
Suggested Economic Annex to the
Elements of a Performance-Based Road Map to a
Permanent Two-State Solution to the Israeli-Palestinian conflict



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Introduction:

The whole world is looking for the Roadmap contrived by the Quartet in the process of finding “a final and comprehensive settlement of the Israel-Palestinian conflict by 2005, as presented in President Bush's speech of 24 June, and welcomed by the EU, Russia and the UN in the 16 July and 17 September Quartet Ministerial statements. Such a settlement, negotiated between the parties, will end the occupation that began in 1967, based on the Madrid Conference terms of reference and the principle of land for peace, UNSCRs 242, 338 and 1397, agreements previously reached by the parties, and the Arab initiative proposed by Saudi Crown Prince Abdullah and endorsed by the Arab Summit in Beirut. The settlement will enable the Palestinian people to exercise their inalienable right of self-determination in their homeland through the establishment of an independent, democratic Palestinian state living side by side in peace and security with Israel and its other neighbors.”¹

The Road Map, however, does not contain within it the necessary economic ingredients for ensuring that re-establishment of trust and potential for economic growth on the Palestinian side, which is deemed a necessary component for achieving stability and giving the new Palestinian Cabinet, with the newly appointed Prime Minister, a chance to prove their capacity to improve life for their constituency. Unless the new government is capable of convincing the Palestinian public of its ability to make things happen on the ground, and to positively affect their lives, the whole concept of a democratic Palestinian State becomes of no consequence.

Therefore, below is an economic facilitation program which the Israeli government should seriously undertake, and which the quartet should consider as an annex and an integral part of the road map in order to improve the life of the Palestinian People and to give them hope and trust that once the road map is implemented, their lives would be positively affected.

First stage: October-December, 2002

- Withdraw all military forces from Palestinian built-up residential, commercial and urban areas, especially during normal business hours and refrain from imposition of harsh security measures, especially curfews.
- Lift closures within the West Bank and the Gaza Strip during normal business hours (i.e. 6 AM – 10 PM). Consideration should be given to security arrangements that would cater to Israeli security demands and more free movement of persons and goods. As a first step to resumed Israeli-Palestinian security cooperation, clearly designated, hermetic "safe passages" not involving immediate Israeli security presence between major Palestinian cities and towns and policed by PA security agents, could operate during business hours to allow a predictable and efficient resumption of internal trade and labor flows.

¹ Objective Statement, Elements of a Performance-Based Road Map to a Permanent Two-State Solution to the Israeli – Palestinian Conflict – October 30, 2002.

- Permit the unrestricted movement of farmers to cultivate and to harvest their lands, especially at peak harvest seasons and during daylight hours.
- Permit the unrestricted movement of the technical staff of the ministry of agriculture to ensure control over veterinary and plant diseases.
- Allow for the regular uninterrupted operation of all Palestinian crossing points with Jordan and Egypt from 6:00 am to 12.00 AM.
- Allow for the operation of the Karni crossing point at full capacity including the reopening of all lanes of the Karni crossing point from 6:00am to 12.00 am.
- Facilitate the movement of NGO personnel, medical staff, donor countries officials, and representatives of international organizations within and between the West Bank and the Gaza Strip.
- Clear all Palestinian imports and exports that are currently withheld at the Israeli ports.
- Relieve companies of demurrage dues for imports, especially since their clearance was delayed by Israel for “security” reasons.
- Allow Palestinian imports of necessary products for the agricultural sector such as pesticides especially when an import license for the products is issued.
- Return privileges accorded to investors in the Gaza industrial estates including:
 - Issuing closure proof permits to the GIE investors to travel freely between the West Bank, Gaza Strip, Israel and Israeli ports and airports.
 - Allowing for the unrestricted movement of trucks hired specifically to carry imports and exports of the GIE.
 - Carrying out the Israeli security checks and possibly sealing of goods traveling to or through Israel at the GIE.
- Facilitate the re-employment of Palestinian laborers in Israel.
- Release the remaining PA revenues held.
- Allow for the free movement of Palestinian tax officers within the West Bank and the Gaza Strip.
- Facilitate the operation of the electricity generator in the Gaza Strip.

Second stage: January-May, 2003

- Eliminate back-to-back shipping for all internal trade (i.e. movement of persons and goods not involving passage through or into Israel), and permit all commercial trucks and licensed public transport operators to travel within the West Bank and Gaza Strip.
- Until the Gaza-Tarqumia safe passage can be reopened, the convoy system could be adopted for Palestinian commercial traffic between the West Bank and Gaza Strip, for a pre-approved list of transporters and/or drivers and using advanced security-screening technology at departure points.
- Allow for the return of Palestinian customs and trade officials to their jobs at Allenby and Rafah crossing points especially that all the officials, according to Israel, pose no security risk. This could be considered as a first step to greater PA-Israeli customs cooperation, including the possibility (already discussed at the JEC prior to 2000) of presence of PA customs officials at designated Israeli ports and airports to facilitate clearance of imports destined to PA. This issue should be considered as a possible area for third party technical

- involvement (eg. international customs and trade facilitation experts assisting the parties).
- Permit the immediate repair, maintenance, reopening and operation of the Gaza International airport- under previous security supervision arrangements, and international technical monitoring.
 - Establish a joint Israeli-Palestinian-international expert technical task force to investigate the physical, technical, financial and security implications of establishing a temporary maritime landing facility for bulk and other specified Palestinian imports, until such time as Gaza seaport is operational.
 - Allow for the regular uninterrupted operation of all crossing points between the Gaza Strip and Israel.
 - Allow for the entry of Palestinian laborers and businesspeople to and through Israel on a regular, uninterrupted and facilitated manner, through easing the working permit system .
 - Refrain from restricting Palestinian imports of products that do not pose security threat to Israel.
 - Grant type approval to clear imported goods through the Israeli ports.
 - Restore the multiple daily convoy transportation of goods between the Gaza Strip and the Israeli airport and ports.
 - Establish a joint Israel-Palestinian-international expert task force to identify key procedural and technical barriers to efficiency of transit of imports destined to Palestine and to make concrete recommendations for new, streamlined and internationally accepted trade facilitation measures.
 - Allow for the regular uninterrupted return of 20,000 Palestinian workers to the Gaza industrial estate.
 - Permit the repair, reopening and normal operation of the Khadduri Industrial and Technology Estate.
 - Give Palestinian labor long duration, closure proof permits to enter Israel while arranging for a non-stop transportation from their areas to Israel and back.
 - Establish a system to immediately transfer newly collected revenues, through a regular, coordinated, and transparent process.
 - Provide PA Customs with valid, updated files on revised tariff rates and related trade taxes, as well as full disclosure of updated information on import tax clearance for PA destined goods.
 - Make legally binding guarantees to the PA and concerned creditors that it will not damage the electricity plant in Gaza and related assets.
 - Facilitate circumstances and procedures for British Gas to construct the gas pipe across the “K” Zone.
 - Allocate new frequency bandwidth to allow – Palestinian telecommunication operators to offer new services e.g. 3G and LMDS.
 - Allow the setting up of international links through Terrestrial, Satellite & Submarine.
 - Expedite the replacement of Bezeq lines existing in Paltel’s areas with Paltel’s lines.