

STOP THE WALL CAMPAIGN



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Development or normalization?

A critique of West Bank development approaches and projects

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Introduction

This document is an examination of West Bank development proposals, in particular the joint projects that have been trumpeted by international development institutions and pushed forward by the Fayyad government. It is a combination of four briefings. The first focuses on the general approach to development taken by the World Bank, DFID and the Fayyad government. The rest focus on different projects and proposals, examining they will be implemented in the West Bank. The second takes up the Quick Impact Project that was proposed for Bethlehem. The third deals with the Jenin industrial estate and the fourth with JICA's development proposals for the Jordan Valley.

List of Abbreviations:

British Department for International Development (DFID)

Israeli Electric Company (IEC)

Japan International Cooperation Agency (JICA)

Jenin Industrial Estate (JIE)

Joint Industrial Zone (JIZ)

Kreditanstalt für Wiederaufbau Bank (KFW)

Northern International & Industrial Company (NIIC),

Palestine Investment Conference (PIC)

Palestinian Industrial Estate and Industrial Free Zone Authority (PIEFZA)

Palestinian National Authority (PNA)

Quick Impact Project (QIP)

Table of Contents

Chapter 1: Understanding development in the West Bank: Fayyad, DFID and the World Bank	6
<i>Summary</i>	7
<i>The World Bank</i>	8
<i>British Department for International Development (DFID)</i>	9
<i>The Fayyad government</i>	10
<i>Conclusions and implications for development</i>	11
Chapter 2: Bethlehem Tourism Quick Impact Projects	12
<i>Summary and recommendations</i>	13
<i>Background to the Bethlehem proposals</i>	14
<i>Main areas of concern</i>	16
Chapter 3: The Jenin Industrial Estate	20
<i>Summary and recommendations</i>	21
<i>Background to JIE</i>	22
<i>Main areas of concern</i>	24
<i>Maps</i>	29
Chapter 4: JICA development proposals for the Jordan Valley	31
<i>Summary and recommendations</i>	32
<i>The Peace Corridor proposals</i>	33

<i>Al Mo'rajat Road</i>	38
<i>Case Studies</i>	39
<i>Maps</i>	42
Notes	43

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Chapter 1

Understanding development in the West Bank: Fayyad, DFID and the World Bank

Summary

The Fayyad government is currently implementing proposals for economic and political development of the West Bank that have been generated in conjunction with the World Bank, the British Department for International Development (DFID) and other international development agencies. These projects are based on an approach to development that incorporates the Israeli occupation and as such are both unsustainable and damaging to the Palestinian people. Given that this approach guides West Bank development, it will also undoubtedly structure the course of the Palestine Investment Conference (PIC). It also helps to explain the presence of World Bank managers and technical experts at the conference itself as well as DFID's choice to sponsor the event.

The institutions at the PIC, namely DFID and the World Bank, are acting as part of a de facto 'shadow government' in the West Bank, dictating the development programme of the Salaam Fayyad government. This is apparent, especially in the Palestinian Reform and Development Plan 2008 - 2010 (PRDP) progress report where the Fayyad government has wholeheartedly accepted the approach to development put forward by DFID and the World Bank. Besides the start of an "austerity policy" and "security" reform, the most concrete indicator of this are the joint Israeli – Palestinian projects, which the World Bank and DFID are working with the Fayyad government to impose in the West Bank. There are three particular areas of concern:

- The World Bank, DFID and the Fayyad government conceive of development as a project that can co-exist with, incorporate, or at minimum work around the Israeli occupation. This serves to strengthen, legitimize and institute the presence of the Israeli occupation in the West Bank.
- At the same time, this approach to development must find ways for the Palestinian economy to function under occupation, thus relegating it to a subjugated and dependent position. In this context, permanent and successful development is not possible.
- The most concrete manifestation of this development strategy are the proposed joint projects. These projects do not foster cooperation and sustainable growth but rather maintain Israeli control over Palestinian development.

The World Bank

- **The World Bank conceives development as a project that can co-exist with, incorporate, or at minimum work around the Israeli occupation. This serves to strengthen, legitimize and institute the presence of the Israeli occupation in West Bank.**

One example among many is the World Bank proposal to facilitate the movement of goods and services through checkpoints located along the Apartheid Wall. Despite the illegality and current incomplete state of the Apartheid Wall, its permanence is treated as a *fait accompli* security measure, prompting the Bank to state, “Once the Barrier is complete all trade with and through Israel will have to pass through them [the commercial checkpoints].”¹ According to the Bank, the workings of these checkpoints can be made more efficient by upgrading “existing border crossings [...] to allow for the ‘truck flow space required to make proper use of the new technology.”² This proposal lends essentially strengthens the Israeli occupation at the expense of the Palestinian population through international funds.

The Bank has also produced proposals for creating links between the West Bank and Gaza Strip. The movement of people and goods between the West Bank and Gaza is to be carried out by “segregated convoys” operated by Israel that stick to set routes and are monitored by private Israeli security firms.³ These plans allow the Israeli state to maintain ultimate control over Palestinian movement, creating a more effective apartheid system masked as developmental progress.

A final example can be found in energy sector proposals for the West Bank and Gaza. The World Bank notes that the West Bank depends “almost entirely” on the Israeli Electric Company (IEC), who supplies to the majority of its power through three substations located in the Ariel settlement, the Atarot industrial settlement and the area C region near Hebron.⁴ All the Bank development plans for West Bank electricity assume the long-term existence of the infrastructure located in the settlements. With each power demand scenario proposed by the Bank, the IEC is still to supply the majority of electricity to the West Bank.⁵ By incorporating the settlements into future development plans, the Bank ignores both their illegality under international law and the devastating effect they have on the economy of the West Bank.

- **The World Bank also finds ways to prepare the Palestinian economy to function in a subjugated role more effectively.** The energy sector proposals will serve as a prime example. The Bank recommends that the Gaza Marine Field, a large untapped supply of offshore natural gas, be developed in such a way that it is linked to Ashkelon and supplies the Israeli grid.⁶ This scheme not only links Israel to an important source of fuel, but also gives the occupier control over fuel supplies in Gaza.⁷ The Bank also posits a key Israeli role in the transmission of electricity between Gaza and the West Bank, where Israel will act as the mediator, buying electricity from Gaza and selling it to the West Bank.⁸ The fact that these projects benefit the Israeli economy is secondary; the main point is that they maintain Israeli control over key Palestinian resources.⁹

DFID

- **DFID also conceives development as a project that can co-exist with, incorporate with, or at minimum work around the Israeli occupation. This serves to strengthen, legitimize and institute the presence of the Israeli occupation in West Bank.** While DFID proposals recognize the centrality of the occupation in retarding economic growth, they state that, “conventional development assistance under these circumstances is problematic. But aid still has a major role to play, including supporting the Palestinian Authority (PA) to meet its peace process commitments.”¹⁰ Thus, while Israel continues to confiscate land and expand its settlements, the DFID program foresees the PNA maintaining its commitments to the 14 year old failed peace process.

Furthermore, DFID also views Israelis as development partners, aiming to create a “voluntary Israeli-Palestinian Private Sector Working Group to bring business people from both sides together to find ways to promote business.”¹¹ Like the World Bank, DFID recommends joint cooperation between Israelis and Palestinians without taking into account that no equal cooperation is possible in the public or private sectors under the framework of occupation.

- **DFID also finds ways to prepare the Palestinian economy to function in a subjugated role more effectively.** For DFID, investment and development can only occur in a secure, transparent environment overseen by a passive PNA. Thus, while the PNA is to suppress resistance under the pretext of enforcing “the rule of law,” Israeli occupation forces to continue the attacks on the Palestinian population. These security reforms are planned for a further future cooperation with the Israeli state as well as other unpopular, unrealistic measures such as the possibility of a “large cash injection in the form of compensation and settlement packages for refugees.”¹²

The Fayyad government

- **The Fayyad government is the perfect partner for the World Bank and DFID.** The PRDP implements almost all of the reform recommendations and many are in the initial phase of implementation. Further, the approach to development adopted by the international institutions, namely the working with the Israeli occupation, is an integral part of the PRDP.

On the other hand, the current institutional structures developed in cooperation with the major donor countries and international institutions, have created five different “sector working groups”. Each will be co-chaired by an international institution or national development agency in addition to a PA Ministry. These groups will be responsible for the implementing and monitoring as well as deciding on budget spending. This organizational structure creates an illegitimate shadow government paired with an unelected government, erasing any possibility of independent decision-making.

- **The Fayyad government is implementing the reforms proposed by these international institutions that not only fail to address the Israeli occupation but also permit it to function more effectively.**

According to Fayyad: “Stabilization and rebuilding of trust are our main priorities in 2008, and we have already embarked on a comprehensive program of civil and security governance reforms.”¹³ These security reforms have played out in the creation of a new US backed and Shin Bet screened security force that, far from servicing the Palestinian people, will serve to suppress voices that may oppose the normalization policies pursued by Fayyad.¹⁴ Fayyad’s security forces have already been involved in attacking Palestinian demonstrations as well as kidnapping and torturing members or suspected members of Hamas.¹⁵

- **The Fayyad government is also implementing the joint development projects proposed by these institutions.** It’s PRDP “proposed the establishment of a number of industrial estates located in the border areas between the West Bank and Israel.”¹⁶ Under these projects, Palestinians often remain dependent on the occupying power for their livelihoods. A number of these projects are to be carried out in Israeli controlled areas, such as the Jordan Valley or the so-called seam zone. Development in these areas not only legitimizes Israeli control over land, but also ensures that Palestinians have few rights in the workplace. They will essentially create underpaid, insecure and unskilled work places that, ultimately, will not promote Palestinian economic development. Further, these projects rely on Israel to distribute permits on Palestinians to work, travel or even invest, maintaining continued Israeli control.

Conclusions and implications for development

- These three bodies all fail to confront the totality of the Israeli occupation as a project of land theft, colonization and ethnic cleansing. They fail to understand the centrality of this project in all aspects of Palestinian life, including the economy, which undermines the ability to conceptualize legitimate development plans.
- The overall framework of projects put forward by these three bodies helps to solidify an apartheid regime Israel has installed in the West Bank & Gaza.
- Projects that are governed by this particular set of assumptions are neither sustainable nor beneficial to the Palestinian people. The proposals that are likely to be put forward at the Palestine Investment Conference will be governed by the same conceptual outlook and will thus be subject to its failures.

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Chapter 2

Bethlehem Tourism Quick Impact Projects

Summary

The Salaam Fayyad government, particularly the Ministry of Tourism, is planning to implement a joint Israeli-Palestinian project to foster the development of the tourism industry in Bethlehem. This project, which is backed by the international financial and development institutions, aims to reinvigorate tourism in Bethlehem and increase cooperation with Israeli government institutions and private investors. A forum on tourism development is scheduled as a central part of the Palestine Investment Conference and will likely include joint tourism projects.

There are fundamental weaknesses in the overall project. In particular:

- The Bethlehem project's lack of engagement with the political reality of occupation leads to a failure to address the key needs of Palestine's tourism industry. Domestic tourism is the cornerstone of tourism sectors across the globe. The Bethlehem project sidelines this market and instead aim to increase foreign tourism.
- The Bethlehem project's sanctioning and facilitation of Israeli systems of control. The project incorporates military checkpoints into its development structure as well as providing for continued Israeli control over the growth of the Palestinian tourism sector. As such, while the Bethlehem project both implicitly and explicitly benefiting Israeli tourism, fails to provide anything sustainable to Palestinians.
- The Bethlehem project's insistence on joint work that serves to recognise the Israeli presence in both Jerusalem and the Bethlehem districts. The Israelis are being dealt with as 'partners', rather than occupiers. This has serious ramifications, not only politically, but also on the prospects for future tourism sector development in the Bethlehem district.

Recommendations

- International donors and private firms should not lend their support or capital to joint tourism projects in Bethlehem. International governments and institutions that aim to provide assistance to the Palestinian people should challenge the root cause of Palestinian economic hardship: the illegal Israeli occupation. Instead, projects supporting Palestinian economic growth that provide secure, well-paid jobs and do not indirectly lend legitimacy to the Israeli occupation of Palestinian land should be developed.
- The Fayyad government should immediately cease cooperation with joint projects that recognize and strengthen the Israeli occupation. These projects fail to provide sustainable jobs for the Palestinian people and undercut the Palestinian struggle.

Background to the Bethlehem proposals

The fragmentation of the tourism sector in Palestine

With famous and unique natural, archaeological and religious sites, tourism is a sector of the economy with the potential for massive growth. However, as Palestine has been fragmented into three different sectors, Gaza, the West Bank, and Jerusalem, by the Israeli occupation, a viable tourism sector is becoming less and less likely. The most obvious case here is Gaza, which was a popular tourism destination that boasted both Mediterranean beach resorts and historical sites. For instance, in 2000 there were 12 beach hotels and resorts operating in Gaza.¹⁷ Now, given the state of siege, destruction of infrastructure and near total sealing of the territory, foreign tourism is non-existent. In 2006, 42% of Gazans were unable to engage in domestic tourism.¹⁸ This number has undoubtedly increased, giving the rise in poverty and lack of fuel.

The second sector is Jerusalem. In the discourse of touristic development, Jerusalem is not considered part of the West Bank. The city, which was the commercial and social hub of the West Bank before it was isolated, was the key area for tourism. In 1996 54% of West Bank hotels were located in Jerusalem, accounting for an average of 75% of all rented rooms.¹⁹ Now however, the city is isolated from the rest of the West Bank through a system of walls, checkpoints, ID cards and settlements, undermining the survival of Palestinian tourism infrastructure in the city. Domestic as well as foreign tourism that benefits Palestinian services and trade in the city has dramatically decreased. Working in step with the process of political annexation and expulsion of the Palestinian population and businesses from the city, the Israeli Ministry of Tourism (IMT) markets the city as a prime Israeli destination, providing itineraries, guides and tours.

The situation in Bethlehem

The Bethlehem district extends to the green line the west and the Dead Sea in the east. Fertile lands lie in the western part, with semi-desert in the east. In addition to the sites within the centre of Bethlehem, there are a number of important tourist sites including Rachel's Tomb, the Shepherds Fields in Beit Sahour and a number of famous Christian monasteries. The Bethlehem district has been disastrously affected by the colonization of its lands and the construction of Wall. As of 2005, there were 19 large settlements as well as 18 smaller outposts.²⁰ The Wall runs along the northern part of the city and is projected to also sever Bethlehem from smaller communities to the east. Israeli controlled roads that service the settlements work to isolate the city to the south and the east.²¹ The apartheid plan not only annexes land (including fertile land to the west) and isolates communities from one another, but also gives Israel total control over the movement of people and goods in and into the area.²²

The Bethlehem Quick Impact Project (QIP)

The Bethlehem QIP is one of the many projects supported by international financial and development institutions. All projects are 'joint' in nature, meaning that they require Israeli and Palestinian institutions (government bodies,

private firms and individual businessmen) working together, often in cooperation with a third international party. This effectively changes the political discourse, masking the power dynamics of occupier and occupied with a false language of equality and partnership. These joint projects, many of which are quite dated, have been integrated into the “new” Palestinian Reform and Development Plan put forward by the Fayyad government. From this starting point, the Bethlehem project aims to revive the tourism sector in Bethlehem by:

- Improving Palestinian marketing strategies and developing publicity campaigns for Holy Land travel focusing on Bethlehem.
- Facilitating tourist access to the city in particular and the West Bank in general.
- Rehabilitating tourist sites.
- Improving the financial situation of the private sector by providing soft loans, investment guarantees, or matching grants.
- Building capacity for the PNA Ministry of Tourism.

This plan does not address the key problems faced by the Bethlehem tourist industry. Our three primary concerns are that the plans fail to engage with the political reality of occupation. This leads to a failure to address the key needs of Palestine’s tourism industry. Thus domestic tourism is sidelined; Israeli systems of control are maintained; and normalization is promoted in the guise of cooperation.

Main areas of concern

The Bethlehem joint project ignores the domestic tourism sector

- **The Bethlehem project's lack of engagement with the political reality of occupation leads to a failure to address the key needs of Palestine's tourism industry.** Domestic tourism is the cornerstone of tourism sectors across the globe. The Bethlehem project completely ignores the creation of sustainable domestic tourism and does not address the factors that have completely destroyed the sector within Palestine, which are directly linked to Israeli military domination. Instead, the project aims exclusively to increase foreign tourism.
- **Domestic tourism forms the majority of the tourism sector of most countries.²³ The West Bank has seen a massive drop in domestic tourism in the past years.** In 1998, 43.6% of households in the West Bank engaged in domestic tourism. This plummets in 2005 to 27.7%, going up some in 2006 to 35.5%.²⁴ Furthermore, in 1998, 51.1% of those who were unable to engage in domestic tourism cited economic reasons while 4.2% stated that they did not have the proper permit. In 2005 and 2006, while economic reasons remain nearly at or above 50%, 23.7% West Bank residents cited Israeli restrictions in 2005 and 17.9% in 2006.²⁵ In addition to the drop in the volume of domestic tourism, the financial impact of the remaining domestic tourists is receding, with a 16% drop in tourist spending between 2005 and 2006. Furthermore, less than 1% of domestic tourists staying overnight in the area they are visiting.²⁶
- **Aside from the poor economic situation, the Israeli fragmentation of Palestine makes domestic tourism impossible.** Given the severing of the Gaza Strip from the West Bank, there are no visitors from one to the other. A similar phenomenon that mirrors the forced isolation of Gaza from West Bank is apparent in the between the three Bantustan-like sections of the West Bank, although it is especially acute between northern and southern sectors of the West Bank.²⁷ For example, there were no visitors from Tulkarm, Qalqilya and Salfit to areas in the south, nor where any visitors from Bethlehem and Hebron traveling to northern areas.²⁸ Christian communities, especially those in the more northern areas of Jenin, Salfit and Nablus, are unable to access holy sites in Bethlehem. At this time, only the villages surrounding the Bethlehem are able to regularly visit and attend services.
- **Palestinians living inside the 1948 lines are also barred from travelling to the West Bank or Gaza. This affects tourism to Bethlehem, as there is a large Christian population living in the Galilee region.** The Israeli government grants permission for Palestinian Christians living in Israel to travel to Bethlehem during Christmas, but the fact that this permission is dependent on government decision is problematic. Currently, Palestinians with Israeli citizenship are able to enter Bethlehem by

taking routes that go around the checkpoints. If the Wall is finished, this will no longer be possible and the Israeli occupation will have total control over the flow of visitors from inside the Green Line.

- **The Bethlehem project does not engage with these political and economic realities and instead works out a development plan that would keep the apartheid structures in place.** The plan notes correctly that family visits make up the largest group of Palestinian tourists, but only recommends that the Israelis make it easier for Palestinians with foreign passports to enter the area.²⁹ Palestinian families living in the West Bank are not taken into account and will continue to be unable to engage in travel and tourism. It also recommends access for “Israelis, Jordanians and Arabs,” who will have better access to the sites than Palestinians themselves. Ironically, it states that developing tourist infrastructure in Bethlehem will “help to break the isolation of Palestinians who cannot travel outside their country and open up to new influences.”³⁰ Thus, the fact that the Israeli occupation makes travel outside of Palestine a near impossibility (as it does with travel within Palestine) is apparently made up for by the fact that foreigners would be given a smoother Israeli controlled access to Bethlehem.
- **Like the failure to address the concerns of domestic tourism sector, the proposals to promote foreign tourism also stems from a lack of engagement with the political realities of the occupation and thus will prove ineffectual.** To encourage foreign tourism, the Bethlehem project envisions the creation of a new Palestinian marketing strategy as well as the creation of a Holy Land publicity campaign.³¹ Bethlehem, which has been one of the most famous sites of pilgrimage for more than a thousand years, is not experiencing a drop in visitors on account of lack of advertising. Rather, the same military occupation that has strangled domestic tourism has also damaged the foreign market.

The Bethlehem joint project allows for the maintenance and institutionalization of Israeli occupation and apartheid in the area.

- **The Bethlehem project works to facilitate the workings of Israeli military systems of control.** Under Israeli occupation, sustainable development is an unreachable goal. The Bethlehem project, while both implicitly and explicitly benefiting Israeli tourism, fails to provide anything sustainable to Palestinians.
- **The Bethlehem project’s checkpoint proposals maintain Israeli control and apartheid.** The Bethlehem plan aims to, “facilitate access to Bethlehem by creating flexible ‘tourist hours’ or ‘separate lanes’ and strive for tourist friendly checkpoints”³² This idea of “tourist friendly checkpoints” both acknowledges the inhumane treatment at the checkpoints for Palestinians and the racist assumption on behalf of the Quartet that Palestinians are to continue to endure it.

- **This serves to completely separate foreign tourists from observing or being subject to the same practices faced by Palestinians at the hands of the Occupation.** This is not particularly new. In the 2006 Christmas season,, the Israeli Ministry of Tourism ran frequent shuttles between Jerusalem and Bethlehem while Israeli soldiers carried out passport checks for foreign tourists on board so as to facilitate movement through the checkpoint. The difference here, however, is an institutionalization of these policies. The approval for the construction of a special tourist lane in the checkpoint was approved by the Israeli Ministry of Tourism in 2007, along with additional offices to streamline the entrance of large tour groups through Rachel's crossing.³³
- **This affords the Israeli state a fantastic PR opportunity; tourists will only be exposed to easy, no hassle checkpoint while remaining oblivious to the meaning of such structures to the Palestinian population.** The Israeli Ministry of Tourism has gone so far as to beautify the approach to the checkpoint with “artistic wall murals,” literally camouflaging a military structure and presenting it for tourist consumption.³⁴ The efforts to minimize the visibility of military occupation are heightened during the Christmas season, when Bethlehem sees the highest amount of foreign tourists, with the Ministry distributing season’s greeting cards and candles for Bethlehem tourists.³⁵
- **The maintenance of Israeli control over Bethlehem goes hand in hand with the development of tourist infrastructure in occupied Jerusalem and surrounding settlements.** There are massive projects to create additional tourist infrastructure in Jerusalem as well as in the settlements around Bethlehem and Jerusalem. According to the Jerusalem Municipality, 32,000 more hotel rooms will be opened up by 2020.³⁶ Ma’ale Adumim, one of the larger Jerusalem ring settlements, includes the construction of hotels in its development plans.³⁷ In Gilo a hotel is slotted to be built while in Givat Hamatos, 9 hotels are planned that will lie opposite the Mar Elias monastery.³⁸
- **Israeli control over Palestinian tourism development relegates the Palestinian side to a secondary role.** Of the “actions required” by the plan, the Fayyad government is allowed only one independent task, that of drawing up a plan that will “develop priorities for action.” The rest of the actions must be carried out by both Israeli and Palestinians or unilaterally by Israel. Essentially, it is Israel who will have the final say on access. It will even be up to Israel to decide on how many Palestinian tour guides are granted access permits.³⁹
- **While Israeli hotels and infrastructure are built in settlements and occupied Jerusalem, the conditions that have destroyed the hotel industry in Bethlehem remain unaddressed.** The Bethlehem plans correctly note that the Bethlehem hotel industry has been devastated. However, by not addressing the isolation of the city from the rest of the West Bank, there is no hope for the revitalization of the sector. In 2007 for example, only 15% of the 509,980 visitors to Bethlehem stayed the night in city.⁴⁰ The rest slept in hotels in Israeli controlled areas in Jerusalem, almost all of them in

Israeli-run accommodations. The increase in hotel stays in Israeli areas as opposed to Bethlehem is bound to increase. In addition to existing and planned hotel infrastructure, the Bethlehem hotel industry is put at a serious disadvantage from the Wall, checkpoints and other movement restrictions. As such, it is much easier to visit Bethlehem as part of a tour group that can be bussed in from Israel controlled areas and bussed out again, receiving preferential treatment at the checkpoints.

- **Even the most basic jobs the Bethlehem plan aims to create for Palestinians are unsatisfactory, as they remain dependent on the Israeli administration.** Other than the short-term jobs that will be created for the rehabilitation of tourist sites, more steady jobs in tourist market in Bethlehem are completely dependent on Israel. It is up to Israel to grant permits to Palestinian guides or to Palestinian businessmen.⁴¹ A dependence on Israel for permission creates an unstable and ultimately unsustainable labour environment.

The Bethlehem joint project promotes normalization under the guise of cooperation.

- **The Bethlehem project's insistence on joint work serves to recognise the Israeli presence in both Jerusalem and the Bethlehem districts.** The Israelis are being dealt with as 'partners', rather than occupiers. This has serious ramifications, not only politically, but also on the prospects for future tourism sector development in the Bethlehem district.
- **Cooperation between the PNA Ministry of Tourism and the Israeli Ministry of Tourism acknowledges the Israeli claim to Jerusalem.** The Fayyad government, through its willingness to implement this QIP in cooperation with Israeli bodies as "partners", accepts the political implications of the QIP proposal. The Israeli Ministry of Tourism promotes Jerusalem as an Israeli city. The Fayyad Ministry of Tourism promotes nevertheless cooperation with the Israeli Ministry of Tourism without demanding a revision of this policy to bring it in accordance with international law. The normalization of relations between the Israeli and the Fayyad Ministry of Tourism, which should be unthinkable under the current circumstances, is a key element of the Bethlehem project.
- **The Bethlehem joint project also implicitly recognizes Jerusalem as Israeli territory by calling for "tourist friendly checkpoints."** The Israeli Ministry of Tourism has issued a short progress report on what it calls "joint activities", detailing how it facilitated the workings of a number of checkpoints, allowing for easier movement of pilgrims between Jerusalem and Bethlehem, or, in the language of the text, between "Israel and Palestinian Authority areas."⁴² The idea that tourists are moving between Israel and "Palestinian Authority areas" when they pass checkpoints between Bethlehem and Jerusalem is a political claim that runs contrary to the Palestinian struggle and international law and should be rejected out of hand by any Palestinian leader.

- **The acceptance of the Israelis as partners in developing Bethlehem tourism ignores the military annexation of tourist sites in the Bethlehem district.** It should be noted that this phenomenon is in no way limited to Bethlehem. For example, sites like Qumran in the Jordan Valley are considered Israeli and under the supervision of the Israeli Nature and National Parks Protection Authority. The Ministry of Tourism bills other sites in the West Bank, such as the Mar Elias or St. George's Monasteries, as Israeli attractions in the Judean Desert.
- **In Bethlehem, sites like Rachel's Tomb are surrounded by Occupation soldiers and under effective Israeli control. The Herodium and the recently discovered tomb of Herod provide a prime example of the annexation of tourist sites in the Bethlehem district.** The Herodium, located in the West Bank near Bethlehem, is an ancient hilltop fortress that is thought to be the final resting place of Herod the Great, and initially came under Israeli control following the 1967 occupation of the West Bank. Israeli dominance was further established when now-Hebrew University professor Ehud Netzer began directing large-scale excavation in 1972. In 1980, the Israeli Nature and National Parks Protection Authority declared the site a reserve. Since that time, the Herodium has been essentially an illegally annexed tourism site. Settlement roads, one access point is via Gush Etzion, link Israeli tourists to the site from Jerusalem. The site itself maintains an army outpost. Presumably, profits from admission and concessions go to Israeli Nature Authority, who maintains control over the area.
- **The Fayyad government's acceptance of the Israeli institutions as development partners is not only politically disastrous but also illogical. It is simply not possible that an occupying power that is actively annexing tourist sites can simultaneously affect positive development in the same area.**

It is therefore our recommendation that international donors and private firms do not engage in these types of projects. Donors and investors should challenge the root cause of Palestinian economic hardship: the illegal Israeli occupation and in the meantime seek to develop projects to support Palestinian economic growth that provide secure, well-paid jobs and do not indirectly lend legitimacy to the Israeli occupation of Palestinian land.

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Chapter 3

The Jenin Industrial Estate

Summary

The Jenin Industrial Estate (JIE) is a proposed ‘border industrial zone’ to be built on the land of Jalame village near Jenin in the north of the West Bank. The project has been under development since 1998, and is one of a number of such proposed projects whose stated aim is to regenerate the Palestinian economy with the backing of international donors. The project has the support of the Palestinian National Authority (PNA) and Palestinian industrialists, and the German government has committed \$10m to the project.⁴³

The proposals as they stand are extremely problematic. In particular:

- Investors will be attracted to JIE on the basis of subsistence-level wages for Palestinians working in the estate.
- JIE will create vulnerable jobs dependent on the Israeli market. Industries in JIE will therefore be highly vulnerable to changes in the political situation and dependent on the will of the Israeli administration to facilitate access to the market.
- The terms on which the zone will be established will compromise Palestinian sovereignty over the land and render the status of the site with relation to labour laws ambiguous. The terms on which JIE will be established implicitly recognise the illegal situation created by the occupation and the Wall.
- Palestinians working in industrial zones on terms set by the Israeli administration have in the past been used as exploited labour; there is no reason to suppose that this project will be any different.

Recommendations

- International donors, and in particular German government, should immediately withdraw their support from the project.
- International donors should challenge the root cause of Palestinian economic hardship: the illegal Israeli occupation.
- International donors should in the meantime seek to develop projects to support Palestinian economic growth that provide secure, well-paid jobs and do not indirectly lend legitimacy to the Israeli occupation of Palestinian land.

Background to JIE

Jenin and Jalame

- Jalame is situated 6 kilometres to the north of Jenin, adjacent to the 1967 Green Line. Jenin governorate has suffered severely from the construction of the Wall. The Palestinian Central Bureau of Statistics recorded in 2003 that 664 people in the governorate had been displaced by the Wall's construction, 5223 were isolated on the Israeli side, \$181,000 worth of buildings destroyed.⁴⁴ Jenin Governorate reports that 850 families were directly affected the construction of the Wall, and around 12,000 dunums of land were confiscated including a large amount of agricultural land.⁴⁵ Jenin has the second highest rate of unemployment in the West Bank after Hebron.⁴⁶

The Jenin Industrial Estate

- The Jenin Industrial Estate (JIE) is an initiative of the **Northern International & Industrial Company (NIIC)**, a group of Palestinian and international private businessmen. In 1995, NIIC obtained initial approval from the **Palestinian National Authority (PNA)** and Israeli authorities for the development of Jenin Industrial Estate (JIE). In September 1998, the feasibility study for the Jalame project was published, funded by the **German government** through the **Kreditanstalt für Wiederaufbau (KFW)** bank. The project was put on hold in 2000 and an updated feasibility study was published in November 2007, also funded by the German government through KFW.⁴⁷
- The NIIC will be the estate owner and responsible for operational management of the estate.⁴⁸ Off-site infrastructure will be the responsibility of the **Palestinian Industrial Estate and Industrial Free Zone Authority (PIEFZA)** – an autonomous agency established by statute by the PNA in 1998, responsible for industrial estates in the WBG.
- The industrial zone will be situated along the 1967 armistice line on an area the size of around 90 hectares. Two thirds of the land is owned by NIIC while a third is owned by others, and will have to be confiscated for the project to proceed.⁴⁹
- The northern border of the industrial zone is the Israeli Apartheid Wall and the northern area of the zone will be built on land confiscated from its Palestinian owners by military order in 2003 for the Wall and its 'buffer zone'. Having confiscated the land, the project envisages obtaining large amounts of international funding to build factories to provide jobs for Palestinian workers. Before 1998 the owners of the land in Jalame were self-employed Palestinian farmers. Their land has now been confiscated twice, first by the PNA in 1998 for the construction of the industrial zone and then the Israeli Army in 2003 for the construction of the Wall.

Main areas of concern

Investors will be attracted to JIE on the basis of subsistence-level wages for Palestinians working in the estate

- The project assumes attracting investors to JIE on the basis that workers wages will be at 2008 levels at an average of wages in Jenin and the wider West Bank: US\$ 4,650/year for skilled labour and US\$ 3,700/year for unskilled labour.⁵⁰
- Workers' wages in the West Bank in 2008 are lower in real terms than they were in 1999. The available data shows that between 1999 and 2006 wages in Jenin fell by 11% in real terms,⁵¹ part of a wider picture of economic meltdown that saw GDP per capita in the West Bank and Gaza Strip fall by 40% as a result of Israeli attacks and closure.⁵² The feasibility study does not even envisage restoring incomes to their pre-2000 levels, let alone actually lifting Palestinian workers out of poverty.
- These wages are subsistence level. It is projected that skilled workers (60% of the total) will have an annual wage of \$4,650 and unskilled labourers \$3,700. Even under the most optimistic scenario of maximum job creation in Jenin district, these figures mean that income per head for the dependents of JIE employees would be around \$3.5 a day for skilled workers and \$2.9 a day for unskilled workers—barely above the international line of absolute poverty.⁵³

The Palestinian economy is currently highly dependent on the Israeli economy. This means that industry is highly vulnerable to changes in the political situation and dependent on the will of the Israeli administration to facilitate access to the market. The construction of JIE perpetuates this situation by facilitating the creation of industries dependent on the Israeli market.

- Given the well-documented difficulties of transporting goods for the Palestinian market, the Israeli market is likely to become the main focus for goods produced in JIE. JIE is located 'along' the Green Line in order enable easy access to the Israeli market and to international markets via Israeli exporters, and the feasibility studies recommendations include an access road off the Jenin-Nazareth road (Road 60).⁵⁴ This is important because severe restrictions on movement and access mean that transporting goods even short distances within Jenin municipality is uneconomic, as reported local industries who state that the cost of transporting good has risen by over 75% since 2000, and by international agencies, who continue to report severe and worsening movement restrictions in the rest of the West Bank.⁵⁵

- **Dependence on one market creates a high level of risk, particularly given the political circumstances.** In Gaza, when plans for the Erez joint industrial zone were announced in 1998, the Israeli Ministry of Foreign Affairs stated that it would provide 20,000 direct jobs, and 50,000 indirectly⁵⁶ in around 300 factories. In fact, around 200 factories were built, providing around 4,000 jobs. All of the factories have now closed as a result of Israeli measures resulting in net job creation of zero;⁵⁷ furthermore the land cannot now be used for agriculture. The workers who lost their jobs with the closure of the Erez Industrial Zone have not received any compensation, and there is no labour court willing to address their grievances.⁵⁸ Workers in JIE will face exactly the same risk: not only will the jobs be poorly paid, but they will also be highly vulnerable.
- **The project fails to recognise that to minimise risk to Palestinian industry and reduce dependency requires an end to the occupation, and free movement and access.** Nowhere in the feasibility study does it address this key issue. The occupation must be ended and restrictions on movement and access must be removed in order to stimulate the internal Palestinian economy. This is this issue that needs to be addressed, and should be a priority over the development of project such as JIE.

The terms on which the zone will be established will compromise Palestinian sovereignty over the land and render the status of the site with relation to labour laws ambiguous. The terms on which JIE will be established implicitly recognise the illegal situation created by the occupation and the Wall.

- **The feasibility study accepts the illegal status quo under which the PNA will be required to negotiate with the Israeli administration over labour laws and other issues relating to the running of the site.** The feasibility study states that:

It needs to be emphasised that the site of the Jenin Industrial Estate is located on “Area B” land which means that it is still under Israeli jurisdiction with regard to military and security matters, planning and zoning, and labour relations. It is, therefore, imperative that appropriate agreements be concluded between the PNA and the Israeli Government concerning the JIE covering, in particular, secure access of goods and people, the provision of electric power, the use of water resources, and the environmental impacts of the project.⁵⁹

- **Neither the backers of the project (the German government, KFW or the authors of the feasibility study) nor the PNA itself are proposing to extend Palestinian labour law to JIE despite the fact that the entire area lies on Palestinian land.** This raises serious concerns:

- The fact that the PNA must negotiate with the occupying power over the terms of Palestinian workers on Palestinian land renders the status of the land ambiguous.
- There is already Palestinian labour law which should be applicable to the area. The establishment of a different law will create a *de facto* different legal status for the area.
- Investors will be encouraged to come to the area on the basis of agreements on labour relations and other civil matters over which the occupying power has an effective veto.
- **It is highly unlikely that the Israeli administration will relinquish control of the area.** Although there have been discussions about changing the classification of the area to 'Zone A', the northern part of the industrial zone will still fall in the buffer zone for the Wall and will remain under Israeli military control. The feasibility study implicitly accepts this and indeed urges the PNA to formalise the arrangement.
- **The paper from the PNA to the London conference on 2 May 2008 reinforces this concern by asserting that the area for JIE lies in a 'border area',⁶⁰** when in fact the Wall and its buffer zone cut deep into the land of Jalame, and in no way follow the line of any internationally-recognised border (see map, p. 10). By investing in infrastructure in an area that is controlled by the Israeli military administration, international donors risk lending legitimacy to the land confiscations and the occupation of the north of the West Bank.
- **This will effectively be a joint industrial zone (JIZ): a cooperative project between the Palestinian and Israeli administrations with the support of an international partner, to encourage Israeli, Palestinian and international industry. It will replicate the problems of JIZ such as Erez, which we describe in detail below.** Although the feasibility study is careful not to describe the project as a 'joint' industrial zone, Israeli officials have had no such qualms.⁶¹ The expectation expressed in the feasibility study that Israeli investors will comprise the largest group after resident and expatriate Palestinian investors,⁶² and the requirement for the PNA to negotiate with the Israeli administration over terms for labour relations and access point to the conclusion that this will in effect be a joint industrial zone.
- **The experience of Palestinians working in JIZ has been of exploitation and a total lack of labour laws or lack of enforcement; with no possibility of legal redress, as we discuss below.**

Palestinians working in industrial zones on terms set by the Israeli administration have in the past been used as exploited labour; there is no reason to suppose that this project will be any different.

- In the past, Palestinians were employed in Israeli industry in three key ways: working in Israeli factories on the other side of the Green Line, in factories in settlements, and in the Joint Industrial Zones.
- In settlement industrial zones such as Nizane HaShalom, located between Tulkarem, the Apartheid Wall and Israeli Highway 6, workers report a complete lack of job security, low wages and dangerous working conditions unprotected by any labour laws. Serious injuries and management negligence are undocumented and workers receive no compensation for injuries.⁶³ David Shapira, one of the owners of the Abir factory in the Barkan industrial area, outlines the status of Palestinian workers with relation to the minimum wage:

*"You have to understand that not only legally are they not entitled to a minimum wage, morally, too, they are not entitled: if an Arab worker receives a minimum wage, he would clearly be preferred to a Jew. The expenses expended by a Jewish worker, his standard of living, is higher than the Arab worker. If we have to pay a minimum wage, we would get rid of all the Arabs tomorrow."*⁶⁴

With regard to the application of Israeli law in settlements, the Israeli Attorney General noted in a brief submitted on 15 July 1999 that:

*It should be especially noted that the Israeli legislature did not legislate extra-territorial application of its labor laws, and neither the Israeli executive branch, the government, nor the Minister of Defense, considered it appropriate to extend application of Israeli law beyond the State's borders, in Judea and Samaria, except for East Jerusalem*⁶⁵

In several cases in Gaza, Israeli employers reached agreement with the Palestinian Ministry of Labor and the Gaza Workers Association to apply Egyptian Labour Law⁶⁶ which offers an inferior level of protection to workers.

- This lack of protection also applies to so-called joint industrial zones. The Erez Industrial Zone was built on Palestinian land. Prior to the closure of the Israeli factories in 2004, Israeli businesses registered in the Erez zone paid taxes to Israel and operated under Israeli law supplemented by IDF military orders. Observers found that Israeli environmental and labour laws were in practice not extended in the industrial zone, or at least they were not enforced.⁶⁷ Other commentators have noted that the ambiguous status of Erez allowed it to function "outside of official oversight".⁶⁸ Gabi Bar, the Industry and Trade Ministry Officer responsible for business ties with Arab countries, said of the Erez IZ in 2003:

*"The most important motive is the low wages paid to the workers: around 1,500 shekels (\$332) as against 4,500 shekels (\$995), which is the minimum wage in Israel. What is more, the employers don't have to abide by Israeli labour laws."*⁶⁹

Olmert made it clear in 2003 the attraction of the developing of industrial zones from the Israeli point of view:

*"The industrial estates resolve both the problem of Palestinian unemployment and that of the high cost of labour for Israeli businesses, which are currently relocating to the Far East, and they do it without risk, since the Palestinians won't be crossing the Green Line"*⁷⁰

- In this context, 'solving the problem of Palestinian unemployment' means providing cheap labour for Israeli business while keeping Palestinian workers at subsistence level. No wonder Brig.-Gen. (res.) Baruch Spiegel, head of the 'Security Fence Team', appointed by Defense Minister Shaul Mofaz to administer the humanitarian crisis caused by the Apartheid Wall has stated that JEI "could solve many of our problems" in terms of providing exploitative jobs to Palestinians while boosting Israeli business.⁷¹
- For the PNA to negotiate with the Israeli administration over terms for labourers is problematic to say the least, particularly as the project envisages that Israeli investors will be the second largest group after Palestinian investors.⁷²

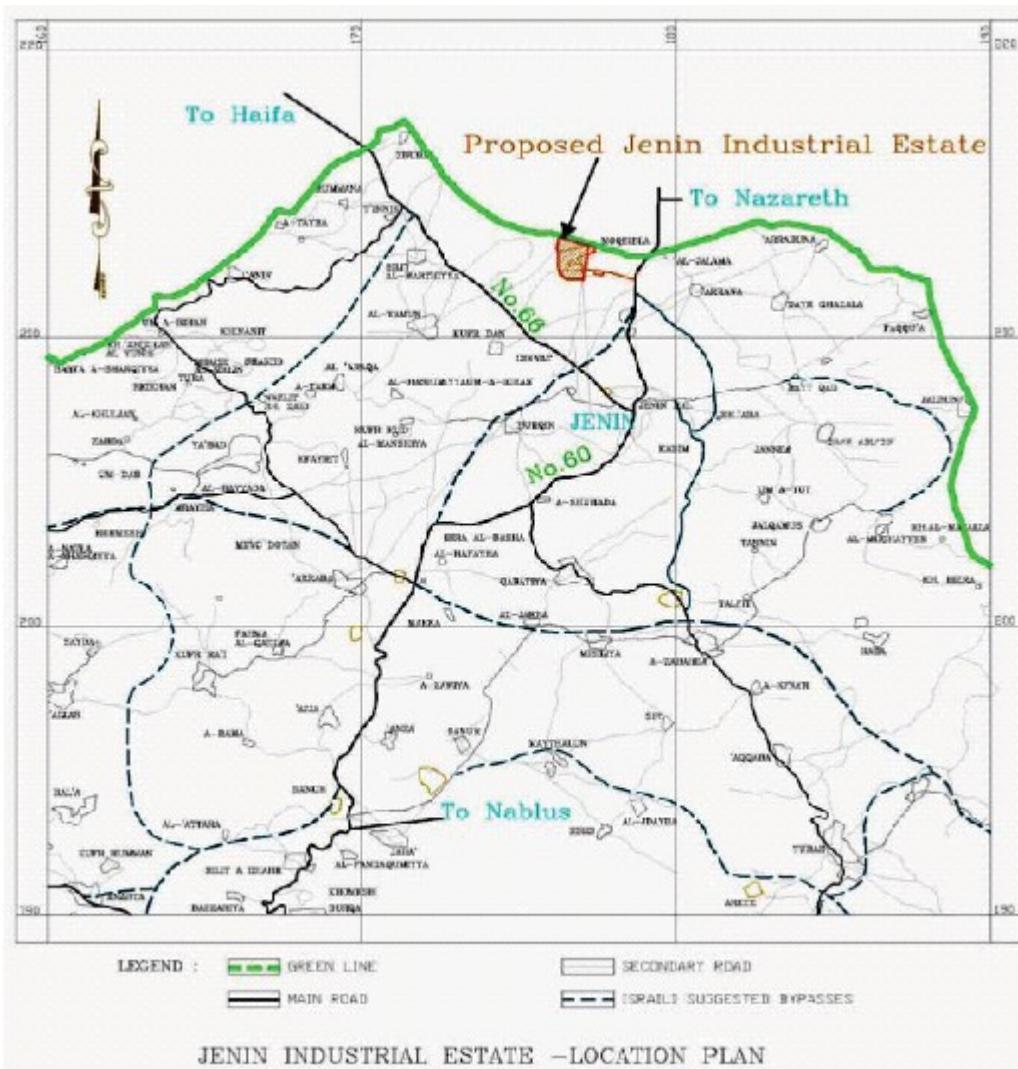
It is therefore our recommendation that international donors, and in particular German government, should immediately withdraw their support from the project. International donors should challenge the root cause of Palestinian economic hardship: the illegal Israeli occupation. International donors should in the meantime seek to develop projects to support Palestinian economic growth that provide secure, well-paid jobs and do not indirectly lend legitimacy to the Israeli occupation of Palestinian land.

Maps

Map 1: JIE is partly located in the ‘buffer zone’ for the illegal Apartheid Wall. 33% of the land for the proposed site is not owned and will need to be confiscated from its current owners



Map 2: Location of JIE



STOP THE WALL CAMPAIGN



الحملة الشعبية الفلسطينية
جدار الفصل العنصري لمقاومة

الحملة الشعبية لمقاومة جدار الفصل العنصري

Chapter 4

JICA proposals for the Jordan Valley

Summary

The proposals

The Special Representative of the Quartet has announced four proposals as a package of economic regeneration for the West Bank. One of the proposals is an agro-industrial zone in the Jordan Valley, originally conceived by the Japanese International Cooperation Agency (JICA) as part of their Corridor for Peace and Prosperity (Peace Corridor). The work done so far by JICA on this initiative is deeply flawed. The interim document, seen by Stop the Wall, includes proposals for supporting the Israeli businesses operating in the Jordan Valley, and by implication those that work with the colony-settlements. This is potentially illegal, and pre-empts the outcome of the Annapolis process by normalising the Israeli occupation of the Jordan Valley. It is further an attempt to coerce Palestinians in the area into accepting the presence of Israeli infrastructure and occupation through economic means.

Detail

- **JICA has failed to consult fully with Palestinians and the proposals do not address needs that were expressed during the consultation with the communities.**
- **The proposals assume a permanent Israeli presence in the Jordan Valley.** The proposals explicitly include investment in and support for illegal Israeli colony-settlements and separate roads for Israelis and Palestinians (apartheid roads).
- **JICA's proposal of 'joint' projects which recognise the Israeli presence in the Jordan Valley is against the wishes of Palestinians.** The Israelis are being dealt with as 'partners', rather than occupiers.

Recommendations

- **The proposals must be rigorously scrutinised to ensure that they support genuine Palestinian development objectives.** In particular, JICA and the Quartet must be pressed that they must not support 'Israeli migrant businesses' (i.e. firms currently operating illegally in the Jordan Valley), as this would support and normalise the presence of the economic infrastructure of occupation in the Jordan Valley.
- **The proposals must be re-evaluated to ensure that they are legal under international law, and do not pre-empt the outcome of final status talks by lending support to Israeli colonisation.**
- **The proposals must be radically changed to support development of local industry, based on the needs expressed by Palestinians in the Jordan Valley.**
- **Development proposals must help Palestinians challenge the facts on the ground created by the Israeli Occupation.** The poor economic situation in the area is a direct result of forty years attacks and restrictions. As it stands, the proposed Jordan Valley agro-industrial zone and associated projects will facilitate the building of economy and infrastructure in the Jordan Valley that is inextricably bound up with the presence of the Occupation, effectively cementing the most serious barrier to long-term development.

The Peace Corridor proposals

On 18 November 2007, Tony Blair, Special Representative of the Quartet announced a series of economic projects, whose stated aim is to stimulate Palestinian economic development. The projects announced were in fact re-announcement of existing projects.

One of the key proposals is the **Corridor for Peace and Prosperity** based in the Jordan Valley, developed by the Japan International Cooperation Agency (JICA).

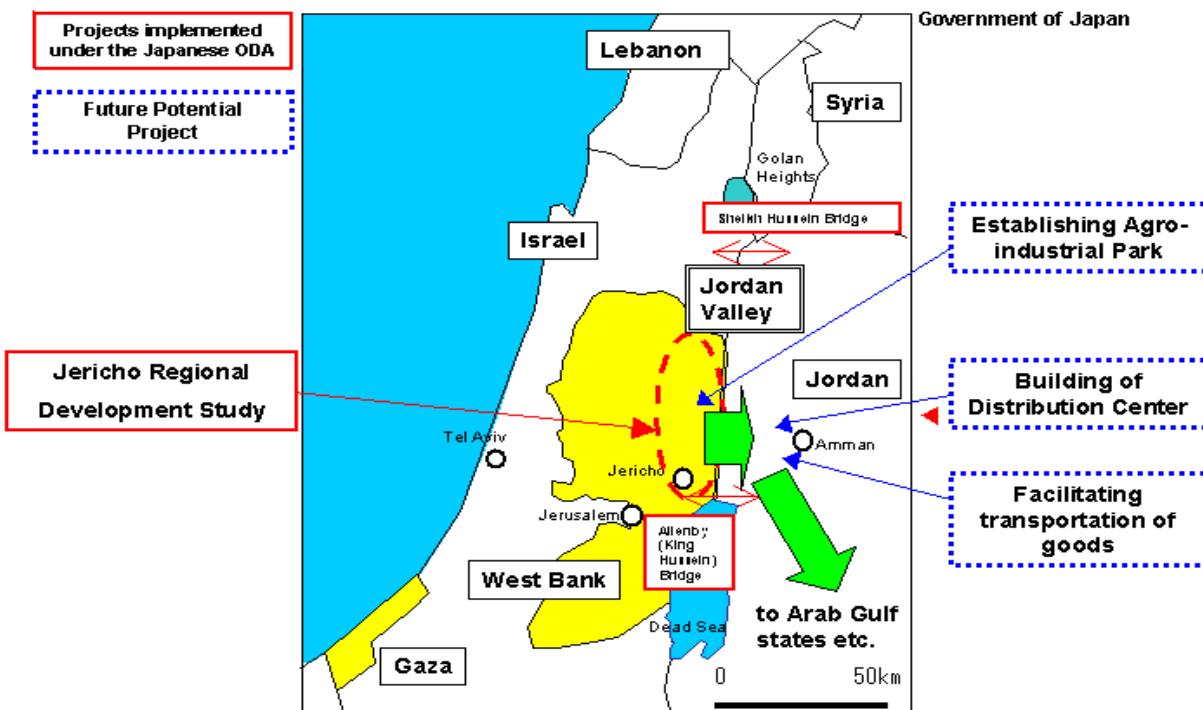
Central to the Peace Corridor proposal is the development of an agro-industrial zone providing employment in the Jordan Valley and producing goods for export, principally to the Israelis and Jordan. The Japanese government's stated aims are to facilitate the economic development of the area and to increase Palestinian cooperation with the Israeli state, and further normalisation between the Israelis and Jordan.

The proposals are:

- An agro-industrial zone
- Roads and waste management are being developed to support the agro-industrial zone.

Japan's Concept for Creating "Corridor for Peace and Prosperity"

October, 2006



The needs assessment and waste projects

The results of the community consultation were ignored

- JICA's projects completely disregard the results of needs assessment that was done with Palestinians in the Jordan Valley. Of the needs raised by Palestinians, only proposals for waste management have been implemented, and waste management was far down the list of priorities raised. There are far higher priorities issues to be addressed such as the development of education and health-care facilities.
- **A meeting of Jordan Valley regional councils on Tuesday 13 November outlined their main objections to JICA's activities, stating that the projects implemented so far are irrelevant to them.⁷³**

The waste program assumes permanent Israeli presence in Area C

- The waste program which has already been implemented involves dumping waste in Palestinian-controlled areas (Zone A) such as Jericho (around 5% of the valley).
- These are the only areas in which Palestinians are allowed to build, and it reduces both quality of life in these areas and the space for natural community expansion.
- **The only intelligible explanation is that JICA have come to an indirect acceptance that Zone C will be permanently controlled by the Israelis, making it unsuitable for the development of Palestinian infrastructure.**

Waste management systems are likely to support the Israeli Occupation

- A far greater problem than Palestinian waste is that which comes from Israeli colony-settlements, for example from Ma'ale Adumin.
- It can be assumed that the waste project is also being implemented with a view to dealing with waste from the new agro-industrial zone.
- The proposals for the agro-industrial zone include support for and investment in the colonies, contrary to international law. Given that the majority of the sewage and waste arises from the colonies, it is highly likely that pressure will be brought to bear to integrate the colonies into the waste management system.
- **JICA must make absolutely clear that the waste projects will not support the colonies. However, given their support for colonies in the agro-industrial project, described in the next section, this is a major cause for concern.**

The Agro-industrial zone

The detailed proposals are contained in the *Feasibility Study on Agro-Industrial Park Development in Jordan River Rift Valley (Phase I): Inception Report*.⁷⁴

The proposals are not designed for Palestinians

- The proposals for the agro-industrial zone bear no relation to the needs of Palestinians on the ground, which begs the question of for whom the project is being developed.
- The overwhelming majority of farmers in the Jordan Valley run small-scale farms, which are unable to develop due to lack of infrastructure, which is the result of forty years of occupation.
- Rather than allowing these farmers to develop their own businesses, JICA apparently envisages that they will work as labourers in large-scale agro-industry, which will presumably be owned either by settlers or by wealthy Palestinian elites. The project is clearly not being developed for the benefit of ordinary Palestinians.

JICA propose support for the colonies

JICA is proposing direct investment and support for Israeli businesses currently operating illegally in the West Bank (in particular working in the settlements) to facilitate the agro-industrial zone:

“Some of Israeli migrant firms making successful business are to be surveyed to analyze primal factors of the likely promising products. Such factors may be ascribed to three points; production, distribution and market. Perhaps successful migrant business might be supported by external/internal conditions lessening constraints. For instance, innovation of production technology, economy of scale in delivery, and market stability in Israel or European countries are to be contemplated.” (Emphasis added) (JICA p.8-9)

The ‘Israeli migrant firms’ refers to businesses operating on land confiscated from Palestinians and trading the produce of settlements which are considered illegal under international law. These businesses are not ‘migrant firms’ – a phrase which implies that they are Israeli companies operating with permission on Palestinian territory under Palestinian law: they are illegal operations which pay taxes to the Israeli government, which are provided with financial support by the Israeli government and which are one of the Occupation’s primary instruments in maintaining control of the Jordan Valley. The document recommends integrating these businesses as part of a package of economic regeneration.

Joint projects will attempt to coerce Palestinians into accepting the presence of the illegal colony-settlements

JICA’s preliminary document suggests that the Palestinians should accept their Occupiers as partners, in the interests of future ‘peace’:

"The concept is to work collaboratively to materialize projects that promote regional cooperation for the prosperity of the region, such as establishing an agro-industrial park in the West Bank and facilitating the transportation of goods."⁷⁵

JICA recommends that development should take advantage of the Israeli businesses' 'innovation of production technology, economy of scale in delivery' (JICA, p.8-9), opening the door to cooperation between the colonies and the Palestinians.

Given the proposal document's misconstruction of the colonies as 'migrant businesses', coupled with the Occupation's commitment to expanding the colonies, it is clear that the joint projects will mean extensive Israeli investment in Israeli companies operating illegally on confiscated Palestinian land.

Considering the lack of Palestinian capital, technological infrastructure and supply infrastructure, the Palestinian contribution will be essentially based on providing cheap labour and accepting Israeli business on stolen Palestinian land. Rather than yielding 'economic benefits', the project is liable to lead to Palestinian exploitation in underpaid and unprotected jobs, delivering further profits to Israeli investors and enabling the colonies to prosper.

The establishment of a free-trade zone will ensure that the status of the colony-settlements remains ambiguous

JICA state that:

Foreign investors might take interest in free zone where domestic tariff is exempted. Processing manufacturers put their supply base in free zone and logistics/distributors are also located in free zone. While traders and import substitution industries are located in promotional zone of domestic tariff area. Firms in promotional zone are allowed to make business transactions with firms in free zone. The concept of industrial park development will be formulated through direct dialogue with the concerned parties. (JICA, p.14)

'Foreign investors' would of course include the Israelis, and the elements of the supply chain described above include Israeli economic infrastructure operating on confiscated Palestinian land. Indeed, given the fact that the supply chain infrastructure developed by the illegal settlers is already highly developed, and given the priorities clearly set out by the Occupation authorities since 1967, it is likely that any inflow of investment would go directly to subsidize the colony project to the exclusion of all others.

The proposal for exemption of the domestic tariff would be a further infringement of Palestinian sovereignty. If settlers operating in the Jordan Valley had to pay taxes to the Palestinian Authority, this would confirm the territory as Palestinian. Waiving the tariff leaves their status ambiguous in the eyes of the Occupation, and indeed the eyes of JICA, who apparently would continue to regard them as 'migrant businesses' rather than occupiers.

The proposals will prevent the development of an autonomous Palestinian export sector

The proposal that agricultural development should take advantage of the colonies' expertise in export to Europe (*JICA*, p.8-9) contradicts the previous recommendation in the same paper that Palestinian products be exported only to countries in the immediate region. The document specifies that the countries for export are Israel, Jordan and Gulf countries (*JICA*, p.10), and further that for vegetables, which will be the main export "the markets shall be confined to proximate cities in Jordan or other Arabic countries" (*JICA*, p.12) The only conclusion that can be drawn is that JICA does not wish to support the development of an independent Palestinian agricultural export sector which would be in competition with Jordan and Israel; instead, Palestinian produce is to be exported to Jordan and Israel for re-export to Europe or the Gulf, entrenching Palestinian dependency.

The Al Mo'rajat Road

The planned Al-Mo'rajat road is intended to facilitate the agro-industrial proposals by allowing movement of the illegal settlers and Palestinians on terms dictated by the Occupation. It will:

1. Allow the occupation to close the current road between Jerusalem and Jericho (Highway 45) to Palestinians. As shown on *Map 1* in *Appendix B*, this will allow the annexation of East Jerusalem colony-settlement blocs, especially the area around Ma'ale Adumin colony. Occupation representatives have repeatedly stated their intention to do this;⁷⁶
2. Consolidate the division of the West Bank into central, southern and northern ghettos as shown on *Map 2* in *Appendix B*;
3. Facilitate the operation of Occupation checkpoints on the new 'Palestinian only' roads while giving complete freedom of movement to the Israeli settlers on roads from which Palestinians will be excluded.

The new Palestinian-only roads will start and end with Occupation checkpoints. JICA's proposal for the agro-industrial zone takes the continuing existence of these checkpoints as a given, and makes recommendations that Palestinians develop their industry taking into account the fact that they will have to continue to live with them (JICA, p.13).

Case studies

Case study 1: Imad Sawafta – Running an agricultural business in the north of the Jordan Valley

Imad Sawafta runs a farming business near Bardala, in the north of the Jordan Valley, close to the Wall and Bisan checkpoint. He started the business in 1980 producing tomatoes, cucumbers, aubergines and other vegetables. There are fifteen full-time employees, who are not paid salaries but take a share of the vegetables produced for their own consumption or resale.

The business is seasonal: vegetables cannot be produced all year round because of the climate and lack of irrigation. At the start of the producing season, the business makes small profits, but these are counterbalanced by losses towards the end of the season. The cost of production is around 1,500 to 2,000 shekels per dunum per year, and the net profit from the business is zero.

Mr. Sawafta wants to expand the business, as he told us: ‘of course, this is what any farmer wants to do’. However, the lack of surplus means that this is not possible: the business is self-sustaining as far as it goes, but there is no scope for expansion. A number of factors contribute to this situation. Mr. Sawafta reports that the whole area has been under huge pressure since the start of the occupation of the Jordan Valley in 1967.

The first factor is the threat of arbitrary destruction by Occupation forces. In September 2007, the Occupation bulldozed around 20 dunums planted land, including a number of greenhouses. With such small margins, this kind of one-off assault has serious long-term consequences for the business.

However, the principle obstacle is ongoing restrictions of the occupation. Mr Sawafta reports that before the construction of the Wall, it was a little easier because the area was still to open to an extent: traders, whether Palestinian or Israeli would come to the area, pick vegetables, and then take them to their areas for resale.

With the construction of the Wall and the Bisan checkpoint, this is no longer possible. Compounding the difficulties, the Israeli Occupation authorities insist that there must be an authorised Israeli company to act as a middleman for any resale of produce, even if transporting produce to other areas in the West Bank, such as nearby markets in Tobas and Jenin. Around 90% of resale goes through the Israeli middleman company, which takes around 30% of the price as commission. The Wall and closure regime means that the Occupation is able to exploit Palestinian production for the benefit of Israeli companies. In fact, trade with the rest of the West Bank has been minimised: it is simply not profitable, because of the uncertainty caused by the closure regime. Delays at checkpoints mean that goods often do not arrive at markets until after the markets have closed, and on other occasions the produce is not allowed through at all.

Recruiting workers is another major problem. The checkpoints do not allow workers to pass if they are registered in other areas of the West Bank. Mr Sawafta himself is registered in Tobas, although he has lived in Bardala all his

life. This means that he is effectively confined to the area of the farm, as he would have great difficulties getting back in if he left. The Bardala area has a low population density, which makes it difficult to recruit workers. The lack of education facilities means that the workers that are available are not sufficiently skilled for expansion of the business.

Another significant barrier is the Occupation's control of the water resources: the Occupation places limits on the volume of water allocated to each farmer, and applying for an increase in the allocation is a long and complicated process which is usually fruitless anyway.

We asked Mr Sawafta specifically about international development projects in the Jordan Valley. He told us:

"JICA is ok, but the way that work, and implement their projects is bad. Not only them, but all the international donors, like PAPA [the USAID scheme], the British and the Netherlands.

"JICA claim they are using the Palestinian local councils as a middleman, but these local councils are powerless, and not really active, because over the last year and a half, since the council elections the Palestinian Authority has dismantled them.

"Funders only cover twenty percent of the project expenses, then force on us specific Palestinian middleman companies, who usually are not qualified and dependable, and take commission from us. So what remains for us just little pieces. If you actually calculated the whole thing, the actual expenses are equal to the benefit from participating in these projects. I contacted many donors, either directly or through the councils, but it is not worth my while to join any of these projects."

Mr Sawafta also highlighted the ineffectiveness of the Palestinian Authority as a major problem for farmers:

"A major problem is that the Authority Ministry of Agriculture is not doing its work. It is not qualified, and they do not have a strategy for marketing or education and training. So how can farmers bypass the occupation, or build a trade with Jordan or Israel or any other partner if they cannot depend on the Ministry of Agriculture? In our area, the Authority does not have any authority or law that can be implemented."

The problems highlighted by Mr Sawafta are a direct result of the occupation. JICA and other international development agencies must tackle the root cause of the problem, which is the Occupation's ongoing restrictions on trade in the area. The proposals put forward by the Quartet for the Jordan Valley do not challenge the control of the occupation, in fact they cement it.

Case Study 2: Al Hadidiya – Water and agriculture

On August 13 2007 the Palestinian Bedouin villages of Al-Hadidiya and Humsa in the Jordan Valley were bulldozed by the Occupation, making 200 people homeless. The attack on these villages is just one episode in a campaign of

expulsion, dispossession and apartheid waged on Palestine since 1948, in which control of the water resources is a key weapon of the Occupation.

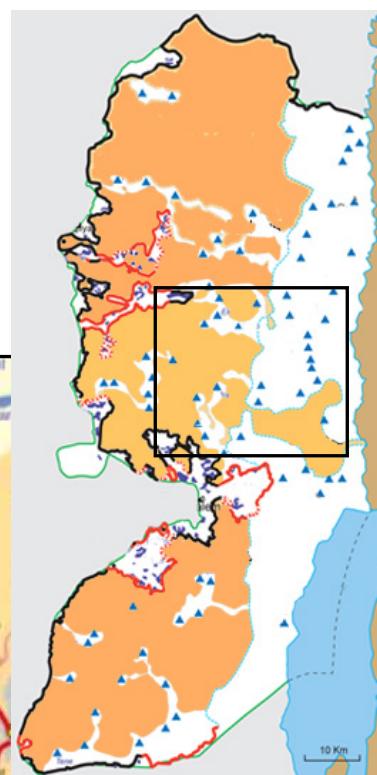
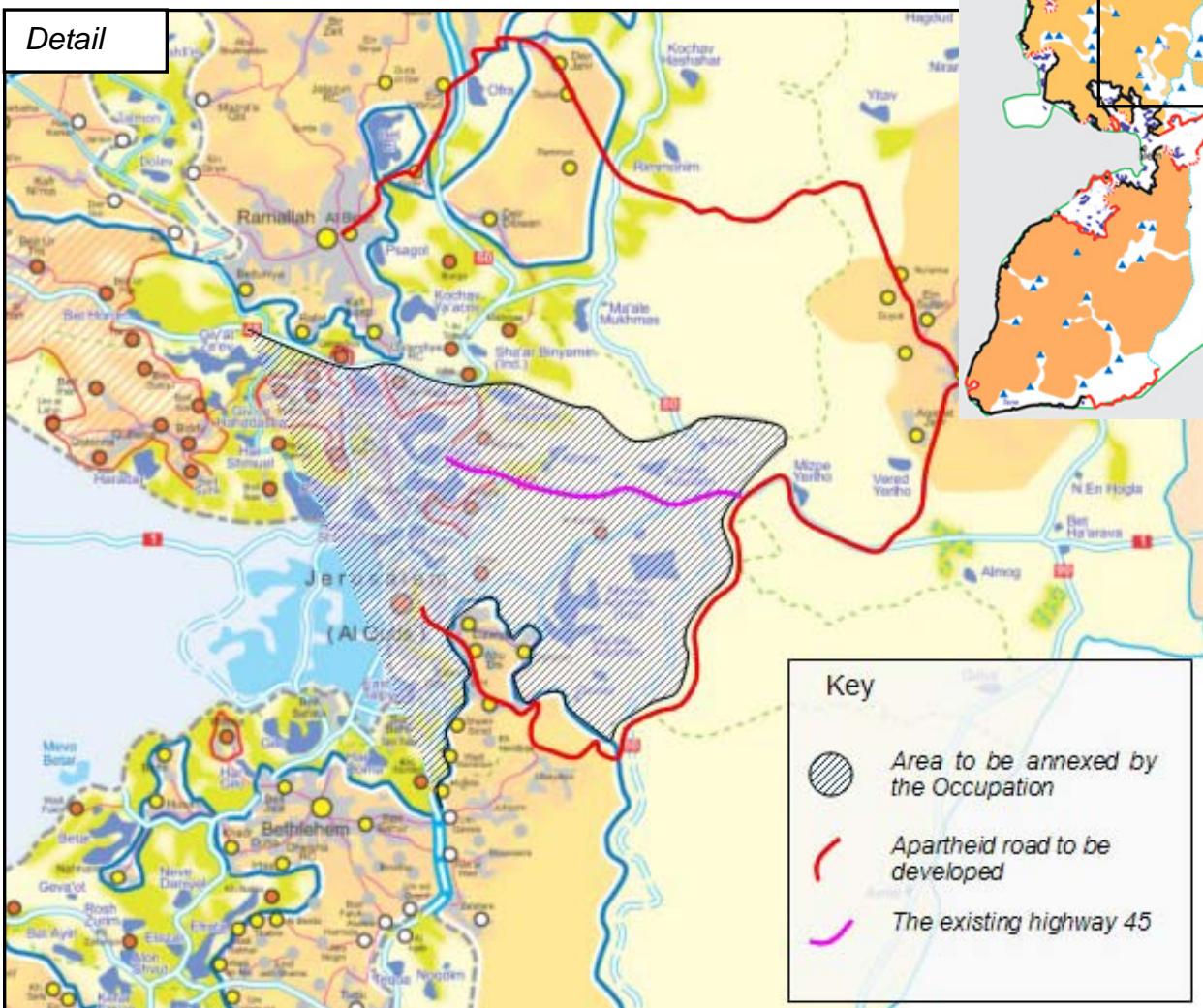
Since in 1967 the Israeli occupation expanded to the West Bank, parts of the Libqeya plains in the Jordan Valley, where al-Hadidiya and Humsa are located, were declared military closed zones or military training areas; others were swallowed by colony construction. Palestinians were prohibited from using water from the Jordan River, allowing the Occupation to divert water further upstream, annexing the water resources for the Israeli water system. The villages' traditional well has been destroyed by the Occupation, and replaced with a deeper one built for the Israeli settlers: it is surrounded with high fences and Palestinians risk prison if they use it. They are also prevented from drilling any wells. Al Hadidiya has no water supply, and must bring water in a water tank from 35 km away. In the months before the demolition their water tanks were repeatedly confiscated. During 2006, the settlers of the nearby Ro'i colony had petitioned the Occupation's Court to enact a demolition order against the villages, claiming that the Bedouin community, who have grazed their animals around the area for generations, were a 'threat' to Ro'i. Over the course of two days, 13 and 23 August 2007, the expulsion of Palestinian communities was enacted.

The main barrier to the development of agricultural communities such as al-Hadidiya and Humsa is the ongoing attacks on their water resources. If the Quartet and international donors wish to enable development, this is the political reality with which they must engage.

Maps

The apartheid road network and Wall have split the West Bank into three ghettos (right), which the World Bank terms 'separate economic zones'.

The planned Al Mo'rajat road will entrench this system and facilitate the annexation of East Jerusalem and the area around Ma'ale Adumin (below).



Notes

Chapter 1

¹ World Bank, *Two Years London: Restarting Palestinian Economic Recovery*, 2007, p. 21

² World Bank, "The Door to Door Movement of Goods," 2005, p. 2 and 6

³ World Bank, *West Bank and Gaza Energy Sector Review*, 2007, p. 2

⁴ *West Bank and Gaza Energy Sector Review*, p. 14. It would not be far-fetched to assume that the substation near Hebron is located on land controlled by the settlements located in the area C region, such as Pne Hever.

⁵ *Energy Sector Review*, p. 48

⁶ *West Bank and Gaza Energy Sector Review*, p. 6

⁷ *West Bank and Gaza Energy Sector Review*, p. 35

⁸ *West Bank and Gaza Energy Sector Review*, p. 7

⁹ This is done with the full knowledge that Israel has a history of imposing blockades on civilian populations. In the first intifada, to cite only one well-known example, the Israeli occupation blocked shipments of food and cut telephone lines to the West Bank village of Beit Sahour for more than a month.

¹⁰ DFID, *Country Assistance Plan for Palestinians*, 2004, p. 2

¹¹ DFID, "Palestinian Programme Interim Update," 2006, p. 4

¹² *Country Assistance Plan for Palestinians*, p. 12

¹³ PNA, *Building a Palestinian State: Toward Peace and Prosperity*, 2007, p. 3

¹⁴ Khalid Amayreh, "Building the Palestinian Contras," Available at:
<http://peacepalestine.wordpress.com/2008/04/07/khalid-amayreh-building-the-palestinian-contras/>

¹⁵ Human Rights Watch, "Palestinian Authority: Punish Imam's Death in Custody." Available at:
<http://hrw.org/english/docs/2008/04/04/isrlpa18425.htm>

¹⁶ PNA, *Progress Report on the Implementation of the Palestinian Reform and Development Plan 2008 – 2010*, 2008, p. 32

Chapter 2

¹⁷ Lamia Lahoud, "Gaza resorts gear up for tourism surge" *The Jerusalem Post*. Available at:
<http://info.jpost.com/2000/Supplements/Millennium/pilgrims2.html>

¹⁸ Palestinian Central Bureau of Statistics (PCBS), *Domestic Tourism Survey 2006, Main Results*. Ramallah, Palestine: 2007, p. 39

¹⁹ Palestinian Central Bureau of Statistics (PCBS), *Hotel Activities in Palestine (Annual Bulletin – 1996)*, Ramallah, Palestine: 2007, p. 47

²⁰ Applied Research Institute Jerusalem, *Geopolitical Conditions in Bethlehem Governorate*, Jerusalem, Palestine: 2006, p. 4

²¹ *Geopolitical Conditions in Bethlehem Governorate*, p. 6

²² *Geopolitical Conditions in Bethlehem Governorate*, p. 9

²³ World Travel and Tourism Organization and International Hotel and Restaurant Association, *Tourism and Sustainable Development: The Global Importance of Tourism*, 1999, p. 2

²⁴ Palestinian Central Bureau of Statistics (PCBS), *Domestic Tourism Survey 2005, Main Results*. Ramallah, Palestine: 2006, p. 39 and *Domestic Tourism Survey 2006*, p. 39

²⁵ Palestinian Central Bureau of Statistics (PCBS), *Domestic Tourism Survey 1998, Main Results*. Ramallah, Palestine: 1999, p. 16, *Domestic Tourism Survey 2005*, p. 47 and *Domestic Tourism Survey 2006*, p. 47

²⁶ *Domestic Tourism Survey 2005*, p. 43 and *Domestic Tourism Survey 2006*, p. 43

²⁷ PCBS statistics divide the West Bank into three sectors: south (Hebron and Bethlehem), middle (Ramallah, Jerusalem, Jericho) and north (Nablus, Jenin, Qaqilya, Tulkarm, Salfit).

²⁸ *Domestic Tourism Survey 2006*, p. 40

²⁹ Office of the Quartet Representative “Quick Impact Projects,” fax dated: 18.11.2007, p. 7

³⁰ “Quick Impact Projects,” p. 6

³¹ “Quick Impact Projects,” p. 5

³² “Quick Impact Projects,” p. 6

³³ “Israel – Palestinian Authority Joint Activities,” p. 1

³⁴ “Israel – Palestinian Authority Joint Activities,” p. 1

³⁵ “Israel – Palestinian Authority Joint Activities,” p. 2

³⁶ Municipality of Jerusalem, “Urban Projects and Future Trends.” Available at:
<http://www.jerusalem.muni.il/english/cap/projects.htm>

³⁷ “Geneva Accord Initiative (Unpublished EU Text),” 2005. Available at:
[http://domino.un.org/unispal.nsf/f45643a78fcba719852560f6005987ad/8c28d1d5afafa861852570c80073f2a0!Open Document](http://domino.un.org/unispal.nsf/f45643a78fcba719852560f6005987ad/8c28d1d5afafa861852570c80073f2a0!OpenDocument)

³⁸ Peace Now, “Death of the Settlement Freeze – 4 Months since Annapolis,” 2008, p. 6

³⁹ "Quick Impact Projects," p. 7. It is up to Israel to "increase the number of permits for Palestinian guides gradually to foreseen market levels, i.e. 200, and/or based on existing agreements"

⁴⁰ The PNA Ministry of Tourism and Antiquities reports that there were 20,1041 overnights in Bethlehem. According to the PCBS, overnight stays average 2.5 nights per person.

⁴¹ "Quick Impact Projects," p. 7 and "Joint Activities," p. 1

⁴² Israeli Ministry of Tourism, "Israel – Palestinian Authority Joint Activities," 2007, p.1

Chapter 3

⁴³ PNA, *Progress Report on the Implementation of the Palestinian Reform and Development Plan 2008-2010*, 2008, p. 32

⁴⁴ PCBS, Survey on the Impact of Separation Wall on the Localities Where it Passed Through (2003) http://www.pcbs.gov.ps/Portals/_pcbs/PressRelease/impact_03e.pdf

⁴⁵ Study prepared by Jenin Governorate (Jenin: April 2006)

⁴⁶ Press Release issued by the Palestinian Central Bureau of Statistics on the occasion of May 1st, International Workers' Day, http://www.pcbs.gov.ps/Portals/_pcbs/PressRelease/labourmay_e.pdf

⁴⁷ Sigma Consulting, *Updated Jenin Industrial Estate Supplementary Feasibility Study, Final Report, Executive Summary-update text* (15 December 2007) p.1

⁴⁸ Feasibility Study, Executive Summary, p.vi

⁴⁹ Sigma Consulting, *Updated Jenin Industrial Estate Supplementary Feasibility Study, Final Report-Volume I*, Chapter 5, p. 2 (15 December 2007)

⁵⁰ Feasibility Study, Chapter 10 – Financial Update, p.11

⁵¹ PCBS statistics show an increase in average wages in the Jenin area from 59.5 NIS in 1999 to 69.2 NIS in 2007, which 54.0 NIS in 1999 terms, taking into account 22% inflation with 1999 as a baseline; a reduction in real terms of 10.92 %.

⁵² World Bank, Investing in Palestinian Economic Reform and Development (December 2007), p. 2, <http://siteresources.worldbank.org/INTWESTBANKGAZA/Resources/294264-1166525851073/ParisconferencepaperDec17.pdf>

⁵³ The West Bank has a high dependency ratio (ratio of wage earners to dependents). The number of employed persons in the Jenin governorate is 49,400 against a total population of 256,212, a dependency ratio of 5.1. Assuming the most optimistic scenario, with maximum envisaged job creation, with all jobs including those indirectly created based in Jenin and no net increase in population, resulting in 100% employment in Jenin district this figure will rise to 72,400 giving a dependency ratio of 3.5. Working from this basis, even in the most optimistic scenario the dependents of unskilled labourers working in the industrial zone will have to survive on \$2.9 a day – barely over the international poverty line. Assuming the most pessimistic scenario, that Israeli measures worsen making industries in JIE the only significant employer in Jenin, leading to net job creation of zero, the outlook is far worse.

	Income per head \$ of dependents	
	Dependents of skilled workers	Dependents of unskilled workers
Optimistic scenario (maximum job creation in Jenin district)	3.6	2.9
Pessimistic scenario (no net job creation in Jenin district)	2.46	0.68

Based on figures from PCBS, Labour Force Survey Results 2006, http://www.pcbs.gov.ps/Portals/_pcbs/PressRelease/lbf_q12006e.pdf and PCBS, Population, Housing and Establishment Census-2007 (February, 2008) http://www.pcbs.gov.ps/Portals/_pcbs/PressRelease/census2007_e.pdf. See also, *Press Release issued by the Palestinian Central Bureau of Statistics on the occasion of May 1st, International Workers' Day* (2006), http://www.pcbs.gov.ps/Portals/_pcbs/PressRelease/labourmay_e.pdf, documentation from the Ministry of Health http://www.moh.gov.ps/pdffiles/1_Demography.pdf and PCBS, Population, Housing and Establishment Census-2007 (February, 2008) http://www.pcbs.gov.ps/Portals/_pcbs/PressRelease/census2007_e.pdf

⁵⁴ Feasibility Study Executive Summary, p. v

⁵⁵ The Jenin Chamber of Commerce and Industry reported in May 2008 that their members complained of severe losses arising from Israeli restrictions on movement. 63% of members surveyed said that their transport costs had risen by over 75% since 2000; 49% said that losses from movement restrictions have led to their current account being in the red; 73% reported losses as a result of being unable to import material or a result of severe delays at checkpoints. (Jenin Chambers of Commerce and Industry, *General Report on the Economic Situation in Jenin District, 2000 -2008* (4 May 2008), available in Arabic from Stop the Wall)

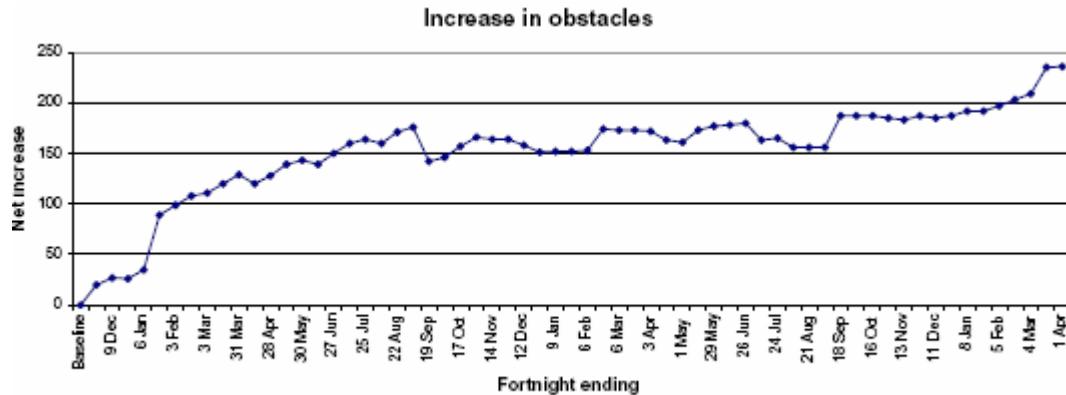
Although there is no checkpoint between Jalame and Jenin, there are serious movement restrictions in place to the rest of the West Bank. Transportation is almost impossible to some areas even within Jenin governorate. OCHA reports that:

The IDF prohibits the free movement of all commercial trucks to the Barta'a enclave surrounded by the Barrier. Forty trucks, registered with the IDF at the checkpoint with a freight load of under two tonnes are allowed to transport food products. Other materials require prior coordination.

(OCHA, Weekly Report: 26 March – 1 April 2008, available from

http://www.ochaopt.org/documents/Weekly_Briefing_Notes_256_English.pdf)

OCHA also report an ongoing rise in the number of obstacles to movement in the West Bank: 612 were in place during the period 19 Mar - 01 Apr 08.



(UNIES, Report No. 62 - Implementation of the Agreement on Movement and Access and Update on Gaza Crossings (19 March – 1 April 2008), p.7 http://www.ochaopt.org/documents/AMA_62.pdf)

The World Bank has described that

The combined impact of these impediments, coupled with complex permit restrictions, has been a fragmentation of the socio-economic space in the West Bank into a northern, a central and a southern economic zone, bounded on three sides by the separation barrier and to the west by a Jordan Valley that is increasingly difficult for Palestinians to access. As a result of this fracturing process, transportation costs have increased by 6-7 times along some routes.

(World Bank, Update on Movement and Access, 2006, available from <http://siteresources.worldbank.org/INTWESTBANKGAZA/Resources/M&ASummary+Main+MapAugust31.pdf>)

⁵⁶ Israeli Ministry of Foreign Affairs and Ministry of Defence, *Israeli-Palestinian Economic Relations* (22 Nov 1998) <http://www.israel.org/MFA/Peace%20Process/Guide%20to%20the%20Peace%20Process/Israeli-Palestinian%20Economic%20Relations>

⁵⁷ Al Jazeera, "Thousands of Palestinian workers face unemployment after Israel announced a plan to close an industrial park near the Erez crossing", <http://english.aljazeera.net/English/archive/archive?Archiveld=4357>

⁵⁸ According to information given to Stop the Wall by the Palestinian General Federation of Trade Unions (PGFTU)

⁵⁹ Feasibility Study Executive Summary, p. x

⁶⁰ The paper states:

"The PRDP proposed the establishment of a number of industrial estates located in the border areas between the West Bank and Israel, namely the Jalameh industrial estate in the Jenin district, the Agro-industrial estate in Jericho, and the Tarqumiyah industrial estate in the Hebron district. The German government has committed 10 million USD to the development of off-site infrastructure for the Jenin industrial estate which has had Israeli approval since 2000, and the agro-industrial estate in Area B near Jericho is progressing through the feasibility study stage with JICA support with implementation expected to begin at the end of the year. The Turkish government has also made commitments for the development of the Tarqumiyah industrial estate; however there is little movement on this development due to the lack of Israeli approval of the proposed location of the industrial estate in Area C. The OQR is facilitating discussions on moving these programs forward with the GOI."

Palestinian Authority, *Progress Report on the Implementation of the Palestinian Reform and Development Plan 2008-2010, Report to the Meeting for the Ad-Hoc Liaison Committee* (London, May 2, 2008), p.32

⁶¹ Matthew Gutman “Nightlife, in Jenin?” *The Jerusalem Post* (July 4 2004), available from

http://www.defenddemocracy.org/research_topics/research_topics_show.htm?doc_id=231549

⁶² Feasibility Study, Chapter 2, p.13

⁶³ Simone Korkus, Back to the wall: a study of Palestinian working conditions in Israeli settlements, Ma'an News Agency, <http://www.maannews.net/en/index.php?opr>ShowDetails&ID=20919>

⁶⁴ Amira Hass, “A War over Twelve Shekels,” *Ha’aretz*, 1 January 1998, quoted in B’Tselem, Human Rights Violations of Palestinians from the Occupied Territories Working in Israel and the Settlements, draft report(August 1999) available from www.btselem.org/

⁶⁵ Op cit. Bt’Selem, pp. 10-11.

⁶⁶ Op cit. Bt’Selem, referring to *Ha’aretz*, 6 March 1998.

⁶⁷ East-West Institute, Erez Industrial Estate Byelaw Study – An Implementation Plan (August 2005), p.35

⁶⁸ Middle East Bridges Private Sector Initiative, *The Erez and Gaza Industrial Estates: Catalysts for Development*, Chapter Seven, p. 16

⁶⁹ Quoted in *Le Monde Diplomatique*, “Israel: industrial estates along the wall” (June 2004) <http://mondediplo.com/2004/06/05thewall>

⁷⁰ Quoted in *Ma’ariv* newspaper (Tel Aviv: 22 September 2003)

⁷¹ Matthew Gutman “Nightlife, in Jenin?”, *The Jerusalem Post* (Jerusalem: July 4 2004), available from

http://www.defenddemocracy.org/research_topics/research_topics_show.htm?doc_id=231549

⁷² Feasibility Study, p. iv

Chapter 4

⁷³ Jordan Valley Councils joint press release, “The JICA project in the Jordan Valley” (Jordan Valley, Palestine: 13 November 2007).

⁷⁴ Palestine National Authority (PNA) and Japan International Cooperation Agency (JICA), *Feasibility Study on Agro-Industrial Park Development in Jordan River Rift Valley (Phase I): Inception Report* (Japan: March 2007). This document is not yet publicly available. Please contact Jama Juma’ at Stop The Wall for more details.

⁷⁵ Japan’s background paper on the Corridor for Peace and Prosperity, http://www.mofa.go.jp/region/middle_e/palestine/concept0607.html

⁷⁶ There is extensive media documentation of the Occupation’s E1 plan. On 22 March 2007, the United Nations Human Rights Council expressed its ‘grave concern’ at progress on the “Israeli so-called E1 plan aimed at

expanding the Israeli colony of Maale Adumim and building the wall around it, thereby further disconnecting occupied East Jerusalem from the northern and southern parts of the West Bank and isolating its Palestinian population” See “Israeli colonies in the Occupied Palestinian Territory, including East Jerusalem, and in the occupied Syrian Golan” (A/HRC/RES/2/4, A/HRC/2/9, 22 March 2007) available from <http://domino.un.org/UNISPAL.NSF/fd807e46661e3689852570d00069e918/30c62c7a62b696ed8525723e00555bb5!OpenDocument>