

Development Papers series(4)

THE BETHLEHEM INDUSTRIAL PARK: TRUE DEVELOPMENT OR AN INGREDIENT OF NETANYAHU'S ECONOMIC PEACE PLAN

Prepared by:

TAHSIN ELYAN

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ECONOMIC PEACE PLAN**

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Bisan Center for Research and Development was established in 1989, as a non -profit, non -governmental, democratic progressive organization aiming to enhance steadfastness of the Palestinian people and contribute to build a strong Palestinian civil society. Bisan's approach in enhancing steadfastness is through building a strong Palestinian civil society through promoting a participatory model of development based on the principles of social justice, democracy, equality, human rights and respect of individual and collective freedom.

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**THE BETHLEHEM INDUSTRIAL PARK:
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INTRODUCTION

Prior to his election as Prime Minister of "Israel" in 2009 Benjamin Netanyahu coined the term "economic peace" and presented it as part of his electoral program to deal with Palestinian- Israeli conflict. Netanyahu's economic peace hypothesis is premised upon his belief that an improved life quality of the Palestinians would make it easier for him to negotiate peace settlement that fits his own measurements with the Palestinian. As the term indicates priority is given to economic aspects rather than political solution that would genuinely end occupation and enable Palestinians to exercise the right to self-determination including the right of refugees to return to their original homes. The plan ignores that fact that the conflict is political in nature and that economy, albeit important, may not replace political rights. In a speech that he delivered before the United Jewish Communities General Assembly Netanyahu that peace process should concentrate on economic matters rather than political disputes.¹ Netanyahu added that "Israel" must "strengthen the moderate parts of the Palestinian economy by handing rapid growth in those area, rapid economic growth that gives a stake for peace for the ordinary Palestinians." Meanwhile, he stressed his

intent to continue settlement expansion.² Such contradicting stand casts doubt on Netanyahu's will to achieve real peace.

The task to promote the plan was assigned to Vice Premier Silvan Shalom who tried to revive delayed projects that serve the same goal, "economic peace."³ The projects include the establishment of industrial zones in Bethlehem and Jenin as well as other projects. At first glance such projects serve the interests of the Palestinians and development in Palestine. A deeper look at them, however, shows that they are part of the illusion game played by "Israel" to normalize occupation and help "Israel" market itself as peace-loving country. Amidst all of this the poor would remain poor and the rich who have economic interest in such projects would fatten their wealth at the expense of the collective national rights.

This report sheds light on the Bethlehem Multidisciplinary Industrial Park/Zone and examines its feasibility within the general Palestinian political and economic framework. The report gives background about the project, tries to review opinions for and against it and examine its relation to the genuine development process in Palestine.

1. See "Netanyahu: Economic not politics is the key to peace", Haaretz Daily, 20 November 2008. Available at: <http://www.haaretz.com/print-edition/news/netanyahu-economics-not-politics-is-the-key-to-peace-1.257617>. Accessed on 29 November 2011.

2. See "Likud allow settlement expansion", BBC News, 26 January 2009. Available at: http://news.bbc.co.uk/2/hi/middle_east/7851140.stm. Accessed on 29 November 2011.

3. See "Palestinians reject Netanyahu's 'economic peace' plan" Haaretz Daily, 9 July 2009. Available at: <http://www.haaretz.com/print-edition/news/palestinians-reject-netanyahu-s-economic-peace-plan-1.279616>. Accessed on 29 November 2011.

BETHLEHEM MULTIDISCIPLINARY INDUSTRIAL PARK:

Overview

On 17 December 2008 President of the Palestinian Authority Mahmoud Abbas and the French President Nicolas Sarkozy signed a memorandum of understanding to establish an industrial park/zone in the West Bank city of Bethlehem.⁴ To follow up with implementation procedures of the project a joint Palestinian-French steering committee comprised of five representative bodies from each party was established.⁵ The committee was *inter-alia* vested with registering Palestinian company and another French Company to establish the industrial zone/park. The two companies were then merged into one company under the name of Bethlehem Multidisciplinary Industrial Park (BMIP). The declared goal of BMIP is to establish an environment-friendly industrial zone/park in the Bethlehem governorate to encourage economic “development” and economic stability which is viewed as precondition for peace in the region.⁶ The company then embarked on communications with the respective bodies to get the necessary permits and legal work done. Along with this, 200 dunums land that is located to the southeast of the city was rented from the Ministry of National Economy to establish the park on. This land is originally an Islamic Waqf land

4 . See the website of the French Consulate in Jerusalem. Relevant information available at: <http://www.consulfrance-jerusalem.org/spip.php?rubrique330>. Accessed on 19 November 2011.

5. Interview with Dr. Samir Hazboun,

6. See Arij’s report “An Industrial Zone in the Bethlehem Governorate”. Available at <http://bethlehem21.arij.org/en/documents/news/Industrial%20Zone-Proposal.pdf>. Accessed on 19 November 2011.

that was rented from the Islamic Awqaf by the Ministry.⁷ The land is located in an area called Hendazeh to the southeast of Bethlehem. This land is in Zone A which is under the Palestinian control. The project was initially to be located in an area somewhere in Zone C which is under the complete “Israeli” *control*. But according to an official in the project it is not wise to carry out such projects in Zone C, as it would be time consuming to get the bureaucratic work done, especially that any project in this area requires Israel to agree on it.⁸ Concession agreement was concluded with the Palestinian Industrial Estate and Free Zone Authority (PIEFZA) on 29 March 2010. Under the agreement the developer pledged to construct 1000 sqm building to be used as an administrative office for the industrial zone. The building is now ready for use. The industrial zone is expected to produce the following industries:

- Light industries: these include handicrafts, clothes as well as other art products.
- House furniture such as saloons, beds, sofas, chairs... etc.
- Pharmaceutical productions
- Car body repair
- Environment- friendly products such as energy saving cells and wastewater treatment plants.
- Media entertainment center: This would provide a wireless “free internet” service to
- the urban and semi-urban population of the governorate.
- Banks, training centers to empower

7. Hazboun

8. Valerie

women and students, kindergartens as well as other industries.⁹

According to PIEFZA the project builds up on the international donors' Conference for the Palestinian State that was held in Paris on 17 December 2007.¹⁰ The Conference drew on the importance of supporting the private sector to revive the Palestinian economy, a goal that the Conference shares with the 2007 Palestinian Authority's Development and Reform Plan which stresses industry as key element to development.¹¹ The project will be regulated by relevant Palestinian laws.

To run the project Valerie Hoffenberg, a Jewish-French woman, was chosen by Sarkozy who treated her as his special envoy to the region¹², a description that raises some questions on the nature of her mission. In an interview with Ha'aretz Daily, Hoffenberg said that Sarkozy chose her to run the project because he is smart. While she describes Paris as "home" Israel is the "heart" and one must do whatever he or she can for the heart.¹³

VARIOUS VIEWS ON THE INDUSTRIAL ZONE

Palestinians are divided over the feasibility of industrial zones that are being established in the West Bank. Proponents believe that such projects contribute highly to the economic growth and "development" by creating new jobs and improving life quality in Palestine, which will pave the way for an independent

9. See Arij's report "An Industrial Zone in the Bethlehem Governorate" Available at: <http://bethlehem21.arij.org/en/documents/news/Industrial%20Zone-Proposal.pdf>. Accessed on 24 November 2011.

10. See PIEFZA website.

11. See PA's Development and Reform Plan of 2007.

12. Interview with Valerie

13. Interview with Valerie

Palestinian state. According to Dr. Samir Hazboun, the head of BMIP Board of Directors, the Bethlehem industrial zone would reduce unemployment rates in the governorate.¹⁴ It would provide hundreds of job opportunities for unemployed Palestinians. During the first phase of the project which involves preparing the infrastructure, some 800 job opportunities will be available for Palestinian workers. The workers will help connect the park to water and sewer installations and networks, construct roads and install electricity networks. Phase two of the project would concentrate on attracting local investors and businesses to invest in the park. This would help Palestinian businesses to grow, which reflect itself positively on the Palestinian economy. Further, the project will make it easier for local investors to invest their money by providing the needed infrastructure without the investors spending any money on such infrastructures. Additionally, local workers would receive training that will enable them to compete and master special skills. Opponents, however, believe that such industrial zones enhance economic dependency on Israel. As one scholar says the Bethlehem industrial zone "prefigures a new step in the deepening dependency and integration of the Palestinian Authority's (PA) economy into that of the settler colonial Zionist Ashkenazi Regime"¹⁵ What is viewed as "development" by one party is seen as economic dependency by another. If the French were sincere in their endeavors to help the Palestinians, they would end the occupation of Palestine as

14. An interview with Dr. Samir Hazboun, DATE

15. Interview with Dr. Adel Samarah. Available at Falestiny website: <http://www.falestiny.com/en/5850>. Accessed on 21 November 2011.

genuine development cannot go side by side with occupation.¹⁶ In spite of the fact that no one is against improving living standards of the Palestinians in the occupied Palestinian territory it should be made clear that such projects, while to a certain extent help individual Palestinians, they raise concern over the intent behind them. In other words, these projects give priority to individual temporary gains over the collective rights of the Palestinians including their right to self-determination which includes, in addition to state building, the right to exercise return to their original homes. Further, they come within the framework of Netanyahu's "economic peace" plan that aims at perpetuating occupation.¹⁷

Bisan Center has always criticized Netanyahu's "economic peace" plan and has viewed industrial zones projects as integral part of it. While Bisan realizes the importance of improving people's quality of life by providing job opportunities, it stresses that such projects must not substitute people's collective rights including the right to self-determination and the right of Palestinian refugees to return to their original homes. Further, Bisan believes that such projects should be carried out within the framework of comprehensive development strategy that puts ending occupation as one of its top priorities. Another concern for Bisan is that these zones are joint projects with "Israel" and that they "reflect the absence of development"¹⁸ and reinforce "the state of economic dependency

16. An interview conducted by Bisan Center with T.E (name withheld), 20 July 2011.

17. See Bisan's Report "Two Years After Palestinian Reform and Development Plan: The Poor Are Still Paying the Price", Bada'el, December 2010.

18. See Bisan's Bada'el, February 2010, p16.

on the Israeli occupation."¹⁹ Palestinian officials insist that "Israel" is not partner in the Bethlehem industrial zone. When asked about such partnership the Mayor of Bethlehem Mr. Victor Battarsah said that the Israelis are not partners in the project.²⁰ However, Silvan Shalom says that "[T]he industrial park in Bethlehem is a joint venture of Israel, the PA and France."²¹ This raises questions on the PA officials' insistence to deny any Israeli involvement in the project. Even if Israel is not a direct partner in this project it will share the benefits of the project as Israel is controlling the borders and consequently benefiting from trade activity from and into the occupied Palestinian territory. Further, Bisan believes that Bethlehem project may harm the owners of small handcart businesses in the Governorate. Bethlehem souvenir and gift shops rely on small business that are owned by ordinary people who, sometimes, produce their handcrafts in their houses. When the Park is opened these people may not be able to compete with stronger businesses in the Park.

Bisan believes that the choice Valerie Hoffenberg to run the project was not coincidence. It is clear from her political stands that she is for occupation policies. In an interview with her Hoffenberg insisted that her role in this project is administrative and has nothing to do with politics.²² "Let the politicians make peace from top to bottom,

19. Ibid.

20. Interview with Victor Battarsah, the mayor of Bethlehem

21. Interview with Valerie

22. "Woman with a Mission", an interview conducted by Ha'arezt Daily, the interview is published on Hoffenberg's blog, it is available at: <http://valeriehoffenberg.wordpress.com/2010/06/02/a-woman-with-a-mission-haaretz-daily-newspaper-israel-news/>. Accessed on 21 November 2011.

and I will make it from bottom to top”, she told Ha’aretz Daily.²³ Yet, Hoffenberg was sacked from her job when she opposed what she called the Palestinians’ unilateral declaration of statehood.²⁴ Hoffenberg justified her stand saying that she is for a Palestinian state in principle but this can be only achieved “through bilateral negotiations”²⁵, a view that she shares with Netanyahu himself. And this casts some doubt on her true intent.

“Israel” has made every possible effort to tightly control the occupied territory and prevent the materialization of any genuine development in the occupied Palestinian territory. Apparently, PIEFZA realizes that development under occupation is to a large extent impossible. In an attempt to overcome some of the obstacles that “Israel” puts to hinder trade activities that would result from the establishment of BMIP, PIEFZA agreed with the French partners to deal with movement restrictions that “Israel” imposes on Palestinians and their business activities.²⁶ Movement restrictions is only one of the obstacles that may obstruct development in the occupied Palestinian territory. “Israel” may decide at any time to attack the industrial zone or any office even if it belongs to an international. The bombing of the industrial zone in Beit Hanoun in Gaza (so called Erez) is a case in point. The bombing of the

mainoffice of the United Nations Relief and Works.

Agency for Palestinian Refugees in the Near East (UNRWA) is another example. Therefore, there may not be any guarantee that “Israel” does not attack this industrial zone. However, this should not, in an official’s view, prevent Palestinians from doing the best maximum effort to improve their economic growth.²⁷ At the end of the day the reality is the occupation is continuing, which makes development lose its meaning. More importantly “Israel” would use such projects to normalize occupation and as cosmetic procedure to hide the ugly face of occupation. As Palestinian economic expert put it “I am all for economic development, but not as a substitute for peace — nor its manipulation by Mr. Netanyahu to mangle and normalize the occupation”²⁸ Apparently, Palestinians mostly agree that much of the money that is spent on such project is not meant to serve development. Rather, they serve political ends. In a workshop held in Ramallah between 2-3 November 2011 there was clear consensus among participants that “Israeli” occupation hinders any possibility for development. Participants in the workshop believe that much of the foreign funds given to Palestinians have hidden agenda.²⁹

23. Ibid.

24. See “French Mideast envoy fired for opposing Palestinian UN bid”, Haaretz Daily, 9 July 2011. Available at: <http://www.haaretz.com/print-edition/news/french-mideast-envoy-fired-for-opposing-palestinian-un-bid-1.382960>. Accessed on 21 November 2011.

25. Ibid

26. Hazboun

27. Hazboun

28. The West Bank’s Deceptive Growth, an article by Zahi Khouri, The New York Times, 8 September 2009. Available at: <http://www.nytimes.com/2009/09/09/opinion/09iht-edkhouri.html>. Accessed on 28 November 2011.

29. xxx

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