

## Economic – Political Notes on Current Affaires

### **Importance of Economic Aspect in Peace Negotiations**

- I cannot emphasize enough the importance of consideration of economic issues in this conflict and its desired end game based on the two state solution to establish a viable independent Palestinian state.
- Future peace negotiations cannot be advanced without dealing with the economic aspects of the Permanent Status issues: borders, Jerusalem and refugees.
- Improving the economic life of the people will only weaken the forces of extremist in the Palestinian society and gives hope to the people for a brighter future and better life for their children.
- Economic process is inseparable from progress on the political front which is crucial for the success of economic recovery and institution building.

### **Political Horizon- End Game**

- Recent developments in Gaza are a direct result of:
  - The absence of a 'political horizon' that clearly spells out the end game;
  - Worsening economic and humanitarian conditions on the ground caused by Israel's refusal to meet its obligations under international law and the AMA; and
  - Prolonged international sanctions against a democratically elected government.
- Further isolating Gaza will only embolden extremists and weaken the current government. Thus, Israel must comply with its obligations as the occupier under International Humanitarian Law to continue providing essential services and supplies to the Gaza Strip (as well as the West Bank): Israel must not be allowed to cut electricity, gas, water or any other essential services and supplies that it is legally bound to provide.
- Ongoing Israeli settlement expansion, wall construction and ever-increasing internal closures in the West Bank are intensifying Palestinian territorial fragmentation and socioeconomic decline, thus setting the stage for the creation of several more "Gazas" there as well.
- Continued aid and assistance should be provided to all Palestinians without geographic conditions on spending. International aid, particularly humanitarian aid, to Gaza must be sustained. Palestinians in Gaza must not be allowed to starve, die from thirst, or suffer more than they have already
- As for the The Palestinian commitment on the security front, our experiences over the past several years have taught us that the only way forward is to build a professional security force under the control of one authority. We are willing to assume our security responsibilities fully, first and foremost for the benefit of the Palestinian people, but are simply unable to do so while Israel continues to suffocate the Palestinian economy, restrict internal movement and carry out raids, assassinations and mass arrests.
- It is time to see tangible changes on the ground. Israel must fulfill its obligations including and especially the need for an immediate settlement freeze and the lifting of West Bank closures.
- Continuing to delay progress on the 'end game' will only further embolden the forces of extremism and weaken the fragile Palestinian government.

- Parallel to the political track, efforts to reform and rebuild the PA and its institutions must be increased and strengthened.
- To save the two states solution, all parties – Israelis, Arab States, International Community, must to move quickly and decisively on the long-awaited ‘political horizon’ on the basis of the Arab Peace Initiative, including establishing a timetable for movement on the substantive terms of an agreement ahead of the summit meeting in November.

### **Arab Peace Initiative**

- Despite the dire situation on the ground, the Arab Peace Initiative (API), presented and endorsed by 21 Arab states in the last Arab League Summit in Riyadh (April 2007), continues to offer a real and tangible opportunity to define a genuine ‘political horizon’ and, hence, a way out of the current crisis.
- The Arab Peace Initiative represents the most promising opportunity in six years to end the prolonged Palestinian-Israeli conflict and to satisfy Israeli security concerns on all fronts. It also provides Israel with an historic opportunity to end its diplomatic and economic isolation by concluding a comprehensive peace with all its neighbors and ending the conflict on all levels, in exchange for normalization and recognition of Israel by all Arab states.
- Whereas only three Arab/Muslim countries (Egypt, Jordan and Turkey) have full diplomatic relations with Israel, accepting the API will enable Israel to have diplomatic and economic relations with all 22 Arab states, as well as a total of 57 Muslim countries.
- In addition to enhancing Israeli security, the API’s offer of full normalization significantly increases economic opportunities for all parties by: opening regional markets to Israel; creating synergies between the economies of Israel and neighboring Arab states; strengthening tourism in Israel and neighboring states; increasing oil supplies and reducing oil prices in Israel supply; ending Israel’s economic isolation by opening up opportunities in the broader Muslim world and other countries.
- Israel should understand that the road to Arab capitals and normalization goes through Palestine.
- The weight of Arab unanimity represented by the API helps to neutralize internal Palestinian political divisions, while isolating extremist elements and those opposed to peace/negotiations.
- At least two essential permanent status issues will require broader Arab support and cannot be resolved without the involvement and backing of Arab countries. The API provides the framework for such a consensus. These are Jerusalem and Refugees:
  - Due to Jerusalem’s religious and historical significance to the broader Arab and Muslim worlds, a durable and sustainable peace must have the backing of Arab states. [*Note: Recall the position taken by Egypt and Saudi Arabia during Camp David negotiations that President Arafat did not have a mandate to sign an agreement on Jerusalem without broader Arab and Muslim backing.*]
  - Similarly, a resolution of the refugee question cannot be achieved without the backing of several Arab states, most notably those hosting large numbers of Palestinian refugees (Lebanon, Syria, Jordan, etc.). The Initiative provides a framework for an “agreed upon” settlement to the refugee problem with all relevant countries, including Israel, while rejecting those “which conflict with the special circumstances of the Arab host countries.”

- On refugees, we anticipate that a menu of options and incentives will be provided to the refugees whereby they will be able to choose where to permanently reside and normalize their status. Granting them the option of resettling in the countries where they currently reside will be important for protecting the element of choice and making the resolution just. This can only be achieved through a region-wide agreement.
- Israel must accept the basic international framework for resolving the refugee question; however, the PLO has indicated its willingness to reach an *agreed-upon* settlement with Israel with regard to the implementation of those principles in a manner that meets both sides' concerns and interests.

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Should we include this??

- It is clear that the future of Palestine and Israel will be intertwined, particularly with respect to economic relations. The future trade relations between the state of Palestine and the State of Israel should be based on a Free Trade Area Agreement. This agreement should allow for free trade in both Industrial and Agricultural goods, liberalize trade in Services and Investments, allow for free access of Palestinian labor to the Israeli market (according to agreed lists and quotas) and guarantee free transit of Palestinian goods through Israeli air and sea ports. A stable, free and flourishing economy is the best way to establish and maintain a stable state, and a stable region.
- Such an agreement will assist sustaining a viable Palestinian economy through allowing it to benefit from the dominant Israeli market and, at the same time, assure independence in designing Palestine's Import and Export policies toward the rest of the world according to its special needs.

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