

Coordinating Civil and Economic Aspects of the Disengagement Plan

Israeli-Palestinian Ministerial Meeting

February 11, 2005

Topics for Discussion

- The Disengagement Plan and Palestinian economic development - General remarks.
- The Israeli dialogue with the World Bank on the economic aspects of the Plan -
 - Overview
 - Topics and issues covered:
 - Passages and Access
 - Trade
 - Industrial zones
 - Israeli assets and infrastructure (& development projects).
- How to proceed?

Opportunities for Change

- An independent and growing Palestinian economy is a common interest of the Palestinians, the international community and Israel.
- The Disengagement Plan offers a real opportunity for a positive material change:
 - Relocation of all Israeli presence from Gaza (excluding, at this point, the Philadelphi corridor).
 - Relocation of all Israeli civilians and permanent military installations out of parts of the northern West Bank.
 - Improvement of Palestinian freedom of movement and living conditions throughout the West Bank and the Gaza Strip.
- Israel is committed to working with and alongside the Palestinians and the international community, on seizing this opportunity and realizing it to the extent possible.

The Israeli Dialogue with the World Bank

General

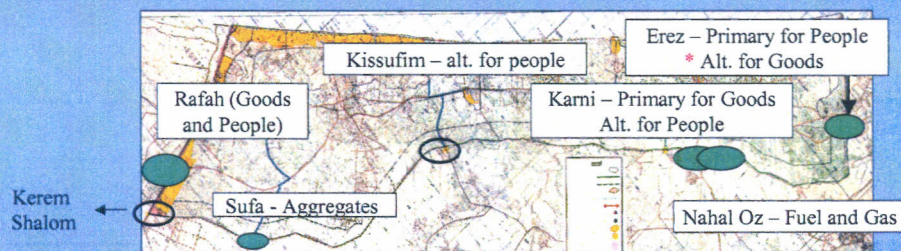
- Israel has been engaged in an extensive dialogue with the Donor Community on the opportunities offered by the Disengagement Plan.
- Reference Groups were established to discuss:
 - Trade
 - Passages
 - Industrial Zones
 - Transfer of Israeli Assets
- Within the context of this dialogue, Israel has initiated and announced its readiness to explore and implement several future steps, intended to contribute to conditions for Palestinian economic growth.
- Israel will also continue to facilitate the activities of international assistance organizations in the West Bank and the Gaza Strip.

Passages Upgrade

- The plan is to substantially improve, with international assistance, the existing passages:
 - Between Gaza and Israel (Erez passage will be relocated northwards);
 - Between the West Bank and Israel (Jalame, Tulkarem, Tarqumia);
 - Between the West Bank and Jordan (the Allenby passage).
- This reform will include
 - Improved infrastructure
 - A technological upgrade of means of inspection
 - Extended hours of operation
 - Future privatization of the operation of the passages
- By implementing all these improvements, as well as a policy of redundancy, we aim to be able to ensure:
 - Increased capacity
 - Shorter and more efficient process
 - Greater continuity in the operation of the passages.

Passages - Location and Designation

• Gaza



Comments -

- * Current plans include a limited terminal for imports into Gaza; additional terminal for the cargo train.

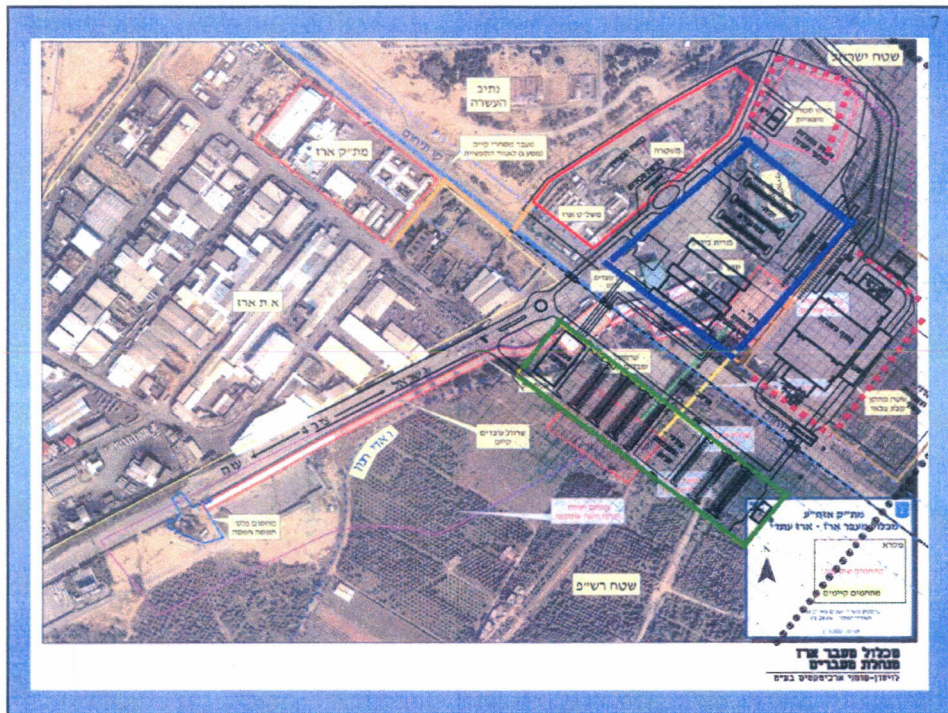


Table of Parameters for Upgrading Passages				
	Required hours of operation	Required technology	Daily possible capacity	remarks
Karni	2 shifts	2 Relocatable container scanners	1000 - 1500 Trucks	An SOW exists. IDF security deployment is necessary.
Erez	Passenger: 2 shifts	Passenger terminal	15,000 passengers 7000 passengers during peak hours	Initial specification stage for exports only.
	cargo: 1 shift	Limited cargo terminal, primarily exports	100 containers	
Rafah	Cargo: 1 shift	Relocatable container scanners	120 Trucks	current delay of cargo for several days due to overload.
	Passenger: 1 shift			
Sufa	2 shifts	conveyor	300 - 400 Trucks	
Ashdod	2 shifts	cargo palate scanners	240 containers	
Jalame	1.5 shifts	containers scanner	180 Trucks	
Tarqumia	Cargo: 2 shift	"sniffing" cargo scanners	440	
	Passenger: 2 shifts			
Allenby	Cargo: 1.5 shifts	container scanners	180	depends on IDF security deployment
Sha'ar Efraim	Cargo: 2 shift	2 containers scanners	440	
	Passenger: 2 shifts	2 palate scanners, 4 "sniffing" cargo scanners		

Desired Standards of Service			
Passage	Description of activity	Duration	Remarks
Karni	Waiting time for approval to enter the passage	up to 24 hours	depend on establishment of a unified ordering center for coordinating and synchronizing
	Waiting time for entry of trucks into passage:		
	fresh products	up to 2 hours	
	other cargos	3 - 4 hours	
	service time for import/export truck at passage including loading/offloading and scanning	2 -3 hours	
Erez	waiting time for entry of people into the passage	1 hour	not including exceptional cases
	service time from entry into the passage	~5 minutes	
	service time per container/ truck for export	up to half an hour	based on storage area in passage
Ports	waiting time from offloading at port to release of containers	within 2 days	queue management
	offloading time	1 hour	
	container scanning time	half an hour	
	manual inspection time	up to 2 hours	

Desired Standards of Service			
Passage	Description of activity	Duration	Remarks
Rafah	Waiting time for approval to enter the passage	24 hours	Waiting time prolonged due to security concerns (location of the passage)
	Handling at passage (per truck)	up to 1 hour	
	Handling of outgoing passenger	~0.5 hour	
	Handling of incoming passenger	1-1.5 hours	
Jalame	Waiting time for approval to enter the passage	24 hours	
	service time per truck at passage	up to 2 hours	
Tarqumia	Waiting time for approval to enter the passage	24 hours	
	service time per truck at passage	up to 2 hours	
Allenby	waiting time for approval per truck	up to 24 hours	depends on upgrading the queue management system to allow "appointments" to be set by hours (currently - by days)
	waiting time for entry of trucks into passage	1 hour	
	service time at back to back passage	~0.5 hour	
	Departure time per passenger	~0.5 hour	

Passages

- Topics for further discussion
- An agreed action plan.
- Better coordination between the Israeli and Palestinian operators of each passage.
- "Best Practices" for operation.
- The future of the Rafah passage.

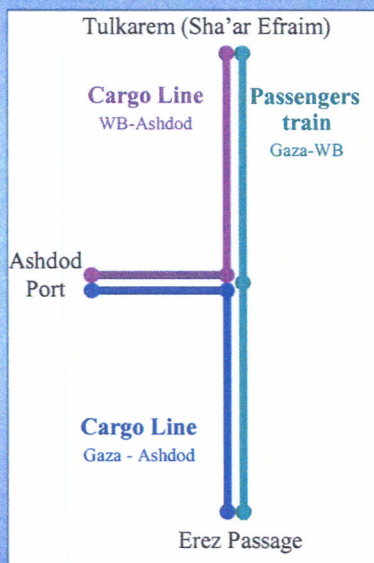
Improvement of Movement and Access

- Economy and security are inevitably intertwined: The better the security environment is, the easier it becomes to create conditions for economic growth and expansion.
- In the West Bank, a number of roadblocks and checkpoints have already been removed. We will strive to remove more.
- We are ready to examine assisting and facilitating the reconstruction of any road in the West Bank, **which the Palestinians find an interest in (e.g., Jenin-Nablus, Wadi Nar).**

Improvement of Movement and Access

- We began looking into options for railways, to connect Gaza and the West Bank to the Israeli ports, to enable better flow of commodities.
 - Once these infrastructures are built, a passengers train connecting Gaza with the West Bank will also be possible.
- A greater number of permits for movement between the West Bank and the Gaza Strip will be issued.

Railways Examined



- Connecting GS to Ashdod
- Connecting the WB to the national railway system
- Connecting the WB to Ashdod (thereby connecting Erez to Tulkarem).



Railways (cont.)

- Erez-Ashdod
 - An addition of 4km to an existing plan to extend the current railway up to Yad Mordechai. The extension has received statutory approval.
 - The total length of the Ashdod-Erez railway is 44km. Estimated travel time - 35 minutes.
 - A cargo terminal will have to be built at Erez, to enable the import and export of containers by train. The terminal will require about 150 Dunams for offloading and storage of containers.

Railways (cont.)

- Tulkarem/Shar Efraim - Ashdod
 - Tulkarem/Shar Efraim is adjacent to the planned eastern railway (Kfar Saba - Yad Hana - Hadera). Currently, not part of the five-year plan.
 - Length of railway from the Ashdod Port to Shar Efraim is 74 km. Estimated travel time - 45 minutes.
 - Containers destined to the WB will be cleared at the Ashdod Port, and containers exiting the WB will be cleared at Tulkarem.

Improvement of Movement and Access

- Topics for further discussion
- A Gaza seaport.
- Possibilities for replacing the “back-to-back” method (tied to the passages issue).

Trade Enhancement

- Israel will work with the Palestinians to increase the volume of Palestinian-Israeli trade.
- Allowing greater movement of Palestinian traders and businesspeople to Israel and between Gaza and the West Bank.
- Assistance in developing Palestinian labor-intensive and competitively advantageous sectors.
- Exploring ways to transfer Israeli agro-businesses to the Palestinians.
 - Israeli assistance in agriculture know-how, and support for investments in Palestinian agricultural production and export.

Trade Enhancement

- Issues for further discussion
- The future of the customs envelope if and when Israel withdraws from Philadelphi.
- Issues arising out of the Paris Protocol.
- Cooperation in tourism.
- Possible designated markets for Palestinian goods inside Israel.

Industrial Zones

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- Israel will support and facilitate the revival of existing IZs and the establishment of new IZs.
- Israeli utility companies will continue to supply services (electricity, water, as requested) to the IZs, under appropriate arrangements.
- At this point, and for security reasons, Israelis will not be able to enter Palestinian IZs on a regular basis. However, there are no obstacles to Israeli investments or joint ventures in them.
- Efforts should be made by all parties to transfer Israeli "live businesses" (Erez, Neve-Dkalim) to Palestinian hands.
- Encouraging foreign investments in the IZs.

Industrial Zones

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- Topics for further discussion
- Identifying best locations for future IZs.
- Necessary support from Israel for the establishment and operation of IZs.
- Joining efforts in inviting European countries in "adopting" IZs.

Transfer of Israeli Assets

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- Israel will strive to leave existing infrastructure intact, to the extent possible.
- Israel aims to transfer additional Israeli assets in the evacuated areas to the Palestinians, for their benefit.
- We will seek understandings with the international community and the Palestinians on the transfer process.
- Arrangements are required to ensure adequate utilization of water resources in Gaza and the West Bank.
- Cooperation and support for the development of independent Palestinian energy and utility markets.

Assets in Evacuated Areas

- **Military installations**
 - A final decision has not been made.
 - Those military installations which can be removed intact and utilized elsewhere will be removed.
- **Dismantled houses**
 - A final decision has not been made.

Assets in Evacuated Areas (cont.)

- **Topics for further discussion**
- Sharing physical and legal data on assets in the evacuated areas.
- Joint understandings on the transfer process of assets remaining in the evacuated areas.
- Potential role for third parties in the transfer process and future use.
- Depending on the Israeli Government's decision on the demolition of private houses, understandings on how to deal with the debris.
- Israeli support or assistance, if an as required, for development projects (e.g., large medical facility in Gaza).

How to Proceed?

- We believe in the importance of a direct, bilateral dialogue over these issues.
 - Notwithstanding, continued involvement of the Donor Community and the World Bank.
- We suggest these joint Working Groups:
 - Passages and Access;
 - Economic Relations;
 - Assets;
 - Economic Development.
- Need to compile a joint list of issues.
- Need to agree on *modus operandi*.