



Towards a Palestinian State

Israel and the PA are working to reach a viable lasting peace agreement with the aim of establishing a Palestinian State that will reside peacefully alongside the state of Israel. The Quartet supports these efforts and is encouraged by the ongoing negotiations between the parties. In this framework, I have received the support of the Government of Israel and the Palestinian Authority in promoting a package designed to allow greater movement of people and goods, helping the Palestinian economy grow, and its people achieve increased prosperity, in a way consistent with protecting fully the security of Israel and its people.

For Palestinian statehood to be possible in the eyes of Palestinians there must be hope that the occupation will, over time, be lifted. For Palestinian statehood to be possible in the eyes of Israelis there must be hope, over time, that the security of Israel will be improved and not harmed by the way Palestinians run their territory.

I stress the following package is only a start. Of course, much more needs to be and will be done. But it has four elements to it that represent four aspects to creating a Palestinian state:

- Economic and social development
- Lifting Access and Movement restrictions
- Developing Area C, which is 60% of the West Bank, on a case by case basis
- Proper security capability and performance by the Palestinians

All of these aspects then come together in a package specifically set around Jenin in the North of the West Bank, which will, in effect, be an economic and security zone. Should that package work, it can be extended to other parts of the territory. But it will require both sides to fulfil their obligations. It is also clear that in order to achieve economic progress the issue of security should be duly addressed and there is still a lot to be done on the Palestinian side to achieve this goal. With that notion in mind, I shall further elaborate on the following measures:

1. Economic and social development

The following projects have now been cleared for work to begin:

- Jenin Industrial Park
Preparations for the establishment of the Jenin Industrial Estate have advanced significantly over the last few months and construction can now start with the support of the German government following agreement reached by the Government of Israel and the Palestinian Authority on arrangements for water and electricity services and access to the site. Construction of the industrial park will stimulate Palestinian economic activity by attracting (foreign) investments and creating sustainable employment and income generation in the region of Jenin. The park will improve services for the Palestinian industries and offer opportunities for regional and international business cooperation.
- Targumiya Industrial Park
Following the decision of the Ankara Forum on Tuesday 13th of November 2007, the Government of Israel and the Palestinian Authority have agreed to establish Targumiya Industrial Estate, which will be located in Area C and B, and for which, the precise location still has to be decided. Construction of the industrial park will stimulate Palestinian economic activity by attracting (foreign) investments and creating sustainable employment and income generation in the region of Hebron.
- Wataniya Telephony Licence
The Government of Israel has agreed to approve this enterprise and to release a frequency of 2.4 Mhz in the 900 bandwidth. The Government of Israel will commit, in writing, that within 6 to 8 months, the assignment of frequency will be amended to a total bandwidth of 4.8 MHz at the 900/1800 Mhz bands and will assign a frequency of more than 4.8MHz in due course.

This deal will contribute to the overall growth of the Palestinian economy. First, it will involve an injection of funds to the PA of over \$354 million in license fees (with an immediate transfer of \$100 million). Secondly, Wataniya will invest more than \$700 million in the Palestinian Authority over 10 years, create 750 jobs for Palestinians and generate 1,500-2,000 indirect jobs.

- Bethlehem Tourism
Tourism to the Holy Land is on the rise with positive effects for both the Palestinian and Israeli tourism sector. This has had a significant impact on hotel occupancy rates; for example in Bethlehem. However, investments are needed to rehabilitate hotels and rooms to increase overall capacity to meet pre-Intifada levels. A number of permanent improvements in the tourism sector have been agreed in order to encourage private investments. It was agreed among both sides that immediately after the Palestinian Investment Conference the facilitation of access from and to Bethlehem will be improved on a permanent basis. 500 new trader permits and the existing (MoD) permits for tour guides will be renewed, on an ongoing basis. The Government of Israel will allow the transport of goods and services to go directly from Bethlehem to Jerusalem through the existing checkpoints, except for specific defined categories, pending security arrangements.

- Allenby Bridge

The Government of Israel has recently extended the opening hours from 18:00 to 20:00, and has expressed its general willingness to extend the opening hours even more. The Government of Israel will seriously consider at the earliest possible date, the presence of a limited number of Palestinian customs officials - under existing arrangements and procedures - at the bridge as part of the larger long-term effort to create a professional Palestinian Border Authority.

- Jericho agro-industrial project

The parties are cooperating and facilitating the efforts of the Japanese International Cooperation Agency in establishing an agro-industrial park in the Area of Jericho.

- Water/sanitation projects

- I. Projects agreed on the West Bank:

- a. Construction of Wastewater Treatment Plant in Nablus- Wadi Ziemar Project- Part A;
- b. Construction of Wastewater Treatment Plant in Tulkarem- Wadi Ziemar Project, Part B;
- c. Construction of Wastewater Treatment Plant in Salfit;
- d. Construction of a Wastewater Treatment Plant in Ramallah based on the outcome of ongoing negotiations between Israeli and Palestinian Water Authorities; and
- e. Supply and installation of main transmission line and internal network for Aqraba cluster of villages.

- II. Gaza WATSAN

- a. North Gaza Sewage Treatment Works .
Phase 1 of the North Gaza Sewage Treatment Works (the construction of 2 infiltrations basins, a pumping station and pipe network) is expected to be completed in the first or second week of June. The Palestinian Water Authority (PWA) will tender the contract for Phase 2 - the treatment plant – in June. The MOD will provide a letter of comfort to the PWA in order to encourage potential bidders. MOD will also pre-clear a list of goods provided by PWA. This part is likely to take two years to complete as it involves a state-of-the art water treatment facility. However, sewage will start to be partially redirected from the dangerous Beit Lahia lake as of the completion of Phase 1 in June;
- b. Construction of Wastewater Treatment Plant in Khan Younis, Gaza; and
- c. Construction of a Wastewater Treatment Plant in Gaza Middle Area Allow the entry of critical goods for the maintenance of the water and sanitation sector in Gaza

The Coastal Municipal Water Utility (CMWU) has provided the MOD and Mekorot with a list of critical items to ensure the continued provision of water and sanitation services to Gaza's population. Immediate clearance of this list is critical without prejudice to Israel's legitimate security needs.

- Entry permits to Israel

The Government of Israel has now approved the additional 5,000 entry permits to Israel for Palestinian workers and will issue an additional 3,000 permits pending government approval. 5,000 permits out of the total number shall include permits for an overnight stay in Israel. In addition, the period of validity of entry permits to Israel for representatives of approved NGOs shall be double (from 3 to 6 months). This shall substantially ease their ability to carry out their humanitarian activities.

- Housing projects

A \$500M mortgage facility has already been created for the construction of affordable homes. The GoI will discuss with the PA specific housing development projects which shall be proposed.

2. Access and Movement

Attention has focussed on the number of roadblocks. The number is important. But the most important thing is the strategic nature of where they are placed and their significance. So there could be a numerically large reduction with little practical difference. Alternatively, there could be a small but key strategic number of changes. There should be a continued re-assessment of the large number of mounds and blocks; but OQR has focussed on trying to remove, change or improve 11 key strategic obstacles to free movement and access. The Israelis are prepared to make changes as outlined below; but have emphasised that their implementation will start now and then be phased over the coming period of time subject to and depending on a continuous security assessment.

These measures shall be implemented, in addition to the checkpoints and scores of roadblocks which have been already removed; in particular the Rimoni, the 408 and Beit Haarava checkpoints, the latter now open 5 days a week.

The following measures will be taken:

- The Kvasim checkpoint will be removed this week. The following checkpoints identified by the OQR, namely Container and Shave Shomevron checkpoints, as well as the Halhul Bridge roadblock, will be removed and the Beit El checkpoint will be relocated once Israel determines that the security situation so allows. This security assessment has started and is currently being carried out with a view to removing these checkpoints at the earliest possible date.
- Through flow at Tayasir and Hamra will be improved in order to better facilitate the expected increase in traffic of agricultural workers and their vehicles from the West Bank down to Jordan Valley.
- Work to upgrade Hawarrah and Beit Iba has already started. Work to upgrade Einav will start as soon as possible. Finally, the through flow in the Jericho DCO will be improved to facilitate increased tourism and activities related to the Jericho agro-industrial park.

The purpose of making these changes is to open up significantly North-South movement and out to the East. When fully implemented, they would make the following practical difference to how the West Bank operates.

The above measures together with a general improvement of the management of the checkpoints should significantly improve commercial traffic for the whole of the West Bank.

3. Area C

Area C comprises 60% of the West Bank and under the Oslo Accords, some administrative and all security responsibilities in this area, rest with Israel. It has been a long-standing grievance felt by Palestinians that they have been unable to improve or develop Area C. While it is clear that changes in status of Area C shall be made only in the framework of Israeli-Palestinian political agreement, specific requests relating to these areas can be approved on a case by case basis.

Israel has already approved master plans for 13 villages in Area C and it will now approve additional 14. The following have been approved:

1. Fazail North (Jericho)
2. Rashida (Jericho)
3. Khirbat a-Tih (Tulkarm)
4. Brukin North (Qualqilya)
5. Khirbat A-Tawani (Hebron)
6. Khirbat A-Shama West (Hebron)
7. Jabel Harsa (Bethlehem)
8. A-Sheikh West (Bethlehem)
9. Hermel (Bethlehem)
10. Zabrat Kabira (Tulkarm)
11. Adna east (Hebron)
12. Tarkumiya South (Hebron)
13. Khirbat Ta'anach (Jenin)
14. Khirbat Um Reihan (Jenin)

Approval of these master plans shall facilitate developing, building and upgrading of schools, clinics, and other facilities within these villages. This is an important beginning, and it is our intention to work to proceed along these lines to apply this model to other villages in the West Bank.

The Gol will re-examine the current demolition and land orders in Area C.

Tarqumiya Industrial Park, the exact location of which still requires specific agreement between the Gol and the PA, as stated above, will have land from Area C for development. The Gol will agree to allow Palestinian agricultural workers to cultivate the land.

Other Area C measures have been included in the section on Jenin below.

Developing Palestinian Security Capabilities

The measures on economic development, movement and access and Area C are all those that can be done within the existing security arrangements for the West Bank.

However, there are measures already being taken by the PA to improve their security capability. In addition, there are plans and proposals for: security sector reform – done in conjunction with General Dayton; for civil police reform - done with the EUPOL COPPs mission under Colin Smith; and for wider justice reform – prisons, courts and judiciary – done with the help of the EU and USAID.

These plans are well advanced. The Berlin Conference at the end of June gives the PA and the international community the chance to bring them all together into a coherent set of proposals for the radical upgrading of Palestinian security capability and performance.

But certain steps are already being undertaken. As a result, we can bring the first three elements together with security improvements to try create a fundamentally different way of working. The Palestinians are working to create an area in and around Jenin City where Palestinians take control of security, where there is substantial economic and social development, access and movement restrictions are significantly lifted and land in Area C can be developed. If this works, and it depends on both sides fulfilling their obligations, then it is the intention to expand it.

4. Jenin Area

Security

General Jones and General Dayton are working intensively to help develop the Palestinian capability to instil law and order and to combat terrorism in the area.

In this area, the security arrangements will be:

Israel will retain overall security responsibility in the West Bank and reserves the right to act where its security is at risk. But subject to this, in the designated area, the PA will be given control of security under unique and different arrangements, the details of which are subject to an ongoing discussion between General Jones' team, the Government of Israel and the Palestinian Authority.

The PA will construct new prison capacity for Jenin prisoners whether in Jenin or elsewhere and rebuild the Muqata'a detention facility. The PA will also open the new courthouse facility by the end of July to process cases.

In addition, Gol has agreed to the opening of four new police stations in area B, in approved locations in Jenin, out of a total of 20 police stations approved throughout the West Bank.

Access and movement

There will be no roadblocks in the designated area; and other changes will be made to facilitate Jenin-Nablus and Jenin-Jordan Valley traffic, as referred to in the movement access section above.

There will be greater ease of access into Jenin and the crossings will open at Jalameh and Reihan until midnight. The Gol intends to upgrade the Jalameh crossing. All these measures shall be undertaken with due consideration of the security conditions on the ground.

Economic and social development

There will be the new industrial park at Jalameh announced above, to begin in early 2009.

There will be 1000 work permits for Jenin residents to work in Israel.
300 Jenin traders will be given access to Israel.

The Gol will allow the construction of a new storage facility at the border to allow the storing and passage of grain and import and export of agricultural

products

As stated above, the GoI has agreed to grant permits for 150 vehicles for landowners from the West Bank to access the Jordan Valley. Additional requirements will be positively considered.

There will be a large number of smaller-scale economic and social projects implemented by the PA. Many will begin immediately. These projects will upgrade schools, providing additional classrooms where needed. New schools will be built in Jalboon and Jenin City. Several health clinics will be upgraded and community and youth centres will receive additional facilities.

Pending the decision of the Joint Water Committee, work will begin to provide water to 25,000 residents of six villages that currently lack access to safe water. Work will also start in the coming months on providing electricity to several villages that lack services. Sewage lines within Jenin city and in surrounding villages will be upgraded and the rehabilitation of Jenin city's sewage treatment plant will begin soon. Municipalities will soon receive \$750,000 of equipment to manage solid waste.

Area C

Permission will be given to develop a children's centre and park in a site in Area C to be decided.

The Jenin Governor's proposal for a new school near Jalameh, outstanding for several years, has been approved, in principle, details to be concluded between the two sides.

There will be the master plan approval and the PA security force activity, set out above, in Area C.

Let me repeat, most of these measures above are in the West Bank. However, as the Quartet has frequently reiterated, the Palestinian State will comprise of the West Bank and Gaza, and should be thought of as an integral whole. Were the security situation in Gaza to improve, there are equal possibilities to improve the lives of Gazans. But tragically until this happens and proper PA control is re-established, and all the conditions set forth by the Quartet fully met, the prospects are bound to be limited.

If the above package works, then it will be followed by further such packages. In this way, over time and progressively, the weight of occupation can be lifted, but in a way that does not put Israel's security at risk.

It is my firm belief that these steps shall also facilitate the ongoing negotiations between the parties, aimed to achieve a viable and lasting peace agreement between two countries, living side by side in peace and prosperity.