

**Peace through Prosperity:
Examining the Impact of Movement
Restrictions on the Palestinian Economy**

Recommendations for the Removal of Checkpoints and
Roadblocks within the West Bank

April 2008

Foreword

The official passages between Israel and the Palestinian Authority and checkpoints within the West Bank present major impediments to current and future Israeli-Palestinian economic relations, as well as internal Palestinian economic activity. Today, there are more than 500 checkpoints and roadblocks inside the West Bank that affect trade, commerce and the movement of civilians. There are also five official passages – located on what is known as the "Green Line" – that serve as the main economic routes between Israel and the Palestinian Authority.

Economic growth and prosperity are the cornerstones of a thriving society, as well as the foundation for good neighborly relations. Since the collapse of the peace process and the beginning of the Second Intifada in 2000, the Palestinian economy has undergone severe deterioration, as seen through the declining Palestinian GDP and other economic indicators. The sharp growth in the number of checkpoints inside the West Bank and the construction of the security fence/wall between Israel and parts of the Palestinian Authority, has led to economic depression in Palestinian areas. The impact of this depression, coupled with the humiliation that civilians endure at checkpoints and roadblocks on a daily basis, creates fertile soil for a revenge atmosphere that can lead to acts of violence. It also severely damages the status of moderate leaders such as President Abu Mazen and Prime Minister Salam Fayyad.

During the six years of the Second Intifada and the three years preceding it, one of the most fundamental components of Israeli security policy was the use of socio-economic leverage against the civil population as a means of instigating pressure on the militants to stop violent activity. It is now evident that this type of pressure has not achieved its goal but has, in fact, had the opposite effect of feeding anger and hatred amongst the Palestinian population and encouraging violence. The best example of this currently is the economic pressure imposed against the Gaza Strip which has not stopped the firing of Qassam rockets against Israeli cities, but has instead resulted in heightened desperation amongst the Palestinians and increased support for militant activity.

\$7.4 billion was pledged towards the rehabilitation of the Palestinian Authority at the donor countries conference in Paris, October 2007. It is generally agreed, however, that without a change in the checkpoints and roadblocks policy in the West Bank it will be extremely difficult to start this rehabilitation process. It can also be assumed that no funding will be transferred until there is a change of policy in this area. Furthermore, Israel has declared its intention for three industrial areas to be established for the benefit of the Palestinian economy in Jalalme (Jenin area), Tarkumiya (Hebron area) and Jericho, as specified in the "Ankara Initiative", signed in Turkey by President Peres and President Abbas. These proposed industrial centers will not be able to function, however, unless there is a significant change in movement policy in the West Bank.

This paper is the first in a series of reports that will examine the impact of movement restrictions between Israel and the Palestinian Authority, and within the West Bank on the Palestinian economy. These papers present the current situation on the ground and offer solutions that allow for increased Palestinian economic activity. The underlying assumption of the recommendations is that economic growth will contribute directly

to the stability of Palestinian society and the general security climate, ultimately paving the way for a more peaceful environment in the region.

As the first report in this series, this paper will examine key checkpoints and roadblocks within the West Bank that have a harmful effect on the Palestinian economy and economic relations with Israel. This report is the result of the joint work of an Israeli-Palestinian working group established specifically to examine the impact of movement restrictions on the Palestinian economy.

The Palestine Center for Strategic Studies (Ramallah, Palestine) and the Peres Center for Peace (Tel Aviv, Israel), as the facilitators of this working group, would like to thank the following people for their substantial contributions to this paper: Mr. Nasir Tahboub - Advisor to the Palestinian Prime Minister within the Finance Ministry; Mr. Samih Al Abed - former Palestinian Minister of planning, Mr. Abdul Hafeez Nofal - Senior Official in the Palestinian Trade Ministry; Mr. Adi Ashkenazi - former Head of the Economics Department in the Civil Administration in the West Bank and Gaza; Brig. Gen. (Res.) Ilan Paz - former Head of the Civil Administration in Beit El and Advisor to the Economic Cooperation Foundation (ECF); Brig. Gen. (Res.) Dov Tsdaka - former Head of the Civil Administration in Beit El and Advisor to the Economic Cooperation Foundation (ECF); Mr. Ziad Abu Zayyad - former Minister and Parliament Member of the Palestinian Authority and Director of the Palestine Center for Strategic Studies; Dr. Ron Pundak - Director General of the Peres Center for Peace; and Mr. Ruby Yanir - Project Manager at the Peres Center for Peace.

The Peres Center for Peace and the Palestinian Center for Strategic Studies would also like to express their gratitude to the Royal Danish Ministry of Foreign Affairs and especially the Royal Danish Embassy in Tel Aviv, for their ongoing partnership and support of this project.

This document reflects the opinion of the working group members and not necessarily the views of the Palestinian Center for Strategic Studies and the Peres Center for Peace.

Introduction

Internal checkpoints in the West Bank have a monitoring/blockading function and are controlled by the IDF. They are situated between different cities or population districts, and according to the Israeli army they are established mainly for security reasons. They severely disrupt the daily lives of Palestinian civilians, imposing heavy restrictions on the movement of goods and people.

Internal checkpoints and roadblocks within the West Bank are one of the most influential factors affecting Palestinian-Israeli trade since they drastically reduce accessibility to and from Israel. They dictate the movement of Palestinian products to Israel as well as internal trade within the Palestinian Authority including the flow of trade to customers in "Area A" of the West Bank. The restrictions also cause severe damage to Palestinian trade from the West Bank to Jordan, a major trading partner of the Palestinian Authority.

Whilst there was once a serious security need for checkpoints and roadblocks, this need is diminishing with time. The checkpoint and roadblocks policy, however, has not changed accordingly, despite the fact that it has an extremely negative impact on the Palestinian economy and society. The recent statement by the Israeli government regarding the removal of 40 roadblocks in the West Bank is not, by any means, a significant gesture owing to the fact that the proposed measures will change very little on the ground with regards to the flow of transportation, goods and commodities. As long as these movement restrictions are in place they are inflicting severe damage to the efficient flow of trade through crossings situated along the security fence resulting in:

- A decline in GDP and rise in unemployment;
- An enhanced sense of lack of efficient governance;
- Decreased support for dialogue and contribution to a sense of vengeance that is often manifested through militant activity.

Given the fact that the Israeli Government has expressed interest in negotiations that include the rehabilitation of the Palestinian economy, building of an efficient Palestinian administration and enhancing moderate elements within Palestinian society, it is our belief that now, more than ever before, it is within Israel's interest to thoroughly assess the efficiency of the checkpoints and roadblocks regime, in relation to the damage and disruption they cause.

This working group believes that, from an economic perspective, it is now particularly crucial to remove some of the main checkpoints and roadblocks in a gradual and supervised way, whilst also taking measures to address security concerns and enhance cooperation with the Palestinian Authority.

Within Israel, checkpoints and roadblocks are often assessed from a security point of view only. This working group wishes to examine the checkpoints and roadblocks from an economic perspective, whilst also seriously addressing security considerations. Accordingly, this paper examines 10 key checkpoints and roadblocks within the West Bank that have a direct impact on the internal Palestinian economy, as well as economic relations with Israel, recognizing that Israel is the Palestinian

Authority's largest trading partner. The paper estimates the current volume of trade passing through the checkpoints and examines the security considerations relating to each one. Where there is a security consideration involved, alternative solutions are offered to substantially ease the economic pressures on the Palestinian population, whilst also fulfilling security needs.

Parameters of the Current Analysis

In order to address the issue of checkpoints and roadblocks in the West Bank, a set of criteria has been constructed from which recommendations can be made to improve the flow of Palestinian-Israeli trade, as well as the movement of goods and raw materials within the West Bank.

The following questions have been taken into consideration:

- How likely and achievable is it to recommend the total removal of all internal checkpoints and roadblocks in the West Bank (that amounts to more than 500), and a return to the situation of September 2000 before the Second Intifada began?
- Should the recommendations be general or specific i.e. examining a list of specific checkpoints or giving general recommendations?
- What should the criteria be for selecting which checkpoints to review and how they should be assessed?
- How should the security threat be evaluated in relation to economic damage?

With regards to the first point above, it is the belief of this working group that the majority of checkpoints and roadblocks within the West Bank should be removed owing to the fact that they are no longer needed due to the construction of the security fence/wall which surrounds the West Bank. However, this will not form the main argument of this paper since the implementation of such a measure is currently unrealistic owing to the strength of opposition made by Israeli security forces and the Jewish settlers centering around security considerations.

Despite this fact, the working group believes that at least number of checkpoints should be examined in order to assess their security efficiency in relation to damage inflicted on the Palestinian economy. In order to determine which checkpoints should form part of this analysis it was decided to focus primarily on the strategic importance of the checkpoints with regards to economic factors i.e. the impact on the efficient movement of Palestinian export goods to Israel and abroad, as well as for internal Palestinian trade within the West Bank. Factors such as long waiting times, lengthy diversions and inefficient infrastructure were also taken into consideration when assessing which checkpoints to include as improvements in all of these areas would have a drastic effect on the Palestinian economy boosting trade, lowering prices and encouraging competition within the Palestinian market.

Furthermore, since the focus of this working group is on the impact of movement restrictions on the Palestinian economy, this paper will concentrate on West Bank checkpoints that affect both internal and external Palestinian trade rather than just internal trade within the West Bank and/or the movement of civilians.

Israeli Security Considerations

Bearing in mind that security issues will form an important part of the resulting recommendations from this paper, it is important to examine the security considerations (according to the Israeli authorities) which led to the initial creation of the checkpoints and roadblocks regime.

The Israeli members of the working group assess that the Israeli security establishment's reasons for the construction of checkpoints and roadblocks are as follows:

- To exert maximum control in areas from which terror attacks are carried out;
- To assist in the monitoring of roads in the West Bank where Israeli vehicles are exposed to shootings from passing/parked Palestinian vehicles;
- To block escape routes from areas that are prime targets for terror attacks (army bases, settlements etc);
- To create a solid infrastructure to enable a quick response in the event of a terror attack;
- To shorten the route which can be taken by a potential terrorist;
- To serve as a punitive measure.

It is these criteria that have been applied to the selected West Bank checkpoints in order to assess the level of the security threat posed by their removal.

The Checkpoints / Roadblocks in Question

With regards to all of the factors outlined above, the following checkpoints were selected for close examination of economic and security considerations:

1. Dir Sharaf (Shavei Shomron) checkpoint
2. Beit Iba checkpoint
3. Anabta checkpoint
4. Qalqilya checkpoint
5. Hawara and Awarta checkpoints
6. El Hamra checkpoint
7. Galazon roadblock
8. Wadi Nar checkpoint (the container)
9. Hebron checkpoint (Route 35)
10. Hebron roadblock (the Sheep Junction)

Economic and Security Considerations of the Selected Checkpoints

1. Dir Sharaf (Shavei Shomron) checkpoint

This checkpoint is located to the west of Nablus. It monitors the movement of Palestinian exports from the Jenin region towards the south for delivery to the Area A district in Tulkarem, and also for trade with Israel and abroad through the Sha'ar Ephraim trade passage.

The volume of trade passing through this checkpoint is estimated at dozens of trucks per day. In addition to physically disrupting internal and external Palestinian trade, there is also much uncertainty surrounding the opening hours and work procedures of the checkpoint, greatly impeding the efficient passage of goods and civilians.

Security reference: the necessity of this checkpoint has decreased dramatically since the construction of a protective wall around the Shavei Shomron settlement, and also due to the fact that the main entrance to the settlement has been diverted from the checkpoint to a different location. These measures have greatly alleviated the security threat in this location, thus diminishing the need for the Dir Sharaf checkpoint on security grounds.

2. Beit Iba checkpoint

Beit Iba checkpoint is located to the west of Nablus in the western tip of Area A. It blocks access from Nablus to the north towards Jenin on Road 60, and also westwards towards the Sha'ar Ephraim goods passage close to Tulkarem.

After goods are cleared at the Sha'ar Ephraim passage they are transferred to Beit Iba checkpoint. Incoming trucks with Nablus license plates are allowed to pass through the checkpoint provided the drivers hold permits for their trucks. Drivers from the Tulkarem area with incoming loads from Sha'ar Ephraim are allowed to pass through Beit Iba checkpoint but have to return back to Tulkarem through the Awarta checkpoint.

Security reference: this checkpoint can be removed provided that Israeli-Palestinian security coordination is intensified and the Palestinian Authority security forces heighten their activity inside Nablus. Prior to these measures, Israel should ease movement restrictions at the Beit Iba checkpoint by canceling the need for permits in order to pass.

3. Anabta checkpoint

This checkpoint connects the Area A district of Anabta–Balaa to the city of Tulkarem. It is situated on the route that connects Tulkarem to the east and monitors all of Tulkarem's internal trade, as well as trade with the districts of Nablus and Jenin.

The checkpoint also monitors the route to Sha'ar Ephraim passage, disrupting and delaying Palestinian trade to Israel and abroad. The volume of trade passing through the checkpoint is estimated at dozens of trucks per day. In addition to physical disruptions, uncertainty regarding the checkpoint's opening hours and working

procedures also acts as a significant obstacle to the efficient flow of trade through this checkpoint.

Security reference: the Anabta checkpoint is defined as "low security" by the IDF i.e. it does not protect a military post or settlement but only functions to disrupt the connections and economic relations between Palestinian towns and villages. Despite this fact, it may still be argued that the checkpoint is necessary to protect the settlements of Einav and Avnei Hefetz. If this is the case then the checkpoint could easily be re-located to Einav junction where it would not disrupt Palestinian movement.

4. Qalqilya checkpoint

The Qalqilya checkpoint connects the Qalqilya district to Route 55 and controls the movement of internal trade from the city eastwards, and also to the Sha'ar Ephraim passage through Route 446 north. The checkpoint acts as an impediment to the efficient passage of internal and external trade and, once again, confusion regarding opening hours and working procedures contributes to the disruption.

Security reference: the security risk of removing this checkpoint is minimal as compared with the significant economic advantages that would apply, enabling the efficient passage of trade from Qalqilya.

5. Hawara and Awarta checkpoint

Hawara checkpoint is located to the south of Nablus. It monitors goods and civilian movement from the city of Nablus via Route 60 to Jerusalem and Ramallah. In addition to affecting internal trade within the West Bank this checkpoint also poses a significant obstacle to trade with Israel, especially with regards to the district of Jerusalem. The volume of trade passing through this checkpoint is estimated at over 100 trucks per day. From a procedural point of view, businesspeople are usually forced to wait long periods until they are cleared.

Awarta checkpoint affects trade movement between Nablus, the rest of the West Bank and the Jordan Valley. All outgoing shipments destined for Israel through Sha'ar Ephraim have to pass through the Awarta checkpoint. All incoming shipments from Israel must enter Nablus through Awarta, unless the truck driver holds a permit (these permits are held by just 60 truck drivers). Drivers who do not hold permits are subjected to back-to-back inspection at this checkpoint. Disruption to trade movement is exacerbated at Awarta by long waiting times and tedious security inspections.

Security reference: the same security reference applies to Hawara and Awarta checkpoints as to Beit Iba checkpoint above.

6. Hamra checkpoint

This checkpoint is located to the east of Nablus. The checkpoint controls movement from the Gav Ha'ar area to the northern Jordan Valley and through the valley passage. It also controls all exports passing from the mountainous areas to Jordan through the Damia and Allenby Bridges.

The goal of the Hamra checkpoint is to control movement from the north to the south within the West Bank (and vice versa). The checkpoint also aims to prevent Palestinian movement on Route 90 for those without a permit or who do not reside in the Jordan Valley area.

Security reference: the main significance of the Chamra checkpoint is a matter of policy, rather than security, owing to the fact that the Jordan Valley area is viewed by Israel as a different territorial cell to the rest of the West Bank. From a security point of view, therefore, there is no need for the checkpoint to remain in place. Its removal would have the far-reaching effect of increasing Palestinian trade from the northern to southern West Bank (and vice versa) and improving access to Route 90.

7. Galazon roadblock

The Galazon roadblock is located to the north of Ramallah, next to Beit El settlement on the old 60 Road which is now referred to as the 466 Road. The checkpoint blocks internal trade between Ramallah, Bir Zeit district in Area B and the large Salfit district in Area A. As a result of this roadblock, all movement towards northern areas such as Salfit and Nablus must pass through Surda and Bir Zeit Bridge. The roadblock also monitors trade with Nablus and the northern West Bank following the restriction of the new 60 Road to this type of movement.

Security reference: the main aim of the Galazon roadblock is to prevent shooting towards Beit El settlement. This goal can be achieved, however, through other means such as the use of a phill box (guarded building) or a protective wall. The Galazon roadblock, therefore, serves no urgent security need, and can easily be removed.

8. Wadi Nar checkpoint (the Container)

This checkpoint is located to the north-east of Bethlehem and connects the southern area of the West Bank with the central and northern parts. The checkpoint monitors all trade and individuals movements from north to south within the West Bank, and from there to the external passages that facilitate trade with Israel and abroad. Wadi Nar checkpoint impacts the passage of an extremely high volume of trade vehicles as daily cargo crossings are estimated at over 800 trucks in both directions. Both goods and civilians endure long waiting times at Wadi Nar. It is evident that the removal of this checkpoint would have a dramatic impact, allowing for the faster flow of goods and passengers between the northern and southern West Bank.

Security reference: the Wadi Nar checkpoint creates a barrier between the northern and southern parts of the West Bank, subjecting every civilian and goods vehicle that passes through to security checks, therefore causing heavy disruption to any Palestinian movement. This checkpoint could easily be removed as its status is defined as "Normally Open" i.e. soldiers only monitor passing vehicles without

stopping them. In addition to removing this checkpoint, opening the old Keidar route would allow for more fluent movement, enabling Palestinians to pass through without entering the populated areas of Sumra and Azaria.

9. Hebron checkpoint (Route 35)

This checkpoint is located to the north of Hebron on the outskirts of Area A, towards the Tarkumiya passage on Route 35, which leads westwards to Israel and the Port of Ashdod.

The checkpoint is critical for the function of the Tarkumiya passage. If the restrictions were lifted, this would shorten the bypass that is taken by Palestinians coming from the north. The removal of this checkpoint would also greatly reduce the time taken for Palestinian trade vehicles to pass through, resulting in a substantial increase in volumes of Palestinian trade for export.

Security reference: the entrance to Route 35 is not blocked by this checkpoint anyway since Palestinians are free to enter the route via a long bypass not far from the checkpoint. There is, therefore, no logical security need for a checkpoint to operate in this location.

10. Hebron roadblock (the Sheep Junction)

This roadblock is located to the south of Hebron. It restricts internal Palestinian trade between the Yata-Samoa block and the cities of Hebron and Tarkumiya.

Over 60% of production from the 500 factories and workshops in the industrial district is sold to the Israeli market. The main access gate to the industrial district has been closed since 2001, preventing direct access to Routes 60 and 35, which lead to the Tarkumiya crossing. Trucks therefore have to detour through highly populated areas within Hebron city in order to access Routes 60 or 35. Around 300 trucks pass through the Hebron roadblock from the industrial district daily, greatly increasing the time, distance and shipping costs necessary to cross through this area. The opening of this roadblock would facilitate access to Routes 60 and 35, enabling trucks to avoid passing through the center of Hebron and allowing for much more efficient access to Tarkumiya.

Security reference: there are very few security considerations associated with this roadblock which is an internal Palestinian checkpoint only i.e. it blocks movement between Palestinian population areas only.

Summary

This paper has examined 10 key checkpoints and roadblocks within the West Bank that have a significant impact on internal and external Palestinian trade. It is evident that the long waiting times, diversions and confusion associated with these checkpoints greatly impede the efficient transfer of goods both within the West Bank and between the West Bank, Israel and abroad. Owing to the construction of the security fence these 10 checkpoints no longer fulfill a crucial security need. Where there are security considerations associated with the checkpoints, alternative solutions can easily be implemented, thus alleviating the harmful disruption to trade movement from the West Bank. It is, therefore, the recommendation of this working group, that the 10 checkpoints and roadblocks described above be removed to enable the Palestinian economy to prosper, thus contributing to increased stability within the region, reduced support for militant groups and peaceful relations between Israel and the Palestinian Authority.