
MEMORANDUM

TO: MAEN AREKAT
FROM: NEGOTIATIONS SUPPORT UNIT
SUBJECT: CONSOLIDATED COMMENTS ON AIX PAPERS
DATE: WEDNESDAY SEPTEMBER 5, 2007

I. COOPERATION IN INFRASTRUCTURE

Our comments are reserved to “big picture” items and did not critique the more nuanced inaccuracies such as language and detailed data and statistics.

Introduction

1. We do not agree with the conclusion that Palestine postpone the self-production of electricity. This is an option that should be available until other sources are secured (especially in light of the fact that Israel is facing its own energy crisis).
2. We do not agree with the conclusion that the primary arterial system connecting the main Palestinian centres will not be integrated with the Israeli road system.

A. Transportation

3. The development of a comprehensive roads network may not be necessary if the “settlement roads” are properly returned for use as Palestinian infrastructure.
4. It is not clear in the report (1.2) if the “Israeli network” includes settlement roads. Settlement roads are Palestinian infrastructure and if not for discriminatory Israeli policies, the Palestinian road network would be safer and better than it currently is.
5. On p. 8 reference is made to the fact that Palestinian road infrastructure “will follow” Highway 60. For more certainty, the Palestinians anticipated that its infrastructure will actually be Highway 60 (along with all of the other settler roads) and will not necessarily “follow” -- which suggests that it is an alternate road system.
6. The idea of a train network must be studied and should not be dismissed based on what it costs Israel to build. The conclusion made in the report is weak and ignores the fact that the entire region is interconnecting by rail and will connect with Europe

and Africa in the future. The investment (although possibly costly) may be a strategic necessity. This issue requires study.

7. The conclusions and suggestions made are tailored conveniently to incorporate the Wall.
8. The last bullet on p. 12: why would an agreement be needed in the long term for Israel to control roads that pass through Palestinian soil?
9. A second airport in the West Bank will need further study.
10. Expanding the light rail in West Jerusalem to East Jerusalem so long as the rail system is interconnected with transportation infrastructure in the West Bank by rail and road as the case may be.

B. Electricity

1. The World Bank Energy Sector Review contains the long term and short term planning for the electricity sector in Palestine. Any deviations from the report will face considerable practical challenges.
2. On p. 30, electricity prices charged to the Palestinians are high primarily because of the IEC's monopoly which requires the PA to pay for bulk supplies as if it is a residential consumer. The prices include high IEC salaries and pension benefits among other unrelated expenses (especially since the IEC does not service the Palestinian network).
3. On p. 40, the conclusion on solar electricity is outdated. The cost of the technology has dropped considerably in price and the assessment here fails to take into account the benefits of clean energy under the Kyoto Protocol.

II. FAST TRACK PAPERS

A. Transitional Trade Arrangements

B. Palestinian Labor

C. The Jordan Valley

1. The drafts do not differ substantially from NSU negotiation positions on both Transitional Trade Arrangements and Labour. However, the added value of the drafts is marginal since they merely describe the issues that need to be agreed as part of a Transitional Trade Agreement without going into details. The same is true for labour where the paper focuses on data collection and makes only general recommendations on dealing with the issue without going into the details of such a solution.

2. The Jordan Valley draft reflects the existing crisis facing JV economy and includes recommendation for the immediate, medium and long term. However it ignores the need in the medium term to gradually change the definition of the area from Area C to B and ultimately area A to allow Palestinian and international investments in the Jordan valley (e.g. the Japanese Agro – Industrial Park project in Jericho).

III. REFUGEES

1. I recommend that the Group not set final figures but simply indicate ranges of estimated losses.
2. I also recommend that you reference the ongoing work by Palestinians to assess an aggregate figure of comprehensive property losses, including loss of income and/or our present figure for use in permanent status negotiations. At present the Palestinians are considering an average figure of 150 billion. This figure is preliminary, pending the identification of more data and adjustments in methodology. [NOTE: This work is being done by international financial experts commissioned through the NAD-NSU].
3. The paper defines refugees as those persons who are registered with UNRWA. Any agreement between the parties should cover all refugees (6.8 million) not just those registered with UNRWA (4.3 million). If you use only UNRWA defined refugees there is a whole stateless population, such as those in Iraq or Egypt, who will be excluded. Use the definition of a refugee under international law – all such refugees should be entitled to apply for the benefits under the international mechanism.