

MINISTRY OF INDUSTRY AND TRADE

Establishing new industrial zones: a state resource to be fairly allocated

Only 3.2 percent of the industrial zones situated in local municipalities and under ministry supervision are located in Arab localities.

Developing industrial zones within the jurisdictions of Arab localities and integration of Arab towns in regional industrial zones is crucial to the advancement of three objectives:

- # Creating a local revenue base for Arab towns through a more equitable division of the nation's income-generating assets, including land for industrial zones. This will help reduce the dependence of Arab local governments on government funding.
- # Additional jobs: The Arab population has a low rate of participation in the labor force and high unemployment.
- # Proper zoning and land use: To create suitable separation between residential, commercial, and industrial uses: In Arab towns, light and even heavy industry are located in the midst of residential areas, severely damaging residents' quality of life.

In the early 1990s, more than 40 years after the founding of the state, the Ministry of Industry and Trade began developing industrial zones in Arab towns. As detailed in the Report of the State Comptroller for 2002, the ministry through 2001 developed 21 industrial zones in Arab local jurisdictions with an aggregate land area of 1,561 dunams (390 acres). When the industrial plots proved difficult to lease, the ministry's Industrial Zones Authority offered special prices and discounts on the cost of developing the plots. A project coordinator was named to supervise and assist entrepreneurs through all the stages of establishing their plants and, in the last year, parts of the ministry's Internet site were even translated into Arabic.

During the last decade, Arab localities were gradually included in National Priority A zones. In 2000, 13 Arab industrial zones held Priority A status. At the end of 2002, 27 industrial zones in Arab localities had National Priority A status, of a total of 88 industrial zones in Israel.¹

¹ Ministry of Industry and Trade website, www.tamas.gov.il

Table 8:

Industrial zones in Arab jurisdictions with National Priority Zone A status, as of December 2002

Cities	Towns		
1. Umm al- Fahm	1. Abu-Snen	8. Tuba-Zanegria	16. Arrabe
2. Tamra (city)	2. Ikhsal	9. Tamra (village)	17. Peki'in/Kasra-Same'a
3. Nazareth	3. Bu'ena Nujdat	10. Yarka	18. Rama/Sajjar
4. Sakhnin	4. Julis	11. Kufr-Kana	19. Khoura
5. Shfaram	5. Dir-Hanna	12. M'ghar	20. Aruar
6. Rahat	6. Daliat al-Carmel / Isfiyya	13. Mash'had	21. Segev Shalom
	7. Zarzir	14. Ilabun	22. Tel-Sheva
		15. Ilut	16. Arrabe

At the beginning of 2003, the Ministry of Industry and Trade held 66,300 dunams (4 dunams = approx. 1 acre) for industrial development, in 71 industrial zones in development areas (see appendix). Within Arab jurisdictions, 1,737 dunams in 20 industrial zones were put on the market (for long-term lease), of which 1,011 dunams were actually leased (3.5 percent of all land leased nationally).

Table 9: Land zoned for industry under the purview of the Ministry of Industry and Trade at the beginning of 2003*

	No. industrial zones	Area (dunams) put on the market	Area (dunams) actually leased
Arab localities	20	1,737	1,011
Jewish localities	44	48,844	20,521
Jointly administered	3	1,807	1,014
Mixed Jewish-Arab jurisdictions	2	2,583	1,780
Industrial Councils	2	12,426	2,966
TOTAL	71	66,300	28,292

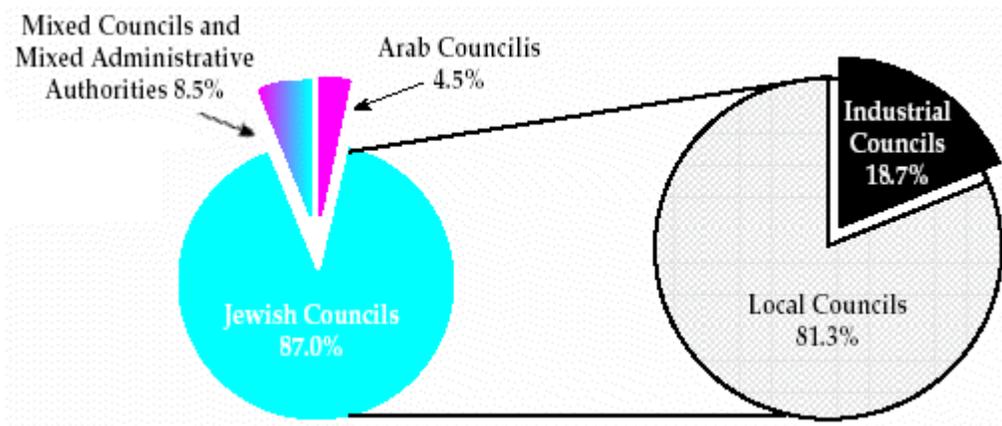
Source: Ministry of Industry and Trade

Internal allocation of industrial land area under the purview of the Ministry of Industry and Trade in 2002:

- 81.3 percent of land zoned for industry falls under the jurisdiction of local authorities, and 18.7 percent is governed by special industrial councils.²
- Of all the industrial land within the jurisdiction of local councils, 90.7 percent is in the jurisdiction of Jewish local councils, and 6.1 percent is in the jurisdiction of councils with mixed populations (including the Administrative Authorities for regional industrial zones, in which 4 Arab councils are partners).
- Arab local councils supervise only 3.2 percent of all industrial land under the purview of the ministry (see Diagram 11, p. 26).

Diagram 11

Division of local council jurisdiction over land slated for industrial development, under the purview of the Ministry of Industry and Trade, as of January 2003



Source: Ministry of Industry and Trade

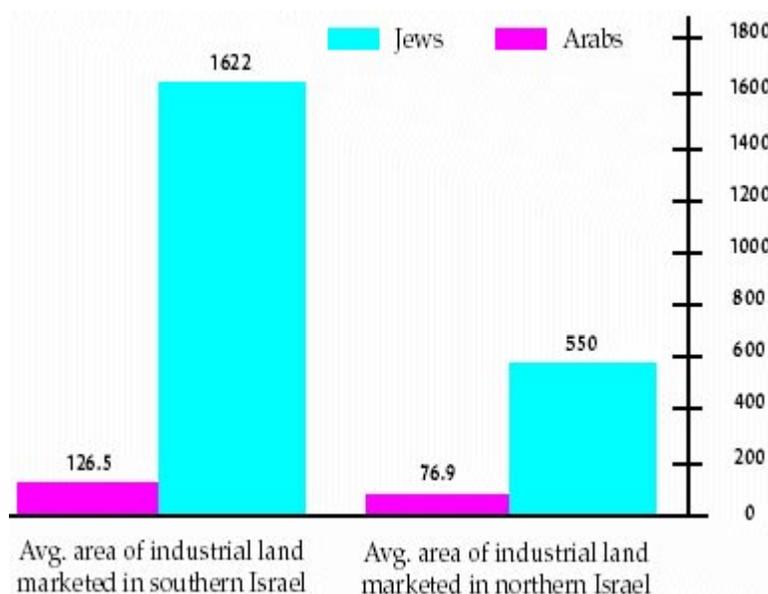
² An Industrial Council is a local council within whose jurisdiction there is only an industrial zone, without residents. This is a framework for local governance, which includes representatives from government ministries, industrial plants, and adjacent local councils, headed by a representative from the Ministry of the Interior. The taxes collected by Industrial Councils are invested in the development of the industrial zone itself. In Israel, there are two such Industrial Councils: Migdal Tefen, and Ramat Hovav

Land for Industry: size does matter

Data from the Ministry of Industry and Trade shows that an average size industrial park under Jewish jurisdiction in southern Israel, with its greater supply of land, spans 1,622 dunams (just over 400 acres), while an average Arab (Bedouin) park covers only 126.5 dunams. In northern Israel, the average size of industrial zones in Jewish jurisdictions is 550 dunams. But in Arab jurisdictions, the average area of industrial land put on the market is 76.9 dunams (see Diagram 12, below).

Diagram 12:

Average mass of industrial land offered for long-term lease
in northern and southern Israel in Jewish and Arab jurisdictions (in dunams)*



Source: Ministry of Industry and Trade

* Data excludes Industrial Councils, Joint Administrative Authorities and Mixed Jewish-Arab Councils

The gap between Jewish and Arab localities is heavily influenced by large industrial areas, particularly those within the jurisdiction of Jewish regional (rural) councils, for which larger land reserves have been allocated. Nonetheless, comparison between Jewish and Arab cities and towns shows a considerable gap in favor of the Jewish localities in industrial land area for development. Table 10 (below), compares industrial land put on the market in Jewish vs. Arab cities and towns with similar populations in northern and southern Israel.

Table 10: Comparison between industrial lands made available by the Ministry of Industry and Trade for long-term lease in Jewish and Arab towns and cities (in dunams), as of March 2003

Region	Population	Jewish towns		Arab towns		
		Town	Industrial land area (dunams)	Town	Industrial land area (dunams)	
Northern Israel	<i>Up to 10,000 inhabitants</i>	Hatzor Haglilit	279	Abu-Snen	39	
		Shlomi	239	Ikhsal	77	
	<i>Up to 20,000 inhabitants</i>	Yokneam	Bueina		42	
			Nujeidat		90	
			Julis		41	
			Gush-Halav		34	
			Zarzir		16	
			Tuba-Zenegria		33	
			Ilut		45	
<i>More than 20,000 inhabitants</i>	Tiberias	Ilabun		53		
		Rama-Sajjar				
		Yarka	206	20		
Southern Israel	<i>Up to 10,000 inhabitants</i>	Kufr Kana		191		
		M'ghar		106		
		Tamra	159	276		
	<i>Up to 20,000 inhabitants</i>	Sakhnin	Sakhnin	1,695	153	
			Shfaram	903	15	
			Shfaram	289		
<i>More than 20,000 inhabitants</i>	Kiryat Shmona	Safed	1,471			
		Yeruham	1,430	72		
		Mitzpe Ramon	877	195		
Southern Israel	<i>Up to 10,000 inhabitants</i>	Netivot	454	39		
		Omer	349			
		<i>Up to 20,000 inhabitants</i>	Sderot		614	
	<i>More than 20,000 inhabitants</i>	Ofakim		1,149		
Dimona			1,693			
	Arad	3,816		200		

Source: Ministry of Industry and Trade

The overall shortage of land in Arab communities, and of state land in particular, indicates the difficulty in obtaining suitable land for industry in Arab jurisdictions. These small industrial zones are supposed to provide a suitable location for the light industry and small commercial businesses thus far located in residential areas of Arab communities. Yet they cannot replace large industrial areas, which are needed to provide a broad range of employment opportunities for residents who then contribute to the local tax base.

A share in regional industrial zones - for Jewish localities only?

In 2002, there were 29 regional industry administrations, partnering 60 local councils. Nearly all 56 of these partner localities were Jewish councils. Only 4 Arab local councils were partners in regional industrial zone administrations.³

This shortage of land, however serious, is not a problem only for Arab localities. A number of Jewish localities share this difficulty in locales where the majority of land reserves have been allocated to adjacent regional councils. Hence, in the last ten years, the Ministry of Industry and Trade has encouraged regional cooperation via the establishment of regional industrial zones partnering neighboring councils. Thus, for example, Migdal Ha'emek and the Jezreel Valley Regional Council established a regional industrial zone, as did Karmiel and two neighboring regions, Misgav and Mateh Asher - among others.

These regional industrial parks are operated jointly, by an administration representing the participating local and regional councils. The administration's job includes supervising the planning, management, lease, operation and maintenance of the industrial park. The administration is also responsible for marketing the park to developers and entrepreneurs, and provides supervision and assistance from the point at which they submit an application to set up a plant until the new enterprise become operational.

The regional parks enable the participating communities to take collective advantage of large-scale benefits, and bring more industrial activity to the region — thus contributing to a fairer distribution of property tax revenues among the partner municipalities.

³ Ministry of Industry and Trade website, www.tamas.gov.il

Equality is a fair share of whatever there is

The addition of Arab jurisdictions to regional industrial administrations is appropriate and legitimate and should be adopted without delay. Arab localities should immediately be made full partners in the entire national program of industrial zones. Their integration into the regional industrial zone administrations would not require new construction or infrastructure, but only changes on paper. By decision of the relevant government officials, this step could be carried out within a relatively short time. The Ministry of Industry and Trade should be working toward conditions that would make integration of neighboring Arab towns worthwhile for the existing partner jurisdictions.

Meanwhile, state land should quickly be located for the establishment of local industrial zones for Arab communities, They should be granted National Priority A status, and be provided with appropriate guidance for the communities to prepare the organizational infrastructure needed to manage the industrial zones within their jurisdiction.

This process will take several years, and accordingly requires internal organizational adjustments at the Ministry of Industry and Trade.

Sources

Ministry of Industry and Trade website, www.tamas.gov.il

Ministry of Industry and Trade

Appendix 1 to the chapter on the Ministry of Industry and Trade
Industrial land under Ministry of Industry and Trade jurisdiction on the market in 2003

No.	Industrial Zone	Area (dunams)	No.	Industrial Zone	Area (dunams)
	<i>Jewish Jurisdictions</i>			<i>Arab Jurisdictions</i>	
1	Avshalom	193	1	Abu Snen	39
2	Ofakim	1,149	2	Ikhsal	77
3	Eilat	469	3	Bueina-Nujeidat	42
4	Eilat / N. Shahoret	373	4	Julis	90
5	Alon Tavor	1,244	5	Gush Halav	41
6	Ashkelon South	1,533	6	Zarzir	34
7	Ashkelon North	1,449	7	Khoura	72
8	Be'er-Sheva North	2,093	8	Tuba-Zangeria	16
9	Be'er-Sheva / Emeq Sarah	1,574	9	Tamra	276
10	Beit She'an	326	10	Yarka	20
11	B'nei-Yehuda	123	11	Kafr Kana	191
12	Goren	209	12	M'ghar	106
13	Lower Galilee	577	13	Sakhnin	153
1	Dimona	1,693	14	Ilut	33
15	Hatzor-Galilit	279	15	Ilabun	45
16	Tiberias	159	16	Aruar	39
17	Jerusalem, Har Hotzvim	185	17	Rama-Sajjur	53
18	Jerusalem, Atarot	912	18	Rahat	200
19	Yokne'am	206	19	Segev Shalom	195
20	Yeruham	1,430	20	Shfaram	15
21	Karmiel	1,695			
22	Migdal-Ha'emeq	903			
23	Mishor Rotem	14,943	Mixed (Arab & Jewish) Local Councils		
24	Mitzpe Ramon	877	1	Barlev	739
25	Mercaz Sapir	199	2	Ma'a lot-Tarshiha	445
26	Naharia	93	3	Tardion	302
27	Noam	683			
28	Netivot	454	Joint Administrations		
29	Omer	349	1	Dalaton	434
30	Azata	318	2	Tsachar	513
31	Afula	522	3	Tsiporit	860
32	Arad	2,816			
33	Park Tsva'im	451	Industrial Councils		
34	Rotam Industrial Park	140	1	Ramat Hovav	11,383
35	Safed	289	2	Tefen	1,043
36	Katzrin	772			
37	Kiryat Shemona	1,471			
38	Kiryat Gat	3,906			
39	Ramat Negev	342			
40	Sagi 2000	342			
41	Sderot	614			
42	Shelomi	239			
43	Sha'ar Hanegev	250			