

Israel's Address to the AHLC

Brussels - May 27, 2015

Minister of Foreign Affairs of Norway,

Mr. Børge Brende

High Representative of the EU for Foreign Affairs and Security Policy,

Ms. Federica Mogherini

Prime Minister of the Palestinian Authority, **Mr. Rami Hamdallah**

Special Representative of the USA,

Mr. Frank Lowenstein

Distinguished Delegates, Members of the Ad Hoc Liaison Committee,

It is my great honor to attend this important forum gathered here today. I would like to take this opportunity to thank the Norwegian Government for their tireless determination in enabling the ongoing work of this essential endeavor. Naturally, I wish to thank the donors as well, for their steady support to the wellbeing of the Palestinian People. I do believe that this joint effort in developing economic growth and good governance capabilities, so needed for the sustainability of the Palestinian Authority, carries also the hope for a better future for both parties as well as for the countries in the region and the international community alike.

Since our last meeting in New York, Israel continued to take all possible measures to assist in creating a conducive environment to economic

growth, hoping to enable the renewal of the political negotiations as well, that will lead eventually to the realization of the vision of two states living in peace side by side. At the present time, when the Middle East has reached a new stage of chaos, as radical extremists are overrunning sovereign nation states, such a progress in the Palestinian-Israeli relations hopefully will also have a meaningful impact in promoting peace and security as well as the prosperity of our entire region.

Mr. Chairman,

Israel wants peace. Following our recent elections a new government in Israel has just been formed and it is still in the process of formulating its policy with respect to the challenges and opportunities before us in a changing and profoundly volatile Middle East. The government's general direction, however, is clear. We are ready to work with all those in the region, and outside it, who are committed to enhancing the security, co-existence and welfare of all peoples in the region.

Last week, at the meeting with Ms. Mogherini, Prime Minister Binyamin Netanyahu reiterated his vision as he said: (and I quote) "I want peace. We want a peace that would end the conflict once and for all. My position has not changed. I support the vision of two states for two peoples – a demilitarized Palestinian state that recognizes the Jewish state. Over the last few weeks, we have taken some concrete tangible steps to benefit the Palestinian population. We have taken economic steps, added measures for reconstruction and development and

ensuring ongoing humanitarian support. We will continue with those practical steps. But at the same time we will continue to work towards peace". (End of quote).

Indeed, Israel is committed to helping the Palestinians build a strong and viable economy. We know that this is in the best interests of both the Palestinian and Israeli people. At times of political tension between the parties, practical dialogues are being held at various levels. Economic and other civilian issues have been discussed which led to fiscal cooperation. The financial dialogue resumed at the beginning of this month in a kickoff meeting headed by Palestinian Minister of Finance and the Director General of the Israeli Finance Ministry. At this meeting it was decided to continue such meetings in order to discuss various economic issues starting with the urgent need to resolve the Palestinian Electricity debt of 1.7 billion NIS to Israeli Electricity Company. This Debt still remains a troubling issue. Despite extensive efforts by the Israel Electricity company it has encountered grave difficulties collecting it from the PA. And as long as the PA continues to consume electricity normally, it places a growing heavy financial burden upon the Israeli company, which effectively subsidizes electricity consumption in the PA. This issue is one of the most important economic problems between Israel and the PA. We here by request the support of the donors to assist in resolving this urgent problem, which seriously hinders the development of further economic cooperation between the parties.

In 2014, a significant increase of 20% in tax collection for the PA was achieved. This improvement was driven by the Israeli - Palestinian cooperation, within which Israel shared with the PA customs

computerized Database. For the same year, 2014, Israel forwarded to the PA a total of 5.83 billion NIS (Israeli shekels) of the collection of clearance revenues. The 3 months delay of the monthly transfer (December 2014 to February 2015) was addressed in March 2015. Israel continues to transfer revenues to the PA at the beginning of every month in spite the ongoing unilateral political policy taken by the PA.

And still Israel does everything in its power to bring positive change and improvement of the living conditions of the Palestinian people, in both territories. Reducing unemployment in the West Bank is a central objective. Israel continues therefore to promote new income generating projects. Israel welcomes international role in the development of industrial zones in the West bank such as the French, Japanese and the planned German-Turkish industrial zone. These projects will create thousands of new jobs and expose Palestinian products to international markets. Ongoing talks and meetings are taking place between Israel and Palestinian authority and their special team as well as with representatives of Japan and Turkey, to stimulate the industrial zones in Jericho and Jenin. Israel promotes additional new industrial zones in Area C: in Hebron and Qalqilya.

In addition, Israel authorized the continuation of planning procedures for master plans for the Palestinian sector in Area C. As a measure of good will, Israel enabled the connection of the new Palestinian city of Rawabi to water in spite of the Palestinian reluctance to renew the work of the Joint Water Committee.

Israel relieved the working permit regimes for young Palestinian to work in Israel by dropping the age of employment to 22, while raising the

numbers of work permits for employment in Israel, including overnight stay. Other measures were taken to ease the trade for West Bank: improving procedures efficiencies in Ashdod Port, increasing the number of entries for traders and businessmen and updating the list of dual use items.

All these developments will create new opportunities. The variety of projects providing income and increasing economic growth will not only preserve stability in the West Bank, but will offer also hope for the young and educated Palestinians who are looking for a professional future.

While sustained security coordination assists the stability in the West Bank, Israel is still troubled by the ongoing acts of terror of individuals. The security concern will continue to serve as a mutual challenge for both parties.

Mr. Chairman,

Israel shares the International Community concern of the Gaza Strip population distress. We are aware of their dire need for water and energy, to the urgent demand for reconstruction and solutions for unemployment. But while expressing our good will in positive deeds – in a variety of assisting measures, we must emphasize that any comprehensive solution to this humanitarian economic situation must include the solving of the security concerns – disarming the terror organizations and mainly the Hamas, and the return of the PA governance of the Gaza Strip.

Israel left the Gaza Strip 10 years ago. Israel wishes to avoid conflict in Gaza. However, Hamas, an internationally recognized terrorist organization, continues to demonstrate its drive to wage war at the expense of the Palestinian people.

Last summer, Hamas proved its utter disregard for the wellbeing of the Palestinian people. It hid its rockets in schools, fired missiles from hospitals, and used civilians as human shields .

It is clear that on the road to recovery in Gaza, there must be zero tolerance for terror and violence. The rehabilitation of Gaza must go hand-in-hand with the dismantling of Hamas's terror capacities. Today, Hamas is once again disregarding the needs of its people as it re-arms and rebuilds its terror infrastructure.

The rocket attack launched last night on Israel is an alarming reminder of that threat.

Earlier this year, Israeli authorities revealed that Hamas is using the Kerem Shalom crossing to hide tons of dual-use items inside shipments of humanitarian goods. Since the beginning of this year 52 smuggling attempts have been aborted by Israel. The smuggled materials are used to rebuild tunnels, reconstruct training camps, and manufacture rockets.

Since Operation Protective Edge, Hamas has test fired over 160 rockets. With every test rocket launched into the sea, Hamas propels itself towards another conflict.

Mr. Chairman,

Israel has agreed to the United Nations proposal to establish a mechanism for rehabilitating the Gaza Strip under the supervision and control of the UN. The mechanism was programmed to facilitate progress in rebuilding the Gaza Strip, while safeguarding the security interests of Israel. This was meant to enable reconstruction by the Palestinian Authority, international bodies and the private sector. Israel declared its readiness to play its part and as a first step, we announced 35 new projects in Gaza and the doubling of the number of entry permits for the business sector.

Since then Israel allowed the entry of over 1 million tons of building materials for the reconstruction mechanism and for international community projects, as well as for reconstruction of roads.

91,612 households have been authorized to buy materials under the reconstruction mechanism, out of which 83,219 householders have completed at least half of the reconstruction of their homes.

307 projects submitted since Operation Protective Edge, out of which 236 are in implementation stage.

The establishment of a Coca Cola Factory at the Karni Industrial Estate including the requested equipment, was authorized.

Movement between Gaza Strip and the West Bank was facilitated. More than 1,000 permits have been issued.

The entry of Pre-fabricated homes donated by Oman was authorized. 11 out of 100 such homes were already transferred and 30 more are expected to be transferred in the course of this month.

On top of all that, the upgrading of the capacities of the Kerem Shalom and Erez crossings was completed resulting in a raised capacity to 800

trucks a day. 40 million NIS was allocated by the Crossing Points Authority for development works to raise further the capacity to over 1000 trucks a day.

Facilitating the movement of people and goods, such as the authorizing of agricultural produce and industrial goods to the West Bank (over 3,600 tons to date), as well as the return of electricity and doubling the quantity of water supply, must have an impressive impact on the Palestinian civilian situation in the Gaza Strip.

Any further delay in the return of the Palestinian Authority to the Gaza Strip and specifically to the border crossings, puts unnecessary obstacles on the reconstruction process.

Still, there is no doubt that the Donors assistant to the reconstruction of the Gaza Strip is critical. Yet we believe that the Palestinian Authority leadership must also play a constructive role in this process – beginning by demonstrating a commitment to bilateral cooperation rather than unilateral actions.

Mr. Chairman,

This long list of developments demonstrates Israel's commitment to the cooperation with the PA and to support the development of the Palestinian economy.

Mr. Chairman, Dear Hosts,

Once again, we wish to thank you for organizing this meeting. We do hope that together with the PA as our partner, and the continued

assistance of the Donors, we could enhance the overall joint commitment in achieving our shared goals of economic prosperity and sustained security for the Palestinian and Israeli People alike.

We look forward to the coordinated collaboration with you all, and we welcome your engagement in bringing recovery and peace to our region.

Thank you!