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Developments In LNG Markets: Recent Trends Future Prospects

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COMMENTS

Recent oil and gas pricing trends have created disequilibrium between the commodity-competitive markets and the oil-linked gas markets. North American gas prices are low, having been driven by the Shale Gas competition on supply, demand balance; while gas prices on the European Continent and Asia have largely, though not completely, been driven by much higher oil prices. The underlying LNG market condition is one of surplus and the source is price weakness in North America. Efforts to contain the surplus may be effective in supporting Continental prices for a time, but maybe difficult to sustain, since Asian prices are not under attack. Moreover, the supply cutbacks may also limit the availability of low-cost LNG to the US, according to energy consultant, James Jensen.

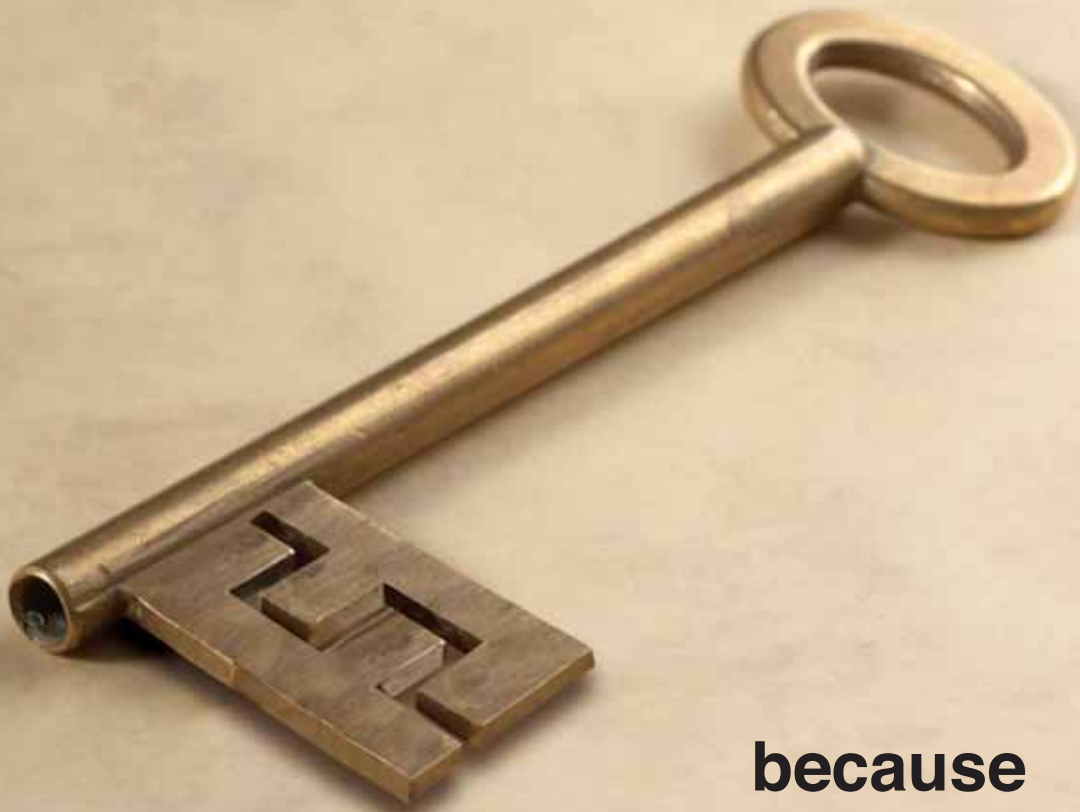
Iraqi oil revenue constitutes 91% of the country's Federal Budget while the oil industry employs around 600,000 persons, less than 1% of the country's labor force. Much of the country's economic ailments are attributed to the structures and functions of the State Economic Enterprises, according to a report prepared by the Advisory Council, Prime Minister Office, Iraq, in cooperation with UN agencies and the World Bank. MEES is publishing exclusively the Executive Summary Road Map of the 200 page report, which aims to restructure the State Economic Enterprises as a mean of enhancing the country's productivity and reforming the economy. The proposed reforms include state-owned petroleum enterprises.

Israel issued stringent military orders following the 1967 war which monopolize the use of water in the Occupied Territories, depriving the Palestinians water use to maintain their standard of living, or to develop their economy. The monopolization is seen by MEES Research Officer Ramzi El Houry as a major obstacle to a viable two-state solution.



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RECENT DEVELOPMENTS IN LNG MARKETS & PRICING*

James T. Jensen**



Global Gas Markets: Regional Price Patterns

There are four major regional gas pricing patterns that have influenced world gas trade, as follows:

-North America, the UK, the European Continent and Northeast Asia.

-China and India: Both countries are gas importers with pipeline and LNG options. Neither country has yet developed consistent pricing patterns of its own.

-The four major regions differ in their sources of gas supply, and their reliance on contracts, as well as the extent to which they have liberalized their gas industries; factors which have a strong influence on price behavior: The gas industries in North America and the UK developed based on domestic gas supplies. They are now fully liberalized with "commodity gas-to-gas competition", where oil prices are usually irrelevant.

On the other hand, the Continent and Northeast Asia gas industries developed from imported supplies based on long-term contracts with oil-linked pricing. However, where there is some liberalization on the Continent, Northeast Asia has yet to move in that direction. Meanwhile, pricing terms on Continental contracts are still largely linked to oil products prices, while contracts in Northeast Asia are linked to the Japanese Customs Cleared Price for Crude Oil (JCC or "The Japanese Crude Cocktail").

Disequilibrium in Markets

Recent oil and gas pricing trends have created disequilibrium between the commodity-competitive markets and the oil-linked markets. Accordingly, prices in North America are low and have been driven by the influence of Shale Gas competition on supply/demand balances; while prices on the Continent and Asia have largely, though not completely, been driven by much higher oil prices. The UK, meanwhile, lacking low cost Shale Gas of its own, tends to fluctuate between a lower pricing equilibrium with North America when Atlantic Basin LNG is in surplus and a higher Continental equilibrium when markets are tight. These discrepancies create substantial market and price volatility.



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International Gas Market Competition

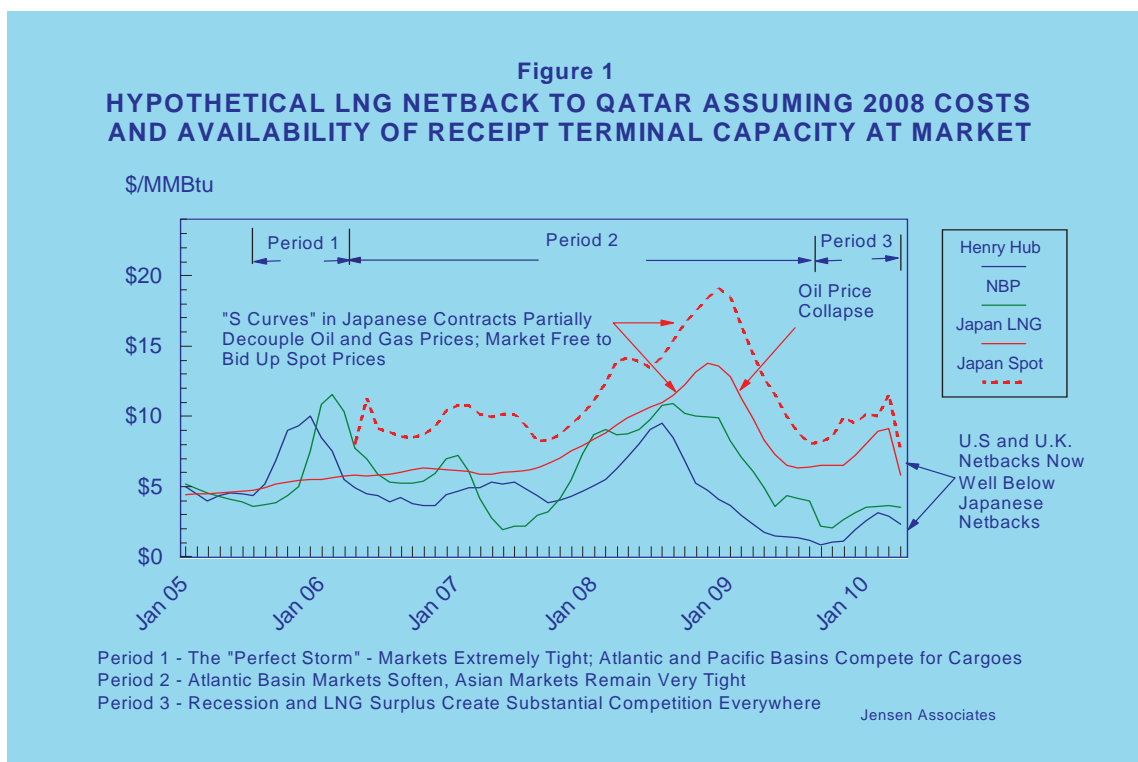
There have been three distinct periods of international gas market competition since late 2005:

- 1st Period: "The Perfect Storm" (August 2005 to March 2006). The period was characterized by Hurricane Katrina in the US, the transition of the UK from net exporter to a net importer, a hydro shortage in Spain, cold weather on the Continent; and, tight markets in Asia. During this period, competition for LNG cargoes was severe, driving up prices everywhere.

- 2nd Period: (Spring 2006-Middle of 2009). The period was characterized by the softening of Atlantic Basin markets, while Asian markets remaining tight as supply problems in Indonesia and a shutdown of seven nuclear plants by Tokyo Electric (TEPCO) drove up demand in the face of short supply. At the same time, oil markets rose to record heights by the summer of 2008, dragging contract prices with them, only to collapse shortly thereafter. However, what characterized this period was the partial insulation of Asian contract prices from high oil prices by capping mechanisms, such as "S Curves", but Asia was free to drive up spot prices. In 2008, every Atlantic Basin LNG supplier but Libya shipped cargoes to Japan.

- 3rd Period: (began in mid-2009). Several developments conspired to relieve the previous shortage conditions, creating substantial surpluses everywhere. These include: the recession that reduced worldwide gas demand, the surprising emergence of Shale Gas blunted the demand for LNG in North America; and, the long awaited surge in LNG liquefaction capacity, particularly in Qatar, which reversed the LNG shortage conditions that had prevailed for nearly a decade.

The three periods can be illustrated by showing the hypothetical netbacks that Qatar could have achieved in shipping to the US, the UK and Japan.



Pacific Basin: Outgrowing Regional Supplies

The Pacific Basin, the largest LNG market, has been outgrowing its regional supplies, the Middle East has been the principal source supporting supply growth; however, during the recent shortages, spot cargoes from the Atlantic Basin have played a significant role which at the same time drained potential surpluses in the Atlantic Basin. Meanwhile, economic conditions have finally moderated the growing Pacific Basin demand despite the emergence of India and China as LNG importers.

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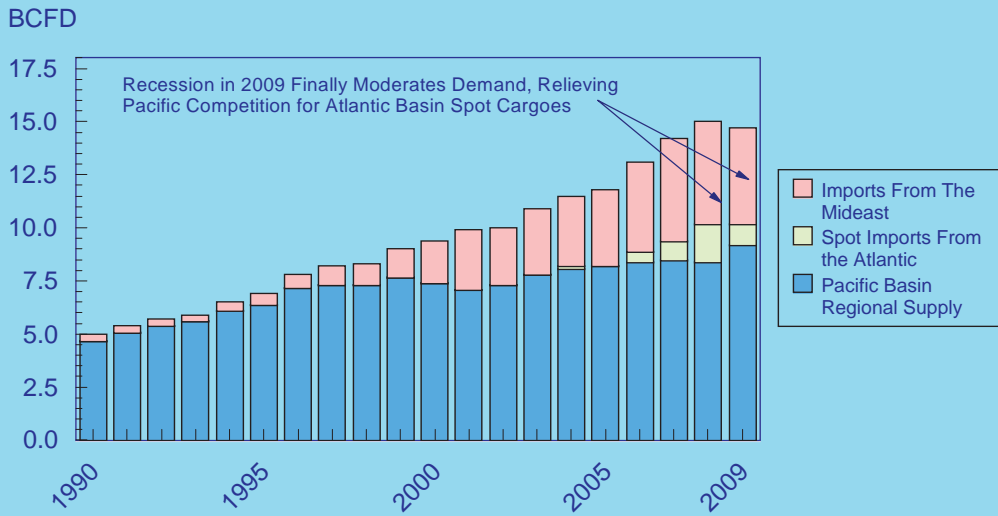
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**Figure 2
PACIFIC BASIN LNG SUPPLY BY REGION**

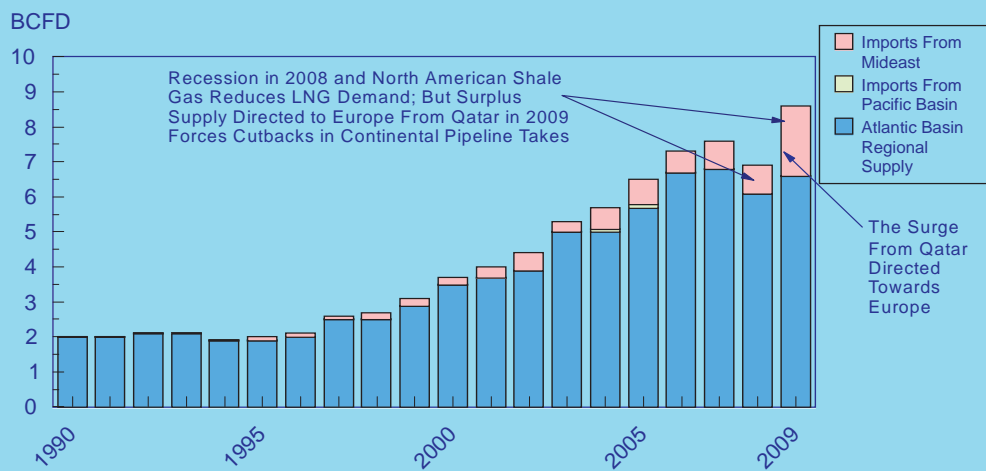


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Self Sufficiency in the Atlantic Basin

The earlier anticipated growth of demand, particularly in North America and the UK, was expected to require increasing reliance on the Middle East. However, the recession and the emergence of Shale Gas reduced the expected American demand for LNG. In 2009, the startup of capacity in Qatar directed towards Europe brought Atlantic Basin commodity competition to the continent, undermining oil-linked contract pricing and backing out pipeline supply.

**Figure 3
ATLANTIC BASIN LNG SUPPLY BY REGION**



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Thus, the philosophical conflict between commodity “gas-to-gas” pricing in the liberalized North American and UK markets and the Continent’s adherence to oil-linked long-term contract pricing was finally joined. Furthermore, the growing surpluses transmitted North America’s very weak pricing to North Europe via LNG terminals and UK pipeline links to the Continent. Hence, the Russian price at Waidhaus on Germany’s eastern border fell 30% between 2008 and the last nine months of 2009, the price at the Dutch TTF Hub on Germany’s western border fell by 55%. Accordingly, the Russians were very large losers and have now been forced to renegotiate some of their contracts.

Figure 4
THE COLLAPSE OF WEST EUROPEAN GAS PRICING UNDER THE INFLUENCE OF LNG ARBITRAGE - DUTCH TTF HUB VERSUS RUSSIAN/GERMAN BORDER PRICE 2008 VERSUS LAST NINE MONTHS OF 2009

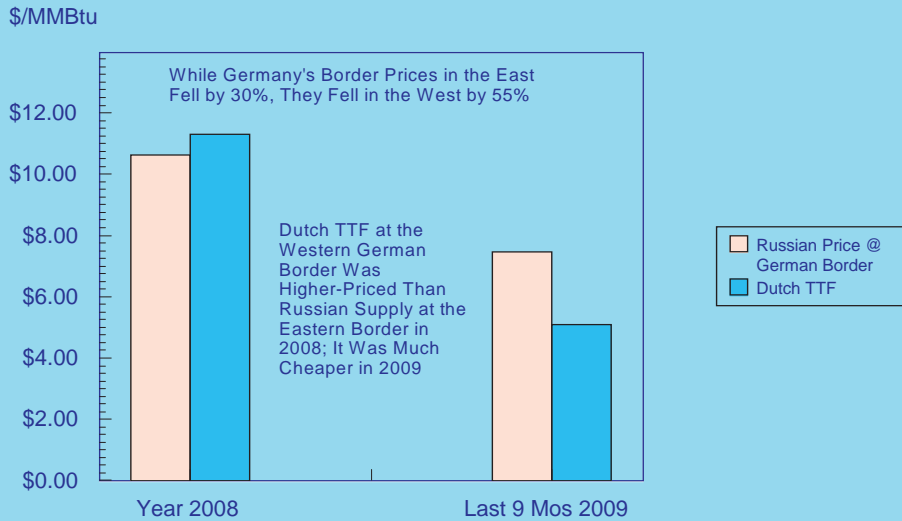
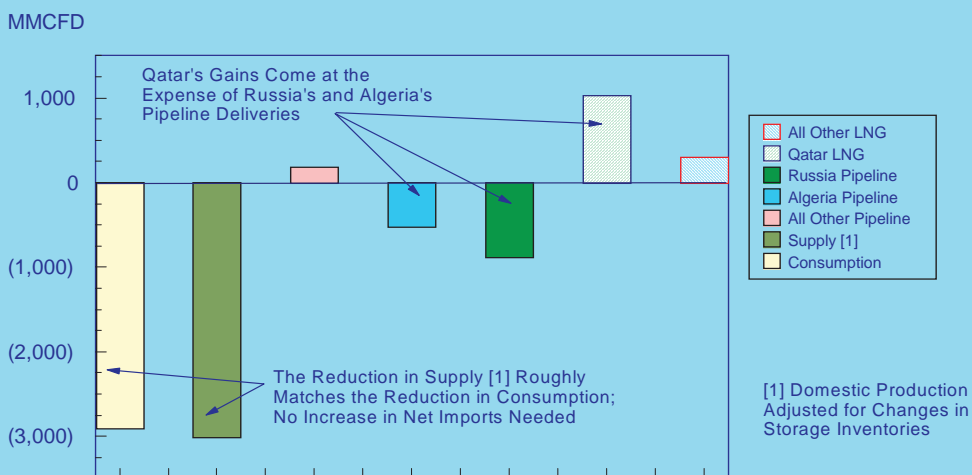


Figure 5
CHANGES IN EUROPEAN UNION GAS BALANCES - 2009 RELATIVE TO 2008



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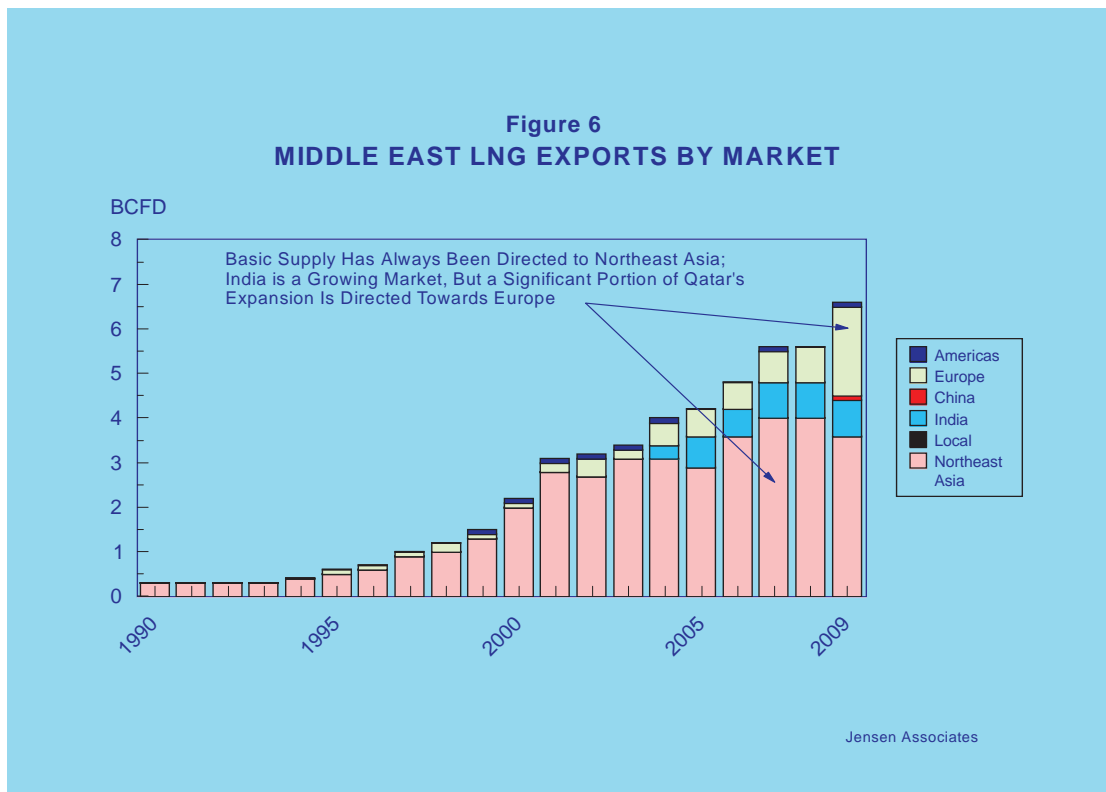
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Middle East Early Focus on Northeast Asian Markets

The Middle East first focused on Northeast Asian markets. But in the mid-2000s, demand in Europe, India and China began to emerge and North America was expected to provide a rapidly growing demand for Middle East LNG. However, North American expectations have been dashed. The extent of change can be illustrated by the changing EIA forecasts in its Annual Energy Outlook (AEO) Series. In AEO 2005 (when some of the capacity now coming on line was first approved), the EIA projected 5.54 TCF of net LNG imports for 2020. By AEO 2010, the projection has dropped to 1.50 TCF.



Capacity Additions Major Contributor to Current LNG Surpluses

A major contributor to current LNG surpluses has been the 2009/2010 surge in capacity additions. The average net LNG liquefaction capacity additions for 2009 and 2010 are nearly four times the average capacity additions for the previous 11 years. Additions in subsequent years are much more modest and depend in part on “probables” (final decisions not yet taken). These decisions will be influenced by expected future market conditions as they develop.

Qatar: Major Contributor to Capacity Additions in 2009/2010

Nearly two-thirds of the 2009/2010 capacity additions are in Qatar. In fact, Qatar’s eight traditionally-sized trains represented 61% of the Middle East’s capacity at year-end 2008. Moreover, Qatar is adding six “super trains” in 2009 and 2010 that will nearly double Middle East export capacity by year-end 2010. Those trains are 7.8mn tons each compared to typical current trains of less than 5mn tons. They will deliver via large tankers- Q Flex at 216,000 cu. ms. And Q Max at 260,000 cu. ms. Compared to the common size of 145,000 cu. ms.

LNG Contracts: Changing Characteristics

The traditional LNG contract might be described as a “fixed destination contract,” linking a specific source of gas to a specific customer, often, even, specifying the tankers to be used for the trade. However, some new contracts provide increasing destination flexibility, facilitating price arbitrage among regions. Spot markets are a factor in this changing process (16.4% of trade was spot in 2009). However, there are other sources of flexibility:

“Self Contracting” is one such source. As an example, the 1st three trains of Nigeria’s NLNG are based on traditional contracts with European buyers. However, Trains 4 and 5 have contracted with ENI, Shell and Total, partners in NLNG, who are free to take their LNG anywhere they wish.

Another source of flexibility is the ability of some buyers to divert cargoes to other markets where they may get better returns. For example, Spain’s Electric Utility, Union Finosa, has a contract in Oman. But in 2008, it diverted most of the volume to the overheated Japanese market.

Figure 7
ANNUAL NET ADDITIONS TO LNG LIQUEFACTION CAPACITY
1998 TO FORECAST 2015

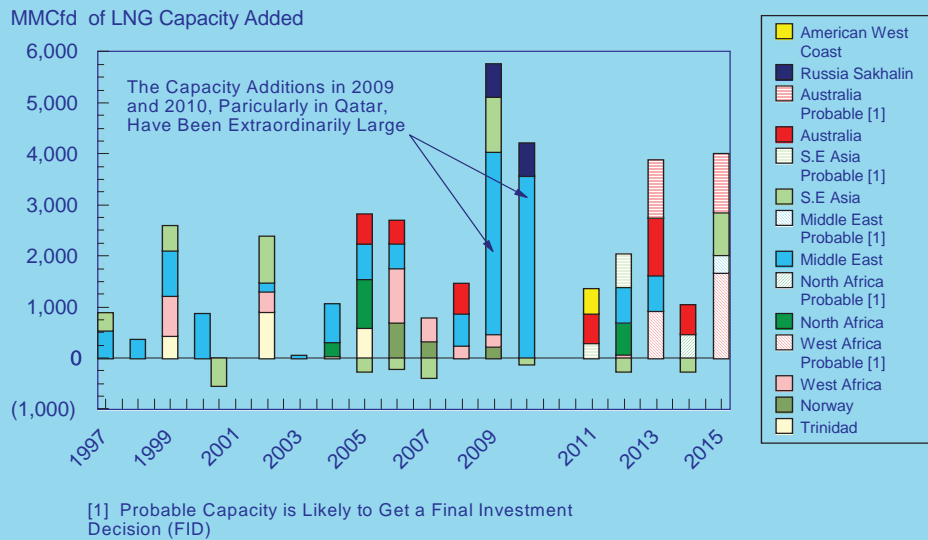
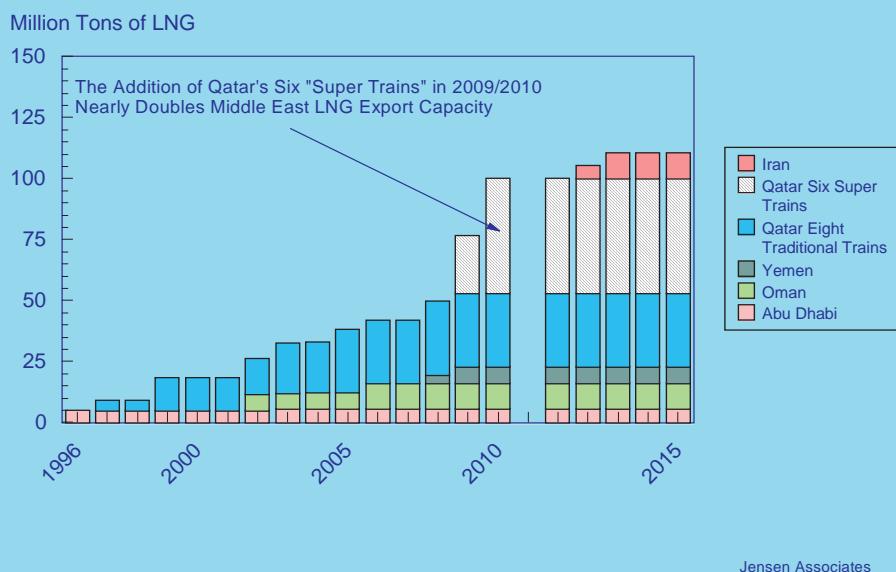


Figure 8
THE GROWTH OF MIDDLE EAST LNG LIQUEFACTION CAPACITY
OPERATING PLUS FIRM



Qatar's Super Trains Introduce New Flexibility to Markets

Qatar operates from two basic companies: Qatargas and Rasgas. Each company holds seven trains. Qatargas trains 4, 5, 6 and 7 are Super Trains as are Rasgas trains 6 and 7.

Qatar's first eight trains were based on traditional contracts and 29% of the Super Six have also been so contracted, largely for Asian buyers. However, the rest have been allocated to four international companies (in addition to Qatar Petroleum) who have acquired equity positions upstream – ExxonMobil, Total, ConocoPhillips and Shell. The basic IOC partnership is ExxonMobil and QP who commonly share a 30/70% ownership in portions of the six trains. The other three IOC partners have limited flexibility.

The original concept for the ExxonMobil/QP partnership was that two trains would be dedicated to the South Hook Terminal in the UK and two to the Golden Pass Terminal in the US Gulf (which is not yet operational because of hurricane



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damage). They would be served by an “LNG Pipeline” shuttling the large tankers between Qatar and the terminals. However, while the partnership has some destination flexibility, it operates under specific ground rules, making it only semi-flexible.

Moreover, in addition to the South Hook and Golden Pass dedications, other destinations in Belgium, France and the US were specified for the other partners.

Accordingly, the result was that initially 80% of the Super Train output was expected to go to Europe and the US compared with only the 14% of Middle East LNG delivered to the Atlantic Basin in 2008.

It was the startup of South Hook and the two trains dedicated to the UK and Europe that led to a nearly fivefold increase in deliveries to the UK and Belgium for 2009 over 2008. It was largely those volumes, delivered directly from Belgium’s Zeebrugge Terminal or indirectly via the interconnector pipeline from the UK that provided the severe competition for continental pipeline supply.



What is the Outlook for the US?

With the last two super trains and Golden Pass scheduled to come on line in late 2010, the question is: What is the Outlook for the US?

Many observers, myself included, fully expected to see severe price competition later this year, although much would depend on the domestic supply/demand balance. However, it now looks as if it may not happen. Why?

While the US market outlook for LNG has deteriorated significantly, Qatar has been carving out volumes dedicated to the US for Asian customers; the carve out process is continuing. In June, Qatar announced that it was undertaking “unusually heavy maintenance” on 66% of its export capacity. However, the “maintenance” appears it may be a

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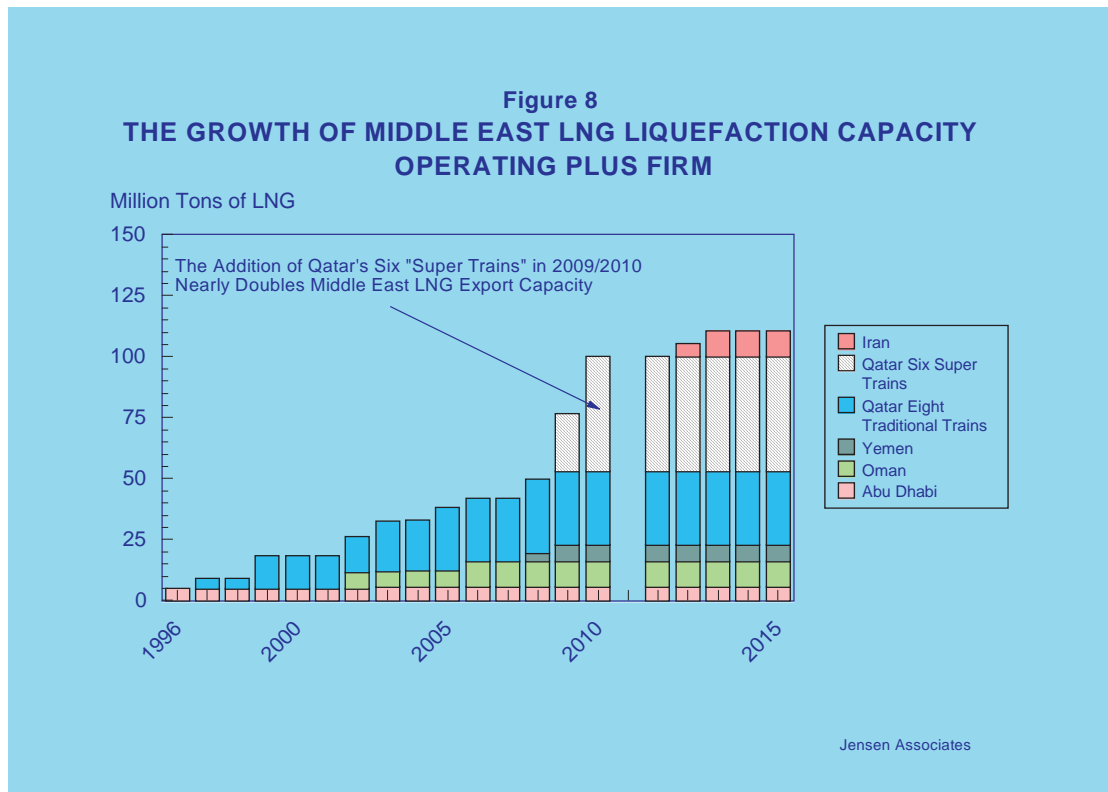
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coordinated effort with Russia, which has cut its own production in an effort to stabilize the market.

This may be a bilateral attempt to achieve that objective. Since, The Gas Exporting Countries Forum (GECF), which met in Oran, Algeria in April, expressed an interest in restoring oil linkage on contracts, but was unable to agree on an approach.

If the cutbacks are successful, it may take some of the pressure off Continental pricing. However, it should have only a limited impact on North American pricing where the price weakness originates. There is also a question as to how long it can be sustained.



Implications For US Northeast Gas Markets

The underlying LNG market condition is one of surplus and the source of the price weakness is North America. Meanwhile, efforts to contain the surplus may be effective in supporting Continental prices for a time, but maybe difficult to sustain, since Asian prices are not under attack. Moreover, the supply cutbacks may also limit the availability of low-cost spot LNG to the US.


Nonetheless, the magnitude of the disparity between Henry Hub commodity prices and Continental oil-linked contract prices suggests market instability and LNG price volatility; Hence, NBP Forward Prices rose sharply on Qatar's announcement.

Meanwhile, for Northeast gas buyers, the traditional planning tools of supply/demand analysis, storage inventory monitoring and rig count trends will still be basic.

But, although it cannot be counted on, low cost LNG options may become available if the buyer is in a position to be opportunistic.

*James Jensen; Jensen Associates. Email: JAI-Energy@ Comcast.Net

** Presentation to The Northeast Gas Markets Annual Customer Conference, Woodstock, Vermont. 13 July, 2010.



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ROADMAP FOR RESTRUCTURING IRAQ'S STATE OWNED ENTERPRISES*

Advisory Council, Prime Minister Office, Iraq**



Abstract

Iraq has large amounts of natural resources, a strategic geographic position and also highly skilled and experienced labor and technicians. This generates tremendous opportunities for Iraq to become a key player in the regional economy. A key element of achieving this objective is to generate greater private sector and economic activity in Iraq, through the reform and modernization of State Owned Enterprises (SOEs). Greater private sector led economic growth can generate higher living standards and enhance stability. It can also generate large numbers of new job opportunities, through adequate policy, legislative and business development measures and support.

Thus, for achieving these objectives, the Government of Iraq (GoI) has embarked in a series of structural economic reforms covering also the restructuring of the SOEs for better utilizing available resources and opportunities and ultimately contributing to the economic growth and development of Iraq.

I. Background and scope of work

The Iraqi economy continues to rely primarily on oil production and exports, annual operational and capital costs being primarily supported by the country's oil industry that constitutes a large portion of the of the GDP and 91% of Federal Budget revenues while employing less than 1% of the labor force.

Most SOEs are operating in a highly inefficient and unproductive manner. This is because of economic distortions generated by the poor security situation, sanctions implemented prior to 2003, absence of investment, outdated technologies, poor maintenance, low quality of supplies; and, highly inflated labor force. For these reasons most SOEs rely on large subsidies from the Federal Budget to operate and pay the salaries of employees. Many SOEs in recent years have not been able to improve their competitiveness and become self-reliant. SOEs employment amounts to over 600,000 individuals at present (as recorded in June 2010 and supported by the Federal Budget FY2010).

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Within the Private Sector Development Program for Iraq, the Iraqi Government is concentrating efforts to create and enable an effective, coherent and comprehensive framework for a sustainable private sector development in the country.

For this purpose, a Task Force for Economic Reforms was established at the Prime Minister Advisory Board to act as the coordination structure for the Program. This Task Force has been mandated by COMSEC (Order # 12482/27/1/2 from 12.04.2010) to produce a gradual, market oriented Roadmap for SOE Restructuring, including outlining the steps, institutions responsible and accompanying measures to enhance the public acceptability of reforms. The Task Force for Economic Reforms Working Group for SOEs Restructuring has developed a proposal for a restructuring program that seeks the approval of the Council of Ministers.

Mindful of the complexity of the problem, the Task Force for Economic Reforms in cooperation with seven United Nations agencies¹ and the World Bank in consultation also with OECD, USAID and other international partners, has defined a roadmap for implementing a phased restructuring process for the SOEs, aimed at their transformation in self-reliant, competitive, socially and environmentally responsible corporations, through the adoption of proper institutional development, governance, methodological and support instruments.

The restructuring of SOEs aims at revitalizing their financial, operational and organizational performance and therefore contribute to the increase of the Iraqi economic activity, competitiveness and trade, facilitating sustainable growth in the market, while introducing social mitigation measures and creating job opportunities, including for excess employees through new business development support measures especially for MSMEs. The restructuring of SOEs also aims to introduce social mitigation measures and create job opportunities for excess employees through new business development support measures especially for MSMEs.

In the framework of the development potential and opportunities of Iraq, a comprehensive process of restructuring is therefore urgently needed to properly integrate SOEs into the private sector on a full competitive and transparent basis, building also on ongoing SOE reform efforts initiated by the Ministry of Industry & Minerals.

II. Legal and regulatory framework

II.0. Existing legislation

The existing legislation allows for limited forms of economic reforms necessary to start SOE restructuring process, needing new legislation to provide a sound basis for both SOE reform and a better business enabling environment.

II.1 Economic Reform Law

This draft Law prepared by TFER sets the basic reform principles for key economic transformations in Iraq. While fostering overall competitiveness and productivity of Iraqi SOEs and of the entire economy with an ultimate goal to facilitate the integration of the SOEs into a viable private sector. The Law envisages, among other, the establishment of an Economic Reform Council to oversee the development and the streamlining of relevant legal and regulatory frameworks, undertaking studies and researches and monitoring economic reform processes in coordination with ministries and establishing the institutional mechanisms that shall administer the SOEs restructuring processes and their assets.

II.2 Other key legislation

A number of existing laws need to be amended and others to be formulated and adopted for effectively supporting SOEs restructuring and corporatization in accordance to best international practices and to the principles of the Economic Reform Law. Main interventions shall include (1) amendments of Company laws 21/97 (to cover also corporate and overall governance system) and 22/97, Taxation regime, Custom regime, Competition and antimonopoly law and (2) the enactment of new specific laws for Protection of excess employees, Banking, Insurance, Public Procurement, Liquidation of non-viable SOEs, Bankruptcy, Labor standards, Accounting and auditing standards.

III. Main pillars

III.1 Methodology

Since SOEs are not all at the same level of performance, importance, viability or investment attractiveness, they can be classified into four categories: 1) Viable – self operating, immediately attractive and ready for investments, 2) Non-self operating, but potentially viable and needing restructuring, 3) Hybrid (viable / non-viable through segmentation) and needing substantial restructuring and 4) Low priority for investment and non-viable/continuing normal operations or to be liquidated. SOEs restructuring shall involve:

- Review of the corporate governance system and in particular of the procedures and composition of Boards of Directors, to consent the establishment of sound decision making processes
- Definition and implementation, on a case by case basis, of a series of specific restructuring measures in key areas (strategic partnership - essential for the successful restructuring of SOEs and for developing viable business plans -, corporatization, valuation, performance management contracts to strengthen accountability of

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The Kuwait Pipeline Technology Conference & Exhibition is a new international platform for products, systems and services relating to the transport of oil, gas and water. The focus will be on the entire value added chain – from planning, construction and operation to maintenance and repair. All these aspects will be discussed during the conference. It will provide participants with practical solutions for effective planning, design, construction, operation, corrosion, mitigation and maintenance strategies applied to state-of-the-art pipeline networks. The conference will go beyond the obvious, presenting detailed information and techniques much needed to overcome the most pressing challenges in overcoming effective planning and management of pipeline systems.

The main objective of the event is to share technological advances, operational experiences and to present important ongoing pipeline projects. It also aims to integrate companies that act in different segments of the pipeline industry: operation, construction, engineering, research and development, training and equipment suppliers. The conference will feature lectures and presentations by major oil & gas companies, utility providers, engineering firms, transport operators, industry associations, industrial providers and users on all aspects surrounding pipeline systems

Topics:

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- Pipe Manufacturing Materials & Technologies
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- GIS/Database Development
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- Risk & Reliability
- Protection, Corrosion & Monitoring System
- Standards & Regulations

Call for Papers:

Sending Abstracts Deadline:
June 15th, 2010

Accepted Papers Announced:
July 1st, 2010

Full papers and/or PPT due:
September 1st, 2010

SOE managers and organization, markets, marketing and market access, investment and finance, production and technology, labor and excess employees), in according to consolidated methods and practices.

- In particular, a stepwise approach shall be adopted, initiating from preliminary planning for SOEs classification purposes, followed by in depth analysis of external and internal factors and of dynamics of SOEs, formulation of phased and prioritized sectoral, individual restructuring and implementation plans.

Restructuring priorities will be defined considering the importance of the relevant sectors or subsectors, the expected impact on growth and employment, the actual timeframe for implementing rapid social mitigation measures and other specific elements as will be assessed on a case by case basis, especially in the context of the relevant sectoral strategies policies.

III.2. Institutional arrangements

Based on a gradual task transfer and incubation process approach, three institutional development stages are envisaged:

1. Current stage: establishment of:

- Restructuring Units in Ministries organized into Business Development Units and Investment Units, to ensure continuation of planning and investment files preparation activities;
- Restructuring Support Teams with members of other cross Ministries by competence, in charge of a series of key tasks, including capacity building, assessment and approval of investment files, preparation of corporatization plans and PPP schemes, asset valuation, social mitigation, dissemination.

2. Transitional stage: formation of:

- Restructuring Committee, this shall incorporate the functions of the RSTs and coordinate with RUs in ministries.

3. Final stage: establishment of:

- Agency for Corporatization under the Economic Reform Council (once established), as a resulting institution that shall eventually guide and manage the entire SOEs restructuring and corporatization processes in Iraq, incorporating the functions of the Committee. The tasks of the Agency shall include the gradual acquisition and administration of SOEs assets, the consolidation and expansion of the SOEs corporatization processes (for transformation of the SOEs into public companies) and subsequently the disposal of their assets (to non-state entities), according to procedures and methods to be properly regulated by specific governmental decisions. The AFC may retain shares in the capital of the SOEs (public-private mixed companies).

The members of both the Restructuring Support Teams



and the Restructuring Committee shall be identified and pre-selected by the Task Force for Economic Reforms. The final selection will be made with the support of international organizations (UN Agencies and the World Bank).

Throughout the whole process, the Units of the Ministries shall continue and consolidate their analysis, planning, investment file preparation activities. The TFER shall maintain the key coordination, monitoring and reporting roles, in charge, during the current and transitional stages, of all preparatory and research activities and of streamlining the needed legislative and regulatory frameworks. The role of the TFER will evolve towards a focus on monitoring and reporting to the Cabinet in the final stage; while research, policy and legislative formulation tasks shall be transferred to the Economic Reform Council, as envisaged by the Economic Reform Law.

III.3 Implementation

The implementation process shall be organized into four main Phases:

Phase 1: Institutional preparatory activities by the TFER and the line ministries.

Phase 2: Process implementation start up including capacity building & training programs for ministries and SOEs and institutional set ups of RUs and RSTs, SOEs initial analysis and classification.

Phase 3: Establishment and operation of the RC that shall review and finalize the classification of SOEs; formulate comprehensive, prioritized and phased SOEs restructuring plans at country level and prepare preliminary liquidation plans for non- viable SOEs.

Phase 4: Establishment and operation of the AFC under the Economic Reform Council to replace the functions of RC.

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IV. Social mitigation package

The SOE Restructuring is being conceived as a gradual transformation of enterprises into viable corporations that shall unfold in consideration of labor force vulnerability and poverty risks. Upon the approval of the Roadmap for SOE Restructuring, the assessment of the capacity of the existing social protection system – Social Safety Net and pension schemes – and its evidence based adjustment to mitigate potential social problems resulting from the restructuring process will be prioritized under the coordination of the Ministry of Labor and Social Affairs.

Social mitigation measures included in the package shall be designed by the Ministry of Labor and Social Affairs under the coordination of TFER in consultation with social partners to accompany restructuring interventions presented above. The package will be tailored to the specific economic sector concerned and to the characteristics of the employed labor force at the date the restructuring process begins.

The core principle of the social mitigation package is that along the restructuring process current incomes shall be secured outside SOE production costs for a certain period of time during which vocational and entrepreneurial training will be provided in connection with the profile of the labor demand in the market to facilitate reemployment. Access to severance payments and to loans will be granted on a voluntary basis. At the end of the support period, individuals who have not been reemployed and have not volunteered for severance payments will be transferred to the Social Safety Net or early retirement.

As the SOE restructuring will lead in certain cases to outsourcing production activities and services that could be supplied by the private sector at optimal quality and costs support for MSME development and, implicitly, for alternative job creation to transition SOE redundancies along the reform process will be prioritized. Emphasis will be put on underpinning the development of a viable private sector that will emerge within the new supply and value chains established in the restructuring process to enhance efficiency of SOEs and of the economic system in general while minimizing job losses and creating new employment opportunities.

V. Actions and role of the Gol

Iraq, similar to many other countries, is starting to experience the transition from a central economy to a market based economy. Thus, it must ensure that the best international practices, positive results and lessons from such worldwide experience are properly utilized and tailored to its unique reality.

By endorsing the reform proposal outlined in the Roadmap for SOE Restructuring, the Government of Iraq embarks on a transformation process that will restore the country's production base, encourages greater domestic and foreign direct investment in crucial sectors while limiting the

wasteful utilization of public revenues of recent years.

In the framework of the current applicable legislation and the adoption of new key laws and regulations, the Gol shall introduce in Iraq during the transition phase tools and mechanisms aimed at triggering market demand for Iraq-made products that could be met also by the SOEs on a competitive basis.

Along the restructuring process, the mandate of the Task Force for Economic Reforms will be revised as required and in the framework of the Economic Reform Law, to ensure the sequence, the pace and the completion of reforms will follow the process outlined in the Roadmap for SOE Restructuring.

Basic and key legal and regulatory frameworks will accompany all the phases of restructuring to ensure the necessary legislative ground for the transformation of enterprises, the adjustment of the Government's roles pertaining to the State economy as well as the fiscal regime that is conducive to strengthening self-funding and import substitution through adequate taxation and custom regimes.

For this purpose, the Gol shall formulate and implement sector development strategies and policies, taking into account links and integration with other sectors, to enhance the competitiveness of the economic systems in a balanced manner.

The Gol is therefore committed to the adoption of this Roadmap for SOEs restructuring and to ensure a smooth and effective implementation of the planned institutional set up process and of key activities. These include a rapid formulation of the necessary legislative and regulatory frameworks, introduction of all other support measures for the creation of a business environment and opportunities for SOEs, and also for their excess employees and for promoting Iraq-made products and brands in a context of a sound economic diversification and import substitution strategies.

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- **The above article constitutes the Executive Summary of the 220 page report, which MEES is publishing exclusively.**
 - **The author of the report is The Task Force for Economic Reform, Advisory Council, Prime Minister Office, Iraq; under the supervision of Mr. Thamir Ghadhban, in cooperation with the UNDP, as well as other UN organizations, OECD the USAID, and The World Bank.**

THE ISRAELI-PALESTINIAN WATER CONFLICT

Ramzi El Houry*

The water situation in the Occupied Palestinian Territories (OPT) is critical, and Israel's systematic exploitation of this vital resource at the expense of sufficient access for the Palestinians constitutes a major obstacle to a viable two-state solution. Since its capture of the West Bank and Gaza in 1967, Israel has pursued a policy through Military Orders 92 (1967) and 291 (1968) (see Appendix 1), of monopolizing its access to water within the OPT and routinely denying Palestinians the right to drill wells or repair existing ones. The agreements signed in Oslo II in 1995 between the Israelis and the Palestinian Authority (PA) have, in effect, institutionalized this system of exploitation, while settlements within the OPT and the 700km wall that stretches within the boundaries of the West Bank (henceforth referred to as The Wall) have had the effect of creating conditions on the ground that further exacerbate the Palestinian situation.

Israel views its uncompromising position as necessary to maintain its security, since a level of dependence exists for the Israelis today for water beneath and upon the land that it occupied in 1967, which today constitutes about 60% of Israel's total water supply.¹ According to a study published by the Israeli Ministry of Agriculture in 1989: "It is difficult to conceive of any political solution consistent with Israel's survival that does not involve complete, continued Israeli control of the water and sewerage systems, and of the associated infrastructure, including the power supply and road network, essential to their operation, maintenance and accessibility."² Israel feels that granting the Palestinians a fully autonomous state would dramatically increase the vulnerability of Israel and even jeopardizes its survival. Israelis assert that this water flows naturally westward into their territory and was being developed and used before 1967.³

Map of Aquifers, Borders, and Separation Wall



Source: Amnesty International, *Troubled Waters: Palestinians Denied Fair Access to Water*, (London: 2009), Map 1

¹Sherman, Martin. *The Politics of Water in the Middle East: An Israeli Perspective on the Hydro-Political Aspects of the Conflict*. Saint Martin's Press (New York: 1999) p 128

²IBID, p 130

³Israel Water Authority, "The Issue of Water between Israel and the Palestinians" (March, 2009), p 26

Overview

Shared Water Resources

The most important shared water source between the Palestinians and the Israelis is the Mountain Aquifer, which lies under both the West Bank and Israel. Composed of three component aquifers (the Western, the North-Eastern, and the Eastern Aquifers) it is currently the only remaining water resource for the Palestinians and one of the most significant groundwater resources for Israel. Its total average yield is between 679 and 734 million cubic meters per year (mn cu ms/yr). Israel restricts Palestinians' access to no more than 20% of the Aquifer's annual yield. Moreover, Israel not only consumes the remainder of the annual yield, but also consistently withdraws water up to 50% beyond the sustainable yield of the Aquifer for its own usage.⁴ The other shared groundwater resource is the Coastal Aquifer, which lies under the coastal plain of Israel and the Gaza Strip and provides a sustainable annual yield of 450mn cu ms/yr for Israel and only 55mn cu ms/yr for Gaza. This resource, however, has been over-exploited and polluted by sewage infiltration in Gaza, making 90-95% of the water it supplies unfit for drinking. Additional groundwater resources in Israel include the Western Galilee and Carmel Aquifers in the north, and the Negev-Aravah Aquifer in the south. The Jordan River is a vital shared surface water resource that runs through both Israel and the OPT. However, while it supplies as much as 650mn cu ms/yr of water to Israel, the Palestinians have had their access to it obstructed since the Israelis occupied the West Bank in 1967. According to a World Bank study, overall Palestinian water extraction from the Mountain Aquifer in the West Bank was 113.5mn cu ms in 2007, compared to 138.2mn cu ms in 1999. Palestinian extraction was further reduced in 2008 to 84mn cu ms, mainly due to operational problems for some wells and a drop in the level of the water table, caused partially by Israeli over-extraction.⁵

Extraction from the Mountain Aquifer within the West Bank and Israel 1999 (mn cu ms)

Aquifer	"Estimated potential"	Abstractions			Excess over Article 40 allocation		
		Total Palestinian	Total Israeli	Total Abstracted	Palestinian ²⁶	Israeli	Total over-extraction
Western	362.0	29.4	591.6	621.0	7.4	251.6	259.0
North Eastern	145.0	36.9	147.1	184.0	(5.1)	44.1	39.0
Eastern	172.0	71.9	132.9	204.8	(2.6)	92.9	90.3
Total	679.0	138.2	871.6	1,009.8	(0.3)	388.6	388.3

Source: The World Bank, *West Bank and Gaza: Assessment of Restrictions on Palestinian Water Sector Development*, (Washington: 2009), p 11

The Situation After 1967

After the 1967 Israeli war, the authorities undertook a number of measures to consolidate control over all the water resources and infrastructure in the newly captured territory and classified all water-resources data as state secrets.⁶ Several military orders were issued in the period immediately following the war, stipulating that, among other things: the Israeli army has complete authority over all water-related issues in the OPT, a permit must be issued by the Israeli army for the Palestinians to construct any new water installation, and any land and water arrangements existing prior to Israel's occupation are no longer valid. Under this new regime imposed on the Palestinians, not only the drilling of new wells, but even the rehabilitation or repair of existing wells required a permit from the Israeli army. The same was required for any water-related project, including pipes, networks, reservoirs, wells, springs and even rainwater cisterns. Obtaining such permits should, in theory, be possible after lengthy bureaucratic processes. In practice, however, the vast majority of permit applications are rejected, with only 13 being granted between 1967 and 1996. Such deliberate sanctioning of the Palestinians' water infrastructure not only limited their ability to sustain their standard of living, but also to develop new wells to accommodate population growth.

⁴The World Bank, *West Bank and Gaza: Assessment of Restrictions on Palestinian Water Sector Development*, (Washington: 2009), p v

⁵Amnesty International, *Troubled Waters: Palestinians Denied Fair Access to Water* (London: 2009), pp 10-13

⁶Frederickson, Harald D. "Water: Israeli Strategy, Implications for Peace and the Viability of Palestine" *Middle East Policy*, Vol. X, Number 4 (Winter 2003), p 81

Military Order	Date of Issue	Details
Military Order 92	15 August 1967	Granted complete authority over all water-related issues in the OPT to the Israeli army.
Military Order 158	19 November 1967	Stated that Palestinians could not construct any new water installation without first obtaining a permit from the Israeli army and that any water installation or resource built without a permit would be confiscated.
Military Order 291	19 December 1968	Annulled all land and water-related arrangements which existed prior to Israel's occupation of the West Bank.
Military Orders 498 and 558, issued in 1974 and 1977 respectively, similarly granted authority over water-related issues in Gaza to the Israeli army.		

Source: Amnesty International, *Troubled Waters: Palestinians Denied Fair Access to Water* (London: 2009), p 15

Occurring in parallel to this systematic and deliberate marginalization of the Palestinians' authority is the expansion and development of Israel's own water infrastructure, both within Israel itself and in the OPT. The considerable resources used to develop Israel's ability to extract water from sources lying on Palestinian land, including the Jordan River which Palestinians are denied access to, was also used to provide water to the settlements existing within the OPT. Such measures, occurring in conjunction to systematic refusals to issue permits to Palestinians, are gradually reducing the existing yield for Palestinian springs and wells.⁷

Oslo II

In 1995, the Oslo II Accords were signed between the Israeli Government and the Palestinian Authority (PA). Article 40 of the Accords contained provisions on water and sewage that provided general but undefined recognition of Palestinian water rights and returned some West Bank water resources and services responsibility to the PA. The highlights of Article 40 are as follows:

- Set up a five year interim period where a newly formed Joint Water Committee (JWC) would oversee the management of aquifers, with decisions on allocation to be based on consensus between the two parties.
- Allocated specific quantities of the Mountain Aquifer to both parties, with the Palestinian West Bank receiving about one quarter of the amount allocated to Israel and the settlements.
- Provided for interim extra supplies from new wells and from Mekorot (Israel's national water carrier) of 28.6mn cu ms for Palestinian needs.
- Estimated that between 70 and 80mn cu ms/yr would be needed for the Palestinian West Bank's 'future needs'.⁸

While the Oslo II Accords were meant to protect Palestinian water rights, what the agreement did instead was to codify the inequities that existed in the water relationship between Israel and the Palestinians and provided a framework for further exploitation.⁹ Hence, the governance system established by Article 40 requires approval for any proposed

⁷Amnesty International *Troubled Waters: Palestinians Denied Fair Access to Water* (London: 2009), pp 15-16

⁸The World Bank, *West Bank and Gaza: Assessment of Restrictions on Palestinian Water Sector Development* (Washington: 2009), p iv

⁹Amnesty International, *Troubled Waters: Palestinians Denied Fair Access to Water* (London: 2009) p 24

PA management measure or infrastructure project by Israeli authorities. The Israeli Water Authority, as the de facto regulator, has, among other things, prevented Palestinian drilling in parts of the Mountain Aquifer despite growing demand from Palestinian consumers. At the same time, it has increased its own take from the aquifer to above the levels agreed to in Oslo II. Furthermore, a little over half of the West Bank's 'immediate needs' as specified in Oslo II have been developed. Three wells under the 'future needs' allocation have been developed, none of which are functional. While the agreement made in Oslo was only meant to last five years, it still governs the water sector today, ten years after it expired. In the meantime, Palestinian water extraction in the West Bank has dropped below the basic level recognized in Oslo II, from 118mn cu ms in Oslo to 113mn cu ms in 2007. Legal constraints imposed by the authorities as well as Israeli over-extraction have both contributed to this gradual decline.¹⁰

The Role of the Wall in Securing More Water for Israel

In addition to the legislative measures taken by the Israelis to establish supremacy over shared water resources, the country is also constructing a 700km wall that will physically bar Palestinians from accessing among their most fertile and valuable areas of land. Although the Wall was built to enhance security measures, more than 80% of the wall exists within the boundaries of the West Bank, rather than along the Green Line that separates Israel from the West Bank. The route of the wall has been planned in such a way so as to prevent Palestinians from accessing areas of the West Bank containing the most vital water sources.¹¹ The International Court of Justice (ICJ) declared in 2004 that because the construction of the Wall creates "impediments to the exercise of those concerned of the right to work, to health, to education, and to an adequate standard of living" and could result in "de facto annexation" of Palestinian land; the "construction of the wall and its associated regime are contrary to international law." The ICJ also ruled that Israel is "obliged to cease forthwith the works of construction of the Wall, to dismantle it forthwith and...Israel [is] obliged to make reparation for the damage caused to all natural or legal persons affected by construction of the Wall."¹² Israel has thus far continued its construction of the Wall despite the ruling of the ICJ; intentionally placing those areas in the West Bank that are most suitable for water extraction on Israel's side and preventing Palestinians from having even the potential to exploit their own groundwater sources in an effective manner.¹³

Route of the Wall: Both Planned and Completed

Green Line: 1967 Border - Red Line: Route of the Wall



Source: Procon.org, <http://israelipalestinian.procon.org/view.background-resource.php?resourceID=942>

¹⁰West Bank and Gaza: Assessment of Restrictions on Palestinian Water Sector Development, the World Bank, (Washington: 2009) p vii

¹¹Troubled Waters: Palestinians Denied Fair Access to Water, Amnesty International, (London: 2009) p 52

¹²On 8 December 2003, the UN General Assembly passed resolution ES-10114 requesting the ICJ to issue an Advisory Opinion (a non-binding legal interpretation) on the "Legal consequence of the construction of a wall in the Occupied Palestinian Territory", available at: <http://www.icj-cij.org/doCKET/index.php?p1=3&p2=4&k=5a&case=131&code=mwp&p3=4>.

¹³Troubled Waters: Palestinians Denied Fair Access to Water, Amnesty International, (London: 2009) p. 53

Israeli Water Security

Even before the establishment of Israel, the issue of water was regarded by Zionist leaders and policymakers as an essential part of the wider security framework of any potential state. Attaining water security was a major focal point for Zionist leadership, and key figures such as Chaim Weizmann, President of the Zionist Organization lobbied extensively to this effect as early as 1919.¹⁴ Maximizing water resources was seen as something that would make any future Jewish state more self-sufficient (and hence more secure) and would also add to its geostrategic significance.

The strategic implications of having sufficient and secure access to water also played a role in Israel's decision to preemptively attack its Arab neighbors in 1967.¹⁵ The water diversion schemes that took place first by the Israelis and subsequently by its neighbors in the 1950s and 1960s resulted in military skirmishes throughout the two decades. Although the extent to which these schemes contributed to a decision to start a full-scale war, most historians agree that, while not the primary factor, hydro-strategic concerns were definitely on the minds of Israeli military strategists. After Israel's decisive victory over the Arabs in 1967, its ability to expand its borders significantly into the neighboring West Bank, Gaza, Sinai, and Golan Heights was unchallenged. Water security shaped "Israeli border extensions [following the war] and the form they took."¹⁶

Israel's attempts to justify its uncompromising position on not relinquishing its complete control over Palestinian water, despite international pressure, for several reasons. As mentioned, security concerns are viewed by the Israelis as being a central tenet when dealing with its neighboring Arab populations. Granting Palestinians the right to share control of the Coastal and Mountain aquifers with the Israelis would signify an increase in Israel's vulnerability with respect to water security to a level seen as unacceptable by the Israelis. This is especially true for the Mountain Aquifer, where it is estimated that "between 80 and 90% of the total subterranean flows in the aquifer originate from precipitation falling on permeable outcrops in the West Bank."¹⁷ Any potential Palestinian state in the West Bank with autonomy over resources located within its borders would be in a position to severely impact Israel's ability to access water from the Mountain Aquifer. Poor management of the resource by the Palestinians, it is argued, could lead to excessive pumping, salination, or pollution of the aquifer. An autonomous Palestine would also, conceivably, grant the right of return for the roughly 2.7mn registered refugees or at least the estimated 1.3mn registered refugees currently living in camps in surrounding countries.¹⁸ Virtually all of this would occur in the West Bank, rather than the extremely densely populated Gaza, and would place enormous strain on the already scarce water resources shared by Israel and Palestine.

For this and other major reasons, Israel has staunchly resisted calls by the international community as well as United Nations resolutions to withdraw from the lands it occupied in 1967; and all of the official proposals for withdrawal from the West Bank and Gaza that have been issued by the Israelis have come under the condition that Israel maintain its dominance of the Coastal and Mountain Aquifers that lie primarily beneath those areas. Former Prime Minister Menachem Begin outlined three main principles for Palestinian 'autonomy' in the early 1980s, one of which was "full Israeli control of West bank water resources."¹⁹ Early in the 21st century, Prime Minister Ehud Barak and his successor Ariel Sharon both outlined similar conditions for Palestinian statehood whereby Israel would have sovereignty over all of Palestine's water resources, the right to regulate Palestinian extraction, and the right to continue expropriation of West Bank and Gaza groundwater for irrigation and domestic use within Israel. Furthermore, Israel would maintain control over the water infrastructure of Palestine, and its present holdings would not be subject to arbitration or adjudication by any future entity.²⁰ In the speech given by current Prime Minister Benjamin Netanyahu in June, 2009, outlining his conditions for a potential Palestinian state, no mention of water was made other than to say that there was potential for cooperation in water desalination projects.²¹ His conditions that any future Palestinian state should remain demilitarized and have no control over its airspace, along with his hard-line positions on issues such as illegal settlements, all suggest that he would be extremely unwilling to rescind Israel's control over Palestinian water.

Most recently, the plan supported by Israeli Foreign Minister and Deputy Prime Minister Avigdor Lieberman, leaked to the Israeli press in late July, suggests a different means in achieving a similar end. Lieberman, the founder and leader of the ultra-right Yisrael Beiteinu Party, is advocating in this plan a full disengagement from Gaza whereby

¹⁴Water Resources of the Occupied Palestinian Territory. (New York: United Nations, 1992).

¹⁵Amery, Hussein A. "Water Security as a Factor in Arab-Israeli Wars and Emerging Peace" *Studies in Conflict and Terrorism* Vol. 20, Issue 1 (1996), 99

¹⁶Tvedt, T. "The Struggle for Water in the Middle East" *Canadian Journal of Development Studies (Special Issue, 1992)*, pg. 26

¹⁷Sherman, Martin. *The Politics of Water in the Middle East: An Israeli Perspective on the Hydro-Political Aspects of the Conflict*. Saint Martins Press (New York: 1999) p 20

¹⁸The United Nations Relief Works Agency for Palestine Refugees (UNRWA), *Statistics, (January 1, 2010)* <http://unrwa.org/etemplate.php?id=253>

¹⁹Stork, Joe. "Water and Israel's Occupation Strategy" *MERIP Reports*, Vol. 13, No. 116 (July-August 1983), p 19

²⁰Frederiksen, Herald D. "Water: Israeli Strategy, Implications for Peace and the Viability of Palestine" *Middle East Policy*, Vol. X, Number 4 (Winter 2003), p 72

²¹"Full Text of Netanyahu's Foreign Policy Speech at Bar Ilan" *Haaretz*. (June 14, 2009) <<http://www.haaretz.com/news/full-text-of-netanyahu-s-foreign-policy-speech-at-bar-ilan-1.277922>>



Gaza would no longer be reliant on Israel for water and electricity. Such a plan envisages land and sea borders that would be guarded and supervised by European countries, and investments by the European Union in desalination, water purification, and electricity generation projects that would give Gaza complete self-sufficiency.²² This plan represents a continuation of Israeli policies that deny Palestinians the water that they are entitled to under international law. European funded desalination and purification schemes would give Israel full entitlement to exploit the Coastal Aquifer located under Gaza. Furthermore, such a plan would help create a permanent economic and political division between the West Bank and Gaza. This would make partial annexation of West Bank territory and resources, a policy supported by Yisrael Beiteinu²³, much more achievable for the Israelis. However, for the Palestinians in Gaza to be able to build a desalination plant, they need to receive the gas from their offshore territory, discovered by the UK's BG. Israel has refused so far to allow the gas to transit to Gaza directly. Hence, there is no petroleum development off the Gaza coast.

Summary

Israel views its unrestricted access to West Bank and Gaza water, at the expense of the Palestinians, as a non-negotiable right that is central to its security. Since 1967, the strict implementation of various military orders by the Israelis has amounted to a deliberate policy of denial for the Palestinians to access water at a level internationally recognized as the minimal requirement. Moreover, attempts by the Israelis to create favorable 'facts on the ground', either through settlement expansion or through the construction of the Wall that cuts through the West Bank's most fertile areas, is seen as justified within the context of this security-driven agenda. These actions not only flout international law, but contribute to a situation that makes reaching an equitable two-state solution an ever more remote prospect. And while such a position is seen as necessary for maintaining Israel's security, it comes at the expense of regional stability, which could prove to be much more dangerous in the long term for all parties concerned.

***MEES Research Officer**

²²Shiffer, Shimon. "FM Presents: 2nd Disengagement From Gaza" *Yediot Ahronot* (July 16, 2010) <http://www.ynetnews.com/articles/0,7340,L-3920724,00.html>

²³Beytenu.org "Our Policies in Brief" <http://www.beytenu.org/107/2193/article.html>

Appendix 1

Israel Military Order No. 92 Concerning Powers for the Purpose of the Water Provisions

By virtue of the power vested in me as Commander of the Israel Defense Forces in the West Bank Area, I issue the following Order:

- Definitions
- 1. In this Order:
 - o 'The Prescribed Day' - 7 June 1967.
 - o 'The Water Provisions' - all the provisions, including laws, regulations, orders, decrees, proclamations and directives that were in force in the Area on the Prescribed Day relative to water, its transport, production, provision, consumption, sale and distribution, control of the use of water, water rationing and the fixing of water allotments, the establishment of Water Projects, measurement of water, prevention of the pollution of water, the carrying out of studies and investigations on anything related to water affairs, the digging of wells, the hearing of objections and complaints and all measures related thereto, the delimitation of areas for the operations of various water installations and entities, the granting of such permits and licenses as have been or may be applied for within the scope of the above-mentioned Provisions, the fixing and levying of dues, taxes and revenues related to the procedures dealt within the above-mentioned provisions and any other matter that has not been specifically mentioned but is dealt with in any form whatsoever as regards water issues.
 - o 'The Area' - The West Bank Area.
 - o 'The Officer in Charge' - Whoever I may appoint from time to time for the purpose of this Order.
 - o 'The Jordanian Government' - The Government of the Hashemite Kingdom of Jordan.
 - • Powers of the Officer in Charge
- 2. On the publication of the Order appointing him, the Officer in Charge shall be entrusted with all the powers conferred by the Water Provisions on any person or the occupant of any post.
 - • Jurisdiction
- 3. The Officer in Charge may act by virtue of his appointment, as above, and he may confer on others his jurisdiction and powers, either permanently or temporarily and with or without conditions, in all cases as he deems fit.
 - • Special Reports
 - • Appointments
- 4. The officer in Charge may appoint any person within the boundaries of the Area to perform any of the tasks set out in or arising from the Water Provisions.
 - • Establishment and Operation of Water Entities
- 5. The Officer in Charge may authorize the continued operation of any entity, organization, corporate entity or establishment that operates or is permitted to operate by virtue of the Water Provisions (hereinafter 'Water Entities'), and order the cessation of the operations of Water Entities, and re-establish Water Entities, whether or not they were operating before the Prescribed Day, determine their organization and appoint their directors.
 - • Annulment of Appointments and Powers
- 6. Any of the above-mentioned appointments or powers that existed by virtue of the Water Provisions are hereby annulled unless revalidated by the Officer in Charge on the strength of the powers set out in this Order.
 - • Effectiveness
- 7. The provisions of this Order are also effective as regards any amendment and change made in the Water Provisions.
 - • Retroactively
- 8. Any of the above-mentioned operations covered by the Water Provisions, which were carried out during the period between the Prescribed Day and the taking effect of this Order shall be considered as having been carried out by virtue of the provisions of this Order.
 - • Date of Commencement
- 9. This Order shall be effective as from 22 August, 1967.
 - • Name
- 10. This order shall be referred to as 'The Order Concerning Powers for the Purpose of the Water Provisions (West Bank Area)(No. 92) 1967.

15 August 1967

Uzi Narkis, Aluf

Aluf of the Central Command and Commander of the Israel Defense
Forces in the West Bank Area

SOURCE: Shehadeh, Raja. "From Occupation to Interim Accords: Israel and the Palestinian Territories". Kluwer Law International, Boston, MA (1997), p. 235-7.

Israel Military Order No. 291 Concerning the Settlement of Disputes over Titles in Land and the Regulation of Water

By virtue of the power vested in me as Commander of the Area, I issue the following Order:

- Definitions
 1. In this Order:
 - o 'The Officer in Charge' whoever I appoint as Officer in Charge for the purpose of this Order.
 - o 'The Settlement Law' - The Law for Settlement of disputes in Land and Water Law No. 40, 1952, and every proclamation, regulation, directive, notification or order issued on the strength of or pursuant to it.
 - o 'The Settlement Order'. 'The Settlement Court', 'The Regulation Schedule', and 'The Director' - as specified in the Settlement Law.
 - Powers of the Officer in Charge
 2. All the powers that were vested in the Director on the strength of or pursuant to the Settlement Law before the Prescribed Day shall be vested in the Officer in Charge.
 - Suspension of the Settlement Measures
 3.
 - o (a) The effectiveness of any Settlement Order or any measure taken on the strength of the Settlement Order is suspended and all directives in the Settlement Law prohibiting the conclusion of a transaction in lands after the issue of the Settlement Order, curtailing the period of such transaction, preventing, imposing conditions on or suspending any measures whatsoever with regard to land or water affairs after the issue of the Settlement Order, whether or not such measure was taken in a court, is repealed.
 - o (b) As regards a measure that was being considered by the Settlement Court on the eve of the Prescribed Day, the same court shall be empowered to consider it from the start or from the stage reached, as indicated, as it would have been empowered to do but for the issue of the Settlement Order.
 - o (c) The directives of paragraph (a) are not effective as regards measures taken on the strength of the Settlement Order and completed before the Prescribed Day.
 - o (d) For the purposes of this Article such measures shall be considered as having been completed if a schedule of registration has been submitted to the Registration Department.
 - Retention of Provisions
 4. The intention of these Provisions is to add to the Provisions of the Order Concerning Appointments on the strength of the Survey Law (West Bank) (No. 54) 1967 and to the provisions of the Order Concerning Powers for the Purpose of the Water Provisions (West Bank) (No. 92) 1967, not to detract from them.
 - Taking Effect
 5. This Order shall be effective as from 1 January 1969.
 - Name
 6. This Order shall be referred to as 'The Order Concerning the Settlement of Disputes over Titles in Land and the Regulation of Water (West Bank) (No. 291) 1968.
19 December 1968

Rafael Vardi, Aluf
Commander, West Bank Area

SOURCE: Shehadeh, Raja. "From Occupation to Interim Accords: Israel and the Palestinian Territories". Kluwer Law International, Boston, MA (1997), p. 239-241.



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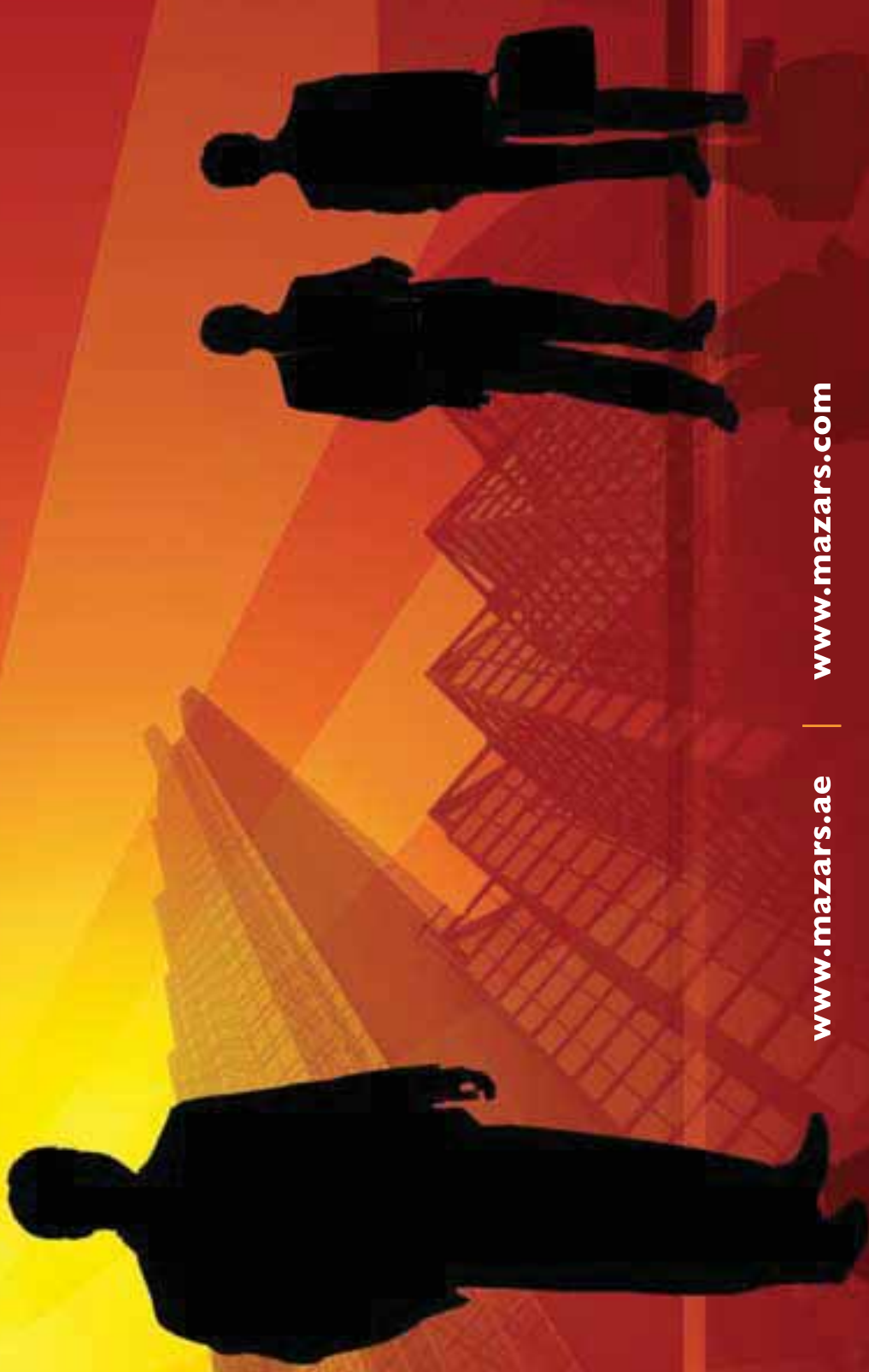
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ثِقْ بِهَا، اِعْتَمِدْهَا.



مَصْرَفُ لِبْنَانَ

