



Negotiations Affairs Department  
Negotiations Support Unit

20 May 2025

## International Corporate Complicity (CAF) in Israel's Illegal Settlement Enterprise

### “The Case of Israeli Light Rail in Occupied East Jerusalem”

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On 21 May, 2025, Israel is set to begin a 14-week infrastructure phase aimed at connecting the Green Line of the Jerusalem Light Rail (JLR) to the existing Red Line.<sup>1</sup> While this may appear to be a routine urban transportation project, it carries significant legal implications, particularly in occupied East Jerusalem, which is internationally recognized as occupied territory.

#### Project Overview

The Jerusalem Light Rail (JLR) is an Israeli government project designed to link illegal Israeli settlements in the occupied State of Palestine to West Jerusalem through a light rail system. During the first stage, the rail system connected the Israeli settlements of Pisgat Ze'ev and French Hill to West Jerusalem.

As part of the project's second stage, scheduled to begin on 21 May, 2025, the Israeli government will dramatically expand this network, connecting Gilo settlement to the French Hill settlement and the Hebrew University in Mount Scopus via the Green Line, and extending the existing Red Line to the Neve Ya'kov settlement.

In the third stage, the Israeli government plans to connect Gilo settlement to Ramot settlement in the north via the Blue Line, all of which are illegal Israeli settlements located in and around East Jerusalem, thereby linking them to West Jerusalem. By creating permanent infrastructural ties between the settlements and West Jerusalem, the JLR will make it more difficult to resolve the status of Jerusalem in the context of a negotiated final status agreement.

#### Impact of the Light Rail

In addition to being in clear violation of international humanitarian law, the JLR will have devastating effects on the Palestinian population. Metropolitan East Jerusalem<sup>2</sup> has historically generated approximately 35% of the Palestinian economy, and represents the political, spiritual, and cultural center of Palestinian

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<sup>1</sup> <https://www.jerusalem.muni.il/en/residents/short-service/>

<sup>2</sup> Metropolitan Jerusalem includes: East Jerusalem, Ramallah, and Bethlehem



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life. The JLR will further entrench Israeli settlement in and around East Jerusalem, thereby suffocating the Palestinian part of the city; fragmenting Palestinian neighborhoods and isolating them from one another; deepening the spatial and physical disconnect between East Jerusalem and the rest of the occupied West Bank; and undermining Palestinian claims to territorial contiguity.

Furthermore, the JLR will physically blur the distinction between East and West Jerusalem, thereby undermining the possibility of the city serving as the capital of two states. Infrastructure projects of this kind in occupied East Jerusalem frequently precede an increased Israeli military and police presence and heighten harassment of Palestinians.

### **Project Scope**

The international company involved in implementing the JLR expansion is CAF (Construcciones y Auxiliar de Ferrocarriles), a Spanish multinational specializing in railway systems. CAF partnered with Shapir Engineering and Industry, an Israeli construction firm, to form the TransJerusalem J-Net consortium.

In August 2019, this consortium was awarded a €1.8 billion contract to expand and operate the city's light rail network.<sup>3</sup> The contract includes: Construction of 27 km of new track, including a 6.8 km extension of the existing Red Line and the development of the new 20.6 km Green Line. Development of 53 new stations across both lines. Supply of 114 new trams for the Green Line and refurbishment of 46 existing units on the Red Line, installation of signaling, energy, and communication systems and operation and maintenance of both lines for 15 and 25 years, respectively, with options to extend.<sup>4</sup>

CAF holds a 50% stake in the special-purpose vehicle (SPV) established to manage the operation and maintenance of the light rail system.<sup>5</sup> CAF's participation contributes directly to Israel's de facto annexation of East Jerusalem.

### **Illegality of the Light Rail**

As the Occupying Power, Israel has no sovereign rights or title to occupied territory, which includes East Jerusalem. Under international law, Israel may only undertake changes in occupied East Jerusalem and the rest of occupied Palestinian territory either for the benefit of the occupied Palestinian population or for military

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<sup>3</sup> <https://www.caf.net/en/sala-prensa/nota-prensa-detalle.php?e=313>.

<sup>4</sup> <https://www.railwaypro.com/wp/jerusalem-light-rail-contract-awarded/>

<sup>5</sup> <https://www.railjournal.com/passenger/light-rail/caf-and-shapir-awarded-jerusalem-light-rail-project-contract/>



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necessity.<sup>6</sup> The JLR meets neither criterion, as it neither serves the needs of Palestinian civilians nor is justified by any legitimate military necessity.

As such, it constitutes an illegal alteration of the status of East Jerusalem and adjacent West Bank areas. As an integral component of Israel's settlement enterprise, the JLR is illegal under the Fourth Geneva Convention<sup>7</sup>. The international community, including the UN Security Council, has affirmed on numerous occasions that Israel's unilateral changes to East Jerusalem have no legal validity and constitute a serious obstacle to the achievement of a comprehensive, just and lasting peace in the Middle East.<sup>8</sup>

### **Third State Obligations with respect to the JLR**

The involvement of international corporations, particularly the CAF, in the JLR project raises serious legal and ethical concerns, amounting to complicity in violations of international law. Such involvement stands in stark contrast to the principled position adopted by the Government of Spain in May 2024, when it officially recognized the State of Palestine.

Spain's recognition was not only a historic and courageous step, but also a clear affirmation of its commitment to a rules-based international order grounded in respect for international law, human rights, and the inalienable right of the Palestinian people to self-determination. The decision sent a strong political message in support of ending the Israeli occupation and upholding the two-state solution, with East Jerusalem as the capital of the future Palestinian state.

Spain's position has also served to strengthen the international consensus rejecting the legitimacy of Israel's unilateral actions in the occupied Palestinian territory, particularly its attempts to alter the legal and demographic character of East Jerusalem through settlement expansion and annexation measures. By taking a public stand, Spain contributed to reinforcing international legal norms and encouraging other states to take concrete steps in defense of Palestinian rights.

In light of this position, it is imperative that CAF act consistently with the principles underlying their government's policy.

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<sup>6</sup> Hague Regulations, Arts. 43, 47 and 55.

<sup>7</sup> Art. 49 of the Fourth Geneva Convention.

<sup>8</sup> UNSC Res. 252 (adopted 21 May 1968); UNSC Res. 267 (1969) (adopted 3 July 1969); UNSC Res. 298 (adopted 25 September 1971); UNSC Res. 476 (1980) (adopted 30 June 1980); UNSC Res. 478 (1980) (adopted 20 August 1980); and UNSC Res. 2334 (adopted 23 December 2016).





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