Folder Title:	President Wolfensohn - Briefing Book for President's Meetings and Events - Luncheon Meeting - Ezer Weizman - President - State of Israel - October 8, 1997
Folder ID:	30488624
Series:	Meeting and event briefing materials
Dates:	09/09/1997 - 10/08/1997
Subfonds:	Records of President James D. Wolfensohn
Fonds:	Records of the Office of the President
ISAD Reference Code:	WB IBRD/IDA EXC-13-10
Digitized:	08/13/2025

Luncheon Meeting: Mr. Ezer Weizman
President, State of Israel

Wednesday, October 8, 1997
1:15 - 2:30 p.m.
1st Venue: JDW Office (to greet)
2nd Venue: JDW Private Dining Room (lunch)

Archive Management for the President's Office

Document Log

Reference # : Archive-01774

1 R05

Edit   Print

A. CLASSIFICATION

- [x] Meeting Material
- [ ] Trips
- [ ] Speeches
- [ ] Annual Meetings
- [ ] Corporate Management
- [ ] Communications with Staff
- [ ] Phone Logs
- [ ] Calendar
- [ ] Press Clippings/Photos
- [ ] JDW Transcripts
- [ ] Social Events
- [ ] Other

B. SUBJECT: LUNCHEON MEETING: MR. EZER WEIZMAN, PRESIDENT OF THE STATE OF ISRAEL (B) (N) <TOTAL: 14 PEOPLE> // 1ST VENUE: MC-12-750 (OFFICE) - TO GREET // 2ND VENUE: JDW'S PRIVATE DINING ROOM // CONTACT: FLORENCE (FOR MR. STEK) @ 30181 // IN ATTENDANCE: JDW, SANDSTROM, MMB, DERVIS, {EINHORN-not attending-in NY}, {KOCH-WESER-not attending-on training}, // PER JDW 10/02 {STIGLITZ-not attending-on mission}, // PER STEK 10/07 FISCHER, {CAMDESSUS-not attending-prior engagement} // ISRAELI DELEGATION: PRESIDENT EZER WEIZMAN; ARIE SHUMER, DIRECTOR-GENERAL OF THE PRESIDENT'S OFFICE; BRIGADIER-GENERAL SHIMON HEFETZ, ADC TO THE PRESIDENT; ELIAHU BEN ELISSAR, AMBASSADOR OF ISRAEL; OHAD MARANI, MINISTER OF ECONOMIC AFFAIRS; LENNY BEN-DAVID, DEPUTY CHIEF OF MISSION; RACHEL HIRSHLER, ASSISTANT MINISTER FOR ECONOMIC AFFAIRS; PIETER STEK, EXECUTIVE DIRECTOR; FLORENCE BRAUN, ASSISTANT TO THE EXECUTIVE DIRECTOR (FOR ISRAELI AFFAIRS); PRESS: Two photographers and one still cameraman: Israel Kamias, Jacob Eilon, Moanes L'Zhalka // (B) BY DERVIS // DUE THURSDAY, OCT. 2 // 10/03 CIHAT FOR (14) // SPECIAL MENU NO CHICKEN/MEAT - JUST VEGETABLE SALAD AND FISH // EXC: MM // LFG (9/24)
Brief Includes:
--- Cover Note from Josie Bassinette
--- Bio
--- Background Information
--- Basic Facts and Figures
--- Constraints to the Establishment of the Gaza Industrial Estate
--- Minutes

DATE: 10/08/97

C. VPU

Corporate
- [ ] CTR
- [ ] EXT
- [ ] LEG
- [ ] MPS
- [ ] OED
- [ ] SEC/Board
- [ ] TRE

Regional
- [ ] AFR
- [ ] EAP
- [ ] ECA
- [ ] LAC
- [ ] MNA
- [ ] SAS

Central
- [ ] CFS
- [ ] DEC
- [ ] ESD
- [ ] FPD
- [ ] FPR
- [ ] HRO

Affiliates
- [ ] GEF
- [ ] ICSID
- [ ] IFC
- [ ] Inspection Panel
- [ ] Kennedy Center
- [ ] MIGA

D. EXTERNAL PARTNER

Meeting with Ezer Weizman
President of Israel

Background

Ezer Weizman has been serving a five-year term as President of Israel since May 1993. As Minister of Defense from 1977-80, he was a key player in the Camp David negotiations. His CV from the Israeli Government Web-site is attached (Attachment 1). According to Al-Quds (the major Palestinian paper), President Weizman held meetings with President Mubarek in Egypt on September 28, 1997 to discuss the faltering peace process. He reportedly brought with him a proposal to give Egypt a role in the Palestinian-Israeli negotiations.

Issues

The issues regarding the West Bank and Gaza Program are unchanged since we prepared the brief for your meeting with Messrs. Frenkel and Neeman during the Annual Meetings. (Attachment 2).

- In the last two days there have been ***some positive signs*** that the Palestinians and Israelis may re-start direct negotiations -- which came to a halt when Israel began the construction of the settlement at Har Homa (Abu Ghneim). It appears that these negotiations will deal with the key economic issues, including border flows of labor and goods, the opening of the Gaza port and airport and the establishment a safe passage between the West Bank and Gaza.

- There has also been ***some easing of the closure***; 8,000 additional Palestinian workers have reportedly been allowed to go to their jobs in Israel. According to Al-Quds, this raises the number of workers in Israel to 29,000. (These numbers should be understood as less than precise since we do not know if they refer to jobs in Israel proper, employees at the Erez Industrial zone and/or employees at the settlements in Gaza and the West Bank.) Before the closures began in July, approximately 50,000-55,000 Palestinians held permits to work in Israel.

- From the point of view of the Bank's lending program, the inability to come to a conclusion on the security arrangements for the movement of people and goods into and out of the ***Gaza Industrial Estate*** remains our biggest issue with the Government of Israel. An updated note on the outstanding issues related to actions that are needed to be taken by the Israeli side is included (Attachment 3).

Josie Bassinette -- September 29, 1997
m: josie/briefs/weizman.doc

Bio

ATTACHMENT 1

ISRAEL MINISTRY OF FOREIGN AFFAIRS

Government

Mail all Queries to ask@israel-info.gov.il

Ezer Weizman

Seventh President of the State of Israel

Ezer Weizman, an air force general, industrialist and politician, was elected Israel's seventh President by the Knesset (Israel's parliament) for a five-year term (commencing 13 May 1993). Born in Tel Aviv in 1924 and raised in Haifa, Weizman is the second president in his family, following in the footsteps of his uncle, Chaim Weizman, the renowned scientist and Zionist leader who was Israel's first President (1949-1952).

Weizman's extensive military career began when he joined Great Britain's Royal Air Force during World War II, serving in Egypt and India. After the war, he served in the Air Service, the predecessor of the Israel Air Force (IAF), and was one of the founders of the IAF when it was formed as an integral part of the Israel Defense Forces (IDF) in 1949. In 1956 Weizman was appointed Commander-in-Chief of the IAF, and ten years later (1966) he became Head of the IDF Operations Branch and Deputy Chief-of-Staff responsible for the IAF. In this capacity he was the architect of Israel's decisive victory over Egypt's air force during the 1967 Six Day War. He retired from the IDF in 1969 after more than two decades of distinguished service in this country's defense.

Weizman's political career was launched in 1969 with his appointment as Minister of Transport for Gahal (the Likud party's predecessor) in Levi Eshkol's second national unity government. When Gahal left the government a year later, Weizman became Chairman of the Herut party's (a component of Gahal) Executive Committee (1971-72). In 1977 he ran the Likud's victorious election campaign for the Ninth Knesset.

A high point of Weizman's public service came during his tenure as Minister of Defense (1977-80) when he was instrumental in the process leading to the peace treaty with Egypt, fostering close personal relations with Egyptian leaders and playing a pivotal role in the Camp David negotiations. Differences of opinion with the government over ways and means of achieving peace in the region caused Weizman to resign his cabinet post in 1980. He was subsequently ousted from Herut. From 1980 to 1984, he was occupied mainly in business activities.

In 1984 Weizman founded a political party, Yahad, which ran on a dovish platform in the elections to the Eleventh Knesset, gaining three seats. In the national unity government formed after these elections, Weizman served as Minister without Portfolio and as a member of the inner cabinet. In 1985 he was apointed Coordinator of Arab Affairs, a position whcih enabled him to promote his long-time interest in assisting Israel's Arab sector. In the 1988 elections, he ran Labor's campaign and subsequently became Minister of Science and Development in the new national unity government, serving in this position until March 1990. In February 1992, Weizman resigned from the Knesset over what he regarded as lack of pogress in the Arab-Israeli peace process.

Israel's seventh President brings to the office impressive achievements and wide-ranging personal contacts in the Western, as well as in the Arab world. No stranger to problems and challenges, Weizman draws upon decades of political experience during which he shifted party affiliations to accommodate his changing views, gradually replacing hawkish beliefs with a dovish orientation. On accepting the Presidency, which carries with it responsibility for fostering national unity and promoting moral values, Weizman said he regards the job as 'the most complicated and difficult one I have ever assumed.'

Back to THE PRESIDENT
Back to ISRAELI GOVERNMENT

Background Info.

Briefing Note on West Bank and Gaza Issues
for Meeting with the Israeli Delegation
Annual Meetings -- 1997

For your meeting with the Israeli delegation during the Annual Meetings, the following are the major issues as they relate to the West Bank and Gaza program. You have already received a brief from Paula Donovan regarding IDA.

I. From the point of view of the Bank's program, **the Israeli imposed closure** is causing serious problems:

1. ***Cost to the economy***: Since July 31, there have been 41 days of full closure. The direct effects of the closure are estimated by the Bank at about $2.5 million daily. In addition, the Israeli Government has withheld revenue transfers which the Palestinian Authority estimates at $100 million. The Israeli Government released $12 million (or approximately 1/3 of the amount owed according to Israeli calculations) in August and subsequently released a second payment of $35 million or half the amount outstanding, following the visit by Secretary Albright. This, of course, is not sufficient to solve the serious problems related to the revenue shortfall.

2. ***Donor Response***: Unlike the earlier closures (for example in September 1996 following the tunnel opening), the donors are less inclined to bail out the Palestinian economy and create employment to lessen the impact of the recent closures. While Saudi Arabia provided an additional $10 million in budgetary support through the Holst Fund this week and Sweden may give an additional $4 million for emergency employment (the EU has given $4.68 million separately), the donor community seems generally weary of continuing to provide support which they perceive as doing little more than mitigating the adverse effects of the Israeli imposed closure. They are questioning whether such activity allows the abrogation of Israeli responsibilities. Of course, the actions of the Palestinians themselves are also giving the donors pause; European donors, in particular, continue to be dogged by the press with questions about PA corruption and the diversion of donor funds.

II. As for specific issues related to the Bank's operations in West Bank and Gaza, the biggest problem insofar as Israel is concerned is that the **Gaza Industrial Estate project (GIE)** stalled because of the unwillingness of the Israeli Government to come to an agreement on the security arrangements related to the sealing of the containers. Of course, Minister Neeman is not directly responsible for the GIE (as you know, it comes under Natan Sharansky as well as the security establishment); but Minister Neeman was present at your meeting with Prime Minister Netanyahu when this project was discussed.

III. We would like Israel to make a contribution to the **<u>MIGA Investment Guarantee Fund</u>** in the West Bank and Gaza. The Bank (through the Trust Fund for Gaza and West Bank) has contributed $10 million. Other donations which MIGA staff report as quite firm include: the Netherlands ($3 million); Sweden ($1.5 million) and the EIB (5 million ECU). Israel has indicated in the past that it would contribute $1million.

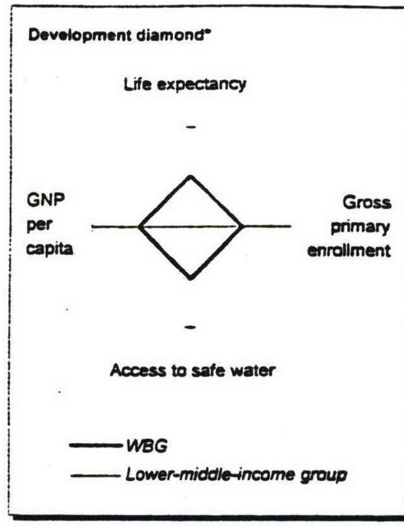
Josie Bassinette
September 18, 1997

attached: West Bank/Gaza Portfolio Table
West Bank and Gaza at-a-Glance

West Bank and Gaza at a glance

5/9/97

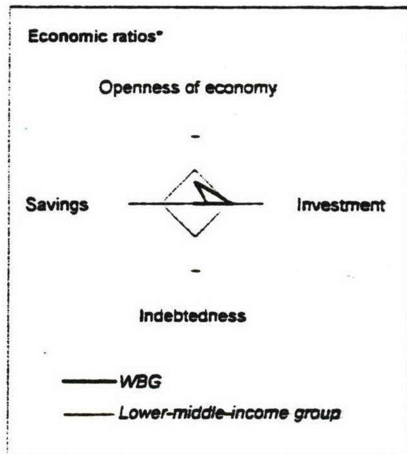
POVERTY and SOCIAL	West Bank & Gaza	M. East & North Africa	Lower-middle-income
Population mid-1995 *(millions)*	2.2	272	1,153
GNP per capita 1995 *(US$)* **	1,887	1,780	1,670
GNP 1995 *(billions US$)*	4.2	484	1,930
Average annual growth, 1990-95			
Population *(%)*	5.5	2.7	1.4
Labor force *(%)*	4.2	3.3	1.7
Most recent estimate *(latest year available since 1989)*			
Poverty: headcount index *(% of population)*	24	..	..
Urban population *(% of total population)*	50	57	56
Life expectancy at birth *(years)*	68	66	67
Infant mortality *(per 1,000 live births)*	37	54	41
Child malnutrition *(% of children under 5)*	..	..	..
Access to safe water *(% of population)*	90	85	..
Illiteracy *(% of population age 15+)*	40	39	..
Gross primary enrollment *(% of school-age population)*	102	97	104
Male	..	104	105
Female	..	91	101



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

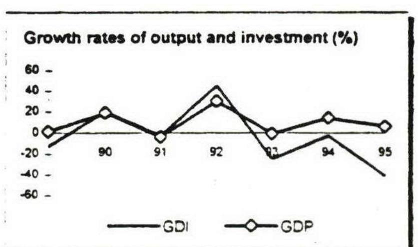
	1975	1985	1994	1995
GDP *(billions US$)*	..	1.2	3.2	4.0
Gross domestic investment/GDP	..	24.0	19.0	10.0
Exports of goods and non-factor services/GDP	..	26.0	10.0	12.0
Gross domestic savings/GDP	..	-14.0	-10.0	-26.0
Gross national savings/GDP	..	11.5	2.4	-19.3
Current account balance/GDP	..	-12.7	-16.4	-29.6
Interest payments/GDP	..	..	0.0	0.0
Total debt/GDP	..	..	0.1	1.3
Total debt service/exports	..	..	..	..
Present value of debt/GDP	..	..	..	..
Present value of debt/exports	..	..	..	..

(average annual growth)	1975-84	1985-95	1994	1995	1996-04
GDP	..	7.4	14.0	5.5	5.5
GNP per capita	..	1.1	3.0	-0.3	0.9
Exports of goods and nfs	..	3.5	27.0	37.0	3.9

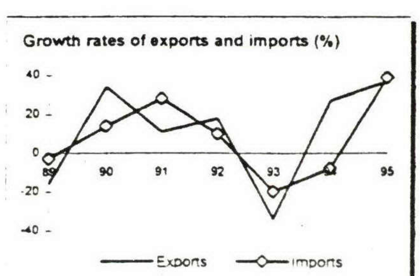


STRUCTURE of the ECONOMY

(% of GDP)	1975	1985	1994	1995
Agriculture	..	20.0	31.0	22.0
Industry	..	25.0	24.0	29.0
Construction	..	17.0	17.0	20.0
Services	..	55.0	45.0	49.0
Private consumption	..	103.0	100.0	105.0
General government consumption	..	11.0	10.0	21.4
Imports of goods and non-factor services	..	64.0	39.0	48.0



(average annual growth)	1975-84	1985-95	1994	1995
Agriculture	..	11.5	21.0	-25.0
Industry	..	9.8	11.0	22.0
Construction	..	10.3	18.0	25.0
Services	..	7.5	14.0	20.5
Private consumption	..	7.0	10.0	17.0
General government consumption	..	19.0	10.0	142.0
Gross domestic investment	..	0.2	-3.0	-41.0
Imports of goods and non-factor services	..	5.1	-8.0	39.0
Gross national product	..	5.5	9.1	6.4



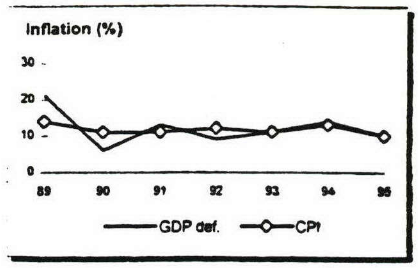
Note: 1995 data are preliminary estimates. Figures in italics are for years other than those specified.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

** GNP per capita 1995 for WBG is MNCWG estimate

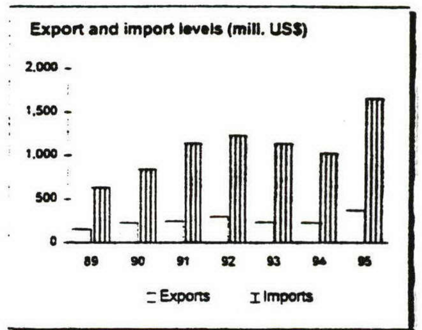
PRICES and GOVERNMENT FINANCE

	1975	1985	1994	1995
Domestic prices				
(% change)				
Consumer prices	..	283.0	13.0	10.0
Implicit GDP deflator	..	290.0	14.0	10.0
Government finance				
(% of GDP)				
Current revenue	-	-	8.0	13.0
Current budget balance	-	-	-2.0	-2.0
Overall surplus/deficit	-	-	-3.0	-6.0



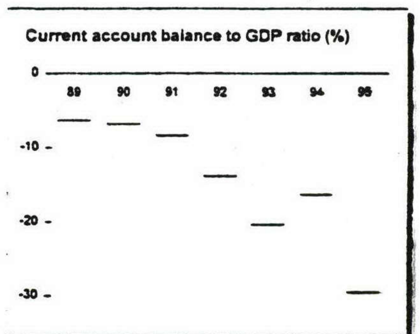
TRADE

	1975	1985	1994	1995
(millions US$)				
Total exports (fob)	..	272	227	373
n.a.	..	..	..	..
n.a.	..	..	..	..
Manufactures	..	..	..	..
Total imports (cif)	..	668	1,024	1,660
Food	..	..	..	..
Fuel and energy	..	..	..	..
Capital goods	..	..	..	..
Export price index *(1986=100)*	..	71	200	289
Import price index *(1986=100)*	..	58	199	130
Terms of trade *(1986=100)*	..	122	101	222



BALANCE of PAYMENTS

	1975	1985	1994	1995
(millions US$)				
Exports of goods and non-factor services	..	305	312	473
Imports of goods and non-factor services	..	750	1,242	1,908
Resource balance	..	-445	-930	-1,435
Net factor income	..	227	386	248
Net current transfers (private)	..	70	15	17
Current account balance, before official transfers	..	-147	-529	-1,171
Financing items (net)	..	..	..	..
Changes in net reserves	..	..	..	..
Memo:				
Reserves including gold *(mill. US$)*	..	..	..	..
Conversion rate *(local/US$)*	..	1.18	3.01	3.01



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1994	1995
(millions US$)				
Total debt outstanding and disbursed	..	..	2	51
IBRD	..	..	0	0
IDA	..	..	2	51
Total debt service	..	..	..	..
IBRD	..	..	..	..
IDA	..	..	..	..
Composition of net resource flows				
Official grants	..	..	394	489
Official creditors	..	..	..	..
Private creditors	..	..	..	..
Foreign direct investment	..	..	..	..
Portfolio equity	..	..	..	..
World Bank program				
Commitments	..	..	30	20
Disbursements	..	..	2	49
Principal repayments	..	..	0	0
Net flows	..	..	2	49
Interest payments	..	..	0	0
Net transfers	..	..	2	49

West Bank and Gaza Lending Portfolio
Disbursements as September 17, 1997

Project	Allocated Amount		Disbursements	FY 94	Disbursements FY95		Disbursements FY96		Disbursements FY97		Disbursements FY98		Tot. Disbur (to date	
	TFGWB	Joint Cofin.	TFGWB	Joint Cofin.	TFGWB	Joint Cofin	TFGWB	JointCofin.	TFGWB	Joint Cofin.	TFGWB	Joint Cofin	TFGWB	Joint Cofin
94 ERP I	30	66	0	0	5.84	13.8	21.95	19.32	0.64	20.5	0.017	1.77	28.6	55.4
95 EHRP	20	22.3	--	--	0	0	1.7	--	8.97	0.2	1.56	0.05	12.23	0.25
96 MIDP	40	0	--	--	--	--	0	--	13.26	0	2.95		16.21	0
96 ERPII	20	3.5	--	--	--	--	2	--	12.76	0	2.27		17.03	0
97 Wat/San	25	0	--	--	--	--	--	--	4.03		0.75		4.78	0
97 Microent.1	5	0	--	--	--	--	--	--	0				0	0
97 CDP	10	0	--	--	--	--	--	--	0		2		2	0
97 Housing	25	0	--	--	--	--	--	--	0				0	0
97 Inv.Fund	10	0	--	--	--	--	--	--	0		10		10	0
97 Legal	5.5	0	--	--	--	--	--	--	0				0	0
97 PEPP 2	3	3		--	--	--	--	--	0				0	0
98 NGO	10	4.6	-	-	-	-	-	-	0				0	0
TOTAL	**203.5**	**99.4**	**0**	**0**	**5.84**	**13.8**	**25.65**	**19.32**	**39.66**	**20.7**	**19.547**	**1.82**	**90.85**	**55.65**

Trust Fund Portfolio

Project	Allocated Amount		Disbursements FY94		Disbursements FY95		Disbursements FY96		Disb. FY97 (to 6/30)		Disb. FY98		Total disbursed	
	Donor Financed		Donor Financed.		Donor Financed		Donor Financed				Donor Financed			
Holst		269.5		8		110.5		67.77		49.92	9.8			245.99
TATF		23		1		1.96		5.14		3.46	0.54			12.01
TOTAL		**292.5**		**9**		**112.46**		**72.91**		**53.38**	**0.54**			258

Note: "Joint cofinancing" indicates only amounts directly administered by the Bank. 1 Microenterprise project includes $7.5 million in financing from IFC.
2 Agreement with private sector donors pending.

Trust Fund for Gaza and the West Bank

(Allocated Amounts)

Fiscal Year Authorized	Project Name	Effectiveness Date	Allocated Amount	Joint Cofinancing
1994	Emergency Rehabilitation Project	9-Sep-94	30	66
1995	Education and Health Rehabilitaion Project	15-Sep-95	20	22.3
1996	Municipal Infrastructure Development Project	24-Jul-96	40	0
1996	Second Emergency Rehabilitation Project	30-May-96	20	3.5
1997	Water and Sanitation Services in Gaza	8-Jul-96	25	0
1997	Microenterprises Project 1	n/a	5	0
1997	Community Development Project	15-May-97	10	0
1997	Housing Project	n/a	25	0
1997	MIGA Investment Guarantee Fund	24-Jun-97	10	0
1997	Legal Development Project	n/a	5.5	0
1997	Palestinian Expatriate Professionals Project 2	n/a	3	3
1998	Palestinian NGO Project	11-Jul-97	10	4.6
TOTAL			**203.5**	**99.4**
Planned FY98-FY99			Proposed Amount	Potential/Indicated Cofinancing
1998	Gaza Industrial Estates Project		10	52
1998	Electricity Sector Investment and Management Project		15	60
1998	Financial Sector Development Project		15	
1999	MIDP II (Bethlehem 2000)		25	
1999	Water and Sanitation Services in the West Bank		10	
1999	Agricultural Rehabilitation Project		15	
1999	Informatics Project		15	
TOTAL			**105**	**112**

1 Microenterprise project includes $7.5 million in financing from IFC.

2 Agreement with private sector pending.

September 17, 1997 n:\wbg\disb.xl2

Constraints to the
Establishment of the
Gaza Industrial Estate

NOTE ON CONSTRAINTS TO THE ESTABLISHMENT OF THE GAZA INDUSTRIAL ESTATE

The abiding concern is that the Gaza Industrial Estate (GIE) at Al-Muntar be economically and commercially viable.

In order to effectively market the site, the developers need to demonstrate to prospective tenants (particularly international tenants) that (i) operations at the site and the flow of materials into and goods out of the site will be unimpeded and (ii) that the investors themselves and their agents will have relatively free movement in and out of Gaza. This is a tall order given the latest round of tight, politically motivated closures which have virtually halted manufacturing operations in Gaza by blocking the import of materials. Producers have been equally hampered in moving their goods out of Gaza, resulting in spoilage, missed delivery dates and lost contracts with importers in Europe and elsewhere. As far as the movement of people, PADICO's staff (the site's developer) and Ministry of Industry staff based in the West Bank have found it difficult, for the most part, to travel in and out of Gaza during closures. (See note attached on closure costs).

In order for the operation to be attractive to investors and thus commercially viable, the inspection process for goods leaving the site must be speedy and efficient. Initially, inspection of goods was done at the border manually. This was followed by the use of small scanning devices that could handle only small boxes. These systems created huge bottlenecks and led to damage and delays in the delivery of merchandise. Under a new system, the Israelis are installing several new scanning devices that will be able to handle larger pallets. The Israelis propose to use these devices at the Al-Muntar crossing both for goods coming from the GIE and from other locations in Gaza. While this process is faster than the "box system", it is not believed to be sufficient for international investors who are accustomed to loading, sealing and shipping containers at the site. The pallet system is also inappropriate for many industries, for example garment manufacturers, whose goods cannot be packaged as easily for pallets as they can for shipping containers.

The Palestinians want an security agreement based on the use of technology that is suitable for shipping sealed containers. However, since the GIE is being developed in 3 stages and no large scale international firms are planned for phase I, and because the Palestinians realize that it will take sometime to put the better technology in place, they are willing to accept the use of the pallet technology for the initial phase. An Israeli team is currently in the US observing such technology and it is hoped that they will find it acceptable and will agree to install it at the site. It is understood that such a system would address nearly all of the Israelis security concerns, although a small percentage of containers may require additional searches. The Bank will require some form of agreement from the Israelis to that effect, along with an indication of how the system will be financed, before the project can begin implementation. The Israelis are financing the pallet screening system through an allocation from a $250 million grant from the US earmarked for security. It is possible that the US will seek a second allocation for the more advanced technology when/if the Israelis were to make a decision on a system. The technology and possibly the funding, however, is also available from European sources.

Lastly, the Israelis need to prepare and present a proposal for handling the processing of visas, permits, identification cards, as well as the establishment of offices and other facilities to ensure the unfettered movement of investors, developers, Ministry of Industry personnel and all others whose movement to and from the GIE site is controlled by the Israeli authorities.

Despite the recent deterioration in the peace process, cooperation is continuing on the outstanding issues related to the GIE. The Bank is keeping up the pressure for an agreement on principles to be reached by the end of October. The Bank is prepared to take the GIE to the Board of Directors for approval once the "principles" are agreed. However, the project would not be declared effective (i.e funds will not be disbursed and Bank-financed components implemented) until these "principles" are backed up by the arrangements and procedures for the movement of goods and people discussed above.

Steve Karam/Josie Bassinette
September 25,1997

cc: Messrs/Ms. Roberts, Khadr, Saba, Karam, Press

m:josie/briefs/gie.doc

THE WORLD BANK GROUP

ROUTING SLIP	DATE: October 10, 1997

NAME	ROOM. NO.
Ms. Montoliu, Mr. Passamonti (EXC)	

	URGENT		PER YOUR REQUEST
	FOR COMMENT		PER OUR CONVERSATION
	FOR ACTION		NOTE AND FILE
	FOR APPROVAL/CLEARANCE		FOR INFORMATION
	FOR SIGNATURE		PREPARE REPLY
	NOTE AND CIRCULATE		NOTE AND RETURN

RE: Lunch with H.E. Ezer Weizman, President of Israel - Wednesday 10/8/97 - Minutes

REMARKS:

Please see attached.

Please treat as confidential

FROM	ROOM NO.	EXTENSION
Kemal Dervis, MNAVP	H 7-065	32776

CONFIDENTIAL

Lunch with H.E. Ezer Weizman, President of Israel
Wednesday October 8, 1997
Minutes

DECLASSIFIED
JUN 2[illegible]
WBG ARCHIVES

<u>Attendance:</u>

World Bank: James D. Wolfensohn, President
Sven Sandstrom, Managing Director
Mark Malloch Brown, Vice President, EXT
Kemal Dervis, Vice President, MNA
Peter Stek, Executive Director
Florence Braun, Assistant to the Executive Director

IMF: Stanley Fischer, First Deputy Managing Director

Israeli Delegation: Ezer Weizman, President
Arie Shumer, Director General, Office of the President
Daniel Meron, Counselor and Special Assistant to the Director General, Office of the President
Brigadier General Shimon Hefetz, ADC to the President
Ohad Marani, Minister for Economic Affairs, Embassy of Israel
Rachel Hirschler, Assistant to the Minister for Economic Affairs, Embassy of Israel

The discussion started with President Weizman asking Mr. Wolfensohn about his trip to Syria. Mr. Wolfensohn gave a summary of his meeting with President Assad and of the ensuing events, including the first major payment of principal arrears to the Bank ($269.5 million). Mr. Wolfensohn inquired of President Weizman's view on the situation in Syria and prospects for moving Syria into the peace process. President Weizman stressed, then and later during the discussions, that there could be no lasting peace in the Region without peace with Syria. He added that his understanding of the Syrian situation led him to believe that peace with Syria was reachable. He noted that the Golan area has in fact been the most "peaceful" frontier. In Lebanon, on the other hand, there was continuous loss of life ("two Israeli soldiers killed yesterday"). There would be "no way to settle Lebanon without Syria." Moreover, Russia, and in particular Mr. Primakov, wanted to move back into "the game". He thought it would be much better if it was the U.S. rather than Russia that became the peace-broker with Syria. The Golan was soluble, and the Bank's efforts on the economic front could be very useful also in political terms. "He does not like to have poor and desperate neighbors." Mr. Wolfensohn took this opportunity to outline the World Bank's assistance program to the Palestinians.

President Weizman then asked Mr. Wolfensohn and Stanley Fischer for a "state of the world" overview. Stan Fischer started by stressing that, overall, the World Economy was showing strong growth potential, with Japan and South-East Asia being the current trouble spots. Mr. Fischer did elaborate on the increasing weight of China, India and some of the other major emerging economies in the World Economy of the 21st century. Mr. Wolfensohn gave his perspective, stressing the new role that not only China and India, but also Indonesia, Brazil and Russia would be playing.

President Weizman wondered what all this would mean in terms of power structures and geopolitical alliances in the new world of the coming century. He was very worried that nuclear arms were spreading and could get into the hands of the most irresponsible countries. In this context, he expressed strong concern about Iran. Executive Director Peter Stek wondered whether it would not be better to engage the Iranians economically rather than enforcing economic boycotts. President Weizman reiterated his serious concern and advised great care. The discussion then shifted to China and the potential for future conflict, but there was also a general agreement that China would continue to grow and become a formidable world economic and political power.

The lunch ended with a discussion of agriculture, the role of Israeli experts in World Bank Operations and the "high-tech" progress in irrigation techniques. President Weizman invited World Bank participants to visit him during their trips to Israel.

KDERVIS:NT

M:\KEMAL\WEIZMAN.DOC
October 9, 1997 5:52 PM

- [ ] IMF
- [ ] UN
- [ ] MDB/Other IO
- [ ] NGO
- [ ] Private Sector

- [x] Part I
- [ ] Part II
- [ ] Other

E. COMMENTS:

File Location	Cleared By	Date:
[x] EXC [ ] IISC [x] Archives	Marisela Montoliu	10/09/97

View Update History