

DISENGAGEMENT AND THE ROAD MAP : GETTING FROM HERE TO THERE

WORKING PAPER # 2 – Draft 10/04/04

Context:

In order to promote joint or mutually complementary Palestinian-Israeli analysis, assessment and action in regard to disengagement, as a step in the implementation of the Road Map, direct Palestinian-Israeli negotiations and the realization of the two state vision, the Baker Institute convened a second round of discussions, building on the Houston meeting, "Disengagement and the Roadmap: Getting from Here to There", held in Sharm El-Sheikh, on September 2-4, 2004.

The session drew together Palestinian, Israeli and Egyptian experts along with representatives from the international community.

Given the need for early action by all parties to change positively the current political dynamic and realities on the ground, the sessions addressed, primarily, shorter term efforts designed to shape and influence outcomes, without prejudice to medium and longer term needs and priorities.

In considering such practical actions, all parties recognised that political, economic and security issues were interrelated elements and that progress was necessary on all fronts to achieve successful and sustainable outcomes.

The "Sharm El-Sheik" session focused on:

- i) immediate, practical action that could be taken to shape and maximise the new openings provided by disengagement to make it a success in terms of improving the lives of Palestinians and Israelis and;
- ii) the role of the international community in supporting the parties in that regard.

As well, and of equal importance, the session provided an opportunity for both sides to raise questions of fundamental concern regarding overall broader issues of process and political intent.

Issues Addressed:

At this second session participants addressed five sets of issues:

- a) Economic Rehabilitation and Development
- b) International Gateways
- c) Border Regime
- d) Transfer of Assets
- e) Monitoring
- f) Empowering and Strengthening the PA.
- g) Returning to the Roadmap

Overall Objectives:

- To establish a joint Palestinian-Israeli work programme designed to make practical progress on the ground to improve the lives of Palestinians in the immediate future and to look at medium term issues;
- To explore all issues in the context of Disengagement within the framework of the Roadmap;
- To develop modalities to enable direct, technical level coordination between relevant Palestinian and Israeli administrations;
- To engage the international community as a partner in support of the efforts of the parties;
- To develop a monitoring mechanism to be engaged prior to, during and immediately after disengagement.

a) Economic Rehabilitation and Development

Palestinian Concerns and Objectives:

Principal concerns:

- to improve living conditions for Palestinians
- to renew sense of hope for Palestinians with disengagement being a first step towards ending occupation and the establishment of a Palestinian state
- to ensure connectivity between West Bank and Gaza
- to ensure there is a viable, integrated Palestinian economy
- to contribute to the stability of the region

Related Objectives:

- to deal with potential productive settlement assets as an integral part of the Gazan and broader Palestinian economy
- to attract investment
- to preserve and create jobs
- to protect existing arrangements and provisions in Oslo and Paris Protocols
- to develop international donor support for the Medium Term Plan
- to secure a widening and enlarging of the EU quota for Palestinian agricultural goods

Israeli Concerns and Objectives:

Principal Concerns:

- to make disengagement a success for the Israeli and Palestinian people;
- to ensure and enhance the security of Israelis in the process of and as a result of disengagement
- to pave the way for direct Israeli-Palestinian bilateral engagement with a Palestinian dedicated partner to historic reconciliation

Related Objectives:

- to engage the international community in support of disengagement
- to create a sustainable Palestinian economy
- to help the Palestinians take advantage of potential economic opportunities and assets opened up in the context of disengagement
- to ensure that assets transferred are properly taken over including identifying responsible Palestinian counterparts
- to consider ways of stimulating private sector activity to promote maximum flows of goods whilst ensuring security
- to engage the interest and active involvement of local councils

International Community Concerns and Objectives:

Principal Concerns:

- to make disengagement a success for the Israeli and Palestinian people as part of the implementation of the Roadmap;
- to ensure complete and comprehensive disengagement;
- to ensure an efficient international integrated approach between the monitoring system set up to monitor disengagement on economic issues, the work of the Quartet (e.g. Task Force on Palestinian Reform) and the Ad Hoc Liaison Committee on Assistance to the Palestinians;
- to support and enable the PA to perform effectively its role and responsibilities.

Related Objectives:

- to improve the conditions for the establishment and functioning of a viable Palestinian economy including support to the necessary Palestinian regulatory reforms and to the PA administrative capacity;
- to help ensure that the impact of security measures will not be detrimental to the economic interest and the social conditions of the Palestinian population;
- to provide more targeted financial and technical assistance support in the implementation of the PA Medium Term Plan and the PA reform programme;
- to promote and facilitate the development of trade and economic relations between the Palestinian, Israeli, regional and international markets including assisting the Government of Israel in promoting and facilitating such trade;
- to consider, with the parties, the functioning of existing arrangements, such as the Paris Protocols, in light of disengagement ;
- to provide support to the PA policies and administrative procedures designed to promote investments and to create a suitable environment for a revitalised and sustainable private sector.
- to move from relief/humanitarian assistance to development

Suggested Follow Up:

Drawing on the common and specific interests and approaches of the parties, undertake follow work on short term economic development issues.

For this purpose an informal working group could be established to examine in more practical detail joint efforts in support of short term Palestinian economic

development.

The objective of the group's work would be to:

- Create an agreed upon work program including thematic topics and work schedule;
- Accelerate economic growth in the short term taking into account disengagement plan for Northern West Bank and Gaza as part of the implementation of the Roadmap.

The work of this group would be submitted to both Israeli and Palestinian decision-makers as well as to the international donor community for consideration.

In undertaking this work, the group would endeavour to identify models for joint positions and complementary formulas for each set of issues, including what required technical coordination might be required to move forward.

The issues suggested in Dov Sedaka's paper will form a proposed agenda for further elaboration and the development of a joint working paper, which will include the following topics.

1. Labour

- 1.1. Restructure industrial zones on the Palestinian side: rethink the model, facilities, mechanisms of cooperation, steps forward (i.g.: Erez, Karni, Muqibale/Jenin) ; insourcing and outsourcing;
- 1.2. Investigate alternative labour flows (i.e.: meeting security / irregularity concerns of employers) ;
- 1.3. Infrastructure and housing development;
- 1.4. Contribution of third party.

2. Industry and trade

- 2.1. Movement of goods / Facilities at cargo terminals
 - a) Model, facilities, mechanisms of cooperation;
 - b) Security: pre-inspection, equipment;
 - c) Joint infrastructure;
 - d) Contribution of third party;
- 2.2. Gateways

- a) Safe passage West-Bank / Gaza: what is required on both sides to enable the re-opening of the safe passage, model, political and security requirements;
- b) Direct liaison connection between West Bank/Gaza and Ashdod/Haifa and Ben Gurion airport: what is required on both sides, expectations regarding the role of the third party, existing opportunities, steps forward;
- c) Airport/seaport

2.3. Private sector cooperation: encouraging formation of entrance of Palestinian contractors into Israeli construction market;

2.4. Create an appropriate environment for private sector investments.

3. Agriculture

3.1 Fishing in Gaza territorial sea: required steps, role of international community

3.2. Private sector arrangements between Israeli export facilitators and Palestinian farmer associations: how to encourage this kind of arrangement and make it more effective;

3.3 Promote ongoing market access for Palestinian agricultural products in the Israeli and international market

3.4. Supply of water.

4. Tourism

4.1. Reopening of Palestinian and Israeli territories for local and international tourism.

b) International Gateways:

Palestinian Concerns and Objectives:

Principal Concerns:

- to ensure a sound legal\political framework for managing gateways
- to ensure that Gaza\West Bank access to third markets will proceed according to international standards
- to systematize movement of goods and people throughout from arrival to departure

- to ensure non-discrimination and equal treatment of Palestinian and Israeli exports and imports
- to ensure that security exceptions are based on WTO principles
- to ensure accountability
- to develop a dispute settlement mechanism at the private sector level

Related Objectives:

- to engage international community support for material capacity, manpower, installations, equipment and training to ensure effective security and flows of goods and people at borders and at international gateways
- to ensure that there is an open, effectively functioning Gaza economy
- to ensure open and functioning link between Gaza and West Bank for the purpose of the passage of goods
- to develop modalities to enable access for Palestinian labour to Israel
- to return to Oslo-type arrangements for Gaza airport and seaport

Israeli Concerns and Objectives:

Principal Concerns:

- to enable full Israeli withdrawal from Gaza
- to prevent gateways from becoming a security risk for Israel
- to develop effective security management approaches tailored to meet the distinct needs of gateways to Egypt and to Jordan.

Related Objectives:

- to enable Israel to withdraw fully from Gaza (ie. Philadelphi) by offering Israel the security guarantees necessary to enable this action
- to enhance Egyptian control of the border to prevent smuggling, including with the support of international monitoring
- to enhance Palestinian security control over its side of the border, including through the provision of international assistance and monitoring
- to see the PA to exercise sovereign responsibility for guarding their side of the border

Egyptian Concerns and Objectives:

- to ensure complete Israeli withdrawal from Gaza by establishing agreed, appropriate measures in that regard including talks between Egyptian and Israeli experts and examining the potential role of the MFO
- to promote international support for the efforts of the Government of Egypt in its work with the Palestinians on security reform and political dialogue.

International Community Concerns and Objectives:

Principal Concerns:

- to facilitate and support full and complete Israeli withdrawal from Gaza
- to assist the parties in maximising the benefits of disengagement by offering all possible support, including monitoring and capacity building presence on the ground;
- to help both Israelis and Palestinians establish a secure, modern and effective control system at borders and international gateways with regard to risk based customs while ensuring safety and security of goods imported, exported or in transit according to international standards and practice.

Related Objectives:

- to help improve the flow of goods and investments between Gaza and West Bank, Gaza/West Bank and its neighborhood, and between Gaza/West Bank and the international markets, in the framework of the Israel-PA customs agreement in the respect of international standards
- to promote cross-border and trans-national cooperation between the PA, its neighbours and the international community at large so as to facilitate convergence of economic legislation, the opening of economies to each other, and the continued reduction of trade barriers to stimulate investments and growth
- to reinforce cooperation among the international community, the PA and Israel to facilitate the implementation of trade-related aspects of bilateral and multilateral agreements
- to assist the parties develop customs cooperation, simplification and modernisation of customs procedures so as to facilitate trade and private sector development
- on items agreed upon by both parties, to support their material capacity (installations, equipment and training) in improving the overall efficiency of the Palestinians international gateways

c) Border Regime

Palestinian Objectives

Nisreen Ahmad's paper

Israeli Objectives

- to ensure that the crossing points between Israel and the Palestinian territories are not used to smuggled terrorists, explosive and weapons into Israel;
- to ensure the security of the Israeli personnel in the crossing points;
- to facilitate passage of goods and persons both ways;
- to facilitate business meetings and activities at crossing points
- to consider outsourcing of gateway management and monitoring

International Objectives

- To encourage the Quartet to encourage the GOI and the PA to introduce agreed-upon cross border cooperation arrangements along the 1967 border between the West bank and Israel and between the Gaza Strip and Israel providing for coordination of infrastructure development (water, sewage, roads, electricity, environment, solid waste, etc.), coordination of regional planning, coordinated encouragement of economic development and trade, civil security coordination, and promotion of coordinated human resources development including possible cooperation in culture, sport and education

d) Transfer of Assets:

Palestinian Concerns and Objectives:

Principal Concerns:

- to get detailed information and inventory of the assets and their value;
- to evaluate economic benefits and future management of assets;
- to move to bilateral coordination with Israel for effective handover and transition.

Related Objectives:

- to ensure that all assets are used for the benefit of the public good;

- to ensure the integration of Gaza assets into the overall Palestinian WBG economy;
- to identify the legal framework under which assets will be handed over either directly or indirectly to the PA;
- to identify land ownership issues including original owners and titles;
- to establish an independent tribunal to develop a compensation mechanism for original Palestinian owners;
- to hand over public assets to the private sector through a process of public tender.
- to promote continuity in the productive capability of assets in the transition period and beyond (i.e. to transfer productive assets as ongoing business concerns)

Israeli Concerns and Objectives:

Principal Concerns:

- to manage asset transfer through a trilateral coordination system

Related Objectives:

- to ensure a smooth transfer of assets, including pre and post transfer protection of assets from unauthorized destruction;
- to ensure that assets are used to meet Palestinian labor needs and contribute to Palestinian economy;

Concern and Objectives of the International Community

Key Concerns:

- to ensure that the implementation of this transfer of assets will be properly monitored for the benefit of the public good
- to have both parties conduct a structured and comprehensive dialogue to enable and facilitate a smooth transfer of assets

Related Objectives:

- to assist the PA in ensuring that the transfer of assets is handed over in a manner respecting financial accountability and transparency of public procurements in line with international best practices

- to explore the possible scope for financial assistance with the aim to preserve and develop the productive capacity of the assets transferred and their job creation potential while integrating them into the overall Palestinian economy
- to maintain and recreate business contacts on both sides
- to explore opening market opportunities for Palestinian goods in Israeli, European and international markets.
- To assist and strengthen the PA in managing the assets.

Suggested Follow Up:

- Create a functioning, effective trilateral coordination mechanism to facilitate the transfer of assets, including developing procedures and modalities to implement an orderly process of asset transfer designed, i.a., to maintain existing contacts and relationships in the production chain, and existing forwarding and marketing facilities
- Assist and support the PA as the responsible authority on the Palestinian side for assuming control of assets including by strengthening and/or developing appropriate Palestinian mechanisms to assume responsibility for various elements of asset transfer
- Develop a responsible Palestinian focal point to ensure protection of the assets, handle land claims, supervise the privatization process
- Develop a trilateral mechanism to ensure continued access by Palestinians to utilities and services (gas, water, electricity) including continuing water supply at current rates
- The Egyptian side has suggested that the transfer to the PA of service facilities and settlements that will be evacuated by Israel will be overseen by an international body for the period of a year starting from the date of the evacuation.
- provide assistance and expertise to ensure continued market access, including marketing agreements for Palestinian goods;

e) Monitoring

Given the complementarity of views on this issue, the following is an agreed set of objectives and common Palestinian/Israeli approach on monitoring.

It is recommended that the international community refer to this agreed approach in considering their own follow up action and engagement.

Palestinian and Israeli Agreed Approach on Monitoring:

Monitoring the process of disengagement is a successful first stage towards the implementation of the Road Map and this necessitates international involvement in monitoring and facilitation. Assuming that the expected AHLC meeting will develop the necessary steps to facilitate Palestinian economic rehabilitation and recovery, there is a need to develop in the same meeting of the AHLC a mechanism that will monitor the implementation of these steps.

It is essential that the Israeli withdrawal from the Gaza Strip will be comprehensive. That is dependent on the international community in the form of the Quartet and Egypt being able to propose a system that will guarantee that the border between Egypt and the Gaza Strip and the international gateways will not be used for any type of smuggling or infiltration to and from the Palestinian areas.

Such a system has to include strong international monitoring elements that will monitor the border and to be involved in the screening procedures in the international gateways. This includes the Rafah international crossing point, the airport and seaport.

Monitoring should be carried out on the Egyptian side of the border by the Multinational Force and Observers. On the Palestinian side of the border there is a need for the establishment of a new mechanism for this purpose.

To facilitate disengagement as the first stage towards the implementation of the Road Map, the Quartet should also re-establish the monitoring mechanism to monitor and verify the implementation of the commitments of the two parties in the framework of the Road Map in the areas of security, return to normalcy, Palestinian reform and a freeze on settlement construction.

The success of this mechanism will depend first on the two sides manifesting a political will to implement the Road Map and second on the development of a clear and concrete mandate for this mechanism to ensure effective implementation and a seamless transition.

The monitoring force established by the Quartet should be American led, but should include personnel from other states and organizations accepted by the two parties.

Note

In addition to the above agreed Palestinian-Israeli paper on monitoring, the following are other issues that should be taken into account in examining an

effective monitoring mechanism:

- to consider the operational model of the MFO in designing an appropriate monitoring mechanism
- to develop a comprehensive and multi-disciplinary monitoring mechanism to include within its mandate security priorities as well as support and assistance (e.g. capacity building, training, equipment), rapid response and dispute resolution capabilities and functions
- to establish clear bench-marks and timelines against which to measure implementation and performance of the parties
- to reengage in direct security coordination and contacts between Palestinian and Israeli authorities
- to facilitate humanitarian and development assistance efforts in disengagement in Gaza and North West Bank) by governmental and non governmental actors;

Suggestions of Follow up

See attached papers by Yaser Dajani and Shlomo Brom.

7) Strengthening and empowering the PA

On the issue of Strengthening the PA, on behalf of the PA, Jibril Rajoub provided the group with the following presentation.

Framework

The strengthening of the Palestinian Authority is an interest shared by all parties. It is a necessary prerequisite to enable it to carry out political and security commitments in accordance to the Road Map. This will establish the necessary conditions towards historic reconciliation with the State of Israel that will lead to the establishment of a democratic state on the West Bank and Gaza, with East Jerusalem the capital. To that end, the Palestinian Authority remains committed to the two-state solution, Palestine and Israel, living side by side in peace, prosperity and security. The Palestinian Authority is the sole legitimate partner with its elected leadership in the process of reconciliation. The Palestinian Authority enjoys global recognition and support and as such is capable of fulfilling the terms of peace.

To establish a strong, durable Palestinian partner and a political and security framework that will contribute to the strengthening of the Palestinian Authority, certain elements must be satisfied. These elements constitute the responsibilities of the Palestinian Authority, Israel and the international community.

Elements

1. Palestinian Authority

- a. Remains fully committed to the Road Map and internal reforms. To that end, the Presidential Decree of 17.7.2004 to unify the security services into three branches is now underway;
- b. To continue taking practical, operational steps in the Palestinian security sector;
- c. To continue the internal dialogue in order to strengthen the PLO and to continue the national dialogue with all the Palestinian political factions with the assistance and support of the Government of the Arab Republic of Egypt;
- d. To establish a political and security partner. This is dependent on the Israeli cooperation and good will and intentions that will enable the PA to fulfill this objective; and
- e. To hold national and general elections.

2. Israel

- a. To resume bilateral engagement by declaring a mutual and comprehensive ceasefire and to return to the conditions that existed before 28.9.2000.
- b. To cease all forms of violence against the Palestinians. This shall include, assassinations and killings, end all types of closure, and above all ending the siege on President Arafat and the Palestinian population and granting full freedom;
- c. To cease all forms of violence against the Palestinian territory. This shall include a freeze on settlement construction, a freeze on the construction of the wall, and to cease the geographic and demographic changes that are destroying the two-state solution; and
- d. To allow the holding of national and general elections in order to renew the legitimacy of the Palestinian Authority.

3. International Community

- a. To deal with the Palestinian Authority as a partner and to oppose the Israeli veto;
- b. To assist in the holding of Palestinian national and general elections;
- c. To assist the Palestinians rebuild the economy and its infrastructure;
- d. To assist in reform efforts; and
- e. To support the efforts of the Arab Republic of Egypt in order to guarantee the fulfillment of reforms in the fields of security, finance, administration, judicial and political.

g) Returning to the Roadmap

The issue of returning to and making the Road Map work was a constant theme in discussions at this second workshop.

There were a number of strategic issues that were also referred to frequently in the meetings, including:

- preparing the ground for settlement freeze and relocation beyond disengagement
- strengthening the PA
- creating a stable security-economic environment
- increasing international involvement in the process of resolving the conflict and moving forward

ANNEXES

1. Dov Sedaka's paper on "Israeli Contribution for Palestinian Economic Rehabilitation";
2. Shlomo Brom's paper on "Preparing for Israeli withdrawal from Philadelphi, Gaza Airport and Gaza Seaport";
3. Yaser Dajani's paper on "The Establishment of a Quartet Monitoring Mechanism".