



EUROPEAN COMMISSION

HIGH REPRESENTATIVE OF THE
EUROPEAN UNION FOR
FOREIGN AFFAIRS AND
SECURITY POLICY

Brussels, 15.5.2012
SWD(2012) 115 final

JOINT STAFF WORKING DOCUMENT

**Implementation of the European Neighbourhood Policy in Israel
Progress in 2011 and recommendations for action**

Accompanying the document

**JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE COUNCIL,
THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE
COMMITTEE OF THE REGIONS**

Delivering on a new European Neighbourhood Policy

{ JOIN(2012) 14 final }
{ SWD(2012) 110 final }
{ SWD(2012) 111 final }
{ SWD(2012) 112 final }
{ SWD(2012) 113 final }
{ SWD(2012) 114 final }
{ SWD(2012) 116 final }
{ SWD(2012) 117 final }
{ SWD(2012) 118 final }
{ SWD(2012) 119 final }
{ SWD(2012) 120 final }
{ SWD(2012) 121 final }
{ SWD(2012) 122 final }
{ SWD(2012) 123 final }
{ SWD(2012) 124 final }

1. OVERALL ASSESSMENT AND RECOMMENDATIONS FOR ACTION

This document reports on overall progress made on implementation of the EU-Israel ENP Action Plan between 1 January and 31 December 2011, although developments outside this period are also considered when deemed relevant. It is not a general overview of the political and economic situation in Israel. For information on regional and multilateral sector processes readers should also refer to the Partnership for Democracy and Shared Prosperity progress report.

Overall, Israel made reasonable progress in implementing the Action Plan. An effort was made to infuse greater dynamism into EU-Israel relations notwithstanding the ongoing freeze of the "upgrade" that was initially agreed in 2008. The Association Council met on 22 February, and the EU and Israel agreed to further explore the opportunities under the current Action Plan in a number of sectors and policy areas, and to pursue "technical talks" in order to identify areas for future potential cooperation. By January 2012, a full cycle of sub-committees and working groups was completed, and work under the technical talks advanced and preparations began for a meeting of the Association Committee, last held in May 2008.

The Israeli economy's performance was strong but slowed in 2011, as domestic demand dropped and the worsening global outlook coupled with continued appreciation of the shekel led to a reduction in exports. Social justice protests highlighted concerns about the increased cost of living and the high and rising rate of relative poverty. This led the government to take steps to gradually decrease housing and commodity prices, encourage competition and limit the influence of business conglomerates in the local market. In some cases, this led to lower prices for consumers.

On the domestic front, a trend that became apparent in 2010 continued with an unprecedented number of potentially discriminatory or even anti-democratic bills being tabled in the Knesset. The democratic process still ensures that many of these bills do not become law, but their number, and the scant effort made by their proponents to hide the fact that they were intended to benefit or target specific individuals or organisations, is worrying. These bills tend to antagonise relations with the Arab minority, complicate the space in which civil society organisations of one side of the political spectrum operate, attempt to rein in the Supreme Court and potentially infringe on the freedom of speech.

Israel took some steps towards aligning with European and international norms and standards. On intellectual property rights, it amended the data exclusivity legislation, but fell short of its OECD commitments. For public procurement, Israel decided gradually to phase out the offset requirements under the Agreement on Government Procurement (GPA), as requested by the EU. Co-operation in science and technology continued successfully.

On justice and home affairs, a committee set up in 2010 at the Ministry of Justice to formulate a proposal for a comprehensive migration law has not completed its work. The signing of bilateral agreements on migrant workers is a positive development.

However, an area of concern is new legislation reinstating the binding arrangements for migrant care-givers.

The government seeks to deter as far as possible the entry of asylum seekers. *Israel* grants asylum seekers from Eritrea and Sudan group protection from deportation, unlike those from other countries who are either deported or return voluntarily. Medical care, welfare and employment opportunities are not provided for those under group protection. Since only a very few obtain refugee status, the overwhelming majority is either deported or returns voluntarily.

The EU remains one of the largest donors supporting Israeli civil society efforts to promote human rights and conflict resolution. This exposes the EU to some public and government criticism.

The **situation in the occupied territories** remained tense, given the stalled peace process and worrying developments on the ground, including increased settlement activity in East Jerusalem and the rest of the West Bank. Exercise of the freedom of association and freedom of expression continued to be problematic. However, the Israeli army recently stepped up interventions against settler violence, following increased settler attacks in 2011 compared with 2010. The overwhelming majority of cases filed with the Israeli police against such attacks were closed without indictment. Israel's widespread use of administrative detention of Palestinians increased in 2011, but the number of Palestinian prisoners in Israeli jails fell. The decision of the military authorities to rise the adult age from 16 to 18 in military law applicable to the occupied Palestinian territory was positive. However, further steps need to be taken, especially to address the conditions for interrogation of juveniles, including the presence of parents or lawyers during juvenile interrogations. Palestinian economic and social rights remain hampered by Israeli restrictions on the freedom of movement, especially as regards the economic and physical isolation of the Gaza Strip.

On the basis of this year's report and with a view to the sustained implementation of the ENP Action Plan in 2012, Israel is invited to:

- Enhance cooperation with the EU on exhausting the opportunities offered by the current Action Plan and on considering possible areas of future co-operation to be addressed when the regional situation allows.
- Continue to step up its efforts to minimise settler violence in the occupied Palestinian territory and to bring all perpetrators to justice.
- Address the excessive use of administrative detention.
- Step up efforts to reverse the trend of deteriorating conditions for the functioning of a vibrant civil society.
- Ratify the Second and the Third Protocol to the 2003 UN Convention in Transnational Organised Crime on the illicit manufacturing of and trafficking in firearms, their parts, components and ammunition.
- Take the necessary measures to ensure the independence of the Israeli Equal Employment Opportunities Commission.
- Address the control deficiencies for plants and plant products for export.

- Sign and ratify the Regional Convention on Pan-Euro-Mediterranean Rules of Origin.
- Amend the legislation on intellectual property rights in line with OECD commitments.
- Take measures to lower carbon emissions, in line with international agreements.

2. POLITICAL DIALOGUE AND REFORM

Towards deep and sustainable democracy

Despite Israel's democratic tradition, in the fields of **freedom of association** and **freedom of expression and the media**, the trends set out in previous reports continued in 2011. An increasing number of bills that can be labelled as potentially discriminatory or even anti-democratic were tabled in the Knesset although only a few became law. The “anti-boycott law”, the “Naqba law” and the “acceptance to communities' law”, all adopted in the reporting period, are examples of laws that raise concerns, as they can potentially curtail the freedom of Israeli citizen organisations to express non-violent political opinions and can alienate the Arab Israeli minority.

The adoption of an amendment to the law of defamation, which increases the maximum compensation for libel violations (without proof of damage) to roughly EUR 60,000, could constitute a risk to the existence of free and independent media. This, together with a degree of politicisation of media appointments, indicates a worsening climate for investigative journalism.

The **independence of the judiciary** continues to be protected, although a number of bills were tabled to influence the composition and competences of the Supreme Court. A law was adopted on 2 January 2012 which seeks to shorten the minimum tenure for Supreme Court presidents from three to two years, thus enabling the future appointment of a particular individual.

Israel has a good performance in the fight against **corruption**, ranking 36 in 2011 in the Transparency International Corruption Perceptions Index, the highest level in any ENP partner country, and higher than a number of EU Member States. Its score improved in 2011, although its relative position declined below that of 30 it achieved in 2010.

Other human rights and governance-related issues

Israel is party to most international human rights instruments but not to their optional protocols. Specific human rights cases were raised with the Israeli authorities in demarches and day-to-day contacts, as well as during the meetings of the informal working group on human rights and the EU-Israel political dialogue sub-committee. The EU supported over 35 projects under the European Initiative for Democracy and Human Rights throughout the year. This had a positive impact on individuals whose rights have been restricted and it helped raise awareness and promote structural change at national level. An example of such change is the establishment, with EU support, of an autonomous Arab pedagogic council, recognised by the state. This

fosters the participation of Arab professionals in Israel in advancing a comprehensive framework for Arab education.

As regards the rights of **minorities**, progress on the situation of the Arab minority was limited. Israeli Arabs accounted for 7.5 percent of the civil service workforce by September 2011, less than a one percent increase on the previous year and well below the ten percent targeted for 2012 by legislation.

The situation of the Bedouin community became the focus of heated debate in September due to the adoption of the government's Praver Plan, which proposed the relocation of 30-40,000 Bedouins in the Negev in the context of an economic development plan but without full recognition of land ownership and with limited scope for legalising construction. The plan fell short of the Goldberg Commission's earlier recommendations for a broad recognition of Bedouin villages and was criticised for the limited consultation of representatives of unrecognised Bedouin villages – which would be the most vulnerable in the event of relocation.

Women's rights became the subject of increasing debate during the reporting period as a result of a more aggressive attitude of the ultra-Orthodox groups towards separating men and women in the public sphere, also beyond the traditional Jewish Orthodox communities, and as a result of questions relating to the role of women in the army. The debate has continued despite High Court rulings preventing segregation and public denunciation by religious leaders and top ranking politicians. The gender pay gap persists, with women earning around 30 percent less than men for the same work. The EU is providing support to the Equal Employment Opportunities Commission through a twinning project.

On **children's rights**, in December 2011 the Knesset adopted a new law on the prosecution of Israeli minors, which proposes an alternative to court proceedings. Under the law, minors will not be criminally prosecuted, their offence will not be tried in court nor entered as a criminal record, but they will be subject to an alternative procedure.

The annual EU-Israel seminar on **anti-Semitism, racism and xenophobia** was held on 26-27 October 2011 in Brussels. It proved very useful for exchanging information on trends and developments in EU Member States and in Israel on these problems and for outlining possible responses.

Regional and international issues

The EU continued to encourage both the Israelis and the Palestinians to return to the negotiating table while also leading efforts to reinvigorate the Quartet. In its statement on 23 September, the Quartet called for the resumption of direct bilateral negotiations without delay or preconditions, aiming to reach an agreement within a timeframe agreed to by the parties but no longer than the end of 2012. The Quartet called upon the parties to refrain from provocative action and reiterated their obligations under the Roadmap.

The Palestinians refused to re-enter negotiations without an Israeli settlement freeze, including in East Jerusalem, a demand with which Israel did not comply. On the contrary, in response to the Palestinian bid for full UN membership and to Palestine's

admission as a member of UNESCO, Israel announced plans to step up settlement building. After UNESCO admitted Palestine as a member, Israel temporarily suspended the transfer of Palestinian tax revenues to the Palestinian Authority, contrary to its obligations under the Paris Protocol.

On 9 October, the High Representative of the Union for Foreign Affairs and Security Policy hosted Quartet envoys and the parties in Brussels. The parties stated their readiness to engage in line with the Quartet statement. Under the auspices of the Quartet, this process brought about the first direct meeting of the parties' negotiators on 3 January 2012.

On 2 September, the UN Palmer report on the 31 May 2010 flotilla incident was released. It found that the maritime blockade imposed by Israel on the Gaza Strip was "a legitimate security measure", but criticised the excessive force that was used in the Israeli navy's takeover of the Mavi Marmara. It was also critical of the flotilla's organisers and the Turkish government. The report called on Israel to "continue with its efforts to ease restrictions on movement of people and goods to and from Gaza with a view to lifting the closure entirely in order to alleviate the unsustainable humanitarian and economic situation facing the civilian population".

Settlement construction and expansion continued in the West Bank, including East Jerusalem, with a surge in settlement activity at the end of 2011. Building settlements that sever the geographic contiguity between Jerusalem and the rest of the West Bank (e.g. Givat Hamatos) are of particular concern as this undermines the prospect for a two-state solution with Jerusalem as the future capital of two states.

3. ECONOMIC REFORM, SOCIAL REFORM AND DEVELOPMENT

Macroeconomic framework

Economic growth was 4.8% in 2011, unchanged from 2010. The disaggregated picture shows a rapid expansion in Q1 (5.8% year-on-year) followed by slower growth in Q2-Q4 which is forecast to continue into 2012. Unemployment followed a similar although lagged trend, falling from 6.7% at the end of 2010 to 5.5% in Q2 (it's lowest level for 50 years) but beginning to rise again thereafter.

Inflation averaged 3.5%, the main drivers being increases in the prices of housing (5.9%), food (3.5%) and energy (6.6%). These pressures subsequently eased in August-December, as house prices stabilised following government measures to avert a real-estate bubble and the strength of the shekel helped curb imported inflation.

The shekel remained strong compared to pre-crisis values. This affected the external sector with first-semester exports increasing by just 14.5% (year-on-year) compared to a surge in imports of 30.2%. The current account balance for 2011 was close to zero, contrasting the consecutive surpluses seen since 2003.

The government reduced the fiscal deficit to 3.3% of GDP in 2011 (against 3.8% in 2010), slightly overshooting the 3% target and in 2012 the deficit is expected to increase slightly to 3.4%, mostly on account of lower-than-predicted revenues. The authorities still aim for a deficit limit of 2% in 2012 and 1% in 2014. There is

pressure to increase social spending in light of recent social justice demonstrations against the increased cost of living and a perceived deterioration in public services, which comes following the recommendations of the Trajtenberg Committee, appointed to deal with the protestors' concerns (see below). One of the recommendations of the Committee to avoid overshooting the 2012 deficit target was to reduce spending in the politically sensitive area of defence.

The newly adopted taxation structure for the energy sector is expected to boost the government's share of oil and gas revenue from 33% to 52-62%. The recently discovered offshore gas reserves should facilitate the reduction of public debt and will also allow for the establishment of a sovereign wealth fund.

In an important step towards the Action Plan goal of deepening and enhancing the existing economic dialogue between the EU and Israel, the first meeting of the EU-Israel Sub-Committee on Economics and Financial Matters (as established under the EU-Israel Association Council in 2005) took place in January 2012.

Employment and social policy

Despite good economic growth and low unemployment, Israel has the highest poverty rate in the OECD and deep socio-economic disparities persist. Income disparity is marked (with a Gini coefficient of 0.38) and the rate of relative poverty (21%) is the highest amongst all OECD countries. While these are widespread issues, Arab-Israelis and ultra-Orthodox Jews continue to display the highest rates of unemployment and poverty. Government action continues to focus on increasing the income of “the bottom one-fifth”.

As regards **social policy**, in 2011 Israel experienced popular discontent, social unrest and the largest demonstration on social issues in its history: in September, 460,000 protesters called for social justice at rallies across the country. At the end of September, an inter-ministerial committee chaired by Mr Trajtenberg presented a set of structural recommendations covering housing, competition and the cost of living, taxation, social services and measures to increase social spending.

On **social inclusion**, implementation of the EU twinning project with the Israeli Equal Employment Opportunities Commission continued, including through a major conference in March on diversity as the engine of economic prosperity. In October, Israel announced its intention to formulate a good practice equality plan with special emphasis on equal pay.

4. TRADE-RELATED ISSUES, MARKET AND REGULATORY REFORM

In 2011, the EU was the main trading partner for Israel with total trade amounting to approximately EUR 29.5 billion (increase by 15%). Both EU exports and imports registered positive growth although at lower rates than in previous year: imports grew by 14% and exports grew by 17%. EU imports from Israel reached EUR 12.6 billion, while EU exports to Israel grew to EUR 16.8 billion. Jointly, exports of goods and services grew in 2011 (by 4.5%), but less than in 2010 (13.4%) while investments in fixed capital climbed almost 16%. EU imports consisted mainly of chemicals (32.9%), machinery and transport equipment (18.8%), and manufactured goods

(16.1%). EU exports to Israel consisted mainly of machinery (38.9%); in particular, transport equipment (12.6%), office and telecommunication equipment, chemicals (16.7%) and semi-manufactures articles (17.8%). Technical corrections of the agreement on **agricultural** products were agreed in September 2011 and will have to be adopted by the Council after receiving the consent of the European Parliament. Organic production in Israel is now certified according to EU compatible legislation by means of a private body authorised by the Israeli Plant Protection and Inspection services.

On **customs**, Israel finished an Authorised Economic Operator (AEO) pilot project. Eight large companies were granted AEO status and the AEO program became operational. Direct benefits of the AEO status include a lower probability of checks, a paperless procedure including electronic signature, a direct contact point at the customs office and customs clearance before the goods have arrived.

On the **free movement of goods and technical regulations**, the EU-Israel Agreement on Conformity Assessment and Acceptance of industrial products (ACAA) with an annex on good manufacturing practices for pharmaceutical products, signed in 2010, still awaits European Parliament's consent. The Agreement would allow pharmaceutical products attested as compliant with EU procedures to be placed on the Israeli market without any further approvals, and vice versa. A Committee nominated by the Prime Minister recommended that more international standards be adopted in Israel and that goods be released with an importer declaration regarding their conformity with standards similar to the practice in Europe. At the end of 2011, approximately 80% of Israeli standards were international (60% ISO/IEC, 35% CEN/CENELEC and 5% other).

Another Protocol to the Association Agreement – Framework Agreement on the **Participation of Israel in the EU Programmes** - remains pending. Having been signed in 2007 on the basis of the current Action Plan, this Protocol awaits EP approval. Opening the Entrepreneurship and Innovation Program (EIP) in 2008 was possible due to the provisional application of the Protocol. However, Israel's participation in other programs, e.g. the ICT program and the "Intelligent Energy Europe" program within the Competitiveness and Innovation Framework program (CIP) is still not possible.

The EU and Israel continued cooperation on the **sanitary and phyto-sanitary** issues, including a twinning project signed in November 2011. Several animal disease outbreaks were successfully managed without trade repercussions. In November 2011, the European Commission's Food and Veterinary Office carried out a mission to Israel to evaluate the system of official controls of plants and plant products for export to the EU. *Israel* will address the identified control deficiencies.

On the **business climate**, the EU-Israel annual Business Dialogue (EUIBD) continued to function satisfactorily. In June 2011 the EUIBD adopted its first set of business recommendations. Compared to the previous year, Israel fell from 32nd to 34th place in the ease of doing business ranking in the World Bank's 'Doing Business 2012' annual report.

On **company law**, the Israeli Securities Authority (ISA) and the European Securities and Markets Authority (ESMA) agreed in March 2011 to allow Israeli companies

listed in the Tel Aviv Stock Exchange to use, subject to certain provisions, their Israeli prospectuses to list their shares in any regulated EU stock exchange.

Israel strengthened supervision of **financial services** in February 2011 by amending the law on Pension Counselling and Pension Marketing. The Bank of Israel issued an order imposing an obligation on Israeli residents and non-residents who perform transactions in foreign exchange swaps and forwards of more than USD 10 million in one day, and on non-residents for transactions in certain government bonds of more than shekel 10 million in one day, to report details of the transactions and their balance of holdings of such assets. The Bank of Israel required in April banking corporations to maintain a 10% reserve requirement for foreign currency derivative transactions vis-à-vis non-residents. In July, Israel opened clearing of credit card transactions to wider competition.

Other key areas

In August 2011, Israel and Malta signed an agreement on avoidance of double **taxation**. *Israel* and Cyprus (the remaining Member State without such an agreement with Israel) entered into similar discussions in 2011.

In the area of **statistics** Israel has made good progress in providing increasing amounts of data to EUROSTAT but should focus future efforts on improving national accounts (financial accounts and satellite accounts for environment) and strategic planning (human resource policy, training policy for new recruits and long term planning).

The government committee for **competition** recommended the government take action against excessive ownership and concentration in the Israeli economy. The main recommendations are: banning control/ownership of major financial institutions by large non-financial corporations; and limiting the power of large holding companies' owners in purchasing and selling companies and in taking decisions with major implications on the shareholders. In July, the Knesset granted the Anti-Trust Commissioner the power to declare business groups as having excessive economic power and take steps to prevent anti-competitive practices. In November, the government proposed to the Knesset an amendment to the anti-trust law allowing the Israel Anti-Trust Authority to impose fines in certain cases.

Israel's OECD commitment to amend **intellectual property rights** legislation has yet to be implemented. The August 2011 extension of the data exclusivity period for new drugs from five to six years was a step in the right direction.

During the Internal Market Sub-Committee meeting in October, the European Commission expressed the view that Israel would have to set a deadline for ending its offset system in **public procurement**, especially following its entry to the OECD. In response, Israel submitted its first offer for phasing-out this system during the Government Procurement Agreement negotiations in December.

On **enterprise policy**, in October the European Commission and Israel signed one joint statement on satellite navigation (see chapter 6) and a joint declaration on cooperation in the area of tourism, including actions to promote travel during low seasons. *Israel* participated in implementing the 2011-2012 industrial cooperation

work programme that Euro-Mediterranean industry ministers adopted on 11-12 May 2011 in Malta.

5. COOPERATION ON JUSTICE, FREEDOM AND SECURITY

In the area of migration and asylum Israel in 2011 continued to receive significant numbers (on average approximately 1500 a month) of asylum seekers and irregular migrants mainly from Eritrea (51%) and Sudan (32%) reaching its borders via Egypt. In the end of 2011 there were approximately 50,000 migrants who entered Israel outside a border crossing and another estimated 10% unrecorded cases.

In this context, Israel has taken a number of steps as part of a policy of deterrence against irregular migration, endorsed by the Cabinet in December 2011. These include the construction of a fence along the Egyptian border, expected to be finalized before the end of 2012 and the construction of a new detention centre with a capacity of 8000, still in its planning stages. As part of this policy an amendment of the 1954 Law on the Prevention of Infiltration was adopted on January 9, 2012. The amendment has introduced a serious prolongation of the possible detention period for irregular migrants, from 60 days to three years, although with qualifications for humanitarian cases and unaccompanied minors. This is likely to further restrict the possibility for asylum seeker or migrants coming from Sinai to receive international protection or humanitarian assistance in Israel.

There has been no significant progress in improving the faulty Refugee Status Determination mechanism, under the responsibility of the Ministry of Interior. It is a reflection of the shortcomings of the current Refugee Status Determination process that out of the thousands of applicants assessed by the unit, very few are granted refugee status (13 since 2009). It should be noted that Eritrean and Sudanese nationals are not able to undergo the Refugee Status Determination process and therefore not assessed for eligibility to become refugees. These nationals are granted 'group protection' under the principle of non-refoulement in the form of a temporary visa, renewable every three months. This visa does not allow access to health and welfare services, nor does it allow employment. However, NGOs are making efforts to provide some of the humanitarian assistance which the public sector is rather failing to offer, while de facto employment is made possible, following a Supreme Court ruling.

As of October 2011 no more incidents of 'hot returns' were reported, possibly in light of the unstable situation in Egypt.

Regarding **trafficking of human beings**, Israel continues to be a destination country for labour and sex trafficking. An amendment to the Penal Code was presented to Parliament in February 2011, with the aim of prohibiting advertisements promoting prostitution for adults and minors. Responsibilities for trafficking cases within the police services were decentralised and partly transferred to individual police stations, with the aim of improving investigation and enforcement capabilities. Overall, *Israel* did step up efforts to combat criminal organisations dealing with trafficking and provide assistance to their victims. However, assistance is rarely offered to migrants arriving from the Sinai region who often were inflicted tortures and inhuman treatments during their journeys before arriving to Israel.

In the area of **data protection**, the Twinning project on “Strengthening Data Protection in Israel” assisted in developing the operational capability of the Law, Information and Technology authority as a data protection authority. It also supported the effective implementation of legislation on privacy, in approximation with international and EU standards. A Decision, adopted by the European Commission on 31 January 2011 for the purposes of Article 25(2) of Directive 95/46/EC, recognised that Israel is providing an adequate level of protection for personal data transferred from the European Union in relation to automated international transfers of personal data.

Concerning **police and judicial cooperation**, negotiations between Israel and Europol continued with a view to concluding an operational cooperation agreement. Contacts were established with EUROJUST with a view to signing a cooperation agreement. Israel is not yet a party to the 1996 Hague Convention on Child Protection to which all EU Member States will soon accede.

6. TRANSPORT, ENERGY, ENVIRONMENT, THE INFORMATION SOCIETY, RESEARCH AND INNOVATION

The emphasis of the Israeli **transport** policy objectives remained on the development of integrated transport systems, promoting public transport in particular. In August 2011 a light rail tram opened in Jerusalem. In December, Israel and the EU agreed to aim at finalising the negotiations and initialling the comprehensive aviation agreement in 2012. In October, Israel and the European Commission signed a joint statement on cooperation in the area of Global Navigation Satellite Systems (GNSS). This endorses 18 activities strengthening the links between European and Israeli industries as well as enhancing the exchange of information on GNSS.

Israel launched, in October 2011, work towards an **energy** master plan–2050. The plan will take full account of the recently discovered substantial off-shore natural gas resources. Security of supply was affected by a considerable decrease in Egyptian gas imports in 2011 after several explosions of the import pipeline. In this context, Israel decided to construct a maritime buoy to receive liquefied natural gas. It is scheduled to become operational in 2012. Israel also decided to speed up the development of its gas fields. It further constructed its domestic gas pipe networks. Israel set a goal to produce 10% of electricity from renewable sources by 2020, initiated a survey on the potential of wind energy and prepared solar projects. The EU remains committed re-launching trilateral energy cooperation with Israel and the Palestinian Authority.

Sub-regional co-operation (Israel, Jordan, Palestine) was launched on the impact of **climate change** on water availability. Three new Clean Development Mechanism projects were registered at the UN level, bringing the number of registered projects to 22. Israel is encouraged to build capacity and engage in the new carbon market mechanism to be developed following the 17th Conference of Parties to the United Nations Framework Convention on Climate Change (UNFCCC COP 17). Israel is also encouraged fully to implement the Cancun and Durban agreements and in particular devise a low carbon development strategy including update information on target or actions that it will implement.

Israel adopted new legislation on the prevention of hazards from asbestos and on **environmental** enforcement. Israel adopted regulations on noise prevention, on the prevention of sea pollution from land-based sources and green building standards. The Government launched a "Let's think Green" campaign on sustainable consumption and consultations on a green growth strategy (2012-2020). A system of environmental rankings of publically traded companies was established. A project to clean up asbestos waste in the Western Galilee was launched. Israel ratified the Gaborone Amendment to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

In the field of **civil protection**, Israel intensified cooperation with the countries from the region and the exchange of best practices with the EU in the field of disaster prevention, preparedness and response through its participation in the EU Programme for Prevention of, Preparedness for, and Response to natural and man-made disasters (PPRD South).

On **information society**, Israel has not yet established a regulatory authority for electronic communications. Some progress towards further liberalisation was made, when new mobile licenses were introduced during 2011 and Mobile Virtual Network Operator licenses were made available. The concept of separate wholesale and retail markets has not yet been adopted in Israel, where regulation has instead focussed on the structural separation of the two fixed operators into vertical markets. However the Ministry for Communications made very strict rulings on mobile termination rates based on Bottom-Up Long-Run Incremental Costs (BULRIC) methodology in 2011.

In the area of **research and innovation**, cooperation between Israel and the EU remained impressive. Israel has been associated to the 7th Framework Programme for Research and Technological Development (FP7) since its beginning in January 2007. Currently, more than 1040 Israeli research entities are involved in almost 900 FP7 projects, receiving over EUR435 million of FP7 funding. Participation is particularly strong in ICT and health research, but also in the areas of nanotechnology and security research. Israel is doing particularly well in the research actions run under the European Research Council, with currently some 120 grants awarded, with a good success rate of 18%. Israeli researchers and enterprises are also successfully participating in research actions run by the Joint Technology Initiatives, securing funding of around EUR 500,000.

7. PEOPLE-TO-PEOPLE CONTACTS, EDUCATION AND HEALTH

In 2011, EU-Israel higher education cooperation continued, with one **Erasmus Mundus** consortium providing a Joint Doctorate involving higher education institutions from Israel being selected. An Erasmus Mundus project on the internationalisation and enhancement of the quality of higher education in food studies progressed well, while no other new projects were approved. At the end of 2011, *Israel* was also involved in 6 university cooperation projects under the **Tempus IV** programme. This still limited figure may rise in the future thanks to recent awareness raising efforts.

Israel made good use of **Marie Curie actions** (FP7) aimed at fostering international research cooperation and, until the end of 2011, 260 researchers had been funded

through five different actions, as well as 267 Israeli research organisations. In this context, the setting up of two National Contact Points for the programme was an important step taken towards increasing the awareness of “Marie Curie” activities in Israel. In the area of EU integration studies, one **Jean Monnet** project from the Bar Ilan University was selected in 2011.

The European Training Foundation, in cooperation with the relevant Israeli ministries, organised in 2011 various activities to share knowledge and expertise on **vocational education and training** quality assurance as well as on qualifications and qualifications frameworks.

In the area of **culture**, Israel has not yet ratified the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions. Two projects were selected under Euromed Heritage IV in 2011, to be implemented by Arab organisations from *Israel*, in partnership with organisations from the occupied Palestinian territory and Europe.

Young Israelis and Israeli youth organisations continued to benefit from the exchange opportunities under the **Youth in Action** programme. The 51 projects selected in 2011 involved more than 180 young people.

The Government adopted a comprehensive **health** policy, covering the period until 2020 as well as a national plan promoting an active, healthy lifestyle. *Israel* participated in the EU-supported ‘Episouth Plus’ project aimed at increasing health security in the Mediterranean region and South East Europe.

8. ISRAEL IN THE OCCUPIED TERRITORIES

The exercise of **media freedom, freedom of expression and freedom of assembly** remained problematic in the occupied Palestinian territory in 2011. The “All for Peace” radio station in East Jerusalem, which had previously benefited from EU support, was shut down. Israeli detentions of Palestinian journalists in the West Bank and the mistreatment of protestors against the Separation Barrier continued. The situation of Palestinian human rights defenders remained critical. The Israeli trial of human rights defender Bassem Tamimi continued. His nephew, Mustafa Tamimi, was killed on 9 December 2011 by a tear gas-canister while taking part in a weekly demonstration in the West Bank village of Nabi Saleh.

Palestinian **freedom of association** was curtailed in East Jerusalem, with five Palestinian organizations being closed by the Israeli authorities.

During the year, 11 Palestinians, including five civilians, and eight Israelis were killed in Israeli-Palestinian **conflict-related incidents** in the West Bank and Gaza Strip, and 265 Palestinians (250 civilians, of which 218 in the West Bank) and 30 Israelis were injured. Recurrent cycles of hostilities in the Gaza Strip continued to put civilians at risk; in an escalation between 8 and 11 December, civilians made up over 90 percent of casualties in the Gaza Strip.

Although the Israeli Army recently stepped up interventions against **settler violence**, 90% of cases filed with the Israeli police concerning settler violence are closed

without indictment. The UN Office of the Co-ordinator for Humanitarian Affairs (OCHA) registered 377 cases of settler violence in 2011. The weekly average of settler attacks across the West Bank resulting in Palestinian casualties and property damage increased by 40% in 2011 compared with 2010. In addition, one Palestinian was killed and 101 injured by Israeli soldiers during clashes with Israeli settlers. Nearly 10,000 Palestinian-owned trees were damaged by Israeli settlers in 2011.

A number of mosques were burned in the West Bank. **Freedom of religion** was infringed since a number of Christian communities across the West Bank (in addition to all Christians in Gaza) were unable to exercise their right to freedom of worship during Christian festivities, due to the Israeli restrictions on access to East Jerusalem and Bethlehem.

Israel has continued its widespread use of **administrative detention** of Palestinians, and there was a sharp increase in the number of administrative detainees, from 219 in January 2011 to 307 in December. A quarter of these have now been held in administrative detention for one to two years, with 18 detainees held for longer periods. There was one minor in administrative detention at the end of 2011. The EU has repeatedly conveyed its concerns about this practice to the Israeli authorities in the framework of regular political and human rights dialogue.

By the end of 2011 there were 4,281 **Palestinian prisoners in Israeli jails**, of which 135 were children. There was a significant decline on the year, mostly as a result of the release of Palestinian prisoners in exchange for the release of Israeli soldier Gilad Shalit, who had been held captive by Hamas in Gaza for five years.

In the field of **children's rights**, in September, the military authorities raised the majority age from 16 to 18 in the military law applicable to the occupied Palestinian territory. However, concerns remain about insufficient protection of children during arrest and detention, in particular the failure to permit children to be accompanied by a lawyer and parent during questioning. Cases of solitary confinement of children continue.

Palestinian **economic and social rights** remain hampered by Israeli restrictions on the freedom of movement. The economic and physical isolation of the Gaza Strip remains highly worrying with Israeli prohibitions on fishing beyond three nautical miles from the shore having a serious effect on the livelihood of the fishermen of Gaza. Freedom of movement for West Bankers also suffered following the revived Hamas/Fatah reconciliation process and the subsequent tightening of permit policies by Israel. Settler activity across the West Bank placed further localised restrictions on a number of cities and villages: the number of physical obstacles restricting movement and access in the West Bank remains at 521. The occupation and the separation of the Gaza Strip from the West Bank have a negative impact on health care services in the occupied Palestinian territory.

Restrictions on movement and access have a negative impact on the ability of Palestinians to obtain Schengen visas. As several consulates of the Schengen countries are located in Jerusalem and access to the city is impossible or very limited for the majority of Palestinians, obtaining a Schengen visa presents serious difficulties, given the general requirement to appear in person when lodging a visa application.

Property rights came under particular strain. According to OCHA, more than twice as many people were displaced in 2011 as in 2010 in Area C of the West Bank, due to the demolition of their homes by Israel. Some 142 Palestinian residential and non-residential structures were demolished in East Jerusalem and Area C, displacing 203 people, including 118 children. A total of 1,233 persons were affected by demolitions and eviction orders.

The risk of forced displacement of Bedouin communities increased. The Israeli Civil Administration informed 20 Bedouin communities living in the periphery of East Jerusalem that they had to leave, thus placing 2,300 people, primarily refugees, at risk of forced displacement. This relocation, if implemented, would accommodate the expansion of the Ma'ale Adummim bloc of settlements (E-1 Zone). More than 90% of the 40 demolitions that took place in November alone, primarily in the Jordan Valley and in the East Jerusalem periphery directly affect **socially vulnerable** Bedouin communities.