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EC COMMISSION FORWARDS PROPOSALS ON MIDDLE EAST TO SUPPORT PEACE PROCESS

The EC Commission has today adopted communications to the Council and the European Parliament on future policies concerning the Occupied Territories, Israel and the Mashrak countries (Egypt, Jordan, Lebanon and Syria).

The Commission outlines factors which would ensure the success of the peace process and introduces the necessary budgetary proposals. It emphasizes the two-fold need to bring the economy of the Occupied Territories up to a satisfactory level, and to actively support the economic development of the region as a whole.

Cooperation with the Occupied Territories

For the Occupied Territories of the West Bank and Gaza, the Commission proposes for the period 1994-98 that a new allocation of 500 million ECU (approx \$600 million) be made available by the Community. Half of this amount would be charged to the Community budget and the remainder is expected to be provided through long-term loans from the European Investment Bank.

The Commission thus proposes to contribute substantially to the overall amount of \$500-550 million per year which has been estimated as the minimum capital requirements of Gaza and the West Bank by the World Bank over an initial period of 1994-2003.

The Community's approach towards its support of the Occupied Territories should focus on two complementary aims :

- in the short term to extend projects already underway, in particular in the fields of housing, credit for small and medium-sized business, solid waste removal programs, upgrading the sewage system and the construction of the Gaza hospital. The construction of classrooms and the completion of industrial parks should be added to the existing aid program.

- in the medium term EC resources should contribute to improving the economic and social infrastructure (housing, schooling, water supply, sewage) as well as helping the Palestinians to rapidly generate urgently-needed employment, in particular by providing a modern infrastructure for private business activities (telecommunications, road connections, electricity, industrial estates, etc.).

The Commission is prepared to put at the disposal of the Palestinians the necessary technical assistance to establish the requisite technical and financial machinery as well as a planning and financing authority which will be necessary to handle large amounts of international assistance.

Moreover, the Commission thinks that the Community, as the main financial contributor to the Occupied Territories, should play a major role in the coordination between donors.

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The UN Relief and Works Agency (UNRWA) and the Community initialled in Brussels on September 29 a new 3-year convention (1993-1995). This eighth convention provides for a contribution by the Community towards the cost of UNRWA's education and health programs and to the various UNRWA feeding programs. The size and form of this contribution will be determined annually by the Community, in the framework of its food aid programs.

Community aid to Palestinian refugees in Jordan, Lebanon, Syria, the West Bank and Gaza through the regular UNRWA program, as well as through various emergency and exceptional interventions has been averaging \$50 million annually.

Cooperation with the region

The Community's substantial assistance in favour of some 4 million Palestinians, on the one hand, and 80 million people living in Egypt, Syria, Jordan, Lebanon and Israel, on the other hand, should be balanced.

This will be achieved through the Community's support for regional cooperation between all partners in the Middle East as well as through the upgrading of the Community's dialogue with each of the countries of the region.

An important step has already been taken in this direction: a new EC- Israel Association Agreement is being prepared and the Commission has today approved the draft mandate to negotiate for this new agreement, which has now to be considered by the Council (see below).

Cooperation with Israel: A New Draft Negotiating Directive for a New EC-Israel Association Agreement

This new agreement will replace the more limited cooperation agreement concluded in 1975 in the framework of the overall Mediterranean policy defined by the Community in 1973.

It will represent an important step in the Community's support for the Middle East peace process. The Community's balanced approach towards the countries of the region comprises its two-fold efforts in bringing conditions in the Occupied Territories up to a satisfactory economic level and actively supporting the economic development of the region as a whole.

The main points of the new Agreement as proposed by the Commission are :

- a more comprehensive and structured political dialogue;
- extension of free trade to cover services, which should lead to a greater balance in EC-Israel trade;
- liberalization of public procurement, allowing access to contracts let by public authorities on a reciprocal basis;
- possibility of association of Israel with the EC Research and Development Framework Program, an area of cooperation of great interest to both sides;
- provision for EC support to cooperation projects concerning Israel and other countries of the region;
- a wide range of other cooperation provisions in areas such as energy, environment, the fight against drug trafficking, etc... ;

The new Agreement will represent a new stage in EC-Israel relations, which should reinforce the steps being taken towards peace in the region and strengthen links between the Community and Israel.

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