

December 2010

Israeli – Palestinian Chamber of Commerce and Industry
December 2010 news letter

Dear Members,

I would like to present the previous activities of the Chamber in the recent months:

1. Visit of senior Israelis businesspeople with PORTLAND TRUST In Ramallah who met with Senior Palestinians Business persons and with Dr. Salam Fayyad, the Palestinian Prime Minister.
2. A visit of the members of the Chamber in a commercial exhibition in Ramallah before the RAMADAN.
3. We held a number of business meetings between Israeli companies and the head of the Palestinian Importers Association and currently we act to organize a number of conferences in the West Bank, in which Israeli firms, companies and businesspeople will hold presentations for relevant Palestinian businesspeople.
4. On November 23, a conference of Israeli and Palestinian IT business persons took place in Tel-Aviv. The conference has been organized in cooperation with ISEMI - Institute for Business Entrepreneurship Studies. Fifty people attended the conference, out of which 25 were Palestinian while practically all of which were related to the IT field. Israeli and Palestinian CEOs and directors of software companies spoke in the conference. They spoke about their experience in the

cooperation between Israeli and International companies and Palestinian companies, with the emphasis outsourcing. In addition, they spoke of the need to locate additional international companies while developing the performance fields handed to Palestinian companies. One of the important points brought up by the attendees of the conference was the fact that many new attendees were unfamiliar to those who have already attended such conferences. The attendees considered the conference successful and it was agreed that we would continue to think of holding additional events in the field, including the participation of Israelis in a similar conference in the West Bank.

5. Following the conference mention above, On December 13, a panel was held under the Israeli Business Convention with respect to the Israeli-Palestinian Cooperation in the Hi-Tech and IT Field for the acceleration of economic growth. Three CEOs of leading Palestinian IT companies – Mr. Murad Tahboub from ASAL Mr. Tareq Maayah from EXALT, and Mr. ALA Aladdin from INTERTECH and from Israel - Mr. Jonathan Levi, the CEO of NUVOTON Ltd. , Ms. Zika Av-Zuk, a senior director in CISCO and Avi Nudelman, CEO of the Chamber, participated in the panel. Mr. Amiram Shor, a member of the Chamber's Management who is extremely involved in the field of cooperation with the Palestinians in the Hi-Tech field led the panel. Again, many people consider the panel as a successful one, due to the fact that new attendees came to hear the panel participants.
6. On December 6, the Chamber organized a tour in the developing new city of Rawabi for the CEO and the managers of the Israeli Manufacturers Association who received a comprehensive review from Mr. Amir Dajany, the General Manager of the Project, and from Mr. Bashar Al Masri, the City Initiator. It was agreed that the Israeli Manufacturers Association and the Israeli-Palestinian Chamber of Commerce and Industry would organize a meeting between Israeli manufacturers and Mr. Bashar AL Masri and Mr. Amir Dajani dealing with the development of the city in order to include Israeli plants and companies in the project.

7. One issue that we are interested to develop is the textile field. Our goal is to interest Israeli textile companies in developing the field with the Palestinians. Therefore, we held a visit in a sewing workshop in Kalkilya who work for GIBOR-SABRINE factory, and we were extremely impressed by the positive direction in which these connections are developing.

Economic updates collected from the Palestinian Press and from PORTLAND TRUST bulletin:

1. The industrial area in the city of Jenin has already been planned many years ago and the reasons for its non-establishment are numerous and diverse. Nevertheless, both parties still continue with the efforts to try and establish the industrial area in spite of the criticism raise toward Israel by Muhammad Abu Libde, the Palestinian Minister of Economics that Israel prevents the building of the Industrial area.
2. At the end of last October, Dr. Akel Abu Krea published an article in the 'Al-Quds' Newspaper with the title - **The Palestinian Food Plants – One of the Centers of Economics**. In the article, Dr. Abu Krea is troubled by the fact that the Palestinians prefer to purchase food products, especially meat and dairy products, from abroad, including Israeli food products, and calls for increasing the purchase of local food products in order to improve the Palestinian economics by adding more Palestinians to the local work force. He add that Many Palestinians are currently employed by Israeli plants in the Israeli settlements beyond the Green Line. According to Dr. Abu Krea, in view of the Palestinian confiscation policy with respect to products from the Israeli settlements, it becomes reinforced. The writer calls to expand the Arabian market for the Palestinian food production and points at the Palestinian abilities to market agricultural products and dates to the Arabian world as proof for the ability to do so. To summarize the article, Dr. Abu Krea recommends to prepare a Palestinian strategic plan formed by the Palestinian Authority, the private sector, the universities and research institutes whose main

issue is – the strengthening of the national ability in the field of the food industry and finding new markets – Arabian, Middle Eastern and global for the Palestinian food production.

3. On September 14, the Palestinian business community joined as a member of the International Chamber of Commerce (ICC). Discussions are held with respect to opening a branch of the ICC in Ramallah.
4. In 2010, the European Union plans to transfer contributions in the amount of Euro 158 million for the Palestinian Authority, mainly for the assistance in issuing payrolls for the clerks of the Palestinian Authority.
5. At the end of September, the Palestinian Central Bureau of Statistics published that the local gross domestic product increased by 5.5% in the second quarter of 2010 and by 9.2% compared to the equivalent period in 2009. According to the Bureau, in the second quarter of 2010, the total gross domestic product reached US\$ 1.417 billion as follows: In the West Bank – US\$ 1,057 billion and in the Gaza Strip - US\$ 361 million. The GDP per person stood at US\$ 373, an increase of 4.7% compared to the first quarter of 2010 and of 6% compared to the second quarter of 2009. The most significant increase in the economic activities was recorded in construction (an increase of 29% compared to the second quarter of 2009), agriculture (an increase of 17%) and trade (an increase of 14%).
6. The Palestinian Central Bureau of Statistics identifies four main obstacles for the economic development in the West Bank with respect to the private sector:
 - a. Not being able to access areas in the West Bank, such as C Areas.
 - b. Loss of the market of East Jerusalem for most of the Palestinian traders
 - c. Restricting movement in the West Bank for potential investors.
 - d. Defining raw materials as "bi-useful" by Israel and restricting their penetration into the West Bank.

7.The Palestinian Ministry of Economics reported that 103 new companies were registered in the West Bank in August 2010 alone, which is a decrease in the number of companies registered in August 2009, but an annual comparison points at a continuous increase of company registration since 2006. 24,000 companies are currently registered in the Palestinian areas, including international companies.

8.In the second quarter of 2010, 1,741 construction licenses were issued in the West Bank – an increase of 14% compared to the first quarter of 2010 and 33% compared to the second quarter of 2009. 1,059 were issued for new buildings.

9.Dr. Hulud Daibes, the Palestinian Minister of Tourism, mentioned the movement of tourists in cities such as Bethlehem, Jericho and Ramallah in August. For example, 90 thousand tourists visited Bethlehem in August, half of which stayed in hotels in the city.

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