

Israel's Address at the AHLC Senior officials meeting

4May 2017

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Affairs and Security Policy, **Ms. Federica
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Minister of Foreign Affairs of Norway, **Mr.
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The U.S. Special Envoy **Mr. Jason Greenblatt**

Minister of Finance of the Palestinian
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Mr. Mazen RNEIM

Minister of Energy of the Palestinian
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Distinguished Delegates,

Good afternoon,

I am honored to stand here today before this important forum and wish to take this opportunity once again to thank the Norwegian Government for their leadership and ongoing efforts to convene the AHLC meetings.

I also wish to thank the donor countries, for their ongoing support of the development of the Palestinian economy, and encourage them to continue their support, especially these days, while a grave humanitarian crisis in Syria is at the focus of attention, posing new financial and political challenges to the stability of the region and the whole world.

It is imperative to reiterate Israel's right to exist as the nation state of the Jewish people, in peace, with secure borders, and its steadfast opposition to attempts to undermine Israel's legitimacy.

It is possible to advance peace between Israel and all its neighbors, including the Palestinians. Israel continues to be committed to promoting a genuine and lasting peace with the Palestinians that strengthens the security of Israel and enhances the stability of the region.

Mr. Chairman, Enduring Peace could only be achieved as a result of bilateral direct negotiations without preconditions, based on mutual recognition and security arrangements.

For Israel, steps to improve the Palestinian economic situation and **the** standard of living of the Palestinian population, is not only a matter of the bi-annual AHLC meetings - it is an ongoing process, and we are in continuous dialog with the Palestinian Authority on these issues.

Mr. Chairman,

Our meeting today presents an important opportunity for all of us to take stock of the efforts we have all undertaken up to now, and to remind each other what has been done and what has progressed, *but also* what has *not* progressed and which issues need to receive more.

Israel has been facilitating the reconstruction of Gaza through the Gaza Reconstruction Mechanism. The GRM, the joint mechanism with the PA and the UN, enabled, up-to-now, the entrance of over 8.2 million tons of construction materials since October 2014.

Over one hundred thousand residential units have been refurbished, and hundreds of public projects, including schools, clinics, mosques and parks have been completed or are near completion. Also over 15 thousand new housing units have or are being built.

2016 also witnessed an increase of exports from Gaza, to the West Bank, Abroad and to Israel. Actually, last February 341 loads of trucks were marketed from Gaza, a record which was not registered since Hamas took over a decade ago.

Mr. Chairman, The Gaza strip is suffering from a chronic and acute shortage of energy. Israel is already supplying 120 megawatts of Electricity to Gaza.

However, in view of the acute shortages, and as we announced in the last AHLC meeting in New York, The Government of Israel has approved the construction of a new high voltage electric line. The line will supply an additional 25 Megawatts of electricity within a year, and then, one hundred Megawatts. The commercial supply contracts between the PA and the IEC, The Israel Electric Corporation, are yet to be signed.

This connection to a reliable source of electricity will provide a critical amount of energy to Gaza for essential infrastructure facilities such as N-GEST, the North Gaza Emergency Sewage Treatment Plant, and the future desalination plant.

I call upon the distinguished delegates to "adopt" this project and bring it to fruition, together with Israel and the Palestinian Authority.

However, the recent announcement of the Palestinian Authority noting its intent to end financing the energy supply to Gaza, would endanger both above mentioned efforts, as well as the energy supply currently in place.

More in the energy sector: we approved the route for connecting the Gaza Power Plant to the Israeli gas grid, although the final contract between the Palestinian authority and the gas supplier is yet to be signed. The way is paved now for the development of the project. I would like to express our appreciation to the Dutch Government and the Office of the Quartet for their leadership on this strategic project.

Ladies and Gentlemen,

Israel is aware of the poor water quality in Gaza. In order to improve the situation Israel has declared its support for the construction of a large scale desalination facility in Deir Al-Balach with a capacity of 55 MCM, million cubic meters. That, despite the large scale of dual-use materials that will be needed for its construction and its operation.

Israel calls upon the donors' community gathered here to support and promote this important project which will significantly improve the quality of life of Gaza's civilian population. Israel agreed to double the water supply to Gaza to 20 MCM, in accordance with the Red-Dead agreement. Supply can start as soon as the technical annex to the protocol will be signed by the PA.

Mr. Chairman, while all of us here put a lot of effort, as described, Hamas, rather than caring for the welfare of the residents of the Gaza Strip, has increased the tax burden on Gazans and it currently collects 100 Million Shekels in taxes monthly at the crossings.

We would like to see the return of the Palestinian Authority, the only legitimate Palestinian entity, to the Gaza crossings in particular and to the Gaza strip in general.

Mr. Chairman, Ladies and Gentlemen,

We are pleased to inform this distinguished forum that the negotiations between Israel and the EBRD, the European Bank for Reconstruction and Development, which Israel is a member of, regarding the bank's activity in the West Bank, has concluded successfully, and we are about to exchange letters confirming it shortly.

Mr. Chairman, The Allenby Bridge has been the primary crossing point for Palestinians as well as the primary commercial goods terminal with Jordan and the Arab world. In recent years significant resources have been invested in developing and expanding the crossing point, in order to improve services for travelers and increase the commercial activity.

Last year we witnessed a significant increase in the number of truckloads crossing from/to Jordan at the Allenby international Terminal. Over 49,000 truckloads with goods crossed the bridge, an increase of over 22% compared to 2015 (which registered over 27% increase compared to 2014).

The number of passengers in 2016, also set a new record, with over 2.2 million people crossing, most of them obviously Palestinians, an increase of more than 10% compared to 2015.

One key project to help cope with this increase is the Dutch scanner, which was recently installed and is scheduled to commence operation before the end of the year. The new scanner will also be able to handle containers and ensure a faster and more efficient service to Palestinian exports and imports. The IAA, The Israel Airport Authority running the crossing, and Israeli Customs have invested tens of millions of Shekels to develop the cargo terminal, and more investments are planned.

In this context it is also worth mentioning the Japanese “Peace and prosperity Corridor” project. In 2016, construction plans were approved to pave a road from the Japanese industrial zone in Jericho through Allenby Bridge to the Jordanian terminal. The project will provide better access route for trucks transporting products, manufactured goods and equipment from the industrial zone, in order to promote trade and commerce.

Ladies and Gentlemen,

2016 and early 2017 saw the signing and advancing of 4 substantial agreements between Israel and the Palestinian Authority. Let me review the progress done from our last meeting in New York on these issues:

Postal services - In September 2016 Israel and the PA signed a principles agreement covering 3 issues: the direct exchange of postal items to and from the PA via Jordan, Setting of terminal dues and the direct

exchange of postal items to and from the PA via Israel.

Telecommunication – in early April the JTC, the Joint Telecommunication committee signed the final protocol for 3G Palestinian cellular services, and it is expected to begin operating before the end of the year.

In December 2016 Israel restated its commitment to the entry of the necessary 2G equipment to the Gaza Strip for the Wataniya operator, and it is progressing.

Water – After 7 years, in January this year, an agreement was signed to renew the activities of the JWC, the Joint Water Committee, which will facilitate water and sewage projects. The JWC is slated to convene later this month.

Electricity - As a follow up of the Electricity agreement between the two parties, which was announced in our previous meeting, the commercial team met 10 times already, and is in the final stage of formulating the PPA, The Power Purchase agreement. We expect an agreement on the operation of the Jenin sub-station to be signed in the near future, as a first stage of the larger PPA.

The implementation of the agreement will have positive effects on the Palestinian economy being a significant capacity building measure. Following the implementation of the agreement, the operational and commercial management of the Palestinian energy market will be the responsibility of the Palestinian Authority. I call upon the donor's community to endorse this agreement, to encourage and support both sides, through the complex implementation phase.

Mr. Chairman, these agreements demonstrate the fruitful potential of direct bilateral dialogue between Israel and the Palestinian Authority.

Mr. Chairman, Israel is advancing eleven projects and master plans in area C, among them a large master plan that includes the expansion of the municipality of Qualquilya and the establishment of an industrial zone for the city.

I repeat our plea to the relevant stakeholders, and emphasize the importance of following the lawful administrative planning and zoning procedures in Area C.

Mr. Chairman, 2016 saw another increase in the clearances revenues that Israel collect and transfers to the PA. Israel transferred in 2016 a net amount of over 6.8 billion shekels in monthly routine transfers, and additionally another 430 million shekels in April, and 1.14 billion in September 2016. The 40% increase in clearance revenues transfers over the last three years is a reflection of the ongoing fiscal cooperation and technical assistance between Israel and the PA.

The perceived risks of money-laundering and financing of terrorism in the PA has led Israeli banks to decide to terminate their correspondent banking relationships with the Palestinian banks. Out of commitment to the financial stability of the Palestinian economy, the Israeli government has agreed to undertake unprecedented measures.

In January the Israeli government decided to assume part of the financial risk by approving an indemnity and immunity package for Israeli banks working with Palestinian banks as a temporary measure, in order to allow economic activity. We expect the PA to rigorously enforce AML\CTF regulations and **face an independent review that will help mitigate risk and de-risking policy.** We would kindly ask the International Monetary Fund, the IMF, as the relevant professional body, to facilitate such review and to assist the PA in this issue.

Mr. Chairman,

Israel is still facing a terror campaign. Since September 2015 49 innocent people have been murdered in terrorist attacks (including a Palestinian, two Americans and an Eritrean).

Despite that, Israel is doing its utmost to distinguish between the terrorists and the Palestinian population. Thus, taking a considerable risk, Israel has increased time and again the number of Palestinians working in Israel or for Israeli employers, and the number is above hundred thousand workers.

It is important to mention that Palestinian working in Israel bring to the PA economy over 7 Billion Shekels a year.

In order to facilitate the entry of the ever growing number of Palestinians into Israel the government approved a two years' budget of 304 million shekels to upgrade the crossings with the West Bank, out of which 100 million shekels were already invested this year.

Mr. Chairman, Israel aspires for peace. It is our sincere hope that creating a conducive environment for enhanced economic activity will encourage the resumption of direct negotiations, leading to the realization of the vision of two nations living side by side, in security and in peace.

To conclude, Mr. Chairman,

Important projects are advancing as we speak while others need our attention.

I trust that these projects will reinvigorate the donor countries' motivation to continue supporting Palestinian economic development, as an important step on the path to an historic reconciliation between our two peoples.

Thank you!