



PM Netanyahu and Quartet Representative Blair met and agreed to a package of economic steps designed to assist the Palestinian Authority

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Statement by PM Netanyahu:

Tony, I'm delighted to have this opportunity to advance our common goals. We've had a series of meetings and we're concluding with the announcement of several steps that we take to, first of all to enhance stability. I think people understand that stability is important at all times, but it's especially important now and the first set of steps that we're taking are to continue the policy we've advanced to enable economic growth in the Palestinian areas. I think this has contributed to stability; it's contributed to a better life for the Palestinians and I think it's contributing to peace and security in the long term. So we are announcing a series of steps for the Palestinian areas that I think will make that economic prosperity and living standards rise and I think that's important.

Well, the second set of steps are intended to make Gaza independent of Israeli infrastructure by helping to develop their electricity plants; water, sewerage treatment. I think this is important. There are significant international projects that we want to advance. We talked about the ways to do it in specific concrete terms.

And the third set of steps is aimed at diversifying gas supplies in the future. Israel has of course its own gas supplies down the line in the close of the decade, but we have interim gas needs. Most of our supply today is coming from Egypt. It's important for us to develop additional resources but it's also important for the Palestinians. There's a Palestinian Authority gas field adjacent to an Israeli gas field. We need to develop both simultaneously. This is something that the Palestinian Authority expressed interest in. I think we're going to begin discussions and negotiations to facilitate both, where the revenues from the Palestinian field go to the Palestinian Authority and the revenues from the Israeli field go to the Israeli government and I think this is good for stability, good for prosperity and good for peace. I don't delude myself for a second that an economic peace is a substitute for political peace. We need both and I hope that Abu Mazen will heed my call and enter direct negotiations with us. And one of the things that I think people can appreciate today is the importance we attach to the security arrangements on the ground because as recent events have shown us, the peace agreement has to take into account not only the situation that is present today, but the situation that could unfold tomorrow.

So I look forward to resuming these negotiations with the Palestinians for the

benefit of both our peoples, and for the peace in the region.

Statement by Quartet Representative Blair:

Even against the background of events in the region and the absence of direct political negotiations, it is important we continue to do all we can to improve the conditions and living standards of the Palestinian people. Indeed it is now especially important.

I am pleased at the package of measures agreed today with the Government of Israel.

I thank the Prime Minister for his personal involvement in and support for these measures. The discussions we have been having go back several months. This is my seventh visit to the region in as many weeks. On each occasion the Prime Minister has been generous with his time and determined to move this agenda forward.

The package breaks into three parts:

First, a comprehensive set of changes in Gaza, building on those approved in June 2010. The most important is a long-standing request of the Palestinian Authority and President Abu Mazen for an agreement to revive discussions on the vital project of 'Gaza Marine' gas field, with approval in principle of the supply of Palestinian offshore gas to Gaza power plants and specific project approval to a new power station there. Clearly there are many items to be worked out but this is an important breakthrough for the Palestinian Authority, people in Gaza and the broader region.

In addition, there is agreement to mobile desalination plants to meet Gaza's needs for clean water; and approval in principle for a larger permanent desalination plant.

There is also full approval for all the sanitation and water treatment plants necessary for Gaza, with the Government of Israel agreeing to facilitate and support the entry of construction materials to enable projects to be completed on schedule. There are further measures to promote Gaza exports, especially in furniture and textiles as well as agriculture.

A further 20 named construction projects will be approved. We aim to begin a pilot project for private sector construction materials by 1 April; and in February the Government of Israel will transfer around 40,000 tons of aggregates from Sufa/Karni into Gaza.

The combination of these measures should result, over time, in a radical overhaul of Gaza's infrastructure.

In this regard, I would urge an end to all attacks coming out of Gaza. Such attacks inhibit our ability to help the people of Gaza and the absence of such attacks

allows us to get on with the job of helping them.

On the West Bank, there will be an extension of Palestinian Authority security presence in Area B – with 7 towns approved in principle; an agreement to fast-track the construction or reconstruction of schools and health clinics in Area C on the basis of plans submitted by the Palestinian Authority and my office to COGAT. 5000 Gaza-registered residents of the West Bank will be given WB ID cards. Outstanding issues to do with revenue collection are agreed to be resolved quickly between the Government of Israel and Palestinian Authority Finance Ministries.

Thirdly, in respect of East Jerusalem, the Government of Israel has agreed to encourage the implementation of all projects that abide by municipal regulations that will improve infrastructure there for Palestinians, including in particular housing, starting with two projects in East Jerusalem.

Obviously, agreement to all this is not the same as implementation. There is always a continual interaction on this between the Office of the Quartet Representative and the Government of Israel. But over these past two years there has been significant change on the West Bank, as can be seen from the strong economic growth there. This has been due, of course, to the Palestinian Authority's actions; but also actions of the Government of Israel to facilitate them.

In respect of Gaza, though the challenge remains enormous, there has been a significant increase in goods entering Gaza and in construction work. The measures today will boost all of this significantly and personally I believe the green light to improving living standards and conditions of people in East Jerusalem is of enormous importance to the future.

None of this is a substitute for a credible political process. I hope one gets underway as soon as possible. But I have always maintained that it is a combination of measures that improve life on the ground and a strong political negotiation that will produce peace.

Today, with all the uncertainty in the region, I believe that more than ever.