

25 September 2013

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Mr. Chairman, Prime Minister Blair, Distinguished
Guests

I would like to once again thank the Norwegian Government for all the efforts put in the last 20 years to keep this forum sustainable, and to all donors for the valuable work and assistance extended all these years to the PA in support of laying the ground for sound foundations for institution building and economic growth. A viable Palestinian economy, with strong foundations is the interest of Israel as much as it is the interest of each and every one gathered here today. We share Secretary Kerry's conviction that an improved economic climate will positively contribute to the discussions on final status issues. Israel will continue as it has done thus far, to take all possible measures to assist in creating an environment conducive to economic growth which is crucial to the security in the region and as a support to the renewed political negotiations.

Mr. Chairman, I will now elaborate briefly on steps taken by us in the last months and in particular in the very last days in support of our policy of further relaxations designed to strengthen the PA economy while the political negotiations take place:

- The dialogue between both ministries of Finance has been resumed with the view of implementing

the Steinitz-Fayyad agreement of 2012. Meetings between both Ministers of Finance took place in the last 2 months, and working groups were immediately established to tackle various issues at stake.

- As of July, a computer interface between the Israeli Foreign Trade computerized system and the Palestinian Customs computerized system which enables daily transmission of information stored in the import entries of PA importers was launched. This is an important step towards upgrading the professional capacity of the PA customs authority.
- Discussions are held as well on issues such as fees at Allenby Bridge, hospitalization fees, bonded houses, monitoring computerized system of the actual transfer of goods through the crossing which will ameliorate VAT collection on the PA side and will prevent leakages of goods addressed to the PA into the Israeli market. A long term solution to the accumulated debt of the Palestinians to the Israeli Electric Company which amounts to 1 billion shekels is also being discussed.

- Revenues are being transferred to the PA regularly every beginning of the month. Till the first half of 2013, **2.8 million shekels** were forwarded to the PA merely a 2% increase over the same period last year. This is a slow growth of revenues collection if we take into consideration that during the last months there were two increases of VAT amounting today to 18%. A debt of 560 million shekels owned by the PA to Israel, which is an advanced payment by Israel to the PA during the fiscal crisis in 2012, is still pending.
- Other joint commissions have resumed their work as well, such as the legal commission which has not met for 3 years, the water commission, agriculture, tourism and telecommunication.
- Extra water is being provided from the Israeli water system both to the West Bank, extra 4 million cubic meters, as well as to Gaza extra 5 million cubic meters of water. 55 million cubic meter of water yearly are provided from the Israeli water system, while the price paid for water by the Palestinian municipalities is substantially lower than the price paid by an average Israeli consumer. Unfortunately we see very little effort on the PA part to recycle sewage water, which puts the burden on our part to recycle sewage that flows into Israel.

- The Security Authorities are reviewing the list of dual use materials that can be allowed into the ^{territories} especially for the agricultural sector.
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- 5000 extra permits for Palestinian workers are granted. Around 100 hundred thousand Palestinians are currently employed in Israeli facilities generating a 10% revenue to the total Palestinian GDP.
- Growth of 1 million entries of Israeli Arabs to the west bank for commercial purposes has been registered since last year contributing to the economic activity in the major cities of the WB.

- The policy of relaxing further the movement of people to Israel during Ramadan has been extended

- Access and movement has been relaxed further with only 12 checkpoints normally opened been still in place. Israel continues to invest in the upgrading of the commercial goods, an increase of 12% of goods transferred through the crossings in the last 6 months compared to the same period last year is registered. The Crossing Authority is conducting an ~~deep~~ analysis on ~~further~~ deepening the efficiency of transfer of goods through crossing.

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during
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over 1
million
Palestinians
visited
Israel,

- At Allenby bridge working hours are going to be extended soon with the view of opening the bridge 24 hours 5 days a week.
- A new scanner at the commercial crossing in Allenby Bridge, a donation of the Dutch Government to the PA, will be in operation in 2015. The Israeli Government allocated 8.5 million dollars for the infrastructure work on ground to facilitate the operation of the scanner.
- As for the energy supply, we hope that discussions will be accelerated on the production of natural gas from the GAZA MARINE field so substantial income to the PA budget can be generated relatively shortly.

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- In area C, there are currently 19 master plans being processed part of them are Palestinian plans. ~~We encourage the international community to submit plans for projects to be implemented within these master plans for approval by the authorized authority.~~ In the last 2 years, over 300 projects were approved in area C, among which are economic projects as well.
- We would like to see the full operation of industrial zones in area A such as in Beith Lehem, Jerico and Jalame. These zones, once operated, will create jobs and will contribute to the expansion of the PA industrial infrastructure.
- In Gaza, 277 projects by the international community were approved in the last 3 years, building materials for the private sector are entering GAZA daily, Kerem shalom crossing sees 300 trucks daily passing through while capacity is much higher. With the recent demolition of the tunnels in GAZA, we are ready to cater to all the needs for food and other supplies to GAZA. We ask the donors to assist in making sure though that fuel supply from Israel is increased since GAZA will see major power problems soon due to the very little

supply of fuel through the tunnels. Water is also a major issue for Gaza and we encourage the donors to proceed quickly with the plan to construct a desalination facility in GAZA which is the only viable solution to the mounting water problems.

Summing up, Israel will continue to work with the Palestinians as well as with the international community to streamline efforts which lay a substantial foundation for growth. Slowdown of the PA economy is a concern to us as well. We look forward for a plan designed by the PA which will generate growth based on strong and sustained sources of growth. For economic packages to succeed there needs to be a political solution in place and a stable security environment which will encourage investments. [REDACTED]

I would like to take this opportunity to bid the Chair, Minister EIDE, farewell and wish him much success.

Thank you