

IN THE NEWS
Olmert says ready for Abbas summit

Ehud Olmert said he is ready to hold his first peace summit with Mahmoud Abbas.

The Israeli prime minister made the announcement Saturday after talks with his visiting British counterpart, Tony Blair.

"I assured Prime Minister Blair that I am ready to work closely with the chairman of the Palestinian Authority, Abbas, to implement the road map," Olmert told reporters, referring to a U.S.-led peace plan.

U.S. wants Iran resolution draft

The United States wants to draft a U.N. Security Council resolution on sanctioning Iran ready within 10 days.

The United States, Russia, France, Britain and China — the five veto-wielding members of the council — and Germany are discussing how to deal with Iran now that it has refused to end enriching uranium, which U.N. inspectors believe is part of a nuclear weapons program.

Nicholas Burns, a U.S. under-secretary of state, told reporters in Berlin, where the talks were held, that the United States hopes to be considering a resolution by the time the U.N. General Assembly convenes on Sept. 18.

Senate rejects bomb restrictions

The U.S. Senate voted down a proposal to restrict sales of cluster bombs.

The amendment to the defense appropriations bill that would have required purchasers to commit to avoiding heavily populated areas failed in a 70-30 vote on Sept. 7. Sen. Dianne Feinstein (D-Calif.) an unstinting Israel supporter, co-sponsored the bill with Sen. Patrick Leahy (D-Vt.).

She cited reports of Israel's use of cluster bombs in civilian areas during its recent Hezbollah war.

WORLD REPORT

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Even with Mideast conflict, money talks in Jordan's industrial zones

By LARRY LUXNER

AMMAN, Jordan (JTA) — Arabs throughout the Middle East are upset over Israel's conflict with Hezbollah. But when it comes to Jordan's qualified industrial zones, money talks.

The Hashemite Kingdom now has a dozen of them, stretching from Irbid in the North to Aqaba in the South. These clusters of factories — churning out everything from jeans to jewelry — have become the key to Jordan's spectacular growth in exports to the United States.

But there's a catch: In order to qualify for duty-free, quota-free entry into the lucrative U.S. market, products manufactured in Jordan's zones must contain 35 percent added value — and 8 percent of that added value, in the form of parts or production, must come from Israel.

This Israeli content requirement helps "build mutual interest between people from both sides of the border," says Maen Nsour, CEO of the Jordan Investment Board in Amman.

"There also has to be a Palestinian percentage. It's a way to economically integrate these three entities," Nsour told JTA. "When you have common economic interests, that will reflect positively on the political relationship. That was the original intention when this scheme was devised, and the numbers indicate that the program has worked."

In fact, Jordanian exports to the U.S. have jumped from \$48 million in 1998 to \$1.2 billion last year, thanks almost entirely to the program. Most of that consists of garments, though jewelry and electronic com-

ponents are also made by workers in the zones.

Jordan's largest privately owned zone is Al-Tajamouat Industrial City, located 11 miles south of Amman.

Al-Tajamouat accounts for 30 percent of Jordan's free-zone exports to the United States and 36 percent of the \$800 million that foreigners have invested in the zones to date.

Some 40,000 people — half of them Sri Lankans — work at Al-Tajamouat's 42 factories, earning 110 dinars — around \$160 — a month.

According to the Tel Aviv-based consulting firm Elyon Ltd., to qualify a product in the QIZ, at least 35 percent of its appraised value must have been produced within the zone.

The breakdown must not be less than 11.7 percent from a Jordanian zone and 8 percent from Israel — 7 percent for high-tech goods. The remaining content, to reach the 35 percent threshold, may come from either a Jordanian zone, Israel, the United States, West Bank or Gaza Strip.

The Jordanian and Israeli manufacturers may each maintain at least 20 percent of the total production of QIZ-manufactured goods, excluding profits.

"In the beginning, lots of people were anti-QIZ, asking us, 'Why would you want to deal with Israel?' But it's not like it used to be," said Janset Kasht, business development manager at Al-Tajamouat. "This has proven to be a success story. The QIZs have created over 19,000 jobs for Jordanians."

Ravish Sachdeva, manager of the Ivory Garment Factory, employs 954 workers — 70

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■ Qualified industrial zones have become the key to Jordan's exports to the U.S.

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percent of them women — in the cutting and stitching of pants for a variety of U.S. clients, including Gloria Vanderbilt and JCPenney.

"It's all because of the duty-free factor. That's the main reason we're here," said Sachdeva, who relocated here from India four years ago. "The duty factor is our only weapon against China."

In fact, only 20 percent of Sachdeva's workers are Jordanian. Most of the remainder are Sri Lankans, Indians, Bangladeshis, Pakistanis and Nepalese, who send at least 90 percent of their wages home and scrape by on the rest.

Last year, the Ivory Garment Factory reported revenues of \$24 million. Its owners have no qualms about buying zippers, buttons and other components from Israeli suppliers.

Free trade with the United States "is the main advantage, as well as the Israeli component, because in certain categories, you need to buy from Israel. And we want to buy, because the quality of Israeli products is quite good, and they deliver fast," Sachdeva said.

"The sailing time from Hong Kong to Jordan is 15 days, while from Israel, it's half a day."

Kasht said Al-Tajamouat represents a \$350 million investment from a dozen countries including India, Pakistan, China, Hong Kong, Taiwan, South Korea and the United States.

"Jordan has established itself in the region as a garment hub," she said. "We started with mass production, making

low-end items like \$5 T-shirts for Wal-Mart and Kmart. Now we're exporting to Banana Republic, Liz Claiborne and Gap. The country is ready to move to the middle and upper niche markets."

In addition to U.S. exemptions, imported raw materials to the zones are exempt from Jordanian customs duties, restrictions on project ownership or foreign-currency transactions.

"I believe the QIZ was a great tool to create jobs for Jordanians, but it's also helped us understand the Israelis more, and to open a dialogue with them," said Kasht, who was trained by the U.S. Agency for International Development before coming to work at Al-Tajamouat. "There's a meeting every year on the Israeli side of the border between Jordanian manufacturers and their Israeli suppliers, and they treat us with the highest respect."

Kasht added: "Politics is always politics, and we leave that to the politicians. But we as human beings understand

each other. And this program has helped the Jordanian economy boom.

According to Nsour, Israeli investment in Jordan's zones comes to 29 million dinars, or \$40.6 million, though this pales in comparison to Taiwanese investment of \$100 million.

Nsour said that in 2004, Jordan imported \$164 million worth of goods from Israel.

"Of course, certain issues have to be resolved," he said. "Sometimes there are delays and exaggerated security measures like the banning of

important Jordanian products and the movement of Jordanian businessmen."

An end to current hostilities, both in Lebanon and in the Gaza Strip, would also help increase trade by making Jordan more attractive to foreign investors.

"King Abdullah has been extremely active in trying to bring the Israelis and Palestinians together," Nsour said. "You can always find people who oppose this, but at the end of the day, what we care about is Jordan's best interests. This is why I emphasize that Israel and the Palestinians must reach a conclusion to their conflict."

"I believe the QIZ was a great tool to create jobs for Jordanians, but it's also helped us understand the Israelis more, and to open a dialogue with them."

Janset Kasht

Business development manager,
Al-Tajamout

Khatami acknowledges Holocaust

NEW YORK (JTA) — A former Iranian president acknowledged the Holocaust.

"I believe that Holocaust is the crime of Nazism. But it is possible that the Holocaust, which is an absolute fact, a historical fact, would be misused. The Holocaust should not be, in any way, an excuse for the suppression of Palestinian rights," Mohammed Khatami said in a Time magazine interview published over the weekend.

He also mounted a defense of his successor, Mahmoud Ahmadinejad, who has stirred international controversy by calling the Holocaust a "myth" and set up a cartoon competition and academic

conference dedicated to those who question the extent of the Nazi genocide. "I personally believe that he really didn't deny the existence of the Holocaust," said Khatami, who was in the United States for private speaking engagements at a time when Iran finds itself facing possible U.N. sanctions over its nuclear program.

The Israel Project lobby accused Khatami of "working to whitewash Iran's record of nuclear developments, support for terror and human rights violations."

During his time in office, between 1997 and 2005, Khatami was known as a political reformer, though he never championed recognizing Israel.

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THIS WEEK**MONDAY**

■ Former President Clinton commemorates five years since the Sept. 11 attacks in a speech to the United Jewish Communities Lion of Judah conference in Washington.

■ Rabbi David Saperstein, the director of the Reform movement's Religious Action Center, joins a Muslim Imam and an Orthodox priest in commemorating the Sept. 11 attacks at an Arab American Institute conference.

■ Nine non-Jewish community leaders from across the United States arrive in Israel to begin a five-day postwar fact-finding mission, sponsored by the United Jewish Communities and the Jewish Council for Public Affairs.

■ The Oyhoo Festival, a celebration of Jewish arts featuring music and other cultural events, continues through Sunday. On Tuesday and Wednesday, participants at an international conference will examine the state of Jewish culture. The conference, supported by the UJA-Federation of New York, among others, will take place at the Museum of Jewish Heritage in New York.

TUESDAY

■ There are several races of Jewish interest in U.S. primary elections. In one of them, Rep. Ben Cardin (D-Md.), the scion of a Jewish philanthropic family, joins Kweisi Mfume, an African American community leader, in leading a wide field of candidates to succeed Sen. Paul Sarbanes, a Democrat who is retiring. A number of Jewish candidates are among the many contesting Cardin's open seat in the U.S. House of Representatives. Sen. Lincoln Chafee (R-R.I.), is fighting a tough conservative challenge from Steven Laffey, who had challenged Chafee for not being sufficiently pro-Israel. Two Jews are vying in the Democratic primary. David Yassky is one and the other is Chris Owens — retiring Rep. Major Owens' son, who is halachically Jewish from Owens' marriage to a Jewish woman.

■ Taglit/birthright Israel opens online registration for the 2006/07-winter season. The program flies young Jews to Israel for first-time visits.

WEDNESDAY

■ Tzipi Livni arrives in Washington for meetings with Condoleezza Rice, the U.S. secretary of state, and other top administration officials. They will discuss how to deal with Iran now that it has refused to end its enrichment of uranium and how to maintain the Israel-Hezbollah cease-fire in Lebanon.

SUNDAY

■ Jewish groups are helping to organize a mass rally for Darfur in New York's Central Park. Jewish organizations have been behind a push for increased U.S. and international involvement to stop the crisis in Darfur.

Israel, P.A. approaching talks?

By DAN BARON

JERUSALEM (JTA) — Weary of war and desperate for a way out of their diplomatic deadlock, Israel and the Palestinians are talking peace once more.

Ehud Olmert and Mahmoud Abbas both said over the weekend that they would be willing to hold their first summit in hope of restarting the long-stalled U.S.-led "road map." But the questions of when such negotiations might begin, and what will be discussed, remain unanswered.

The Israeli prime minister appears to have resigned himself to talks after the recent Lebanon conflict and protracted violence with Palestinians in the Gaza Strip shelved his plan to withdraw parts of the West Bank while annexing others.

"It's time to revive the diplomatic process with the Palestinians and set a new horizon," Olmert told his Cabinet Sunday.

Believing that the 2000 pullout from southern Lebanon and last year's withdrawal from Gaza only emboldened Hezbollah, Hamas and other foes of the Jewish state, Olmert is now under pressure to engage Abbas and other perceived Palestinian moderates.

But Olmert's best offer may still not meet the demands made by Abbas, who wants the entire West Bank and eastern Jerusalem, as well as the "right of return" for millions of Palestinian refugees.

Even if Olmert were to offer more territory to the Palestinians, implementing such a handover would be difficult domestically.

Wracked by tensions with the center-left Labor Party that shares power with his centrist Kadima Party, Olmert is widely expected to try to boost his coalition base by courting right-wing factions that take a harder line on territorial concessions.

"The prime minister has been short on ideas since the Lebanon war ended," said one anonymous Jerusalem source, citing widespread belief in Israel that the 34 days of fighting Hezbollah may have sapped the nation's strategic advantages. "The think-

ing now is: Why not try talks with Abu Mazen? What is there to lose?"

For his part, Abbas, or Abu Mazen, is not even offering to fulfill his core obligation under the road map to disarm Hamas and other Palestinian terrorist groups. This failure has become a terminal problem since Hamas won P.A. elections and took power in March, prompting a financial and diplomatic embargo by Western nations.

Britain's prime minister, Tony Blair, who visited Israel and the West Bank over the weekend before continuing to Leba-

non, hinted that a solution might be reached if Hamas entered a unity government with Fatah.

The assumption is that such a coalition would be guided by Fatah's formal commitment to a two-state accord with Israel, with Hamas tacitly tagging along as a tactical compromise. Yet Hamas, to the frustration of many mainstream Palestinians, shows no sign of yielding on its charter that calls for the destruction of Israel.

"Everyone knows what the final agreement will look like between the two

parties. It is only Hamas that has so far failed to understand this, and they have to make a decision. We do not have time to waste," said Elias Zananiri, a Palestinian political analyst. "This is now the time, the moment of truth for Hamas. They either accept the requirements of a peaceful settlement, or they have to step down."

The crunch for Hamas may not come from the coalition talks, but rather, from Israel's precondition that an Olmert-Abbas summit take place only after a soldier held hostage in Gaza goes free.

"The issue that is our first priority with the Palestinians naturally is the immediate release of Cpl. Gilad Shalit," Olmert said Saturday after his meeting with Blair.

In media interviews, Abbas has tried to be optimistic about the prospect of Shalit going free.

Yet Hamas — some of whose gunmen took part in Shalit's June 25 abduction — is adamant that Israel first free hundreds if not thousands of Palestinian prisoners in exchange for the soldier. This has been ruled out by Olmert as extortion. ■

'This is now the time, the moment of truth for Hamas. They either accept the requirements of a peaceful settlement, or they have to step down.'

Elias Zananiri
Palestinian political analyst

NEWS IN BRIEF

MIDDLE EAST

Rally for Lebanon war probe

Tens of thousands of Israelis rallied to demand an independent inquiry into how the war against Hezbollah was waged.

Chanting "Olmert go home," at least 30,000 people gathered in Tel Aviv's Rabin Square on Saturday to protest the prime minister's decision to order a limited internal government probe into the 34-day offensive in Lebanon. The demonstrators included figures from Israel's political left and right.

Asked about the rally, Olmert told reporters: "I see things differently."

The prime minister's desire for a limited inquiry has faced setbacks.

Two of the original panel members he named were disqualified by Attorney General Menachem Mazuz, who noted that both work in defense industries and might experience a conflict of interest when asked to provide a critique on Israel's armed forces.

Arab lawmakers under scrutiny

Three Israeli Arab lawmakers could face charges for making an unauthorized trip to Syria.

Interior Minister Roni Bar-On's office said Sunday he had asked for a police investigation into Azmi Bishara, Jamal Zahalka and Wasil Taha, three members of the Knesset's Balad faction who visited Damascus last week.

In his appeal to Attorney General Menachem Mazuz, Bar-On noted that the three lawmakers had not requested his permission for the trip, as required by Israeli laws limiting contacts with enemy states.

Mazuz's office confirmed receiving the investigation request and said a decision was pending.

Balad is openly anti-Zionist and its members regularly clash with mainstream political factions in Israel.

Syrian media quoted Bishara as saying in Damascus that he and his hosts were united in seeking to "liberate occupied Arab territory."

Hezbollah says still strong after war

Hezbollah still has as much as 90 percent of its fighting strength from before its war with Israel, its deputy leader said. Sheik Naim Kassem made the comments in an interview with the newspaper Asharq al-Awsat, published Sunday.

Hezbollah fired thousands of rockets into Israel during the 34-day war and had countless others destroyed on the ground by Israeli forces. Kassem also said Hezbollah is reviewing strategies in the aftermath of its war with Israel.

"We are facing a transition stage and a reorganization of our operational methodology. We are at a learning stage after all the recent developments," the Lebanese militia's deputy leader said. While Kassem said Hezbollah did not intend to retake positions in southern Lebanon that were overrun by Israeli forces and are currently being handed over to foreign peacekeepers, he added that the militia reserves the right to continue its "resistance."

NORTH AMERICA

Nine U.S. leaders tour Israel

Nine non-Jewish community from across the United States are touring Israel's North to examine the impact of the Israel-Hezbollah war.

The group includes top lawyers, clerics, minority leaders, businessmen and educators from Missouri, Ohio, Pennsylvania, Tennessee, Utah and Virginia.

Participants departed Sunday for the five-day mission, sponsored by the United Jewish Communities and the Jewish Council for Public Affairs.

Birthright Israel opens registration

Birthright Israel is opening online registration for its winter trips to Israel.

On Tuesday, the group, which offers free tours of Israel for young adults ages 18 to 26 who have never been on an organized trip to the Jewish state, begins accepting applications on its Web site, www.birthrightisrael.org.

More information is also available by e-mailing information@birthrightisrael.com or calling 1-888-99-ISRAEL.

WORLD

Polish leader visits Israel

Poland's president is visiting Israel this week.

Lech Kaczynski begins his visit on Sunday and is expected to hold high-level political meetings, although details of program were not available.

He will attend a state dinner hosted by his Israeli counterpart, Moshe Katsav, on Monday.

This is the Kaczynski's second visit to Israel: He came to the Jewish state in 2005 as the mayor of Warsaw, raising awareness and financial support for the Museum of the History of the Polish Jews, scheduled to open in the Polish capital in 2008.

Danish paper publishes Holocaust cartoons

A Danish newspaper published six cartoons from the Iranian government's Holocaust cartoon contest.

The six cartoons were printed in last Friday's edition of the Danish daily Information.

The Iranian government launched the contest earlier this year after a Danish newspaper printed cartoons critical of the Islamic prophet Mohammed.

Among the cartoons the Danish newspaper chose to print is one featuring President Bush with a gun and helmet with the Star of David, pointing at a painting of Adolf Hitler and saying: "He started it."

In a related development, an Irish lawmaker has condemned the appearance of the satirical Holocaust cartoons in Iran's largest newspaper, Hamshari, as "totally unacceptable."

In a letter to the Irish Times, Ruairi Quinn, chairman of the Holocaust Educational Trust of Ireland, said: "When a sovereign nation not only questions but also satirises the Nazi Holocaust, it is an affront to decent people everywhere."

Quinn represents a constituency in south Dublin with a relatively high proportion of the city's 1,500 Jews.

Belgium arrests suspected neo-Nazis

Seventeen suspects were accused in Belgium of plotting neo-Nazi violence.

The police arrested the alleged extremists, many of whom were active in the Belgian military, following a two-year investigation that uncovered explosives and neo-Nazi propaganda in their homes.

A Belgian commentator said last week on BBC that the group had a Web site that promoted the ideology of white supremacy and lashed out against Jews and other minorities.

Prosecutors said the suspects were planning an eventual attack against state institutions that would destabilize the country.

The suspects are likely members of a branch of the international neo-Nazi group Blood and Honor, according to police.