



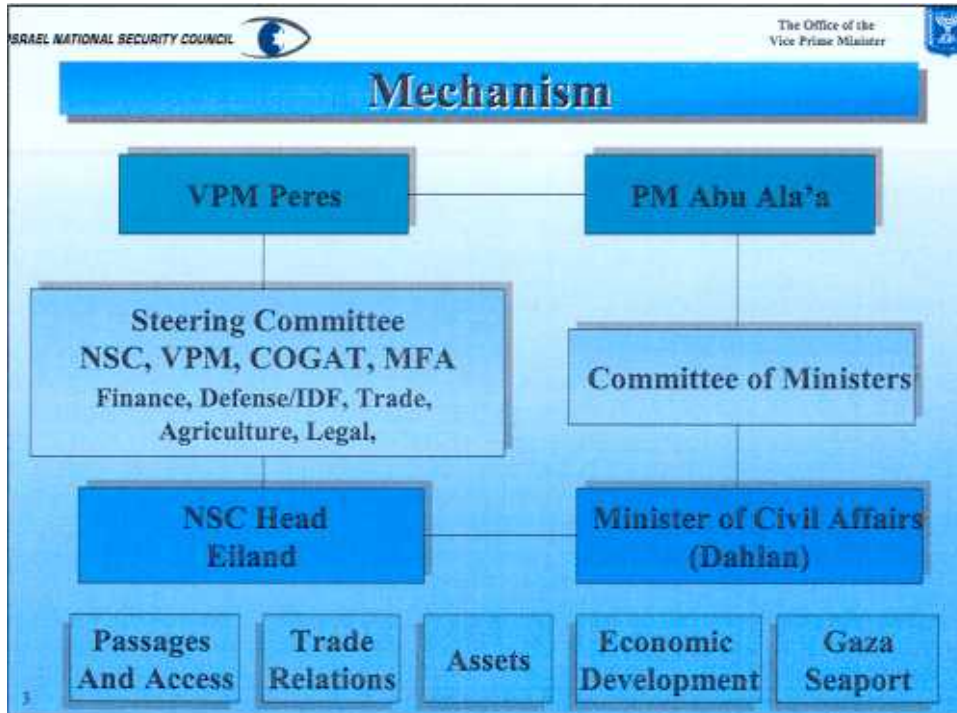
The Disengagement Plan - Economic and Civilian Coordination with the Palestinians

Steering Committee
Presentation to Mr. Wolfenson
May 3, 2005



Background

- Dialogue with the World Bank / Donor Community
- December 2004 – Israel announces willingness to coordinate with the new Palestinian leadership.
 - ◆ In addition to continued dialogue with the international community.
- February 2005 – a formal proposal to the PA.
- April 2005 – PA agreed to coordinate with Israel.
- Internal preparations on the Israeli and Palestinian sides.
- Initial contacts (VPM Peres – PM Abu Ala'a; Eiland-Dahlan; teams discussion of agenda).





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ISRAEL NATIONAL SECURITY COUNCIL  The Office of the Vice Prime Minister 

Passages and Access

- **Improvement of system of passages (with international assistance):**
 - ✦ Gaza passages (Erez passage is relocated northwards);
 - ✦ West Bank passages (Jalame, Tulkarem, Tarqumia, Allenby);.
- **Planned reform includes:**
 - ✦ Improved management systems
 - ✦ Improved infrastructure
 - ✦ A technological upgrade of means of inspection
 - ✦ Extended hours of operation
 - ✦ Future privatization of the operation of the passages
 - ✦ Redundancy
- **By implementing these improvements, the goal is:**
 - ✦ Increased capacity
 - ✦ Shorter and more efficient process
 - ✦ Greater continuity in the operation of the passages.
- **Cooperation and coordination with the Palestinians is required.**



Passages and Access – Location and Designation

● Gaza



Comments –

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

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Passages and Access

- **Topics for discussion with the Palestinians:**
- An agreed **action plan for passages reform**
 - ✦ World Bank Pilots (?)
- **Financial investment** on both sides (w/ int. assistance)
- **Better coordination** between the Israeli and Palestinian operators of each passage.
- **“Best Practices”** for operation.
 - ✦ Control and Monitoring Systems:
 - ◀ Coordinated management systems (including line-management)
 - ◀ Storage and refrigeration areas
- The future of the **Rafah passage**
 - ✦ Related to other issues, such as customs union.

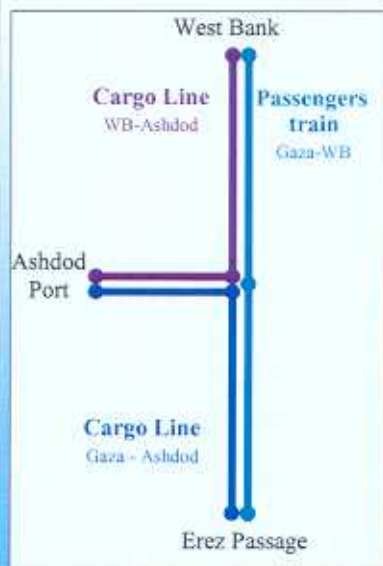
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Passages and Access

- Transportation of goods to and from Ports of Ashdod and Ben-Gurion.
- Short-term solutions to passage of agricultural produce in Karni.
- Arrangements for movement (people and goods) Gaza - West Bank.
 - ✦ Railway:
 - ◀ Erez-Ashdod (4 km needed to connect to existing line)
 - ◀ Erez-WB (route undecided yet).

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

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Trade Relations

Topics for discussion

- The future of the **customs union** (especially, if Israel withdraws from Philadelphi).
- **Palestinian trade agreements** with 3rd parties.
 - ✦ **Incentives** for Palestinian exports.
- Implementation of the **Paris Protocol**:
 - ✦ Palestinian request to review lists A1, A2 and B.
- **Financial arrangements for continued provision of services** (electricity, water).
- Cooperation between **Standard Institutes**.

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Assets

Topics for discussion

- The **peaceful, secure and efficient transfer** of Israeli assets (buildings, infrastructure) remaining in the evacuated areas:
 - ✦ Understanding the Palestinian mechanism
 - ✦ Possible role for 3rd parties
 - ✦ **Implications for the evacuation operation!**
- Transfer of data of inventory in evacuated areas.
- To the extent possible, transfer of businesses and agribusinesses as ongoing concerns.

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Assets

- **Military installations**
 - ◆ Specific decisions with regard to each installation are not complete.
 - ◆ Those military installations which can be removed intact and utilized elsewhere will be removed.
- **Private houses**
 - ◆ A final decision has not been made.
 - ◆ Religious buildings will be dismantled.

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Economic Development

Goals

- Facilitating and supporting economic development and trade-enhancing initiatives:
 - ◆ Short, medium, and long-term.
 - ◆ Removal of barriers to economic activity.
 - ◆ Priority given to labor-intensive projects.
- Facilitating the expansion of existing IZs and the establishment of additional ones (GS+WB).
- Encourage environmental and infrastructure projects so as to generate employment and growth and increase independence.
- Harnessing private sector for development and trade projects.

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Economic Development

Examples

- **Trade and employment:**
 - ✦ Facilitating meetings between businesspeople from both sides.
 - ✦ Encouraging Israeli-Palestinian joint-venture in the textile industry.
- **Housing and Construction**
 - ✦ Large-scale construction and housing projects.
- **Tourism:**
 - ✦ Hotels and resorts in Gaza and WB.
- **Industrial Zones:**
 - ✦ Erez, Karni, Neve-Dkalim, Muqeible, Tul-Karem, Tarqumia.

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Economic Development

Examples

- **Health:**
 - ✦ Facilitate upgrade of existing medical facilities and support the establishment of new ones.
- **Agriculture:**
 - ✦ Marketing and distribution channels for Palestinian produce.
- **Environment:**
 - ✦ Garbage disposal sites in Northern Samaria, Gaza.
- **Infrastructure:**
 - ✦ Electricity and sewage projects.
 - ✦ Water desalination (in conjunction with the JWC).
 - ✦ Road construction.

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Gaza Seaport

- Staff work lead by the NSC.

Topics for discussion:

- Seaport **location** (security and environmental implications).
- **Security** inspections.
- **Customs** inspections (related to the Philadelphi issue).
- **Environmental** arrangements.
- The **possible role of 3rd parties**.



Moving Forward

- The importance of a direct, bilateral dialogue over these issues (esp., where issues bear security and political importance).
- Welcome Donor and other international actors' involvement and support for the bilateral process.
- Given the timetable for disengagement, need to focus on most-urgent practical issues (without foregoing other issues):



Suggested Short-Term Projects

- Joint passage-management systems.
- Karni Passage:
 - ✦ Interim solution for agricultural produce (until two new scanners are in place).
 - ✦ Alternative passage for people.
- Containers terminal in Erez (to service primarily the EIZ).
- Agricultural development in Gaza:
 - ✦ On the basis of Israeli agribusinesses.
 - ✦ Marketing agreements with Agrexco or other.
- New IZ in Muqeible; expansion of Erez and Karni IZs.
- Strengthening ties between Israeli and Palestinian business-people (including marketing, banking, export-experts, industry-specific joint-ventures).
- Electricity 161KV high voltage line.

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Suggested Short-Term Projects

- *Development of electricity distribution systems in the GS.*
- *Construction planning (before) and work (after Disengagement) in evacuated areas (incl. tourism).*
- *Training of health-care personnel.*
- *Upgrade of health-care facilities. Building new ones.*

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