

Joint Palestinian – Israeli Private Sector Declaration
Presented at the Conference:
Promoting Economic Growth in West Bank and Gaza through the Private Sector
London, December 13, 2005

Preamble

1. The Palestinian and Israeli private sectors have accepted the invitation of Her Majesty's Treasury and the World Bank to develop a Declaration which sets out the steps required for promoting Palestinian economic growth and their expectations from the Palestinian Authority, Government of Israel and the international community.
2. It is widely recognized that the Palestinian economy needs to return to productive levels commensurate with its economic capacity in order to generate employment, create prosperity and reduce poverty. The private sector will be the driving force for economic growth and development.
3. The Government of Israel, the Palestinian Authority and the international community have critical roles in achieving sustainable development in the West Bank and Gaza. An open and thriving Palestinian economy will help lay the foundation for a sustainable peace, and a sustainable peace will require an economically and politically viable, liberated and independent Palestinian state.

Section One: Main Objectives

4. There are valuable business and investment opportunities for Palestinian, Israeli and international investors. The points included in this Declaration are aimed at promoting business activity throughout the West Bank and Gaza by:
 - Reducing physical impediments and ensuring that measures to increase reliability and efficiency of movement of goods and people are defined and implemented
 - Identifying measures to be put in place to protect the activities of investors and their businesses
 - Reducing the legal and regulatory obstacles to investment facing both domestic and international investors.

Section Two: Developing the Palestinian Economy

5. Projects in industry, infrastructure, agriculture, tourism, information and communications technology and logistics services, among others, are the most promising means for rapid economic revival, generating employment and creating prosperity.
6. Small and Medium-sized enterprises should be promoted, including the provision of appropriate financial incentives. An interactive environment between small and medium-sized enterprises in Israel and the West Bank and Gaza should be encouraged.

7. The governments should ensure equal treatment and should work to create a level playing field for Palestinian businesses to compete in both local and international markets.
8. The Palestinian and Israeli governments and the international community should aim to create an environment that:
 - Promotes the recovery and development of the Palestinian economy
 - Supports private enterprise development and investment in all economic sectors including through the provision of risk guarantees
 - Encourages joint ventures and cooperation
 - Helps Palestinian businesses develop a competitive edge for competing in the global market.
9. The provisions of the Protocol on Economic Relations (Paris Protocol) for trade relations between the Palestinian Authority and the Government of Israel should be reaffirmed until a renegotiated agreement is reached.

Section Three: Transparency and the Establishment of the Rule of Law

10. The Israeli and Palestinian private sectors stress the importance of good governance, transparency and accountability in supporting good business practices and economic growth. As such, the private sectors call for efficient and effective Government that is responsive to the needs of both local and international investors.
11. The rule of law and a clear regulatory framework are essential for supporting private sector activities. A responsible fiscal policy is required that does not crowd out private investment and which can provide the incentives necessary to encourage business opportunities and private sector employment.

Section Four: Infrastructure and Public Private Partnerships

12. The Palestinian and Israeli private sectors support the development of public-private partnerships to maximize the efficiency and effectiveness of public sector and donor funds.
13. The construction, opening and continuous operation of an efficient and competitive seaport is essential. Construction and operation should begin as quickly as possible with the participation of the private sector.
14. The Israeli and Palestinian private sectors emphasize the importance of a well-functioning and secure airport in Gaza to facilitate the movement of people and goods. The reconstruction and operation of the airport should involve the participation of the private sector.

15. A reliable and cost-effective road and transportation infrastructure within the West Bank and Gaza is required to support business activity. The Palestinian and Israeli private sectors support the ongoing study which is examining options for a link between Gaza and the West Bank.

Section Five: Security

16. A secure environment is a precondition for economic growth. It is the responsibility of both governments to take steps to ensure that businesses can operate in safety, and that Palestinian, Israeli and international investors and the business community can travel and work in an open, safe and efficient manner.

Section Six: Facilitation of Movement

17. Movement needs to be vastly improved within the West Bank and Gaza and across the borders to Israel, Egypt and Jordan. In this regard, the Israeli and Palestinian private sectors welcome the Agreement reached between the two governments as a positive step towards improving the border crossings, internal movement and links with third countries.

18. The Palestinian and Israeli private sectors support cost-effective and reliable routes for people traveling in and out of the West Bank and Gaza. The new system should include procedures and technologies that ensure that intact, undamaged cargo can move continuously, securely and swiftly across borders and to markets.

19. The Israeli and Palestinian private sectors appeal to the international community, including donors, the World Bank, the Quartet and foreign governments to ensure that the agreed procedures for the movement of people and goods, essential for revitalizing the private sector, are implemented. We call on the two governments to do everything possible to fulfill their commitments.

Section Seven: Action Plan

20. The Palestinian and Israeli private sectors need to be active participants in ensuring that the principles of this Declaration are adhered to and implemented. We, therefore, set out a plan of action to help ensure that progress is made towards Palestinian economic recovery through development of the private sector:

- A Steering Committee will be established to promote and protect the principles and spirit of this Declaration, including the steps outlined in the Action Plan. This will be supported by regular meetings between members of the Private Sector Working Group, as well as other Israeli and Palestinian business associations. The Private Sector Working Group requests that the World Bank facilitate their work and that of the Steering Committee.

- The Steering Committee will hold regular dialogue with the donor community including the World Bank, the Quartet Special Envoy, the UK and other key bilateral donors who support the Palestinian private sector, to advance the steps called for in the Declaration and to discuss plans and projects designed to support private sector development.
- The Steering Committee will hold quarterly consultations with Palestinian and Israeli Government representatives to discuss and overcome obstacles that the private sector continues to face.
- The Palestinian and Israeli private sectors support the involvement of all private sectors in the Investors Conference which is planned for the West Bank and Gaza in April 2006 and to build on the activities highlighted in this London conference.

This Declaration was signed and presented at the London Conference on Promoting Economic Growth in West Bank and Gaza through the Private Sector on December 13, 2005 in the presence of the Right Honorable Gordon Brown, Chancellor of the Exchequer, UK, Christiaan J. Poortman, World Bank Vice President for the Middle East and North Africa, H.E. Mazen Sinokrot, Minister of National Economy, Palestinian National Authority and Dr. Joseph Bachar, Director-General, Ministry of Finance, Israel.