EXECUTIVE SUMMARY

In this new flash report, Who Profits investigates the role of the Jerusalem light rail train in the consolidation of the Israeli settlement enterprise in occupied East Jerusalem, exposing in particular the critical involvement of international and Israeli corporations in the planning and execution of the project.

The Jerusalem light rail connects large Israeli settlement blocs in occupied East Jerusalem with the western part of the city, expropriating occupied Palestinian land and promoting increased territorial contiguity for settlements alongside growing territorial fragmentation for East Jerusalem’s Palestinian neighborhoods. While the Wall and checkpoints continue to suppress the freedom of movement of Palestinians, a system of light rail trains ensures settlers can move freely and rapidly on both sides of the green line. In the future, the Israeli government and the Jerusalem municipality intend for this system to encompass Jerusalem-area West Bank settlements.

The Jerusalem light rail is executed through public-private partnerships, thus making the involvement of private corporations, both Israeli and foreign, crucial to its realization. In this flash report, Who Profits has identified a number of Israeli and international companies involved in the light rail expansion project: Alstom (France), Amy Metom Engineers and Consultants (Israel), David Ackerstein (Israel), Groisman Engineering (Israel), Ineco (Spain) and Systra (France).
INTRODUCTION

Then Israeli Prime Minister Ariel Sharon, speaking at the 2005 ceremony for the signing of the light rail agreement, referred to the Jerusalem Light Rail Train as “a combination of two fields in which my Government invests – developing the infrastructures and strengthening Jerusalem.” ¹ His speech adequately captured the link between infrastructure and political control fundamental to the light rail project in Jerusalem. The railway, which connects large Israeli settlement blocs in occupied East Jerusalem (such as Pisgat Ze’ev and Ramot) with the western part of the city, strengthens the geographical contiguity between the settlements while breaking up and isolating Palestinian neighborhoods. Together with an intricate web of bypass roads and rapid bus lines, the light rail is laying the infrastructure for consolidating Israel’s colonial hold over the occupied Palestinian territory of East Jerusalem. Once completed, the light rail network would serve the transportation needs of some 100,000 settlers daily.²

In this flash report, Who Profits takes a closer look at the Jerusalem light rail and the international and Israeli corporations that play an instrumental as well as lucrative role in its construction. The flash report begins with an overview of the light rail project, its adverse impact on East Jerusalem’s occupied Palestinian population and its violation of international law, as well as the broader political context of land grab and ongoing displacement in East Jerusalem in which it is situated. Finally, it presents six international and Israeli companies involved in the construction of the light rail.

IMPACT AND IMPLICATIONS

In 1999, the Israeli government approved the construction of a Light Rail Train in Jerusalem. In 2000, an international tender was issued for the construction and operation of the light rail’s first line, and the CityPass Group, a consortium of international and Israeli companies, was selected to design, build and operate the train for 30 years under a BOT (Build-Operate-Transfer) agreement. Two of Israel’s largest banks, Hapoalim Bank and Leumi Bank, took part in financing the project.³ Construction began in 2006 and the train’s first line, known as the Red Line, became fully operational in August 2011. The construction of the Red Line, which runs from Pisgat Ze’ev through the city center to Mt. Herzl, involved significant expropriation of Palestinian property.⁴ In accordance with Plan 8000, the local outline plan for Jerusalem’s first light rail mass transit network, 81.6 dunam (81,600m²) of land in East Jerusalem’s Palestinian neighborhoods were zoned for the light rail.⁵ Importantly, this figure reflects only a fraction of the land expropriation, as it does not include East Jerusalem land already expropriated for Israeli use. According to the Civic Coalition for Defending Palestinians’ Rights in Jerusalem, “As Aviv is paralyzed” (Hebrew), TheMarker, 8 June 2009.

³ Avi Bar El, “The operator of the light rail in Jerusalem is abandoning; the concessionaire in Tel Aviv is paralyzed” (Hebrew), TheMarker, 8 June 2009.
early as 2001, Israeli authorities began expropriation of Palestinian property in Shu’afat to accommodate associated utilities necessary for the future construction of the JLRT." The confiscation of private property by an Occupying Power is prohibited under international law except in situations of imperative military necessity.7

The planning committee, justifying its rejection of a Palestinian resident’s objection to Plan 8000, argued that the harm caused to the plaintiff’s property was “necessary for the creation of a mass transit system intended to serve among others the neighborhoods situated along the route such as the Shu’afat neighborhood and Beit Hanina.”8 However, of the route’s 23 stops, only three are located in predominantly Palestinian neighborhoods (Shu’afat and Beit Hanina), strongly indicating the train was designed primarily for the benefit of an illegal settler population, not of the occupied population, a clear violation of International Humanitarian Law.9

Yet despite the light rail project’s preferential nature, Palestinian residents in Shuafat and Beit Hanina suffered the project’s negative consequences, such as pollution, noise, traffic and loss of business. Whereas in Jewish areas the design of the railroad allowed for the presence of other transit means, the light rail in the city’s Palestinian areas was built at the expense of driving lanes and parking, aggravating an already pressing infrastructure problem.10 Additionally, the UNESCO World Heritage Committee found that the light rail’s proximity to the Old City walls threatens the integrity of the structure and requested that Israel, as the Occupying Power, restore the site’s original character.11

**PLANNED AND EXISTING ROUTES**

The Red Line, which cost an estimated NIS 4 billion,12 is the first of several planned mass transit routes to be carried out over the next decade. Construction is presently underway for the light rail’s second stage, three extensions to the Red Line approved in 2013 by the authorized planning committees. The extensions are expected to cost another NIS 4 billion13 and to serve an additional 60,000 passengers a day. The

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7 CCDPRJ, p. 10.
8 ICRC, *Rule 51: Public and Private Property in Occupied Territories*, Customary IHL.
10 Article 55 of the Hague Regulations designates the Occupying Power as only the administrator and usufructuary of public immovable properties such as land. Accordingly, Israel’s use of land in the oPt is limited to mere administration and it is only allowed to function as a trustee of occupied public property. Hence, Israel is prohibited from exploiting the land in a manner that quashes the economy of the occupied population and benefits its own inhabitants or national economy.
11 http://whc.unesco.org/en/decisions/6243/
northern extension will connect the Pisgat Ze’ev settlement neighborhood to the Neve Yaakov settlement neighborhood and include 4 additional stations. The third stage involves the construction of a new line called the Green Line, which entered the Pre-Qualification stage in early 2017. The Ministry of Finance announced on 2 July 2017 that the winning company will also be awarded the tender for the Red Line extensions, previously held by CityPass.\textsuperscript{14} The new route, estimated to carry 200,000 passengers daily, will link the Gilo settlement to the city center and to Mt. Scopus. Finally, the Israeli government is currently in the process of obtaining statutory approvals for the construction of a third line, the Blue Line, which would run between Ramot, Jerusalem’s largest settlement neighborhood, and Gilo, connecting the settlement blocs in northwest and southwest East Jerusalem to each other and to West Jerusalem. The Blue Line is estimated to serve a quarter million passengers a day. The Green Line and the Blue Line are each expected to cost around NIS 10 billion.\textsuperscript{15}

The stations layout for the planned lines exhibits the same preferential design as the existing line (the Green Line, for example, has 40 stops, only one of which is located in a Palestinian neighborhood, Beit Safafa), and it is safe to assume that the construction of the new lines and extensions will be characterized by the same negative and disproportionate impact on Palestinians. Based on the objections process for the original mass transit outline plan (Local Outline Plan 8000), in which dozens of objections by Palestinian residents of East Jerusalem were rejected by the planning committees, it is safe to assume that most objections currently under review regarding the new lines will likewise be overruled.

The light rail’s extended network, along with other major infrastructure projects (such as the Jerusalem Ring Road), is designed to promote increased territorial continuity for settlements alongside growing territorial fragmentation for East Jerusalem’s Palestinian neighborhoods. While the Wall and checkpoints continue to suppress the freedom of movement of Palestinians, a system of light rail trains ensures settlers can move freely and rapidly on both sides of the green line, facilitating the creation of larger, accessible and well connected Israeli spaces. In the future, the Israeli government and the Jerusalem municipality intend for this system to encompass Jerusalem-area West Bank settlements. In November 2016, Israeli Minister of Transportation Yisrael Katz approved the advancing of a plan to extend light rail service to surrounding settlements.\textsuperscript{16} The Ministry of Transportation is currently exploring possibilities of linking the Geva Binyamin settlement to the Red Line by way of Neve Yaakov, the Givat Zeev settlement to the Blue Line through Ramot, and the Maale Adumim settlement to the Green and the Red Line at the French Hill.\textsuperscript{17}

The Jerusalem light rail also provided the Jerusalem municipality with the opportunity to tighten its surveillance apparatus over the city’s Palestinian neighborhoods. During the summer of 2014, the brutal murder of sixteen-year-old Muhammad Abu Khdeir sparked a wave of protest among East Jerusalem’s Palestinian

\textsuperscript{14} Amiram Barkat, “\textit{Everyone loses as gov’t severs CityPass light rail link}”, \textit{Globes}, 5 July 2017.

\textsuperscript{15} “\textit{The tender for the J-NET of the Jerusalem light-rail system advances to the Pre Qualification (PQ) stage}” Saved on file.

\textsuperscript{16} Amalia Duak, “\textit{Breaking: Train to the settlements}” (Hebrew), \textit{Mako}, 1 November 2016.

\textsuperscript{17} Shachar Ilan, “\textit{Yisrael Katz winks to the right: 408 million shekels for roads in Judea and Samaria}” (Hebrew), \textit{Calcalist}, 16 March 2017.
residents that also targeted the light rail. In an unprecedented move, the Jerusalem municipality used unmanned aerial vehicles and surveillance balloons to secure the train’s route around the clock. As is frequently the case in the occupied Palestinian territory, the emergency measure outlived the “emergency” and became routine.18

Approximately 263,232 Palestinians live in East Jerusalem as permanent residents. They are eligible for social security and municipal services, but they are not citizens and do not hold an Israeli passport.21 Israeli authorities routinely infringe upon their residency rights, and since 1967 over 14,000 Palestinians have had their residency status revoked.22

The settlement enterprise in Jerusalem required the acquisition of land owned by Palestinian residents and institutions in the area. Since 1967, Israel has confiscated 38.3% of the land in East Jerusalem for the construction of Jewish settlements. Another 10.8% of East Jerusalem is still unplanned for construction, and an additional 14.7% is declared as “no-construction” zones. Of the remaining 37% supposedly intended for Palestinian use, 19.8% is designated for roads and infrastructure in Palestinian neighborhoods, and 2.6% is intended for public structures in Palestinian neighborhoods, leaving only 13.8% of the area for the construction of housing in the Palestinian neighborhoods.23

Out of more than 200,000 housing units in East Jerusalem, less than a quarter are located in

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18 For more information see Who Profits’ 2015 Update “Eye in the Sky New Aerial Surveillance Systems and the Jerusalem Light Rail”.
21 Ibid
Palestinian neighborhoods. Between 2010 and 2015, the Jerusalem Municipality issued construction permits for 11,603 apartments in East and West Jerusalem – only 878 of them in Palestinian neighborhoods.24

Municipal planning authorities also enforce an active policy of house demolitions. Since 1967, Israel has demolished over 2,000 houses in East Jerusalem. As Israeli building permits are extremely difficult to obtain, over 90,000 Palestinian residents live under the constant threat of demolition.25 2016 was a record year for demolitions, with over double the figures of 2015.26 Since the election of US President Donald Trump, the number of demolitions has risen dramatically.27

Israel’s annexation of East Jerusalem has never been recognized by the international community. Israel’s 1980 Basic Law: Jerusalem, Capital of Israel has been declared “null and void” in Resolution 478 of the UN Security Council, and the United Nations, the High Contracting Parties to the Geneva Conventions, the International Court of Justice and the International Committee of the Red Cross all consider East Jerusalem to be indisputably occupied under international law.28 The Jewish settlement neighborhoods constructed in East Jerusalem are thus illegal under international law, as they violate article 49 of the Fourth Geneva Convention.

CORPORATE COMPLICITY

Large-scale infrastructure projects such as the Jerusalem light rail often require expertise not found in the Israeli market. Thus, the Israeli railway sector depends heavily on foreign manufacturers for the supplying of vehicles and track, and on foreign technologies for electrification, signaling, tunneling and other crucial operations. Partnering with international companies is therefore imperative for successfully executing major railway projects.

The construction of the light rail’s first line relied on a public-private partnership between the Israeli government and CityPass, a consortium of French and Israeli companies. According to the Israeli Ministry of Finance, the expansion of the light rail network will be carried out using the same method.29 The involvement of private

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24 Ibid.
25 OCHA 2014.
26 “Record number of demolitions and displacements in the West Bank during 2016” OCHA, 10 February 2017.
28 “40 Years after the Unlawful Annexation of East Jerusalem: Consolidation of the Illegal Situation Continues Through the Construction of the Jerusalem Light Rail” Al-Haq, 12 October 2010.
29 “The early selection documents for significant expansion have been published” 23 April 2017.
corporations, both Israeli and foreign, will therefore continue to be crucial to its realization. Who Profits has identified a number of Israeli and international companies involved in the light rail expansion project: Alstom (France), Amy Metom Engineers and Consultants (Israel), David Ackerstein (Israel), Groisman Engineering (Israel), Ineco (Spain) and Systra (France).

The three international companies included below all subscribe to corporate responsibility policies that include respecting and upholding human rights. Out of these companies, some are active participants in the United Nations Global Compact (Ineco and Alstom), which means they have agreed to meet fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption. Yet by actively taking part in an infrastructure project designed to further entrench Israel’s illegal annexation of East Jerusalem and to strengthen its illegal settlement enterprise, the companies are not only facilitating Israel’s violation of international law, but are also accountable under UN Global Compact’s human rights principles, which state that “Businesses should support and respect the protection of internationally proclaimed human rights” and “make sure that they are not complicit in human rights abuses.” Systra, for example, in its December 2015 General Policy document, lists “promoting human rights” among its core ethical commitments. According to its CEO, Systra believes “a company cannot grow sustainably without being accountable for its impact on society and the planet; without placing respect for others and ethics at the heart of its business.” Systra should therefore be held accountable to its impact on East Jerusalem’s Palestinian residents.

**Alstom**

A publicly traded French multinational company in the power generation and transport markets. Alstom develops and markets systems, equipment and services for the railway sector. The company is involved in the light rail project in Jerusalem. It is the manufacturer and provider of the railroad cars for the Jerusalem light rail. Its wholly-owned subsidiary Citadis Israel Ltd. has the contract for providing maintenance for the project for 22 years.

In June 2013, Alstom sold its 20% stake in CityPass to Israel Infrastructure Fund (IIIF) and Harel Insurance Investments and Financial Services Ltd for NIS 30 million. However, Alstom, along with the Ashtrom Group, remains the engineering and construction contractor for the project.

In December 2016, Alstom also started a joint pilot with the Jerusalem light rail and the Israeli technology company Mobileye.

**Corporate information:**

Alstom is publicly traded on the Paris stock exchange (Euronext: ALO).

Major shareholders: French state (20%), Bouygues (8.33%), DNCA Investments (3.08%) and State Street Corporation (2.87%)

Chairman and CEO: Henri Poupart Lafarge

CITADIS Israel Ltd. is a wholly-owned fully consolidated subsidiary. The company also has wholly- and partially-owned subsidiaries in Algeria, Australia, Belgium, Brazil, Canada,

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Amy Metom Engineers and Consultants

An engineering consultancy firm, specializes in infrastructure engineering design and project management.

Along with Obermeyes Construction Management company (based in Germany), Amy-Metom is the head planner of the Green Line of the Jerusalem light rail. The planned light rail route will connect settlement neighborhoods to each other and to neighborhoods in West Jerusalem. These neighborhoods are Gilo, Talpiot and Mount Scopus (Har-HaTsofim).

The company is also responsible for planning and developing the new green and red bus lines in Jerusalem in accordance with the new infrastructure projects for the light rail. The new bus lines include over thirteen stations located in East Jerusalem: stations in the French Hill settlement neighborhood, a station next to the Dan hotel in the north of East Jerusalem and nine stations in the Gilo settlement neighborhood.

Other occupation-related activities of Amy-Metom

The company is the main planner for the Tel-Aviv Jerusalem fast train (known as the A1 route) which crosses into the occupied West Bank in two areas. The company planned sections B, C and D of the Tel-Aviv Jerusalem fast train. The three sections include 20 sq.m of tunnels and is located between the Latrun intersection and the International Convention Center (Binyanei HaUma) located in Giv'at Ram in Jerusalem.

The company also provided planning services for a transportation plan in the settlement of Modi’in Illit and planned roads near Afik, a settlement in the occupied Golan Heights. Additionally, the company developed a project for the Israeli Ministry of Construction and Housing in several settlements in the Golan Heights including Ortal, Bnei Yehuda, Hispin and Katzrin.

In 2012 the company developed the plan for one of sections of Route 1 that connects Tel-Aviv to Jerusalem. Route 1 crosses the green line and connects illegal settlements beyond the green line to Israeli cities within it.

Corporate information

The company is privately owned by Dov Blau, Nir Shalaf, Michael Leonov, Ben-EliEzer Ilan BaNe’manut, Amy-Metom Engineers and Consultants Ltd. and Eitam Civil Engineering Ltd.

The projects of Amy-Metom Company is managed by Eitam Project Management Ltd.

Eitam Civil Engineering Ltd. is a privately owned by Tuval Chak, łyndia Yehuda, Tamir Ron, Leonov Micka, Goldraich Menahem and by Eitan Civil Engineering Ltd.

Head office:
Yavne St 3
Haifa 33041
Israel
Tel: +972-4-8681111
Website: [www.amymetoom.co.il](http://www.amymetoom.co.il)
David Ackerstein
A provider of management, planning and supervisory services in civil engineering, transportation, construction and infrastructure projects.

David Ackerstein Ltd. provides planning services for infrastructure relocation in the Neve Yaakov extension of the Red Line of the Jerusalem light rail. The company previously provided civil engineering and infrastructure consulting services in the construction of the Red Line, including management of BOT (Build-Operate-Transfer) tenders and advancing planning for the light rail, depot and parking. The company participated in the infrastructure relocation and electricity and development works near the Tzahal Square tunnel along the light rail’s first route. It provides ongoing consulting, planning and supervisory services for the Jerusalem mass transit project.

Other occupation-related activities of David Ackerstein
The company managed several roads infrastructure projects in East Jerusalem, including road improvements in section 3 of Highway 50 (Begin Highway) in southwest East Jerusalem and the regulation of arterial roads in Silwan, a Palestinian neighborhood that has been the target of intensive Judaization efforts. It also managed roads safety projects on Route 5066, Route 90 and Route 35 that serve West Bank settlements.

David Ackerstein carried out restoration, development and conservation projects in the Old City in East Jerusalem, including the entrance to Jaffa Gate, El-Wad St. in the Muslim Quarter and the Armenian Patriarchy St. in the Armenian Quarter.

The company managed the Park & Ride in the Pisgat Ze’ev settlement and a project in the Atarot B Industrial Zone.

It provided the Israel Electric Corporation with planning, management and supervisory services for electricity infrastructure projects, including in a substation in the Har Homa settlement neighborhood in East Jerusalem. Work included infrastructure works, construction and large scale horizontal drilling.

The company also works with local and regional councils in the West Bank. It managed a project in the sewage treatment plant in the Beit Aryeh settlement as well as infrastructure and residential development projects in the settlement, and was involved in the installation of water pipes in the West Bank settlement of Har Adar.

The company’s client list includes the Ma’ale Adumin Municipality, Mateh Binyamin Regional Council, Beit Aryeh Local Council, The Economic Co. for the Development of Ma’ale Adumim.

Corporate information
Owner and Chairman: David Ackerstein

Head office:
40 Givat Shaul St.
Jerusalem 95477
Israel
Tel.: +972 26517603
Website: www.ackerstein-eng.co.il

Groisman Engineering
An Israeli project management company that provides consulting and management services for projects in fields such as train infrastructure, light rail systems and tunneling supervision systems.
Groisman Engineering is involved in the construction of the Jerusalem light rail. The company played a leading part in the Engineering Procurement Construction (EPC) and served as the deputy construction officer for civil infrastructure (CWE) works. It also designed the coordination of the depot and substations, scheduled coordination of the EPC and supervised the construction of the CWE.

**Other occupation related activities of Groisman Engineering**

The company was involved in a construction project for the Moriah-Jerusalem Development Company, building 1-12 road ramp for the East Jerusalem settlement of Pisgat Ze’ev. The company led all aspects of management: design and tender coordination and supervision during construction.

The company is also involved in two military infrastructure and construction projects for the Israeli Ministry of Defense, leading the design phase of a major base relocation for the Israeli army and taking part in the design of a new army training campus in the Negev (Naqab).

**Corporate information**

Founder and Head: Eng. Offer Groisman

The company has a partnership with Alstom for the construction of the Jerusalem light rail. Other partners include the Marshall Macklin Monaghan Group, Aecon and Model Group.

The company also has a presence in Mexico.

Head Office:
16 Habrosh St.
Savion, 56516
Israel
Tel: +972-3-5326415
Website: [www.groisman-eng.co.il](http://www.groisman-eng.co.il)

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**Ineco**

A Spanish infrastructure engineering and consultancy company providing services for the management of transport systems in the sectors of aviation, railway, roads, urban and sea transport and building.

In August 2016, Ineco won a tender for the planning and engineering of the tunnels in the Blue Line of the Jerusalem Light Rail. The Blue Line’s planned route passes from the Gilo settlement in southwest East Jerusalem through the city center to the Ramot settlement in northern East Jerusalem.

The estimated planning cost of the 2.5km tunnel section is NIS 100M.

Ineco is also participating in the design phase of the electrification of the railway cars of Israel Railways.

**Corporate information:**

Chairman and CEO: Isaac Martín-Barbero

Ineco was founded in 1968. In 2010 it was merged with Tifsa.

Ineco is a state-owned trading company under the Ministry of Public Works through its shareholders: ENAIRE (45.85%), Adif Alta Velocidad (20.68%), Adif (20.69%) and Renfe (12.78%). The shareholding companies are all public companies responsible for the management of Spain's transport system.

Ineco has two subsidiaries: Ineco do Brasil (Brazil) and Inecomex (Mexico). It also has holdings in Tenemetro (10%), CEAVMM (1.5%) and in AIE Crida (16.67%).

The company’s revenues for 2015 were 195,390,770 euros.

Head Office:
Paseo de la Habana, 138
Systra

A French consulting and engineering group specializing in the design of transport infrastructures for metros, tramways, high speed lines and classic railways.

In 2011, Systra, in joint venture with the DEL Group and MATI, a local traffic export company, won a tender to carry out the preliminary design of the Blue Line of the Jerusalem Light Rail.

Systra was responsible for project management, quality control, tender documents and preliminary engineering design including Light Rail Train urban integration, substation layout and operating principles.

Corporate information:

Systra is a jointly owned subsidiary of two French state owned public corporations: the SNCF Group (42%) and the RATP Group (42%). Remaining shares are held by French banks (15%) and employee shareholders (1%).

CEO: Pierre Verzat

Subsidiaries: Systra Consulting (US), CANARAIL (Canada), TECTRAN SYSTRA Brasil (Brazil), VETEC SYSTRA Brasil (Brazil), SYSTRA ALGERIA (Algeria), SYSTRA MOROCCO (Morocco), SYSTRA – SOTECNI (Italy), SYSTRA Ltd. Great Britain (UK), SYSTRA Ltd. Ireland (Ireland), DALCO ELTEKNIK (Sweden), SYSTRA Asia Pacific (Hong Kong), SYSTRA MVA India (India), SAI (India), SYSTRA Shanghai (China), SYSTRA Korea (Korea), MVA Hong-Kong / MVA Asia Limited (Hong Kong), SYSTRA MVA Singapore (Singapore), SYSTRA MVA Thailand (Thailand), Beijing MVA Transport Consultants (China), MVA Transport Consultants (Shenzhen) (China), Systra Scott Lister (Australia).

85% of projects done in partnership with transport authorities and 15% in partnership with private companies.

The company’s revenues in 2016 were 612 million euros.

Head Office:
72 Rue Henry Farman Cedex 15
75015 Paris
France
Tel. +33-1-40166100
Website: www.systra.com