

Investigation Into COGAT and Israel Corporate Sector Complicit Operations in the PA, especially in Gaza.

Israeli corporations have a de facto monopoly on the provision of supplies to Gaza and other PA areas. The ability of these corporations to sustain their exclusive control of this multi-billion dollar market is wholly dependent on COGAT (Coordinator of Government Activities in the Territories) decision making.

Over the past several weeks, COGAT has raised an alarm that humanitarian aid from UNRWA is not reaching the Palestinian population. Noting that this alarm is inconsistent with 1000 trucks a day carrying Israeli products into Gaza, the Center for Near East Policy Research (CFNEPR) contacted 44 donor nations. With the exception of a nominal reduction in U.S. aid, every donor nation responded emphatically that UNRWA and hence Gaza, is receiving 100% of its customary donations, an amount that CFNEPR calculates to be \$1.2 billion dollars per year.

This on-going funding includes \$13.5 million transferred on behalf of the Bank of Israel each month in cash by COGAT officials at the Erez border crossing that is put into the hands of the UNRWA workers union which is under the control of Hamas. Once the Israeli goods have been offloaded from the Israeli trucks, witnesses have observed cash payments being made to COGAT officials.

Why Is COGAT Raising an Alarm?

One possibility is that the current storm puts the Israeli monopoly at risk. Another is the opportunistic view that this is a good time to expand the lucrative export trade. Our best estimate is that about 150 former COGAT officials are senior executives at companies that export goods to Gaza and PA areas.

The tradition of former COGAT officials joining commercial enterprises for the sole purpose of profiting from exports to Gaza and the PA began in 2005. With the expulsion of the Gush Katif communities and the hand over of their assets to Hamas via the World Bank, Gaza became a cash cow for Israeli entrepreneurs. At the time, Gen. Eival Giladi, the COGAT official in charge of the expulsions was placed in charge of Palestinian business development through the Portland Trust. It was at this juncture that former COGAT officials responsible for vetting Israeli products paid for in cash by Gazans began abandoning service to COGAT in order to assume profitable roles as exporters to Gaza.

At the time, an investigation we carried out exposed arrangements by which the IDF, the PA, the U.S. and UNRWA cooperated to hand the Gaza economy over to Hamas. Today, for Israel's financial stakeholders, preservation of a status quo in which Israeli corporations maintain a de facto monopoly on the provision of supplies to PA

areas is a top priority. The advantages of preserving this monopoly also give those corporations good reason to try to influence military decision making.

The idea that the IDF would consider commercial interests in its military planning at first seems preposterous. However, mounting practical and circumstantial evidence is telling precisely that story. It begins with what we already know with certainty: UNRWA has historically promoted Israeli commercial interests by maintaining a huge labor force willing to work below minimum wage while living in housing, enjoying educations, and using water and electricity paid for by UNRWA. To this day, the PA areas remain a captive consumer economy dependent on Israeli products.

The synergy created by Israel's official hands-off policy and the clear interest that UNRWA, the PLO, and donor nations have in perpetuating the status quo create a perfect economic storm in which Israeli conglomerates operate. Through their complicity in perpetuating this status quo, UNRWA, the PLO, and donor nations have provided Israeli commercial interests with a smokescreen behind which they obscure their exploitation of a captive consumer market.

It is understandable why Israeli businesses would want to sustain the status quo. By 1987, there were 300,000 Palestinian UNRWA workers in Israel -- equaling nearly 7% of the entire population of the country. The intifada led to a withdrawal of that workforce, but by then the attitude of the Israeli business community was fixed. The captive UNRWA market was a golden goose for Israeli products delivered to a suffering population by ostensibly helping hands.

Our initial finding is that financial windfalls, greed, and the appeal of monopoly has brought about a situation where former IDF officers may be using their influence to sustain a status quo that not only harms Israel's national interest, but which may impact on IDF tactical and strategic decisions in Gaza. It is not a remote possibility that this situation has both resulted in the loss of Israeli soldiers and exposes civilians to increased danger.

The ensuing situation has been one in which massive amounts of pilfered cash from UNRWA and other humanitarian agencies has wound up in the hands of Hamas for the sole purpose of supporting terrorist activities. Huge sums of this cash are earmarked by Hamas for purchasing Israeli products. We have subsequently been able to confirm that in the case of each of the three IDF incursions into Gaza between 2007 to 2014 that were on the verge of decisively crushing Hamas were eased as a result of demands by the Israeli business community that their products be allowed to get through.

Our published findings to date have included the disturbing revelation that a high ranking COGAT official set up a company in charge of cement distribution in Gaza. In

this arrangement UNRWA in Gaza was given responsibility for ensuring this cement would not reach Hamas terrorists. If the unsavory absurdity of this arrangement requires further verification, one need only look at the number of terrorist tunnels that continue to be discovered and destroyed, and the amount of cement that is being imported to replace them. This is a supplier's dream scenario.

That this scenario is something other than building materials that simply slipped through the cracks is borne out by the fact that there are NO RESTRICTIONS on Israeli exports to Gaza:

According to COGAT, there is no restriction on those wishing to bring goods into Israel, and that it is entirely possible that *Gazan terrorist organizations are carrying out trade with Israeli citizens.*

“There is no list of authorized merchants, since, generally speaking, *there is no restriction on those wishing to trade [with Gaza].*” - COGAT (see *The Jewish Press*, July 2, 2018)

Our sampling has confirmed that these exports are dominated by firms owned by former senior IDF officers. In the face of both compelling circumstantial evidence and the preliminary data we have uncovered, there is an urgent need to answer one remaining question with certainty:

DOES THE ISRAELI ARMY REGULATE ITS ACTIONS *to benefit* COMMERCIAL INTERESTS OF ITS FORMER OFFICERS?

Over ninety days we will tie circumstantial evidence to an exhaustive investigation in order to answer this question conclusively and make recommendations by:

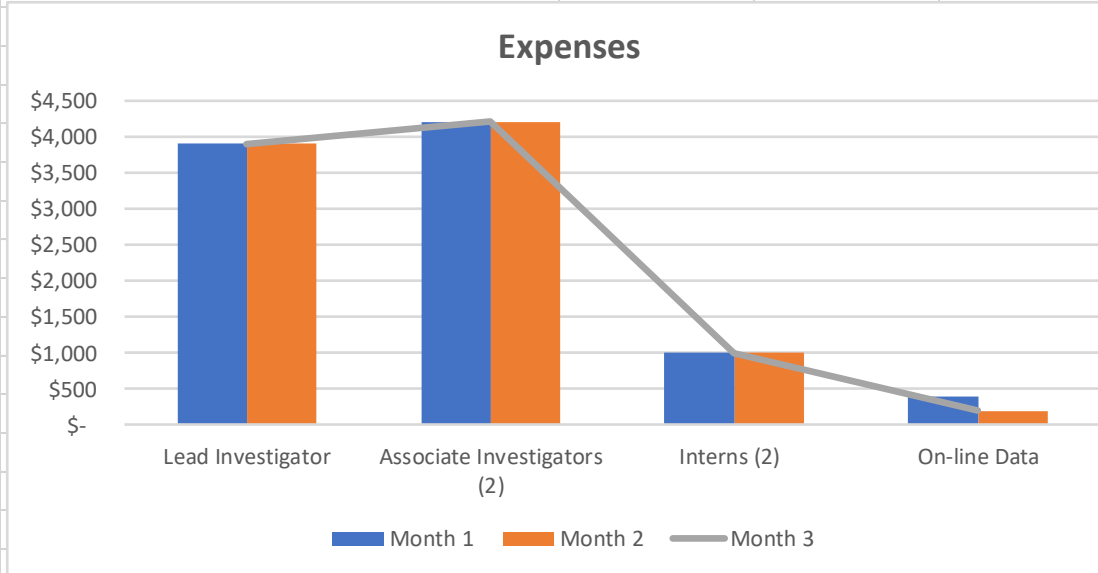
- Examining Israeli profit-making corporations that engage in “humanitarian aid” to the Palestinian Authority (PA) and Gaza
- Auditing revenue and profits of these businesses
- Identifying end-users of products exported from Israel to the Palestinian Authority and Gaza

Our team will include tri-lingual investigators (Hebrew, English, Arabic) with backgrounds in economics and security analysis.

BUDGET

Investigation Into Israel Corporate Sector Operations in the PA				
BUDGET*				
	Month 1	Month 2	Month 3	
Lead Investigator	\$ 3,900	\$ 3,900	\$ 3,900	
Associate Investigators (2)	\$ 4,200	\$ 4,200	\$ 4,200	
Interns (2)	\$ 1,000	\$ 1,000	\$ 1,000	
On-line Data	\$ 400	\$ 200	\$ 200	

Expenses



Category	Month 1	Month 2	Month 3
Lead Investigator	\$3,900	\$3,900	\$3,900
Associate Investigators (2)	\$4,200	\$4,200	\$4,200
Interns (2)	\$1,000	\$1,000	\$1,000
On-line Data	\$400	\$200	\$200

TOTAL	\$ 9,500	\$ 9,300	\$ 9,300	
		TOTAL	\$ 28,100	

*Line item budgets may be reallocated as necessary for successful completion of the project

Investigation

With the exception of high-tech, the businesses being examined operate with the oversight of the Israeli Army and COGAT. The rules are such that high-tech bypasses governmental approvals and employs hundreds of computer engineers to work via the internet with Israeli companies, allowing PA/Hamas engineers access UN-affiliated organizations such as UNRWA place requests for tenders via a UN procurement organization, which, in turn, contacts every vendor in order to carry out transactions.

This study will examine:

- Transparency. Goods and services currently provided to the PA and GAZA will be catalogued and cross-referenced by nature of the goods, recipient, supplier, and associated financial transfers, including goods supplied by Israeli vendors to the UN.
- Cyber industries. Israeli internet companies that employ Gaza-based engineers using the internet, virtual desktops, and cloud technology will be examined separately.
- Protocols. COGAT and other security arrangements that currently govern financial transactions between Israel, the PA and Gaza will be audited.
- Security. The study will assess the actual and potential security impact of the work of Gaza based computer engineers employed by Israeli companies.

APPENDIX

This study will focus primarily on the following companies.

1. Ready-Mix Industries Israel: Ytzhak Bejerano, CEO. 155 Bialik Street, Ramat-Gan.
2. Hanson Israel: This company maintains 26 technologically advanced concrete and mortar production plants, with an annual capacity of approximately 3 million cubic meters; 3 quarries with an annual yield exceeding 8 million tons of aggregates; 2 asphalt plants capable of supplying about one million tons of different types of asphalt annually; and a fleet of 130 trucks to transport concrete and building materials. 5 Jabotinski St. Ramat Gan, 5252006 Israel 972-3-5764242: Eliezer Priel, CEO.
Hanson Israel LTD. (Heidelberg Cement Group), Dubi Halaban, CFO.
3. A.S.T Clean Water Technologies, LTD. 26 Dayan Moshe Rd., Haifa, 2629824.
4. Delek - Israel Fuel Corporation LTD.

British Gas Group discovered a natural gas reservoir over 15 years ago off the coast of Gaza that is similar in capacity to that of the Yam Tethys project, and this reservoir may be developed in the future and marketed both locally and to the Mari-B, which has already been largely depleted by Noble and its partner, the Israeli company Delek Group, might have fallen squarely within Palestinian claims by as much as 6,600 square kilometers of maritime territory within the eastern

Mediterranean's gas-rich Levantine Basin. The PA, however, has been reticent in asserting Palestinian claims to much of these resources.

Palestinians are almost totally dependent on the state-backed Israeli Electric Corporation (IEC), which supplies around 85 percent of their electricity. However, gas from Noa, Mari-B and, according to SOMO, the Border Field, is sold to the IEC by the Noble and Delek Group.

The regional supply also includes Gaza-Marine, with estimated reserves of 32 BCM. The field was discovered by Israel and transferred to the Palestinian Authority. Gaza-Marine is jointly owned by Shell, the Palestinian Investment Fund (PIF) and the Consolidated Contractors Limited (CCC). However, the field's location, off the Mediterranean coast of the Hamas-controlled Gaza Strip, makes its probable development in the near-term unlikely. In the long-term, we expect that, pending appropriate political conditions, the reservoir will be developed and will serve as a source of supply to the Palestinian market to complement future gas imports from Israel.

Delek Group LTD is the ultimate owner of Delek Israel through its fully owned subsidiary Delek Petroleum.

Delek Group LTD is a public Israeli company traded on the Tel Aviv stock exchange under the ticker symbol DELEKG. Its controlling shareholder is Itshak Sharon (60.51%).

Delek Israel CEO, Esther Eldan

Subsidiaries / Partners:

Wholly owned subsidiaries: Delek Natural Gas LTD., Delek P-Galilot Limited Partnership LTD., Delek Industries LTD., Delek Transportation LTD., Delek Menta Roads Retailers LTD, Delek Retail Stores LTD., Shot Delek Kliot.

The company also holds 51% of Joe Gourmet Coffee, 75% of United Company for the extraction of Oil LTD., 60% of Delek-Ygal M.P.G LTD., and 15% of Kmor Shipping Services LTD. Head office: 7 Gibory Israel St. 4250407, Netanya.

5. Isa Khoury Metal Industry LTD. 3 Ha-Nekhoshet St. Beer Sheva, IL 8487503 Well known in metal and mechanical construction works in the region and expanding worldwide, with subsidiary offices in Nazareth, Bethlehem in the PA and in Aqaba, Jordan. ISA KHOURY writes in its company description that it has an "outstanding relationship with Israeli Borders authority and articulate communication skill in handling political matters between Israeli and PA entities". Constructed the first Gaza Power Plant in situated in Gaza with 140MW under Alstom Sweden Contract.

6. G. Willi-Food International. The Company has developed trade relationships locally, as well as in areas administered by the Palestinian Authority. 4 Nahal Harif St., Northern Industrial Zone, Yavne, 81106, Israel. Amir Kaplan, Chief Financial Officer.

7. PAZ Oil Company. The company is publicly traded on the Tel Aviv Stock Exchange under the ticker symbol PZOL. Top institutional shareholders: Clal Insurance Enterprises Holdings LTD. (6.56%), Harel Insurance Investments & Financial Services LTD (6.13%), Meitav DS Investments LTD (6.0%), The Phoenix Holdings LTD (5.18%), Menora Mivtahim Pensions and Gemel LTD (5.06%).

Subsidiaries / Partners:

Main subsidiaries: Paz Industries and Services (Oil) LTD. (100%), Pazgas (100%), Paz Lubricants and Chemicals (100%), Pazkar (100%), Paz Aviation Services (100%), Paz Aviation Assets (100%), Azomat of the Paz Group (100%), Nituv Filling Stations (100%), Paz Movil (100%), Paz Ashdod Oil Refineries (100%) and Pi-Glilot Oil and Pipe Terminals (21.5%).

Joint ventures include: Pazniv Yerid Hamizrach (50%), Gai Iron (50%), On Fuel Lubricants and Wash (50%), Kenyon Shoket (50%) and Solpaz.

The company enjoys access to the Palestinian market.

The Palestinian Authority is Paz's largest customer, accounting for about 10% of its total revenues. In 2016, it supplied about 50% of the oil product and about 85% of the LPG (liquid petroleum gas) to the West Bank and to the Gaza Strip.

As collateral, the company holds the right to collect its payment from Palestinian tax revenues held by the Israeli government. Israel has repeatedly used its power to withhold Palestinian tax revenues as a punitive measure against the PA, in violation of both the Oslo Accords and international law.

The company has filling stations in East Jerusalem.

8. Neshar Cement. Ownership: Clal Industries (100%). Clal Industries is a subsidiary of Access Industries, a US-based holding company, owned by Len Blavatnik. Subsidiaries / Partners: Company subsidiaries include Neshar Sachar cement marketing, Taman (PPM), MP Mineral, Taavura Holdings and AvShal Investment and Trade, which owns Israel Shipyards and Neshar Environment. Location: 2 Hahazon Street, Industrial Zone A - Ramla 72369 Israel

9. Israeli High-Tech industries that work with Gaza companies: This is something new, which does not fall under COGAT oversight and operates without a physical presence in Gaza. Essentially, this is trade in non-humanitarian products.

a. Innitel (Changed name to Deskforce, uses Gaza engineers) CEO Elie Rubin, CTO Dan Leubitz.

b. Mellanox: Eyal Waldman, President, and CEO of Mellanox Technologies LTD.

UN VENDOR LIST:

The study will examine transparency procedures concerning the goods and services that Israeli corporations provide to the UN. The study will ask the Israeli government to name the “end users” for these products.

Israeli companies currently on the UN Vendor List:

<p>Gevaram Quality Envelopes LTD Gilat Satcom LTD Gizra Internet Solutions LTD Glosec Solutions LTD Goren-Kidon International trade LTD Hafatsa and Harkavot Hatzor Safes LTD HP PPS Israel LTD I.D.E. Technologies LTD. I.Y.Genesis Advanced Engineering LTD Iconic LTD. IO Solutions LTD. Isa Khoury Metal Industry LTD. ISRAEL AEROSPACE INDUSTRIES LTD. ISRAEL CARGO LOGISTICS (ICL) LTD. JACKY BITTON LINE LTD John Bryce Training LTD. Karil International Marketing LTD Karmi Interlab L.T.D KNOLTECH LTD L.A.D.M. Agencies (1998) LTD. L.D.D. ADVANCED TECHNOLOGIES (2005) LTD LADM Agencies (1998) LTD Lan-Lee International LTD. LAN-TECH Systems & Communications LTD. Layam LTD Link-com Telecom LTD Lotan Group International LTD Magal Security Systems LTD Matrix I.T. LTD. Meproflight (1990) LTD. MER SECURITY & COMMUNICATIONSYSTEMS LTD. MGS Language services Mifram LTD Mosah Zamir Bakal LTD Mottech Water Management LTD. N.A. Rosenfeld Projects LTD NESS A.T. LTD Netalizer LTD. Nextcom LTD Nibor Enterprises Israel LTD. NICE Systems LTD.</p>	<p>A.S.T CLEAN WATER TECHNOLOGIES LTD Adi Tours LTD Aeroflame - Fire Fighting Systems LTD AGAN ENGINEERING ENTERPRISES (1988) LTD. Aleppo International Amos Gazit LTD. ATID TECHNOLOGICCOLLEGESNETWORKLTD Avner Gilad Preservation & Restoration of Buildings LTD B.Rimon Agencies LTD Barlev Associates, Accountants Bezeq International LTD Biometrix LTD BIRD Aerosystems BlueBird Aero Systems LTD. Bney Meir LTD Brand Industries LTD. Bynet Data Communications LTD C&G Logistics Solutions LTD. C.A.L. CARGO AIRLINE LTD Carmor Integrated Vehicle Solutions LTD. Ceragon Networks LTD. CHROMAGENAGRICULTURECOOPERATIONSOCIETY LTD Classica International LTD. Computer C Data LTD CueBid Inc, Danir Systems LTD. DELEK -ISRAEL FUEL CORPORATION LTD. Diesel Garage Tiberias LTD DIUK ARCHES LTD E Geller Consulting E.D.T. E-Drive Technology LTD EASY LINE LTD EITHAR INSURANCE AGENCY CO. LTD. Elbit Systems LTD Elco - Contracting and Services (1973) Limited Eltel Technologists LTD Eshet Engineering LTD. EZPack Water LTD Firefly LTD. Galilee College Gaya Automotive Industries LTD.</p>
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Sdema Group, LTD. (Israel)
Shladot LTD.
Somet Integration LTD
Sonol israel LTD.
SPACE-BAND
Starcom G.P.S Systems LTD.
Sunshield Safety Coating Solutions LTD
SysDo LTD
T.D. GROUP LTD
Tahal Consulting Engineers LTD.
Tal Jerusalem Stonemasons L.T.D.
Tamooz Marketing Communications
Tenders System LTD.
Tractors & Equipment LTD (I.T.E)
Upgrade Solutions LTD
Water-Gen LTD
Zim Integrated Shipping Services LTD.
ZIV-AV Engineering LTD

Nir Zaidfunden Consulting Engineers LTD
ODIS Filtering LTD
Ofek Aerial Photography (1987) LTD
Onset Systems Engineering LTD
Opgal Optronics Industries LTD
Ophir- Mizrachi Yosef
OrliteIndustries(Millennium2000)LTD
PALRAM INDUSTRIES (1990) LTD
PAZ OIL COMPANY LTD.
Plasan Sasa LTD
Rabintex Industries LTD
RAD Data Communications LTD.
Robogroup T.E.K. LTD.
S.B. HANDLING SOLUTIONS LTD
S.D. ADVANCED SOLUTIONS LTD
Sami Awadallah for Construction Works LTD
Scope Metals Group LTD.