

EU TRADE WITH ISRAELI SETTLEMENTS

How the European Union sustains
the Israeli settlement enterprise in the State of Palestine and why
trade needs to be ceased immediately

POSITION PAPER

NOVEMBER 2013



Summary

In the present position paper, the Palestinian private sector would like to lay out the reasons why produce from Israeli settlements in the State of Palestine (SoP) must be entirely banned from the EU market: (1) Although the EU considers settlements illegal, it has sustained the economic viability of settlements by trading with them. The EU has therefore indirectly contributed to the continuous expansion of the settlement enterprise and, in doing so, severely conflicted with its own settlement policy. (2) Settlements have repeatedly mislabelled their produce as “Made in Israel”, which is in contravention to the Association Agreement (AA) that the EU has signed with Israel. The present paper explains why labelling guidelines, as recently announced by the EU, are not going to sufficiently address this problem. (3) The settlement enterprise has caused economic decline and undermined prospects for economic growth on the Palestinian side due to Israeli control in Area C. Sustaining the economic viability of settlements by trading with them means, subsequently, that the EU has indirectly contributed to Palestinian economic deadlock.

On these grounds, the Palestinian private sector calls upon the EU and its Member States to immediately and entirely ban settlement produce from the EU market and stop trading with Israeli distributors who maintain branches in the occupied SoP or other links with the settlement enterprise.

Background

AREA C, which covers over 60 per cent of the West Bank area, is considered the key for sustainable economic development in the SoP. It is the most resource abundant space, holding the majority of the state's agricultural lands, water reserves and other natural resources that provide a foundation for economic growth. 325,000 settlers are living in Area C, compared to 150,000 Palestinians, with Israel retaining entire control over law enforcement, security, construction, resources, planning and zoning.¹ Because less than 1 per cent² of Area C is provided with approved planning and zoning schemes for the Palestinians, it has become virtually impossible to receive construction permits in order to develop economic infrastructure.

PARALLEL REALITIES: Israeli policies of land confiscation, replacement, exploitation of natural resources and heavy restrictions have exacerbated the lives of the Palestinian population in Area C and, on the other hand, maintained continuous settlement growth:

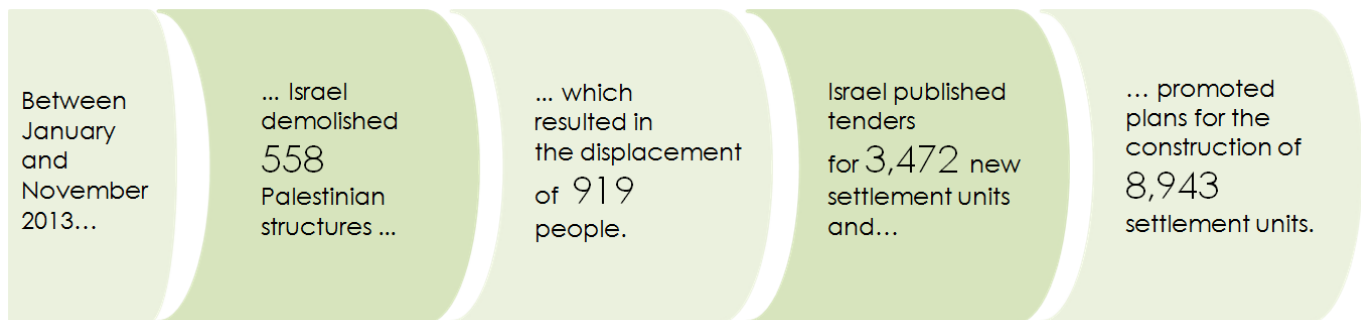


Figure 1: Israeli settlement policies between January and November 4th 2013³

Whilst Israeli control over land and resources has led to economic decline for the Palestinians, settlers were able to develop a profitable settlement enterprise backed by Israeli incentives and subsidies. Around 20 industrial settlements⁴ have been established in the SoP and a total of 93,000 dunums⁵ of land takeover has taken place for agricultural cultivation, all of which is in contravention to international law.

INTERNATIONAL TRADE: Because Israeli statistics do not differentiate between proper Israeli and settlement produce, information about the value of exported settlement produce and its contribution to the Israeli economy are scarce. **Israel has estimated the value of settlement exports to the EU at 300 million USD annually⁶.** Although this is very likely to be an understatement, the number is still 20 times higher than Palestinian exports to the EU in 2011⁷.

Because around 60 to 70 per cent⁸ of agricultural settlement produce is intended for exports, there is evidence that external trade is providing a vital source of revenue to agricultural settlements. *Figure 2* illustrates the large contribution of settlements to Israel's exports of grapes, herbs and dates, as stated by the Israeli Regional Council for settlements in the Jordan Valley, and almonds, as indicated by Who Profits. It is crucial to highlight that the European market absorbs most of Israel's exported agricultural produce:

¹ OCHA oPt 2013

² Ibid.

³ OCHA oPt 2013b and Peace Now 2013, 1

⁴ World Bank 2012, 13

⁵ Kerem Navot 2013, 8

⁶ World Bank 2012, 13

⁷ Trade Map 2013

⁸ The Marker 2013

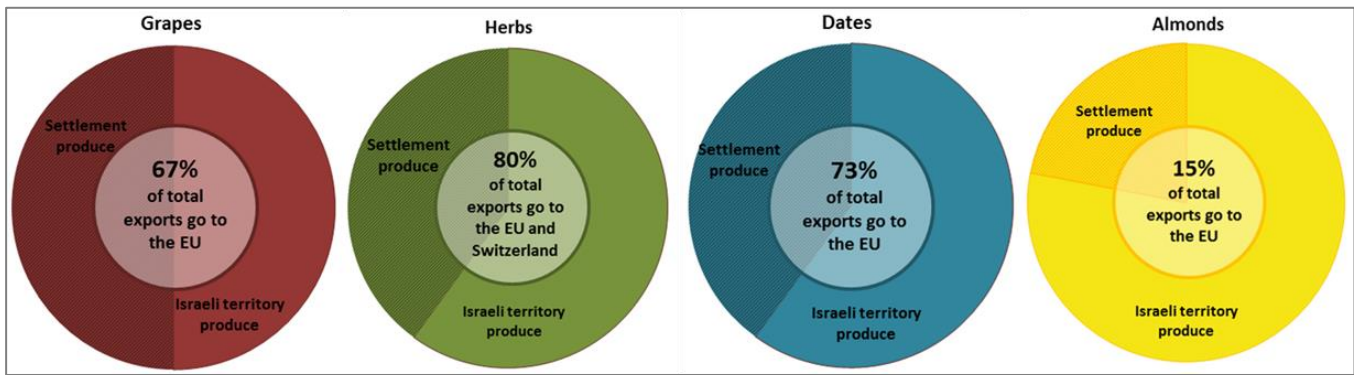


Figure 2: Export of grapes, herbs, dates and almonds deriving from Israel proper and Israeli settlements in the occupied Jordan Valley and the share of exports to the EU.⁹

SETTLEMENT AGRICULTURE: The total area used for Israeli agriculture in the occupied SoP is 93,000 dunums. Between 1997 and 2012, nearly 24,000 dunums have been added to the total area cultivated by settlers.¹⁰ Therefore, the land cultivated by settlers has grown by 35 per cent between 1997 and 2012, whereas the area cultivated by Palestinians decreased by 43 per cent (from 1.83 to 1.04 million dunums¹¹) during nearly the same period. Figure 3 illustrates Israeli takeovers of land for agricultural use in the central West Bank of the SoP:

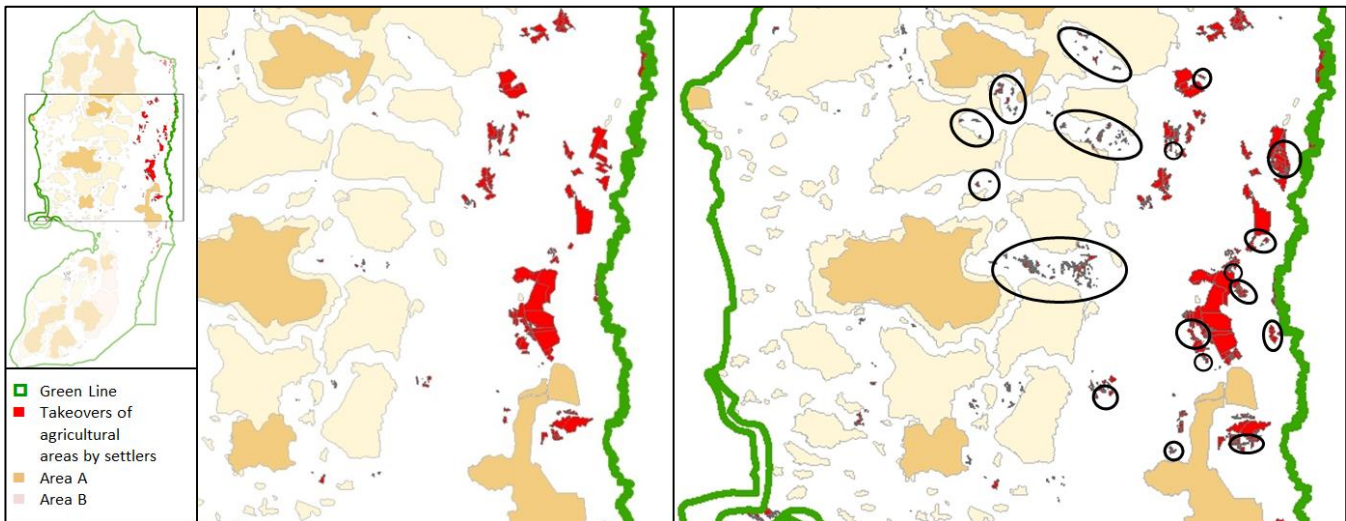


Figure 3: Expansion of agricultural land cultivated by settlers from 1997 to 2012 (from left to right)¹²

29 per cent of the land cultivated by settlers is privately owned by Palestinians¹³ and more than half of the area is located outside of the jurisdiction of the settlements, which is often privately owned as well¹⁴. Around 6,200 dunums of land have been identified, which Palestinians are currently leasing from settlers¹⁵. This is breaching the settlers' contracts with the World Zionist Organization. Furthermore, a considerable amount of land is located in closed military and firing zones (5,725 dunums), nature reserves (1,557 dunums)¹⁶ and Area B (190 dunums)¹⁷ - in contravention to Israeli law and the Oslo Accords.

⁹ A calculation based on TradeMap 2013; Jordan Valley Regional Council 2013; Who Profits 2012, 4; and Al-Haq 2013a, 11-12 (for details refer to Annex 4)

¹⁰ Kerem Navot 2013, 6-8

¹¹ PCBS 1998 and PCBS 2012

¹² Maps provided by Dror Etkes / Kerem Navot

¹³ Kerem Navot 2013, 73

¹⁴ Ibid., 11

¹⁵ Ibid., 56

¹⁶ Ibid., 51

¹⁷ Ibid., 44

Why trade with settlements must be ceased:

The EU is inconsistent with its own policies

The EU's long-standing position is clear: Settlements are in contravention to international law¹⁸ and constitute the major obstacle to peace, as they are effectively undermining the viability of the internationally endorsed two-state solution, which is promoted and recognized by the EU as a solution to the conflict. Contradictorily, whilst condemning settlements, the EU has imported goods from those very settlements at a value 20 times higher than the value of imports from the SoP.¹⁹

Trading with settlements means to sustain their economic viability and indirectly maintain policies of land confiscation, replacement, exploitation of natural resources and heavy restrictions with regard to movement, resources and construction, all of which are in contravention to international law. **Therefore, by importing settlement produce, the EU has been clearly inconsistent with its own policies of opposing settlements and supporting the two-state solution.**

The EU has also concluded the ACAA with Israel in 2012, although Article 2 of the AA provides that it must not improve trade relations with Israel while there is proof that it is guilty of human rights violations. By signing the ACAA, the EU has turned a blind eye on Israeli breaches of the AA, which is clearly bound to the condition that both Parties respect human rights and democratic principles. Above all, by "awarding" Israel with a further preferential trade agreement, **the EU has practically granted impunity to Israel** for its settlement policies, and at the same time contradicted its own policy of promoting international humanitarian and human rights law.

As further evidence of the EU's weak commitment to its own policies, the recently announced guidelines for the provision of grants, prizes and financial instruments for Research and Development projects in the framework of "**Horizon 2020**" have failed at excluding settlements from indirect benefits provided by the program: The guidelines provide that Israeli entities can only benefit from Horizon 2020 if their place of establishment as well as the activity that is to be funded is in Israel's pre-1967 borders or the activity is carried out in the SoP but aims to benefit the Palestinian people. Regrettably, **the decision of the European Commission to allocate funding considers only the activity that is to be funded, but not whether the aforesaid entity sustains other activities, operations or illegal branches beyond the Green Line.**²⁰

By way of example, "AHAVA Laboratories" and its Research and Development activities are located within the pre-1967 lines. This makes AHAVA Laboratories eligible for EU funding, even though its sole manufacturing plant is located in Mitzpeh Shalem, an illegal settlement located in the SoP. The EU has developed a document²¹ with frequently asked questions, explaining in detail how Israeli bodies and companies will be able to make use of the program's loopholes (*see Annex 2*).

For diplomatic reasons, the EU Member States have to date not considered an appropriate collective step by means of banning settlement produce from their markets. However, "states have responsibilities when confronted with serious breaches of international law, even if they are not directly part of it"²², and the EU will certainly not fulfil its obligations under international law by merely labelling them, as announced in July 2013. In order to be consistent with its own settlement policy, **an entire ban of settlement products is therefore the only adequate solution.**

¹⁸Settlements have infringed the right to self-determination, equality, property, adequate standard of living, and freedom of movement of the Palestinian people. Under international humanitarian law, an Occupying Power is not permitted to exercise its authority to further its own interests or meet the needs of its own population, to transfer its civil population to the occupied territory, and to exploit the inhabitants or the resources of the territory under its control. Settlements are therefore in clear breach of the 1949 Fourth Geneva Convention and the Hague Regulations, in addition to several UN resolutions and the Rome Statute of the International Criminal Court.

¹⁹ Considering also products that are partially produced in settlements, an exported value of 5.4 billion USD is estimated for 2008, which is 370 times more than Palestinian exports to the EU. Source: Spiegel Online 2010; World Bank 2012, 13; and Trade Map 2013.

²⁰ EEAS EC 2013

²¹ Ibid.

²² PLO NAD 2013

Why trade with settlements must be ceased:

Settlements benefit from the EU-Israel AA

As the EU does not recognize Israeli jurisdiction over land placed under Israeli administration after 1967, preferential treatment under the AA is not provided to settlement produce exported to the EU. In order to reassure that this guideline is being implemented, a technical agreement was concluded in 2005, obliging Israeli exporters to provide proof of the origin of their goods. In theory, exporters who do not provide an adequate proof of origin or whose products originate from settlements in the SoP are exempted from trade benefits and are therefore subject to custom duties.

In practice however, settlement produce are often being mislabelled as “Made in Israel” and exported as if they originated from Israel proper, as reported in the cases of cosmetics producer AHAVA, fruit exporter Agrexco, and food producer Achva, among others²³. The following case study exemplifies how European distributors and consumers are being misled by Israeli companies:

CASE STUDY

An Austrian distributor of organic produce, “Ja natürlich”, is providing two major supermarkets in Austria with organic “Medjoul” dates. According to the package, these dates are “Made in Israel”, produced in the Jordan Valley.

After e-mail correspondence with the quality department of “Ja natürlich”, PalTrade was told several times that the dates in fact originate from Israel and not from an illegal settlement in the occupied Jordan Valley: “We can assure you that the dates do not come from occupied Palestinian territories.” (“Wir können Ihnen versichern, dass die Datteln nicht aus besetzten palästinensischen Gebieten kommen.“).

In the e-mail received by PalTrade, “Ja natürlich” attached an organic certificate that the Israeli partner company had provided (*see Annex 1*). According to this certificate, the Israeli operator, “Yafit Packinghouse/Field Produce Marketing Ltd.” is located in “Moshav Yafit 90685, ISRAEL” - a settlement 7 km east of Ma’ale Efraim in the midst of the occupied Jordan Valley.

Confronting “Ja natürlich” with the information that it had been misled and that their Israeli operator is located in an illegal settlement in the SoP, the distributor promised to undertake further investigation with this regard.

In order to benefit from preferential treatment under the AA, some settlement companies invent addresses within pre-1967 borders and operate using this address. The Israeli business magazine Globes has even advised companies on how to make use of this illegal practice²⁴.

“We know that there is a breach of the agreement on the Israeli side and yet we do nothing to ensure that the agreement is being complied with”

European Parliament Member Proinsias de Rossa.

“[...]the European Union has shown that it is incapable of implementing the 2005 technical agreement in accordance with international law.”

European Parliament Member Nicole Kiil-Nielsen

Most delicate is the issue of mislabelling in the agricultural sector: Only thanks to detective work, some cases have been reported where Israeli exporters intentionally mixed settlement produce with produce from Israel and subsequently sold them as Israeli produce²⁵. **This practice has effectively undermined the traceability of products and therefore the capacity of EU customs to detect products to be excluded from preferential treatment under the AA.**

Moreover, mixing agricultural produce has made it impossible to estimate the actual amount of settlement produce entering the EU markets, leading to exasperating underestimations of facts on the ground: “There have been cases of abuse, which

have been detected and tackled appropriately, but they are few and insignificant in volume of trade”²⁶.

The new labelling guidelines, recently announced by EU Foreign Policy Chief Catherine Ashton, might make it easier for EU customs authorities to check and enforce the technical agreement with Israel and verify the origin of products. Yet, **even if stricter labelling guidelines are being implemented, it will**

²³ Quaker Council for European Affairs 2012, 9

²⁴ Ibid.

²⁵ Al-Haq 2013a, 16-17

²⁶ European Parliament Member Karel de Gucht in a European Parliament Debate, European Parliament (2012)

be impossible to entirely detect settlement produce if Israeli companies continue to indicate invented company addresses or mix agricultural settlement with proper Israeli products.

For the aforementioned reasons, labelling is by no means an appropriate answer to the EU's dilemma, namely, the condemnation of settlements on the one hand, and the maintenance of their economic viability on the other. To be consistent with its policies, an EU ban on settlement produce is inevitable. This step must be accompanied by extensive **research about Israeli distributors or exporters who maintain trade relations with settlements in order to detect the actual extent to which they illegally mix Israeli with settlement produce**; a project that is going to require expertise and adequate funding.

Why trade with settlements must be ceased:

Trade with settlements contributes to maintaining Palestinian economic deadlock

In a recently endorsed report, the World Bank has estimated the cost to the Palestinian economy due to the occupation at about 3.4 billion USD (or 35 per cent of the Palestinian GDP in 2011)²⁷. On the one hand, the report takes into consideration *direct* effects of Israeli restrictions in Area C, including on Palestinian agriculture, the Dead Sea minerals industry, stone mining and quarrying, construction, tourism and telecommunication.

The World Bank has also examined the *indirect* impact of restrictions on investments, concluding that "Israeli restrictions on trade, movement and access have been seen as the dominant deterrent"²⁸ to potential investments in the SoP. In fact, private investment has averaged a mere 15 per cent of the Palestinian GDP over the past seven years, compared to 25 per cent in vigorous middle income countries²⁹.

A strong Palestinian private sector, thanks to an increased level of investment, will positively contribute to the peace process and should as such have priority in EU-Palestinian cooperation. Unfortunately, **the EU's ambiguousness with regard to its settlement policy has undermined the delivery of a positive vision of the SoP to potential investors**, i.e. a vision of private sector-led growth based on control over Area C, and as such created reluctance among EU and foreign investors.

The following case studies exemplify direct correlations between the Israeli settlement enterprise and Palestinian economic restrictiveness, in order to illustrate that **sustaining the economic viability of settlements by trading with them means indirectly maintaining Palestinian economic deadlock**.

Case study 1: Date production in the occupied Jordan Valley

As indicated by the Regional Council for settlements in the Jordan Valley, "[t]he [occupied] Jordan Valley is the major producer of dates. There are about 14,000 dunums, mostly of the Medjoul variety, which are the most sought after in export markets. Over 80% of the date harvest is exported"³⁰.

The EU has by far been the most significant importer of Israeli dates – between 2001 and 2012 more than 77 per cent were exported to the EU and its Member States. During the same period, the export of dates has considerably increased (*see Figure 4*).

With the occupied Jordan Valley being the most important producer and the EU being the most important destination of Israeli dates, **there is a strong correlation between the increase in exports of Israeli dates to the EU since 2001 and the expansion of land cultivated by settlers in the occupied Jordan Valley**: With a growth rate of 45 per cent (10,000 dunums) between 1997 and 2012, the largest addition of Palestinian land cultivated by settlers has taken place in the Jordan Valley. The vast majority

²⁷ World Bank 2013, x

²⁸ Ibid, vii

²⁹ Ibid.

³⁰ Jordan Valley Regional Council 2013

(74 per cent) of this land is used for date plantation.³¹

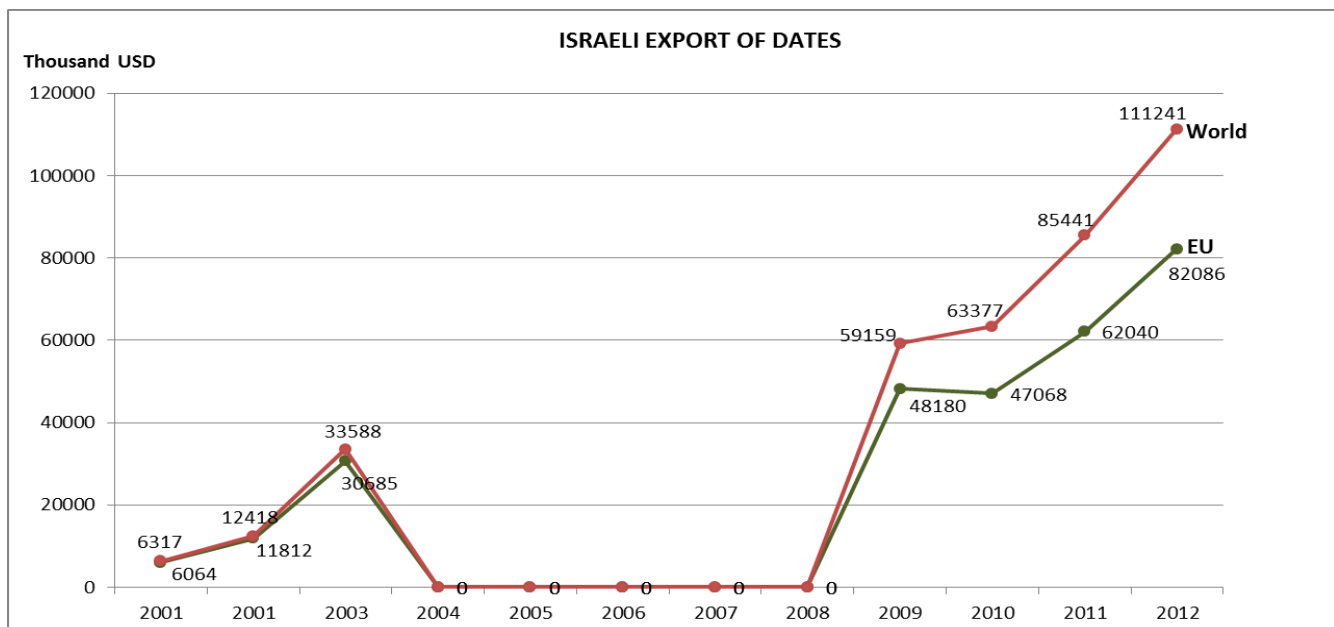


Figure 4: Israeli total export of dates 2001-2012 and the EU's trade share³².

Case study 2: Agriculture in the Jordan Valley

The Jordan Valley, distinguished by unique climatic conditions, fertile soils, high water reserves and other resources, is almost entirely off limits to Palestinians because of access restrictions and the inability to obtain building permits. Settlers, on the other hand, cultivate the great majority (85 per cent³³) of land in the occupied Jordan Valley.

"Provided that there was "enough water [...] available to the Palestinians, as according to an equitable distribution of the water resources based on principles of geographic location and fairness, and if the restrictions in Area C were lifted, the Palestinian agricultural sector could drastically expand its production"

PMNE/ARIJ 2012, 16

According to the Regional Council for settlements in the Jordan Valley, 30 per cent of the settlers' households are economically based directly on agriculture and an additional 30 per cent provide agriculture related services, such as packaging, refrigeration and transportation.³⁴

Interviews with farmers in the Jordan Valley indicate that there are around 300 packing facilities for agricultural products in the Jordan Valley, of which only two are Palestinian owned, while

the rest of the facilities belong to the settlements.³⁵

Case study 3: Irrigated agriculture

The Israeli over-extraction of water (Israel over-extracts about 57 per cent per year relative to the Oslo Agreement³⁶) has led to a severe water shortage for the Palestinians: In the Jordan Valley, only 37 per cent of the area is connected to the water network³⁷ and in some areas, water consumption dips to only 20 litres per capita per day, which is only one fifth of the WHO's recommendation of 100 litres³⁸. In addition, half of the Palestinian wells have dried up in the last 20 years due to over-extraction, and all attempts to access new water sources have been curbed by the Israel Water Authority³⁹.

³¹ Kerem Navot 2013, 9 and 69

³² TradeMap 2013

³³ Kerem Navot 2013, 69

³⁴ Jordan Valley Regional Council 2013

³⁵ World Bank 2013, 10

³⁶ PMNE/ARIJ 2011, 11-13

³⁷ MA'AN Development Center 2012

³⁸ OCHA oPt 2013

³⁹ PMNE/ARIJ 2011, 11-13

Israeli settlers, on the other hand, use 6 times more water than Palestinians in Area C⁴⁰. Thanks to the availability of water, they could develop an advanced system of high-intensity agriculture and farming techniques, whereas Palestinian farmers are coping with limited access to water and additional cost for water purchase. The price for buying water in tanks runs 14-37.5 NIS/m³, compared to 2.6 NIS/m³ for water from a water network⁴¹.

According to an estimation made by the World Bank, access to fertile land in Area C and being able to irrigate this land would generate an additional USD 704 million in value added to the Palestinian economy, which is equivalent to 7 percent of the Palestinian GDP in 2011.⁴² Furthermore, with an adequate access to water the Palestinian agricultural sector could support up to 110,000 more jobs⁴³.

Case study 4: Limited access to Dead Sea minerals

The Dead Sea abounds in valuable minerals, principally large deposits of potash and bromine. Having access to these minerals could deliver up to USD 918 million per annum to the Palestinian economy. This equals to 9 percent of 2011 GDP and is almost equivalent to the size of the entire Palestinian manufacturing sector⁴⁴. On the other hand, the cosmetics company for Dead Sea minerals “AHAVA”, which has its manufacturing plant in the illegal settlement Mitzpeh Shalem, has become the largest Israeli exporter for Dead Sea minerals cosmetics, exporting to more than 30 countries and annually generating about 150 million USD of revenue⁴⁵.

Case study 5: Limited access to gravel and stone

The stone mining and quarrying sector is already the SoP’s largest export industry with exports based on the famous “Jerusalem Gold Stone”. However, this is a struggling industry, due to the inability to obtain permits to open new quarries, and with most existing quarries in Area C unable to renew their licenses. If these restrictions are lifted, it is estimated that the industry could double in size, adding an annual USD 241 million or 2 percent to 2011 Palestinian GDP⁴⁶.

Case study 6: Tourism in Area C

Given the natural, religious and historic amenities in the SoP, tourism development holds an important potential. The Jordan Valley and Dead Sea areas are particularly significant for the tourism industry, since they offer a unique combination of health, leisure, sports, adventure, ecological, agro, and religious sites. Israel has been generating revenues from historical and tourism sites in the Dead Sea area and around Jericho since over 30 years, including in Qumran, Ein Fashkha, Herodion, Ein Fara in Wadi Qelt and the Good Samaritan. By way of example, in 2011, Qumran National Park has generated more than 21 million USD in entry fees alone.⁴⁷

If Palestinians were permitted to develop touristic infrastructure in the Dead Sea area, an annual value of 126 million USD could be added, which equals to 1 per cent of the Palestinian GDP in 2011⁴⁸.

Case study 7: Construction

The construction industry is in acute need of additional land to expand housing and make it more affordable. Areas A and B are already very densely populated and built-up and less than one percent of the land in Area C is currently available to Palestinians for construction; permit data also shows that it is almost impossible to obtain permission to build in Area C. Lifting the tight restrictions on the construction of residential and commercial buildings alone (excluding infrastructure projects) could add an annual USD 239 million or 2 percent of the Palestinian GDP in 2011⁴⁹.

⁴⁰ Al-Haq 2013b, 16

⁴¹ MIFTAH 2012

⁴² World Bank 2013, 11

⁴³ Crisis Action 2012, 13

⁴⁴ World Bank 2013, 11-13

⁴⁵ Ibid., 28

⁴⁶ World Bank 2013, 13-15

⁴⁷ Ibid., 24

⁴⁸ Ibid., ix

⁴⁹ Ibid., 17

Conclusions and Recommendations

The purpose of this position paper was to show that the EU's relation to the settlement enterprise is not a purely political issue. It is crucial to understand the economic implications of settlements for the private sector in the SoP, and the EU's indirect contribution to undermining Palestinian prospects for economic development.

The correlation between the increase of EU trade with settlements and the expansion of agricultural settlements, which is most obvious when looking at Israeli exports of dates, has provided a glimpse of the EU's economic importance for the flourishing settlement enterprise and, subsequently, its contribution to Palestinian economic deadlock - a contribution which is certainly indirect and unintended and yet, inconsistent with the EU's settlement policy.

Heading towards the establishment of an autonomous state that is based on private sector-driven growth, **the SoP needs the support of the EU**, its most important political and economic partner, **for a national developmental vision that addresses the interests of the Palestinian private sector on the one hand, and the needs of investors on the other hand**. The private sector's interests include, first and foremost, that the SoP obtains entire control over the whole of its territory based on pre-1967 borders. The needs of foreign investors, on the other hand, require that the EU is consistent with its commitment to Palestinian development, and that it follows a long-term intervention strategy that adequately reflects the issue of settlements and Palestinian lack of control in Area C.

As stressed in the present position paper, the recently announced guidelines for labelling settlement produce are by no means a sufficient means for the EU Member States to comply with this commitment.

Instead, the Palestinian private sector calls upon the EU to implement the following measures:

- (1) Settlement produce should immediately and entirely be banned from the EU market and trade should be stopped with Israeli distributors who maintain branches in the occupied SoP or other links with the settlement enterprise.
- (2) In order to properly implement recommendation (1), expertise and funding is required, to conduct extensive research projects about the actual scope of settlement exports to the EU and Israeli distributors or exporters who maintain trade relations with settlements.
- (3) Until a ban of settlement produce is in place, preferential tariff treatment under the AA should effectively be denied to settlement produce and Israeli distributors who maintain branches in the occupied SoP or other links with the settlement enterprise. The actual implementation is based on EU support for research activities, as suggested in recommendation (2).
- (4) "Horizon 2020" guidelines should be modified in order to ensure that benefits are inaccessible for Israeli companies with branches in the occupied SoP or other links with settlements.

References

- Al-Haq (2013a): Feasting on the Occupation: Illegality of Settlement Produce and the Responsibility of EU Member States under International Law. Position Paper. URL: <http://www.alhaq.org/publications/Feasting-on-the-occupation.pdf>
- Al-Haq (2013b): Water for One People Only. Discriminatory Access and Water-Apartheid. URL: <http://www.alhaq.org/publications/Water-For-One-People-Only.pdf>
- Crisis Action (2012): Trading Away Peace. How Europe Helps Sustain Illegal Israeli Settlements. URL: http://www.fidh.org/IMG/pdf/trading_away_peace_-_embargoed_copy_of_designed_report.pdf
- EEAS EC (2013): Frequently asked questions on: Guidelines on the eligibility of Israeli entities and their activities in the territories occupied by Israel since June 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards. URL: http://eeas.europa.eu/delegations/israel/documents/press_corner/20130719_faq_guidelines_eu_grants_en.pdf
- European Parliament (2012): European Parliament Debate on the EU-Israel ACAA. 3rd of July 2012. URL: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+CRE+20120703+ITEM-012+DOC+XML+V0//EN>
- Jordan Valley Regional Council (2013): The Jordan Valley – A General Description. URL: <http://www.jordanvalley.org.il/?categoryId=38842>
- Kerem Navot (2013): Israeli Settlers' Agriculture as a Means of Land Takeover in the West Bank.
- MA'AN Development Center (2012), Herding Communities in the Jordan Valley, URL: <http://www.maan-ctr.org/pdfs/FSReport/spotlight/Spotlight6.pdf>
- MIFTAH (2012): The Jordan Valley. URL: <http://www.miftah.org/Display.cfm?DocId=25630&CategoryId=4>
- OCHA oPt (2013): Area C of the West Bank: Key Humanitarian Concerns. URL: http://www.ochaopt.org/documents/ocha_opt_area_c_factsheet_January_2013_english.pdf
- OCHA oPt (2013b): Protection of Civilians. Weekly Report 29 Oct – 4 Nov 2013. URL: http://www.ochaopt.org/documents/ocha_opt_protection_of_civilians_weekly_report_2013_11_08_english.pdf
- PCBS (Palestinian Central Bureau of Statistics) (2012) "Agricultural Statistics" for 2010/2011. URL: <http://www.pcbs.gov.ps/Portals/PCBS/Downloads/Book1903.pdf>, p. 49.
- PCBS (Palestinian Central Bureau of Statistics) (1998) "Agricultural Statistics" for 1996/1997. URL: <http://www.pcbs.gov.ps/Portals/PCBS/Downloads/Book%20334.pdf>, p. 33.
- Peace Now (2013): Bibi's Settlements Boom: March-November 2013. URL: <http://peacenow.org/Bibis%20Settlements%20Boom%20-%20March-November%202013%20-%20FINAL.pdf>
- PLO NAD (Palestine Liberation Organization - Negotiations Affairs Department) (2013): EU Trade with Settlements. URL: <http://www.nad-plo.org/userfiles/file/fact%20sheet/EU%20Trade%20with%20Israeli%20Settlements.pdfv>
- PMNE / ARIJ (Palestinian Ministry of National Affairs / Applied Research Institute Jerusalem (2011): The economic costs of the Israeli occupation for the Occupied Palestinian Territory. URL: <http://www.un.org/depts/dpa/qpal/docs/2012Cairo/p2%20jad%20isaac%20e.pdf>
- Quaker Council for European Affairs (2012): EU Trade with Israeli Settlements. Briefing Paper. URL: <http://www.qcea.org/wp-content/uploads/2012/08/bp-eusettlementtrade-version2-en-aug-2012.pdf>
- Spiegel Online (2010): 'Made in Israel': EU Court Allows Duties on Products from the Settlements. URL: <http://www.spiegel.de/international/europe/made-in-israel-eu-court-allows-duties-on-products-from-the-settlements-a-680380.html>
- The Marker (2013): 30.08.2013. כשאפשר פשוט לעבד הקרקע, // מי צריך לבנות בשטחים, כך עובדים השותלים. URL: <http://www.themarker.com/markerweek/1.2110560>
- TradeMap (2013), URL: <http://www.trademap.org/>
- Who Profits (2012): "Made in Israel": Agricultural Export from Occupied Territories. A flash report. URL: http://www.whoprofits.org/sites/default/files/agricultural_export_flash_report_0.pdf
- World Bank (2013): West Bank and Gaza. Area C and the Future of the Palestinian Economy. URL: http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/10/03/000456286_20131003173450/Rendered/PDF/AUS29220GZ0Are030Box379840B000UO090.pdf
- World Bank (2012): Fiscal Crisis, Economic Prospects. URL: <http://siteresources.worldbank.org/INTWESTBANKGAZA/Resources/AHLCReportFinal.pdf>

Annex I: Organic certificate for Yafit Packinghouse



AGRIOR Ltd – Organic Inspection & Certification · פיקוח ואישור תוצרת אורגנית · כתובת: רח' הבשם 3 בנין 3 קומה 3 ת.ד. 12755 אשדוד
Address : 3 Habosem house3 floor3 pob 12755 ASHDOD
e-mail : agrior@netvision.net.il Fax 972-8-9317240 · טל 972-8-6212263



Date: **18.12.2012**

ORGANIC CERTIFICATION

NAME OF OPERATOR: **YAFIT PACKINGHOUSE /
FIELD PRODUCE MARKETING Ltd.**

ADDRESS: **MOSHAV YAFIT 90685, ISRAEL**

Organic production manager: **YEHONATAN ITZHAK**

Production Range: **BROKERAGE**

The Operator is certified to comply with the requirements of the CAN/CGSB 32.311-2006 and CAN/CGSB 32.310-2006

The inspection and certification is given by AGRIOR Ltd, professional company for organic inspection and certification. Agrior is accredited by IOAS, under the authority of CFIA, to certify Organic products to the requirements of the Canadian Organic Regime

The certification is given to:

PRODUCT RANGE	PRODUCT NAME	PRODUCTION LOCATION	TRADE MARK / LABELS
PACKING AND EXPORTING	ORGANIC DATES		

FROM COR CERTIFIED GROWERS ONLY

Produced in compliance with the terms of the US-Canada Organic equivalence arrangement

CERTIFIED ON: **18.12.2012**

Valid till: **31.12.2013**

Dr. ISAAC SKALSKY – MANAGER



AGRIOR Ltd – Organic Inspection & Certification · פיקוח ואישור תוצרת אורגנית · כתובת: רח' הבשם 3 בנין 3 קומה 3 ת.ד. 12755 אשדוד
Address : 3 Habosem house3 floor3 pob 12755 ASHDOD
e-mail : agrior@netvision.net.il Fax 972-8-9317240 · פקס 972-8-6212263 · טל 972-8-6212263



PPIS Accreditation
No. 9720102

Date **18.12.2012** תאריך

CERTIFICATE / אישור

Operator Name: **YAFIT PACKINGHOUSE /
FIELD PRODUCE MARKETING Ltd.
YEHONATAN ITZHAK**

שם העוסק: **בית אריזה יפית /
תגובות שדה ושיווק –
יהונתן יצחק**

Operator No: **311**

מס' עוסק:

Address: **MOSHAV YAFIT 90685, ISRAEL**

מען: **מושב יפית ערבות הירדן 90685**

Operator Type: **PACKING HOUSE AND
EXPORTER**

תחום העיסוק: **בית אריזה + יצוא**

Product scope: **PRODUCT FROM VEGETATIVE
ORIGIN**

תחום האישור: **תוצרת מן הצומח**

Scope of permit

תוצרת שלגביה ניתן ההיתר:

**PACKING AND EXPORTING OF
ORGANIC DATES**

אריזה וייצוא תמרים אורגנים

ההיתר לשימוש בסמל הבקרה ובסמל האורגני האחד ניתן לעוסק, בהתאם לדרישות החוק להסדרת תוצרת אורגנית, תשס"ה-2005, בהתקיים התנאים הבאים:

- התוצרת מיוצרת ומטופלת בהתאם לתקנות להסדרת תוצרת אורגנית (תוצרת אורגנית מן הצומח- יצורה ומכירתה), התשס"ח-2008.
- העוסק ותוצרתו עומדים בביקורת שוטפת של חברת אגריור
- חב' אגריור מאושרת על ידי מנהל השרותים להגנת הצומח ולביקורת, כגוף אישור ובקרה מתוקף התקנות להסדרת תוצרת אורגנית (גוף אישור ובקרה), התשס"ח-2008.

The permit for labeling produce with the uniform organic logo and inspection body logo is given to the operator according to the requirements of the Israeli Regulation of Organic Products Law (5765-2005) which is equivalent to Council Regulation (EEC) No. 834/2007, after meeting the following conditions:

- The inspection and certification body certifies that the produce produced and handled is in compliance with the regulation.
- The operators and their produce are inspected and certified by AGRIOR
- The Inspection and Certification Body AGRIOR is certified by the manager of the Plant Protection and Inspection Services, under the Regulation of Inspection and Certification Bodies (5768-2008).

Validity of permit: **31.12.2013**

תוקף ההיתר:

Dr. ISAAC SKALSKY - MANAGER

ד"ר יצחק סקלסקי- מנכ"ל



Annex 2: Frequently asked questions on Horizon 2020 guidelines

Frequently asked questions on: Guidelines on the eligibility of Israeli entities and their activities in the territories occupied by Israel since June 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards

This list aims to address some of the most frequent questions/misunderstandings. More FAQ's may be added.

1.
Q. Will I benefit from EU funding if I comply with these guidelines?
A. These guidelines only deal with the territorial eligibility criteria. Each EU programme has additional, specific eligibility criteria, such as criteria concerning the nature of the activity.
2.
Q. I produce wine in a West Bank settlement. Will these guidelines affect my exports to the European market?
A. No. The guidelines refer only to EU funded grants, prizes and financial instruments such as loans. They do not refer to exports to the European Union. There is no limitation of exports to the European Union of products produced in the settlements. According to the Association Agreement, these products however do not benefit from exemptions from customs duties.
3.
Q. A health service provider (Kupat Holim) has branches in the territories. In the past it received a research grant from the EU. Do the new guidelines mean that in the future it will be ineligible to receive such a grant?
A. To be eligible, the entity applying for a grant needs to be established in Israel's pre-1967 lines. In addition, the entity can only apply for EU funding for an activity that takes place inside the 1967 lines or for an activity that is carried out in the territories occupied by Israel since June 1967 but that aims to benefit the protected persons (as defined in Art. 4 paragraphs 1 & 2 of the 4th Geneva Convention of 1949) who live in these territories and/or aims to promote the Middle East peace process in line with EU policy.
(See section D, points 12a and 15 of the guidelines)
If these two conditions (place of establishment and eligibility of activities) are fulfilled, the Kupat Holim would be eligible to receive a grant despite the fact that it has branches in the territories.
4.
Q. A big Israeli bank with branches in the territories wishes to receive a loan from the European Investment Bank but this loan is not intended for the use of the bank as the final recipient but rather to be passed on to Israeli companies. Does the fact that the bank has branches in the territories make it ineligible to receive such a loan?
A. No. Provided that the bank is not the final recipient of the loan it will still be eligible to receive it from the European Investment Bank. However the Israeli companies that will be the final recipient of the loan will need to declare that they do not operate in the territories either in the framework of the EU-funded activity or in any other way.
5.
Q. Is it true that the guidelines make ineligible for EU financial instruments (loans and bank guarantees) any entity which has any operation in the occupied territories?
A. No. Entities based within the 1967 lines with operations in settlements could be eligible but only if they were applying for loans and bank guarantees for activities for the benefit of the protected persons (as defined in Art. 4 paragraphs 1 & 2 of the 4th Geneva Convention of 1949) who live in these territories and/or aim to promote the Middle East peace process in line with EU policy.
6.
Q. A research institute is situated in Rehovot (inside the 1967 lines) but most of its staff comes from settlements in the territories. Does this make it ineligible for EU funding under the new guidelines?
A. No. The guidelines do not relate to natural persons. The guidelines apply only to legal entities such as local authorities and other public bodies, not for profit organizations and public and private companies.

A research institute situated beyond the 1967 lines would not be eligible for EU funding even if all of its staff would come from localities inside the 1967 lines.

7.
Q. An Israeli university inside the 1967 lines is engaged in a research project with an Israeli institute situated outside the 1967 lines.
Can the Israeli university situated inside the 1967 lines still be eligible for EU grants?
A. This particular project between the two universities will not be eligible. But otherwise, the Israeli university situated inside the 1967 lines would still be eligible for EU grants for activities that are carried out inside the 1967 lines or for an activity that is carried out in the territories occupied by Israel since June 1967 but that aims to benefit the protected persons (as defined in Art. 4 paragraphs 1 & 2 of the 4th Geneva Convention of 1949) who live in these territories and/or aims to promote the Middle East peace process in line with EU policy.
(See section D, points 12a and 15 of the guidelines)
Israeli institutes situated outside the 1967 lines are not eligible for EU grants. A research project carried out jointly by an Israeli university inside the 1967 lines and an Israeli institute situated outside the 1967 lines can not benefit from EU grants.
8.
Q. I am an Israeli student who lives in a settlement but I study at an Israeli university inside the 1967 lines. I want to participate in an EU-funded academic exchange with a European university under the Erasmus Mundus programme. Am I eligible to do so?
A. Yes, you would still be eligible to apply.
9.
Q. An NGO that is located in East-Jerusalem, beyond the 1967 lines, applies for an EU grant for an activity that aims to benefit the Palestinian population in East Jerusalem. Is it eligible to do so?
A. To be eligible, the Israeli entity applying for a grant needs to be established in Israel's pre-1967 lines even if it applies for funding for an activity that is carried out in the territories occupied by Israel since June 1967 that aims to benefit the protected persons (as defined in Art. 4 paragraphs 1 & 2 of the 4th Geneva Convention of 1949) who live in these territories and/or aims to promote the Middle East peace process in line with EU policy. (see Section C, point 9a and Section D, points 12 and 15 of the guidelines).
If the request relates to a humanitarian operation, the entity is not eligible as the European Commission's Directorate General for Humanitarian Aid and Civil Protection (DG ECHO) can only fund international NGOs established in Europe.
10.
Q. Can DG ECHO continue funding humanitarian partners for operations targeting and benefiting Palestinians living in the occupied Palestinian territory beyond pre-1967 lines when their implementation involves Israeli entities?
A. Yes, provided that those Israeli entities are established within Israel's pre-1967 lines. DG ECHO will take appropriate measures to make sure that its direct partners are implementing the funded operations in full compliance with the guidelines.
11.
Q. Questions have been raised in the Israeli media as to whether the Hebrew University is eligible to receive EU grants under the new guidelines. Will the Hebrew University be eligible?
A. The place of establishment of the Hebrew University is within the 1967 lines. Therefore, as long as the funded activity also takes place inside the 1967 lines or is for an activity that is carried out in the territories but that aims to benefit protected persons (as defined in Art. 4 paragraphs 1 & 2 of the 4th Geneva Convention of 1949) who live in these territories and/or aims to promote the Middle East peace process in line with EU policy, the grant application will be considered eligible.

Annex 3: Economic cost of the Israeli occupation

Economic cost of the Israeli occupation for the SoP, USD and % of GDP (2011)		
Sector	Cost (USD)	% GDP
Agriculture	704 million	7%
Dead Sea Minerals	918 million	9%
Stone Mining and Quarrying	241 million	2 %
Construction (residential and commercial buildings, excluding infrastructure projects)	239 million	2 %
Tourism in the Dead Sea area	126 million	
Telecommunication	48 million	0.5%
Total cost (direct and indirect cost)	3.4 billion	35%

Source: World Bank (2013): *West Bank and Gaza. Area C and the Future of the Palestinian Economy*.

Table E1: Economic costs of the Israeli occupation for the Palestinian territory, USD '000 and % of GDP (2010)		
	Cost ('000 USD)	%GDP
Gaza blockade	1,908,751	23.5%
Indirect costs of water restrictions	1,903,082	23.4%
Value Added from irrigation	1,219,667	15.0%
Jordan Valley agriculture	663,415	8.2%
Health costs from water	20,000	0.2%
Natural resources	1,837,738	22.6%
Dead Sea salts and minerals	1,102,869	13.6%
Value added from quarries	574,869	7.1%
Gas marine reserve	160,000	2.0%
Direct utility costs	492,788	6.1%
Direct electricity costs	440,876	5.4%
Direct water costs	51,912	0.6%
Intl. Trade restrictions	288,364	3.5%
Dual use (excl agriculture)	120,000	1.5%
Dual use agriculture	141,972	1.7%
Cost of trading	26,392	0.3%
Movement restrictions	184,517	2.3%
Dead Sea tourism	143,578	1.8%
Uprooted trees	138,030	1.7%
Direct costs	3,012,451	37.1%
Indirect costs	3,884,398	47.8%
TOTAL	6,896,849	84.9%
Fiscal costs	1,795,685	
Memo item		
Nominal Palestinian GDP (2010)	8,124,000	

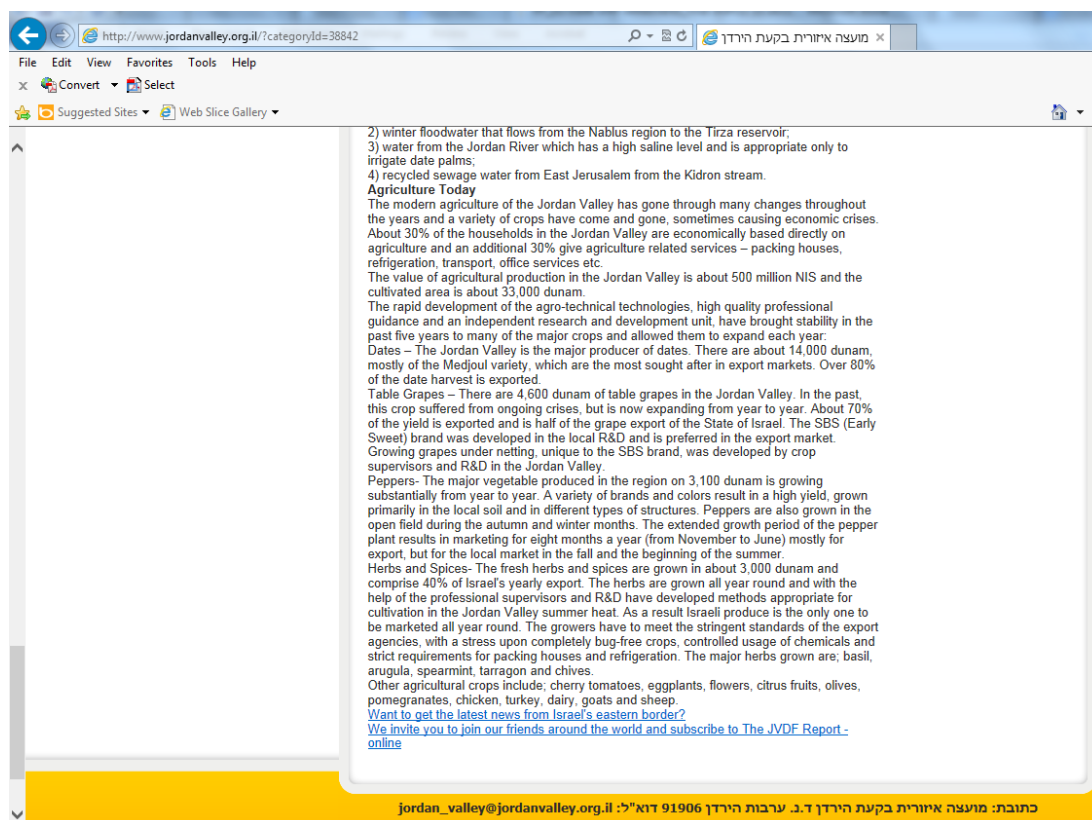
Source: Authors' elaborations on various sources (see main text)

Source: PMNE/ARIJ 2011, p. IV.

Annex 4: Israeli exports to the world and EU

	Grapes	Dates	Herbs	Almonds	Source
Value of Israeli exports to the world (in 1000 USD)	14096	111241	n.a.	3909	TradeMap (2012)
Value of Israeli exports to the EU (in 1000 USD)	9466	82086	n.a.	621	TradeMap (2012)
Value of Israeli exports to the EU (in %)	67	73	80	15	<i>Grapes, dates, almonds:</i> TradeMap (2012) <i>Herbs:</i> Who Profits (2012), "Made in Israel. Agricultural Export from Occupied Territory.", p. 4.
Value of exports to the rest of the world (Value in 1000 USD)	4630	29155	n.a.	3288	TradeMap (2012)
Jordan Valley produce (in %)	50	40	40	22	<i>Herbs, Grapes, dates:</i> Jordan Valley Regional Council (2012): "The Jordan Valley. A general description" (URL: http://www.jordanvalley.org.il/?categoryId=38842) <i>Almonds/Dates:</i> Who Profits (2012), "Made in Israel. Agricultural Export from Occupied Territory.", p.

Screenshot of the Jordan Valley Regional Council Homepage:



Source: <http://www.jordanvalley.org.il/?categoryId=38842>