The Palestinian economy
Occupation, de-development
and normalisation

THE PALESTINIAN GRASSROOTS ANTI-APARTHEID WALL CAMPAIGN

Background

Since 1948, Israeli planners, politicians and military leaders have undertaken efforts to de-develop the Palestinian economy through confiscating land and resources and undermining potential growth by rendering the Palestinian economy dependent upon Israel.

In recent years, these efforts at de-development have been facilitated by agents such as the World Bank, the British Department for International Development (DFID), KfW and JICA. All of these actors work together with the Palestinian National Authority (PNA) to implement ‘development’ schemes that treat the Occupation as a partner rather than an occupier, thus normalizing the existing patterns of domination, rather than enhancing Palestinian capacity to develop independently.

Ongoing land and resource confiscation, ghettoization and restrictions on freedom of movement have created conditions of severe economic hardship for Palestinians. The combined poverty rate for the West Bank and Gaza is 70%. The unemployment rate is 26%.

In the former economic centers of the West Bank, such as Nablus, Hebron and Qalqilya, economic activity has become nearly impossible due to the Wall, the checkpoints and the network of apartheid roads and settlements surrounding the cities.

Key sectors of the Palestinian economy are under Israeli control. 98% of PNA electricity comes from the Israel Electric Corporation; the Palestinian natural gas and oil market is monopolized by Dor Alon and other Israeli companies. Israeli companies’ share of the Palestinian mobile line market is as much as 45%.

The West Bank and Gaza function as captive markets. Overall, Israeli exports to the West Bank and Gaza have risen from $0.8 billion in 1988 to $2.6 billion in 2007, solidifying the Palestinian economy’s dependence on Israel.

Development actors

Introduction: The Palestinian Reform and Development Plan 2008-2010 (PRDP), is the framework for economic and political ‘development’ in the West Bank and Gaza. It has been generated in conjunction with - if not directly by - neoliberal institutions such as the World Bank, the International Monetary Fund, DFID, and other international development agencies. Acting within this framework, the PNA de facto implements projects that are both unsustainable and damaging to the Palestinian people.

Development agencies as well as the PNA fail to confront the totality of the occupation as a project of land theft, colonization and ethnic cleansing which affects all aspects of Palestinian life, including the economy.

The World Bank: The Bank approaches Palestinian development in a manner that disguises continued occupation as “co-operation.”

Against the ICJ’s instructions to the international community “not to render aid or assistance in maintaining the situation created by (the Wall’s) construction,” the Bank formulates plans around making the Palestinian prison-state, as defined by the illegal Apartheid Wall, sustainable. It effectively accepts the situation created by the settlements, military zones and any “areas in which Israel has a vested interest.”

Working in this context, the Bank has no choice but to propose projects that work within the apartheid system on ground, effectively making it function smoother and allowing Occupation forces to maintain military and economic control. This involves proposals:

The Wall: Upgrading “commercial checkpoints” along the Wall, making them efficient in facilitating the flow of goods;

Movement: Linking the West Bank and Gaza Strip by routes that are operated by Israel and monitored by Israeli security firms, giving Occupation forces ultimate control over Palestinian movement;

Resources: Developing the Gaza Marine Field by linking it to the Israeli grid and using Israeli firms to buy electricity from Gaza and sell it to the West Bank, both of which extend hostile Israeli control over key Palestinian resources.

DFID and other development agencies: View Israeli acts as development partners, recommending joint cooperation between Israelis and Palestinians without taking into account the fact that equal cooperation is impossible under the framework of occupation.

For DFID, the role of the PA is to ensure ‘security and transparency.’ The PA is to suppress resistance, under the pretext of enforcing the rule of law, thus creating a more suitable environment for development and investment. The role of Occupation forces, which continue daily to abuse and attack Palestinian communities, is not and cannot be dealt with under this framework.
**The Palestinian National Authority (PNA):** has been a partner for the above-mentioned international development agencies. It has implemented security reforms to create a US-backed and Shin-Bet screened security force that attempts to silence dissenting voices, attacks demonstrations, and kidnaps and tortures members of opposition parties.

The key development scheme, written by international agencies and the PNA, is the PRDP. The PRDP implements almost all of the former’s reform recommendations and conceives of development as a project that can co-exist with, incorporate, or at minimum work around the occupation. This serves to strengthen, legitimize, and institute the presence of the occupation in the West Bank while at the same time relegating the Palestinian economy to a subjugated and dependent position. In this context, permanent and successful development is not possible. **In this context, the proposed ‘joint’ Israeli-Palestinian proposals do not foster cooperation for sustainable growth, but rather maintain Israeli control over Palestinian development.**

**Key development projects**

**Industrial Zones:** There are several types of industrial zones: settlement industrial zones, joint industrial zones, border industrial zones and an agro-industrial zone in the Jordan Valley. **By 2025, as many as 500 thousand Palestinian labourers are expected to work in the industrial zones.**

The industrial zones are situated on confiscated Palestinian land, and it is mostly Israeli corporations that operate on them.

All of the industrial zones require a cheap, mobile labour force that will be drawn from the de-developed Palestinian economy. The jobs that they produce are highly vulnerable and dependent on the Israeli market and political situation. Labour laws have not yet been agreed upon, guaranteeing a period when workers will lack legal protection.

The zones effectively ensure that the cheap Palestinian labour force manufactures Israeli products, which are then either sold back to Palestinians, or are exported by Israeli firms to the US, EU, and Gulf markets.

**A key example is the Jenin Industrial Estate (JIE) is a “border” industrial zone that will be built on land belonging to Jalameh, near Jenin.**

The JIE compromises Palestinian sovereignty, implicitly recognizing the illegal situation created by the Wall. Occupation forces will have the final say over issues such as access of goods and people, provision of water and electricity and environmental issues.

International investment in the area will be controlled by the military administration, thus lending legitimacy to the land confiscations and overall occupation.

**Investors will be attracted to the JIE on the basis of the subsistence-level wages and ambiguous labour laws for the Palestinians working there.** In exchange, they are forced to export 80% of their products. The main market will be Israel.

**The Bethlehem Tourism Project:** Will effectively serve to normalize the occupation and provide unsustainable development that maintains the subjugation of the Palestinian economy.

This French-funded project focused on increasing foreign tourism, but ignores domestic tourism. It overlooks the factors that have decimated Palestine’s domestic tourism sector, such as the fragmentation of the West Bank, the restrictive permit system and economic hardship related to the occupation.

**The project incorporates checkpoints into the plans.** Tourist-friendly checkpoints, flexible tourist hours, and separate tourist lanes will be created to shield visitors from the realities of occupation while at the time legitimizing their presence.

It will enable continued Israeli control over the growth of the Palestinian tourism sector. Israeli forces will have the power to grant permission to Palestinian guides or businesspeople and any potential employment produced by the plan remains dependent on Israel.

The plan does not address the fact that Bethlehem tourism grants disproportionate benefits to the settlements. Much of the settlement expansion around East Jerusalem includes touristic sites and hotels, in an attempt to widen the disproportionately high economic benefits Israeli companies reap from the Bethlehem tourist market. This will encourage more settlers to migrate to this area by creating jobs and investments for them in these settlements and serve to further complicate the negotiations on Jerusalem and sustain these settlements.

**JICA proposals for the Jordan Valley:** The Japan International Cooperation Agency (JICA) has proposed a flawed initiative to create an agro-industrial zone in the Jordan Valley.

The proposal aims to establish a free trade agricultural zone in the area that will turn the small-scale Palestinian farmers into day-labourers and sub-contractors to large agro-industry dominated by Israeli and regional capital.

The plan does not address the occupation and expropriation of land that has taken place over the last 40 years in the Jordan Valley, and instead tries to integrate parts of the occupation into the project itself. The illegal settlements in the Jordan Valley are implicitly condoned, and the initiative will explicitly invest in and facilitate the growth of settlements.

The **plan ignores the Palestinian communities’ fundamental needs,** such as the development of education and health care facilities and restricts the development of an autonomous Palestinian export sector, as Palestinians will only be able to export to Israel, EU, Europe, Jordan and the Gulf states.

By normalizing the occupation in the Jordan Valley and presuming a permanent Israeli presence there, the proposal attempts to coerce Palestinians to accept the presence of the Israeli infrastructure and occupation through economic means.

**For more information**

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