

Area C: From disputed territory to a space for creeping peace

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Area C is “disputed territory” claimed by Israelis and Palestinians and left under temporary Israeli responsibility by the Interim Agreement (1995). For almost three decades, Israel has been reducing the Palestinian living space in the area and deepening its hold, managing all planning and building processes, expanding settlement areas and so-called “state lands” and demarcating “military zones” and “nature reserves” for itself. The collapse of the peace process also encouraged the Palestinian Authority (since 2009) to act unilaterally on the ground. While Israel has assumed a “piecemeal” approach and sees Area C as a vital space for settlement and security, the Palestinians have taken a “holistic” approach, viewing the area as a necessary space for a contiguous and sustainable state. The campaign currently being waged on the ground perpetuates friction and a bloody struggle over land and infrastructure, distances the chance of a stable Israeli-Palestinian agreement, prevents development and construction for Palestinians, poses a tangible danger to nature and the environment, and deepens humanitarian and legal challenges of population expulsion and relocation.

Turning this critical disputed area into a foundation for Israeli-Palestinian progress requires two types of policies – a reactive policy in the short term to prevent further deterioration, and a long-term policy of practical cooperation. In light of the new radical right-wing government’s policy advocating the de facto annexation of Area C to Israel, the pro-peace camp must take preventive measures: promote a campaign to “unmask” the government’s moves and intentions and expose the dangers of annexation as a fatal blow to Israel’s identity, security, and political and economic standing; expand demonstrations in conjunction with the overall protest against the new government’s anti-democratic policies; file objections to settlement construction and to harmful measures against the Palestinians. Down the line, Israel and the Palestinians must abandon their “zero sum game” approach and instead formulate joint systemic planning and promote positive steps in Area C: approve outline plans for Palestinian construction that were already submitted to Israel for approval, prevent crime and piracy, and promote joint projects with international and Arab assistance. These include solar power fields, agricultural and food

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cultivation areas, water and wastewater treatment facilities, and industrial zones. Advancing these measures without a political horizon will result, at most, in some specific improvement. On the other hand, advancing measures with a view to a political settlement – including the transfer of parts of Area C to the Palestinian Authority (PA) and the advancement of a comprehensive economic plan for the Palestinians - will lead to a real change, strengthen Palestinian ability and motivation to prevent terrorism, and make it possible to gradually advance the two-state vision based on a creeping peace strategy.

A. Introduction

Area C is an artificially constituted territorial unit, covering 3,317 square kilometers, which are equivalent to 60% of the total West Bank area. The land is mostly rural and geographically diverse. It constitutes a kind of “hinterland” for Palestinian cities and villages, and encompasses 165 interspersed “islands” of Areas A and B. The Palestinian population numbers an estimated 260,000 to 300,000.² Since the early 1970s, under successive prime ministers, Israel has used the area for military purposes, for the construction of settlements and outposts, and in recent years for demarcating so-called “shepherd outposts”³, and building industrial zones.⁴ Today, some 461,000 settlers live in Area C (excluding East Jerusalem), mostly in “settlement blocs” (near the Green Line), but a growing number have settled over the years deep within Area C in an attempt to prevent Palestinian territorial contiguity and thereby undermine the establishment of a future Palestinian state.

Area C is essential for the entire Palestinian population of the West Bank, not just those living there. The Palestinians and the international community believe that there can be no connectivity and continuity (“territorial contiguity”) without this area, and no space for Palestinian economic and infrastructure development. In other words, the establishment of a viable Palestinian state would not be possible without Area C. The Palestinians designate the area for the expansion of residential areas, construction of infrastructure (transportation, energy, water, sewage treatment), use of natural resources (mines, quarries and minerals in the northern Dead Sea), construction of industrial and employment zones, as well as agricultural cultivation and pastureland.

In practice, Area C is “disputed territory”, with both sides realizing that construction and a temporary grip on the land also provide effective and lasting control of the territory. The legal ambiguity and the vague future of the territory have resulted in neglected and under development, a land surrounded by fences and concrete walls, inhabited by poor and disconnected populations, and serving as a platform for terrorism, crime, environmental pollution, and construction and unlicensed industry.⁵

² The size of the Palestinian population in Area C is debatable. The problem lies in the counting of populations in areas defined by Israel as the “Jerusalem envelope” and of populations that have moved from Areas A and B into Area C. About one third of the Palestinian population in Area C lives in villages and communities. The rest live in localities, some of which are located in Areas A or B.

³ Sheizaf, Hagar. [“Israel Moves to Legalize Dozens of West Bank Farm Outposts”](#), *Haaretz*, Sept. 5, 2022.

⁴ Industrial zones in Area C are spread over relatively large areas. They are considered more legitimate than the construction of residential houses for settlers. Israel has built 14 industrial zones near settlements and plans to build four more. The areas are intended to increase the hold on the territory, provide employment for settlers, and encourage the relocation of Israelis into Area C. Cf. Berger, Yotam. [“Israel builds industrial zones to deepen control of West Bank”](#), *Haaretz*, Feb. 20, 2017.

⁵ In his song ‘The Big Story’, songwriter Yaakov Rotblit describes Area C thus: “A red line in the Jordan Valley, a blue seam in the mountain, and a wall of grayish-tinted concrete, and the ruined landscape sighs in agony.”

The purpose of this document is to analyze the developments in Area C and recommend new policy that will initially help thwart the dangerous moves of de facto annexation planned by the new right-wing government, and subsequently, develop the territory with the consent and cooperation of the Palestinians and the international and regional community: promoting construction, infrastructure, social welfare and projects that serve the interests of both sides, stabilizing the PA economy, improving security and cleaning up the environment, and preparing the ground for a political settlement and the establishment of a stable Palestinian state.

B. Shaping reality in Area C: a historical overview

The current reality of Area C as “disputed territory” is the result of an ongoing historical process. It began with Israel’s “strategic embarrassment”⁶ in the days following the Six-Day War, combined with its intoxication with power over its military victory and territorial control. It continued with a lengthy process of gradually shaping control of the territory, and moved from providing services to the occupied population to a proactive process of building settlements and pushing out Palestinian residents. The Oslo process did lay the foundations for peace, and even included the transfer of parts of Area C to Palestinian sovereignty, but in the absence of a joint decision on the territory, the agreements allowed Israel to continue the practice of creeping annexation and settlement. The growing campaign for a foothold on the ground is currently leading to a bloody confrontation and an international diplomatic struggle over the status of the territory, and more importantly, affecting the basic identity of the State of Israel and of the Palestinians.

Shaping the grip on the ground:1967-1993

Israel began a process of taking over “vacant” land from Palestinian communities in the West Bank in the early 1970s. At that time, it still approved about 95% of Palestinian building permit requests. Beginning in the 1980s, and as the settlement enterprise expanded into the depth of the West Bank, the number of permits declined sharply (only 25-30%). In the 2000s, the number of approved Palestinian applications dropped to a few percent. Today it stands at only 0.5 percent.⁷ The policy was enabled by Israeli changes of the Jordanian Planning Law of 1966, using military orders (beginning with Order 418 of 1971). The orders consigned all control and planning to the Civil Administration's Higher Planning Council (HPC), abolished district and local planning committees, denied Palestinian representation in institutions, and reduced their capacity to submit objections to proposed plans. Israel also enhanced its control by adopting planning laws dating from the British Mandate, which allowed it to prevent development in rural areas defined as “agricultural” land, and strengthened the status of the central regime at the expense of the local population’s development.⁸ At the same time, the Civil Administration created a

⁶ In secret government discussions led by Prime Minister Eshkol (June 14-19, 1967), concern was expressed over the demographic threat and intensified Palestinian violence. Nevertheless, the government decided to define the Jordan Valley as Israel's "eastern border," precluding possible negotiations with King Hussein, and laying the foundation for the annexation of East and North Jerusalem to Israel, and subsequently for the establishment of settlements. See: Pedatzur, Reuven. 1996. *The Triumph of Embarrassment*. Bitan Publishing (Hebrew).

⁷ Shalev, Nir and Cohen-Lifshitz, Alon. 2008. “The Forbidden Zone: Israeli Planning Policy in Palestinian Villages in Area C,” Bimkom: Planners for Planning Rights. OXFAM and the New Israel Fund (Hebrew). Also, 2022 interview with Cohen-Lifshitz.

⁸ Khamaisi, Rassem. 1997. "Israeli use of the British Mandate planning legacy as a tool for the control of Palestinians in the West-Bank". *Planning Perspectives*, 12.

planning system for settlers, which includes full local and representative committees, providing them with a modern and orderly planning system and a restrictive and archaic one for the Palestinians living alongside them.⁹

The initial Israeli takeover of West Bank land was based on the seizure of private land by military orders. Subsequently, in the wake of the High Court of Justice's Elon Moreh ruling (1979), which prevented the construction of settlements unless based on "military necessity",¹⁰ Israel designated large areas of the West Bank as "state land",¹¹ and at the same time encouraged Israelis to buy private land from Palestinians. These moves greatly increased its hold on the West Bank. This administrative measure, combined with restrictions on movement in the seam zone and in the settlement areas, resulted in fragmentation of the area. This approach, combined with the approach that guided the designers of the "Palestinian autonomy" in the Camp David Accords, eventually served as the basis for the administrative division of the West Bank in the Interim Agreement, leaving all inhabited Area C land in Israeli hands.¹² Towards the end of the 1980s, the Civil Administration formulated "master plans" for Palestinian villages in the West Bank, which demarcated them according to the existing built-up area in a way that prevented their expansion,¹³ thereby ensuring land reserves for settlement use and military needs.

Establishment of Area C under the Oslo Accords: 1995-2009

The status of Area C as a differentiated space was first designated in the Interim Agreement (1995), leaving most security and civilian matters under Israel's responsibility,¹⁴ unlike the situation in Area A (18% of the West Bank) and Area B (22%).¹⁵ The agreement's designers intended for the lion's share of Area C to be gradually handed over to the PA within five years of the start of negotiations on a final status agreement. This with the exception of the areas that remained up for discussion in the negotiations on a final status agreement – Jerusalem, settlements, and "special military zones".¹⁶ A month after the Knesset ratification of the Interim Agreement, Prime Minister Yitzhak Rabin was assassinated (November 1995) and the agreement was implemented in part by his successor, Shimon Peres. Under pressure from the American administration, discussions and contacts were held in 1997-1998 on the transfer of additional areas from Area C to the PA in three phases, in accordance with the Interim Agreement, but the contacts failed and the transfer was not implemented. In October 1998, a summit conference was held (at

⁹ *The Forbidden Zone*, p. 35. See also: Kadman, Noga. 2013. "[Acting the Landlord: Israel's policy in Area C of the West Bank](#)." B'Tselem.

¹⁰ Seizure of private land for the purpose of establishing settlements: HCJ 390/79 Duikat v. Government of Israel (ruling dated October 22, 1979). <https://hamoked.org.il/document.php?dID=Documents1240>.

¹¹ According to the Israeli definition, state land in the West Bank is land that has not been cultivated for at least three years, and has not been in private possession for 10 years. More than 99% of these lands are allocated by the State of Israel for settlement purposes.

¹² "The Forbidden Zone," p. 27. See also Singer, Joel. 2021. "[West Bank Areas A, B and C: How Did They Come into Being?](#)". *International Negotiation* 26.

¹³ The Civil Administration outlined similar plans for the restrictive demarcation of some Area C villages in 2007. Cohen-Lifshitz 2022 interview.

¹⁴ According to the agreement, the PA assumed functional responsibilities in Area C (for education, health, etc.). However, in the absence of control over territory, infrastructure, planning, and construction, and in view of the Israeli-imposed restrictions on movement, the PA is unable to carry out these tasks. Cf. Gross, Eyal. 2019. "Dismantling or Fortifying the Occupation: A Legal Look at the Oslo Accords," In Lavi, A. Ronen, Y. Fishman, E. (Eds.) *25 Years of the Oslo Process*. Carmel Press, Jerusalem (Hebrew).

¹⁵ Area A was intended to be under Palestinian security and civilian responsibility; Area B was intended to be under Palestinian responsibility for civilian affairs and under Israeli responsibility on matters of security.

¹⁶ Article 3.C Interim Agreement: "Area C means areas of the West Bank outside Areas A and B, which, except for the issues that will be negotiated in the permanent status negotiations, will be gradually transferred to Palestinian jurisdiction in accordance with this Agreement."

Wye River Plantation in Maryland) at which Prime Minister Benjamin Netanyahu agreed to transfer 13% of Area C to Area A (1%) and Area B (12%). However, only the first phase was implemented, with 2% transferred to Area B and 7.1% to Area A in November 1998.

The Sharm el-Sheikh Memorandum (1999) was intended to break the deadlock in Israel's implementation of the Wye Memorandum, and primarily to accelerate negotiations on the final status agreement. Israel had committed to transfer more than 10% of Area C to Areas A and B. Prime Minister Ehud Barak fulfilled some of this commitment, transferring 10% to Area B and 1% to Area A, in addition to transferring 7.1% of Area B to Area A.¹⁷ The partial progress stemmed from political difficulties and from Barak's perception that the issue of territorial division would in any case be discussed with Arafat at the Camp David Conference (July 2000). In practice, the summit failed and led to a fierce confrontation, a deep and ongoing crisis of confidence, and a freeze on the transfer of territories to the Palestinian Authority.

The triumph of the unilateral approach: 2009-2022

During the second intifada (2000-2005), in the shadow of the fight against terrorism, Israel under Prime Minister Ariel Sharon significantly undermined the Oslo Accords. Unilateral military measures promoted by Sharon, along with continued construction in the settlements, also changed Israel's awareness of the status of Area C. The army's presence on the ground (2000-2001) changed the concept of the area's demarcation. The military takeover and ongoing activity in the cities, which began with Operation Defensive Shield (2002), "blurred" the division of responsibility between the West Bank regions. The construction of the "security fence" along the "seam line" (starting in 2003) created isolated Palestinian enclaves and increased settlement development in Area C. The Road Map for Peace (2003) included a commitment to transfer parts of Area C (in the second stage) for the sake of "territorial contiguity" to the "temporary" Palestinian state. However, the Road Map was not implemented.¹⁸ The Annapolis process (2008) and in particular the intimate trust-based dialogue between Prime Minister Ehud Olmert and PA Chief Mahmoud Abbas yielded political progress but did not result in any changes on the ground.¹⁹

Prime Minister Netanyahu's refusal (2009) to recognize the progress achieved in the Annapolis process encouraged the Palestinians to promote an independent initiative to "end the occupation" and gradually establish a Palestinian state. The plan was formulated by Prime Minister Salam Fayyad, backed and supported by the US administration and the international community. The plan also addressed Palestinian activity in Area C. It called for opposition to the route of the Separation Barrier and the establishment of internationally funded infrastructure projects, with an emphasis on the construction of wastewater treatment plants, garbage disposal facilities, pipelines for irrigation and drinking water, and road paving.²⁰ In 2010, Fayyad insisted that PA activity in Area C was essential, reflecting

¹⁷ Arieli, Shaul. Table: Implementation of the agreements and the development of Areas A, B and C.

¹⁸ See Weissglas, Dov. 2012. *Ariel Sharon – A Prime Minister*, Yedioth Ahronoth Books, pp. 180-191. Weissglas describes Sharon's sympathy for the "map," which presented the Palestinians with draconian conditions for political progress. Also, see: The Road Map, Step 2: "Creation of an independent Palestinian state with provisional borders through a process of Israeli-Palestinian engagement. As part of this process, implementation of prior agreements, to enhance maximum territorial contiguity, including further action on settlements in conjunction with establishment of a Palestinian state with provisional borders".

¹⁹ Zanany, Omer. 2015. *Annapolis Process: Oasis or Fata Morgana*. The progress included a formal agreement (guaranteed by the US administration, July 30, 2008) that the negotiations would be based on the 1967 borders and the size of the Palestinian state would be 6,202 square kilometers.

²⁰ Palestinian National Authority. 2009. "Palestine Ending the Occupation, Establishing the State," Ramallah. Program of the 13th Government [Fayyad Plan].

increased Palestinian awareness of the issue's importance in view of the deadlocked political process.²¹

At the same time, the Quartet along with Israel and the PA formulated a comprehensive plan for projects in the West Bank, East Jerusalem, and the Gaza Strip.²² In February 2011, Prime Minister Netanyahu and Middle East Quartet envoy Tony Blair announced dozens of development plans for Area C,²³ but only a few were implemented. Salam Fayyad subsequently issued another government plan for the 2011-2013 period, emphasizing the need for political moderation, an independent economy, and "connectivity" to the countries of the region.²⁴ This plan, too, received international community support.²⁵ Expert delegations on behalf of the European Union, the UN and the World Bank toured the area and issued reports that highlighted the benefits of Palestinian development in Area C. The reports analyzed direct and indirect benefits of the area's development, emphasized the importance of humanitarian assistance to underprivileged populations, and criticized the settlement policy and the Civil Administration's discriminatory conduct. The reports also emphasized failures in PA planning and management and its dismal attitude towards the Bedouin population of Area C.²⁶

The ongoing political stalemate – after two additional failed attempts led by the Obama Administration (2010, 2014) – spurred the PA leadership to promote its Area C project.²⁷ In 2015, Palestinian Prime Minister Muhammad al-Shtayyeh established a PA unit tasked with planning, construction and other activity on the ground, with international assistance. The activity since then has been closely supported, mainly by the British, the European Union and UN-Habitat. Meanwhile, the PA with international assistance and Palestinian experts from Israel, launched a pilot initiative in 2011 of construction and development programs as a counterweight to Israel's restrictive approach to such activity. The planning and implementation are intended to be carried out in coordination with the Civil Administration and not unilaterally. The "Development-Oriented Counter-Planning" (DOCP), as the mechanism was named, was based on direct and collaborative dialogue with the local populations in Area C. The "bottom-up" approach emphasized land use in accordance with unique local needs. The planning focused on villages, with almost no regional-spatial planning, and consisted of four stages: initial proactive planning with the local community (through workshops, surveys, questionnaires), approval of the plan by the community, approval by the Civil Administration's Higher Planning Council (HPC), and implementation. This approach is intended to prevent population shifts and Israeli demolitions of homes and facilities, improve the quality of life, employment and infrastructure for residents of Area C, increase connectivity between the different areas of the West Bank, expand dense urban centers in Area C (e.g., Ramallah and Qalqiliya), and

²¹ Tamari, S., Farraj, K. and Mansour, C. 2009. "A Palestinian State in Two Years: Interview with Salam Fayyad, Palestinian Prime Minister". *Journal of Palestine Studies*, Vol. 39, Issue 1. <https://www.tandfonline.com/toc/rpal20/39/1>.

²² The Quartet for Middle East Affairs includes the United States, the European Union and the United Nations and Russia. Its purpose is to monitor the actions of Israel and the Palestinians in the framework of the Road Map. Its activities have been funded by a number of UN bodies. The body became irrelevant over time.

²³ "Prime Minister Netanyahu and Blair, the Quartet's envoy to the Middle East, met and agreed." Prime Minister's Office website. 2011. <https://www.gov.il/he/departments/news/eventblair040211>

²⁴ Palestinian National Authority. 2011. "National Development plan (2011-2013): Establishing the State, Building our future." Ramallah. Program of the 14th Government.

²⁵ Lavi, Ephraim and Gal, Yitzhak. 2013. *Palestine – A state in the Making?* Moshe Dayan Center, Tel Aviv University (Hebrew).

²⁶ EU internal report on Area C and Palestinian State building. 2012. *Journal of Palestine studies*.

²⁷ According to Martin Indyk, in view of the failure of the Kerry-led talks, Prime Minister Netanyahu, submitted through his envoy Yitzhak Molcho a proposal to transfer tens of thousands of dunams of Area C to the PA, pledging to bypass government and Knesset approval. See: Rubin, Benzi. 2022. *Srugim News*.

increase cooperation between Palestinian NGOs.²⁸ In 2015, the Palestinians submitted master plans for 116 villages on an area of about 75,000 square kilometers, to benefit a population of about 260,000 Palestinians. Of all the requests, the Civil Administration fully approved seven plans. Another seven plans have been submitted for objections, and 89 others are still under Civil Administration discussion. The EU, US, and UN (UN-Habitat) are pressuring Israel to approve the plans and avoid demolitions. The Europeans have also advanced a number of plans on the ground that have not been approved due to their location in areas Israel defines "sensitive."²⁹

Ahead of President Trump's 2017 visit to Israel, the Cabinet approved the construction of Palestinian residential buildings in Area C and two industrial zones, in Tarqumya and Harbata.³⁰ The residential housing focused on the recommendation of the Israeli defense establishment for expanding the town of Qalqiliya (14,000 housing units). However, the Cabinet ultimately failed to approve the project.³¹ Israel customarily approves "an easing of restrictions" on the Palestinians ahead of US Presidential visits, and in practice, these are usually tactical visibility measures intended to demonstrate action and alleviate diplomatic tensions between the countries. Ahead of President Biden's visit (July 2022), for example, Israel announced approval of development plans for six Palestinian communities in the West Bank. Although the permits were given long before the visit, they were presented as an ostensibly new gesture of goodwill.³² The Trump plan unveiled in January 2020 was based on an economic initiative of \$50 billion to build a Palestinian state within ten years. The plan emphasized the economic partnership with Mediterranean states. The initiative also related indirectly to Area C, and included ideas for development and modernization of business, industry, transportation, energy, digital services, water and sewage, tourism, agriculture, and natural resources (northern Dead Sea minerals, quarries and mines). However, the plan was biased, imposed on the Palestinians, and formulated under Israeli domination.³³ Palestinian President Mahmoud Abbas rejected it outright, stating that "they will not buy Palestine with money."

In 2021, the Prime Minister's Office issued an official report describing the PA's activity in Area C and defining it as a substantial threat.³⁴ According to the report, the Palestinians were registering lands in Israel, promoting legal measures to prevent the demolition of structures, and had obtained copies of Ottoman land registry documents from Turkey to challenge Israeli property claims. According to the report, private and public Palestinian construction was increasing, Palestinians had broken through over 1,000 kilometers of roads, promoted water and electricity projects, and cultivated hundreds of square kilometers for agricultural purposes.³⁵ The backdrop to the report was the ongoing activity

²⁸ Rassem, Khamaisi, 2018. "Cities under Planning Siege: The Palestinian case". *WIT Transactions on The Built Environment*, Vol 179.

²⁹ Khamaisi, Rassem. 2019. "Development-Oriented Counter-Planning versus Restrictive Planning in Area C of the West Bank, Palestine". *The Arab World Geographer*, 22 (1). Haifa University.

³⁰ Berger, Yotam. "Israel Builds Industrial Zones to Deepen Control of West Bank," *Haaretz*, Feb. 20, 2017.

³¹ Cesana, Shlomo. "The ministers objected, the 'Qalqiliya plan' was frozen." *Israel Hayom*. Sept. 28, 2017 (Hebrew).

³² Khamaisi, Rassem. 2022. Interview

³³ Trump plan: *From Peace to Prosperity*. https://www.haaretz.com/embeds/pdf_upload/2020/20200128-201549.pdf

³⁴ "The Palestinian campaign over Area C: Shaping the security reality on the ground, description and significance," PMO Research Division. 2021. The report relies, inter alia, on official information from Israel's intelligence agencies.

³⁵ It should be emphasized that natural growth exceeded the construction potential in Area B, resulting in illegal construction of more than 20,000 housing units in adjacent parts of Area C. Most of the housing was built on private Palestinian land. Demolition orders were issued for 12,500 units. About 3,300 were carried

by NGOs (Regavim, the Yesha Council etc.) and right-wing Knesset members and ministers campaigning to prevent a Palestinian "takeover" of Area C. According to the report, a July 29, 2019 cabinet decision called for the preservation of Area C "from a comprehensive national perspective." To implement the decision, the cabinet ministers approved a plan to be led by the Coordinator of Government Activities in the Territories, appointing a project manager to carry out mapping and surveying, and to highlight planning and enforcement challenges. Implementation is being supervised and monitored by the Knesset Foreign Affairs and Defense Committee. The plan, formulated by the Civil Administration and the IDF Central Command, included the establishment of an intelligence-operational mechanism for mapping and grasping the "takeover picture" and prioritizing enforcement policy. Top priority was accorded to the Jerusalem envelope area, the South Hebron Hills, Ma'ale Adumim, and firing zones. Second priority was accorded to the Jordan Valley and "major traffic arteries." Preventing Palestinians from taking over "state land" was lower on the priority list. The approach to the issue and the prioritization described above illustrate that Israel does not have an orderly and long-term policy regarding Area C, and does not view all of it as a vital interest. Therefore, it is not clear why Israel bans Palestinian construction and development in those parts that it does not define as a "national interest." Recently, as part of an awareness raising campaign, right-wing elements have published tendentious information claiming, the existence of a "secret internal report" by the EU outlining a supposed plan to help the Palestinians "take over Israeli land" in Judea and Samaria.³⁶ This incitement against the Europeans by elements of the radical right in Israel is part of an orchestrated campaign. In practice, the report that these groups "exposed" illustrates the EU's orderly and systemic approach to Area C. Moreover, no significant information about the plan has been presented, and in any case, it has not yet been approved by the Council of European Foreign Ministers.³⁷

This indeterminate conduct also created practical management problems, including acute environmental dangers described by senior officials of the Ministry of Environmental Protection as a "catastrophe" and defined as a "national emergency".³⁸ The damage to Area C is being wrought by both sides. It includes the discharge of sewage in wadis and streams, soil and aquifer contamination by non-recycled effluent water, burning of pollutants, dispersal of prohibited electronic waste, and illegal quarrying. The freeze on the peace process between the sides created a growing ambiguity regarding the status of Area C, and perpetuated a "zero-sum game" that has intensified over the years. The political stalemate has placed the future of the territory and its inhabitants "on hold". This is compounded by the restrictive approach agreed upon by both sides in the past, according to which "nothing is agreed until everything is agreed upon", or in other words, the "all or nothing" approach. In the absence of a political process, and against the backdrop of deep mistrust between the parties, this approach does not allow progress even on agreed measures, and spurs unilateral "underground" moves, which harm the interests of both sides, spawning violence and terror on the part of Jews and Palestinians, crime and neglect of the Palestinian population, and destruction of the environmental and social fabric in Area C.

out. See "Outline for regulating Israeli and Palestinian construction in Area C," Commanders for the Security of Israel, 2017.

³⁶ "Secret document reveals: EU will help Arabs take over area C". 2022. *Channel 7 - Israel National News*.

³⁷ Maya Sion-Tzidkiyahu and Omer Zanany, "[The Right Incites against the EU with a Huge Hump on its Back](#)," *Haaretz*, January 12, 2023.

³⁸ "The environment and the preservation of nature across borders," a 2018 conference at the Hebrew University on Mount Scopus. https://www.youtube.com/watch?v=7YhAYBOF3rs&list=PLMFMERSsDs6lJDti7xyKiwnfzK21iqvBK&ab_channel=%D7%91%D7%99%D7%AA%D7%A1%D7%A4%D7%A8%D7%A9%D7%93%D7%94%D7%9B%D7%A4%D7%A8%D7%A2%D7%A6%D7%99%D7%95%D7%9F

Israel's "government of change" (2021-2022) intended to take action to change the situation on the ground to some degree, but ran out of time and motivation to advance significant concrete measures. The new right-wing government, which includes the Religious Zionism party led by Smotrich, and the Jewish Power party led by Ben-Gvir, has set itself as a central goal the practical annexation of Area C to Israel. This was done "below the radar", apparently in light of the lessons of the failed attempt to implement annexation during the Trump era. To this end, the Knesset adopted legislation transferring responsibility for the Civil Administration from the sole purview of the defense minister to a newly created ministerial position within the defense ministry, essentially to serve the interests of the settlers, and establishing a new National Infrastructure Division, also controlled by the radical right, in the Ministry of Finance under Smotrich. In addition, the government approved the subordination of the Border Police forces in Judea and Samaria to Itamar Ben-Gvir of the Jewish Power party, in an office that will now be called the Ministry of 'National Security'. These drastic measures are intended to enable the radical right to lead all Israeli policy in the West Bank, significantly expand settlement construction, create an infrastructure for connecting Area C to Israel, and lead a hawkish security line towards the Palestinians in the West Bank. All this is part of an expedited process of practical annexation of Area C. Israel has implemented "creeping" annexation of parts of Area C for years. However, the right-wing's current moves, which are being carried out without public and political discussion, constitute a significant acceleration of the annexation process, with the clear intention of burying a political settlement and the establishment of a Palestinian state. Alongside the investigation of Israel's military conduct by the International Crimes Tribunal (ICC), the UN General Assembly decided (December 31, 2022) to demand a legal opinion from the International Court of Justice (ICJ) and recommendations on measures to be taken against Israel, which seeks to annex the West Bank, while taking a discriminatory approach towards its Palestinian residents, and preventing the realization of a Palestinian state.

C. Area C: Perception gaps and legal positions

The Palestinian Authority takes a holistic approach toward Area C, viewing it as an integral part of the West Bank and the Gaza Strip and of a future state. In general, this approach is also consistent with that of the international community, international law, and various decisions, chief among them UNSC Resolution 242 (1967) and 338 (1973).³⁹ According to this approach, the West Bank is entirely occupied territory, and its occupation is defined by international law as "inadmissible." What is more, this area is supposed to constitute the lion's share of the Palestinian entity, which is currently under Israeli occupation. Area C confers territorial contiguity, which is an essential component for the establishment of a sustainable ("effective") state.⁴⁰ The area contains essential infrastructure, constitutes significant economic potential, with agricultural spaces and areas for the expansion of urban construction (in Areas A and B). The Palestinians reject Israel's "fragmentary" distinction, which separates the areas of "Judea and Samaria," East Jerusalem, the "seam zone," the northern Dead Sea, and the Jordan Valley, from the rest of Area C.

In Israel's formal view, Area C is "held", and is not a sovereign part of the State of Israel, with its to be determined either by annexation to Israel or, alternatively, by handing over

³⁹ Resolution 242: <https://peacemaker.un.org/sites/peacemaker.un.org/files/SCRes242%281967%29.pdf>

⁴⁰ Crawford, James. 2006. *The creation of States in International Law*. Clarendon press, Oxford.

most of the area to the Palestinians (in an agreement or in a process of unilateral separation). Until then, the territory continues to be used for military purposes, and contrary to international law, constitutes a "legitimate" platform for Jewish settlement, in Israel's eyes. Area C includes three areas defined as vital interest zones:⁴¹ The Jordan Valley (a "buffer" against terrorism and against a dangerous "connectivity" between the Palestinians and the Kingdom of Jordan), the Jerusalem envelope (a base for "spatial defense" of Israel's capital), and the "seam zone" (a security fence and a military "buffer" area, which provide Israel with "strategic depth", and reduce the risk of terrorism in the heart of the country). In addition to these areas, Israel prevents Palestinian construction and development in other areas: army camps, along major routes (existing or planned), training areas and essential infrastructure sites. As far as Israel is concerned, there is no place for Palestinian construction and development in areas defined as "state land," in the settlements (15% of the area), and on "survey land" (20% of the area), whose status has not yet been regulated and which, in Israel's view, is intended to become "state land."⁴² Thus, Israel prevents Palestinian development in about 70% of Area C, even though, in practice, the Civil Administration currently only permits Palestinians to build and develop in 0.5% of the area.

Over the past decade, along with the significant increase in Israeli construction in the settlements, and even before the 2022 elections,⁴³ Israel's position has changed gradually under the influence of right-wing forces that advocate the annexation of the territory or large parts of it. In 2014, Naftali Bennett (HaBayit HaYehudi) published a plan to annex almost all of Area C to Israel, and in the process, to prevent the establishment of a Palestinian state. practical steps towards formal annexation were promoted: Palestinian petitions against Israeli activities were moved from the jurisdiction of Israel's High Court to that of the Jerusalem District Court, the Knesset adopted the Law for the Settlement of Judea and Samaria, and residents of rural (Bedouin) communities in the South Hebron Hills and the Jordan Rift Valley were expelled from areas re-designated as "firing zones". In 2020, following the Trump initiative, the Netanyahu government prepared to annex parts of Area C to Israel. Under pressure from the 'Abraham Accords' signatories and the US administration, the annexation plan was suspended. Militant approaches are also on the rise, viewing Area C as a vital military necessity and settlements throughout the territory as "gatekeepers," rather than a severe security-military burden on the State of Israel.⁴⁴ These approaches relate positively to the constant friction with the Palestinians, and see it as the only remedy for "eternal' terrorism",⁴⁵ without regard for the Palestinian view of the status quo quality and the motivational component, which is a key cause of violence and terrorism against Israel, no less important than militants' capabilities. These radical positions are highly compatible with messianic faith-based positions that reject the idea of

⁴¹ The definition of "vital interests" is based, in principle, on the 1967 Alon Plan. The geostrategic conditions have changed significantly since then – the increased Palestinian population, the peace with Jordan, the transition to missile-based warfare, Palestinian terrorism, the disappearance of the Iraqi threat, and more. Therefore, the security need for a full hold on these territories has greatly diminished.

⁴² Kretzmer, D. and Ronen, Y. 2021. *The Occupation of Justice: The Supreme Court of Israel and the Occupied Territories* (2nd edition) Oxford University Press. p. 274.

⁴³ Between 1,300 and 1,500 housing units were built annually. The number of settlers increased by 38%. Israel crossed a record of 130 illegal outposts (21 of which became "approved" settlements). All this, despite Israel's 2001 commitment to refrain from building outposts and despite the recommendation of Attorney General Meni Mazuz (2004) to stop transferring government aid to illegal settlements. See in detail: Arieli, Hirsch-Heffler, Hirschberger. 2022. "Farms for growing creeping annexation." *Haaretz*.

⁴⁴ On the economic cost of the settlements, see: Magal, Yaniv. 2017. "Special Project: How much do the settlements cost the taxpayers". *Globes*. On the heavy political, security and military cost, see: Ben-Sasson, Gordis, Avishai. 2017. "National Security and Settlements," Molad Center for the Renewal of Democracy.

⁴⁵ HaCohen, Gershon. "The withdrawal from Area C in Judea and Samaria: An existential threat," The Begin-Sadat Center for Strategic Studies, Bar-Ilan University.

a Palestinian state from the outset and see the entire territory as part of the "promised" Jewish land.

Israeli and Palestinian jurists argue that the legal and consensual ambiguity, and the limited sovereignty granted to the Palestinian Authority, constitute a platform for "fortifying the occupation." Israel's "effective control" of Area C and since the second intifada in Areas A and B, also reinforces the claim that Israel is an "occupier" of the entire West Bank.⁴⁶ Over the years, rulings by the High Court of Justice regarding developments in Area C have also challenged Israel's policy and activity there. The High Court of Justice usually takes a "narrow" approach and refers mainly to existing case law. It relies on a selective approach to the "laws of occupation", and accepts the principle of different laws for Israelis and Palestinians stemming from military-security necessity. The High Court of Justice also accepts the Civil Administration as the lead government agency on Area C, despite the inherent conflict of interest in the Administration's attitude towards the Palestinians and the settlers.⁴⁷

D. Palestinian development in Area C: potential and benefits

Area C is a vast area adjacent to Israel's heartland. Israel has a clear interest in its development, even in the absence of a political settlement. Development could lead to an immediate improvement in relations with the international community, to improved security, to civil and economic coordination with the Palestinian Authority, to addressing pressing humanitarian issues, and to reducing destructive environmental pollution. While this is also the traditional position of Israel's defense establishment, it appears that far-right politicians and NGOs representing the settlers (such as the Regavim movement, the Yesha Council, and the Kohelet Forum) are increasingly influential in recent years in shaping policies that encourage expanded construction in isolated settlements and oppose the development of the area for Palestinians. In any case, despite Israel's expansive definitions of "vital interests", significant spaces (about 30%!) remain for construction and projects that would strengthen the Palestinian economy, improve the state of housing, movement and employment, and reduce the degradation of nature and the environment – even before reaching a political settlement.

However, the November 2022 election results and the establishment of a new right-wing government are expected to generate more radical policy on Area C, including accelerated settlement construction, demolition of Palestinian structures, and the de facto annexation of most of the territory to Israel. This approach precludes any hope of positive action and erodes prospects for Palestinian building and development permits in Area C. Such blatant Israeli moves are expected to generate greater international vigilance and action to protect the Palestinians, and intensified pressure on Israel, mainly on humanitarian issues and in challenges to the Israeli practice of "establishing facts on the ground". These pressures might also translate into legal action, boycotts and sanctions against Israel, and to the increasing "legalisation" of the conflict.

On the other hand, a number of developments create an opportunity to change attitudes toward Area C and to advance practical steps:

⁴⁶Gross, Eyal. 2019. "Dismantling or Fortifying the Occupation: A Legal Look at the Oslo Accords." From **25 years to the Oslo process**, edited by Lavi, Ronen, and Fishman. Carmel Press, Jerusalem. pp. 291-312.

⁴⁷ Kretzmer, D. and Ronen, Y. 2021. p. 294.

12 Area C: From disputed territory to a space for creeping peace, Omer Zanany, February 2023

1. **Promoting a regional approach based on the 'Abraham Accords'**. A regional perspective allows large "cross-border" projects if agreement is reached on both sides. Cooperation with Arab countries makes it possible to raise funds, promote regional normalization, and create a moderating Arab influence on Israel and the Palestinians. Enlisting Palestinian consent for aid does not necessarily require a direct appeal to the Gulf states (which the Palestinians currently oppose) but rather joint planning and the assistance and support of multilateral frameworks, such as the Negev Forum, I2U2 (an economic framework that unites Israel, the United States, India and the United Arab Emirates), and the Cairo-based Eastern Mediterranean Gas Forum (EMGF, of which the PA is a member).
2. **The climate and environmental crises present opportunities** alongside their existential threats. The consequences of the climate crisis are incompatible with political borders, endangering Israel and all the entities in the region. This fact requires a new and sustainable approach towards the Palestinian entity as well, and a commitment to joint projects serving the interests of the parties in the fields of water and sewage, energy, agriculture and nutrition, and more. Israel is committed to meeting the UN Sustainable Development Goals (SDG's) and has proven knowhow and technological capabilities in these fields (desalination, alternative energy including energy from organic waste, renewing and precision agriculture) that it can implement in Area C. Major economic and infrastructural gaps between Israel and the Palestinians would threaten Israel's ability to successfully cope with the climate crisis. On the contrary, the more resilient the Palestinian population is, specifically in terms of food-energy-infrastructure security, the greater the human security in Israel.
3. **Initiatives led by civil society** can potentially promote "bottom-up" peace. Prominent in this context is the 2020 Middle East Partnership for Peace Act (MEPPA) and the Lowey Fund to promote Israeli-Palestinian regional social-economic cooperation in Area C. Other examples can be found in joint green projects promoted by Eco-Peace, as well as in regional platforms formulated within the framework of Israeli Regional Initiative (such as 'Regionomix').

Area C's economic potential could yield a significant addition to the Palestinian GDP in the West Bank. As previously mentioned, the territory is key to the establishment of a state entity since it provides vital territorial contiguity and contains most of the natural resources in the Occupied Territories. In a special 2014 study, the World Bank emphasized the need to promote an economy that is independent of Israel and donor funds.⁴⁸ The report describes potential sources of PA income from the development of Area C, which can be promoted if Israeli policy and conduct undergo fundamental change. The following are some of the main **economic benefits** for the Palestinian economy (which bear political implications) that arise from the development of Area C:

1. **Agriculture**: Granting direct access to fertile land and irrigation water (the report does not refer to 180,000 dunams of land associated with settlements) would

⁴⁸ Orhan Niksic, Nur Nasser-Eddin, and Massimiliano Cali. 2014. "Area C and the Future of the Palestinian Economy," World Bank, Washington D.C. <https://www.google.com/url?sa=t&rct=i&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKewj9i8-EqN38AhWBLewKHVlpASqQFnoECBAQAQ&url=https%3A%2F%2Fdocuments.worldbank.org%2Fen%2Fpublication%2Fdocuments-reports%2Fdocumentdetail%2F257131468140639464%2Farea-c-and-the-future-of-the-palestinian-economy&usq=AOvVaw0mw52GZh4RurS8RSwWI6Gi>

13 Area C: From disputed territory to a space for creeping peace, Omer Zanany, February 2023

provide Palestinians with about 326,500 dunams of agricultural land, which would consume about 189 million cubic meters of water annually but yield an estimated economic addition of \$704 million to the PA coffers (7% of Palestinian GDP). The development of agriculture in cooperation and agreement, especially in the Jordan Valley, will also make it possible to promote sustainable agriculture, thereby improving the condition of the land and the environment, and reducing polluting emissions.

2. **Minerals in the northern Dead Sea:** The sea contains large amounts of bromine and potash. Israel and Jordan currently extract large quantities of these minerals and market them (as of 2014) for about \$4.5 billion a year. With continued growth of global demand, increased Palestinian activity in this field, with international assistance, could yield an estimated \$918 million annually for the Palestinian economy, adding about 9% to its GDP. A small private Palestinian salt factory has been operating for decades on the northern Dead Sea coast, marketing the salt to the West Bank, and transferring royalties to Israel's Administrator General.⁴⁹
3. **Quarrying and mining:** This is the PA's largest export industry, but it is fighting for its life due to Israel's refusal to grant licenses and permits to open additional sites. Such approvals could double the yield and add \$241 million, or 2% of the Palestinian GDP (2011). The quarries that currently operate without supervision and permits cause serious environmental damage.
4. **Construction:** Israel's selective approval of construction – just a few percent of the thousands of Palestinian requests for additional housing – leads to overcrowding, social pressures, and increased housing prices in Areas A and B. Profit from an Israeli policy change, according to World Bank calculations, could reach about \$239 million, or 2% of Palestinian GDP.
5. **Tourism:** Israel does not permit investments in Palestinian tourism and direct access to sites in Area C, particularly to the northern Dead Sea (which the Interim Agreement designates as a Palestinian tourist destination). The development of hotels and tourism in this area alone could add \$126 million, adding 1% of GDP.
6. **Telecommunications:** Due to Israeli refusal to authorize telecom lines and cells in Area C, cellular communications and internet in the West Bank lag behind, and connection prices are high. This also harms Palestinian industry. A change in policy could add \$48 million, or 0.5% of GDP.

Overall, the opening of Area C to Palestinian development would **increase the Palestinian GDP by 35% and contribute an additional \$3.4 billion to the Palestinian budget**. The development of Area C is also expected to yield indirect benefits, reducing unemployment, promoting Palestinian economic independence, lowering the external Palestinian debt, increasing foreign investments, and providing basic state-related services, such as education and transportation, as well as standards of governance. In addition to the contribution to the Palestinian economy, the development of Area C will advance infrastructure for the Palestinian state as well as projects that promote Israeli interests in the fields of transportation and roads, water and sewage, agriculture and renewable energy (see below).

⁴⁹ Rubinstein, Danny. 2013. "The Palestinian Economy: The Salt Pillar of Area C". *Calcalist*.

E. New policy on Area C: guiding principles and recommendations

The following section will detail recommendations for Israeli policy in Area C. The measures are divided in two: immediate preventive measures in view of the emerging annexation intentions of the new radical right-wing government; and strategic measures to be implemented down the road in cooperation with the Palestinian Authority and the international community in order to create a positive change in the dismal situation in Area C and thereby promote the two-state vision, which accords particular importance to Area C.

1. Immediate-term prevention

The dangerous political developments, and in particular the new right-wing government's intention to act contrary to Israel's national interest and quickly annex Area C, requires the advancement of a synchronized policy in order to thwart annexation, which is intended to preclude any feasibility of dividing the land and prevent the establishment of a stable Palestinian state. In this context, the following measures are recommended:

A. A public awareness campaign to expose the government's moves and unmask its intention to deceive the public and de facto annex Area C to Israel without calling for formal annexation. Such a cognitive campaign should emphasize a number of key messages:

- **"Underground annexation"**: The extreme right that currently dominates Israel has learned the lesson of the failed annexation in the Trump era, which generated international, regional and domestic Israeli opposition. In the absence of domestic Israeli support, the right is now working to de facto annex the territory, contrary to the national interest, in order to create an irreversible situation precluding realization of the two-state solution. This is all being done without public discussion and without national-level consideration of the many dangers involved.
- **"Oslo in the service of annexationists"**: While the extreme right constantly attacks the Oslo Accords, it also exploits them to advance its goals. Thus, under the auspices of the temporary arrangements of the Interim Agreement, it seeks to turn Area C into "Israeli" territory for all intents and purposes, and to shrink the permanent living space for Palestinians in Areas A and B in a manner that will perpetuate the bloody conflict and prevent a two-state solution.
- **Israel will bear the burden of responsibility for three million Palestinians in the West Bank**: The creeping annexation processes are already weakening the Palestinian Authority (which was established under the Oslo Accords) and impairing its ability to fulfill its role in administering the lives of Palestinians in the West Bank. Annexation will lead to further weakening of the PA and even to its final dissolution, and will impose on Israel full responsibility for the more than three million Palestinians living in the West Bank. The annexation will divert attention and many additional resources from Israel and the IDF, and exact unbearable costs.
- **The military-security threat ("Lebanonization")**: The cycles of violence in the West Bank, Jerusalem, and the Gaza Strip will intensify as a result of intensified nationalist-religious motivations. The Palestinian threat will become more

sophisticated, seriously undermining Israeli deterrence and sense of security. The conflict will continue to spill over into the State of Israel and prompt violent riots in mixed Jewish-Arab cities, deepen internecine rifts, accelerate manifestations of crime and anarchy, and result in a significant decline in IDF enlistment (both of regular and reserve forces).

- **Israel as a “rogue state”:** The far-right's moves are already severely undermining Israel's international standing. Its incitement against the European Union and against Israeli and international bodies in an attempt to constrain their activities in Area C is expected to result in increased international oversight and involvement on the ground. Annexation, unilateral moves and treating the current situation as "permanent" rather than "temporary," contrary to the principles of international law, will place Israel in a troubling position. The international community perceives the relationship with the Palestinians as 'Goliath against David', and the Israeli regime as practicing 'colonialism' and 'apartheid'. The erasure of the Green Line risks undermining the legitimacy of Israel's own existence. The criticism will soon intensify and include harsh international decisions, demands to try Israel in accordance with international law and to punish it with boycotts and sanctions. These developments will also lead to increased anti-Semitism and deepen the rift between Israel and the lion's share of world Jewry.
- **Israel as "Isratine" struggling with constant domestic disputes:** In the long term, the Israeli-Palestinian demographic balance will undermine the vision of Israel as a Jewish and democratic state, and transform it into a "Jewish apartheid state" or a "single Arab state."⁵⁰ The integration of Israeli Palestinians in an atmosphere of ongoing conflict, excluded from a shared political arrangement, will lead to increased friction, severe identity challenges, political and military escalation, violent protests, and increasing challenges of governance.

B. Promoting proactive engagement

- 1) **Expand the protests** and combine them with the general public protest by the liberal center-left camp against the new government's dangerous anti-democratic policies. In this context, create a clear link between the dangers of annexation and other threats to democracy being advanced by the new government in the areas of human rights, the rule of law, and the institutional democratic structure. It is necessary to establish recognition that the struggle for Israeli democracy includes a struggle to end the ongoing occupation, and passes through a variety of measures for Palestinian development that must be promoted in Area C.
- 2) **File objections** to proposals for construction and the expansion of settlements and unauthorized outposts, and promote countermeasures, including information efforts (with high media coverage) and legal measures on the part of NGOs. In this context, the High Court of Justice should be forced to deal with the consequences of practical annexation, and with the abandonment of the military-belligerent considerations that formed the legal basis for the "status quo." At the same time, expose harmful moves against Palestinians, and discrimination, expulsion, and annexation in Area C.

⁵⁰ Isratine: Former Libyan ruler Muammar Gaddafi [promoted](#) the creation of a single, bi-national state in a 2012 speech, calling for all the Palestinian refugees from the diaspora to return there.

- 3) **Raise the issue of annexation dangers in diplomatic discourse**, appealing to the US, UN, EU and the Arab “normalization” partners to clarify the implications of the Israeli government’s moves and the impact of annexation measures on relations with Israel. At the same time, encourage the international community to continue pointing out to Israel various ideas and plans for construction and development projects for the Palestinians, and exert pressure to achieve their approval and advancement.

2. **Developing and advancing creeping peace in cooperation with the Palestinians**

Area C forms the basis of a viable Palestinian state. In order to develop the territory, Israel and the Palestinians will have to shift at some point from a unilateral approach to one of coordination and cooperation, and to promote the planned and orderly development of the territory in a manner facilitating advancement of both sides’ shared interests:

- 1) Provide a vital humanitarian response to the severely affected Palestinian population – a quarter of the population suffers from food insecurity, 70% is not connected to a water network, education and sanitation are poor, and transportation and roads are in poor condition.⁵¹
- 2) Strengthen the PA economy and reduce its dependence on Israel, granting it administrative independence (in renewable energy, water and wastewater purification, construction, etc.), and enhance its counterterrorism capabilities.
- 3) Allow the PA to promote essential environmental protection measures and mitigate water and soil pollution processes in the West Bank.
- 4) Create a proper infrastructure for a political process gradually leading, in partnership with Arab countries, to a permanent agreement and the establishment of a viable, functioning, stable Palestinian state that is satisfied with the new status quo.

Following are examples of **concrete projects and steps** worthy of advancement:

A. Expansion of Palestinian building and development permits in Area C, in accordance with Palestinian plans submitted to the Civil Administration for approval as of 2017 within the framework of the Development-Oriented Counter-Planning initiative (DOCP). This important project will contribute to construction in Palestinian villages and cities and is expected to improve the Palestinian economy, as well.

B. Promotion of shared spatial projects:⁵²

1. **Construction of solar fields** in the South Hebron Hills and the Jordan Valley in order to reduce Palestinian energy dependence on Israel and provide electricity for essential needs in both the West Bank and Gaza Strip. The Palestinians have submitted four such proposals to the Civil Administration, but only one has been approved. Progress in this area can only be realized if the issue of land ownership is resolved to avoid a Palestinian perception of Israel trying to “steal” territory, since

⁵¹ Khamaisi, Rassem. 2019.

⁵² Interview with Gideon Bromberg, Israel Director of EcoPeace Middle East. 2022.

17 Area C: From disputed territory to a space for creeping peace, Omer Zanany, February 2023

solar fields require large areas of the West Bank. To that end, these moves should be implemented with American/international involvement and responsibility.

2. **Allow cultivation of agricultural fields:** Land cultivation in the Jordan Valley will enable Palestinians to grow and market fruits and vegetables, using recycled water (effluent water that has undergone tertiary treatment). This will make it possible to prevent contamination of the aquifer, while also providing food security for Palestinians and Israelis living in the area. To this end, it is advisable to renew the Joint Water Committee, and formulate updated agreements in line with the hydro-related developments in Israel and in the Palestinian Authority.

C. PA integration in regional projects: The use of Area C will make it possible to integrate the Palestinian Authority into a variety of regional projects on the agenda. For example, the Palestinians could be included in the memorandum of understanding between Israel, Jordan, and the UAE on the water-for-energy package deal, thereby promoting Palestinian energy independence. This approach should also be promoted in other projects on the agenda (particularly with Jordan), in the fields of water, tourism, employment, transportation and more. Assistance and support of multilateral frameworks (the Negev Forum, I2U2, EMGF, and the MEPPA for the promotion of Israeli-Palestinian projects and cooperation on the ground are desirable.

D. Transferring parts of Area C to the Palestinians: If the process of change is carried out along with a political dialogue with the Palestinian leadership, Israel should transfer additional parts of Area C to the PA's responsibility. At the same time, effective counter-terrorism action should be advanced as part of the efforts to strengthen and improve the PA's civilian institutions. The move can serve as a "pilot" to create territorial contiguity (preferably in northern Samaria as a first stage) and will also provide a response to construction needs due to population growth in Palestinian cities. An INSS report⁵³ proposed, for example, the transfer of 25% of Area C to the Palestinians for development of infrastructure and economic projects, for housing and industrial and green energy plants, tourism and high-tech projects, all with the help of the international community. It is also worth considering a "package deal" with the PA: transferring land for the expansion of Palestinian housing near Palestinian cities and towns and perhaps also responding to other PA demands, and at the same time limiting Israeli settlement expansion to areas near the Green Line and within the "settlement blocs," and increasing Israel's security requirements of the PA. This is an extension of the idea proposed in the "Commanders for the Security of Israel" report.⁵⁴

E. Establishing an international bank in the Palestinian Authority: An essential platform for stabilizing the Palestinian economy is the establishment of an international bank (preferably with the participation of Arab countries) similar to the European Bank model established after the Cold War (1991) to rebuild the economies of central and eastern European countries. The Bank will formulate a comprehensive economic development plan that will include a variety of projects

⁵³ Yadlin Amos, Dekel Udi, and Lavi Kim. 2018. "A strategic outline for the Israeli-Palestinian arena." Memorandum No. 179. Institute for National Security Studies (INSS). Tel Aviv. https://www.inss.org.il/wp-content/uploads/2019/03/MitveENG_e.pdf

⁵⁴ "Outline for regulating Israeli and Palestinian construction in Area C." Commanders for the security of Israel. 2017.

in Area C, and result in concrete improvement in the PA's economic situation. The plan will have to address the Gaza Strip and East Jerusalem from a systemic perspective as well, and require deep cooperation between Israel, the PA and the international community.⁵⁵

In order to move forward, both sides must advance additional systemic measures that will enable them to bypass barriers, advance planning and building processes in Area C, and prepare the ground for a political settlement:

1) Institutional change processes. The measures will be based on a government decision, and include the establishment of a committee with representatives from relevant government ministries. The committee will be headed by a project manager with ministerial power and authority who will work in cooperation with the Coordinator of Government Activities in the Territories and the Civil Administration. The committee will act in coordination with the Palestinian Authority and with other stakeholders to plan and manage all aspects of development in Area C. It will also monitor the progress and measures of the Civil Administration, recommend ways to prevent unlicensed, illegal activities, and seek to resolve barriers (bureaucratic, political, security).

2) Expanding intergovernmental discourse. The Government of Israel will establish channels of direct dialogue between ministries and relevant professional agencies on both sides, with the involvement of the Civil Administration. For example, the Israeli Ministry of Energy should conduct a dialogue with its Palestinian counterpart regarding the construction of solar fields, and the Ministry of Agriculture should be in contact with its PA counterpart regarding the development of agricultural fields.

3) Integrating regional components and promoting regional cooperation. Promoting the ideas and plans for the development of Area C as a tool for leveraging normalization to promote peace, with investors from the Gulf states. In this context, mega-projects should be promoted in cooperation with the Palestinians. Thus, activity in Area C will serve as a positive platform for promoting a "regional approach" preparing the ground for further normalization and a future political settlement that will include Israel, the Palestinians, and the countries of the region.

4) Updating the memorandum of understanding between Israel and the PA. The agreement will reorganize and update the components of cooperation in a number of areas, including: renewing and adjusting the work of the joint committees, expanding ties between government ministries in Israel and the Palestinian Authority, updating the planning and building processes in Area C, and establishing cooperation in the face of crime and piracy, while promoting a joint work plan with the Palestinian security forces.

F. Summary

The main challenge at the present time is to prevent measures that will completely undermine prospects of the two-state vision and severely damage Israel's status and security. To this end, it is necessary to work vigorously to expose and prevent moves by the far-right government that irreversibly preclude realizing this vision in the future.

⁵⁵ Yashiv, Eran. "A strategic outline for the Israeli-Palestinian arena." Memorandum No. 179. Institute for National Security Studies (INSS). Tel Aviv. pp. 99-104.

Looking ahead, an Israeli leadership interested in promoting peace should declare that it does not intend to annex the majority of Area C to Israel, promote a systemic policy based on freezing settlements and outlying outposts and open up the territory for the benefit of the Palestinians. This leadership will renew the political dialogue with the PA leadership and with the normalization countries, and promote a peace plan based on a comprehensive regional initiative. Israel should promote institutional moves guiding and overseeing the direction and activities of the Civil Administration. It should also change its security approach, strive to sever the link between development and construction in Area C and the military's handling of violence and terrorism there, and avoid collective punishments. Such measures will also ease the reluctance on the part of investors and entrepreneurs, resulting from instability and high economic risk in Area C. The Palestinian leadership has a responsibility to promote a number of moves, as well. It must declare its readiness to return to a policy of coordination, cooperation, and economic development with Israel, and a policy of zero tolerance towards terrorism, even before reaching an agreement on the core issues. It must also express willingness to promote dialogue and cooperation with Arab countries, and with regional bodies that can contribute to a positive change on the ground.

However, in the absence of a peace process, a change on the ground led by an Israeli government and Palestinian leadership as part of a strategy of "reducing the conflict", is likely to be only partial, focusing on specific construction and development in terms of environmental and humanitarian needs.⁵⁶ Implementation of the two-state vision is the only option that will provide Israel and the Palestinians with the full realization of their national identity, and will also promote "deep security" for Israel and the entire Middle East. The implementation of the vision must be accompanied by steps on the ground, in particular construction and development in Area C. These steps depend on the maturing of political conditions and on enabling the realization of the ideas presented in this document, along with regional and international assistance to promote positive change in Area C as part of overall progress toward resolving the Israeli-Palestinian conflict.

In the absence of political leaderships committed to a political process and the promotion of peace, other actors – civil society organizations, business, international institutions, regional actors, and superpowers – must preserve the feasibility of a two-state solution, and strive to the extent possible to promote Palestinian development in Area C. Action should be taken to promote development and construction for Palestinians in Area C, which will improve their welfare and economy, reduce security threats, mitigate threats to nature and the environment, advance ties and cooperation between Israelis and Palestinians, develop independent Palestinian capabilities and infrastructure, and eventually enhance conditions for renewing the political process and for the proper implementation of a future peace agreement.⁵⁷

⁵⁶ The pretentious approach of "conflict reduction" (e.g., Goodman, Micah. *"Eight Steps to Shrink the Israeli-Palestinian Conflict."* *The Atlantic*, April 1, 2019) is favored by centrist Israeli politicians. In my opinion, significant moves to promote construction and development and real change on the ground cannot be made over time without any connection to a political settlement based on the principle of dividing the country into two states.

⁵⁷ I would like to thank the Mitvim Institute for its support, and contributing comments. Special thanks to Alon Lifshitz-Cohen (Bimkom) and Professor Rassem Khamaisi, for their data contributions and in-depth knowledge.