Administration to consult with a wide range of people in the preparation of the report.

Responsibility for preparing the report was delegated to the Secretary of State by a presidential memorandum dated July 26, 1994. Government agencies that contributed informational records, intelligence, analysis, and expertise to the report include: the Departments of State, Defense (including the Defense Intelligence Agency and the four military services), Justice, Treasury, and Transportation; the National Intelligence Council; the National Security Agency; and the Central Intelligence Agency.

In preparing the report, we have consulted with a large cross-section of Iranian opposition groups and Iranian expatriates, including Mojahedin sympathizers. We obtained the viewpoints of prominent American academic specialists on Iran and the Middle East through personal interviews and research of their published works. We surveyed Iran experts at nongovernmental organizations and "think-tanks." We reviewed Western media coverage of Mojahedin activities. Finally, we drew upon the voluminous collection of Mojahedin publications and radio broadcasts, a public record that ranges from the 1960s through October 1994.



EXECUTIVE SUMMARY

The "Sazeman-e Mojahedin-e Khalq-e Iran," or Organization of People's Holy Warriors of Iran, is a militant Iranian opposition group. Its Persian name is generally shortened to the Mojahedin-e Khalq or the People's Mojahedin.\* The Mojahedin were established in Tehran, Iran, in 1965, by young, middle class intellectuals. The Mojahedin revolutionaries developed and disseminated an eclectic ideology based on their personal interpretation of Shi'a Islamic theology and Marxist tenets. Then as now the Mojahedin advocated a two-pronged strategy of armed struggle and the use of propaganda to gain their political objectives.

The Mojahedin collaborated with Ayatollah Khomeini to overthrow the former Shah of Iran. As part of that struggle, they assassinated at least six American citizens, supported the takeover of the U.S. embassy, and opposed the release of American hostages. In the post-revolutionary political chaos, however, the Mojahedin lost political power to Iran's Islamic clergy. They then applied their dedication to armed struggle and the use of propaganda against the new Iranian government, launching a violent and polemical cycle of attack and reprisal. In 1981, the Mojahedin leadership fled to France and with other Iranian opposition movements formed the National Council of Resistance (NCR).

Yet within a few years the NCR became a mere shell as individuals and groups abandoned the organization because of Mojahedin domination. In 1986, France expelled the leader of the Mojahedin, Masud Rajavi. Rajavi was a member of the Mojahedin's original "Central Committee" and "Ideological Team." Imprisoned by the Shah's government from 1972-1979, he nonetheless remained influential within the group. He rose to command in 1975 after the Mojahedin experienced an internal schism. From his release from prison until today, he has maintained absolute control of the Mojahedin, the NCR, and its associated groups. In 1993, his wife Maryam Rajavi replaced him as the NCR's "future President" of Iran. Previously, she had held the appointed position of NCR secretary-general.

After his expulsion from France, Rajavi relocated to Baghdad, Iraq, adopting Saddam Hussein as his patron. In 1987,

\*Acronyms commonly used for the group include "MKO," for Mojahedin-e Khalq Organization, "MEK," for Mojahedin-e Khalq, and "PMOI," for People's Mojahedin Organization of Iran. The Iranian Mojahedin should not be confused with the Afghanistan Mujahideen, the indigenous Afghan forces formed to fight the Soviet invasion of Afghanistan.

Rajavi announced the formation of the National Liberation Army (NLA), the military wing of the Mojahedin, which conducted raids into Iran during the latter years of the 1980-1988 Iran-Iraq war. The NLA's last major offensive reportedly was conducted against Iraqi Kurds in 1991, when it joined Saddam Hussein's brutal repression of the Kurdish rebellion. In addition to occasional acts of sabotage, the Mojahedin are responsible for violent attacks in Iran that victimize civilians. They also engage in violence against Iranian government targets in the West.

Since their leadership's expulsion from Iran, the Mojahedin have conducted a public relations campaign among Western press and public officials, seeking political support and financial backing. Exploiting Western opprobrium of the behavior of the current government of Iran, the Mojahedin posit themselves as the alternative. To achieve that goal, they claim they have the support of a majority of Iranians.

This claim is much disputed by academics and other specialists on Iran, who assert that in fact the Mojahedin-e Khalq have little support among Iranians. They argue that the Mojahedin's activities since the group's leadership fled from Iran in 1981 -- particularly their alliance with Iraq and the group's internal oppression -- have discredited them among the Iranian polity. The clerical regime in Tehran, aware of the Mojahedin's unpopularity, attempts to discredit many of its opponents by falsely linking them to the MKO. The Mojahedin, for their part, often dismiss their critics as "agents of the regime."

Despite Mojahedin assertions that the group has abandoned its revolutionary ideology and now favors a liberal democracy, there is no written or public record of discussion or debate about the dramatic reversals in the Mojahedin's stated positions. Moreover, the Mojahedin's 29-year record of behavior does not substantiate its capability or intention to be democratic. Internally, the Mojahedin run their organization autocratically, suppressing dissent and eschewing tolerance of differing viewpoints. Rajavi, who heads the Mojahedin's political and military wings, has fostered a cult of personality around himself. These characteristics have alienated most Iranian expatriates, who assert they do not want to replace one objectionable regime for another. Given these attributes, it is no coincidence that the only government in the world that supports the Mojahedin politically and financially is the totalitarian regime of Saddam Hussein.

Shunned by most Iranians and fundamentally undemocratic, the Mojahedin-e Khalq are not a viable alternative to the current government of Iran.

## I. HISTORY

Established to overthrow the Shah, the Mojahedin-e Khalq Organization (MKO) developed an eclectic ideological blend of Islam and Marxism that dictated both a war of armed struggle and a war of propaganda to achieve political power. Enthusiastic supporters of Khomeini, they were active participants in the Iranian revolution. By 1981, however, the MKO had lost the post-revolutionary power struggle to Iran's Shi'a Muslim clergy. They responded to this defeat by turning their two-pronged strategy of armed struggle and propaganda against the Khomeini regime. This section traces the Mojahedin's political history, from the group's establishment in 1965 to its expulsion from Paris in 1986.

### ARMED STRUGGLE

As young students opposed to the regime of Shah Mohammad Reza Pahlavi, the founding members of the Mojahedin rejected nonviolent reformism. Instead, they established an organization dedicated to armed struggle. As they explained in a 1974 newspaper article, "We had to ask ourselves the question, 'What is to be done?' Our answer was straightforward: 'Armed Struggle.'"<sup>1</sup> Commitment to this strategic principle has defined the history of the Mojahedin, from the group's formal establishment in 1965 until today.

The founders, who kept the existence of the Mojahedin secret until 1972, organized members into compartmentalized cells subject to the authority of a central collective. They devoted their early years to the study and discussion of revolutionary theory and economics, reading such authors as Marx, Ho Chi Minh, Che Guevara, and Frantz Fanon. They also analyzed Islamic history, interpreting early Shi'ism as a protest movement against class exploitation and state oppression.<sup>2</sup> The Mojahedin further were influenced by the teachings of Dr. Ali Shariati, a contemporary Iranian academic who developed an ideology arguing that Islam, particularly Shi'a Islam, is fundamentally revolutionary in outlook.<sup>3</sup> The MKO also claimed that the revolutions of Algeria, Cuba, and Vietnam had inspired them. Moving from theory to action, they established contact with the Palestine Liberation Organization, and sent members for training at Palestinian camps in Lebanon, Syria, and Jordan.

The Mojahedin's initial efforts to engage in armed struggle were ineffective. In 1972, after months of investigation, the

Shah's internal security organization, SAVAK, arrested dozens of Mojahedin members who had unsuccessfully planned to blow up Tehran's main electrical power plant. They had hoped to disrupt the extravagant festivities the Shah sponsored in 1971 to celebrate the anniversary of 2,500 years of the monarchy. The government organized mass trials of the suspects, who responded by formally announcing that they were members of the Mojahedin-e Khalq, an organization which they had formed to resolve the "fundamental contradictions between the people and the CIA-imposed regime."<sup>4</sup> The resulting executions and imprisonments of MKO members momentarily weakened the organization, but the survivors regrouped and restructured into an effective instrument of political violence. Even those imprisoned were active, forming communes, gaining recruits, and secretly coordinating with members who had escaped arrest. The Mojahedin's future leader, Masud Rajavi,<sup>5</sup> utilized his time in Qasr prison (1972-79) to indoctrinate recruits and establish his authority. Outside prison, the Mojahedin responded to the government persecution by commencing armed operations.<sup>6</sup>

Bombs were the Mojahedin's weapon of choice, which they frequently employed against American targets. On the occasion of President Nixon's visit to Iran in 1972, for example, the MKO exploded time bombs at more than a dozen sites throughout Tehran, including the Iran-American Society, the U.S. Information Office, and the offices of Pepsi Cola and General Motors. From 1972-75, when an internal MKO upheaval and more regime arrests temporarily slowed down their activities, the Mojahedin continued their campaign of bombings, damaging such targets as the offices of Pan-American Airlines, Shell Oil Company, and British organizations. They also attacked police posts and prisons.<sup>7</sup>

## IDEOLOGY

The MKO's embrace of armed struggle flows from the group's ideology. Its conceptual framework was painstakingly developed through years of study and discourse and aggressively disseminated throughout Tehran. A renowned scholar of the Mojahedin defines the group's ideology as: "a combination of Muslim themes; Shi'a notions of martyrdom; classical Marxist theories of class struggle and historical determinism; and neo-Marxist concepts of armed struggle, guerrilla warfare and revolutionary heroism."<sup>8</sup> The adoption of Marxist tenets distinguished the Mojahedin from other Iranian opposition movements; the Mojahedin argued that the struggle against the Shah was part of a larger struggle against imperialism led by the "world-devouring" United States.<sup>9</sup>

The intellectual contradictions between Shi'a Islam and Marxism, however, caused the Mojahedin to split in 1975. The organization broke down into Marxist and Muslim factions. The Muslim faction, under Rajavi's leadership, soon gained control



of the organization. But the religious disagreement between the secular and Islamic factions of the MKO did not undermine their fundamental agreement on the issue of imperialism, nor their strategy of armed struggle against the Pahlavi regime and American interests in Iran. In fact, both factions continued to endorse armed resistance, making the Mojahedin "the single most violent underground group and the principal killers of U.S. employees in Iran."<sup>10</sup>

The Mojahedin's enduring consensus on foreign policy is demonstrated by public statements of the group's current leader, Masud Rajavi. At his sentencing during the 1972 trials, for example, Rajavi argued that most of the world's problems had been created by imperialism and that "the main goal now is to free Iran of U.S. imperialism."<sup>11</sup> After his release from prison during the political chaos of January 1979, Rajavi delivered a series of lectures at the University of Tehran outlining the Mojahedin's program, which remained faithful to its Marxist roots.<sup>12</sup>

#### **WAGING PROPAGANDA**

Analysis of the Mojahedin's ideology is facilitated by examination of the group's own propaganda. Like their dedication to armed struggle, the Mojahedin's emphasis on propaganda reflects the influence of other revolutionaries, who sought both adherents and supporters through indoctrination. Since its inception, the group has made drafting and disseminating propaganda a priority.

In 1968, the Mojahedin established an "Ideological Team" charged with providing the group with its own theoretical handbooks. In addition to these texts, the Mojahedin published newspapers, journals, and pamphlets. They also broadcast clandestine radio messages from Baghdad from 1972-75. Those MKO members imprisoned during the 1972 trials also prepared manifestos and proclamations for outside publication. The MKO carefully controlled the contents of these documents, requiring permission from the Central Committee before one could be issued under the Mojahedin name. After the 1979 revolution, under Rajavi's leadership, the MKO reorganized and launched a weekly newspaper, Mojahed. In February 1979, the group issued a detailed fourteen-point program titled, "Our Minimal Expectations." Among other actions, it recommended that Iran cancel all agreements with the "racist" state of Israel.<sup>13</sup>

#### **"DEATH TO AMERICA"**

##### MKO Assassinations

In the period leading up to the revolution and its immediate aftermath, the Mojahedin carried out their strategy

of armed struggle. The results included the murder of Americans, support for the seizure of the U.S. embassy, and opposition to the release of U.S. hostages. The Mojahedin are known to have assassinated the following Americans in Iran during the 1970s:

Lt. Colonel Lewis L. Hawkins  
Killed: June 2, 1973

Air Force Colonel Paul Schaeffer  
Killed: May 21, 1975

Air Force Lt. Colonel Jack Turner  
Killed: May 21, 1975

Donald G. Smith, Rockwell International  
Killed: August 28, 1976

Robert R. Krongrad, Rockwell International  
Killed: August 28, 1976

William C. Cottrell, Rockwell International  
Killed: August 28, 1976

Reza Reza'i, a member of the Mojahedin's Ideological Team, was arrested and executed by the Shah's government for the murder of Colonel Hawkins. The attacks on the Rockwell employees occurred on the anniversary of the arrest of a Mojahedin member, Rahman Vahid Afrakhteh, for the murder of Colonels Schaeffer and Turner. In addition, Air Force Brigadier General Harold Price was wounded in a 1972 attack planned by Mojahedin Central committee member, Kazem Zul Al-Anvar. Widely credited in Tehran for these attacks at the time, the Mojahedin themselves claimed responsibility for these murders in their publications.<sup>14</sup>

#### Collaboration with Khomeini

Throughout 1977-79, the Shah, under international pressure, released political prisoners, including members of the Mojahedin. They played a significant part in the strikes and demonstrations that characterized that period. Like most anti-Shah elements, the Mojahedin fully supported Khomeini. When the Shah's army disintegrated in February 1979, the Mojahedin's guerrilla organizations played a critical role in fighting the remnants of the Pahlavi regime, appropriating government weapons in the process. Some observers claim the Mojahedin assisted in the identification, arrest, and execution of alleged supporters of the Shah's regime. Thousands of these individuals, presumed to be opponents of the new Khomeini government, were sentenced to death by Ayatollah Khalkhali, the

head of the Revolutionary Tribunal also known as the "hanging judge."<sup>15</sup>

### Mojahedin Support for Hostage-Taking

Under Rajavi's leadership, the Mojahedin entered the political fray in 1979, working to expand the group's membership and popularity. Mojahedin newspapers and proclamations published at the time confirm the group's leadership in renouncing the United States. The very day that 400 university students overtook the U.S. embassy, the Mojahedin issued a proclamation headlined, "After the Shah, it's America's turn."<sup>16</sup> Following the seizure of the embassy, the Mojahedin participated physically at the site, assisting in holding and defending the embassy against liberation. They also offered political support for the hostage-keeping. For example, the Mojahedin sent a telegram to Khomeini expressing allegiance to the Ayatollah's policy of "rooting out the aggressive, American imperialism of the traitorous Shah." The telegram closed with the following declaration: "(We are) awaiting the definitive command of the Imam (Khomeini) for uprooting all the imperialist and Zionist foundations."<sup>17</sup>

The Mojahedin responded to the failed hostage rescue attempt by announcing in Mojahed that they had placed their "military units," "part-time guerrilla units" and "militia" at the disposal of the Revolutionary Guards to fight U.S. imperialism.<sup>18</sup> After 444 days of captivity, the hostages were released in January 1991. The next issue of Mojahed reminded readers that "the Mojahedin-e Khalq were the first force who rose unequivocally to the support of the occupation of the American spy center," and further noted that Mojahedin members spent "days and weeks," "in heat and cold," in front of the embassy in an effort to ensure that the occupied embassy was "an active and zealous anti-imperialist center." It described the release of the hostages as a "retreat" and "surrender" and warned that resumption of diplomatic relations with the United States would be "treason to the people and to the blood of our martyrs."<sup>19</sup>

### SWITCHING SIDES

By 1981, the opposition groups which had formed the base of the popular uprising against the Shah had lost the post-revolutionary power struggle to Khomeini and his new regime. The anti-clerical Islamic theology espoused by the Mojahedin ensured the group's disenfranchisement. Like dismissed president Abol Hassan Bani Sadr, they had failed to secure a position in the new political structure. Although Rajavi and Bani Sadr fled to Paris in July 1981, the Mojahedin resumed their strategy of armed struggle internally. Only the target had changed. Against Khomeini, whom the Mojahedin had

supported for more than 15 years, they now declared war.

The Mojahedin initiated a wave of bombings and assassinations against the Khomeini regime that reverberates today. The most spectacular attack occurred June 28, 1981, when two bombs ripped apart the headquarters of the Islamic Republic Party (IRP, the party of the clerics), killing 74 members of the regime's top leadership, including the IRP's leader, Ayatollah Beheshti, 14 ministers, and 27 Majles deputies. On August 30, the Mojahedin reportedly bombed a meeting of the regime's National Security Council, killing the new president, Ali Raja'i, and his new Prime Minister, Mohammad Javad Bahonar. In September, the Mojahedin engaged in direct military clashes with the government's forces but were defeated. Throughout the next few years, the Mojahedin assassinated Majlis candidates and members, clerics, judges, and others they identified as foes. The group also detonated bombs in Tehran and throughout the country.<sup>20</sup> The swath of terror cut by the MKO was matched by an equally ruthless response from the Khomeini regime, many of whose current leaders -- including Rafsanjani and Khamene'i -- were injured in these attacks. The regime hunted down and indiscriminately executed thousands of purported Mojahedin supporters.

During this period the Mojahedin and the Khomeini regime also established what was to become a defining characteristic of their cycle of violent attacks and reprisals. The Mojahedin selectively claimed credit for terrorist acts, identifying only with those incidents whose outcome they determined would enhance their image. The government, on the other hand, blamed the MKO for every act of violence. While the record has been obscured by hyperbole, it is important to remember that -- particularly during the early 1980's -- the Mojahedin maintained both the willingness and the capability to carry out their violent objectives.<sup>21</sup> Moreover, since 1981 the MKO themselves have claimed responsibility for murdering thousands of Iranians they describe as "agents of the regime."<sup>22</sup>

#### RISE AND FALL: NATIONAL COUNCIL OF RESISTANCE

Arriving in Paris in 1981, the Mojahedin and Bani Sadr established the National Council of Resistance (NCR). Exhilarated by the apparent weakness of the Khomeini regime, which was struggling with the internal instability generated by Mojahedin terrorism and the external threat posed by Iraq's 1980 invasion, the NCR initially included many elements of the Iranian opposition. Groups such as the Kurdish Democratic Party of Iran, the National Democratic Front, the Hoviyat Group (an offshoot of a militant leftist group, the Fedayeen), the Union of Iranian Communists, the Workers' Party, the Union for Workers' Liberation, the United Left Council for Democracy and Independence, and other leftist organizations joined the NCR.



In an early demonstration of its intolerance for dissent, the Mojahedin refused to allow the participation of the Liberation Movement (also known as the Freedom Party), a prominent liberal opposition group.<sup>23</sup> The Mojahedin also refused the membership of the Fedayeen and Tudeh (Communist) Party. Other resistance groups were wary of the Mojahedin's brand of revolutionary Islam. The National Front (Mossadeq's nationalist party) refused to join the Council because it objected to the concept of Islamic government. Two other Marxist organizations, which similarly objected to the religious aspect of the Mojahedin's ideology, also refused to join.

Additionally, the NCR boasted the support of organizations already controlled by the Mojahedin, including the Muslim Student Association, the Tawhidi Society of Guilds, the Movement of Muslim Teachers, the Union of Instructors in Universities and Institutions of Higher Learning, and the Society for the Defense of Democracy and Independence in Iran.<sup>24</sup>

The early promise of the NCR as an effective resistance front soon receded, however. Defying the initial expectations of most observers, the Khomeini regime regained control and expanded its power. In Paris, the non-Mojahedin members of the NCR encountered the autocratic style of Rajavi. In particular, Rajavi's unilateral decision to tie the Council to Iraq alienated the others, who viewed the alliance as a traitor's deed. The Council's most important participant, former president Bani Sadr, formally split in 1984, castigating Rajavi as "a pawn in the settlement of the Iran-Iraq conflict." (Bani Sadr asserts that the first formal pact between the Mojahedin and Iraq was negotiated during a January 1983 meeting between Rajavi and Iraqi foreign minister Tariq Aziz in France. Mojahedin publications also confirm this meeting.)<sup>25</sup>

#### RED CARPET IN BAGHDAD

In June 1986, France forced Rajavi to leave the country in what the media speculated was a deal with the government of Iran. According to these reports, Rajavi's departure was the price France paid for the release of French hostages in Lebanon. The MKO portrayed the ouster as Rajavi's "historic flight for peace and freedom."<sup>26</sup> Rajavi's former attorney, an Iranian jurist then resident in France, explained the move: "When Rajavi came to France, he and his supporters quickly ran out of money. The Iraqi government offered him support and they accepted. In the long run, they became proxies of the Iraqi regime and lost much of their credibility within Iran."<sup>27</sup> Military scholar Anthony Cordesman offered another analysis: "The end result of France's action, however, was to give Rajavi much better access to arms, training facilities near the border, and much larger financial resources."<sup>28</sup>

According to press reports, more than 1,000 Mojahedin members joined Rajavi in his relocation to Baghdad, where in a mocking gesture to the government of Iran, the Iraqis marked his arrival by hosting the type of ceremony normally accorded to a visiting government leader.<sup>29</sup> The Mojahedin's dedication to armed struggle had turned a new corner.

## II. CURRENT ACTIVITIES

Evidence of the Mojahedin's dual strategy of armed struggle and propaganda is visible not only in the group's publications and history but in its recent performance, as well. The following section traces Mojahedin operations in these two areas since the Mojahedin's flight from Iran in 1981 through its activities today. The group's most significant act during this time period was its 1986 relocation to Baghdad.

### PERSIANS AMONG ARABS

After Rajavi relocated to Baghdad in June 1986, he drew upon Iraq's assistance to create the National Liberation Army (NLA), which was formally established in 1987.<sup>30</sup> Subsequent reports indicated that Baghdad "provided training facilities and staging grounds for the (NLA) unit's operations, as well as headquarters facilities in the Iraqi capital."<sup>31</sup> One Western reporter trekked to Baghdad in 1988 to gauge the progress of the Mojahedin since their expulsion from France. He noted the Mojahedin's "softened ideology and assertions of battlefield prowess," and described their two-part strategy for gaining power. "The first (element), a military campaign, is supposed to establish the credibility of the Mojahedin, or Warriors of God. Another element ... is a political and propaganda drive designed to revise its anti-American history and to blur its near-total dependence on cooperation with Baghdad, Iran's enemy and the base of its military operations."<sup>32</sup>

To conduct a military campaign whose threat to Iran has been derisively compared to a "mosquito,"<sup>33</sup> the Mojahedin developed a lopsided alliance with Iraq's Saddam Hussein. Dependent upon Saddam for money, arms, bases (approximately five), and permission to strike, the Mojahedin's "National Liberation Army" became a tool in Iraq's conflict with Iran. In 1984 and 1987, for example, the Iraqi government cast ceasefire proposals as a response to the requests of the "peace-loving" Rajavi.<sup>34</sup> This exercise in public diplomacy was designed to undercut the Iranian government's internal support. The Mojahedin's actual military efforts have consisted of occasional strikes against border towns, industrial targets (particularly oil installations), and civilian targets.

## BROTHERS IN ARMS

### At the border

The Mojahedin's military record is limited. The group launched its most significant incursion in June and July 1988, when they coordinated an advance into Iran with Iraqi forces. During the same offensive, Iraqi units in other sectors of the front used chemical weapons against Iran. NLA units briefly seized the Iranian border towns of Mehran, Karand, and Islamabad-e Gharb. The Mojahedin claimed to have killed 40,000 Iranians, but other military observers said the NLA "just got wiped out" when Iranian reinforcements arrived.<sup>35</sup> The U.N.-brokered ceasefire between Iran and Iraq, which went into effect August 20, 1988, undercut the Mojahedin's utility to Saddam. But the Mojahedin remained in Iraq. "Mojahedin have learned to take proper tactics when and if necessary," one MKO spokesman said when questioned about the group's future in Iraq after the war. "We have always adjusted tactics in our fighting. The form of fighting is secondary."<sup>36</sup>

In March 1991, following Operation Desert Storm, the NLA reportedly fought against the Iranian Revolutionary Guards near the border town of Qasr-e Shirin. Analysts assume that Saddam permitted the NLA to cross into Iran at this time in order to signal that he would not tolerate Iranian support for a Shi'a uprising in southern Iraq.<sup>37</sup> At that time, the Iraqi Kurds also claimed the Mojahedin had assisted the Iraqi army in its suppression of the Kurds, "a claim substantiated by refugees who fled near the Iranian border."<sup>38</sup> The leader of the Patriotic Union of Kurdistan of Iraq, Jalal Talabani, told reporters that "5,000 Iranian Mojahedin joined Saddam's forces in the battle for Kirkuk."<sup>39</sup> A recent Wall Street Journal report stated that the NLA's "only major offensive in the past six years came in 1991, just after the Gulf War, when Saddam Hussein ordered Mr. Rajavi to help quell a Kurdish revolt in northern Iraq, participants in that operation say."<sup>40</sup> A former MKO member who was in Iraq said his trouble with the Mojahedin leadership began when he questioned the MKO's operation against the Kurds.<sup>41</sup>

In April 1992, Iran bombed the MKO's primary base, Ashraf, located some 40 miles north of Baghdad and 30 miles west of the border -- territory which remained under Saddam's control. Military analysts said the Iranian attack confirmed the "phoney alliance" incorrectly assumed to have developed after Operation Desert Storm.<sup>42</sup>

### Domestic Attacks

In publications distributed in the West, the Mojahedin



claim they do not target civilians in Iran. We are unable to confirm or refute this assertion. We do know, however, that in radio broadcasts of the "Voice of Mojahed," which are transmitted into Iran from Mojahedin bases in Iraq, the MKO has claimed responsibility for internal violence throughout Iran. On August 20, 1992, for example, "Voice of Mojahed" reported, "supporters of the Mojahedin-e Khalq in Kudasht (city), Lorestan (province), threw a grenade at the home of the regime's so-called Majlis deputy here and damaged it.... The grenade was thrown at one side of the house to warn him about his crimes. At an opportune time, he will be punished for them."<sup>43</sup>

On October 12, 1992, the Mojahedin claimed credit for bomb explosions (two out of three planted went off) at Khomeini's tomb, a site 10 miles south of Tehran visited daily by thousands of Iranians.<sup>44</sup> Then, on October 26, 1992, "Voice of Mojahed" claimed credit for blowing up a local Revolutionary Guard outpost in the town of Qasr-e Firuzeh. The broadcast further reported the exhortations of Maryam Rajavi, "While the enemy was reeling from the blow dealt a few days ago -- the bomb explosion at Khomeini's tomb -- he received another fiery and painful blow." It continued, "such sparks herald a massive volcanic eruption by the National Liberation Army, which will obliterate all vestiges of Khomeini's clerics and the Guards of his regime from this country -- a volcanic eruption which is being prepared today by the (Mojahedin)."<sup>45</sup> In a later broadcast that same day, the Mojahedin reported blowing up a gasoline station in Qom on October 13.<sup>46</sup>

In June 1993, the Mojahedin claimed responsibility for bombing oil refineries and other sites in southern and western Iran. The sabotage they described included "bombs and mines and booby-traps" which targeted a number of MKO-determined "enemy agents," including a "tyrant" whose residence was "attacked and destroyed." "Voice of Mojahed" lauded the "tyranny-destroying conflagration of the National Liberation Army."<sup>47</sup> "Voice of Mojahed" reported another "extensive series of operations" on March 18, 1994. It cited "epic-making attacks" with mortars, mines, booby-traps, bombs, and fire.<sup>48</sup>

A number of these self-described operations included attacks against clearly civilian targets, such as automobiles, highways, government buildings open to the public, businesses, and private homes. As a March 1994 broadcast claimed: "The exploding of bombs ... took place on the various streets and districts (throughout Iran)."<sup>49</sup>

#### LOYAL TO SADDAM

The Mojahedin have been able to undertake these raids and to support limited internal disruption because of their close

collaboration with Saddam. Visitors to Mojahedin bases in Iraq have identified their cache of weapons as Iraqi-donated arms, many of which were originally purchased from the Soviet Union. In a 1993 trip to a Mojahedin base in Iraq, one reporter saw "about 35 ageing tanks, armored personnel carriers, Chinese-made field guns and Russian multiple-rocket launchers."<sup>50</sup> In May 1988, the New York Times described the Mojahedin forces as "basically a light-infantry unit, equipped with Soviet-made armored personnel carriers and artillery. It is also said to follow Soviet-style tactics and procedures, which parallel those of the Iraqi Army."<sup>51</sup> During Iraq's summer 1988 campaign into Iran, the Iraqis reportedly turned over to the Mojahedin "large hauls of small munitions, mobile artillery, shells, tanks and other weapons" captured by the Iraqi forces.<sup>52</sup> Another reporter, visiting the Mojahedin in August 1994, noted, however, that "the weapons deployed ... (were) mainly of Russian manufacture," indicating they likely came from Iraqi stocks.<sup>53</sup> While the NLA claims to have captured all of its equipment from Iran, its limited military endeavours could not have yielded any significant amounts of weaponry.

In return for weapons and the use of approximately 232 square miles of Iraqi territory,<sup>54</sup> the Mojahedin provide Iraq with political support. Disregarding the casualties inflicted upon Iran after Saddam's 1980 invasion and overlooking his 1990 assault of Kuwait, the Mojahedin remain staunch supporters of Saddam Hussein. As one Italian reporter who visited MKO bases in August 1994 explained, "Support for the Iranian resistance is important to Saddam Hussein ... because the Mojahedin conduct diplomatic activity in favor of the abolition of the embargo against Iraq ..."<sup>55</sup> Government-controlled Iraqi media accounts of recent Saddam-Rajavi contacts provide further insights into the MKO's current relationship with Baghdad. Meetings between the two are announced to buttress Saddam's isolated position or to send a message to the government of Iran. For example:

- o On July 31, 1994, Rajavi sent Saddam a "message of congratulations."<sup>56</sup>
- o On January 26, 1994, Rajavi met with Saddam and Tariq Aziz, Iraq's deputy prime minister.<sup>57</sup>
- o On July 18, 1993, Rajavi sent "a cable of congratulations" to Saddam.<sup>58</sup>
- o On June 17, 1992, Rajavi and a Mojahedin delegation visited Saddam. In his statement, Rajavi said, "Iranian national movements and their masses strongly denounce the Iranian regime's alliance with U.S. imperialism, world Zionism, and regional reactionaries to launch aggression against Iraq, participate in the

blockade on it, and interfere in the domestic affairs of this safe, steadfast country in the interests of colonial schemes and conspiracies."<sup>59</sup> A day later, "Voice of Mojahed" reported the visit, noting that "the meeting between Rajavi and Hussein has been widely reported by international news agencies."<sup>60</sup>

- o On August 5, 1991, just one year after Iraq invaded Kuwait, Rajavi met with Iraq's vice chairman of the Revolution Command Council, 'Izzat Ibrahim, and Iraq's Interior Minister, Ali Hasan al-Majid.<sup>61</sup> The next day, Rajavi met with Iraq's Culture and Information Minister, Yusuf Hammadi.<sup>62</sup> These public meetings were undoubtedly an Iraqi signal to Iran that Baghdad would not tolerate Tehran's support of the Shia's uprising in southern Iraq.

#### ATTACKS IN THE WEST

While the Mojahedin's activities in the West since their expulsion from Iran have been focused primarily on the dissemination of propaganda and the lobbying of Western officials, they occasionally carry out violent attacks against Iranian government targets located in the West. The most spectacular incidents took place April 5, 1992, when in a wave of coordinated attacks members of the Mojahedin stormed Iranian diplomatic missions in New York City, Canada, Germany, France, Britain, Switzerland, the Netherlands, Denmark, Sweden, Norway, and Australia. "In New York," according to press reports, "five men armed with knives invaded the Iranian Mission to the United Nations, took three hostages, smashed furniture and computers and spray-painted slogans on walls in a two-hour rampage behind chained doors .... In Ottawa, Iran's Embassy was attacked and pillaged by about 35 people armed with sticks and hammers. And in Europe, hundreds of Iranian dissidents stormed Tehran's embassies and consulates ... and many of the Iranian missions were extensively damaged, some by firebombs."<sup>63</sup> The MKO acknowledged on "Voice of Mojahed" that they had "ransacked or set on fire" the diplomatic missions, and stated that the violence was a response to Iran's air attack on their base in Iraq the day before.<sup>64</sup> The similarities in the modus operandi and the rapidity with which the attacks occurred suggest a centrally planned action that was conceived and coordinated far in advance of Tehran's air raid.

On July 16, 1992, "Voice of Mojahed" reported an MKO attack on an automobile carrying Iranian Foreign Minister Velayati, who was visiting Potsdam.<sup>65</sup> Similar confrontations have occurred in other European countries since 1991, including France, Italy, and Switzerland. In December 1993, the Mojahedin stated they mistook two Turkish officials in Baghdad for Iranian diplomats and shot them dead.<sup>66</sup>

The Mojahedin also have been victims of Iranian government terrorism. For example, in 1990 Rajavi's brother, Kazem Rajavi, was assassinated in Geneva. Three years later, the Iranian government assassinated the head of the Mojahedin's office in Rome: On March 16, 1993, Mohammad Hussein Naqdi was shot by two men on a motor scooter who pulled up to his car while it was stopped in Rome's rush-hour traffic. The attack was described "as another episode in the underground war between Iran's Islamic leaders and their foes."<sup>67</sup> The regime's agents also have attacked MKO members in Turkey and Pakistan.

A more recent example of MKO armed activity in the West involved a Danish police raid on a Copenhagen villa used by the Mojahedin. The police arrested four Iranians and charged three with violating weapons laws. According to the September 4, 1994, issue of the Danish daily newspaper Berlingske Tidende, the Danish police suspect that the villa has been the center for international terrorist activities."<sup>68</sup>

## CAMPAIGN OF PUBLIC RELATIONS

### Seeking Support

After the flight of the Mojahedin leadership from Iran in 1981, the group internationalized its propaganda to gain new adherents and attract Western supporters. From his new post as chairman of the National Council of Resistance (NCR), a position he assumed in 1986 and still holds today, Rajavi commenced a campaign of public relations that developed into the formidable Mojahedin outreach program currently operating. Use of the media is key to this program. The Mojahedin issue numerous publications, including press releases, news bulletins, reports, brochures, books, and open letters (typically from Rajavi to the U.N. Secretary General or to Western leaders). Rajavi and his wife Maryam Rajavi (who since their marriage has held various high-level, appointed positions in Mojahedin organizations) regularly provide interviews to the press. The NCR also solicits the support of prominent public figures, and practices a determined lobbying effort among Western parliamentarians. Despite these efforts, the Mojahedin in fact are supported by only one government in the world -- Saddam Hussein's Iraq.

To conduct its propaganda campaign, the group has established offices throughout western Europe, the United States, Canada, Australia and the Middle East. These offices are responsible for coordinating the public relations effort and through their activities have established the Mojahedin as the best organized Iranian opposition group. They sponsor public demonstrations and marches. Other types of publicity measures include television programming and musical concerts that feature prominent Iranian musicians. The Mojahedin claim



the audiences for these performances are indicative of MKO support.

As required by the Foreign Agents Registration Act, the Mojahedin must register a record of their public activities in the United States with the Department of Justice. With each registration, they submit copies of their press releases, as well as lists of editorial placements, speeches, and broadcast interviews to the Justice Department. The organization also transmits unsolicited faxes and mail of its publications to various U.S. government offices, including the State Department, on a regular basis.

The Mojahedin focus their public relations efforts on the objectionable activities of the Iranian government. During the Iran-Iraq war (1980-1988), for example, the Mojahedin stressed the horrors of the conflict and highlighted Khomeini's intransigence in negotiating peace. The Mojahedin publication, "Khomeini: The Enemy of Peace and Freedom," is one sample of such materials. The contents include a section on the "diplomatic activities" of the Mojahedin to end the war and maps of the Mojahedin's "resistance" activity in Iran. After the war, the Mojahedin stepped up its campaign to publicize the Iranian regime's dismal record on human rights, issuing, for example, "A Report on 64 forms of torture practiced by the Khomeini regime." Another common practice of the group is to collect statements issued by prominent individuals, Western governments, the E.U., and the U.N. condemning Iranian government abuses and to reissue them as a package under the Mojahedin name -- although the Mojahedin are not a factor in the Western condemnations. Likewise, the Mojahedin collect Western press reports that describe objectionable behavior by the Iranian government and re-publish them in Mojahedin documents.<sup>69</sup>

Mojahedin publications tend to mirror concurrent Western public diplomacy. For example, recent Mojahedin press releases have condemned Khomeini's fatwa against Salman Rushdie. The Mojahedin have also responded to Western concerns about Iran's regional foreign policy, highlighting Iran's program of rearmament and pursuit of weapons of mass destruction. One Mojahedin official explained the group's strategy to an Arab interviewer: "At political and international levels, the (Mojahedin) organization stress(es) to the region and the world that the main threat to the entire Gulf region (is) the Tehran expansionist regime."<sup>70</sup> Through such efforts, the Mojahedin attempt to transform Western opprobrium for the government of Iran into expressions of support for themselves.

As a result of their public relations campaign, the Mojahedin are also "well-known to Western journalists and officials for their single-minded lobbying."<sup>71</sup> Or as another American journalist opined, "By keeping on good terms with enough journalists, they hope to transform their public image

in America from terrorists to freedom fighters."<sup>72</sup> Yet because the Mojahedin are partisan, most academics and specialists on Iran have concluded that the majority of their propaganda is too selective and politicized to be a reliable source of information on Iran. After visiting Iran, a U.N. Special Representative on human rights, Dr. Reynaldo Galindo-Pohl, likewise found some Mojahedin allegations inaccurate.<sup>73</sup>

### Recasting the Mojahedin Agenda

The major objective of the MKO's public relations campaign is to posit the Mojahedin as the alternative to the current Iranian government, or, in their words, the "face of Iran to be," and in so doing gain both new adherents and Western political and financial support. To achieve these objectives, they must ensure their organization and its espoused principles appeal to Western audiences and Iranian expatriates. This task requires that the Mojahedin renounce their anti-Western history and emphasize Western themes.

The first expression of Mojahedin ideology aimed at attracting Western support was published in 1981, when Bani Sadr and Rajavi issued a "Covenant" for the National Council of Resistance. Also known as the proposed platform of the "Provisional Government of the Democratic Islamic Republic of Iran," the covenant was prepared by Bani Sadr, who still retained the title of President of Iran, and Rajavi, as chairman of the NCR and future president of a provisional government. Under the proposed scenario, Rajavi and the NCR were to govern Iran until a new constitution could be drafted. Similar in many respects to the Minimum Expectations Program the Mojahedin had outlined in Iran in 1979, the Covenant promised simultaneously to establish a democracy and to declare Islam as the national religion. It further promised respect for civil liberties -- except for persons identified with either the Shah's or Khomeini's regimes. The document claimed that the new government would uproot imperialism and nationalize foreign trade.<sup>74</sup>

Current Mojahedin publications assert the group's advocacy of specific guidelines for a future provisional government, including: "democracy," "peace," "love, friendship, and unity," "separation of church and state," and "recognition of private ownership and a market economy." A recent addition has been the Mojahedin claim to support the Middle East peace process. The group also stresses its commitment to the rights of women and has drafted a "NCR Plan on Women's Rights."<sup>75</sup>

These claims present a revolutionary departure from the substantial written record of Mojahedin ideology. Examples of such reversals include the switch from revolutionary Islam to separation of church and state and from nationalization to private ownership. Yet the changes in MKO ideology occurred

without any public debate, and there is no public record of discussion or review of Mojahedin principles. It is also unclear when each change in policy occurred, and what internal factors motivated each shift. The absence of dialogue about this critical issue of ideology contrasts markedly with the group's earlier history of discourse.

Nor are these new claims substantiated by the record of the Mojahedin's activities throughout the last 29 years. Mojahedin organizations do not follow the principles outlined in their revised propaganda. In particular, the Mojahedin have never practiced democracy within their own organization, the Mojahedin-dominated NCR, or the NLA. The early Mojahedin was run by an appointed Central Committee. Rajavi and his appointees have ruled the Mojahedin since 1979 and the NCR since its establishment in 1981. Many Iranians who have dealt with MKO members assert that the Mojahedin suppress dissent, often with force, and do not tolerate different viewpoints. The Mojahedin's credibility is also undermined by the fact that they deny or distort sections of their history, such as the use of violence or opposition to Zionism. It is difficult to accept at face value promises of future conduct when an organization fails to acknowledge its past.

The Mojahedin's own publications further suggest the insincerity of their ideological alteration. In the past two years, the Mojahedin have begun to appropriate Iranian national symbols for use in their publications. One recently-issued journal is named "The Lion and the Sun" in reference to two symbols used by the monarchy throughout Iranian history. Yet the Mojahedin worked to overthrow the Shah's monarchy and today refuse to work with monarchist oppositionists, who likewise bitterly oppose the MKO. Similarly, the Mojahedin have abandoned their original flag, whose symbols include a Quranic verse, sickle, and Kalashnikov, in favor of the royal flag used during the Shah's rule. The Mojahedin have also begun incorporating the "Mossadeq" name into their publications. "The Lion and Sun" journal, for example, contains a report on "The Rising that Restored Mossadeq." In fact, the Mojahedin rejects the nonviolent, constitutional opposition exemplified by Mossadeq. The political party that was the heir to Mossadeq's policies, the National Front, refused in 1981 to work with the NCR because of the Mojahedin's revolutionary Islamic ideology. These cosmetic modifications appear to be aimed at expatriate Iranian audiences, among whom these symbols would resonate.<sup>76</sup>

III. STRUCTURE

The internal organizational structure of the Mojahedin has varied little throughout the group's history. Importantly, the autocratic decision-making style of the leadership and the cult-like behavior of its members -- two defining patterns of the organization's operations -- have combined to deny the Mojahedin the support of most Iranians, who fear that a "Mojahedin" alternative would be as bad as or worse than the current clerical regime.

## THREE IN ONE: MKO/NCR/NLA

The MKO's penchant for aliases has created some confusion. The group's original Persian name, the Sazeman-e Mojahedin-e Khalq-e Iran, has been shortened and translated into several commonly-used monikers: the Mojahedin-e Khalq, the Mojahedin, the MKO, the MEK, the People's Mojahedin of Iran, and the PMOI. Currently, the group favors the "PMOI" appellation.

The Mojahedin's deliberate use of the name of the National Council of Resistance of Iran (NCR) also is misleading. Once a bona fide coalition, the Council disintegrated in the 1980s, when many of the resistance groups that had joined in 1981 left the organization because of their objections to Rajavi's dictatorial methods and his unilateral decision to ally with Iraq.<sup>77</sup> The most devastating ruptures occurred in 1984, when former President Bani Sadr withdrew from the Council, and again in 1985, when the Kurdish Democratic Party of Iran (KDP-I) withdrew its membership (the Kurdish organization formally ratified its decision in 1986). These two withdrawals, and their motivating factors, prompted a mass exodus and discouraged new membership. Other opposition groups which never became part of the NCR and with whom the NCR refuses to associate with include: the monarchists, notably the Iranian Constitutionalists and the Flag of Freedom Organization of Iran; and the main factions of the People's Fedayeen Guerrillas. The National Democratic Front, a leftist group that formed after the revolution, has remained a part of the Council, however. The "Revolutionary Leadership," a splinter group of the KDP-I, also has become a member.

Rajavi's authoritarian style rendered the NCR incapable of becoming a truly democratic and representative council. Bani



Sadr's version of their "difficult coexistence" in France, for example, is that Rajavi wanted "total control."<sup>78</sup> Other members of the council also realized that the Mojahedin did in fact have full control. "The Mojahedin determined who could join ... who was worthy of being given ... voting rights .... Critics were either squeezed out of the National Council or silenced."<sup>79</sup> In 1994, the KDP-I explained the rationale behind its early abandonment of the NCR: "In view of our working experience with the Mojahedin between 1981 to 1986 and of their attitude towards the Iranian democratic opposition since then, we consider the Mojahedin an anti-democratic and sectarian organization who can not be trusted to be faithful to democratic aspirations of the Iranian people." (sic)<sup>80</sup>

Rajavi's authoritarianism has its roots in the Mojahedin's organizational history in Iran. His firm control of the Mojahedin, de facto by 1975, was institutionally established in 1979, when upon his release from prison he hand-picked a new leadership from among his prison colleagues. Reviving the group's original structure, he reorganized the Mojahedin into compartmentalized cells of activity that responded to his orders or those of his appointees. In 1986, for example, after he had relocated to Iraq, Rajavi unilaterally dissolved the PMOI's Central Committee and personally appointed a 500-person Central Council. Today his fiat appears to be similarly unchecked.

The NCR now claims it includes 229 political dignitaries, most of whom are also members of the Mojahedin or the National Liberation Army, and six organizations, for a total of 235 members. From these members, it has appointed eight committees which it states will serve as the basis of future government ministries. Many of these member groups are actually shell organizations, established by the Mojahedin in order to make the NCR appear representative and the Mojahedin popular. Likewise, the NCR has formed associated groups with benign names, such as the "Association of Iranian Scholars and Professionals" and the "Association of Iranian Women." They have even usurped the names of unaffiliated, professional associations to promote their cause. In California, for example, the Mojahedin applied for a demonstration permit using the name of "The Society of Iranian Professionals." Alerted by the California state government, the Society issued a public letter which reads in part, "People of Mojahedin are using our name without our permit to promote their political activities. The Society of Iranian Professionals does not have any direct or indirect relationship to "Mojahedin." (sic)<sup>81</sup>

Although the NCR claims that it is a democratic organization, its practices do not sustain the rhetoric. For example, it is unclear what criteria are applied to evaluate whether or not a group or individual is eligible to become a member. Nor is it clear what standards are used to distinguish between group and individual memberships -- both of which have

equal voting rights. For a number of years in the 1980s, the Mojahedin described the council as a body of 12 organizations and representatives. Then, in 1986, Mojahedin publications claimed the NCR was a coalition of 13 political parties and personalities. In 1992, the NCR announced it had again expanded its membership from 21 to 150. In 1993, the NCR expanded to its current total of 235. This expansion to 235 members occurred just before the group replaced Masud Rajavi as the "future president of Iran" with his third wife, Maryam. Because the NCR membership appears to be chosen by NCR chairman Rajavi, it is a questionable source of political legitimacy.

The objective of these expansions appears to be an effort to bolster the NCR's claim that it "embraces all the political forces struggling against the terrorist-religious dictatorship ruling Iran and representing the unanimous majority of the various strata of people in the country."<sup>82</sup> Scholars and specialists knowledgeable about Iranian affairs, however, reject this claim as false. Among most experts -- whose work responsibilities require travel to Iran, discussions with Iranian expatriates, and acquaintance with the Mojahedin -- there exists a singular consensus that the Mojahedin have negligible support among Iranians.<sup>83</sup>

The third entity in the Mojahedin constellation is the National Liberation Army (NLA). Also a creation of Rajavi, the NLA was established by him in 1987 with assistance from Saddam Hussein. In addition to his leadership of the Mojahedin and chairmanship of the NCR, Rajavi moreover is the "Commander-in-Chief" of the NLA. His wife, Maryam Rajavi, now styled as the "future President of Iran," was previously deputy commander-in-chief of the NLA and secretary-general of the Mojahedin.

We could not find reliable estimates of the numbers of Mojahedin and NCR members or sympathizers in the United States, specifically, or worldwide. There are reports that a few thousand members reside at NLA bases in Iraq, but these estimates are unconfirmed.

#### CULT OF OPPOSITION

Masud Rajavi complements his authoritarian leadership by fostering a personality cult that revolves primarily around himself and secondarily around his wife, Maryam.<sup>84</sup> In 1988, Professor Ervand Abrahamian analyzed the factors underlying this situation:

By mid-1987, the Mojahedin organization had all the main attributes of a cult. It had its own revered leader whom it referred to formally as the "Guide" and informally as the "Present Imam." The Mojahedin had created a rigid

hierarchy in which instructions flowed from above and the primary responsibility of the rank-and-file was to obey without asking too many questions. It had produced its own handbooks, censorship index, world outlook, historical interpretations and, of course, distinct ideology -- an ideology which, despite the organization's denials, tried to synthesize the religious message of Shi'ism with the social science of Marxism.... It had its own history, martyrs, hagiographies, honored families.... The organization had adopted its own dress code and physical appearance.... It had set up in Iraq its own communes, printing presses, offices, militia, training camps, barracks, clinics, schools, and even prisons, known as 're-education centers.'<sup>85</sup>

The Mojahedin themselves have described the repressive conditions of the NLA bases in Iraq. A former member of the MKO, Hadi Shams-Haeri, who broke away from the organization in 1991 after 15 years of membership, wrote an insider's account of the group's activities which was published in 1993 as a two-part series in the Persian language section of the Iran Times newspaper. Shams-Haeri said, for example, that members who tried to leave were jailed, held either in an NLA camp or placed in an Iraqi prison. Moreover, they were condemned to execution for their dissent, but the orders are stayed until the MKO "reaches victory" in Iran. Shams-Haeri said that members were considered members "for life." He said they were only allowed to read Mojahedin publications and that they were monitored by informers. He also said the Mojahedin forced couples and families to separate, arguing that the people should devote their love only to Masud and Maryam Rajavi.<sup>86</sup>

Those who monitor Mojahedin activities have also found evidence of controlled behavior. A Wall Street Journal reporter interviewed former members of the MKO this summer who described an authoritarian environment. These individuals, who refused to give their names for fear of retribution, claimed that the Mojahedin jailed or beat dissidents at MKO bases in Iraq. They also said that the Mojahedin forced couples living at MKO bases in Iraq to divorce, and sent their children to live in MKO member homes in Europe.<sup>87</sup> The NLA reportedly prohibits physical contact between the men and women stationed in Iraq. Another journalist who has reported on the Mojahedin described similar conduct. "Members living in the West are sometimes said to reside in communal houses, permitted little money of their own and kept on tightly controlled schedules. At Ashraf camp (in Iraq), one official identified himself as a 'political officer' responsible for training 'the cadres.'<sup>88</sup>

Another glimpse of Mojahedin conduct can be gleaned from a review of their speech. The language used by Mojahedin members among themselves, in contrast with the dialogue they conduct with Westerners, is often hierarchical and apocalyptic.

Excerpts of broadcasts of the clandestine "Voice of Mojahed" are representative of MKO style: "Sister Maryam Rajavi ... has called on all our compatriots ... to raise the cry of protest.... (Protest by) setting fire to the centers of oppression, (and) pillaging and plundering the regime."<sup>89</sup>

Other "Voice of Mojahed" broadcasts describe those MKO members who are killed as martyrs who have "joined the caravan of eternal splendor."<sup>90</sup> In contrast, the Mojahedin have described all Iranian government officials as "mercenaries of the regime, doomed to annihilation."<sup>91</sup> They have further noted that all "who resist the tyranny-destroying conflagration of the National Liberation Army are warned that the flaming storm of the people's fury will not rest until it has wiped out the last foundation stones of the structure of the tyranny and repression of Khomeini! The flames that flicker from the weapons of the lionhearted combatants of the NLA manifest the firey wrath of God. Woe to those who cross its path."<sup>92</sup>



IV: EXTERNAL SUPPORT

Saddam Hussein has been one of the organization's primary financiers, providing weapons and cash totalling an estimated hundreds of millions of dollars.<sup>93</sup> Mojahedin offices in Europe, North America, the Middle East, and Australia are responsible for collecting donations from private citizens -- especially Iranian expatriates -- for the MKO. The Mojahedin claim that Iranian bazaari merchants have provided contributions to their organization. The Mojahedin also are alleged to have assigned members full-time to the task of earning money for use by the organization. An Italian reporter recently claimed the MKO's financial support was derived from international business: "The opposition has established a very flourishing network of international companies trading in carpets, gold, and automobiles."<sup>94</sup> Details about the identities and amounts of the MKO's sources of financial support are not available in open source reporting.

## ENDNOTES

- 1  
Ervand Abrahamian, The Iranian Mojahedin (New York: Yale University Press, 1989), 86. From Mojahedin Organization, "Armed Struggle is historical necessity," Mojahed I/4 (November 1974), 5-6. (This newspaper was published in Texas by an Iranian expatriate who was a prominent member of the liberal Iranian opposition group, the Liberation Party, also known as the Freedom Movement. Because of Mojahedin objections, he later changed the name. See note 23.)
- 2  
See Nehzat-e Hosayni (Hosayn's movement), a Mojahedin book-length publication written in the late 1960s. Current Mojahedin leader Masud Rajavi was a primary author. Abrahamian, 92.
- 3  
For a more detailed discussion, see Bahman Baktiari, "A Comparison of the Ideologies of Ali Shariati and the People's Mojahedin in Iran." Master's thesis accepted by the Woodrow Wilson Department of Government and Foreign Affairs at the University of Virginia, May 1981. Also see Abrahamian, Chpt. 4, "Ali Shariati."
- 4  
Abrahamian, 129. From Mojahedin Organization, "Proclamation," Khabarnameh 26 (March-April 1972).
- 5  
Current MKO leader Masud Rajavi was a member of the MKO's "Central Committee," the group's original leadership, and the MKO's "Ideological Team." Rajavi was born in 1947 in a small town, Tabas, in the eastern province of Khorasan. His father worked as a notary public in Mashhad. After studies in Tabas and Mashhad, Rajavi enrolled in political science at the Law College in Tehran University, where he joined the Mojahedin. Abrahamian, 89-91.
- 6  
These operations were funded in part by Khomeini. See Shaul Bakhash, The Reign of the Ayatollahs (New York: Basic Books, 1984), 44.
- 7  
R.K. Ramazani, The United States and Iran (New York: Praeger, 1982), 89. Abrahamian, 140-142.

- 8 Abrahamian, 100.
- 9 Mojahedin Organization, Mojahed, No. 107, January 27, 1981.
- 10 Ramazani, 84. During their early years, all members of the MKO had vehemently denied the label "Marxist," although they did acknowledge they had been consciously influenced by Marxism. They drew a distinction between dialectical materialism as a philosophy, which they rejected because of its atheism, and dialectical materialism as an economic system, which they accepted because it explained the Shah's regime as a tool of American-led imperialism. See Bahman Baktiari, "The Leftist Challenge: The Mojahedin-e Khalq and the Tudeh Party," Journal of South Asian and Middle Eastern Studies XIII, 1 and 2 (Fall/Winter 1989), 29-51.
- 11 Abrahamian, 135. From Mojahedin Organization, "Akherin Defa'eyat" (Final testimonies) 1972, 1-11.
- 12 Bakhsh, 121.
- 13 The major publications of the MKO's early work include Cognition, Imperial Hegemony and Imperialist Conspiracies, Evolution, Economics in a Simple Language, Studies on Marxism, and How to Study the Quran. From November 11, 1974, to April 4, 1975, the Mojahedin published a newspaper, "The Newsletter of the People's Mojahedin of Iran"; from February 1973, until August 1975, the group published its first journal. The Mojahedin also printed a number of pamphlets, including handbooks on how to establish underground cells. Abrahamian, 92, 136-139, 175. For a listing of the MKO's Minimum Expectation Program's 14 points, see 184-185.
- 14 "Most of the acts of violence were committed by the Mojahedin, whose favorite targets were U.S. employees in Iran.... This was only the start of the Mojahedin's acts of violence against U.S. citizens in Iran." Ramazani, 89-90. Abrahamian, 140-142. Also, see Mohsen M. Milani, The Making of Iran's Islamic Revolution, (Boulder: Westview Press, 1988), 147. From Mojahedin Organization, "Shah: Doshman-e Khalq, Doshman-e Mojahedin" (Shah: the Enemy of the Masses, the Enemy of the Mojahedin), 1979.
- 15 Ehsan Naraghi, From Palace to Prison (Chicago: Dee, 1994) English transl., 162-166.

- 16 Mojahedin Organization, "Suggestions of Mojahedin-e Khalq of Iran Regarding Necessary Steps Against American Imperialism," November 4, 1979.
- 17 Mojahedin Organization, "Telegraph of Mojahedin-e Khalq to Imam Khomeini," November 5, 1979.
- 18 Mojahedin Organization, Mojahed, No. 52, Ordibehesht 7-14, 1359.
- 19 Mojahedin Organization, Mojahed, No. 107, January 27, 1981.
- 20 The 1981 bombings are usually attributed to the MKO, but other opposition groups may have played a role. For a detailed discussion, see David Menashri, Iran (New York: Holmes and Meier, 1990), 188-192. Also, Haggay Ram, "Crushing the Opposition: Adversaries of the Islamic Republic of Iran," Middle East Journal 46, 3 (Summer 1992), 426-439. And, Bakhsh, 219-222.
- 21 "Bomb explosions were common during the eight-year Iran-Iraq war which ended in 1988. Many of them were claimed by the main opposition group, Mojahedin-e Khalq." Agence France Press, "One killed, four injured in Tehran blast," October 15, 1992. Also see Associated Press, "Terrorist bomb in Iran kills 17 and injures 300," April 24, 1984. And, Associated Press, "Car bomb kills 20 in Iran's capitol," August 20, 1986.
- 22 In one of their publications, for example, the Mojahedin claimed to have killed or wounded 7,500 "agents of the regime" from June 1982 to September 1985. Mojahedin Organization, "Iran," June 1986.
- 23 The Liberation Movement, also known as the Freedom Party, was a liberal political group founded in the 1960s by Mehdi Bazargan, who was Khomeini's first prime minister.
- 24 Abrahamian, 246.
- 25 Abol Hassan Bani-Sadr, My Turn to Speak (New York: Brassey's, 1989), 192-194. Mojahedin Organization, "Khomeini," 46.



- 26 Mojahedin Organization, "Masud Rajavi's Historic Flight for 'Peace and Freedom.'"
- 27 Claude van England, Christian Science Monitor, "Iran, France gain from Iranian exile's exit," June 10, 1986.
- 28 Anthony H. Cordesman, The Iran-Iraq War and Western Security 1984-87 (New York: Jane's, 1987), 105.
- 29 Richard Bernstein, New York Times, "Opponents of Khomeini said to leave France for Iran-Iraq border," June 10, 1986.
- 30 When Rajavi relocated to Baghdad in June 1986, Saddam Hussein reportedly promised him that he would be allowed to administer Mehran, which would be considered "Iranian territory to encourage anti-Khomeini exiles." (Mehran is an Iranian town located near the Iraqi border; control of Mehran changed hands numerous times during the Iran-Iraq war.) Edgar O'Ballance, The Gulf War (New York: Brassey's, 1988), 189.
- 31 Kamran Khan, Washington Post, "Iran acknowledges rebel attacks; Mojahedin Liberation Army kills 'dozens' in West," October 26, 1987.
- 32 Alan Cowell, New York Times, "Exiled Iranians press a political cause from Iraq," February 7, 1988.
- 33 Caryle Murphy, Washington Post, "Iranian rebels train for unlikely invasion; Iraq-based Mojahedin stage occasional hit-and-run raids across border," July 17, 1993.
- 34 O'Ballance, 154. Also, Shahram Chubin and Charles Tripp, Iran and Iraq at War (London: Tauris, 1988), 62. "Peace-loving" is a Mojahedin adjective for Rajavi found frequently in their publications.
- 35 Alan Cowell, New York Times, "A gulf truce leaves rebels in a quandry," August 28, 1988.
- 36 Ibid.

- 37 Michael Theodoulou, The Times (of London), "Tehran troops fight Iranian guerillas on the Iraq border," April 2, 1991. Similarly, see Alan Cowell, New York Times, "Ashraf camp journal: Facing Iran, an army of resolve and day care," June 5, 1991.
- 38 Associated Press, "In Iraq, 'liberation' army waits," May 10, 1991.
- 39 Theodoulou, op cit.
- 40 Peter Waldman, Wall Street Journal, "Anti-Iran guerillas lose disciples but gain friends in Washington," October 4, 1994.
- 41 Ibid.
- 42 Michael Theodoulou and Michael Evans, The Times (of London), "Iran bombs rebel camps in Iraq," April 6, 1992.
- 43 FBIS: Voice of Mojahed in Persian 1700 GMT 20 Aug 92.
- 44 Associated Press, "Iran rebel group bombs tomb of Khomeini," October 12, 1992.
- 45 FBIS: NC1610202292 Voice of Mojahed in Persian 1800 GMT 16 Oct 92.
- 46 FBIS: NC1610210092 Voice of Mojahed in Persian 1830 GMT 16 Oct 92.
- 47 FBIS: NC1206162593 Voice of Mojahed in Persian 1800 GMT 11 Jun 93.
- 48 FBIS: NC1803215194 Voice of Mojahed in Persian 1800 GMT 18 Mar 94
- 49 FBIS: NC1803215192 Voice of Mojahed in Persian 1800 GMT 18 Mar 94.

- 50 Murphy, op cit.
- 51 Bernard E. Trainor, New York Times, "Iran dissidents enter gulf war," May 16, 1988.
- 52 Patrick E. Tyler, Washington Post, "Iranian exiles' drive complicates cease-fire," July 29, 1988.
- 53 FBIS: BR0408133294 Milan Famiglia Christiana in Italian 10 Aug 94, 54-59.
- 54 Associated Press, "In Iraq," op cit.
- 55 FBIS: Famiglia Christiana, op cit.
- 56 FBIS: JN3107194394 Baghdad INA in Arabic 1913 GMT 31 Jul 94.
- 57 FBIS: JN2601145594 Baghdad INA in Arabic 1440 GMT 26 Jan 94.
- 58 FBIS: JN1807115393 Baghdad INA in Arabic 1000 GMT 18 Jul 93.
- 59 FBIS: JN1706171492 Baghdad INA in Arabic 1635 GMT 17 Jun 92.
- 60 FBIS: NC1906072992 Voice of Mojahed in Persian 1630 GMT 18 Jun 92.
- 61 FBIS: JN0508102691 Baghdad INA in Arabic 0945 GMT 5 Aug 91.
- 62 FBIS: JN0608150291 Baghdad INA in Arabic 1410 GMT 6 Aug 91.
- 63 Robert D. McFadden, New York Times, "Iran rebels hit missions in 10 nations," April 6, 1992.
- 64 FBIS: NC0604184992 Voice of Mojahed in Persian 1530 GMT 6 Apr 92.

- 65 FBIS: NC1607195492 Voice of Mojahed in Persian 1700 GMT 16 Jul 92.
- 66 FBIS: NC121095693 Paris AFP in English 0923 GMT 12 Dec 92.
- 67 Alan Cowell, New York Times, "Iranian is killed in Rome by 2 gunmen on a scooter," March 17, 1993.
- 68 Berlingske Tidende (Copenhagen, Denmark), "Exile army's HQ in Osterbro villa," September 6, 1994.
- 69 Mojahedin Organization, various publications.
- 70 FBIS: PM1501144693 London Al-Majallah in Arabic 13-19 Jan 93, 35-39.
- 71 Murphy, op cit.
- 72 Jack R. Payton, St. Petersburg Times, "Even terrorists take pains to present a good image," April 21, 1992.
- 73 Report on the human rights situation in the Islamic Republic of Iran by the U.N. Special Representative of the Commission on Human Rights, R. Galindo-Pohl, 1990, paragraph 184.
- 74 Bakhsh, 218. Abrahamian, 244.
- 75 Mojahedin Organization, various publications. Advocacy of women's rights is the one element of the MKO's "new" program that is present in their earlier writings, and women have been integrated into the MKO's military wing, the National Liberation Army. Academic analysts have concluded, however, that the original call for women's rights in Mojahedin ideology was advocated by the Marxist faction. Today's female "leaders" of the MKO are often presented not as individuals who have earned their positions on merit, but as dependents -- the wife, daughter, or sister of male MKO members. See Abrahamian, 168-169, 181-182.
- 76 Abrahamian, 247.



77 Bani Sadr, 191-193. Abrahamian, Chapt. 11, "Exile."

78 Bani Sadr, 191.

79 Abrahamian, 248.

80 The letter is dated July 18, 1994 and addressed to the State Department. It is on KDP-I letterhead and signed by Shaho Hosseini, Office of International Relations. The full text reads: "We deem it necessary to inform you of the position of Kurdistan Democratic Party of Iran regarding the People's Mojahedin Organization and the National Council of Resistance. In view of our working experience with the Mojahedin between 1981 to 1986 and of their attitude towards the Iranian democratic opposition since then, we consider the Mojahedin an anti-democratic and sectarian organization who can not be trusted to be faithful to democratic aspirations of Iranian people.

"Both Mojahedin and Government of Islamic Republic of Iran have identical ideological background; neither could lead Iranian society to democracy and recognize the national rights of the Kurdish People within the framework of a democratic Iran.

Our representative in the U.S., Dr. Awat Aliyar, will be explaining the general position of the KDP-I with regard to various political issues in our region to the State Department and other branches of the U.S. government."

81 The open letter was published in the July 22, 1994, issue of the Persian-language newspaper Sobh-e Iran, which is published in Los Angeles. (The letter was published in English.) It is addressed to the California state GSA and signed by Manoucher Soheily, Chairman of the Board of Directors, Society of Iranian Professionals. The full text of the letter reads, "Per our telephone conversation and follow-up of the false request on behalf of the Society of Iranian Professionals by "People of Mojahedin" for demonstration permit, I hereby acknowledge that the Society of Iranian Professionals did not apply or request a permit for demonstration, if there is any application in our name for this purpose, it is false and we request for cancellation of above permit.

"The Society of Iranian Professionals is a non-profit organization, under Article 501C-3 Federal Law, involving charity, community support and educational activities. We

85

Ibid., 260.

86

Hadi Shams-Haeri, Iran Times, September 3 and September 17, 1993. Published in Washington, D.C., the Iran Times is considered "an independent weekly newspaper that tracks the foibles of the Khomeini regime as well as news of prominent Iranian exiles. Frank O'Donnell, Regardie's, "The Ayatollah's Exiles," October 1984.

87

Waldman, op cit.

88

Murphy, op cit.

89

FBIS: NC1706105792 Voice of Mojahed in Persian 1000 GMT 16 Jun 92.

90

FBIS: NC1803215194 Voice of Mojahed in Persian 1800 GMT 18 Mar 94.

91

FBIS: NC1706105792 Voice of Mojahed in Persian 1000 GMT 16 Jun 92.

92

FBIS: NC1206162593 Voice of Mojahed in Persian 1800 GMT 11 Jun 93.

93

For additional information, please refer to the classified section, located in Annex 1. Also, see: Chubin and Trip, 80. O'Ballance, 126. Cordesman, 105, op cit. Dilip Hiro, The Longest War (New York: Routledge, 1991), 246.

94

FBIS: Famiglia Christiana. op cit.

**ANNEX 2**

LIST OF EXPERTS

The following individuals are specialists on Iran who have agreed, at the request of the Department of State, to accept further inquiries from members of Congress concerning the Mojahedin-e Khalq or related matters.

Dr. Ervand Abrahamian  
Professor of History  
City University of New York

Dr. Shaul Bakhash  
Clarence Robinson Professor of History  
George Mason University

Dr. Bahman Baktiari  
Associate Professor of Political Science  
University of Maine

Dr. Ali Banuazizi  
Professor of Social Psychology and Modern Iranian History  
Boston College

Dr. James A. Bill  
Director of International Studies  
College of William and Mary

Dr. Richard Bulliet  
Director, Middle East Institute  
Columbia University

Dr. Patrick Clawson  
Institute for National Strategic Studies  
National Defense University

Dr. Richard Cottam  
Professor of Political Science, emeritus  
University of Pittsburgh

Dr. Graham Fuller  
Senior Political Scientist  
Rand, Washington, D.C. office

Dr. Mark Gasiorowski  
Associate Professor of Political Science  
Louisiana State University

Dr. Gregory Gause  
Associate Professor  
Columbia University  
Former Fellow for Arab and Islamic Studies,  
Council on Foreign Relations

Dr. Jerrold Green  
Corporate Research Manager, International Policy Department  
Rand  
Former Director, Center for Middle East Studies  
University of Arizona

W. Scott Harrop  
Associate Professor of Political Science  
University of Virginia

Dr. Eric Hooglund  
Editor, Middle East Journal

Dr. Farhad Kazemi  
Professor of Political Science  
New York University

Dr. Nikki Keddie  
Professor of Political Science  
University of California at Los Angeles

Dr. Geoffrey Kemp  
Senior Associate  
Carnegie Endowment for International Peace

Dr. Mohsen Milani  
Associate Professor of Political Science  
University of South Florida

Dr. Roy Mottahedeh  
Professor of History  
Harvard University

Mehdi Noorbaksh  
Institute for Research in Islamic Studies  
Houston, Texas



Dr. Rouhollah Ramazani  
Chairman, Woodrow Wilson Department of Government and Foreign  
Affairs, emeritus  
University of Virginia

Dr. Khosrow Shakeri  
Assistant Editor, Encyclopaedia Iranica  
Columbia University  
Founding member of the League for the Defense of Human Rights  
in Iran

Dr. Gary Sick  
Senior Research Scholar  
Adjunct Professor of Political Science, Columbia

Dr. John Waterbury  
Director, Center of International Studies  
Princeton University

Andrew Whitley  
Visiting Fellow, Middle East Institute  
Former director of Human Rights Watch -- Middle East  
Former BBC correspondent, Iran

Dr. Marvin Zonis  
Professor of International Political Economy  
Graduate School of Business  
University of Chicago

SUPPLEMENTAL QUESTIONS SUBMITTED BY  
THE SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST  
TO THE DEPARTMENT OF STATE  
AND THE RESPONSE THERETO

HEARING ON DEVELOPMENTS IN THE MIDDLE EAST  
OCTOBER 4, 1984

I. GENERAL QUESTIONS

QUESTION 1:

There have been persistent rumors about a pending deal between the U.S. and Saudi Arabia involving sensitive satellite technology. The Committee expects to be kept informed and consulted regarding any such deal.

- What can you tell me about these rumors?
- Have the Saudis requested the sale of such technology, or access to imagery produced by such technology?
- Has the Administration decided how to proceed in this matter?
- Does the technology in question have military or dual use applications?

ANSWER 1:

A Saudi firm has signed a memorandum of understanding--which is subject to U.S. government approval--with a U.S. firm (Eyeglass Corporation) to become a distributor of high resolution satellite imagery for the Middle East. This imagery can be used in both civil and military applications.

The amendment to take on the Saudi firm as a member of the consortium must be approved by the U.S. government. Since the application package is not complete, the U.S. review process has not begun. I can assure you that the concern for the security of the United States and its friends in the region will be carefully factored into our review.

QUESTION 2:

Despite the progress in the peace process in the past year, terrorist attacks continue against Israeli and other Jewish targets. Last summer's bombings of the Buenos Aires Jewish social services office and of the Israeli embassy in London demonstrated that progress toward peace is not welcomed by all factions and states in the Middle East.

My question is: what progress have Argentine and British investigators made in determining responsibility for those terrorist bombings?

- Do we have any evidence to confirm the widespread reports that Hizballah members carried out the bombings, in cooperation with Iranian officials?
- Why has Argentina backed off of its initial accusation that Iran was behind the Buenos Aires bombing?
- If we have any reason to believe that Iran was involved in these bombings, what actions are we taking to deter further Iranian support for international terrorism?
- The Israeli government has indicated that it plans to take action against those responsible for the bombings.
  - What kind of retaliatory action do you think the Israelis will take?
  - Do we support Israel's right to retaliate for attacks on Argentine Jews?

ANSWER 2:

We regard Hizballah as the leading suspect in the recent terrorist attacks in Buenos Aires and London.

Using the name Islamic Jihad, Hizballah claimed responsibility for an almost identical attack against the Israeli embassy in Buenos Aires in 1992, and a group called Ansar Allah, which may be associated with Hizballah, claimed responsibility for the July 1994 attack on the Jewish community center in Buenos Aires.

There is abundant evidence of Iranian support for many other acts of terrorism in recent years, and for Iranian assistance and encouragement to Hizballah. If Hizballah undertook the attacks, we also believe that a campaign of this magnitude would have required prior approval by Iranian authorities.

Philip C. Wilcox, the Department of State's new Coordinator for Counterterrorism, traveled to Latin America in early September with a senior USG interagency team to urge governments throughout the region to enhance their efforts against Hizballah's presence in the region.

The U.S. has made clear to Tehran our continuing concern over its sponsorship of terrorism. We have a longstanding, vigorous diplomatic campaign to gain the industrialized countries' support for intensified political and economic pressure on Iran.

Investigations are continuing in both cases. If these investigations develop additional evidence of Iranian or Hizballah involvement that we can share with our allies, we will continue to press them with the message that united action is needed to curb Iranian sponsorship of such activities.

The Israelis have advised us they are not planning any major imminent military action to retaliate, pending hard evidence of Hizballah/Iran links in the attacks.

QUESTION 3:

I am very concerned by reports that both Israeli and Palestinian terrorist groups -- specifically Kach, Kahane Hai, and Hamas -- have established training camps and/or fund-raising and propaganda operations in the United States.

- While I realize this is essentially a matter for the Department of Justice, what is your view of the seriousness of these terrorist support networks in the U.S.?
- What steps can the government take to close down these terrorist support networks?
- Is the State Department satisfied with the level of cooperation it is getting from the Justice Department on this issue?

ANSWER 3:

We take very seriously reports of fundraising for terrorism-related activities by groups such as Kach, Hamas, and Kahane Hai. We are working closely with other U.S. government agencies to evaluate these activities and develop additional responses consistent with U.S. law and constitutional protections. We have the full cooperation of the Department of Justice in these efforts. We understand from the Justice Department that investigations are already underway to determine whether any existing laws have been violated by these groups.

We are exploring with other parties abroad strategies we can use to combat the problem of extremist violence, particularly steps to curb the flow of financial resources to these groups from overseas.



QUESTION 4:

According to press reports, Chairman Arafat has not criticized the latest Iraqi bullying of Kuwait. A statement released by Arafat simply declared the PLO's hope that there would not be another war in the Gulf. Arafat has also avoided condemning the October 10 terrorist attack on Israeli civilians in Jerusalem, although several senior PLO officials have condemned it.

-- What impact do you think Arafat's reticence will have on public opinion in the Gulf and in Israel?

ANSWER 4:

We fully expect Chairman Arafat to abide by his commitment to renounce violence and terrorism and we expect him to condemn acts of terrorism when they occur. We continue to make the point to Chairman Arafat that failure to condemn acts of violence in a timely, authoritative manner undermines his credibility, harms the peace process and could have negative consequences on his relationship with the U.S. and with Israel.

With respect to Chairman Arafat's statement on Iraq, he must take into account the negative effect such statements will have on public opinion in the Gulf, in Israel and in the U.S. We believe Chairman Arafat should put himself on record against Saddam's threats, provocation and aggression. Chairman Arafat should demonstrate categorically that he supports the coalition's efforts to counter Saddam.

## II. PEACE PROCESS QUESTIONS

Question 1:

We hear reports that economic conditions in the territories, particularly, Gaza, have deteriorated markedly in recent months. The unemployment rate is said to be at least 40%.

- What is your assessment of these reports?
- To what do you attribute this economic deterioration?
- How significant is the closure of the territories that has prevented tens of thousands of Palestinians from reaching jobs in Israel?
- Have the Israelis indicated any willingness to dramatically increase the numbers of Palestinians allowed to work in Israel?
- What kind of impact would such an increase have on the economy in Gaza?
- What are we saying to the Israelis about this?
- What impact are the economic conditions in the territories having on support for the peace process among Palestinians?

ANSWER 1:

The economies of the West Bank and Gaza are severely depressed, with the situation in Gaza especially bleak. The estimated per capita income in Gaza is \$800, unemployment rates are hovering near 50%, and the population growth rate is over 4%. In the West Bank, 15-20% of the population live below the poverty line. In Gaza it is almost 33%. Combined GDP for both areas is estimated at \$3.2 billion. Real per capita income has fallen to the level prevailing a decade ago and many residents cannot meet basic monthly expenses. The share of industrial production of GNP is less than 10 percent -- well below that of other economies with similar income levels.

Standards of living have declined steadily, beginning with the outbreak of the intifada in 1987. Private investors have been deterred by political uncertainties and the lack of a legal framework. Family savings that provided a social safety net have been depleted variously by the intifada, the

absorption of returnees and cuts in external assistance that resulted from the Gulf War, and the on-again, off-again closures of the territories. The year that has elapsed since the signing of the Declaration of Principles has not brought much relief. Instead, this transition introduced complicated new elements into the equation (e.g. Palestinian institution-building and intensified donor initiatives) that have reduced tax receipts, impeded timely delivery of "government" services, and complicated economic policymaking and aid disbursement.

The Palestinian economy is heavily dependent on access to jobs in Israel and Israeli products. The impact of closures varies, depending on the longevity and severity of the restrictions. In most cases, total closure is limited to a few days or several weeks, after which access to jobs in Israel is gradually eased. Israel has issued between 30,000-60,000 work permits for Palestinians in the West Bank and Gaza over the last six months.

In the past, Israeli curfews on Palestinians and short- to medium-term restrictions on access and work permits in Israel and Jerusalem have fueled economic disruption in both the West Bank and Gaza because of the multiplier effects of the decline in workers' incomes and the disruption to internal trade. Major north-south transportation routes in the West Bank go through Jerusalem, and links between Gaza and the West Bank pass through Israel. Repeated or long-term closures (beyond three months) would exacerbate the problem and pose new challenges, such as ensuring an adequate food supply for the population of Gaza.

The GOI is fully aware of these hardships and in the past initiated work programs to generate employment inside the territories. We have on several occasions raised with the Government of Israel the benefits of increasing access to jobs for Palestinians in Israel, within the limits of Israeli security concerns.

While we often stress that economic development must underpin the political agreements reached in the peace process, and while a long-term closure may have political implications by raising the level of chronic unemployment, we have not established any link between closures and diminished support for the peace process in the territories.

QUESTION 2:

What steps are the international donors taking to help address the start-up costs to the Palestinian Authority associated with early empowerment?

- Have donors agreed with the Palestinians on a budget to cover the five spheres of expanded Palestinian Authority?
- If so, what is the estimated monthly budget for these expenses?
- Will donor contributions for these expenses be transmitted through the World Bank's Holst Fund?
- How much will the United States contribute toward these start-up costs?

ANSWER 2:

The international assistance effort for the Palestinians is a complex and difficult exercise, but it is a vital element of the peace process. The focus of our attention at the moment is to ensure that the Palestinian Authority in Gaza and Jericho has sufficient start-up funds to maintain its operations, including the police force, and to implement the Israeli-Palestinian agreement on early empowerment in the West Bank.

The United States invited Palestinian and Israeli budget experts to Washington to discuss expenditure requirements of the Palestinian Authority, available revenue resources, and additional needs for donor support. These talks aimed at an agreement on a financing framework which will form the basis for an effort by the United States to raise additional funds from donors to plug the gap over the next six months.

In addition to the financing framework discussed in Washington, we have also proposed an understanding between the Palestinians and donors laying out the responsibilities of each side in this new assistance effort. We have presented a draft of this understanding to the PLO and are awaiting their

response. Israeli undertakings as part of this effort would be contained in a separate letter. If they accept our approach, we will circulate the text to the main donors and put in motion a process to formally approve the document and undertake an effort to raise the necessary funds. Continued donor support would depend on the Palestinians and Israelis doing their part in terms of revenue collection, transfer of taxes collected in Israel, and cooperation as outlined in the Gaza-Jericho and early empowerment agreements.

The financing framework agreed in Washington covers requirements for the Palestinian Authority in Gaza-Jericho, including the police, early empowerment in the West Bank, and three urgent project activities for the six months between October 1994 and March 1995. The overall basis figures are as follows:

|                     |                  |
|---------------------|------------------|
| Expenditure         | \$234.50 million |
| Revenue Collections | 76.90            |
| Palestinian         | 52.50            |
| Israeli             | 24.40            |
| Gap                 | 157.60           |
| Currently Available | 32.63            |
| New Funds Required  | 124.97           |

We have not yet begun the process of targeting specific amounts for individual donors. Previously, the U.S. pledged \$25 million from our \$100 million annual contribution for start-up costs, divided between the World Bank's Holst Fund and direct funding for the police. We expect that our contribution to this new effort would be at roughly the same magnitude. We have found that, without a significant U.S. pledge, we are unable to leverage the required amounts from other donors.



QUESTION 3:

I understand that earlier this month a donor's meeting in Paris with Israeli and Palestinian representatives fell apart before any decisions on funding were reached.

- What was the original agenda for this meeting?
- What happened at this meeting?
- Did the collapse of the meeting essentially reflect a dispute between the Israelis and Palestinians over donor funding of projects in Jerusalem?
- Did the donors take a position in this dispute?
- Did the agreement signed by Foreign Minister Peres and Chairman Arafat in Oslo the following week resolve this dispute to all parties' satisfaction?
- When will the donors reconvene to take up the business that was sidetracked in Paris?
- What impact will this delay in donor funding decisions have on the Palestinian Authority's ability to function?
- Does this incident in any way reflect a lack of coordination among the donors, or a lack of coordination between the donors and the Palestinians?
- How can these problems be corrected so future donor meetings are not similarly disrupted?

ANSWER 3:

On September 7-9, the World Bank attempted to hold a Consultative Group meeting in Paris of all donors. The meeting was not intended as a new pledging session; it had been called several months earlier to deal with development issues and help match donors with development projects presented by the Palestinians.

While the need to focus on longer-term development issues still existed, the attention of the parties had shifted - primarily because of the August 29 Israeli-Palestinian agreement on early empowerment - to the more urgent question of start-up costs. However, the donors were not prepared to offer new pledges in Paris for start-up costs because they did not have all the budget information prior to the meeting.

The immediate problem in Paris, however, was an investment program of development projects presented by the Palestinians. This Palestinian document included a number of proposed projects in Jerusalem, which the Israelis believed should be excluded from the formal assistance effort linked to the peace process. Despite efforts by the U.S. and other delegations to mediate this dispute, the parties were unable to agree and the World Bank cancelled the meeting.

We understand that the problem which arose in Paris about Jerusalem projects was resolved by the agreement reached by Arafat and Peres in Oslo not to bring before the donor community those political issues on which Israel and the PLO are not in agreement.

The U.S. quickly followed up by inviting Palestinian and Israeli budget experts to Washington to discuss expenditure requirements of the Palestinian Authority, available revenue resources, and additional needs for donor support. These talks aimed at an agreement on a financing framework which will form the basis for an effort by the United States to raise additional funds from donors to plug the gap over the next six months.

QUESTION 4:

How did the Administration arrive at the \$95 million figure as an offset against the FY 1995 Israeli loan guarantees deduction?

- Does it represent the Administration's estimate of costs the Israeli government has incurred in implementing the peace process?
- Please provide us with a breakdown of those expenses.

ANSWER 4:

The \$95 million figure is a recognition of the new economic burdens imposed on Israel by the Declaration of Principles. We arrived at the figure after discussions with the Government of Israel, our own independent analysis, and subsequent consultations with members of Congress. The figure reflects some of the significant costs -- such as for infrastructure and logistics -- Israel has incurred as it redeploys its forces in Gaza and the West Bank and its other steps to implement peace agreements with the Palestinians.

QUESTION 5:

Do you believe Israel has suffered significant economic hardship on account of its peace process-related expenses?

- Has Israel saved any money by not having to police the entire Gaza Strip since May of this year?
- Hasn't Israel drawn on the loan guarantees more slowly than expected? If so, why is that the case?
- Would the Israeli government have been able to borrow enough to cover their peace process-related expenses without the \$95 million offset?

ANSWER 5:

Israel has incurred significant and unanticipated costs to implement the Declaration of Principles. The shortfall is of such a magnitude that the Rabin Administration has submitted a supplemental budget request to the Knesset.

Although in recent years the Government of Israel has maintained its own police in Gaza (which have been withdrawn), the "policing" function for the Gaza Strip was carried out largely by the Israeli Defense Forces. The government should be able in the long term to save the deployment costs of the IDF brigade that had been stationed in Gaza. However, in the short term, the GOI has had to cover increased expenditures. These include costs associated with troop redeployment, as well as continued security commitments to the settlements and in the military installation area in the southern part of the Gaza strip.

Israel has drawn upon the full amount (\$3.563 billion) of loan guarantees authorized for FY 93 and FY 94. The Israeli government also has plans to begin drawing on the loan guarantees just authorized for FY 95. The rate at which the GOI is utilizing the loan guarantees has been somewhat slower than anticipated because of the necessity of establishing new allocation mechanisms and of analyzing the potential financial impact of the guarantees on the Israeli economy.

The intent of the peace process offset was to ensure that the momentum of the peace process continues and positively affects the entire region. In this process, Israel has committed itself to taking significant risks for peace. The Administration has repeatedly stressed that it is the intent of the United States to reduce those risks as much as possible.

QUESTION 6:

I understand that last year, only \$6 million of the \$437 million deducted from Israeli loan guarantees reflected Israeli government spending in East Jerusalem?

- Is that correct?
- Does that mean that we calculated that the Israeli government spent only \$6 million in non-security expenditures in Jerusalem in the previous year?
- What portion of this year's deduction of \$311 million reflects Israeli government spending in Jerusalem?
- Is that a dollar-for-dollar deduction, as it is for the West Bank?
- There is a great deal of construction going on these days in East Jerusalem. How much of this construction is privately-funded?
- What is the Administration's position on extensive privately-funded construction in Jerusalem?
- What effect do you think this construction is having on the peace process?

ANSWER 6:

The deduction from loan guarantee authority referred to above reflects a calculation based on government infrastructure development expenditures. The deduction from FY 94 loan guarantee authority was in the range of \$6 million. The amount deducted from FY 95 loan guarantee authority is of a similar size. The loan guarantee deductions apply to all GOI non-security expenditures in areas not under Israeli administration prior to June 5, 1967.

Housing construction continues to take place in East Jerusalem. We cannot gauge its pace in comparison to previous years. This construction is privately financed. Since it is not carried out by the government, it is excluded from the Israeli government's 1992 decision to freeze government-financed settlement construction. Under the Loan Guarantees for Israel Program, deductions are based on governmental non-security expenditures. There are no deductions for privately-financed construction.

Settlement expansion is a complicating factor in the peace process. The Administration would like to discourage this activity.



QUESTION 7:

We have seen reports that the Israelis intend to build a new settlement in East Jerusalem with 8,500 housing units called Har Homa.

- What can you tell me about these reports?
- Would the proposed settlement involve building Israeli housing on expropriated Palestinian land?
- Would the building of such a settlement violate Prime Minister Rabin's commitment not to build any new settlements, which he made at the time of the loan guarantees agreement?
- What effect would the building of such a settlement have on the peace process?

ANSWER 7:

Plans to move forward with this settlement have been postponed indefinitely due to legal challenges from both Israeli and Palestinian landowners. The case remains before the Israeli High Court. The proposed settlement involves land expropriated from both Israeli and Palestinian landowners in 1990. On October 13, the Jewish non-governmental organization "Shalem" filed a petition in the High Court on behalf of Palestinian landowners seeking to overturn the expropriation.

An assessment of whether or not a settlement at Har Homa would violate Prime Minister Rabin's policy not to build new settlements would depend on the specific arrangements for construction, which are not known at this time.

Settlement expansion is a complicating factor in the peace process. The Administration would like to discourage this activity.

QUESTION 8:

In July when Israel's Deputy Defense Minister Mordechai Gur was asked by a parliamentary committee whether the Israeli government supported expanding the municipal boundaries of Jerusalem to the east, to incorporate the West Bank settlement of Ma'ale Adumim, he said, "We recognize the vital interest in unifying Ma'ale Adumim with Jerusalem. I can tell you that we want to, but you know the international constraints. Basically, the bigger Jerusalem is, the better are our options. We have a problem. We have a commitment which the Prime Minister is particularly sensitive to, and that is the credibility in our relations with the U.S. in general, and the President in particular."

- What is your assessment of Minister Gur's statement?
- Do you agree with his assessment that an expansion of the municipal boundaries of Jerusalem by Israel would damage Israel's relations with the U.S.?
- How would the Administration view an attempt by Israel to expand Jerusalem's municipal boundaries to the east?

ANSWER 8:

We consider Deputy Defense Minister Gur's statement to be an expression of his personal views. An assessment of the impact of a possible expansion of Jerusalem on U.S.-Israeli relations would depend on the circumstances at the time.

The final status of Jerusalem is to be determined in the permanent status negotiations as agreed upon in the Declaration of Principles.

QUESTION 9:

I have seen references by Israeli senior government officials to the term "Greater Jerusalem" to refer to a ring of West Bank settlements surrounding the city?

- Have we sought an explanation from the Israeli government on the precise meaning of the term "Greater Jerusalem?"
- If so, how have the Israelis responded?
- Does this term imply an Israeli intention to further expand the municipal boundaries of Jerusalem to incorporate areas of the West Bank?
- In your opinion, what would be the implications of such a policy for the peace process?

ANSWER 9:

We have not sought an explanation from the Israeli Government on the precise meaning of the term "Greater Jerusalem" although we have discussed the issue informally. No fixed geographical definition has generally been offered, as is the case when the phrase has been used by the media.

Greater Jerusalem is sometimes understood to refer to the municipal boundary unilaterally established by Israel in June 1967. It sometimes also includes some of the Jewish settlements to the north, south and east of that line.

The implications for the peace process of a policy to expand the boundaries of Jerusalem would depend on the circumstances at the time.

QUESTION 10:

A bill has been introduced in the Israeli Knesset by members of Prime Minister Rabin's Labor party that would require a super-majority of 70 votes to approve any withdrawal from the Golan Heights.

- What do you think are the chances that the Knesset will pass this bill?
- What impact do you think the passage of such a bill would have on the peace talks with Syria?

ANSWER 10:

Six Labor Knesset members have introduced legislation mandating a special majority to approve withdrawal from the Golan. After meeting with Prime Minister Rabin in late September, the six Knesset members agreed not to press ahead with their bill or to bring it to a vote in the plenum without Labor faction approval.

The domestic political situation in Israel is always subject to sudden change. This makes it difficult to provide a meaningful prediction of the chances of passage for this piece of legislation. Similarly, any effort to assess the impact of this proposed legislation on Israel's peace talks with Syria would be mere speculation.

QUESTION 11:

I would like to hear more about the U.S. role in the Israeli-Jordanian talks.

- To what extent are we involved in the bilateral discussions on boundaries, water, and security?
- Has the U.S. put any bridging proposals on the table:
- Have the parties requested that such a role be played by the U.S.?
- What role has the U.S. played in outlining a joint economic development plan for the Jordan Rift Valley?
- What is the current status of the U.S.-Israeli-Jordanian Trilateral Economic Committee?
- Can we expect a full peace treaty by the end of 1994?

ANSWER 11:

The U.S. is actively involved in the Trilateral Economic Committee. Those issues which the parties wish to bring into the trilateral framework are dealt with in that context. Other issues, such as boundaries, water and security remain in the bilateral negotiations. The U.S. is not involved in the bilateral talks. We have not offered any bridging proposals, nor have the parties requested that we do so.

The Trilateral Economic Committee is making important progress on several fronts. Expert-level meetings were held October 10-13 in Israel, and are scheduled to meet October 17-20 in Amman. The parties recently reached agreement on a management framework for the Jordan Rift Valley master plan and are discussing the establishment of a bi-national Red Sea Marine Peace Park. We expect a full peace treaty by the end of 1994.



QUESTION 12:

The reference in the Washington Declaration to Jordan's historic role administering the Muslim holy sites in Jerusalem has caused tension between Jordan and the Palestinians.

- Would you clarify your understanding of this reference?
- What impact do you believe this reference will have on the Israeli-Palestinian track?
- What role are we playing to help the parties reach an understanding?
- How can the Palestinians' fears of being cut out of any role in Jerusalem be addressed?
- If these fears of the Palestinians are not addressed, what effect do you think it will have on the peace process?

ANSWER 12:

The Washington Declaration states that "Israel respects the present special role of the Hashemite Kingdom of Jordan in Muslim Holy shrines in Jerusalem. When negotiations on permanent status take place, Israel will give high priority to the Jordanian historic role in these shrines." In addition the two sides have agreed to act together to promote interfaith relations among the three monotheistic religions.

Jordan and Israel are simply acknowledging past practices regarding Jordan's role with respect to Islamic holy sites in Jerusalem. We do not view this as an attempt to pre-judge the outcome of the final status negotiations, which will address this issue. We will support whatever the parties agree to. We have urged the Palestinians and the Jordanians to work together on issues of mutual concern.

QUESTION 13:

I understand that in August, the land-based ship inspection regime in Aqaba was inaugurated.

- What is your assessment of the effectiveness of the new inspection regime so far?
- Is the new regime as effective as the old one in preventing the import of products that are prohibited from reaching Iraq?
- How do the numbers of ships turned away under the new regime compare with those turned away under the old regime?
- Are the Jordanians satisfied with the impact that the new regime has had on shipping traffic to Aqaba?
- How is the new regime being paid for?

ANSWER 13:

We are pleased with the new land-based arrangement with Lloyd's Register. Officials from the U.S. and UK embassies have visited Lloyd's facilities and have indicated that the new regime is working very well. We believe this arrangement is as effective as the MIF. Inspections on shore can be performed in a more thorough fashion as there is greater access to bulk cargo. It can also be performed more expeditiously. In a briefing to members of the UN Security Council, Lloyd's representatives indicated the amount of ship traffic arriving in Amman is at roughly the same level as one year ago. The new regime is paid for through a UN escrow account.

QUESTION 14:

Saudi Arabia participates in the multilateral peace talks, but apparently without the enthusiasm demonstrated by several of the smaller Gulf states.

- How would you characterize the Saudi attitude toward the peace process?
- Has their role in the multilaterals been constructive?
- What have the Saudis done to help the Palestinians cope with the start-up costs associated with establishing self-government in Gaza and Jericho?

ANSWER 14:

Saudi Arabia is a key supporter and participant in peace process activities:

- As a member of the Steering Group, Saudi Arabia has represented the GCC and taken part not only in individual working groups but also in the guidance of the entire multilateral process.
- Saudi leadership was a major factor in producing the September 30 GCC decision to abandon enforcement of the secondary and tertiary boycott and to support moves in the Arab League to do away with the boycott altogether.
- The recent statement by the Saudi Council of Ministers -- their cabinet -- on the peace process was one of the most forward-leaning and positive expressions of commitment to the process we have seen from any of the Gulf states.

The Saudis have decided views on the interrelationship of the multilateral and bilateral tracks and have held, in particular, that the focus of progress in resolving the Arab-Israeli conflict should remain in the bilateral negotiations. These positions have not, however, interfered with Saudi participation in the multilateral talks.

The Saudis have been particularly involved in discussions with the U.S. and other parties on draft declarations for the steering group and for the Arms Control and Regional Security (ACRS) group. The U.S. view is that the Saudis are more engaged in the multilateral track and that their interventions in the various talks have been helpful and provide a focus for continuing dialogue on several important issues.

The Saudis have been important contributors to programs to assist the Palestinians in the West Bank and Gaza. The Saudi government pledged \$100 million for Palestinian aid at the October 1993 Washington conference. They provided \$10 million to the Holst fund specifically to address Gaza-Jericho start-up costs, and \$5 million for Palestinian police. We understand that the Saudis also fund Palestinians directly.

QUESTION 15:

It is my impression that the Lebanese feel left out of the process at the moment because of all the focus on the Israeli-Syrian track.

- What can be done to engage the Lebanese in the peace process more directly, even before a breakthrough on the Syrian track?
- What impact does the consistent, low-level violence between Israeli troops and Hizballah have on the peace process?
- Are we encouraging the Israelis to show restraint in this area?
- What are we telling the Lebanese and Syrians about this matter?

ANSWER 15:

We have worked hard with both the Lebanese and Israeli governments in an effort to seek common ground on the issues which divide them. We continue to believe that a joint military commission to begin work on the questions of security and withdrawal is in the parties' best interests and feel progress towards these goals can be achieved independently of developments on other tracks.

Violence in south Lebanon has, in the past, distracted from progress in the peace process. However, as the parties themselves have made clear such violence cannot stop the process.

We encourage all parties with influence in southern Lebanon to exercise restraint in the interest of peace.

## III. IRAQ

QUESTION 1:

Kuwaiti spokesmen said September 19 that Kuwait is willing to accept an Iraqi proposal to establish an international committee to look into the issue of approximately 600 Kuwaitis who are missing and believed held in Iraq?

- What do you know about such a proposal?
- Will the ICRC be involved?
- Does the administration support this proposal?
- What is your assessment of the current state of Iraq's cooperation on the detainees issue?
- How would Iraqi cooperation on this issue affect our consideration of the easing of sanctions?

ANSWER 1:

The Administration supports the decision of Kuwait to agree to an ICRC proposal for a "technical" committee to take up the issue of Kuwaiti detainees. Such a committee, which has the endorsement of our coalition partners, would operate under the auspices of the ICRC.

For the first time in three years, the Iraqi Government recently admitted that it had information on some of the Kuwaiti MIAs. According to the ICRC, Iraqis have now produced information on 45 of the MIA files. The ICRC suggested the formation of a technical committee of experts to study the remaining individual files.

We believe that such a committee is the best way to ensure that Baghdad accounts for the missing Kuwaitis -- one of its obligations under the UNSC resolutions. UNSCR 687 requires that Baghdad cooperate with the ICRC and facilitate its access to all MIAs still unaccounted for.

The ICRC has accepted our offer of an experienced U.S. military officer to serve as an adviser to the technical committee.



QUESTION 2:

What is your assessment of reports of secret contacts between Iraq and Israel?

- Do these reports suggest an internal Israeli debate about whether or not to make gestures toward Iraq?
- Are you satisfied that Israel's policy with regard to Iraq is in step with U.S. policy?

ANSWER 2:

We have asked about these reports at the highest levels of the Government of Israel. We were assured that the Government of Israel's policy is not to have contacts with the Government of Iraq and that there have been no authorized Israeli contacts with Iraq.

One member of the Knesset, Abdul Wahab Darawshe of the Arab Democratic Party, expressed in August a desire to lead a delegation of Israeli Jews and Arabs to Baghdad. The Israeli government criticized this proposal in very strong terms, and we do not believe there is any serious debate within the Israeli government with respect to changing their Israeli policy on Iraq. Israel supports the U.S. position that Iraq should remain isolated until it fulfills its obligations to the international community.

QUESTION 3:

We have seen some recent signs that suggest that economic sanctions are biting in Iraq and that Saddam Hussein is increasingly concerned about internal unrest:

- Last week, the government reduced rations for the general public on staples like flour and sugar by up to 50 percent; and,
- When prices immediately shot up, an Iraqi newspaper run by Saddam's eldest son criticized traders for raising their prices, saying they were taking advantage of the needy.

- What is your assessment of these developments?
- What is your assessment of the internal situation inside Iraq today and of Saddam Hussein's grip on power?
- What is your assessment of Iraq's latest warning, issued last week, that it will cease its cooperation with UNSCOM unless sanctions are lifted when long-term monitoring begins?

ANSWER 3:

The price increases make plain that economic sanctions are having an impact. Although the Iraqi authorities blame shortages of food and medicine on sanctions, it should be understood that sanctions do not restrict the importation of these items, and the U.N. Sanctions Committee regularly approves humanitarian imports that meet essential civilian needs.

UN agencies report a serious degradation in the public health capacity. At the same time there is substantial evidence to suggest that available food and medicine is directed toward the supporters of Saddam Hussein including the al-Tikriti clan, the Republican Guard and the Revolutionary Command Council.

Failure of the Government of Iraq to comply with relevant Security Council Resolutions means that sanctions will remain in place. Security Council Resolutions 706 and 712 provide a mechanism by which Iraq could sell \$1.6 billion in oil to finance the purchase of goods to meet humanitarian and other essential civilian needs but Saddam has chosen not to take advantage of these resolutions.

Regarding Saddam's grip on power, we see various signs that his position is increasingly untenable:

- the regime is resorting to drastic punishments, including disfigurement and execution, to deter growing lawlessness and desertions from the military,
- Saddam's circle of reliable supporters is narrowing steadily. He can no longer fully trust all of his military and security units. Nor can he still count on members of clans, such as the al-Duri, that used to be his staunchest supporters. Finally, loyalty is weakening even in his own extended family, against whom he exacted retributions following coup plotting reports during the past year.

Despite all of the above, fear and repression keep Saddam in power, making it impossible to predict Saddam's staying power in the near term.

Regarding Iraq's threat to UNSCOM, we have made clear to the Iraqis that we will take any attempt to impede UNSCOM's efforts very seriously. Harassment of UNSCOM will not bring Saddam closer to his goal of having sanctions lifted -- it will have the opposite effect.

QUESTION 4:

In May, fighting broke out between the two main Kurdish parties in northern Iraq -- the KDP and the PUK. I understand there have been talks in Turkey and in Paris designed to improve cooperation between these two groups.

- What role has the U.S. played in these efforts?
- What role have others played? Turkey? The opposition Iraqi National Congress (INC)?
- Has a cease-fire been agreed upon?
- How well has the cease-fire been holding?
- Was an agreement reached to hold elections for a new Kurdish parliament in northern Iraq in May 1995?
- Does the Administration support the agreement that has been reached?

ANSWER 4:

We have been concerned about intra-Kurdish hostilities since the fighting began in May. We were deeply dismayed when the fighting erupted again in late August, creating hundreds of casualties.

Throughout the crisis, the umbrella opposition organization Iraqi National Congress (INC) has played a constructive role in bringing the parties together to stop fighting and resolve their differences. It is our understanding that the most recent cease-fire -- which was arranged with the assistance of the local assembly in northern Iraq -- is holding, with the exception of sporadic incidents.

Since the initiation of hostilities, we have directly urged the Kurds, through their representatives in Washington, to stop their fighting, peacefully discuss their differences, and reunite their ranks against the common enemy, Saddam Hussein. In May, the Administration sent a strongly worded message to the Kurdish leadership, through the INC, urging an end to hostilities and calling for maximum restraint. We have also been in close contact with Turkey, France and the UK, who have actively supported a peaceful solution.

We continue to monitor the situation in northern Iraq and maintain open discussions with Kurdish representatives here and with the Iraqi National Congress in Iraq, encouraging them to sustain the current cease-fire. We fully appreciate the importance of finding appropriate means of preventing any renewed outbreak of intra-Kurdish fighting.

We understand that the parties may have now decided to put off elections that they originally had agreed to hold in May 1995. We take no position regarding local elections in northern Iraq, but we have cautioned Kurdish representatives that in pursuit of elections or reconfiguration of the local assembly in the north, the northern leadership should make clear that their actions do not suggest intent to establish a break-away region.



QUESTION 5:

What is your assessment of the long-term viability of the autonomous Kurdish areas of northern Iraq?

- Has the internal fighting between the KDP and the PUK undermined the Administration's confidence in the ability of the Kurds to govern their enclave and remain viable as an autonomous zone?
- Has the commitment by the U.S. and our allies to Operation Provide Comfort been weakened?
- Are the continuing economic hardships in northern Iraq likely to push the Kurds toward a reconciliation with Baghdad?

ANSWER 5:

The Administration does not have a separate political policy for northern Iraq. Our policy toward the local administration in northern Iraq is part of our overall policy toward Iraq. We support the territorial integrity of Iraq, and the formation of a democratic government in Baghdad that can both be representative of the Iraqi people and maintain peaceful relations with its neighbors. This policy is not intended to denigrate the aspirations of the people of northern Iraq to live under a democratic government. We hope that political conditions inside Iraq will one day permit reconciliation throughout the country.

The present Iraqi regime's demonstrated hostile intent toward the northern populations complicates any prospects for direct negotiations with Baghdad. We take no position, however, regarding whether the northern leadership should or should not talk with the central government.

Our commitment to Operation Provide Comfort has not changed, as the political situation that originally made the mission necessary has not changed. Our allies continue to contribute politically and militarily to the mission. That the mission is still in place is testament to the will of the coalition to maintain it.

QUESTION 6:

We continue to hear disturbing reports of Iraqi government campaigns against the Marsh Arabs of southern Iraq.

- Are these campaigns continuing?
- Is the government continuing to drain the marshes?
- How many refugees have escaped the Iraqi marshlands and crossed into Iran?
- What more can the United States do to address this humanitarian disaster?

ANSWER 6:

For millennia the southern marshes of Iraq sustained a unique culture. Several hundred thousand Shi'a Arabs depended on the marsh ecosystem for their livelihood.

This situation has changed dramatically in the last few years due to deliberate efforts by the Government of Iraq to destroy the marshes, with the ultimate goal of eliminating elements of political resistance living in them. The Iraqi Government's continuing repression of the marsh Shi'a and the implementation of a policy of environmental devastation represent a clear intent to target a specific area for reprisals without regard to the impact on innocent civilians.

As a result of massive engineering projects conducted by the Government of Iraq, two of the major marsh areas--the Al Amarah and Al Hammar marshes--have been nearly eliminated. An artificial dam and canal system is preventing the Tigris River tributaries from feeding the Al Amarah marshes. The Euphrates River, which once provided water to both the Al Amarah and Al Hammar marshes, has been dammed east of An Nasariyah. The river is being diverted south to the Shatt Al Basrah Canal, which empties into the Persian Gulf.

In the early 1970s the water in these marshes covered 5,200 square kilometers. By late 1993, less than 10 percent of the marsh area remained covered by water.

As the marshes dry, the Iraq military has been burning large tracts of marsh grass, causing local desertification and destroying a rich habitat upon which many rare and unique species of plants and animals depend. The burning of the marshes also has provided a clear field of view for Iraqi military operations against Shi'a fighters opposed to the Government. These operations have included tank-led search-and-destroy missions and artillery shelling.

The combination of massive engineering projects and wide-ranging military operations has forced residents of the marshes to flee in large numbers. It is difficult to estimate the numbers of persons displaced by these operations, due to the lack of international monitors in the area. In January, opposition sources reported that 1,250 new refugees from Iraq were crossing the border into Iran. UNHCR estimates that approximately 8,000 of the refugees in camps in Iran originated from the Iraq marsh areas, with the expectation that over 3,000 will be crossing the border into Iran soon. U.S. Government analysts recently estimated that more than 200,000 of the 250,000 former occupants of the marshes had been driven from the area since 1991.

The no-fly zone enforced by coalition aircraft south of the 36th latitude has hindered Iraqi bombing of marsh villages. However, the no-fly zone has not been able to inhibit ground-based operations against civilian population centers. These operations have continued even during the recent deployment of Iraqi Republican Guards near the Kuwaiti border.

The Administration will continue to publicize Iraq's destruction of the marsh habitat and its effect on innocent civilians. We have repeatedly called on the Government of Iraq to halt these activities, and we will continue to do so. We will also continue to press Iraq to allow human rights monitors into the marshes as called for by Max van der Stoep, the U.N. Human Rights Commission Special Rapporteur on Iraq.

QUESTION 7:

What is the Administration's current relationship with the Iraqi National Congress (INC)?

- What kinds of contacts do we maintain with the INC?
- Is the U.S. providing any assistance to the INC?
- What is your assessment of the INC's support, if any, inside Iraq?

ANSWER 7:

INC officials have been received by Vice President Gore and Secretary Christopher, in addition to other senior administration officials. We support the INC's efforts to build a multi-party, multi-ethnic, democratic and effective opposition to Saddam's regime. INC support within Iraq has grown, particularly as it has demonstrated its ability to act as a positive force in defusing tensions and conflict among Kurdish parties in the North.

The INC is not in a position to directly challenge Saddam Hussein at this time, but there is growing evidence that INC publications and other activities worry Baghdad sufficiently to attract official Iraqi condemnation and, in at least one instance, reprisal.

The Administration previously has briefed the committee of jurisdiction on this matter and for further information we would respectfully refer you to that committee.

## IV. EGYPT

QUESTION 1:

I have the impression that the Egyptian government's efforts to thwart attacks by extremist groups have been more effective during the past few months, and that the level of violence is lower now than it was last winter. The U.N. Population Conference in Cairo last month came off without any security problems.

- Do you feel the government is making progress in dealing with the challenge posed by terrorist groups?
- To what do you attribute the reduction in the number and intensity of violent attacks in the past few months?
- Does this recent lull represent a turning of the corner in the government's campaign, or do the attacks of the past couple of weeks portend a renewed wave of attacks after the extremists recover from their recent setbacks?

ANSWER 1:

Since the beginning of 1994, the GOE has conducted extensive security operations that have resulted in the capture, and in some instances the death, of numerous important terrorist operatives and, at least temporarily, reduced the operational capabilities and morale of the Islamic Group and Jihad. However, it seems unlikely that the GOE will succeed in completely eliminating terrorism in the near future.

The recent attack in the coastal resort town of Hurghada is a departure by the Islamic Group from its traditional focus on Upper Egypt (between Cairo and Luxor). The October 14 stabbing assault on Egyptian Nobel-prize-winning novelist Naguib Mahfouz is also cause for concern since it represents the first serious terrorist attack within the city of Cairo since last spring. As the GOE dedicates its finite security resources to police Cairo and strike back at Muslim extremists in Upper Egypt, the Islamic Group will likely seek targets of opportunity, such as tourists, in areas where security is more lax. While a new wave of terrorism is unlikely, the possibility of sporadic acts of violence remains high.



QUESTION 2:

When you testified in June, you said that the Egyptians promised a "prompt and comprehensive" investigation into the case of Mr. Madani, a lawyer who died under suspicious circumstances while in police custody last April.

- Why hasn't the Egyptian government issued a report yet on its investigation into the death of Mr. Madani?
- What are we telling the Egyptians about this case? Has the Egyptian government agreed to allow the Red Cross to visit Egyptian prisons?
- Have we urged the government to agree to such visits?
- What is your assessment of reports of state censorship and intimidation of journalists in Egypt?

ANSWER 2:

The GOE did pledge to conduct an investigation into Abdel Harith Madani's death and, if it was determined that he died as a result of torture, to promptly prosecute those individuals involved. However, the report has yet to be made public. We continue to press the GOE, at the highest levels, to make public the report into Madani's death.

Permitting visits to prisons by the ICRC voluntarily is a proven way for governments to demonstrate their seriousness of purpose and determination to honor internationally-accepted standards of respect for prisoners' human rights. We have expressed this view to the GOE at the highest levels, and we will continue to urge Egyptian officials to ensure basic rights of all prisoners and detainees in the country.

Egypt enjoys an active opposition press that is not subject to state censorship. The editor of the opposition paper, Al-Ahrar, however, was interrogated recently for one day by Egyptian security officials and then released. I understand that the Egyptian authorities are continuing the investigation and may press charges against the editor. Without knowing the nature of the charges, if any, being brought against this journalist or the nature of any evidence involving him, I believe it would be premature to speculate as to the government's motives in this case.

QUESTION 3:

From what I understand, the government-sponsored National Dialogue was boycotted by most of the opposition parties and failed to generate a genuine dialogue between the regime and its mainstream opponents.

- Is this accurate?
- What further steps is President Mubarak taking to increase political participation and to make Egypt's government more responsive and representative?
- Do you believe a failure to achieve these goals will assist the Islamic extremists' efforts to pose as the only alternative to autocratic rule?

ANSWER 3:

Earlier this year, President Mubarak began to speak earnestly of the need to open the political process to the secular opposition, while he continued to crack down on Islamic extremists. He launched preparations for a "National Dialogue" in May.

While perceived by many Egyptians as a positive gesture by the GOE to further open the political system to secular opposition parties, several political parties declined to participate after they were unable to reach agreement with the government on terms of reference acceptable to them. However, a number of opposition parties did take part in the dialogue. Several recommendations made during the dialogue are now under review by the GOE.

The Muslim extremists do not constitute an immediate threat to the stability of Egypt, although they continue to pose a serious problem for public security and the economy. The extremists do not have sufficient public support to challenge the government or its institutions at this time and popular abhorrence of terrorist tactics makes it unlikely they will gain such support in the near future. Nonetheless, we agree that greater political openness and equitable economic growth would reduce that prospect even further.

QUESTION 4:

An article in the October 11 "Washington Post" reports that before the latest Iraqi troop movement toward the Kuwaiti border, President Mubarak had been quietly seeking to convene an Arab summit meeting in order to reconcile Iraq and Kuwait. After this reconciliation, the Arab League was to have pressed the Security Council to lift sanctions on Iraq. According to the article, Mubarak backed off only after Saudi Arabia indicated its opposition.

- What is Egypt's position on Iraq sanctions?
- How politically significant is popular Egyptian concern over the effects of sanctions on the Iraqi people?
- In the Egyptian view, does Iraq continue to pose a threat to its neighbors?
- In the event of a new Iraqi aggression against Kuwait, would Egypt support a military response by the Gulf War coalition? Would Egypt be prepared to participate with its own forces?

ANSWER 4:

Egypt has been a firm supporter of the U.N. Security Council resolutions on Iraq and Egyptian support during their adoption, as well as during the Gulf War, was an important component of our success. President Mubarak understands the need for a continuing solid front against Saddam's attempts to end Iraq's isolation and evade the sanctions regime. The Egyptian public, however, is eager to see the suffering of the Iraqi people ended.

President Mubarak said publicly in late September that Egypt has no confidence in Saddam and sees no chance of early reconciliation between Iraq and the Gulf states. Mubarak specifically dismissed talk of his mediating role as Iraqi propaganda. Not long after he made these remarks, the Iraqi official media launched a campaign personally vilifying President Mubarak.

Egypt was the largest troop contributor in the Gulf War effort, after the U.S. Cairo would continue to support a military response by the Gulf War coalition, should Saddam Hussein take action against Kuwait again. Whether Egypt would be willing to contribute forces would probably depend on the nature of the conflict.

## V. OTHER COUNTRIES

## A. Yemen

QUESTION 1:

What is your assessment of the situation today in Yemen?

- Has law and order been restored?
- Is President Saleh firmly in control of the country?
- Has the Yemeni parliament reconvened?
- Is the reunification of Yemen popular in both the north and the south?
- Has an amnesty been extended to those southerners who fought against the north in the civil war?
- Would you say that a process of genuine reconciliation is underway?
- What is the state of Yemen's economy after the war?

ANSWER 1:

Since the end of civil war in July, the Republic of Yemen Government has been restoring law and order. The government is also bringing back infrastructure and social services damaged or destroyed during the war. In a clash last August the government succeeded in restoring order and security.

We advise American citizens that the security situation is similar to what it was before the war, i.e., there is relative calm in urban areas; disputes between different tribal groups and between those groups and the government occur and lead to violent incidents. Armed hijackings of vehicles also occur.

President Saleh is the legally elected ruler of the country and he appears to be firmly in control of the country. In late

September 1994, Yemen's parliament adopted a new constitution based on Islamic shari'ah law. In October 1994, Yemen's parliament met as an electoral college and overwhelmingly re-elected President Saleh for a second five-year term.

This summer, Yemen fought a brief, bloody civil war to maintain a united Yemen. Many in the north and south supported unity. The leaders of the opposition forces, mostly from the Yemen Socialist Party (YSP), have now elected new leadership which supports the united Yemeni Government. Several prominent secessionists recently announced in London the formation of a National Opposition Front.

After the war the ROYG issued a general amnesty. Sixteen secessionist leaders were not included in the amnesty. Many Yemenis who were displaced by the civil war, or who fled to neighboring countries, have returned to home without prejudice.

We watch the political situation carefully and urge the ROYG to undertake quickly the steps promised to promote conciliation. These include extending the amnesty and implementing the Declaration of Pledge and Accord.

We are concerned about Yemen's economic health. With an inadequate infrastructure, a per capita income of \$540, an infant mortality rate of 124 per 1000 live births, the country is the poorest in the region. Oil receipts suffered little disruption during the war, but the war aggravated the economic problems of the country, particularly in the south.



QUESTION 2:

What is the state of relations between the U.S. and the current Yemeni government?

- Has our embassy in Sanaa been fully restaffed?
- Is the Peace Corps returning to Yemen?
- What are we telling the government about the need to resume the democratic process?
- What is the U.S. doing to help the country recover from the effects of the civil war?

ANSWER 2:

On August 3, 1994, the Department of State rescinded the drawdown of dependents and staff for Embassy Sanaa and quickly resumed full staffing. The Peace Corps has decided to close operations in Yemen, but has agreed in principle that, should the security situation improve, it will reconsider.

The USG supports Yemen's efforts to institute democratic procedures and processes in its political life and we were disappointed that progress was interrupted by civil war. We have asked President Saleh to resume this effort as soon as possible. We believe the straightest path to Yemeni stability lies in reconciliation and dialogue between the government and the Yemeni people, including those who supported secession. Political participation in Yemen must be broad-based.

The United States provided \$25,000 in humanitarian funds to Yemen and we also transferred some surplus medical equipment. The USG has now approved the release of \$1 million to the International Committee of the Red Cross primarily for Yemen.

QUESTION 3:

How have Yemen's relations with its neighbors been affected by the civil war?

- Have relations been strained over perceived or actual support given by the Gulf states to the southern Yemeni leadership?
- What are our Gulf allies -- particularly Saudi Arabia and Oman -- telling us about their relationship with Yemen under President Saleh.
- Are exiled southern leaders still residing in Oman or other Gulf states?
- Is Yemen seeking the extradition of those leaders?

ANSWER 3:

Saudi Arabia, which has an undefined border with Yemen, was concerned the conflict would spill over the border, either as refugees or as a threat to regional stability. Thus the Saudis pressed for a ceasefire and resumption of a political dialogue aimed at a negotiated resolution. Oman also supported the UN Security Council Resolution which called for the ceasefire.

Some Gulf states still host Yemenis who fled Yemen at the end of the civil war. Ali Salem Al-Bidh, the former Vice President of the ROYG and the leader of the secessionist movement is still in Oman. Nonetheless, on September 12, President Saleh chose Oman as the site for his first meeting with a GCC leader after the outbreak of fighting in May. We understand the ROYG requested the extradition of the sixteen southern Yemeni leaders residing outside of Yemen not covered by the general amnesty. None have been returned to Yemen.

Yemen's relationship with Iraq is of concern to the U.S. and the GCC states, particularly Saudi Arabia and Kuwait. Although the ROYG ostensibly maintains a neutral posture towards Iraq, we continue to see evidence of close cooperation and a regular stream of visitors, including high-ranking officials, between the two capitals.

## B. LEBANON

QUESTION 1:

I understand you would like to see the Lebanese Government gain control over groups who specifically target Americans.

-- Are we talking only about Hizballah?

-- What areas of the country are not under Lebanese Government control?

-- the Bekaa Valley?

-- the area around Beirut International Airport?

-- southern Lebanon?

-- On what basis does the Federal Aviation Administration judge Beirut International Airport to be unsafe and subject to infiltration?

-- Does the Administration carefully differentiate between credible threats to Americans and anti-Americanism, such as the uttering of anti-American slogans and rhetoric?

-- Does the U.S. have specific intelligence on the targeting of Americans by Hizballah factions?

-- What specific steps must the Lebanese Government take for the U.S. to lift the ban?

-- Has the U.S. clearly spelled out those conditions to the Lebanese Government?

-- What has been their response?

-- Are there steps that the Syrian Government must take?

ANSWER 1:

Hizballah is the principal group and concern; it has known capabilities and expressed motives for targetting Americans in Lebanon. There are others, including the rejectionist Palestinian groups operating in Lebanon, which have the ability to target Americans.

Syrian troops exercise control over most of the Bekaa valley and northern Lebanon. The southern suburbs of Beirut, which include the area in and around Beirut International Airport, are considered Hizballah strongholds; Hizballah also has a considerable presence in southern Lebanon. The Israeli-declared security zone in southern Lebanon encompasses approximately ten percent of Lebanese territory. The GOL has no effective control south of the Litani river. Our best estimate is that the GOL exercises effective control over roughly one-third of Lebanese soil.

Although the Federal Aviation Administration is best equipped to respond to this question, we understand the judgment to be based on reliable intelligence.

Our judgment that Americans are targeted by Hizballah is based on specific intelligence; we find the threats credible and not simple anti-American rhetoric.

We have invited the Government of Lebanon to send a delegation to Washington to discuss our security concerns, including those which justify our passport restriction. The GOL has not yet responded to the invitation.

The USG has been consistent in its call for the redeployment and eventual withdrawal of Syrian and all foreign troops from Lebanon. This would allow the GOL to extend its writ throughout Lebanese territory and improve overall security.

QUESTION 2:

What is your assessment of the human rights situation today in Lebanon?

- Has the government of Lebanon lifted the ban on political broadcasts in the news media that it imposed earlier this year?
- Have journalists continued to self-censor themselves for fear of intimidation and possible closure?
- What is your assessment of the treatment of detainees held in custody by the Lebanese authorities?
- What are we saying to the Lebanese on these issues?
- What is your assessment of the reconstruction effort currently going on in Lebanon?

ANSWER 2:

As noted in our 1993 human rights report, the USG found some deterioration in the human rights situation in Lebanon, particularly in the area of press freedom and right of dissent. The 1994 report is now being prepared.

The ban on political broadcasts was lifted in July 1994. The National Assembly is now considering a law revamping regulation of the broadcast media. The draft law appears to reflect long-standing Lebanese respect for freedom of expression.

Critics of Syria's role in Lebanon do exercise self-censorship, apparently out of a well-placed fear of retaliation.

There are credible reports that some detainees have been subjected to abuse. While these incidents do not appear to reflect government policy, we have raised our strong concerns with the GOL.

The reconstruction effort appears to be on track. The rebuilding of downtown Beirut has begun, the Lebanese pound is strengthening, and the government is encouraging the resettling of persons displaced by the civil war. Infrastructure problems -- particularly power production -- are serious, but the government is determined to address them.



## C. SAUDI ARABIA

QUESTION 1:

How would you assess the status of our bilateral relationship with Saudi Arabia?

- What have been the areas of tension in our relations with Saudi Arabia?
  - o different positions on the war in Yemen?
  - o economic issues?
  - o human rights?
- What was the reason for the sudden visit to Saudi Arabia undertaken by Mack McLarty, Martin Indyk and yourself in August?
- What issues did you discuss with Saudi officials during this visit?
- What is the purpose of Secretary Bentsen's current visit to Saudi Arabia?
- What is holding up the completion of the deal between Saudi Arabia and Boeing and McDonnell-Douglas for the purchase of commercial aircraft?
- What is your assessment of reports that King Fahd is in poor health?

ANSWER 1:

Our bilateral relationship with Saudi Arabia is strong and guided by a spirit of partnership. This partnership encompasses a range of issues, including security, regional stability, the peace process, and two-way trade. The September 30 statement by Saudi Foreign Minister Saud, on behalf of the GCC, eliminating the secondary and tertiary aspects of the boycott of Israel is an example of this partnership.

Both the U.S. and Saudi Arabia were concerned about the civil war in Yemen. We worked together to reduce the threat to the region. We both pressed hard for a cease-fire and resumption of a political dialogue as a way to achieve a negotiated resolution. The Saudis were key proponents of UN Security Council Resolution 924 which incorporated these principles, and which the U.S. supported.

While the Saudi government has budget problems, we believe the Saudis are, and will remain, fully capable of meeting their international obligations. The Saudis have never defaulted on a payment to the United States. In January, King Fahd announced a 20 percent spending cut as a part of his economic reform. We believe this indicates the Saudis recognize their budget problems and are taking steps to remedy them.

We have serious concerns about human rights in Saudi Arabia. These are documented in the Country Report on Human Rights Practices submitted yearly to Congress. We raise general concerns and specific cases with the Government at the highest levels.

Mr. McLarty, together with NSC Middle East Director Martin Indyk and I, traveled to Saudi Arabia on August 15 to confer with senior members of the Saudi government on matters of mutual concern. Mr. McLarty's trip was part of the regular consultations the USG conducts with Saudi officials. The conflict in Yemen and the peace process were issues that fell within that framework.

Secretary Bentsen traveled to Saudi Arabia October 5-6 in response to an invitation from Saudi Finance Minister Abu Khail when he visited here earlier. In his October 6 Jeddah press conference Secretary Bentsen complimented Saudi officials for their discipline on the Saudi budget.

In February 1994, President Clinton announced that the SAG intended to award the approximately \$6 billion Saudia Airlines fleet replacement contract entirely to U.S. airframe manufacturers. However, to date, Saudia Airlines has yet to specify its aircraft needs. Although we follow the issue closely in our contacts with appropriate SAG officials, at this juncture there are conflicting reports of when a decision will be made. Ultimately, the decision is in the hands of the SAG and in light of the size of the purchase, the final decision will be made at the highest levels of the Saudi government.

We have heard reports of King Fahd's ill health but consider them exaggerated. Senior U.S. officials such as Mack McLarty and Secretary Bentsen have seen King Fahd and found him to be in good health and spirits.

QUESTION 4:

The State Department last week took the unusual step of expressing concern about the human rights situation in Saudi Arabia.

- Do we maintain a high-level human rights dialogue with Saudi Arabia, as we do with our other principal regional allies, Egypt, Israel, and Turkey
- If not, why not?
- What is your assessment of the human rights situation in Saudi Arabia?

ANSWER 4:

Human rights and rule of law issues are an important part of our dialogue with the Saudi government. We raise both general concerns and specific cases at the highest level.

The United States has serious concerns about the human rights situation in Saudi Arabia. These concerns are documented in the Country Report on Human Rights Practices submitted yearly to Congress. In particular, the lack of religious freedom, restrictions on women, discrimination against the Shia minority, harassment of foreign residents and Saudis by the religious police, allegations of torture and mistreatment of persons while in police custody, and the absence of a free press concern us.

## D. GULF STATES

QUESTION 1:

In July, the U.S. and the United Arab Emirates signed a defense cooperation agreement.

- What are the major provisions of this agreement?
- Does the Administration expect to pre-position significant military equipment in the UAE?
  - If so, what equipment?
- How does this agreement compare with those signed in the post-Gulf War period with Kuwait, Bahrain and Qatar?
- What progress has been made with the UAE over the issue of enforcing intellectual property rights?
- What is the status of U.S. efforts to help the UAE crack down on drug traffickers who use the UAE as a transit point?

ANSWER 1:

The US-UAE Defense Cooperation Agreement (DCA) is based on standard language developed to serve as the basis for broad military cooperation as defined thereafter by the two parties. It is similar to DCAs signed with Kuwait, Bahrain and the UAE. Prepositioning of equipment in the UAE may be raised in the bilateral fora implementing the Agreement.

We are pleased at the recent steps taken by the UAE Government to curb intellectual copyright infringement in the UAE, particularly with respect to cassette and video tapes. The U.S. Embassy reports the UAE Government has strictly enforced recent laws prohibiting sale of pirated products, with the result that the availability of these products has been greatly reduced. The way is now open for U.S. producers of legitimate products to enter the market forcefully, and we are working with other USG agencies to ensure this information is widely distributed domestically.

The UAE has shown great interest in working with the U.S. Drug Enforcement Agency and other concerned agencies on efforts to interdict the transshipment of drugs and the concomitant financial transactions. The Department's Bureau of International Narcotic Matters is working with the DEA to ensure U.S. regional offices establish an effective liaison relationship with UAE Government counterparts.

QUESTION 2:

We have seen reports that Kuwait is seeking to purchase advanced weaponry from Russia in excess of \$1 billion.

- What is your assessment of such reports?
- What is your assessment of the Kuwaiti strategy of forging defense links with all five permanent members of the U.N. Security Council?
- Does Kuwait currently have security agreements with Britain, France, and Russia, as well as the U.S.?
- What are the implications of Kuwaiti defense deals with Russia and China for U.S. interests in the region?

ANSWER 2:

Kuwait signed contracts with Russia in August 1994 for "BMP-3" armored personnel carriers and "SMERCH" multiple rocket launchers (successor to the "Katysusha rocket launcher). We believe the value of these contracts is \$600 million.

Kuwait has defense cooperation agreements with each of the permanent members of the U.N. Security Council except China. These agreements reflect Kuwait's perception that such agreements strengthen its defense links with its allies and enhance its security vis-a-vis Iraq.

Kuwait is also buying or seeking to buy military equipment from the Perm-5. For its part, the United States stresses that inter-operability of Kuwaiti and U.S. equipment will enhance our ability to respond quickly to new threats to their security. Buying a mix of equipment erodes inter-operability. We encourage Kuwait to base military procurement decisions on military and not political considerations.

We do not believe that Kuwait's defense procurement arrangements with China and Russia thus far adversely affect U.S. interests in the region. We do seek to ensure that Kuwait gives American defense firms an opportunity to bid on all of its procurement contracts.



QUESTION 2:

I understand that INS has granted political asylum to former Saudi diplomat Mohammed Khilewi.

- Have we discussed this decision with the Saudi government?
- How have they reacted?
- Has Khilewi provided our government with any evidence supporting his allegations that the Saudi government financed Iraq's nuclear program before the invasion of Kuwait, and provided financial assistance to Islamic extremists and terrorists groups, including Hamas?
- Do you accept the assertions by the Saudi and Kuwaiti governments that they have taken steps to cut off sources of financial support for Islamic extremist movements, including Hamas?
- Do you have an assessment of how significant this support was before it was cut off?

ANSWER 2:

In discussions with Saudi officials we make it clear that the INS decision to grant asylum is based on the person's claim rather than general political or diplomatic issues.

We have seen no evidence of Saudi government support for Iraq's nuclear program or for terrorism. Such evidence would be investigated by the appropriate U.S. Government agency.

We have Saudi and Kuwaiti assurances that government funds are not used to finance Islamic extremist movements, including Hamas. Though the Saudis have tight control over official funds, we understand the difficulty in controlling the use of private funds. We were not able to assess the significance of government funding prior to it being cut off.

QUESTION 3:

Saudi authorities confirmed press reports about the arrest of a prominent Islamic preacher, Sheikh Salman Awdah, and over 100 of his followers. The Sheikh's arrest is the latest indication of growing discontent among segments of the Saudi Islamic establishment since the Gulf War.

- How important is religious opposition to the monarchy?
- Is the Saudi government acting wisely in seeking to suppress expressions of dissent?
- Is there any evidence that Sheikh Awdah and his supporters advocated violence or sought to overthrow the monarchy?

ANSWER 3:

The legitimacy of the Saudi government depends on its adherence to a conservative form of Islam. Sheikh Awdah challenges the government's legitimacy and discourages contact with non-Muslims and the West. We do not consider this a serious threat to the Saudi government.

The Saudi government responded to civil unrest in the aftermath of the detention of Sheikh Awdah. We have repeatedly emphasized that the U.S. does not condone religious or other forms of extremism.

Freedom of speech and press is limited in Saudi law and practice. Criticism of the Royal family or the government is not allowed. Sheikh Awdah called for a closer adherence to Islam and criticized the Royal family, but does not advocate violence. His followers circulate tapes of his sermons which have been banned.



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