



The Working Conditions of Palestinian Wage Earners in Israel

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1. Introduction

The main objectives of this report is to present a comprehensive review of the situation of the Palestinian wage earners in Israel¹ on its various aspects; to characterize the advantages of Palestinian employment and the problems it faces; and to propose policy measures in order to improve the living standards of Palestinian workers.

The West Bank and the Gaza Strip, as well as the current state of Israel were all part of Mandatory Palestine, operated by a British civil administration in Palestine from 1920 until 1948. The 1948 war and the 1949 cease-fire agreement led to the establishment of the state of Israel with a Jewish majority, an annexation of the West Bank by the Jordanian Kingdom and the Arab All-Palestine Government in the Gaza Strip under the military occupation of Egypt. Following the occupation of the West Bank and the Gaza Strip by Israel in the 1967 Arab–Israeli War, the possibility for Palestinian residents of these areas to work inside the Green Line was opened. The income of Palestinian workers in Israel was and remains a key anchor for the Palestinian economy.

At the same time, until the start of the Oslo process in 1993, Israel exclusively managed the economic policy in the West Bank and Gaza, which created a great economic dependence of Palestinians in Israel. Some of the economic policy responsibilities were transferred to the Palestinian Authority after its establishment, but due to restrictions imposed by Israel, and some would say that also due to the mismanagement of the Palestinian Authority, an independent and strong Palestinian economy has not been developed. According to Dr. Naser Abdelkarim, Director General of the Center for Private Sector Development and Consultant to the Palestinian Trade Unions, for every 1 NIS spent by a Palestinian, about 0.67 NIS ends up in Israeli hands, public or private.

¹ Unless stated otherwise, throughout this report, where mentioned 'Palestinian workers in Israel', it refers to areas under the full control of Israel, i.e. including the West Bank settlements.

In March 1993, Israel imposed a general closure on the occupied territories which has not been removed until now. The meaning of the closure is that Palestinians are not allowed to enter Israel unless they hold a permit. Those who hold permits have to go through an arduous journey, including many hours of waiting at checkpoints of the Israeli army. Over the years, the granting of permits was subject to the security situation and has always been limited. This had a strong impact on the deterioration of the Palestinian economy in the West Bank with 17.3% unemployed in 2015, a slight improvement relatively to 17.7% unemployment in 2014. Permits from Gaza stopped in 2006 where unemployment in 2015 was 41% (compared to 43.9% in 2014).

In this report, one can find a comprehensive review of the situation of the Palestinian wage earners in Israel: the scope of Palestinian labour in Israel throughout the years, distribution by sectors, wages, gender and other different characterizations. In addition, a detailed review of the official occupational and social conditions of Palestinian wage earners is presented, including the process required by the employer and by the employee for obtaining work permits for Palestinians in Israel, a description of a typical work day of a Palestinian in Israel, a special chapter about safety at work in the construction industry and a short presentation of the main problems (and the potential) Palestinian wage earners face in Israel.

A seminar on "Labour Market Cooperation and the Working Conditions of Palestinians Wage Earners in Israel" took place in Berlin, Germany in February 2016. Israelis, Palestinians and Germans participated in the seminar. Among them were trade-unionists, legal experts, officials, scholars and employers' representatives, who conducted a comprehensive dialog on the subject. A summary of the seminar is attached in annex I.

2. Executive Summary

As of 2015, there are about 4.8 million Palestinians living in the occupied territories, 2.9 million in the West Bank (WB) and 1.9 million in the Gaza Strip. Approximately 57.2% of them are above the age of 15, and only 3.8% are above the age of 60.

A low labour force participation rate of 38.0%-45.8% characterizes the Palestinian economy in the past 15 years, since the eruption of the Second Intifada at 2000.

In 2015, approximately 22,000 Palestinian wage earners were employed in WB settlements and about 83,000 were employed within the Green Line, which together amounts to 11.7% from all employed Palestinians from both the WB and the Gaza Strip, from the age of 15 and above. Palestinian men make up the majority of Palestinian wage earners in Israel (14% of employed Palestinian men and only 0.7% of employed Palestinian women).

Palestinians wage earners in Israel are mainly employed in dangerous, difficult and dirty (DDD) jobs, in which there is a shortage of local workers. The main sectors of Palestinian employment in Israel are: Construction (63.6%); Industry, Mining and Quarrying (13.0%); Commerce, Hotels and Restaurants (11.1%) and Agriculture, Hunting and Fishing (8.9%). The main occupations are: Craft and Related Trade Workers, Elementary Occupations, Plant and Machine Operators and Assemblers (about 91% of all Palestinians workers in Israel).

From 2011 to 2015 the percentage of work related deaths in the construction industry was higher among foreign workers (including workers from the Palestinian Authority) than among Israelis. In 2015, the chances of a foreign worker to die while working in construction were double than those of Israeli workers. In 2015, 13 Palestinians were killed in construction accidents (37% of all construction accidents). Moreover, according to data gathered by the Coalition against Construction Accidents, in 2016 a record number of 48 people were killed in construction accidents, of which 21 were Palestinians (43.75%).

The wage of Palestinians working in Israel is significantly higher than of those who work in the WB (daily average of 187.5 NIS, compared to 90.9 NIS) or the Gaza Strip

(daily average of 63.9 NIS), while the differences in weekly working hours are more moderate: 44.1 hours in the WB, 42.6 hours in Israel and 37.7 hours in the Gaza Strip.

The scope of Palestinian workers in Israel is determined by employment quotas, which are set by government decision, for each sector separately, and only in several sectors where there is a shortage of Israeli workers: Construction, Agriculture, Industry and Services. In the WB settlements there are no quotas limits for the employment of Palestinians.

Nowadays, work permits are issued only for residents of the WB, and only for a period of 3 or 6 months (for seasonal work). A special division known as 'The Division of Palestinian Employment', of the 'Population, Immigration and Border Authority' (PIBA) in the Ministry of Interior is responsible for supervising and regulating the Palestinian labour in Israel. There is an absolute prohibition for employers to trade in Palestinian workers' permits or services.

A Palestinian wage earner in Israel is entitled to social benefits and would receive a gross wage and a net wage equal to other workers in Israel with the same personal and professional data, in accordance with the law, expansion orders and collective agreements.

A special division called the Payments Division ("Matash") in PIBA is responsible for the collection and transfer of payments for the Palestinian wage earners, in accordance with the law and basic social rights.

As stated by the Histadrut, Palestinians who work in the construction industry do not enjoy real equality despite it being required in the Collective Agreement and by the Wage Protection Law. The state transfers the liability to employers and, but in many cases, they do not fulfill all the rights that Palestinian workers are entitled to. As part of a Collective Agreement in the construction industry, the formation of a parity committee was settled. The parity committee is required to handle disputes between employee and employer rapidly in order to avoid costly court proceedings. Most of the claims these days have to do with the structure of the pay slip which the 'Payments Division' is responsible for.

According to estimates, between the years 1970-1994, a substantial amount of unused state treasury funds belonging to Palestinian wage earners has accumulated. The cumulative amount of equalization tax (a deduction from the Palestinian wage earners' wages) was about USD 6.5 billion between the years 1970-1994. As for pension withholding workers' wages, the cumulative amount was more than 10\$ billion for the corresponding period. Between the years 2009 and 2013, about NIS 876 million that belong to Palestinian workers has accumulated, but which they have never received.

The four main difficulties that the Palestinian labour in Israel faces, and are to be focused on in order to find ways to improve the living standards of the Palestinians workers in Israel, are:

- Lack of awareness of workers' rights.
- Lack of occupational security and dependence on intermediaries.
- Lack of transparency of the criteria for approval of permits and quotas, and inadequate enforcement of employment conditions.
- Illegal work and its unrecognized potential.

3. Labour Market Review

3.1 Palestinian Labour Force between 1970 and 2015

Palestinian wage earners have been employed in Israel since the end of the Six Day War (1967)². The number of Palestinians employed in Israel in every industry is limited by quota, set by the political leadership, in accordance with the security situation and the economic and political situation in Israel. The Cabinet decision of 1970³, states that "an employee of the territories" wages and social benefits should be equal to those of any other worker in Israel with identical profile data.

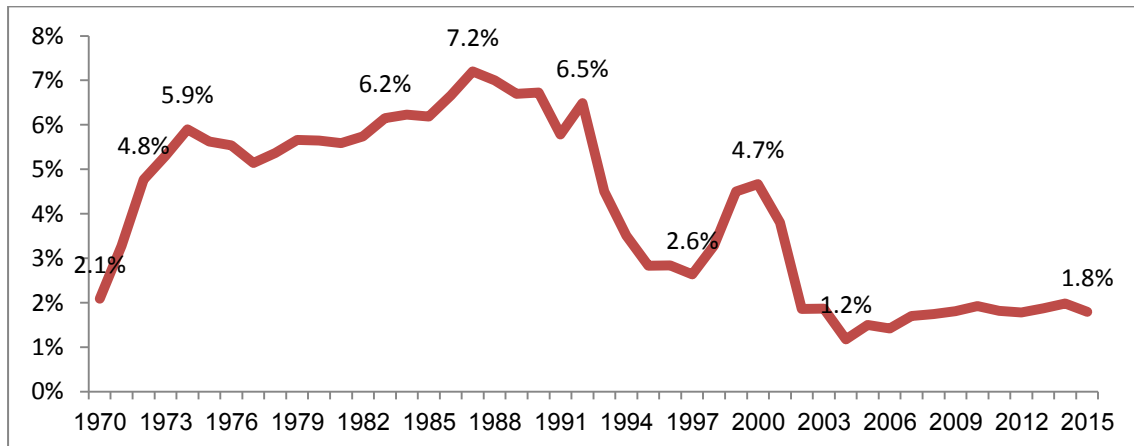
During this period, there was a strong economic dependence between the Palestinian territories and Israel⁴. The territories relied on Israel for necessary goods, and Palestinian workers continued to work in Israel. Between the years 1970 and 1992, the percentage of Palestinian workers employed in the business sector has increased from 2% to 6.5% in 1992, and their number was estimated at approximately 116 thousand people. In 1993 there was an attempt to set up a framework that would lead to the resolution of the ongoing Israeli-Palestinian conflict which led to the signing of the Oslo Accords. Unlike the generally steady rise in the number of Palestinians employed in Israel until 1992, the figures since then indicate frequent fluctuations, with a general tendency to decline. Between the years 1993 and 2014 there was a decline of about 22% in the number of Palestinians employees to about 90 thousand people in 2014, representing 2.3% of all employed Palestinian persons. In his article, Guy Mundlak explains that this phenomenon is a result of the curfews that became a common response to the security problem after the peace process began and was complemented by a reduction in the number of work permits.

² State Comptroller's Report 65a,2014.

³ Decision II / 1 of the Ministerial Committee on Security Affairs 10/08/70

⁴ Guy Mundlak, Labor Law as Economic Warfare Industrial Relations Journal (South Africa) Vol. 20, pp. 13-44 (1999).

Figure 1: Palestinian workers employed, % of the total employed in Israel, 1970-2015

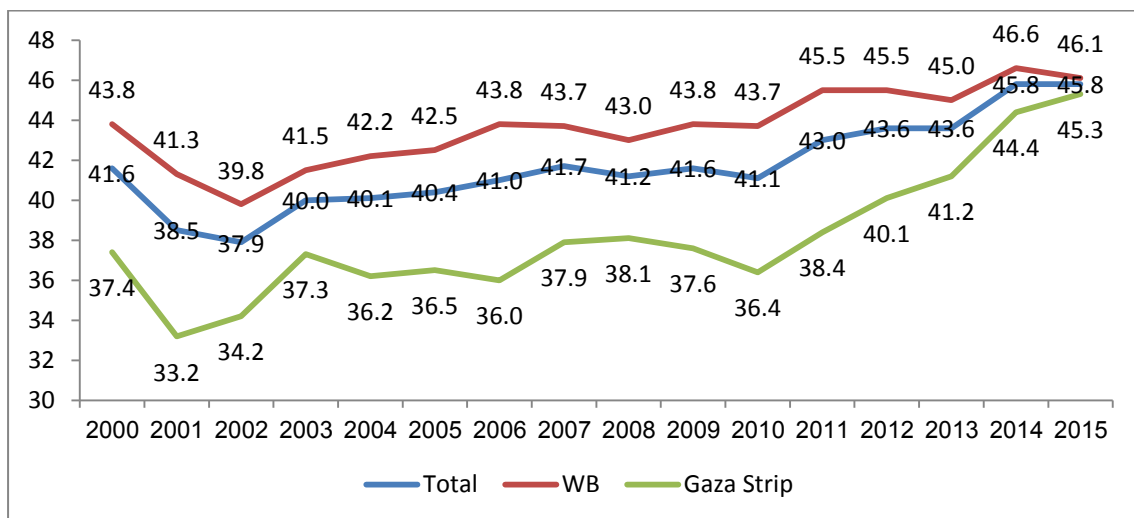


Source: Bank of Israel (BOI)

3.2 Labour Force Participation, employment and poverty

The Palestinian labour force participation rate in 2015 stood at 45.8%, which amounts to about 1,299,000 participants. This low level characterizes the participation rate in the Palestinian labour market over the past 15 years. The participation rate in the WB is higher than in the Gaza Strip. For comparison, the labour force participation rate in Israel stood at 64.1% in 2015⁵.

Figure 2: Palestinian labour force participation rate (%) by region, 2000-2015

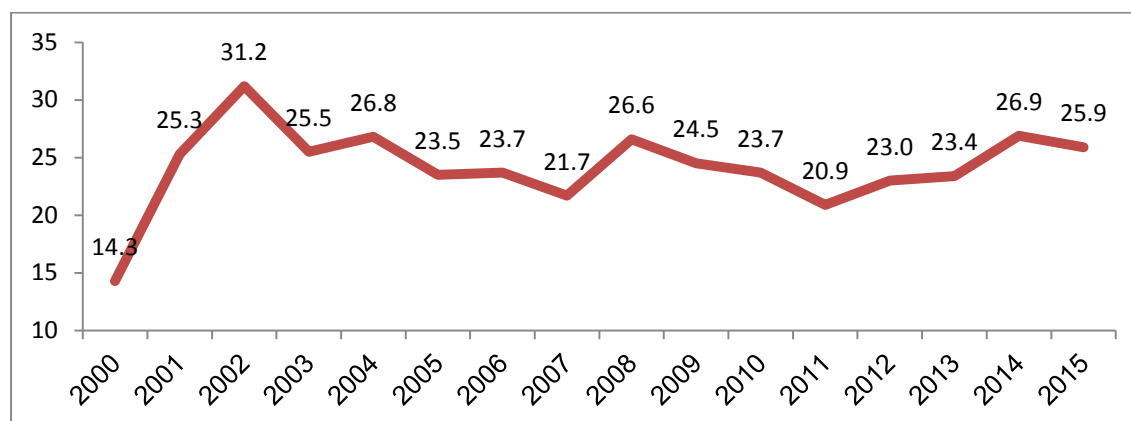


Source: Palestinian Central Bureau of Statistics (PCBS)

⁵ CBS

The total Palestinian unemployment rate in 2015 stood at a high level of 25.9%, which amounts to about 336.4 thousand unemployed, Comprised of 17.3% in the West Bank and 41% in the Gaza Strip. In 2000, the year the Second Intifada broke out, the Palestinian unemployment rate stood at 14.3%, a level which was not close to be reached since. After a general decline in unemployment between the years 2002 and 2011, in the last four years an upward trend was marked.

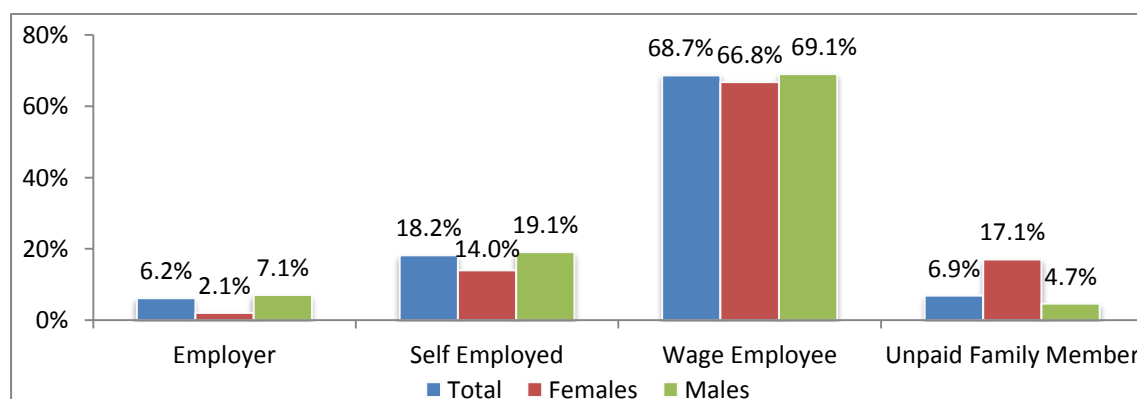
Figure 3: Unemployment rate (%) in the Palestinians labour market, 2000-2015



Source: PCBS

The majority of employed Palestinians are wage earners (68.7%). The second common employment status is self-employment (18.2%), followed by unpaid family members (6.9%) and employers (6.2%). Two significant gender differences can be noticed: among the employers, where only 2.1% of the employed females are employers, compared to 7.1% of the employed males; and among unpaid family members where 17.1% of the employed females are unpaid family members, compared to only 4.7% of the employed males.

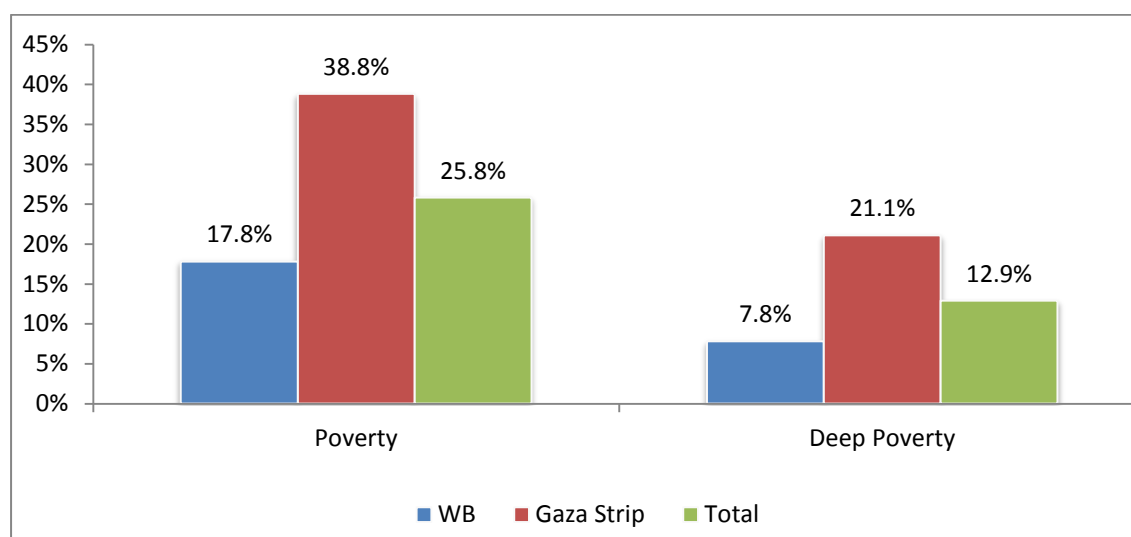
Figure 4: Employed Palestinians (%) by employment status and sex, 2015



Source: PCBS

The Palestinian poverty rate reached 25% in 2014 (estimated by The World Bank). The poverty rate in the Gaza Strip was significantly higher than in the WB (more than double, 39% and 16% respectively). A substantial difference is also apparent in the deep poverty rates – individuals whose consumption of basics are below the average individual in the 30th percentile are defined as deep poor (7.8% in the WB, 21.1% in Gaza Strip and 12.9% in total). Furthermore, according to the World Bank, as of 2015, approximately 7.6% of the population in the West Bank and the Gaza Strip live on less than \$ 5.5 (PPP) per day.

Figure 5: Poverty and Deep Poverty rates of Palestinians (individuals), 2011 (Latest Data)



Source: PCBS

In recent years, prices rose by 1.77% in Gaza and by 1.29% in the WB. The highest price increases were for some basic food products as fresh vegetables, fresh meat and rice. In 2014, 27% of Palestinians were food insecure; consist of 47% in Gaza and 16% in the WB. About 80% of the Palestinians living in Gaza are dependent on donor support and almost half of them are dependent on UNRWA for food supply.⁶

⁶ "The situation of workers of the occupied Arab territories", ILO, 2016

3.3 Palestinian wage earners in Israel: employment, sectors and wages

As of 2015, approximately 22,000 Palestinians are employed in WB settlements and about 83,000 are employed within the Green Line, which together amounts to 11.7% from all employed Palestinians, age 15 and above, from both the WB and Gaza Strip. These 11.7% are composed from 14.0% of all employed men and only 0.7% of all employed women. All of them live in the WB territory (since 2006, no Palestinians from the Gaza Strip were permitted to work in Israel).

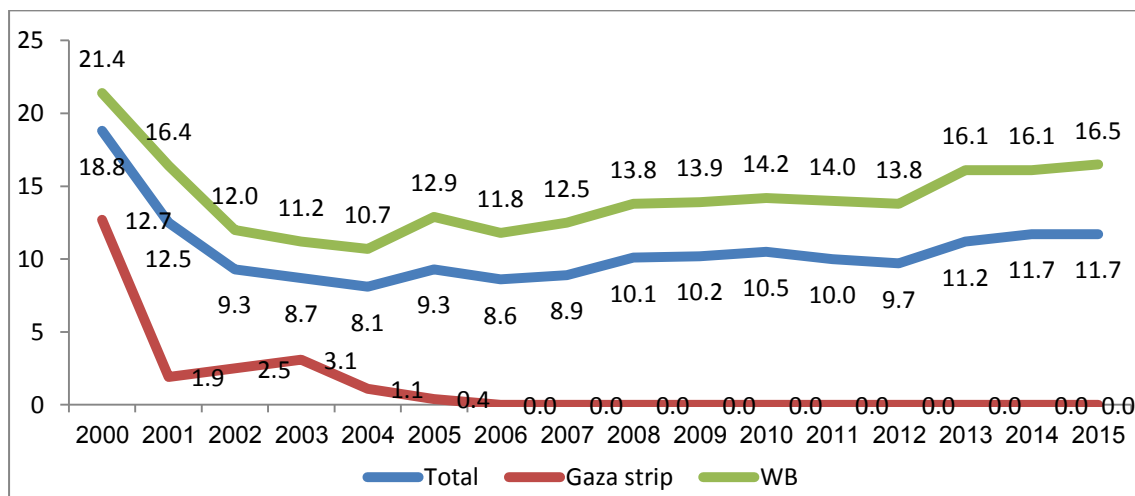
In the early 2000's there was a significant decline in the amount of Palestinian workers in Israel. That was mainly due to the Second Intifada that took place at those years which led to a decline in provision of work permits and to harsher work conditions. In the last three years this trend seems to overturn, when a slight rise of Palestinian workers in Israel has been marked.

Table 1: Palestinian workers in Israel (% of all employed Palestinians), by place of residence and sex, 2000-2015

	WB			Gaza Strip			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
2000	25.1	2.2	21.4	14.6	0.3	12.7	22.0	1.7	18.8
2001	19.2	2.1	16.4	2.1	0.0	1.9	1.5	1.7	12.5
2002	14.3	1.9	12.0	2.8	0.1	2.5	10.8	1.5	9.3
2003	13.4	2.1	11.2	3.5	0.0	3.1	10.2	1.6	8.7
2004	13.1	1.4	10.7	1.3	0.0	1.1	9.6	1.1	8.1
2005	15.6	1.4	12.9	0.5	0.0	0.4	10.9	1.1	9.3
2006	14.5	0.8	11.8	0.1	0.0	0.0	10.4	0.7	8.6
2007	15.6	1.1	12.5	0.0	0.0	0.0	10.8	0.9	8.9
2008	17.1	1.1	13.8	0.0	0.0	0.0	12.3	0.9	10.1
2009	17.0	1.1	13.9	0.0	0.0	0.0	12.3	0.8	10.2
2010	17.3	1.1	14.2	0.0	0.0	0.0	12.5	0.9	10.5
2011	17.1	1.0	14.0	0.0	0.0	0.0	11.9	0.8	10.0
2012	16.7	1.1	13.8	0.0	0.0	0.0	11.5	0.8	9.7
2013	19.4	0.9	16.1	0.0	0.0	0.0	13.3	0.7	11.2
2014	19.4	1.1	16.1	0.0	0.0	0.0	14.1	0.8	11.7
2015	19.8	0.9	16.5	0.0	0.0	0.0	14.0	0.7	11.7

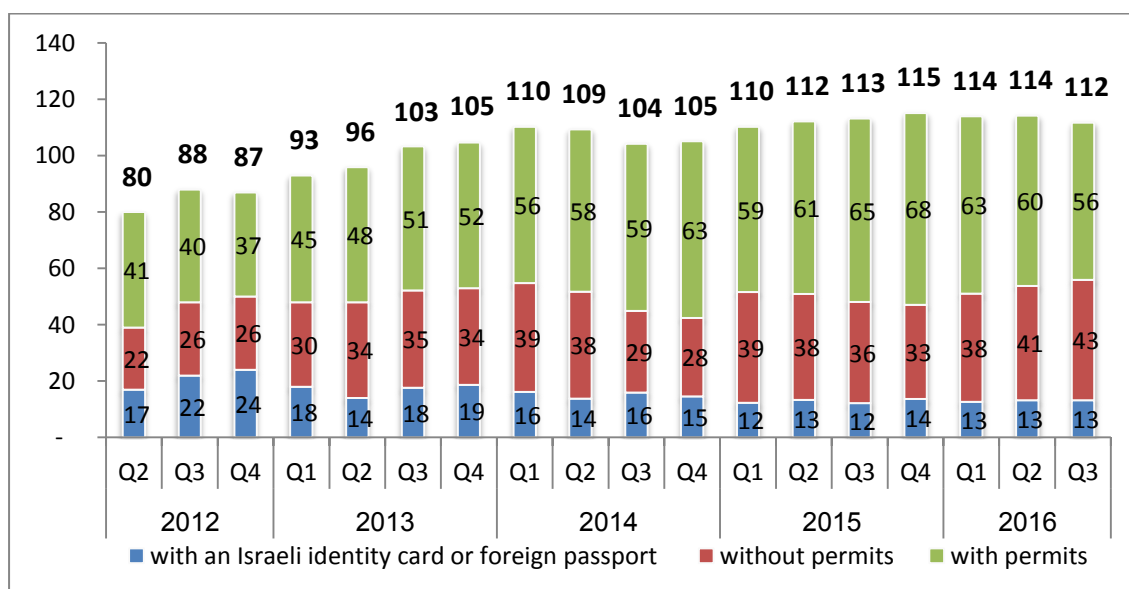
Source: PCBS

Figure 6: Percentage of Palestinian workers in Israel (% of all employed Palestinians), by place of residence, 2000-2015



Source: PCBS

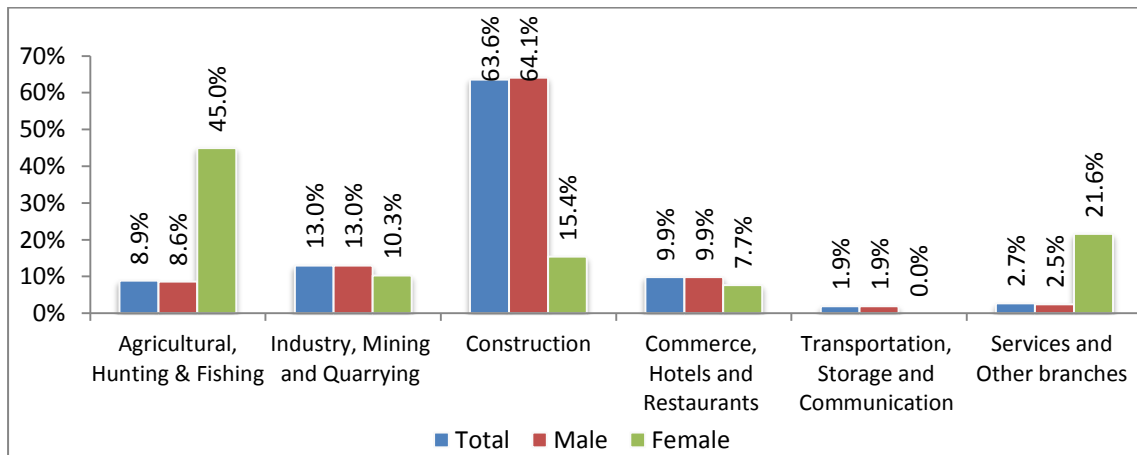
Figure 7: Palestinian workers in Israel (thousands), by permit status, 2012-2016



Source: PCBS

The Palestinian wage earners in Israel are employed mainly in jobs that are Dangerous, Difficult and Dirty (DDD), in which there is a shortage of local workers. The main sectors of Palestinian employment in Israel are (as a percentage of all Palestinian workers in Israel): Construction (63.6%); Industry, Mining and Quarrying (13%); Commerce, Hotels and Restaurants (11.1%) and Agriculture, Hunting and Fishing (8.9%). Few also work in Transportation, Storage and Communication (2.4%) and other services and branches (3.3%). The most common sector for men is construction (63.4%) and for women Agriculture, Hunting and Fishing (45%).

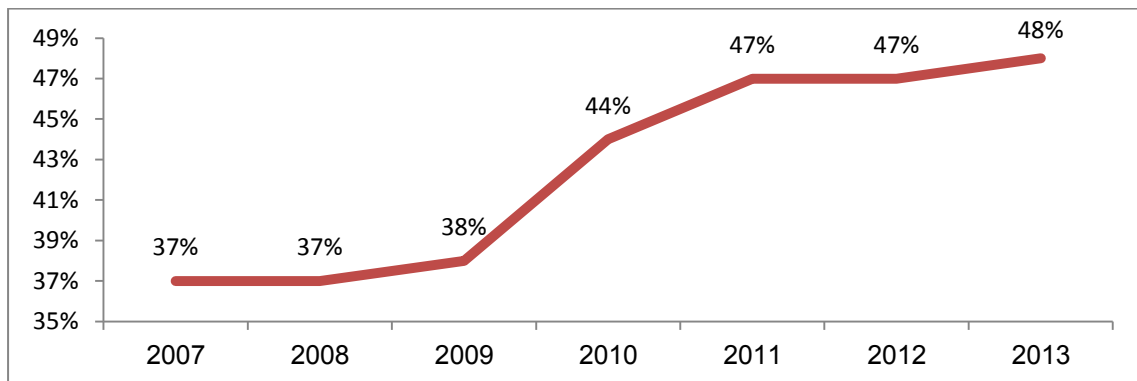
Figure 8: Distribution of Palestinian workers in Israel by industry, 2015



Source: PCBS

According to the Bank of Israel, the high rate of Palestinians who work in the construction industry in Israel is significant for the whole Israeli construction industry, whereas the scope of Palestinian workers in the industry reached 15.3% of all employee positions in the industry. Palestinian workers are responsible for all the increase in employment in the sector in the last two years, as the scope of Israeli and foreign workers did not change significantly.

Figure 9: Employment rate⁷ in the Construction industry (% of all employed Palestinians in Israel), 2007-2013



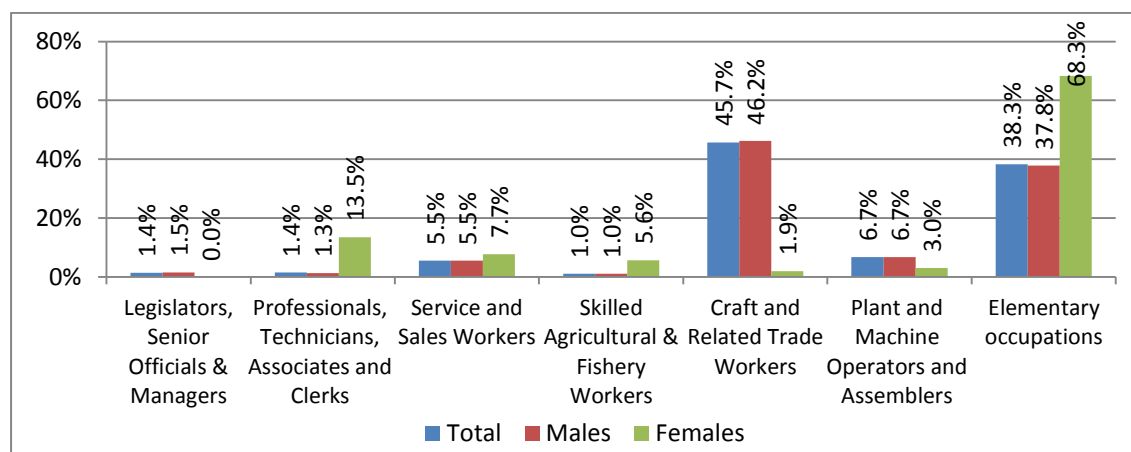
Source: Bank of Israel (BOI)

The most popular occupations among Palestinian men who work in Israel are: Elementary occupations; Plant and Machine Operators and Assemblers and; Craft and Related Trade Workers (about 90.7% work in those occupations). The most popular

⁷ Only refers to workers holding a permit.

occupations among Palestinian women who work in Israel are: Plant and Machine Operators and Assemblers; Service and Sales Workers and; Skilled Agricultural & Fishery Workers (about 89.5% work in those occupations).

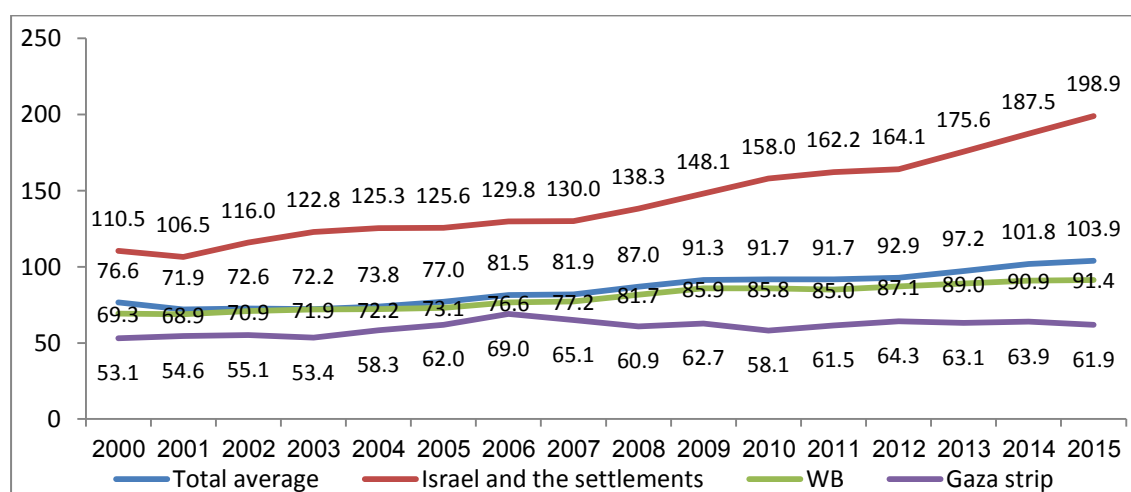
Figure 10: Distribution of Palestinian workers in Israel by occupations, 2015



Source: PCBS

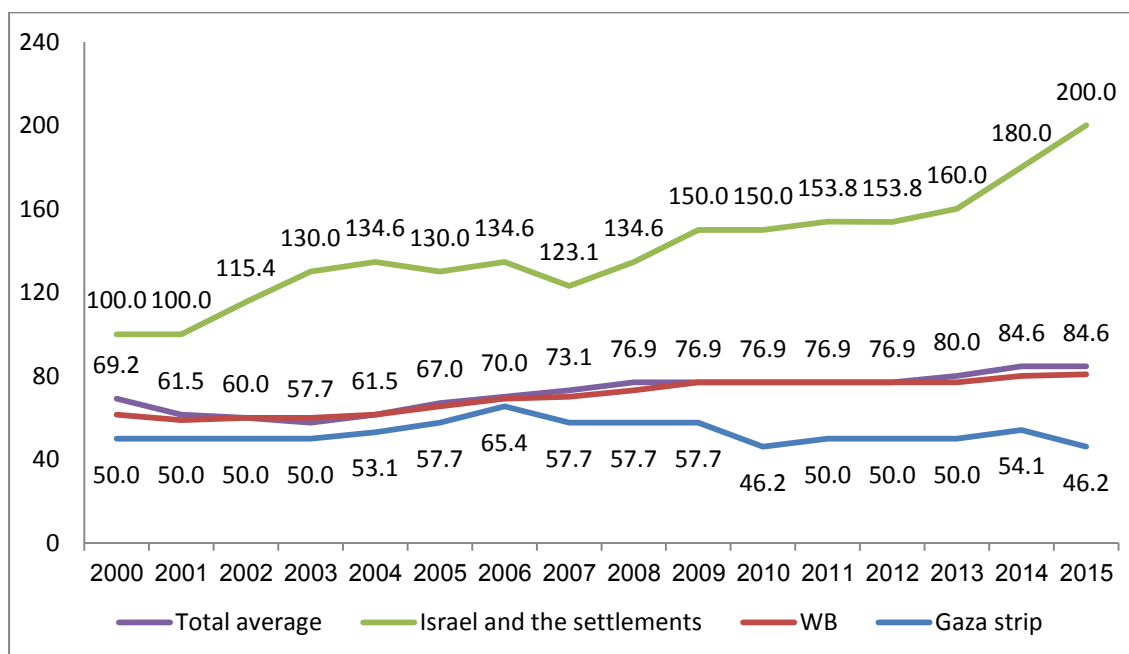
The wage of Palestinians working in Israel is significantly higher than of those who work in the WB or the Gaza Strip. In 2015, the average daily wage of Palestinians working in Israel was more than double the average daily wage in the WB (217.6%) and more than three times the average daily wage in the Gaza Strip (321.3%). For the median wage the gap is even bigger. In 2015, the median daily wage of Palestinians working in Israel was 247.5% of the median daily wage in the WB and 432.9% of the median wage in the Gaza Strip.

Figure 11: Average daily wages (NIS) of Palestinian workers by workplace, 2000-2015



Source: PCBS

Figure 12: Median Daily Wage (NIS) of Palestinian workers by workplace, 2000-2015



Source: PCBS

When reviewing the average weekly working hours in 2015, it appears that the differences in the wages earned by Palestinians in different areas of work resulted mainly from a higher hourly wage. By evaluating the average hourly wage using the average daily wage and the average weekly work hours (assuming 6 days of work a week), it was found that the average hourly wage of Palestinians in Israel is NIS 29.5, while it is only NIS 12.49 in the WB and NIS 11.7 in the Gaza Strip. The average weekly working hours is highest in the WB (43.9) followed by Israel (40.4) and finally, the Gaza Strip (31.7).

Among Palestinian workers in Israel, workers in the Construction industry and in the Transportation, Storage and Communication industry earn the most (average daily wage of NIS 220.9 and NIS 209.8, respectively). In the WB, the industries with the highest average daily wages are the Transportation, Storage and Communication industry and the Services and Other Branches industry (NIS 114.4 and NIS 106.9, respectively), and in the Gaza Strip the most rewarding industries are the Services and Other Branches, and the Construction industry (NIS 82.7 and NIS 33.5, respectively).

Table 2: Average daily wages (NIS) and weekly working hours of employed Palestinians (aged 15+), by industry and workplace, 2015

	Workplace					
	WB		Gaza strip		Israel and the settlements	
	Average Daily Wage	Average Weekly Hours	Average Daily Wage	Average Weekly Hours	Average Daily Wage	Average Weekly Hours
Agriculture, Hunting & Fishing	71.0	43.9	24.7	22.9	127.7	40.3
Mining, Quarrying & Manufacturing	80.0	47.1	36.8	39.8	167.5	42.6
Construction	94.9	40.0	42.2	33.5	220.9	38.6
Commerce, Hotels & Restaurants	72.0	53.1	30.1	47.5	171.6	47.0
Transportation, Storage & Communication	114.1	45.2	40.5	38.5	209.8	41.7
Services & Other Branches	106.9	40.8	82.7	35.0	174.0	43.2
Total	94.1	43.9	61.9	31.7	198.9	40.4

Source: PCBS

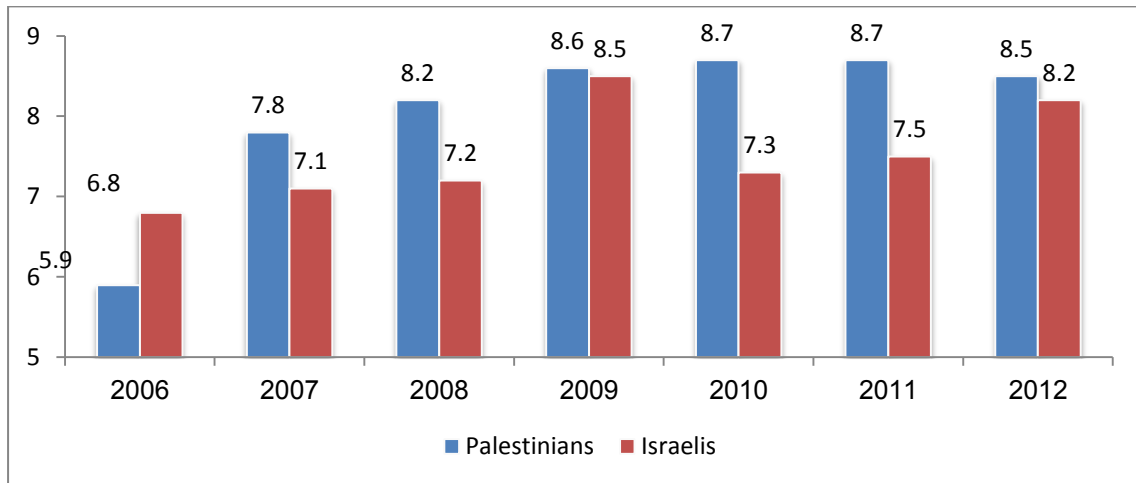
In comparison to Israeli colleagues that work in the same companies, the monthly wage of Israeli workers is between 2.3 to 2.6 times higher than the wage of Palestinian workers in every seniority level (even if a Palestinian worker has 7 years of seniority and an Israeli worker is in his first year in the company, the Israeli worker will earn more than double (204.7%) than the Palestinian worker: NIS 8,600 compared to NIS 4,200). The difference is even greater when comparing the Palestinian workers to Israeli workers in other companies. This situation occurs even though the average number of annual work months of Palestinian workers is higher than their Israeli colleagues in companies that employ Palestinians (as shown in Figure 13 below).

Table 3: Average monthly wages of Israeli and Palestinian workers (Thousands NIS), by years of seniority, 2006-2012

	Years of seniority	7	6	5	4	3	2	1
	First year in the company	2006	2007	2008	2009	2010	2011	2012
Companies that employ Palestinians	Palestinians	4.2	4.1	4.1	4.0	4.0	3.9	3.7
	Israelis	10.9	10.8	10.4	10.0	9.5	9.1	8.6
Other companies	Israelis	12.6	11.8	11.2	10.7	10.2	9.6	8.8

Source: BOI

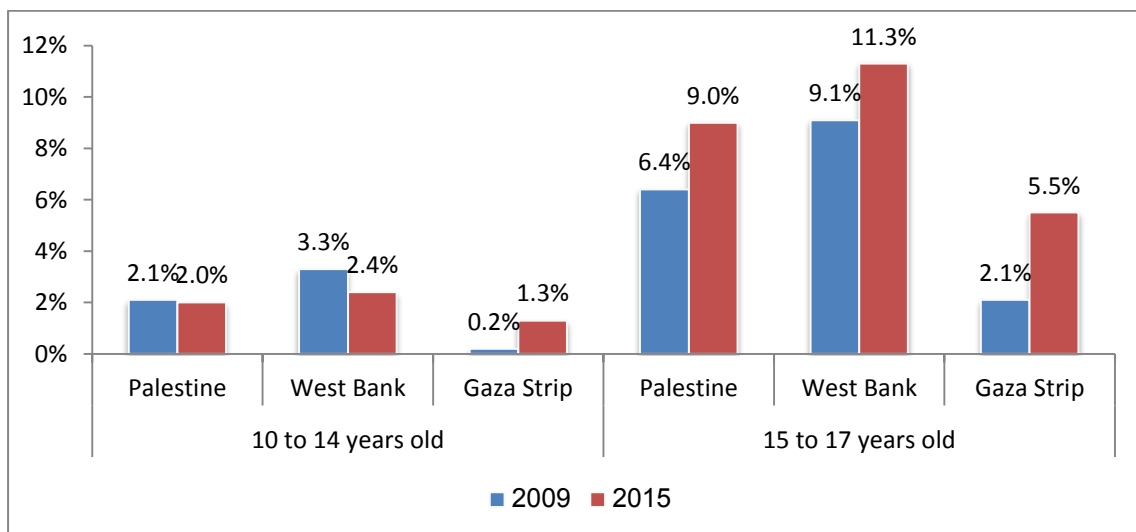
Figure 13: Average of annual working months in companies that employ Palestinians, 2006-2012



Source: BOI.

In addition to the standard labour force from the age of 18+, there is a phenomenon of child labour. This group contains children between the ages of 10 to 17. The Palestinian Child Law and the Palestinian Labour Law ban the employment of children under the age of fifteen. Children aged 15-17 may work subject to certain conditions, including limited work hours, the provision of semi-annual medical examinations and being banned from dangerous jobs. The percentage of working children (10-14 years old) reached 2.0% in 2015 and was 2.1% in 2009. In the age group of 15-17, it reached 9.0% in 2015 and was 6.4% in 2009.

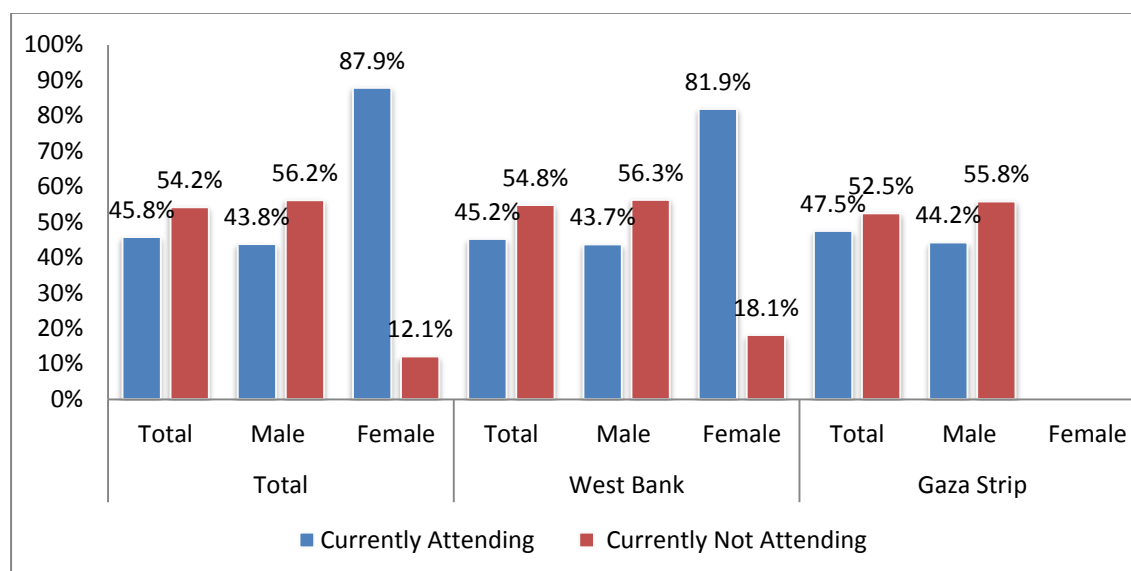
Figure 14: Percentage of Working Children 10-17 Years by Region and Age, 2009 and 2015



Source: PCBS

Furthermore, in 2015 the percentage of children aged 10 to 17, who work and go to school was about 45.8% while the percentage of working children in this age range who do not go to school was 54.2%. This situation indicates that the child labour has a negative impact on acquisition of education.

Figure 15: Distribution of Palestinian Working Children Aged 10-17, by Educational Attendance and Region, 2015



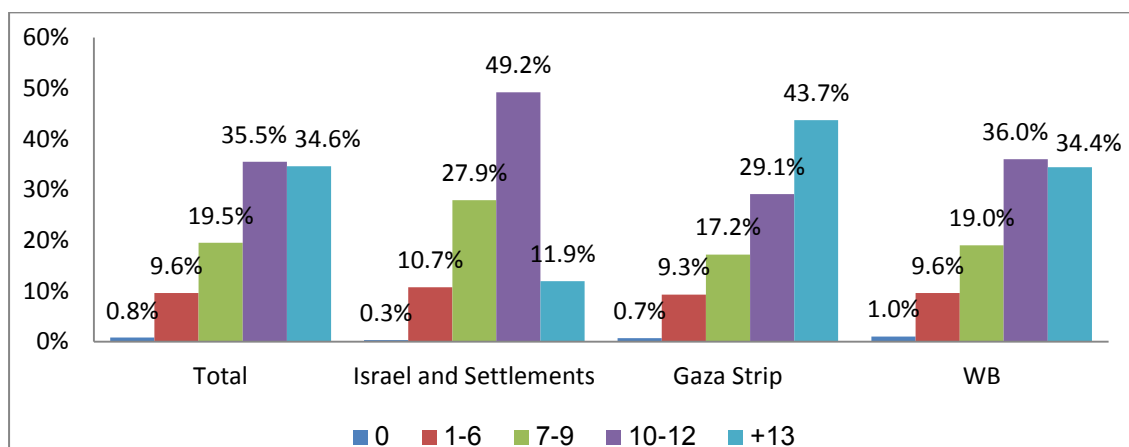
Source: PCBS

Note: There were not enough results among girls in Gaza for significant results.

3.4 Characteristics of Palestinian workers in Israel

Most of the Palestinian workers in Israel have 12 years of education or less (88.1%), and only about 12% of them have some kind of academic or professional education (13+ years of education). On the other hand, in the Gaza Strip and the WB the proportion of workers with 13+ years of education is much higher: 43.7% and 34.4%, respectively.

Figure 16: Employed Palestinians (aged 15+) (%), by workplace and years of education, 2015



Source: PCBS

According to data of the Bank of Israel (from its 2014 annual report), most of the Palestinian workers in Israel holding permits are married (90%), less educated (average of 9.6 years of education) and older (average age of 38.2) than the Palestinian workers in Israel without a permit (48%, 10.1 and 28.8 respectively). In addition, the workers holding permits work more (19 days in a month) and receive higher wages (average daily wage of NIS 186) compared to workers without a permit (17.1 and NIS 158, respectively).

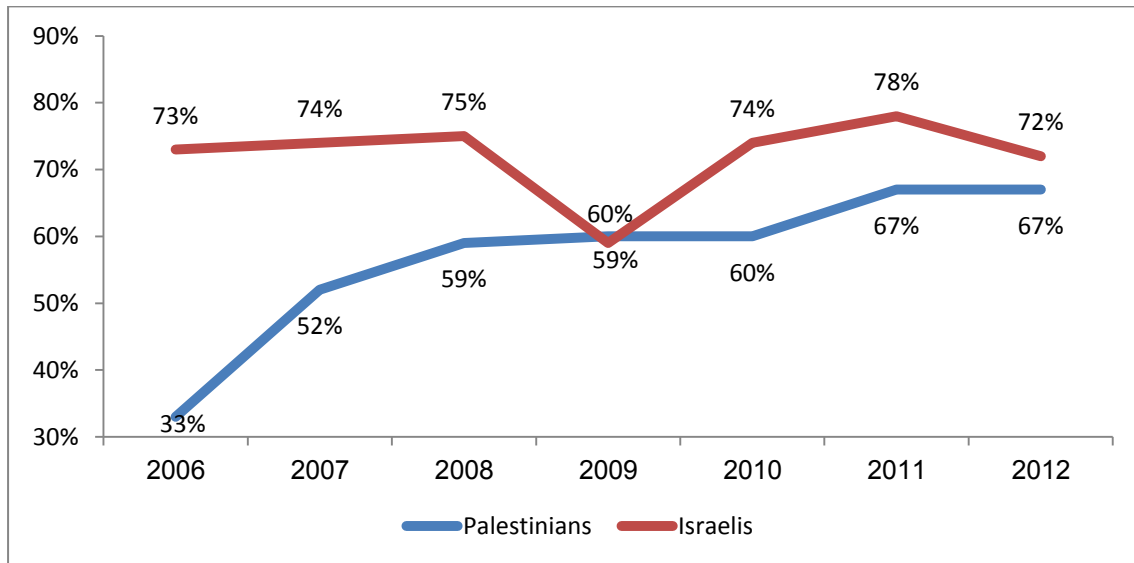
Table 4: Characteristics of Palestinian workers in Israel, by permit status, 2013

	With permit	Without permit
Average age	38.2	28.8
Marriage rate	90%	48%
Average years of education	9.6	10.1
Rural workers	38%	39%
Urban workers rate	62%	61%
Males	99%	99%
Average daily wage	186	158
Average monthly days of work	19.0	17.1

Source: BOI

In regard to employment seniority, Israeli workers in companies that employ Palestinians gain seniority in higher percentages than their Palestinian colleagues. However, the rate of steadily employed Palestinian workers is constantly rising and the trend since 2009 tends to balance the situation, compared to Israeli workers.

Figure 17: The rate of two years steadily employed workers in companies that employ Palestinians, 2006-2012



Source: BOI

3.5 Palestinian work barriers

Unlike Israeli employees, Palestinian workers who come to work for Israeli employers encounter a number of obstacles on their way to find a job. Even after finding the required job they have to deal with obstacles during the working day.

According to Kav LaOved⁸ there are several major barriers:

Quotas- The number of Palestinian workers allowed to enter Israel to work is limited by quotas that are set by government decision for each branch separately. As a result, there are workers employed illegally without a work permit.

Finding a job- Palestinian workers do not have easy access to jobs and employers in Israel. Employees who meet the criteria for employment in Israel can get a permit to enter Israel for three days to search for a job. A common way is to appeal to Palestinian intermediary recruiters working for Israeli employers for a one-time fee. This situation causes additional cost for workers due to job search.

⁸ Kav LaOved, Settlements-limits, restraining infringement of right, 2012

Dependence on the employer and poor occupational security- the employee depends on the employer in order to continue working. The employer may interrupt the employees' employment permit or may not renew it because no more work was needed, or because he wanted to replace him so that the employee finds himself unemployed.

Security prevention- refers to residents of the Palestinian territories defined by the Israel Securities Authority as "prevented entry for security reasons". Consequently, they have difficulty to work and earn a living.

Getting to work- the arrival of employees to their workplace is a long and complicated process. Many workers are forced to leave their homes at night to get to the passageways in the opening hours. With the opening of the crossings thousands of employees are waiting severely overcrowded for hours until going through the checkpoint. After the checkpoint they need to find a way to get to work, while the choice ranges from traveling by buses, which often create friction with the settlers, or by expensive taxis.

4. Social Conditions and Occupational Security

4.1 Quotas and Permits

The scope of Palestinian workers in Israel is determined by the supply of employment quotas, which are set for each economic sector separately and only for several specific sectors where there is a shortage of Israeli workers: Construction, Agriculture, Industry and Services (including Hotels). The quotas are determined by a government decision, due to recommendations of government agencies and the Ministry of Defence. On the other hand, there is no limit – no quotas – for employment of Palestinians in the WB Settlements.

Nowadays, permits are issued only for Palestinian residents of the WB. Since 2006, no work permits were issued for residents of the Gaza Strip.

Work permits for Palestinian workers are provided by The Division of Palestinian Employment of the Population, Immigration and Border Authority (PIBA) in the Ministry of the Interior. Permits are issued in the name of the employee, allowing him or her to work in Israel only for a specific employer, whose name appears in the permit. The permits form a kind of reciprocal relationship between the Palestinian worker and his employer, as the Palestinian worker must work only for the employer stated, and the employer must provide the wage and working conditions as required by law. Regular work permits are issued for a period of six months and seasonal work permits for a period of three months.

An employer who wishes to receive permits for the employment of Palestinian workers should apply to the Division of Palestinian Employment. Permits will be granted only after the employers seeking for foreign or Palestinian workers exhaust all the possibilities of placing Israelis in the stated positions (from the databases of job seekers who registered at employment bureaus). In other words, every employer who applies to the Division of Palestinian Employment for a permit to employ Palestinian workers, must, at the same time or earlier, apply to the Israeli Employment Service with a request to employ Israelis for the stated position.

Every Palestinian, for whom a request for a work permit has been submitted by an Israeli employer, must be approved by The Coordinator of Government Activities in the Territories (COGAT) in the Ministry of Defence regarding security matters and personal criteria. At the same time, the Payment Division examines the employers' compliance with the requirements set forth for receiving an employment permit. The security considerations for granting work permits are classified, yet there are other criteria related to the age and marital status of the applicant for receiving a permit⁹:

- For a working permit in Israel for most of the relevant working sectors, there are requirements of being at the age of 26 or above, married with kids (in few sectors the requirements are being at least at the age of 21).
- For working permits in the WB Settlements: in the "Seam zone" the requirements are of being at the age of 26 or above, married with kids, and for settlements in other areas the requirements are of being at the age of 18 and above (no matter the marital status).

Palestinians from the WB who wish to work in Israel can apply to COGAT for a permit to enter Israel for the purpose of looking for a job. An entrance permit will be given only to person at the age of 26 or older, who is married with children, for only three days and can be issued only once every three months. Furthermore, it is possible for Palestinians to enter Israel for the purpose of a work related meeting. An entrance permit in that case will be approved by presenting supporting documents, confirming the occurrence of the meeting with a specific meeting date for no longer than three consecutive days.

The employer is absolutely forbidden to trade the work permits of his Palestinian workers.

⁹ Source: The Coordinator of the Government Activities in the Territories. There might be some changes in the criteria, since this issue is characterized by a lack of transparency and availability of information.

According to Kav LaOved¹⁰, a Palestinian worker who cannot get a permit to work in Israel is sometimes helped by a series of intermediaries who arrange the permit for a fee. In addition, various employers from the authorities pay money for bribery.

4.2 Defects in Supervision of permits issued

Despite the procedure for granting permits, there are serious deficiencies which exist regarding supervision. According to the State Comptroller's report in 2014, by 2011, 14,500 permits were distributed to employers according to their applications without public and non-discriminatory uniform rules, and not according to professional criteria. Some 12,000 additional permits were distributed in 2011-2013 based on the arbitrary distinction between new and veteran contractors. It was also found that the Population, Immigration and Border Authority (PIBA) has granted employment permits for employers who are duly registered in the Register of Contractors Registrar of Contractors, and did not rule out permits from contractors turned out to be unregistered. Another problem is related to the failure to enforce the terms of employment permits. It is reported that information is not being transmitted regularly between PIBA and the Enforcement Unit of the Population Authority regarding the concern that employers have violated the worker's permits. It was also found that the employees of the enforcement unit, who visit the construction sites, do not check whether employees have a permit.

4.3 Social rights and occupational conditions

According to PIBA regulations, Palestinian workers in Israel should receive a gross wage and net wage equal to those of every other worker in Israel with the same personal and professional data. A Palestinian worker is entitled to social benefits as any other worker in Israel with the same data, in accordance with the law, expansion orders and collective agreements.

¹⁰ Kav LaOved, Settlements-limits, restraining infringement of right, 2012

A special division called the Payments Division ("Matash") in PIBA is responsible for the collection and transfer of payments for the Palestinian workers, in accordance with the laws and the relevant social rights. The employer transfers monthly gross wages and social payments for each employee working for him to the Payments Division every month and the Payment Division issues the pay check for the worker. Tax deductions and secretions are transferred by the Payment Division to the relevant institutions, such as the IRS, Social Security and the Ministry of Finance (Social Insurance Fund). In addition, the division transfers monthly pension payments for Palestinian retirees, and transfers periodical financial reports to the Finance Ministry.

Guy Mundlak's¹¹ article describes a phenomenon in which some employees experience humiliation of selling their work on a daily basis. This phenomenon is known as a "slave market" where the employees stand at major highway junctions in the early morning, waiting for the occasional job offer. The contractors come to the same place and choose a number of employees for the same work without even negotiating the wage. In addition, those employees do not hold permits to work legally.

According to the Cabinet decision of 1970 (from 08/10/70), all Palestinian workers were entitled to wages and social conditions similar to those of comparable domestic workers. The decision aims to prevent Palestinian workers preference over Israeli workers. It was determined that a Palestinian worker receives the Israeli worker gross pay and net pay, equal to the salary of any employee in Israel with identical personal and professional data. It was also determined that a Palestinian worker is entitled to social benefits that any other worker in Israel with identical data is entitled to by law and collective agreements. To ensure that equality is enforced, the government entrusted the care organization by PIBA.

The Cabinet decision of 1970 determined a Palestinian worker receives a net wage payment directly from PIBA. According to the State Comptroller's report, until 1994, the net wage payment was transferred to Palestinian workers directly by PIBA and

¹¹ Guy Mundlak, Labor Law as Economic Warfare Industrial Relations Journal (South Africa) Vol. 20, pp. 13-44 (1999).

starting from 1994 it was decided that net wages will be paid directly to employees by employers and PIBA will receive only the contributions from the employers and deducted sums from the workers' wages. The draft of the internal audit report from July 2011 stated there is no supervision of the net wage by PIBA paid per employee. This could lead some employers to misuse the situation where employees would pay different amounts from those reported to PIBA.

4.3.1 Secretions by sector

The Construction industry:

Table 5: Secretions by the employer (% of salary) for a Palestinian worker in the construction industry

Comprehensive Pension (from January 2005)	Pension	6.0%
	Severance Pay	6.0%
Completion of severance pay		2.33%
Sick leave		2.5%
Vacation		4.0%
Payment to the Federation of Construction Workers		0.8%
Total		21.63%

Secretions by the employee – Pension: 5.5%

Other rights, such as vacation pay, clothing, holidays, etc. according to the law and/or collective agreements.

Source: Population, Immigration and Border Authority (PIBA)

Other sectors (Agriculture, Hotels, Industry and Services, etc.):

Table 6: Secretions by the employer (% of the salary) for a Palestinian worker in industries other than Construction

Comprehensive Pension (from January 2005)	Pension	6.0%
	Severance Pay	6.0%
Completion of severance pay		2.33%
Sick leave		2.5%
Vacation		4.0%
Total		20.83%

Secretions by the employee – Pension: 5.5%

Other rights, such as vacation pay, clothing, holidays etc., according to the law and/or collective agreements.

Source: PIBA

4.3.2 Income tax and association tax

Table 7: Income tax rates of Palestinian workers by level of income

	Taxable income (NIS)	Total income (NIS)	Tax rate (%)	Tax (NIS)	Total amount (NIS)
Every additional NIS	5,270	5,270	10%	527	527
	3,730	9,000	14%	522	1,049
	4,990	13,990	21%	1,048	2,097
	5,990	19,980	31%	1,857	3,954
	21,810	41,790	34%	7,415	11,369
Every additional NIS		-	48%	-	-

For an income lower than NIS 5,270, no tax is charged. The value of a tax credit point is NIS 218.

Under an agreement with the General Federation of Labour in Israel ("Histadrut") regarding membership fee, the federation fee rate stands at 0.8% of the workers' gross salary, up to a maximum deduction of NIS 125.94.

Source: PIBA

4.3.3 Occupational conditions

- Direct employment – An employer, who has a permit to employ Palestinian workers and has received work permits on his behalf, must employ the Palestinian workers in the form of direct employment, as a regular employee in his business. It is strictly prohibited to transfer Palestinian workers to work for other employers or to employ them through a manpower contractor.
- Palestinian workers would be employed in a full-time position (no work permits will be granted for a position of lesser extent). Every month the Payment Division sets a minimum quota of working days of which the employer must pay the Palestinian worker, even if in practice he was employed less than stated that month.
- Palestinian workers would be employed in accordance with the Labour Laws applied in Israel, including: wage in the level of at least the official minimum wage in accordance with the employee's scope of work (or minimum sectorial wage), overtime payments, book management of work hours, hours of rest, etc.
- The employer is obligated to provide a monthly pay check to his employees.

- Palestinian workers are able to sleep in Israeli territory if their employer files for accommodation permits and has fulfilled necessary requirements:
 - The sleeping place will include - sleeping means (bed, sheets etc.), bathroom in decent condition, first aid and an area for personal needs, such as eating and drinking.
 - At the end of the workday, the employee will stay only in the place of accommodation.
 - A security trustee will supervise the employees in the accommodation place and will take care of their needs.

Violation of the conditions mentioned above by the employer is expected (at the end of the inquiry procedure) to result in the cancellation of the employment permit of the employer and non-renewal of it in the future.

4.3.4 Actuary debt of the State of Israel to the Palestinian Authority and Palestinian workers

When employers transfer wages to PIBA¹², three sums are deducted. First, the division deducts income tax at rates that are comparable to those of Israeli workers. Second, trade union agency fees for workers who are not members in the Histadrut but are covered by the collective bargaining agreements it negotiates. Third, the division deducts an equalization tax at a rate identical to that paid by domestic workers for national insurance.

According to Guy Mundlak only a small part of the equalization tax reduction was used to finance the social security allowances for Palestinian workers while a significant portion of the money until 1994 was transferred to the State Treasury for the purpose of developing the Palestinian territories. It is unclear whether the funds were actually used for the behalf of the Palestinians, or not. He explains not all employees are aware of their rights which include social security benefits as well as pension contributions that are being carried out by the employer. And those who are

¹² Guy Mundlak, Labor Law as Economic Warfare Industrial Relations Journal (South Africa) Vol. 20, pp. 13-44 (1999).

aware of their rights do not know who to turn to in order to claim their rights. As a result, unused funds by employees are transferred to the State Treasury.

According to Jadaliyya, an independent electronic magazine produced by the ASI (Arab Studies Institute), assuming that equalization tax is 11%, and the number of employees in Israel before 1994 was about 70 thousand people a year (the actual figure is actually higher than that) and pay a monthly rate of 3,000 NIS, the cumulative amount in this account was about USD 6.5 billion between 1970-1994. As for pension withholding of workers' wages, the cumulative amount was more than USD 10 billion for the corresponding period.

In the Paris Agreements¹³ economic attaché to the Oslo Accords, it was determined that workers employed in Israel will be insured in the social insurance of Israel under the Law of Social Security and will be entitled to work accidents insurance in Israel, bankruptcy of employers and maternity benefits. It was also determined that Israel will deduct health insurance contributions from their wages and transfer them to the Palestinian Authority (93 NIS monthly).

According to the State Comptroller's report¹⁴, the equalization tax amount was collected during 2006-2013 from all employers of Palestinian workers in all industries and was amounted to 660 million NIS, was not transferred to the Palestinian Authority. Similarly, the amount of 216 million NIS that was collected for health fees was not transferred as well.

4.4 Determining employer-employee relationship under Israeli law

Since the Palestinian workers do not have Israeli citizenship, there is a debate about their entitlement of rights according to the Israeli law. This issue was discussed on an appeal to the Supreme Court¹⁵.

¹³ State Comptroller's Report 65a,2014.

¹⁴ State Comptroller's Report 65a,2014.

¹⁵ HCJ 5666/03

Palestinian workers filed claims in the Labour Courts against their Israeli employers with regard to their employment in the Israeli controlled territories in the West Bank.

These claims have raised the question whether these employment relationships were governed by Israeli law or by the local law of Judaea and Samaria, which is Jordanian law. The significance of this question being that Israeli law grants workers more rights and protection than the Jordanian law. The National Labour Court held on appeal that in the absence of any stipulation on this issue in the employment contracts, these employment relationships were governed by Jordanian law as the local law in force in Judaea and Samaria, since Israeli law has never been applied to the occupied territories as a whole, but only to Israelis living in Judaea and Samaria. Kav LaOved, human rights organizations, petitioned the Supreme Court on behalf of the Palestinian workers.

As determined by the Supreme Court in 2007, public international law provides a starting point that, in general, the governing law in the West Bank is the law of the Kingdom of Jordan. But this alone does not necessarily say that the rules of private international law stipulate in all cases the Jordanian law.

In general, the choice of the law accepted is tested by the agreement between the parties. If there is not an agreement about this issue, the test of "most ties" will determine. This test need to consider the facts that the workers were paid in Israeli currency, various documents relating to employment, such as dismissal letters, pay checks and time cards are written in Hebrew, rest days and holiday set is customary in Israel, and in one case at hand, the worker even paid taxes in Israel. Therefore, ultimately the Supreme Court ruled on the application of Israeli law.

4.5 Comparing wage conditions and social rights of Palestinian workers to those of Israeli workers under the collective agreement in the construction industry

On 21/1/10, the Contractors Association and the Histadrut signed the general collective agreement in the construction sector which regulated the rights and wages of employees in the industry. The agreement stipulates that the provisions also apply to Palestinian workers. On 07/05/10, an expansion order applied the terms of the

agreement to all employers in the construction sector even if they are not members of the Contractors Association.

The State Comptroller's Office examined the manner of functioning of PIBA on the enforcement of comparing wage conditions rights of Palestinian workers to those of the Israeli workers. Despite the existence of collective agreements, it was found that there has not been a full implementation of the agreement. Employing a full-time job is a prerequisite for obtaining a permit. In contrast, it was found that working days were reduced contrary to the collective agreement and the extension order. This situation allows employers to report consistently on a various number of working days, less than the 21 days for full working month, without appropriate justification and without taking there permits. In addition, there is a concern that some employees worked more days then reported by the employer to PIBA, so that the balance payments to the employee for additional work were paid directly to him without informing PIBA. So basically, in this way the employer saves employment costs which violate the employees' social rights. Moreover, it was found that the pay check issued by PIBA does not contain full salary components which derived from the Collective Agreement, including overtime hours, vacation pay, clothing, payment for holiday allowance and completion of vacation.

According to the Bank of Israel, there is a non-exhaustion of rights which stems from a lack of awareness among workers of their rights. Table 8 shows that among the Palestinians who work in the Israeli economy with a permit, only a small percentage indicated that they are employed by a written/collective employment contract (2%) and are entitled to the pension provision (4%), sick leave and annual leave (11%), even though the Immigration Authority allocates for them all these funds, by law, and even though the workers in the construction industry are covered by collective agreements. The situation among workers without permits is worse when only 1% reported having a written employment contract / collective agreement or the existence of secretion of funds for pension and entitlement to sick and vacation days.

Table 8: The characteristics of Palestinian workers in Israel: type of contract of employment and social conditions by permit status, 2013

	With permit	Without permit
Reported on a written employment contract/collective agreement	2%	1%
Reported on a verbal employment contract	40%	27%
Reported there is no employment contract	58%	73%
Reported on contribution pension plan	4%	1%
Reported on eligibility for sick pay and vacation	11%	1%

Source: BOI

4.6 The collective bargaining agreement in the construction industry and the Parity Committee

In June 2015, a Collective Agreement in the Construction, Infrastructure, Heavy Equipment, Public Works and Renovations Industries, was signed by The Israel Builders Association and the Histadrut. The agreement went into effect on the 1st of November 2015.

The Collective Agreement binds the Construction Industry as an industry in which all the employees are entitled to equal terms of employment whether the employee is Israeli, a foreigner or Palestinian.

According to section 75 of the Collective Agreement, a parity committee was formed in order to settle disputes, in those issues that are arranged in the agreement. This committee handles disputes in three stages:

1. First, the disputed issue will be brought to a regional parity committee, which will be made up of the professional union's secretariat of the region of which the employer and the employer's representative are located.
2. If the regional parity committee does not come to an agreement within 14 days, or in absence of the regional parity committee, the disputed matter will be brought to the national parity committee which will be made up of the chairman of the national labour committee of the Israel Builders Association

and of the Chairman of the Construction and Wood Workers Trade Union in the Histadrut, or another representative who shall be appointed on their behalf.

3. If the national parity committee does not reach an agreement within 14 days:
 - a. The parties will present the matter to the Labour court to rule on the dispute.
 - b. Notwithstanding the provision in section a. above, in issues concerning the interpretations of this agreement, its implementation and fundamental questions which have broad implications on workers in the industry (as opposed to individual questions) or in other issues which will be agreed upon by the parties, the parties will be entitled to bring the disputes to the chairman of the labour union department and of the president of the Israel Builders Association to render their ruling before the case is brought before the Labour court according to subsection a. above.
4. The aforesaid does not derogate from the rights of both parties to appoint an outside arbitrator who they agree upon to rule in the dispute.

Section 76 of the Collective Agreement states that the parity committee will be authorized to hear disputes between workers and employers who are bound to the agreement, arising from the matters dealt with in the Collective Agreement, and in previous Collective Agreements, that do not require immediate temporary relief. In the absence of consent between parties, each party will be able to continue to have the dispute heard in the regional labour court. In addition, the worker will be entitled to file or continue with his claim in the labour court, when there has been an application submitted to the parity committee. If a hearing was not scheduled within 30 days from the date of the application to a date within 60 days from the date of the application or when the proceeding before the parity committee has not finished and more than 45 days have passed since the first meeting.

Due to signing the Collective Agreement as mentioned above, one should first apply to the parity committee before applying to the labour court. As a result, the number of applications brought to the committee has increased, and today an average of 60 cases

a month is brought in front of the committee. Due to the rise in the number of cases brought to the parity committee, there is need for additional resources. As of today, a budget was allocated for hiring services of an external law firm for dealing with the filed claims.¹⁶

Despite of the Collective Agreement in the construction industry there are two major problems, which are the lack of focus on enforcing compliance with the terms of the agreement and the structure of the pay slip delivered to the Payments Division by the employer. This only includes the transfer of deductions and allowances transferred to the Payments Division, while the employer pays the net salary directly to the employee. Following the publication of the State Comptroller's Report in 2014 on employing Palestinian workers in the construction industry, a process of amending pay slips has begun.¹⁷

On March 6th 2016, the Construction and Wood Workers Trade Union at the Histadrut has appealed to the Interior Minister concerning the regulation of Palestinian workers' rights in the construction industry. According to the Histadrut, Palestinians who work in the construction industry do not enjoy real equality despite it being required by the Collective Agreement and by the Wage Protection Law due to the failure to complete the amending of the existing pay slip which is managed and issued by the Payments Division. The difficulty is expressed by the fact that the majority of the claims concern the structure of the pay slip and the payment method.

As a response to the construction and wood workers trade union in the Histadrut appeal,¹⁸ it was argued that the activities of the Payments Division regarding compliance with wage and employment benefits in accordance with the law does not replace employers' liability, who are building contractors, to comply with the provisions of the Collective Agreements Law. This is according to section 1 T (B) of

¹⁶ From a meeting with Itzhak Moyal, the Chairman of the Construction and Wood Workers Trade Union at the Histadrut, on May 10th 2016

¹⁷ The Construction and Wood Workers Trade Union in the Histadrut in an application letter to the Interior Minister, March 6th 2016

¹⁸ The Construction and Wood Workers Trade Union in the Histadrut, response letter from the head of the of Service Manager for Employers and Foreign Workers, March 21st 2016

the Foreign Workers Law, 5751- 1999, which mentions that the law does not impose any obligation of the State towards an employee or other person regarding the remuneration amount for work that was not collected by the commissioner from the employer. However, in order to improve the service provided by the Payments Division, as of the 1st of May 2016, the production of a new pay slip has begun, which will include the presentation of all wage's components. It was also noted that the Administration of Population and Immigration is considering the possibility of collecting from employers that have an employment permit all the components of the wages, including the net salary and transferring wages directly to employees' bank accounts, thus, allowing supervision on the transfer of the complete wage.

Following the Oslo Accords and the establishment of the Palestinian Authority, negotiations began between the PGFTU and the Histadrut, with the support of Palestinian officials. The goal was to return the deduction payments that the Histadrut deducted from workers' wages since 1970. According to assessments, the deductions amounted to more than 400 million NIS. With the signing of the Oslo Accords, the leadership of the PGFTU worked with the Histadrut to act in favor of the Palestinian workers. Accordingly, the agreement contained a clause stating the establishment of joint projects whose character will be determined by joint committees the nature of which would consist of representatives of both sides, under external supervision and support. As stated by the agreement signed in 1995, it was agreed to transfer NIS 10 million to the Association, an amount equal to half the percentage deducted from the wages of Palestinian workers, and leaving the other half for the Histadrut. The purpose of transferring the money was for it to be invested in the protection of Palestinian workers' rights working in Israel. The agreement from 1995 failed due to the peace talks between the government and the Palestinian Authority and the breakout of the second intifada.¹⁹ In 2008, another agreement was signed between the Histadrut and the PGFTU based on the agreement from 1995. The Histadrut and the PGFTU agreed on creating negotiations, dialogue and joint initiatives to promote "fraternity and coexistence". According to Itzhak Moyal, the Chairman of the

¹⁹ Willy Brandt Center Jerusalem, From Social Justice to Peace, 2016

Construction and Wood Workers Trade Union, the main problem was that the PGFTU did not perform its duties in accordance with the agreement and did not provide information in a centralized and organized manner regarding the complaints of Palestinian workers. Instead of providing workers with service on behalf of the trade union, workers take their cases to private attorneys. Therefore, there is no information about these cases in the Histadrut. The PGFTU's role is to provide legal advice, to improve working conditions for Palestinian workers and to conduct training courses for employees and so forth. Every year nearly NIS 6 million is transferred to the PGFTU, and the use of those funds is unknown. In addition, representatives of the PGFTU are not present in the Parity Committee.

According to Itzhak Moyal, it is necessary to change the status quo and to involve an objective enforcing body that will force the PGFTU to do what is required under the agreements. The enforcing body must be able to enforce the implementation of the PGFTU. As of today, Palestinian workers are not aware of the PGFTU's actions because of the lack of communication between workers and the union. Naturally, the PGFTU reject these accusations.

5. A Typical Day in the Life of a Palestinian Wage Earner in Israel

The first part of the work day of a Palestinian worker is the checkpoint. There are 15 permanent checkpoints that enable Palestinian workers who carry a working permit to enter Israel. These checkpoints serve 78,000 Palestinian workers who are employed within the Green Line, and thus, large numbers of Palestinian workers enter Israel via these checkpoints every day. According to a report by B'tselem, the traffic created causes Palestinian workers to arrive at the checkpoints at an early hour, sometimes as soon as 2:30 AM, and wait there for several hours in order to pass through during the beginning of the work day.

Several testimonies indicate that in order to arrive at their workplace and due to the lack of public transportation on either side of the checkpoints, Palestinian workers are often obliged to pay for a taxi. These taxis often charge high tariffs, based on the fact that the workers have no other alternative.

A typical working day is similar in length to that of an Israeli worker in the same working fields but has great deviation in the wage paid. Although the daily minimum wage in Israel in 2014 (the time comparable with the data regarding Palestinian workers) is 198 NIS, the average daily wage for a Palestinian worker with a working permit was 186 NIS and the average daily wage for a Palestinian worker without a working permit was 158 NIS. For comparison, the average daily wage in Israel in 2014 stood at about 365 NIS, almost double the amount. Despite being lower than the Israeli minimum wage, these wages are substantially higher than the average daily wage in the West Bank which was 87 NIS (Bank of Israel, 2014 yearly report).

The gap between the average daily wage of Palestinian working in the West Bank and those working in Israel created an incentive for both Israeli and Palestinian intermediaries to charge an illegal "mediation fee", which according to unofficial sources stand at about 6,000 NIS for a permit of 3 months. Palestinian workers are then forced to pay this "fee" in order to get Israeli employers to hire them or for the continuation of their work permit.

After they finish their work day, some of the Palestinian workers return to the West Bank, a journey that also takes a long time due to insufficient public transportation, and go through the same process every day. Others, mainly the ones without a permit, stay in Israel during weekdays and return to the West Bank on weekends, since the risk of crossing the Green Line illegally every day is too high. Because of that, Palestinian workers without a permit spend their nights at their workplace, mainly construction sites, and try to avoid any interaction with the Israeli authorities. This situation often leads to harsh conditions when facing cold or hot weather, poor nutrition and lack of proper sanitary conditions.

6. Safety at Work - the Construction Industry

6.1 Fatal accidents in the construction industry

As of July 8th, 2015 there were legally 35,828 construction workers from the Palestinian Authority, in addition to 14,525 Palestinian workers employed in the West Bank settlements²⁰. According to PCBS data, as of late September 2015, 60,700 Palestinians were employed in the construction industry.

The Accidents and Occupational Diseases command (1945) determines the obligation to report an accident caused by work of an employee in cases where it has caused the death of an employee or incapability to work for more than three days.

In addition, safety laws do not apply in the West Bank settlements and therefore accidents that occur in those areas are not reported to and investigated by the Safety and Health Administration.

51% of fatalities in the construction industry in 2010-2015 (figure 18) were of foreign and Palestinian workers (98 fatalities) and about 49% of Israeli workers (95 fatalities). There is no distinction in the data between foreign workers and workers from the Palestinian Authority.

During 2011-2015, the percentage of fatalities among foreign workers (including workers from the Palestinian Authority) in the construction industry was higher than among Israeli workers. In 2015, the chances of a foreign worker to die while working in construction are double the chances of an Israeli worker (figure 20).

In 2015, 13 Palestinians were killed in construction accidents (37% of all construction accidents). According to data gathered by the Coalition against Construction Accidents, in 2016, a total of 48 people were killed in construction accidents, of which 21 were Palestinians (43.75%). As of February 3rd 2017, 3 more workers were killed in construction sites (one worker of Chinese descent and two Israeli Arab workers).

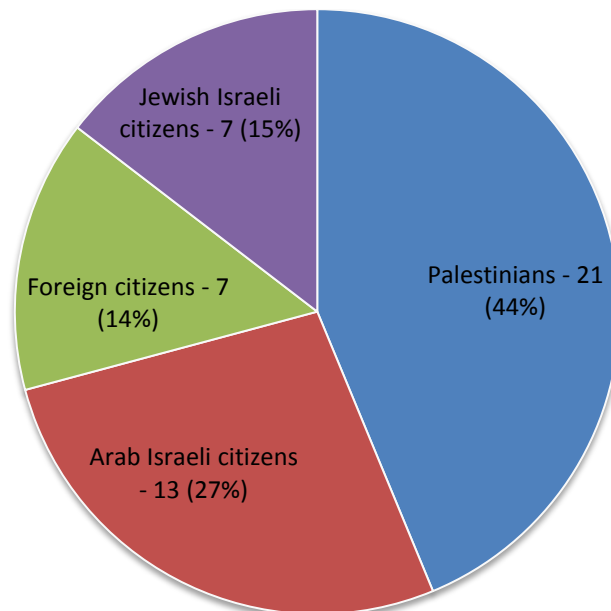
²⁰ Research and Information Center of the Knesset, Work Accidents in Construction Industry, 2015

Figure 18: The Number of Work casualties in the construction industry by Residency, 2010-2015



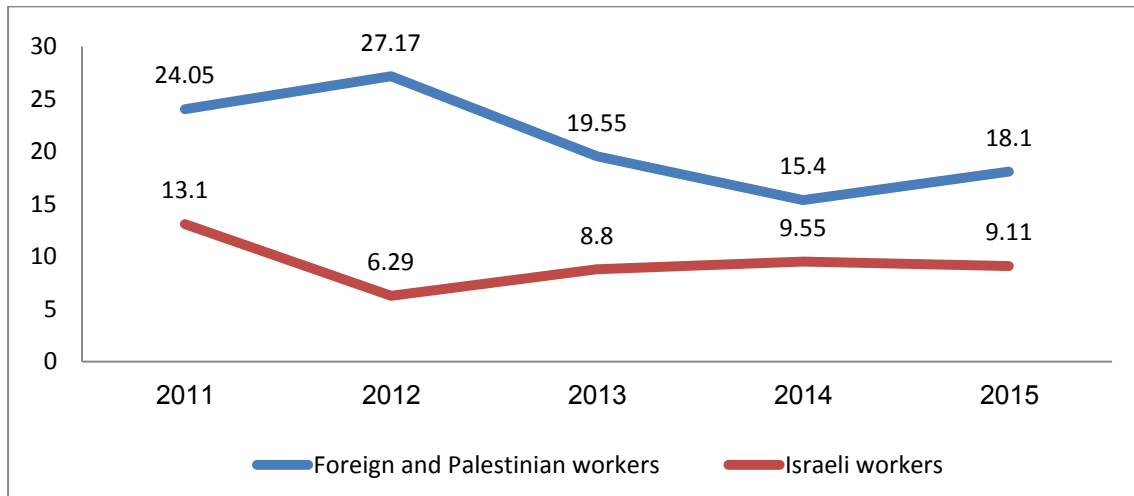
Source: The Safety and Health Administration and the Coalition against Construction Accidents.

Figure 19: The Number of Work casualties in the construction industry by Residency, 2016



Source: The Coalition against Construction Accidents

Figure 20: Number of Deaths per 100,000 population in the construction industry by Residency, 2011-2015

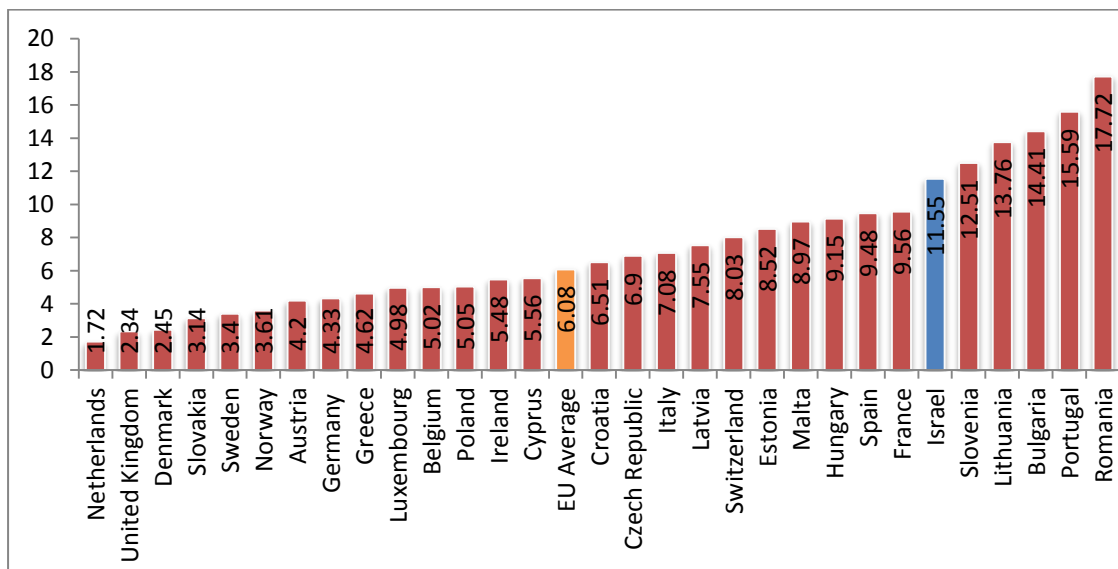


Source: The Safety and Health Administration and the National Insurance Institute of Israel

It should be noted, that the data above does not include accidents that occur in the West Bank settlements.

As seen in Figure 21 below, in 2014, the chances of a construction worker in Israel to die while working in construction are almost double the chances of a worker in the EU and almost 7 times of a worker in the Netherlands.

Figure 21: Number of Deaths per 100,000 population in the construction industry, 2014



Source: Eurostat, the Safety and Health Administration and the National Insurance Institute of Israel

According to Mr. Itzhak Moyal, the Chairman of the Construction and Wood Workers Union in the Histadrut²¹, the Histadrut has invested millions of NIS in safety improvement measures in the workplace, in the form of training workers and printing information papers in Arabic and translating the collective agreement to Arabic. However, according to him, the fundamental problem regarding construction accidents is that there is not enough enforcement.

In May 2016, the State Comptroller published a special report entitled "The safety and health of workers." Among the main shortcomings he found were deficiencies in the implementation of the recommendations of a public committee to promote the work safety and occupational health in Israel filed in April 2014, poor activity of the Safety and Health Administration in the area of supervision and enforcement and ineffective activities of the Israel Institute for Occupational Safety and Hygiene in the areas of training and hygiene.

In recent months, the government and the Knesset began to treat more forcefully safety deficiencies on construction sites, many due to the establishment of the Coalition against Construction Accidents, consisting of several civic organizations, which brought the issue to public attention. In August 2016, an amendment to the law came into force, under which after a fatal or serious accident, work on construction sites completely stops until the authorization to reopen by a safety inspector.

Since the entry into force until late November 2016, the Institute for Occupational Safety used it in 12 construction sites, which were closed for a period of at least two working days due to serious work accidents that occurred in them, and in some cases the time period was extended to five days. In addition, the Institute inspectors conducted during the third quarter of 2016 more than 1,400 visits to construction sites, during which they have placed 246 orders for safety, where in some 70 sites the work was completely stopped until the safety deficiencies were corrected.

²¹ From a meeting with Itzhak Moyal, the Chairman of the Construction and Wood Workers Trade Union at the Histadrut, on May 10th 2016.

In addition, in early 2017, a Directorate dedicated to the eradication of accidents in the construction industry is planned to be established in the Ministry of Labour and Social Affairs. It will be a small entity, acting for two years, in order to lead reforms in the construction industry and drastically reduce the number of accidents.

Nevertheless, with all the importance of a media campaign and the strengthening of enforcement and punishment, there is no substitute for the position of construction workers themselves. Workers on the sites are the first that can stop careless contractors and require safe working conditions.

6.2 Recipients of injury allowance from the National Insurance Institute (NII) due to work accidents in the construction industry

As part of the work injury insurance, an employee who experienced an injury and is not able to return to work is entitled to injury allowance from the NII. Injury allowance was designed to compensate for the loss of income from employment due to injury at work. Injury allowance is paid for the period of time that the employee did not work and needed medical attention, and for a maximum period of 13 weeks (91 days), that are counted the day after the injury occurred.

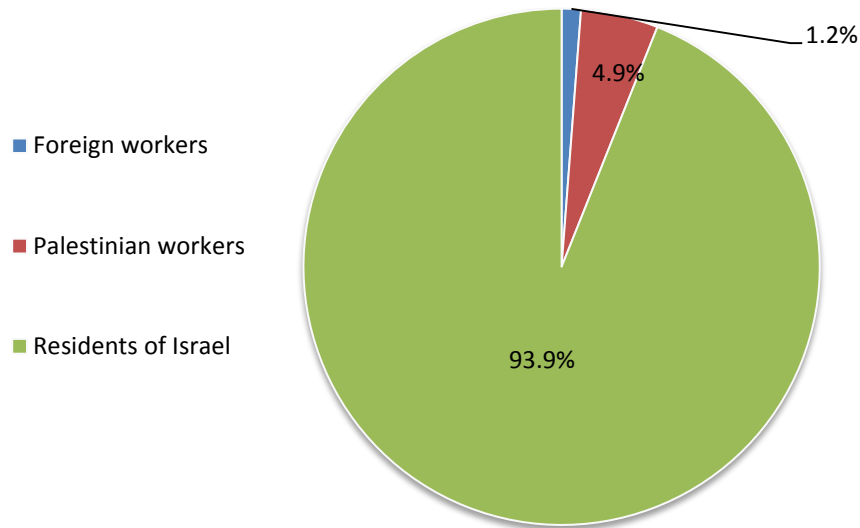
As of November 2015²², the number of recipients of injury allowance from the NII for employees in construction due to work accidents (including accidents on the way to work) for the years 2010 to 2015 is 37,499 (about 10% of all recipients of injury allowance, while the percentage of employees in the construction sector is only 4%).

Figure 22 shows that about 94% of recipients of injury allowances are residents of Israel (35,229 recipients of injury allowance). About 5% of them are employees of the Palestinian Authority (1,819) and around 1% of them are foreign workers (451). According to the National Insurance Institute, apparently the rate of recipients of injury allowance is low among construction workers of the Palestinian Authority and foreign workers due to the lack of reporting. According to the NII, the report may be

²² Research and Information Center of the Knesset, Work Accidents in Construction Industry, 2015

missing due to the fear from losing their job due to absence, lack of information concerning their rights, or their illegal status.

Figure 22: Recipients of Injury Allowance Employees in the Construction Industry due to Work Accidents by residency, 2010-2015



Source: Research and Information Center of the Knesset

According to estimates of the Safety and Health Administration and the National Insurance Institute of Israel, the economic impact of work accidents in Israel, including the direct and indirect economic damage, is estimated at about NIS 15 billion per year. Reducing these damages may help to strengthen the financial stability of the National Insurance Institute, essential to ensure the capability of benefit payments and could increase productivity and thereby help reduce the cost of living.

7. Main Challenges, Potential and Recommendations

7.1 Partial awareness of Palestinian workers of their rights

The Palestinian Labour Force surveys (conducted by the PCBS) indicate that among Palestinians working with a permit in the Israeli economy, only a very small share claimed that they are employed through a contract and are eligible for pension allowances, sick days and vacation days – and this is even though PIBA sets such funds aside, as required by the law, and even though workers in the construction industry are covered by collective agreements.

This lack of awareness about their rights exposes the Palestinian workers to exploitation. Informing Palestinian workers of their rights may enhance the utilization of these rights.

Table 9: Awareness of workers' rights and employment arrangements of Palestinian workers in Israel, by permit status, 2013

	With permit	Without permit
Reporting having a written work contract/collective agreement	2%	1%
Reporting having a verbal work contract	40%	27%
Reporting having no work contract	58%	73%
Reporting having funds set aside for pensions	4%	1%
Reporting entitlement to sick days and vacation days	11%	1%

Source: BOI

7.2 Lack of occupational security and dependence on intermediaries

As mentioned in previous chapters, work permits are only valid for short periods of time (6 or 3 months) and the Palestinian worker depends on the employer for specifically requesting a renewal of the permit for him. The employer has no commitment to the continuation of his Palestinian workers employment, whereas by replacing "old" workers in new ones he can save severance pays and other expenditures alike (or to avoid salary rise in accordance with the employer seniority

as the contract might obligate). As a consequence, the Palestinian workers who fear of losing their job have strong incentives to try ensuring the continuation of their employment in any way.

This situation might result in two undesirable outcomes:

1. Palestinian workers do not persist in their workplace, and as a result do not gain wage increase or job security.
2. Dependence on intermediaries who charge high fees for having connections with employers.

Furthermore, the enforcement of employment conditions is deficient and has many loopholes.

7.3 Lack of transparency of the criteria for approval of permits and quotas, and inadequate enforcement of employment conditions

As is evident from the State Comptroller's report which dealt with the employment of Palestinians in Israel (part of the State Comptroller's annual report of 2014), several serious problems were found in the conduct of the entities responsible for supervising and regulating the employment of Palestinians in Israel:

- Lack of criteria for allocation of employment permits.
- Failure to enforce the terms of employment permits.
- Failure to enforce wages, social and occupational conditions.
- Providing employment permits for employers who do not meet all the mandatory requirements.

These problems cause inefficiency in the workers recruiting process and contribute to the exploitation of Palestinian workers.

7.4 Illegal work and its unrecognized potential

Due to incompatibility of the supplied quotas to the Israeli demand for Palestinian workers, and to the supply of Palestinians who wish to work in Israel, a phenomenon of Palestinian workers in Israel without a permit has expanded. Needless to say, these workers do not have any social rights or insurance.

The employment of Palestinians in Israel can serve the needs of both the Israeli economy - as a cheaper replacement for foreign workers which is available in a large scope, and the needs of the Palestinian economy concerning additional workplaces with decent pay. The quotas, as mentioned above, evident to be short of the demands on both sides resulting higher expenses on foreign workers on the Israeli behalf (external costs such as accommodation that is not required for the Palestinian worker) and the prevention of an important mean of assistance to the weak Palestinian economy. In addition, the quotas are only for certain professional practices (as mentioned, in which there is a shortage of "Israeli hands"), preventing Palestinians the opportunity of being employed in Israel in many different occupations and gaining quality professional experience.

7.5 Recommendations

There is need for a specific work plan to normalise the issue of Palestinian workers to the satisfaction of all concerned. The most natural candidates for formulating such a plan are the unions on both sides and later to also reach an agreement with the official authorities. The Palestinian trade unions are interested in full cooperation and relations with the Histadrut and the two federations should take a more active role in influencing the decision-making on significant issues and as a result, changing the reality in the region. Collaboration with the employers is also extremely important as well as the involvement of the public administration and the highest political levels.

7.5.1 Obtaining work permits

In order to deal with the phenomenon of illegal intermediaries, the process of granting permits should be done through an official Palestinian source (e.g. Ministry of Labour) or through an official representative of the workers (e.g. the Palestinian Trade unions), in accordance with the decisions made in the Paris Protocol.

A possible solution for selecting the people who will be eligible for obtaining a permit is that for every quota of workers asked by employers and approved by the Israeli Government, under the terms of the Israeli security system, the Palestinian Ministry of Labour will double the amount of potential employees whom the Israeli authorities can choose from.

7.5.2 Safety and health in the workplace

The establishment of an Israeli-Palestinian entity to be responsible for deep and comprehensive monitoring concerning the wellbeing of Palestinian workers in Israel in terms of safety and health and ensure that the related regulations, under Israeli law, are enforced satisfactorily.

As mentioned, the rate of accidents in the construction sector in Israel is among the highest in the Western world. According to the Histadrut²³, there are many reasons for the accidents, but the leading cause is ineffective enforcement of the authorities and lenient penalties without prevention, along with a lack of adherence to safety standards in training and a shortage of inspectors.

Therefore, several essential steps that could lead to a reduction of accidents in the construction industry were identified, including increasing awareness of the issue and the circumstances in the supervisory bodies and various government bodies, increasing enforcement by promoting laws and regulations with stricter punishment. It has also proposed to require the construction site manager and workers (including illegal workers) undergo professional safety trainings and formulation of new safety requirements aimed to reduce the risk in the work environment. Moreover, it is required to escort the victims and/or their families by ensuring that they will receive full and fair compensation.

7.5.3 Resolving the actuary debt

In the Paris Protocol, it was decided to establish a Palestinian Social Security national fund. A fund of this kind was recently established (currently for pensions, compensation for work injuries and maternity allowances) and can now be used for the purpose of receiving the secretions of Palestinian workers and their redistribution in favour of the employees.

²³ Histadrut, Equality Promotion Department, Contacting the State Comptroller 2015

With regard to the dispute over the amount of the debt of Israel to the Palestinian Authority, it is recommended to use a third party for mediation such as the ILO, The Quartet or the German and the US Embassies.

7.5.4 Improving the working conditions

On the basis of this report, all relevant parties should think together and identify the needs, the ways to improve the employment conditions of Palestinian wage earners in Israel and increase employee awareness of their rights, with reference to relevant specific topics (such as safety at work). The process should be perceived in the form of bottom-up rather than top down. The recently signed collective agreement in the construction industry can be taken as a model and try to apply it to other industries. There is no reason not to have collective agreements also in other sectors. The employees are not sufficiently aware of their rights.

Annex I: The Berlin Seminar Summary

Seminar - Labour Market Cooperation and the Working Conditions of Palestinian Wage Earners in Israel

Berlin

28th of February, 2016 - 1st of March, 2016

In an attempt to fulfil the purpose of the seminar, a variety of perspectives were presented by the participants. Israelis, Palestinians and Germans; among them are trade-unionists, legal experts, officials, scholars and employers' representatives, conducted a comprehensive dialogue that addressed the issues at stake.

Throughout the seminar, many expressed their hope for intensified cooperation between the Histadrut and the PGFTU for the purpose of maintaining Palestinian wage earners' rights within the Israeli labour market. In addition, many mentioned the role of trade-unions in building dialogue and overcoming the violence and alienation between the nations.

The seminar was held under The Chatham House Rule.

The current situation of Palestinian wage earners in Israel

The Palestinian perspective emphasized the frustration and despair that stems from the on-going Israeli occupation of the West Bank and the hardships of Palestinian workers in Israel.

Several painful issues demonstrate the current situation of Palestinian wage earners in Israel: (i) Pay check distortions often lead to false social security payments. (ii) 15 billion USD of Palestinians workers' pension funds and equalization taxes are held by the Israeli Ministry of Finance. This large sum of money could have major influence on the Palestinian economy but it unfortunately became acceptable that this money is not being transferred. (iii) Security claims often leads to a sudden ending of work relations. The working permit of a Palestinian worker who is employed in Israel for several years can, without early notice, be taken from him. (iv) The IDF sometimes uses work permits as a collective punishment tool. After security incidents, permits are sometimes cancelled in certain areas in the West Bank in order to deter and punish the local population. (v) The Israeli employer has absolute superiority

over the employee in regard to the work permit. Many times, this superiority is used in order to force the employee to waive his rights. (vi) The arrival of Palestinian workers to the workplace is another major issue. The workers often go through an expensive and dangerous journey towards the checkpoints which starts early in the morning, they then stand at the checkpoint for hours and only then they start their workday. This ritual causes severe health and mental problems that cannot be ignored. On top of that, travel expenses are often not reflected in the salaries and problems that arise at the checkpoints are not solved in relation to the employer.

It is important to clarify that although violations of workers' rights do occur, many employers pay their workers their full wage and rights, while maintaining close and friendly relationships in harsh times.

The Construction Sector

The problems and hardships of Palestinian wage earners in Israel are reflected especially in the construction sector due to the high rate (estimated at 40,000 workers) of Palestinian workers in this sector. In regard to that, participants of the seminar commended the collective agreement recently reached in the construction sector, which has received an expansion order for all employers and employees in the construction sector in Israel.

The collective agreement, which came into force on November 2015, determines that all workers, Israelis, Palestinians or other foreign workers, must receive equal wage rights, including the sectorial minimum wage. The parity committee, which is a product of the collective agreement, is a channel of communication between employers and workers, represented by the union. Most parity committee claims are of Palestinian workers against their employer. The Histadrut actively encourages Palestinian workers to use its free representation, within the parity committee, rather than using private lawyers which are often over-priced and present false images of future compensation.

The Macro Center's research paper

Within the framework of the seminar and as a part of the research procedure, the first draft of the research paper was presented and discussed. The discussions held during the seminar, as well as the presented draft, brought several participants to state that the research should be viewed as a practical policy tool, which can lead to concrete policy recommendations, rather

than an academic study. This view led to further presentation of recent policy action and a discussion about the economic benefits of Palestinian workers in Israel.

In addition to the presentation of the first draft, it was stressed that policy makers began to act in regard to Palestinian workers' conditions. The Israeli Finance Minister's recent decision to transfer some of the Palestinian money held by his ministry is of major importance and led to a friendly response letter from the Palestinian Finance Minister who expressed hope for further cooperation. Another dramatic and important decision is the approval of additional 30,000 working permits for Palestinians.

The economic benefits of Palestinian workers in Israel were also discussed. The main benefit lies in the fact that while other foreign workers move their entire lives to Israel and create different costs to the economy, Palestinians work in Israel but live their lives in the Palestinian Territories. That way, Palestinian foreign workers cost less to the Israeli economy and their employability has a large economic benefit.

Scholar perspective

A prominent scholar in the field of law and labour studies introduced the historical process that led to Palestinian employment in Israel and addressed the issue from a political and economic perspective. He argued that every economic issue has a political aspect, and thus, one cannot argue that the economic arrangements are detached from the political situation of the conflict.

As guests of the DGB, and as trade unionists, the structural conflict between capital and labour is well known as a factor in every political act. This structural conflict assumes that neither part of the equation, employers and employees, is "bad". Capital is mobile and can be invested in various sectors, while workers usually work in one job. The structural difference between capital and labour produces different and asymmetric strategies for each actor.

Going back to the situation prior to 1967 will allow us to point out the considerations of the 1970 government resolution, which do not fit into the intuitive left-wing/right-wing division. Since movement of labour is always faster than any political decision, right after the Six-Day War Palestinian workers began to work in Israel. It took the Israeli political system 3 years to reach a decision

There are two axes for the 1970 resolution – economic and security. Starting from the security axis, the right-wing advocated the entering of Palestinian workers in order to gain quiet and legitimacy to the occupation. The left-wing advocated a ban of Palestinian workers in Israel since it would blur the border-line between Israeli and the Palestinian Territories. As time went by, the phenomena of Palestinian workers in Israel became a fact and the permits started to be considered as a punishment or a reward.

Looking at the economic axis, the right-wing argued that the entering of Palestinians would cause Israelis to lose their job. Another argument advocated the entering of the unorganized Palestinian workers in order to weaken the Histadrut and the organized labour market. The left-wing argued that since Israel controls the Palestinian economy, we are obligated to allow them to work in Israel.

The 1970 resolution tried to reach a compromise built upon three major decisions: (i) Palestinians will enter Israel as commuting workers. (ii) Palestinians will enjoy equal working conditions in order to prevent an incentive to hire Palestinians and cut wages for Israeli workers. (iii) Supervision of wages and labour rights will be carried out by the establishment of the Payments Division (Matash).

1. The inspection regime and the entering scope of Palestinians – between 1970 and 1991, there was an increase in the number of Palestinian workers in Israel. During the First Intifada, the number of working permits rose and the dependence on the Palestinian work force remained high. The Israeli economy got "addicted" to cheap labour that is willing to work in jobs that Israelis are not. This dependence reflected in the 1991 employers protest in favour of continuing the entering of Palestinian workers.

Towards the Madrid and Oslo conferences in 1993, work permits were cut, and Palestinian workers were replaced by other foreign workers. The main reason for that act was the understanding that unlike foreign work immigrants, who have no political aspirations, the Palestinian workers are a political group. That lowered the number of permits to only several thousands, while the number of workers without a permit rose.

These actions drew a paradox: In times of conflict the number of permits rises, while in times of negotiation, such as the Oslo process, the number of permits declines.

As the occupation continued, the settlements' economy started to be substantial as well. Many Palestinians started to work in the various factories, industrial areas, and settlements in the West Bank. Paradoxically, the Palestinians are building one of the major obstacles for any future arrangement.

Various researches showed that the more working permits a Palestinian locality gets, the lower the level of violence is in that locality. Based on this negative correlation, recent calls were made, by both politicians and the Bank of Israel, in favour of increasing the number of permits in order to provide a better economic horizon for the Palestinians and stimulate the Israeli economy. In a historical perspective, a rise in the number of permits indicates that the political solution recedes.

In addition, a proposal to issue permits for Palestinian contractors who will bring their workers to Israel brings up a few moral and legal questions. This proposal might create "islands of Palestinian law" within Israel.

2. The right to equality and its evolution – according to Israeli law, Israeli workers are insured in the National Insurance Institute at a rate of 12% of their salary, paid by both the employer and the employee. Palestinian workers are insured in only 4 branches, at a rate of 1%. In order to prevent an incentive to hire Palestinian workers, a formal regulation that imposes 11% of equalization tax was issued in 1994. "Kav LaOved", an Israeli workers' hotline, appealed to the Supreme Court demanding that this 11% payment would fund the social and working conditions of Palestinians, in a way that equalizes their conditions to those of an Israeli worker. The Supreme Court ruled that the meaning of equality is not at the working condition level, but at the employee cost. This was based upon the 1970 resolution that the equality is not between the workers but between their costs to the employer. In that sense, the equalization tax is just as a tax that is imposed on goods.

The Palestinian trade unions have a big political discrepancy regarding Palestinians working in the settlements, but they avoid confronting them because of the obvious economic need. The question of equality in the settlements is hard to answer. It is not clear which law applies and who should enforce it. The Histadrut and the PGFTU should consider cooperation in order to organize the workers in the settlements.

3. The Payment Division – the idea of the Payments Division was born from a strong moral point, which got the state to enforce the rights of Palestinian workers. However, the Payments Division is a part of a complex bureaucratic system of checkpoints and permits. The Israel State Comptroller report of 2014 stressed major criticism about the way that the Payments Division operates. One could expect that such harsh criticism would lead to an intensive reform or even a closure, but nothing changed.

However, as long as the Payments Division exists, the Israeli authorities should issue a formal brochure that details the workers' rights and attach it to his pay check. The bureaucracies should fresh up and create solutions for current problems.

To conclude, some may argue that the occupation is too political and thus cannot be touched. However, history shows that economic interests often played a strong role, which sometimes overshadowed the political relationships.

Employers

The difficulties of the Palestinian employment in Israel affect not only the workers themselves but the employers as well. Several issues were raised in this context: (i) The Palestinian workers' availability is very low due to many restrictions imposed by the Israeli authorities. Security events affect the number of available workers drastically and cause major problems in work planning. (ii) The Payments Division suffers from great inefficiency in the process of ordering, cancelling and reporting an employee. (iii) In the agricultural sector, the minimum regulation of 25 working days per month is impossible, especially during winters.

Legal

In the past, the Legal Department of the Trade Union Division at the Histadrut formed a mechanism of four Arab-Israeli lawyers that went to checkpoints and workplaces in order to hear and see the situation of Palestinian workers and defend them, when necessary, at the Labour Court. The four lawyers worked hard to get the information, since the workers could no longer enter Israel, and the work paid off. Many Palestinian workers received the rights they deserved. This mechanism worked for about two years in the late 90's, both in Gaza and in the West Bank.

Such work can have great positive implications. When a Palestinian worker feels that there are unions that take care of his rights, he develops trust in the Israeli establishment, lawyers and courts. The Histadrut should consider re-establishing this legal mechanism. That is the way to create the trust and cooperation between the nations, in favour of the Palestinian workers.

Practical proposals

Several practical suggestions were proposed during the seminar:

1. Due to the lack of official status of the Palestinian employment in Israel, there is a need to convene a meeting that would start a process of formalizing the Palestinian employment.
2. Factual mapping of the macro and micro aspects of the Palestinian workers in Israel is needed for shaping efficient policy recommendation.
3. The Payments Division is a major factor in maintaining the rights of Palestinian workers in Israel. Because of that, it was suggested that the net wage will be paid by the Payment Division. If this suggestion will be accepted, it is estimated that 80% of the illegal market for permits will disappear. Another consequence of this recommendation is that 20% of the illegal workers will stay unemployed.

An employment agency is one option to solve this problem but a strong opposition was made to such idea. The opposing participants stated that it is clear in Israel that this kind of employment is disrespectful to workers' rights.

4. There is a need to establish two databases: (i) of Palestinian workers willing to work in Israel and (ii) of Israeli employers willing to hire Palestinian workers. The establishment of these databases will allow to better match potential employers and employees and to improve bureaucracy.
5. A hand-out, detailing rights and laws, should be written and distributed at the checkpoints. Alternatively, the PA official should inform the workers of his rights when he delivers his work permit.
6. In order to lower the number of working accidents, it is possible to create a mandatory training program.

7. It is important to create a list of liable intermediates that would enable Israeli employers to reach Palestinian workers.

Conclusion

Based on the first draft of the Macro Center's research paper and the intense discussion held during the seminar, it is clear that there are concrete issues that should be addressed in the framework of this seminar. In an attempt to summarize the main findings of the seminar, one can see the high demand for workers and the restrictions on the workers supply as a dis-functional status of the Israeli labour market. In addition, labour market institutions themselves also present dis-functional characteristics. Several examples are: (i) The unclear legal priority of the collective agreement. (ii) Over-bureaucracy and arbitrary conditions at the payment division. (iii) Varying numbers of work permits does not allow stability or future planning of income. (v) Uncertainty regarding the governing law in the West Bank and the collision between Israeli and Jordanian laws.

This seminar has built the foundation for future dialogue between trade-unionists, employers, employees and policy makers. The facts and perspectives that were shared should be the ground for concrete solutions.

Annex II: Gaza-Jericho Agreement

ANNEX IV

Protocol on Economic Relations between the Government of the State of Israel and the P.L.O., representing the Palestinian people Paris, April 29, 1994

Article VII

LABOUR

- 1.** Both sides will attempt to maintain the normality of movement of labour between them, subject to each side's right to determine from time to time the extent and conditions of the labour movement into its area. If the normal movement is suspended temporarily by either side, it will give the other side immediate notification, and the other side may request that the matter be discussed in the Joint Economic Committee. The placement and employment of workers from one side in the area of the other side will be through the employment service of the other side and in accordance with the other sides' legislation. The Palestinian side has the right to regulate the employment of Palestinian labour in Israel through the Palestinian employment service, and the Israeli Employment Service will cooperate and coordinate in this regard.
- 2.**
 1. Palestinians employed in Israel will be insured in the Israeli social insurance system according to the National Insurance Law for employment injuries that occur in Israel, bankruptcy of employers and maternity leave allowance.
 2. The National Insurance fees deducted from the wages for maternity insurance will be reduced according to the reduced scope of maternity insurance, and the equalization deductions transferred to the Palestinian Authority, if levied, will be increased accordingly.
 3. Implementation procedures relating thereto will be agreed upon between the Israeli National Insurance Institute and the Palestinian Authority or the appropriate Palestinian social insurance institution.
- 3.**
 1. Israel will transfer to the Palestinian Authority, on a monthly basis, the equalization deductions as defined by Israeli legislation, if imposed and to the extent levied by

Israel. The sums so transferred will be used for social benefits and health services, decided upon by the Palestinian Authority, for Palestinians employed in Israel and for their families.

The equalization deductions to be so transferred will be those collected after the date of the signing of the Agreement from wages of Palestinians employed in Israel and from their employers.

These sums will not include

1. Payments for health services in places of employment.
2. 2/3 of the actual administrative costs in handling the matters related to the Palestinians employed in Israel by the Payments Section of the Israeli Employment Service.
- 4.** Israel will transfer, on a monthly basis, to a relevant pension insurance institution to be established by the Palestinian Authority, pension insurance deductions collected after the establishment of the above institution and the completion of the documents mentioned in para 6. These deductions will be collected from wages of Palestinians employed in Israel and their employers, according to the relevant rates set out in the applicable Israeli collective agreements. 2/3 of the actual administrative costs in handling these deductions by the Israeli Employment Service will be deducted from the sums transferred. The sums so transferred will be used for providing pension insurance for these workers. Israel will continue to be liable for pension rights of the Palestinian employees in Israel, to the extent accumulated by Israel before the entry into force of this para 4.
- 5.** Upon the receipt of the deductions, the Palestinian Authority and its relevant social institutions will assume full responsibility in accordance with the Palestinian legislation and arrangements, for pension rights and other social benefits of Palestinians employed in Israel, that accrue from the transferred deductions related to these rights and benefits. Consequently, Israel and its relevant social institutions and the Israeli employers will be released from, and will not be held liable for any obligations and responsibilities concerning personal claims, rights and benefits arising from these transferred deductions, or from the provisions of paras 2-4 above.
- 6.** Prior to the said transfers, the Palestinian Authority or its relevant institutions, as the case may be, will provide Israel with the documents required to give legal effect to

their aforesaid obligations, including mutually agreed implementation procedures of the principles agreed upon in paras 3-5 above.

- 7.** The above arrangements concerning equalization deductions and/or pension deductions may be reviewed and changed by Israel if an authorized court in Israel will determine that the deductions or any part thereof must be paid to individuals, or used for individual social benefits or insurance in Israel, or that it is otherwise unlawful. In such a case the liability of the Palestinian side will not exceed the actual transferred deductions related to the case.
- 8.** Israel will respect any agreement reached between the Palestinian Authority, or an organization or trade-union representing the Palestinians employed in Israel, and a representative organization of employees or employers in Israel, concerning contributions to such organization according to any collective agreement.
- 9.**
 1. The Palestinian Authority may integrate the existing health insurance scheme for Palestinians employed in Israel and their families in its health insurance services. As long as this scheme continues, whether integrated or separately, Israel will deduct from their wages the health insurance fees ("health stamp") and will transfer them to the Palestinian Authority for this purpose.
 2. The Palestinian Authority may integrate the existing health insurance scheme for Palestinians who were employed in Israel and are receiving pension payments through the Israeli Employment Service, in its health insurance services. As long as this scheme continues, whether integrated or separately, Israel will deduct the necessary sum of health insurance fees ("health stamp") from the equalization payments and will transfer them to the Palestinian Authority for this purpose.
- 10.** The JEC will meet upon the request of either side and review the implementation of this Article and other issues concerning labour, social insurance and social rights.
- 11.** Other deductions not mentioned above, if any, will be jointly reviewed by the JEC. Any agreement between the two sides concerning these deductions will be in addition to the above provisions.
- 12.** Palestinians employed in Israel will have the right to bring disputes arising out of employee - employer relationships and other issues before the Israeli Labour Courts, within these courts' jurisdiction.

13. This Article governs the future labour relations between the two sides and will not impair any labour rights prior to the date of signing of the Agreement.

Annex III: The Israeli-Palestinian Interim Agreement

The Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip

Washington, D.C., September 28, 1995

Annex III, Appendix 1, Article 21

LABOUR

- 1.** The sphere of Labour includes, inter alia, rights of workers, labour relations, labour conciliation, safety and hygiene in work places, labour accidents and compensation, vocational and professional training courses, cooperative associations, professional work associations and trade unions, heavy machinery equipment.
- 2.** The two sides shall establish agreed procedures for mutual recognition of professional certificates and diplomas.
- 3.** The Palestinian side shall ensure the completion of vocational and professional training courses currently being conducted by the Civil Administration. In this regard, the Civil Administration shall transfer to the Palestinian side a proportionate amount of fees received on account of such courses, relating to the period following the date of transfer.
- 4.** The Palestinian side shall continue to hold vocational training courses, at least to the same extent as has been undertaken by the Civil Administration, inter alia, in the following professions: heavy-vehicle and public transport drivers, garage managers, vehicle technicians, vehicle testers, driving teachers and driving school managers.
- 5.** Cooperative Associations, Professional Work Associations and Trade Unions should act in a manner that does not violate the Cooperative Associations laws, the Professional Work Associations laws and the Trade Unions laws.
- 6.** The Palestinian side shall inform the Israeli side of any work related accident resulting in the injury of an Israeli. The Israeli side may conduct an investigation of such an accident in coordination with the Palestinian side.
- 7.** All matters regarding the production and use of explosives and gunpowder shall be dealt with in Article XIV of this Agreement and Annex I.

Annex IV: Relevant Information from the ILO Report

The situation of workers of the occupied Arab territories International Labour Conference, 105th session, 2016

Since October 2015 the tension in the WB between Palestinians, Israeli settlers and the Israel army, has increased. Despite that, there has not been any sign of renewing the peace process for over a year. Meanwhile, the economic situation in the WB and the Gaza Strip is declining. With high unemployment rate (in Gaza it is the highest in the world), poverty, lack of control over natural resources and the economy, and precarious finances. Many factors prevent the Palestinians from gaining economic independence and growth. First, there are many obstacles standing in the way of promoting investment in the private sector, and therefore from obtaining a flourishing private sector that could boost employment. Second, the realities of occupation, for example the fact that Palestinian Authorities do not have any control over some of their land in the case of Area C, prevents them from taking different necessary measures in order to obtain an independent growing economy.

Labour force

In 2015, Palestinian labour force reached 1.3 million, with participation rate of 45.8% - 71.9% among men and only 19.1% among women. The relatively low participation rate among women, in comparison to regional and global standards, is still double the participation rate for women recorded in 2001 of 10.3%. Low participation rate among women is mainly the result of social and cultural norms, a weak labour demand in the formal private sector and the lack of progressive ruling in the field of integrating women into the labour force.

25.9% of Palestinians were unemployed in 2015, an improvement from the 27% unemployed in 2014. The decrease in unemployment was the result of a lower unemployment rate for men (from 23.9% in 2014 to 22.5% in 2015), especially in Gaza, while unemployment rate for women increased from 38.5% in 2014 to 39.2% in 2015. During 2015, unemployment in Gaza fell due to the renewing of reconstruction

work in the Gaza Strip. Still 60% of Gazan women stayed unemployed. At the same time, tension rose in the WB followed by more restrictions on movement, which led to a surge in unemployment. On top of that, a fifth of the Palestinians in the age group of 15-24, and over 30% of the women at that age, are neither in the work force nor in education institutions. For those who are in the work force the unemployment rate is extremely high (36.4% for men, and 60.8% for women).

The service sector employs the highest percentage of all Palestinian workers with 31% of employed men and 63% of employed women. The second largest sectors for men are Commerce and Construction, and Agriculture for women.

Palestinians working in Israel

The number of Palestinians working in the Israeli economy has continued to increase, and now exceeds 110,000. On average, each Palestinian working in Israel supports six or seven people in the WB. Work permits are reviewed constantly taking into consideration the economic situation and the need to lower tensions. Those numbers include some 30,000 Palestinians working in the settlements. Many Palestinians work in settlements because of the lack of alternatives. Although Palestinians working in the settlements get higher wages, than in the WB, it contains risks of exploitation. Palestinian workers sometimes have to pay contractors delivering workers to the settlements and receiving them, which could amount to a large percentage of their salary. Another issue is the lack of enforcement and regulation of workplaces in the settlements.

The number of Palestinians (from the WB) working in Israel and the settlements was about 115,000 workers in the fourth quarter of 2015. Their number increased by 5.1% during that year. The percent of Palestinians working in Israel was 11.6%, almost reaching its level prior the second Intifada. As opposed to the second Intifada in which nearly 100,000 Palestinians lost their access to the Israeli labour market, during the last rise in tension and violence, access to the Israeli labour market continued to grow. While the work permits system remains a subject to ad hoc adjustments, there has been some relief in requirements in recent years. For example, the minimum age was reduced from 24 to 22 and the requirement for having children was removed. The total quota of permit in 2015 was 60,900, out of that 58,203 permits were handed out.

16,000 of them were overnight permits. Besides that 27,632 permits for working in the settlements were issued and around 30,000 Palestinians worked in Israel without permits.

Working in Israel or the settlements is very appealing to Palestinians, even after taking into account all the difficulties included, because of the relatively high salaries. Palestinians working in Israel or the settlements are paid 2.3 times more than in the private sector in the WB. Minimum wage in the construction sector in Israel is higher than the national minimum wage and it is expected to rise more during 2016-17.

In 1994, an agreement was signed in the Paris Protocol, concerning the transferring of social security payment taken from Palestinian workers salaries from Israel to a competent Palestinian institution. In this way, Palestinians lacking social protection will be able to increase their welfare from the contributions they have already made. The estimated amount of those social security payments held by Israel goes from hundreds of millions to billions of US dollars.

The mission visited a construction site near Tel Aviv and the crossing point of Qalqilya. It noticed the continued need to ensure that Palestinian workers enjoy their labour rights in practice, including payment of the minimum wage and social security benefits. Palestinian workers often face harsh conditions of harassment and very long queues at the crossing point. Sometime it takes workers 4-5 hours to get to their workplace in Israel, most of that is due to the long time it takes to pass the crossing point. It is essential to reduce the time it takes to go through the crossing point, especially after recent increase in work permits.

Palestinians working in Israel are in danger of being exploited by their dependence on contractors for providing them with work. For example, there are contractors who recycle work permits, which is to provide several workers with the same permit. Those workers then try to enter Israel through one of the 34 agricultural gates along the Separation Barrier, where security presence is limited.

Conditions are worse for Palestinians working in settlements. Women from Balata refugee camp, who work in different factories in settlements, had to pay more than half of their wages to contractors. After paying 90 NIS to the contractors transporting

them and receiving them at the factory, the workers return home with a daily wage of 60 NIS. Furthermore, rotating women between factories in settlements can mean that employers avoid having to pay social security contributions. The mission received information for the existence of child labour in the Jordan Valley settlements. Working in settlements is especially problematic since labour issues in area C cannot be addressed by the Palestinian Authority and Israeli labour law is not in force there.

Recently there has been a joint effort by the Histadrut, the Israeli trade union federation, and the Palestine General Federation of Trade Unions (PGFTU). On November 2015 an agreement was signed between the Israel Builders Association and the Histadrut. The authority was given to a parity committee to handle cases of disputes between an employee and an employer in the construction industry before they are brought to a labour court. The parity committee is required to handle cases rapidly in order to avoid costly court proceedings. For example, by April 2016, the parity committee received 130 cases and had handled 20 of them. The collective bargaining agreement and the parity committee purpose are to give workers a way to deal with exploitation.

Furthermore, the PGFTU helps Palestinian working in Israel by providing them with information and advice about their rights under Israeli law. Even so, many workers still have to wait for hours every day on different checkpoints in order to get to work, while only 16,000 Palestinians have overnight permits.

Many Palestinians working in the Construction industry do not enjoy their rights mainly because of irregularities in their pay slips. The Payment Division of the Population and Immigration Authority in the Israeli Ministry of Interior hands out pay slips along with employment permit. The pay slips that are given already include deductions of social security and others from the gross wage. There are known to be some irregularities in the functioning of the Payment Division, and there are efforts to correct them. The Histadrut and the PGFTU (Palestine General Federation of Trade Unions) try to raise awareness for workers' rights and to strengthen their cooperation, particularly in the construction industry. According to the time when the paper was written, 64 out of the 86 cases submitted to the PGFTU office in the Qalqilia crossing have been completed. The PGFTU employs 74 coordinators who receive daily

inquiries and grievances from workers, it operates a hotline and it is in the process of developing a legal capacity.