

Israeli-Palestinian Team Releases 'Economic Road Map'

by Dean Andromidas

A team of Israeli and Palestinian experts released in January an "Economic Road Map,"* aimed at correcting the major failing in the Road Map for Mideast Peace. This unofficial effort complements the Geneva Accord Peace Initiative, which was drafted by a team of negotiators led by former Israeli Justice Minister Yossi Beilin and former Minister of the Palestinian National Authority Yasser Abed Rabbo. Both documents demonstrate that, despite decades of bloodshed, there are people on both sides who can negotiate positive agreements. But peace is being blocked by the hardline policies of Israeli Prime Minister Ariel Sharon and his backers in Washington, the neo-conservatives led by Vice President Dick Cheney.

Explicitly seeking to correct one of the fatal flaws of the Road Map (the plan endorsed by the United Nations, United States, European Union, and Russia), the new plan states: "In the belief that a sound economic context is essential to building sustainable peace . . . and that economics of peace-building have not been given sufficient importance by policy-makers," the group sought to "establish an economic counterpart to the Road Map for Peace."

This plan is not the grand design for Mideast economic development which Lyndon LaRouche has insisted is necessary for a durable Mideast peace (see below). But it does aim at defining the parameters of Israeli-Palestinian economic and financial cooperation, once the three years of the latest round of bloody conflict can be brought to a close, and a final status agreement can be implemented, along the lines of the Geneva Accord.

It also forms the basis for an economic emergency plan. The Palestinian economy has been almost totally destroyed by three years of brutal occupation policies, while Israel's economy has been collapsing at a pace unprecedented in the country's history.

The Economic Road Map was drafted by the "Aix Group," which comprises Israeli, Palestinian, and other international experts. The effort was initiated by Prof. Gilbert Benhayoun, of the University of Law, Economics, and Sciences of Aix Marseilles III, France, in cooperation with the Peres Center for Peace, in Israel, and the Palestinian Ministry of

National Economy. The group held its first seminar in Aix-en-Provence, France on July 22, 2002.

Professor Benhayoun told Reuters, "The plan helps fill a vacuum, and the ideas put forward can contribute to bringing the parties together."

Among the Israelis who played leading roles in drafting the plan were Prof. Arie Arnon of Ben Gurion University and Dr. Ron Pundak, director general of the Peres Center for Peace. Both are signatories to the Geneva Accord. The Israeli team also included government officials, from the Ministry of Industry and the Ministry of Finance, who participated in a private capacity. The Palestinian side was led by Saeb Bameya, an economist and former high-level official of the Palestinian National Authority (P.N.A.). His team included economists from various universities, as well as P.N.A. officials such as Dr. Samih el-Abid, Deputy Minister of Planning; and Ismail Abu Shehadeh, director general of the Palestinian Industrial Estates and Free Zone Authority. International economists, including representatives from the International Monetary Fund, the World Bank, and the European Commission participated as observers.

The effort was supported by three French provincial authorities, the European Commission, the representative office of Norway to the P.N.A., and the Peres Center for Peace.

Common Interests

The plan has three phases, and, unlike the Oslo Accords or the Road Map, it strives to define in relatively precise terms the third and final phase, which deals with the economic relations between Israel and a fully sovereign Palestinian state within permanent borders. The plan recognizes that peace is impossible when one relatively wealthy state is living side by side with an impoverished state, especially when the two have been in a state of war and occupation for nearly five decades.

The report's economic vision is based on "mutual respect and cooperation based on common interests," which seek to "promote independence in defining economic objectives and strategies, growth in both economies, the pursuit of policies that acknowledge economic interdependences. . . ." The authors seek a "convergence of Palestinian living standards with those of Israel"—no modest task, since the current standard of living of Palestinians is *one-fifth* that of Israelis.

The plan seeks to reverse the economy of occupation

* *Economic Road Map: An Israeli-Palestinian Perspective on Permanent Status*, www.aixgroup.u-3mrs.fr.



Development of water infrastructure is the most urgent priority, to underwrite Mideast peace. The "Economic Road Map" offers a first step toward cooperation. Here, Palestinians wait in line to get water.

whereby the West Bank and Gaza Strip serve merely as a source of cheap labor for the Israeli economy, much the way the bantustans served apartheid South Africa. While recognizing the fact that many Palestinians will initially still be working in Israel, the objective is to develop the Palestinian state's own manufacturing and other industries.

The drafters of the report define how these goals can be accomplished through establishing institutions that promote cooperation, such as a Joint Israeli-Palestinian Economic Committee, which can oversee all aspects of economic cooperation including trade, tax and fiscal policies, and joint infrastructure and other projects. They also call for the formation of an Israeli-Palestinian Development Fund, to play a major role in financing joint projects, including industrial estates, business ventures for domestic and external markets, and joint public/private infrastructure projects in the fields of energy, transportation, and agriculture.

The key question of trade relations is discussed extensively in the report. The idea of a modified free-trade agreement or customs union between the two countries is a major focus of discussion. It takes into consideration the need for the Palestinian state to take appropriate measures to protect its economy.

The report also seeks to improve upon the "Paris Protocol" of 1994, on economic relations between Israel and the Palestinian Liberation Organization. Among the most important recommendations is for the Palestinian state to have its own central bank and currency.

The plan also calls for regional economic development projects in transportation—including railways, ports, civil aviation, and highways—as well as in the energy sector, industry, agriculture, and in scientific and technical research.

Before any of this can be implemented, the first two

phases, including a "rescue" phase and a transitional phase, must be completed. The former would oblige Israel to lift all travel and other restrictions in the territories, allowing for a free flow of goods between the two states and entry into Israel of Palestinian workers. In the second phase, Palestinians would assume economic control over the borders of a provisional state and the reconstruction of its destroyed infrastructure and weakened institutions.

What's Missing

While the report represents a positive beginning, it is by no means sufficient. The only hope for peace between Israel and Palestine is in the context of a regionwide economic development plan, as defined by Lyndon LaRouche's "Oasis Plan" for Middle East peace through economic development. At the center of the plan is the development and expansion of the region's water resources, through the massive construction of desalination facilities on a regional basis, as well as building up the transportation infrastructure which would intergrate the region into the greater Eurasian infrastructure network.

Already in July 1990, LaRouche stated almost prophetically: "To avoid a conflict which would be ruinous for all peoples and nations of the Middle East, an effective series of common interest proposals must be made, in accord with the rights of all parties. Debate around such proposals is inherently healthy and confidence-building. Although to some, an Oasis Plan seems an unlikely proposition under the present circumstances, the price of failing to implement such a program will be staggering. Therefore, there is no obstacle so great, nor so difficult, that we should not seek to overcome it in order to further economic cooperation."

One of the most remarkable parts of the Oslo Accords was its "Protocol on Israeli-Palestinian Cooperation Concerning Regional Development Programs." These "economic annexes"—which, tragically, were never implemented—defined very specific projects along the lines of LaRouche's Oasis Plan, including the establishment of a Middle East Development Bank; an Israeli-Palestinian-Jordanian plan for construction of a Mediterranean Sea-Dead Sea Canal; regional desalination and other water development projects; agricultural development projects, including a regional effort for the prevention of desertification; and regional projects in the field of energy, transportation, and telecommunications.

Sharon's government and its supporters in Washington led by Cheney continue to sabotage any efforts for peace. Yet the efforts such as the Economic Road Map and the Geneva Accord Peace Initiative, along with the peace initiative of Saudi Arabia and the Arab League, demonstrate that there is clearly support for a peace initiative based on economic cooperation, as defined by the Oasis Plan and the Oslo economic protocols.