West Bank and the Gaza Strip: future European economic assistance

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OBJECTIVE: this communication describes the key elements of a joint Union strategy for the West Bank and the Gaza Strip in order to support the acquisition by the Palestinian Authority of political, institutional and economic powers. CONTENT: the strategy envisaged by the Union includes: - political powers: the Union has deployed 300 observers on the ground in order to monitor the elections of the Palestinian Authority. This electoral unit should be maintained throughout the electoral process; - institutional powers: the Union should support the extension of current Community aid programmes to the creation of Palestinian institutions, but should adapt them to the need to develop autonomy and the requirements of the various Palestinian ministries and local authorities; - economic powers: * The tripartite action plan to balance the budget of the Palestinian Authority and accepted by all parties (Palestinian Authority, Israel and international community) should be adapted to the economic impact of the development of Palestine. The main adjustments needed involve: . defining measures to improve taxation, spending controls and the economic management of the Palestinian Authority, together with a timetable, . defining the action to be taken by Israel in order to make it easier for the Authority's goods, labour, equipment and staff to cross the border, . regulating the problem of start-up aid for actions which has not yet been underwritten by donors, in order to eliminate the current deficit, . stipulating the means of international control of actions started. * The development strategy implemented to date needs to be converted to a sound, global, long-term strategy and the Palestinian Authority needs to draw up and adopt its own strategy in order to attract foreign investment. The Union should help the Authority in this respect by recommending that a working party of all parties be set up and by giving its active support to the efforts being made to ensure that any new aid is in keeping with the development strategy. * Trade: the Community, which should grant new agricultural trade concessions, should find practical ways of promoting Palestinian exports. * Community assistance: the Community should continue to play a central role in aid projects, especially by granting non-refundable aid from 1996 onwards and through contributions from the EIB. It also plans to conclude an agreement with UNRWA (1996-98). * Finally, the Union hopes that the Palestinian Authority will be included in the new Euro-Mediterranean partnership in order to strengthen relations between Palestine, the Mediterranean partners and the Community.