



Towards a Sustainable Palestine

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# Israeli Occupation: A Business Enterprise The case of Magnetic Cards and Permits of Entry to Israel

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The flow of thousands of workers from the Occupied Palestinian Territories to work in the Israeli market is increasing significantly since the year 1967. This flow benefited the Palestinian economy as a whole, where workers can earn more money in comparison to the same type of work done inside the Palestinian territories. However, recent studies and research analyzed the cost of the Israeli Occupation on Palestine, but this study gives further and in-depth understanding of the Israeli financial returns achieved through issuing Permits and Magnetic cards that allow Palestinians to work in the Israeli market. This paper aims at answering the following question: What is the financial return achieved by Israel from issuing permits and magnetic cards for the Palestinians, or what is their benefit?

### **The Palestinian Labor Market**

The Palestinian population is currently estimated to exceed 4,000,000 people, with slightly more than 2.5 million people in the West Bank (including East Jerusalem - the Palestinian Jerusalem district), and slightly more than 1,500,000 in Gaza Strip<sup>1</sup>.

<b>Total population</b>	<b>West Bank</b>	<b>Gaza</b>
4,000,000	+ 2,500,000	+ 1,500,000

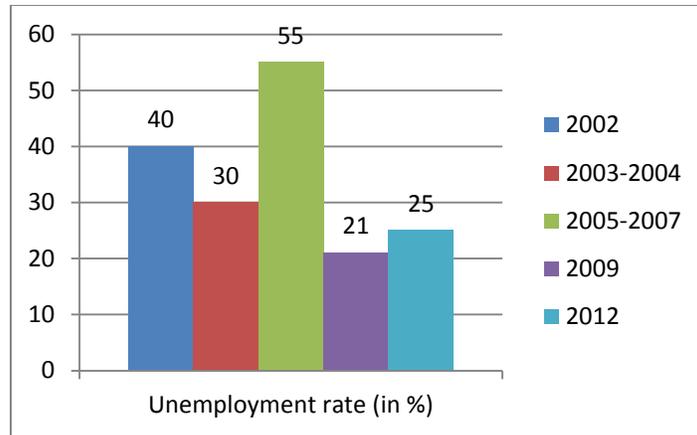
*Table 1: Total population of Palestinians*

The Palestinian community is very young: half of it is under the age of 15. According to the Palestinian Central Bureau of Statistics (PCBS) data, the net increase of the working age population is about 80,000 per annum. Additionally, the Palestinian workforce which was half a million in 1994 has doubled over the last 15 years to reach slightly over 1,000,000 in 2009 where 700,000 of them live in the West Bank.

The unemployment rate - that reached 40% in the Intifada period (2002) – has gradually declined in the West Bank to around 30% between the years 2003-2004, around 55% between 2005-2007, up to 21% in mid-2009 and 25% in the year 2012. Moreover, The Palestinian economy needs to continue generating 30,000-40,000 new jobs each year for the West Bank alone in order to solve the dilemma of the current rate of unemployment.

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<sup>1</sup> PCBS, Labor survey, and Wafa Press, 2012, 2013.



Graph 1: Unemployment Rate

### Employment of Palestinian Workers in Israel

For a period of about 20 years, from the mid-1970s until 1993, working in Israel comprised a third of all Palestinian employment. Between the years 1990-1992, for example, the number of Palestinian workers in Israel ranged between 100,000 -115,000 workers. This number is compared to a total of about 200,000 employees within the areas of the West Bank and Gaza.

The number of Palestinian workers in Israel declined significantly between the years 1995-1996. In the beginning of 1990s, a sharp increase has been observed, and in the years between 1999-2000 until the beginning of the intifada at the end of September 2000, the number again rose to over 100,000. At the end of the year 2000, the employment of Palestinian workers in Israel was almost completely terminated. In recent years, Israel re-opened its market for Palestinian workers from the West Bank. In 2009 and according to Israeli data, the total number of Palestinian workers in Israel and its settlements reached 48,000.

Nearly 60% of the Palestinian workers who work in Israel are employed in the construction industry; a quarter of them are employed in agriculture; about 10% work in industry; and the rest are employed in other sectors.<sup>2</sup>

Year	Number of Palestinian workers in Israel
1990-1992	100,000-115,000
2009	74,000
# of illegal Palestinian workers in Israel	7,000

Table 2: Number of Palestinian workers in Israel

<sup>2</sup> The statistics report addressed the key findings of the Labor Force Survey in the cycle of the fourth quarter of 2012.

According to the Israeli estimations<sup>3</sup>, the number of so called “illegal” Palestinian workers working in Israel is not high. In reference to an Israeli report, the total number of illegal Palestinian workers is estimated to be only 7,000, compared to 102,000 illegal foreign workers.

### **Magnetic Cards and Permissions Issuance**

The story of magnetic cards began in May 1989. Israel decided to force workers from the Gaza Strip - who want to enter Israel – to issue magnetic cards containing coded information about their security backgrounds. This was also implemented in the West Bank. The magnetic card was an almost indispensable condition for entry, although having the card itself was not enough to guarantee receiving a permit, but it is a proof that the people who apply for the permits are not considered of a security risk.

In 2004,<sup>4</sup> EDS Israel, a subsidiary of HP Company in Israel, is the prime contractor of the Basel system which is an automated biometric access control system installed and maintained by HP at checkpoints in the Occupied Palestinian Territory. The system operates by a magnetic card with biometric information, which since 2005 has become mandatory for every Palestinian who requests a permit to enter Israel<sup>5</sup>. The permits system is directly related to another control mechanism HP is involved in. Israel’s ID card system reflects and reinforces its political and economic perspectives, tiered citizenship structure and restrictions on movement and access.

The magnetic cards and permits are issued from an Israeli population controlled registry. The biometric system collects and stores the information of all applicants. Since 2005, these cards have been mandatory for all Palestinians wishing to obtain entrance permits to work inside Israel. Consequently, Israel receives the biometric information of almost every Palestinian in the Occupied Palestinian Territory above the age of 16. The Israeli ministry of defense declared that the system of magnetic Cards is installed at specific points in the following places: Jericho, Bethlehem, Jenin, Nablus, Tul-Karem, Hebron, Abu Dis, Tarkumia and the Efraim gate<sup>6</sup>.

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<sup>3</sup> Peres center position paper, 2010. And a report of the Inter-Ministerial Committee on the Topic of Non-Israeli workers from 2007 (The Eckstein Commission).

<sup>4</sup> Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory: Advisory Opinion, The International Court of Justice Press release, July 9, 2004, <http://bit.ly/DvIs>, accessed on Nov. 20, 2011.

HP purchased EDS in 2008. EDS merged into HP and since 2009 it’s called: “HP Enterprise services”. See Who Profits, at: [www.whoprofits.org/company/electronic-data-systems-eds](http://www.whoprofits.org/company/electronic-data-systems-eds).

Roni Lifshitz, EDS will computerize the border passes between Israel and the PA (Hebrew), Globes, 1/9/1999, <http://bit.ly/we5saa>; OTI smart ID cards to power Israel-Palestinian border crossing, Globes, 20/8/03, <http://bit.ly/zMfHEX>; BC Kessner, Israel’s Hard-learned lessons, HS Today, April 2006: 16-23, <http://bit.ly/zDu1ot>. Accessed on Nov. 20, 2011.

<sup>5</sup> [www.coalitionofwomen.org](http://www.coalitionofwomen.org).

<sup>6</sup> [www.coalitionofwomen.org](http://www.coalitionofwomen.org) who profits, the Israeli occupation industry, 2011

To obtain the magnetic card, Palestinian civilians from the West Bank and Gaza are forced to undergo a full scan of the right hand, and separate scans of the right and left fingerprints in order to obtain the card throughout the Israeli District Civil Liaison (DCL).

The cost associated with renewing the magnetic cards is increased in areas where the new procedures are implemented and validity period is identified. In such areas, magnetic cards are valid for a period of 2 years, whereas in other areas, cards are valid for only one year. In addition, the new cards can be renewed for additional two years.

It is noteworthy to mention that the procedures for obtaining magnetic cards are slightly different from one area to another. For instance, most Palestinian civilians in the West Bank must submit the application personally at the Israeli DCL. The applicant has to fill an application to acquire a magnetic card. An application for a magnetic card must be submitted in a stamped form. In order to do so, the applicant must go to a Palestinian post office to get stamps which costs, along with the handling charges, 100 NIS. In case the application was rejected, soldiers in the Israeli DCL will write the word 'void' on the stamp to mark it. Thus, it becomes impossible to submit the same application later on and further application will cost time and money. To get a card, the applicant should not have security problems, police problems or any other sort of things.

The Israeli DCL has allocated certain days in a week to receive magnetic cards applications for each city, town or village. In all areas, magnetic cards are issued or renewed through the Israeli DCLs. Palestinians must pay 130 to 165 NIS that includes a fee to purchase the Israeli "stamps" that are attached to the application, and 10 to 30 NIS fee to the office that submits the applications<sup>7</sup>.

It is also possible to issue a permit for a person who does not have a magnetic card; the procedures to issue permits are still complicated. Permits are given to workers and also to cases with personal needs including medical treatment, professional issues... etc.

A Palestinian who seeks to work in Israel or its settlements must first find an employer who is willing to apply for a work permit on his behalf. Furthermore, to be eligible for a permit the applicant must be over 35 years of age, married, has at least one child, does not have security record and a family connection with anyone who has a security record. Moreover, Permits are issued for three months and can be withdrawn within a short notice without explanation. It is imperative to mention that even though permits have been granted, Palestinians do not have any right to stay in Israel overnight.

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<sup>7</sup> Different interviews.

There are numerous categories of permits as well as restrictions and regulations frequently changed without notice. Work permits and quota system control Palestinians access to Israeli labor markets across the West Bank. Permits for workers from Gaza to enter Israel have been stopped since April 2006.

The issue of permits and magnetic cards has further unethical and psychological dimensions. In the year 2008, there were reports about Israeli authorities attempting to recruit collaborators while issuing or renewing work permits in return. Furthermore, a report talks about the relation between the worker and the Israeli employer as follows:

*“Dependence on employers and subcontractors makes those workers vulnerable to exploitation and violations of labor rights. Moreover, claiming labor rights in Israeli courts is costly and complicated, and complaining workers are reportedly frequently laid off. In this environment, Palestinian workers are totally reliant on the wages they receive in order to support their family and there are few regulations for employers... There is no enforcement. It is like a jungle... the employer can pay whatever he wants, the subcontractor can get whatever he wants, and the workers lose.” (Alenat “KavLoved”, contravention of humanitarian law)*

<b># of Palestinians who received permits in 2012</b>	50,000
<b># of Palestinian labors in Israel in 2008</b>	75,000

Table 3: Number of Palestinian workers in Israel and Palestinians who received permits

As observed in different resources<sup>8</sup>, almost 50,000 Palestinians received permits to work in Israel in 2012, 26,000 of them to work specifically at settlements. Issuing permits have increased to around 12,000 between April 2005 and April 2009. However and according to a report done by the PCBS in the year 2009, the actual Palestinian labor who worked in Israel and the settlements was almost 75,000 in the year 2008 given that approximately 27,000 Palestinians work without permits.

Those so called “illegal” workers have no rights or protection; the actual number of Palestinians from the West Bank and Gaza working in Israel is highly dependent on the changing restrictions on movement of persons within the Occupied Territories and into Israel. Depending on quota numbers, Israeli authorities decide unilaterally to issue valid permits subject to two levels of security checks and to day-to-day decisions of the Israeli Military Forces as per the opening and closing of checkpoints.

<sup>8</sup> Peres center, Netanyahu website, PCBS 2012 workforce statistics.

## What does Israel Benefit?

The Israeli resources show that more than 400,000 permits and magnetic cards were issued for Palestinian workers and for personal needs between 2000 and 2013. Furthermore; Israeli Military Forces and Israeli Civil Administration resources showed that more than 900,000 permits were issued to Palestinians in 2012.<sup>9</sup>

<b>No of permits<sup>10</sup></b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>In the West Bank</b>	787302	824829	937474
<b>In Gaza</b>	33480	38706	33859
<b>Totals</b>	820782	863535	971333
<b>50 -70% have magnetic cards<sup>11</sup></b>	410 391	431 767	485 666
<b>The cost is 100 NIS for every magnetic card</b>	41,039,100NIS	43,176,700 NIS	48,566,600 NIS

*Table 4: Permits and magnetic cards*

<b># of Palestinian workers in Israel and its settlements (2000-2012)</b>	110,503
<b># of permits (2000-2012)</b>	100,000
<b># of magnetic cards (2000-2012)</b>	442,608

*Table 5: # of permits, magnetic cards and Palestinian workers in Israel and its settlements*

It is obvious to the reader by now that the average number of Palestinian workers in Israel and its settlements is 110,503 workers in the period between 2000 and 2012, whilst the rate of workers who received permits have reached 100,000 during the same period. The average number of magnetic cards in the period between 2000 and 2012 is 442,608 based on the estimations of researchers, the sources of Israeli evidence and the Palestinian Central Bureau of Statistics (PCBS).<sup>12</sup>

The estimated cost on average is calculated based on the following formula: 400,000 magnetic cards multiplied by 100 NIS per magnetic card, and this equals 40 million NIS per year). In

<sup>9</sup> The Coordinator of Government Activities in the Territories (COGAT) is responsible for the implementation of civil policy and the coordination of civil activities in the West Bank and towards the Gaza Strip, and oversees the Civil Administration of Judea and Samaria.

<sup>10</sup> COORDINATION OF GOVERNMENT ACTIVITIES IN THE TERRITORIES STATE OF ISRAEL - MINISTRY OF DEFENCE 2011 SUMMARY. First published in Israel in 2012 by The Civil Coordination Department of the Coordination of Government Activities in the Territories (COGAT) Copyright © 2012, COGAT.

<sup>11</sup> Interviews shows that 50 -70% of non-workers permit holders are having magnetic cards, and all workers permit holders are having magnetic cards,

<sup>12</sup> The employment of Palestinian workers in Israel, position paper, February, 2010. PCBS 2012

addition to that, NIS 1,200,000,000 has been gained by the Israeli government (100,000 work permits \*1,000 NIS per month\*12 months)<sup>13</sup>.

Kav Laoved, an Israeli worker at a human rights organization, estimated that between 1984 and 1992 Israel took various wage-additions from the Palestinians that amounted to 800 million NIS. Stanley Fischer, Economist and the current Chairman of the Central Bank of Israel, and Thomas Shelling said that between 1968 and 1993 Israel took NIS 1.125 billion from social security taxes collected from Palestinians, the collected taxes were fake as social security funds were never allocated to Palestinians.

Israel Also benefits from increasing the Israeli GDP as Peres center position paper stated, every net addition of 1,000 workers can create an increment on the scale of 100,000,000 shekels to the products of the building sector, as well as a huge addition of supplementary jobs in professions that employ Israelis. Therefore, a net addition of 10,000 Palestinian workers over the years 2010-2011 can contribute by 1,000,000,000 NIS to the Israeli GDP - in other words, an addition of nearly 1.5% to the GDP, as well as nearly 10,000 additional jobs for Israel workers.<sup>14</sup> In this situation, various calculations measured that 60% of every 1 dollar that inflows to the Palestinians returns back directly or indirectly to the Israeli economy.<sup>15</sup>

Swirski notes that Israel made profit from the occupation through exploiting the low wages paid to Palestinians, taxes imposed on the Palestinians without service provision in return, forcing Palestinians to pay for security costs that control their movement, monopoly over imports and exports to the OPT and land expropriation and confiscation. Those are only a partial list of the sources of Israeli profits.<sup>16</sup>

Swirski gave an interview to the Globes and said that the best current estimation of the cost of occupation is NIS 100 billion (about US\$ 23 billion).<sup>17</sup>

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<sup>13</sup> Showed that structured interviews were conducted with a number of Palestinian workers in Israel that employers deduct them the amount of NIS 1,000 per month as a minimum for each month of work in exchange for permission.

<sup>14</sup> Source: calculated according to the Israeli Central Bureau of Statistics data. And PCBS.

<sup>15</sup> Ibrahim, Nassa, AIC researcher.

<sup>16</sup> Swirski, Shlomo, 2005, The Price of Occupation, ADVA Center, MAPA Publishers, p. 11-42.

<sup>17</sup> Lan, Shlomit, 2005, Check, Please!, Globes, 2-3.5.05.

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