

**A3. TRADE UNION ADVISORY COMMITTEE
TO THE ORGANIZATION FOR ECONOMIC
COOPERATION AND DEVELOPMENT (OECD),
“EMPLOYMENT AND WORKERS RIGHTS IN
ISRAEL AND THE WEST BANK,” PARIS, 21–23
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The OECD opened membership discussions with Israel in May 2007, and in November of that year approved a road map for accession involving a process of review by a number of OECD committees, including the Employment, Labor, and Social Affairs Committee for which this report was written. While Israel's admission, which ultimately requires the approval of all member states, is expected to be voted on in May 2010, OECD officials never committed to an official deadline. The three main areas in which Israel's candidacy have been considered problematic are bribery of foreign officials, intellectual property rights, and Israel's definition of its territory, which includes occupied East Jerusalem and the Golan Heights.

Although not deemed one of the major “problem areas,” an examination of the rights and employment situation of workers in Israel and the occupied territories formed part of the OECD's overall review of Israel's general economic policies as required in the road map for accession. The full 13-page report can be found online at www.tuac.org. Footnotes have been omitted for space considerations.

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The Specificities of the Israeli Situation

6. At the aggregate level Israel is socio-economically similar to many OECD countries. However, Israel differs from others applying to join the OECD, in that it is a country in the midst of a longstanding and, seemingly, intractable regional conflict and one that has a very large immigrant mix and a significant religious population. These factors impact on the employment and rights situation of workers. The most striking effect is that there are very high levels of poverty concentrated among two of the three main population groups, the Arabs and Haredim (ultra-orthodox Jews), which form respectively 20 percent and 8 percent of the population. In the words of Senat, an Israeli institute that draws from a wide segment of society: “On the face

of it, in terms of the economy, technology, the political and legal system, human rights, democratization and the welfare system, Israel is a fully developed country. However, two meta-factors make Israel a unique case: the first—its being a heterogeneous immigrant country, with a significant religious population (23 percent), both Muslims and Jews; the second—the regional conflict. These “meta-factors” influence the various indices in direct and indirect ways.”

7. . . . Israeli GDP per head is 80 percent of the OECD average. Population growth in Israel (1.8 percent) is three times the OECD average, and the fertility rate is almost double. The Israeli population has grown from 4.5 million in 1990 to an estimated 7.5 million currently, also influenced by a large influx of migrants from the former Soviet Union in the early 1990s. But the situation varies greatly according to population group—the average number of children in Haredim families is 4.7, Muslims 4.6, secular families 2.3. A much larger proportion than the OECD average of working-age teenagers do not work or study in Israel. However, obligatory military service affects half the 18–19 age group. This also affects the employment rate of the 15–24 age groups that is approximately 60 percent of the OECD average. Average life expectancy is higher and infant mortality lower than the OECD average. However, there are major differences and divisions according to population groups. Income inequality is higher in Israel than the OECD average—with a Gini coefficient of 0.39 compared to 0.31, and the poverty rate, at face value, is double the OECD average at more than 20 percent. The quality of schooling in Israel appears lower than the OECD average, with secondary class sizes 50 percent bigger than the OECD average and teachers’ pay a little more than half. The PISA [Program for International Student Assessment] scores in science, reading, and math are significantly below OECD averages. As in other areas of public expenditure, there are major inequalities in investment between population groups.

8. A central issue is inequality in income, employment, and other socioeconomic outcomes between different groups of the population. Israeli Arabs form one-fifth of the population—this proportion is roughly the same as in 1948, the higher

birth rate of the Arab population being offset by periods of Jewish immigration. Participation in the labor market is lower for Arab Israelis primarily due to very low participation rates of women—15 percent compared to 53 percent among Jewish women. Unemployment amongst Arab men is, however, almost double that of Jewish men. A key feature of the Israeli labor market is segregation: “[T]he most significant characteristic of the Israeli civilian labor market in relation to its Arab participants is the fact that it is highly segregated.” The segregation occurs both geographically, where the Arab population lives in small villages with little employment opportunity apart from public services, and occupationally, with Arab employment concentrated in lower-paying industries and occupations, including construction. The result is a significant wage gap between Israeli and Arab workers—at the end of the 1990s this was estimated at 30 percent. Even when adjusted for demographic and occupational characteristics, the gap is still 11 percent. This is in turn reflected in significant poverty rates of over 50 percent in Arab-Israeli households and even more in Haredim households, where, due to cultural norms, there is a very low male participation rate in the working population.

9. The Israeli government informed us that the Arab population group in Israel was becoming more “middle class” as a result of specific policy actions. However, any increase in mobility seems to be short term and limited. Preliminary findings of unpublished work by researchers at the National Insurance Institute in Jerusalem suggest that over the past decade, whilst there was upward mobility amongst the non-ultra-orthodox Jews from low- to middle- and upper-income brackets, amongst Arabs and ultra-orthodox Jews, mobility actually worsened from 2002/3 to 2005 due to “tougher social policies.” This was followed by improvements in 2006 and 2007 as a result of changed policies.

10. Another major feature of the Israeli labor market has been the significant influence of temporary migration of non-Jews in addition to important waves of permanent Jewish migration, as noted most recently in the early 1990s from the former Soviet Union. Prior to the second intifada (Palestinian uprising), which began in 2000, several hundred thousand

Palestinians from the occupied territories worked in Israel but lived in the West Bank and Gaza, traveling daily across the "Green Line." Since the uprising, the number has been drastically reduced to some 22,610 workers (April 2009) with work permits, working primarily in the construction industry. The reduction has been justified by the Israeli authorities in terms of security in the wake of the uprising. However, we were informed of the daily difficulties, uncertainty, and, at times, humiliation of workers crossing security points. As indicated below, there are probably a larger number of nondocumented Palestinian workers working in Israel.

Labor Rights and Application of Labor Law in Israel

11. In the labor market, the inequalities and segmentation result from factors other than legal discrimination. . . .

12. A series of explanations have been given for the failure to apply labor law and the persistence of segregation and discrimination against Arabs, despite the existence of legal protection, as well as more specifically for Palestinian workers. The most commonly stated explanation was the weak enforcement of labor legislation. Several references were made to the under-recording of working hours for Palestinian workers and the unwillingness of Palestinian workers suffering violation of their employment rights to use the Israeli system to assert their rights in the legal process. The Palestinian trade union representatives met by the [Trade Union Advisory Committee to the OECD] explained the particularly difficult situation faced by Palestinian workers crossing to work in Israel. Excessive delays, the threat of victimization, practical difficulties in getting representation, and distrust of the Israeli legal system were identified as reasons that Palestinian workers were not able to exercise their legal rights. Beyond this, the Israeli labor inspectorate appears to have been seriously understaffed—with less than 20 inspectors employed nationally up until 2007. We were informed by the Israeli authorities that the number has now been increased to some 45.

13. Other explanations that have been given for discrimination were the security situation since the second intifada, with the stereotyping of Arab and Palestinian workers as presenting a security risk, and

the cultural differences particularly with regard to women's participation. In meetings, in both the West Bank and Israel, the problem of competition from low-cost imports of materials and manufactured products from China was cited as a major factor reducing employment and undermining labor standards in sectors such as building materials and textiles and clothing, which traditionally employed a higher proportion of Arabs and many Palestinian workers. It was also cited as an added incentive for employers to reduce costs if necessary by breaking employment law. The significant number of temporary overseas migrants was also considered to exert a downward pressure on wages and earnings in sectors such as agriculture, household services, and, to some extent, construction. More generally, the privatization programs of the past 15 years were cited as a factor that have weakened unions and thereby their ability to protect worker rights.

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The Role of Trade Unions

15. These issues represent central concerns for both Israeli and Palestinian trade unions. The ITUC [International Trade Union Confederation] notes that Palestinians from the occupied territories who work in Israel have the right to organize their own unions in Israel or to join Israeli trade unions. However, the Palestinian members of Histadrut may not elect, or be elected to, its leadership bodies. Palestinian workers are entitled to protection under Israeli collective bargaining agreements negotiated by the Israeli trade union, Histadrut. Palestinian workers employed in Israel pay 1 percent of their wages to the Histadrut. In 1993 an agreement was concluded between Histadrut and the PGFTU [Palestine General Federation of Trade Unions] that half the dues collected by Histadrut would be transferred to the PGFTU. There were, however, problems of implementation. In June 2008, Histadrut and the PGFTU signed an agreement following meetings with the ITUC general secretary, building on the 1993 agreement, in which Histadrut agreed to reimburse the PGFTU the outstanding balance of union and legal representation fees paid since 1993 by Palestinians working for Israeli employers and, for the future, to transfer 50 percent of union dues to the PGFTU. In addition, the Histadrut committed itself to assisting

Palestinian workers who had worked for Israeli employers, to provide them with legal help and to improve their working conditions. However, in our view, contact could be strengthened and good practice developed to deal with worker rights abuses at a decentralized level, through regional and district offices of the Histadrut and PGFTU. . . .

16. . . . We were also informed about potentially important measures to strengthen union cooperation for Palestinian workers, which were supported by the Global Unions Federations. These include a "hotline" for transport workers blocked at checkpoints . . . and a project for vocational training of construction workers. . . . Each involves both the Histadrut and the PGFTU.

17. The need for further action to reduce discrimination at the workplace remains key. In the words of one commentator: "Labor market segregation along nationality lines contributes to the tension, distrust, and stereotyping between the Jewish and Arab population. Eliminating segregation in the labor market will serve many purposes other than promoting the principle of equality. The workplace is an ideal platform in which individuals, Jews and Arabs, can get to know each other personally, build respect and trust for one another, and breakdown stereotypes." . . . We would only concur with the aspirations above—a key priority should be to extend good practice to the large area of abuse of workers rights in the Israeli labor market. The regional conflict and the complex relationship with their own authorities and membership pose difficult challenges for the relationship between the Histadrut and the PGFTU. These go beyond economic and social issues to the political heart of the conflict.

Employment of Overseas Migrant Workers

18. Since 2000, following the drastic reduction in the numbers flowing to the Israeli labor market, Palestinian workers have been replaced by the temporary migration of an estimated 200,000 overseas workers. The government has said that 90,000 temporary foreign workers were legally employed in Israel in 2008–09 of which 50,000 are in the care sector, 28,000 in agriculture, and 10,000 in construction.

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The Situation in the West Bank

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23. It appears that the Israeli settlements in the occupied territories also now, effectively, form part of the Israeli economy and labor market outside the officially recognized borders defined by the Green Line. As far as we could assess, goods and services produced in the settlements and the resulting employment are included in data of the Israeli economy. Of the work permits issued in April 2009 by Israel to Palestinians, a roughly similar number of permits (22,063) were issued to Palestinians to work in the settlements as in Israel (22,610). Histadrut notes that "50,000 Palestinian workers are currently employed by Israeli companies." The ILO [International Labor Organization] quotes estimates that in 2008 approximately 27,000 Palestinians worked in the settlements without a permit.

24. In 2007, the Israeli High Court ruled in response to a petition from Histadrut that Israeli labor law rather than Jordanian law should apply to Palestinian workers in the settlements and called "unacceptable discrimination" earlier labor court rulings that allowed employers to employ Palestinian workers under Jordanian law. The PGFTU said that in practice widespread abuse of labor laws occurs in the settlements to which they do not have access. They cited as examples daily wage laborers recruited by contractors and required to sign documents waiving their rights to Israeli benefits and protection. The Israeli employers we met stated that such documents had no legal status. However, it appears again that enforcement of employment law in the occupied territories is even more problematic for Arabs. The ILO 2009 mission stated that "The mission obtained credible and substantiated information indicating that many of the Palestinian workers in Israeli settlements and industrial zones are exposed to hazardous work environments without appropriate occupational safety and health measures in place. . . . Child labor in Israeli settlements remains a matter of great concern, particularly in agriculture." They go on to say that they were unable to obtain any information on labor inspections carried out in the West Bank settlements and industrial zones.

25. The Israeli government representatives that we met with described the

settlements as a political issue. They stated that settlements would be disbanded if a peace settlement was reached. However, the scale of economic activities would require major planning in advance for their closure and offsetting measures to protect workers, of which we saw no evidence.