

**MINUTES**

Economics Negotiating Group  
Palestinian-Israeli Permanent Status Negotiations  
Dan Pearl Hotel, Jerusalem  
August 21, 2000, 6:30pm

Attendees:	<u>Palestinian:</u>	<u>Israeli:</u>
	M. Masri (MM)	A. Ben-Bassat (AB)
	S. Bamieh (SM)	T. Gal-Yam (TG)
	A. Nowfal (AN)	B. Bar-Zion (BB)
	O. Dajani (OD)	T. Noiman (TN)
	Nisreen Haj Ahmad(NHA)	Eli Baaz (EB)
	Shehadeh _____	Gurvich Isaac (GI)
	Samir Zogby (SZ)	Diana Yaron (DY)

AB: As we promised at the last meeting, we've prepared a new draft on labor. I'll read it aloud.

Recognizing the important role of labor movement to the Palestinian and Israeli economies, the Parties will act in good faith and aspire to continue and benefit the advantages embodied in the geographical vicinity and the availability of the citizens of each side for work in the territory of the other Party.

The Parties will enable each other's licensed workers to access their labor markets. Each Party will be solely responsible to determine the policy as well as the extent and conditions under which such workers from the other side will be eligible to work in its territory.

The employees of each side will be treated according to the national prevailing labor laws at the place of employment.

The Parties will cooperate in enforcing the entrance of only licensed workers of each Party to the other side's labor market.

MM: This draft seems to send a different, more positive message than the previous version. If we can have it in writing, we can review it more carefully.

AB: (Hesitates.) This is not official.

MM: I realize that. We assure you we won't treat it as your official position.

AB: (Hands over text, to be copied by hand by Palestinian side.)

- MM: Your article says that each party will determine the extent and conditions of eligibility. Do you mean numbers?
- EB: Yes, as well as conditions regarding the length of stay in Israel – whether a worker can stay overnight, etc.
- AB: Also the duration of the license. Maybe some workers would get longer licenses than others.
- MM: Such as how – based on your past experience?
- EB: If someone has been working in Israel for the past three years, maybe he would get a one year permit with no bureaucratic hassle. A newcomer might get a shorter term – say one month.
- MM: OK. I understand that a newcomer might get kind of a probationary period. But for workers that have permits now, would they be entitled to obtain a one-year green card?
- EB: We'd have to look at a few criteria, such as experience with the worker – whether he was constant, showed up for work, etc. – and also what field the worker is in - - agriculture, for instance, might require more flexibility than other sectors.
- MM: You mean seasonal industries.
- EP: Yes. But I presume that most workers are constant. I believe we'll be able to liberalize the permits in the near future.
- BB: We also need to look at the issue of illegal labor.
- AB: If someone beats the system, it must be addressed. It's important to both sides that the system will work.
- MM: By legitimating labor, we can help our workers by safeguarding their benefits.
- We believe the problem of illegal workers has damaged labor in another way – by oscillating frequently, looking for jobs here and there. It has caused them to lose their rights and has worsened the situation for everyone.
- AB: I'd like to be clear about what part of our draft. It says laborers will be treated in accord with the law of the place of employment. Israeli and foreign workers are not always treated the same way under our laws. In some areas they are. But I don't want to mislead you.
- MM: So it is not national treatment.

AB: Would you like examples?

MM: Yes, but first I'd like to know if that is what's being practiced now?

EB: Yes. Palestinians are getting better treatment than foreigners. For instance, some benefits – for example, pensions – are linked to the amount of time worked. Most foreigners do not work for longer than 2-3 years. But for Palestinians, work in Israel is often almost constant.

MM: What other examples?

AB: The minimum wage extends to Palestinians, too.

MM: What does not extend to Palestinians?

EB: Palestinians also have the right to annual leave and severance pay.

OD: But what rights that Israelis have do not extend to Palestinians?

AB: Part of national insurance relates only to Israelis – not all, but parts. Palestinians, by the way, also have free access to labor court.

MM: These details can be in the CAPS. But I want to know: does Israel deduct from the salaries of Palestinian workers all the types of dues paid by Israelis but at the same time deny Palestinian workers eligibility for some of those benefits?

EB: We deduct from Palestinians and we transfer the money to institutions that give benefits according to Israeli law.

There is only one difference. You can see it in the Paris Protocol; there are some deductions for the equalization fund – for when the PA will build institutions that can address these areas.

OD: So we understand that, under current Israeli law, Palestinian workers are entitled to most of the same benefits than the Israelis, but there are some to which they are not entitled. One of these is parts of the national insurance plan. So how does that work? Palestinians contribute to some funds that they do not receive benefits from? I'm a bit confused.

AB: Regarding the equalization fund, we'd like a different mechanism. We do not like having the Israeli government involved in this fund – or in pension funds.

Israeli pension funds get subsidies from the Israeli government, to encourage people to save. Palestinian funds would not get such a subsidy.

I don't have a specific proposal for changing the mechanism, but when we discuss the FAPS we'll present one.

NHA: What is the difference between deductions made from the salaries of Palestinian laborers versus non-Palestinian laborers?

TG: We have taken measures to equalize everyone. I hope that beginning in 2001 that, while deductions won't be identical, they will be equivalent. The principle is to be fair – not to overtax, not to undertax. You can't give identical treatment to sectors that are not identical.

MM: What's important for us as a principle is that workers in Israel will get their rights. You have your own law. What we will be interested in is safeguarding rights of such workers. Even if your law says they are ineligible for certain rights, it is our duty as their government to safeguard their rights.

Regarding the on-and-off employment: we have to see if these workers are going to suffer as a result. We have to accommodate that factor in our own policy and lawmaking. We have to know what they're doing because if they're working on an ad-hoc basis, they'll come back to us and say they've saved nothing. We come back to the question of who is going to safeguard the rights of these people.

AB: We have an interest in equalizing the cost of labor among Israelis, Palestinians and other laborers. But we believe in the free market and that government should not interfere. We would like to get rid of the equalization fund.

It's the task of the worker to take care that he is getting his rights. If he is unhappy, he can complain – maybe even to Histadrut.

MM: The *method* of employment – the channels – have to be built in such a way that the government knows what's going on. Otherwise I'll be left with a big stock of people who are unemployed and have no seed money for the future.

GI: I think these are very technical details.

AB: Although I'm not a legal expert, I'm trying to be sincere. I don't think there's a way you can follow them. If an Israeli is working in NYC, there's not much I can do for him. But you should publish a pamphlet that says, "Look, if you work in Israel you're entitled to the following rights: A, B, and C. Insist on them."

MM: I don't understand. We are getting this kind of information now; why shouldn't we get it in the future?

AB: But the Israeli government wants to get out of the business of the equalization fund and pension funds. Employees will still have deductions from their salaries

for these things, but the Israeli government won't administer them – maybe even the Palestinians will administer them; I don't know.

- MM: The issue is this: I want to know how I will be able – as the Palestinian government – to get information regarding Palestinian workers in Israel. What should be done with the pension fund monies?
- AB: Can you give me an example of the problem?
- MM: Many of our licensed workers are working regularly in Israel, but shifting jobs so quickly that none of their benefits are accruing. I'd like to know what method of employment is going to be suggested. How will these people be employed.
- EB: In the Philippines . . . . [Nisreen, can you fill this in?]
- TG: We really haven't worked out the details. We don't want to change the current situation much. But we don't want the government involved in every aspect of employer-employee relationship. We want it to be only in licensing and controlling the rules of the game.
- I don't understand your concern. If something is deducted from a worker, it won't evaporate; it has to go somewhere.
- MM: I'm not talking about deducted amounts. I'm talking about workers who work less than the period required by law to qualify as "regular workers".
- AB: My interest is that the Israeli employer is required to pay because otherwise foreign labor will be cheaper than Israeli labor. Take, for example, minimum wage law. We'd like to enforce it, but we're not very successful at it.
- Another issue that must be addressed is Israelis working in Palestine. Right now more Palestinians are working in Israel, but things will change. We'd like to know how you're going to deal with that.
- TG: I think you want more information on Palestinians than we have on Israelis!
- AB: I understand your concerns. I just don't know how to address them. There is a problem with daily workers. It is not just a Palestinian problem, though.
- EB: Yes, my daughter has this problem.
- BB: I do believe that if only legal workers are permitted in the market, we can improve the situation.
- MM: Any other questions from my side?

- OD: I have a question – actually it's Nisreen's question – but it's moving on to another topic.
- MM: That's fine. I think we should move on for the time being.
- OD: In paragraph one of the Israeli proposal, it notes that the Parties "aspire to continue and benefit the advantages embodied in the geographical vicinity and the availability of the citizens of each side for work in the territory of the other party." That is the principle; what are the concrete ways that would be accomplished?
- AB: That is explained in the next paragraph: "The parties will enable each other's licensed workers to access their labor markets."
- OD: So it's kind of a preamble to the rest of the section?
- AB: Yes.
- OD: Well then, can I clarify something related to the second paragraph? It relates to the issue of security.
- MM: Go ahead.
- OD: When you say that each party will enable each other's workers to access their labor markets, do you mean that once a worker has a license, he or she is good to go and won't be stopped at the border on security grounds?
- EB: No, we are entitled to determine the "extent and conditions" of eligibility.
- OD: So those don't relate just to obtaining the license. They also relate to how workers who have a license will be treated?
- AB: Yes. Our security needs to be able to take whatever steps are necessary to handle a particular situation. We have learned a great deal over the last few years. Our approach, as you can see, is more focused. But we cannot constrain our security people. I'm not a security expert.
- OD: I see. I'm not suggesting that *you* decide these questions. But you should realize that the extent to which we're comfortable with the language you've drafted will depend on the types of security provisions that are adopted. Perhaps we should let our security teams address this question so that we can better evaluate your draft. We should let them determine the specific criteria on the basis of which people will be denied entry.
- EB: I don't think we want to leave this to the security people. They will come up with much stricter criteria than anyone wants.

OD: That may be the case. I'm certainly not endorsing strict criteria. But the purpose of law is to help people define their expectations and act accordingly. I think many of our businesspeople and laborers would prefer to know exactly what to expect – even if it's stricter – than to deal with uncertainty.

AB: I can't talk about security here.

MM: What Omar is saying is that only perpetrators of violence should be punished. Not everyone else.

One of the loopholes of the Paris agreement is that it was drafted in a vacuum. When facts on the ground changed, the whole Paris Protocol fell apart. Why? Because of the security factor. The general concept that should be acceptable to the security people is that only those involved in a security problem should be harmed. Others – who are cleared by Israeli security – should be immune. There should not be collective punishment. That should be addressed in the economics chapter of the agreement.

AB: We're against collective punishment. Closures were not punishment. They were a reaction – maybe a big reaction – to an extreme problem of bombs and hundreds of Israelis dying. I cannot bind the security people in the economics section.

BB: I'm afraid that if we go to the security people and ask them to define, the definitions will be more restrictive than what we have in normal life.

AB: We will leave it for the security teams. But as Avi Ben-Bassat, citizen of Jerusalem – not Director-General – if my security team gives you what you want, I will start worrying. I don't think they should be sharing this information or revealing their criteria.

(To Mr. Masri) But what do you think of our proposal?

MM: We'll study it and get back to you. As I said, it seems more positive.

AB: Keep in mind it is a first draft; we tried to capture the spirit of the first meeting.

MM: Yes, the spirit remains.

Meeting adjourned. Next meeting scheduled for Tuesday, August 22, 2000, at 3:45, to discuss the characteristics of the FTA.

Note: After the meeting, BB approached OD and suggested that the two sides prepare agreed minutes "quietly, without a big fuss." OD informed BB that, based on an earlier

conversation, MM was amenable to the idea and agreed to discuss it further at an appropriate time.