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Items 6(b) and 7 of the provisional agenda

**DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD ON ITS
FIFTIETH SESSION**

Held at the Palais des Nations
from 6 to 17 October 2003

Rapporteur: Mr. François Leger (France)

Speakers:

| | |
|---------------------------------------|--------------------------|
| President of the Board | Algeria |
| Secretary-General of UNCTAD | Israel |
| Thailand for the G77 and China | Islamic Republic of Iran |
| Benin for the LDCs | Afghanistan |
| Italy for the EU | Lebanon |
| Coordinator to the Palestinian people | Jordan |
| Palestine | United States of America |
| Oman for the Asian Group and China | Tunisia |
| Zimbabwe for the African Group | Indonesia |
| Syrian Arab Republic | League of Arab States |
| Egypt | |

Note for delegations

This draft report is a provisional text circulated for clearance by delegations. Requests for amendments to statements by individual delegations should be communicated by **Tuesday, 21 October 2003** at the latest, to:
UNCTAD Editorial Section, Room E.8108, Fax No. 907 0056, Tel. No. 907 5656/1066.

PREPARATORY PROCESS FOR THE ELEVENTH SESSION OF THE CONFERENCE

(Agenda item 7)

(a) Establishment of the Preparatory Committee

1. The **President** said that, once established by the Board, the Preparatory Committee for UNCTAD XI would have before it a document entitled “Preparations for UNCTAD XI: Submission by the Secretary-General of UNCTAD” (TD(XI)/PC/1). The Preparatory Committee would consider its organization of work with the aim of finalizing that work at the beginning of April 2004. It was expected that there would be an executive session of the Board at the end of April 2004 to consider the organizational matters of the Conference. The Preparatory Committee would establish an Organizational Committee under the Chairmanship of the host country.

Action by the Board

2. At its 949th plenary session, on 10 October 2003, the Board established an open-ended Preparatory Committee for UNCTAD XI under the chairmanship of the President of the Board.

(b) Approval of the provisional agenda for the Conference

Action by the Board

3. At its 949th plenary session, on 10 October 2003, the Board approved the draft provisional agenda for UNCTAD XI, as contained in document TD/B/50/L.1.

Statements

4. The **Secretary-General of UNCTAD** said that progress had been made in the preparations for the Conference. In particular, the secretariat had circulated its submission (TD(XI)/PC/1), the second part of which was intended to serve as the pre-Conference text. It had also circulated informally a tabulation of proposed Conference events, planning for which had been based on the experience of previous Conferences. With regard to the themes of the Conference, interdependence was no longer a mere rhetorical concept. One of the major problems of developing countries that were not growing was that they did not have the capacity to compete, and this must be a matter of concern to the international community as a whole. As things stood at the moment, too many developing countries felt that they did not have much at stake in terms of possible gains. Within the framework of the overall theme of the Conference, three issues deserved particular attention, namely trade and poverty, trade and gender, and trade and the creative industries.

5. The representative of **Thailand**, speaking on behalf of the **Group of 77 and China**, said he hoped that deliberations during the preparations for the Conference and at the Conference itself would be open-minded and constructive. The outcome of the Conference

should reflect ambition and vision, while specific objectives should be tangible, effective and action-oriented. It was hoped that the Conference would bring real benefits not only to developing countries but also to the international community as a whole.

6. The representative of **Benin**, speaking on behalf of the **least developed countries**, said that the main objectives of the Conference would be to strengthen development strategies and guarantee economic growth and development, especially in the developing countries. The work of the Conference should be transparent and inclusive, and there should be no overlapping of meetings. If meetings took place outside Geneva, the participation of LDCs must be ensured. In the course of the preparatory process, the Secretary-General of UNCTAD should publish a progress report. Every effort should be made to reach consensus on as much as possible in Geneva because of the time constraints at the Conference itself. The submission by the Secretary-General of UNCTAD represented an acceptable basis for negotiations.

7. The representative of **Italy**, speaking on behalf of the **European Union and the acceding countries (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia)**, said that the Secretary-General's submission was a good analytical document, and the fact that supply constraints were at the centre of attention was welcome. He announced that, at UNCTAD XI, the European Union would be participating on behalf of 25 member States.

REPORT ON UNCTAD'S ASSISTANCE TO THE PALESTINIAN PEOPLE

(Agenda item 6(b))

8. For its consideration of this item, the Board had before it the following documentation:

“Report on UNCTAD’s assistance to the Palestinian people” (TD/B/50/4).

9. The **Coordinator of Assistance to the Palestinian people** said that prolonged occupation and the past three years of conflict had produced a shattered society and a devastated population, with relief needs overwhelming the development agenda. The occupied Palestinian territory had been transformed into a "war-torn economy", and the next "post-conflict" policy/aid package would have to be qualitatively different from those that had accompanied previous recoveries from shocks and upheaval.

10. The asymmetric Israeli-Palestinian economic relationship, both under occupation and as enshrined in the Paris Protocol, had stunted the prospects for sustained development of the Palestinian economy. In the transition from a war-torn economy, the development and trade policy of the future state of Palestine would need to take structural factors into account. The private sector would have to be rebuilt and its supply capacity strengthened, otherwise neither reconstruction nor subsequent growth would be broad-based and poverty would remain widespread and intense.

11. The secretariat's achievements in 2003 included action-oriented research and analysis, 'quick-response' advisory services in several areas, implementation of the first phase of the ASYCUDA programme, and progress in the DMFAS project. In the design and implementation of its work programme, the secretariat had maintained close contacts with all relevant international organizations, as well as with research centres and civil society institutions. However, in several areas, UNCTAD did not have enough extrabudgetary resources to meet all its commitments and current technical cooperation needs. Commencement of the ASYCUDA Phase II project would require that Palestinian Authority Customs staff have access to their offices at the Palestinian border crossings with Egypt and Jordan. UNCTAD looked forward to the cooperation of Israeli authorities in giving UNCTAD project staff and experts access to project sites. In conclusion, he expressed gratitude for the extrabudgetary funding the secretariat has received.

12. The representative of **Palestine** said that a comparison between this year's report and last year's indicated further deterioration in the Palestinian economy, contrary to the aspirations of the Palestinian people and the wishes of the secretariat and donor countries. The report clearly and objectively showed the economic and social tragedy that the Palestinian people were undergoing. The occupation and the accompanying measures constituted economic war against Palestinian society, and this war not only imposed dependency on the Israeli economy, controlled the movement of goods and imposed a

suffocating siege on the Palestinian territories, but also deprived the Palestinian people of its sources of daily income.

13. He thanked the UNCTAD secretariat for its continuous efforts and the donor countries for their support. After decades of suffering from occupation and years of resistance against economic and all other types of war waged by Israel, the Palestinian people had realized the need to confront the war with the modest means it had at its disposal. It had become apparent that solidarity among the different groups in society represented an effective survival mechanism in the face of the present brutal conditions. The present situation was a long way from the minimum level required for the survival of the Palestinian people in the long run. He stressed the need for UNCTAD to continue its assistance to the Palestinian people, for donor countries to continue their support, and for Arab and friendly countries and multilateral funding institutions to support the Palestinian people financially through UNCTAD activities.

14. The hope for a political solution was dimming because of the current Israeli Government, which could only offer military solutions, including oppression and killing of anything Palestinian, to achieve its expansionary objectives, regardless of the victims and the violation of international law.

15. The representative of **Thailand**, speaking on behalf of **Group of 77 and China**, expressed deep concern with regard to the impact of the protracted conflict on the Palestinian economy. Palestinian gross domestic product (GDP) had declined by more than 22 per cent in 2002, and unemployment had soared to unprecedented levels, putting almost two thirds of the population below the \$2-a-day poverty line. The ability of the economy to cope with viable development strategies had been exhausted, as investment levels had plummeted and the average size of Palestinian firms had contracted. The Palestinian Authority's budget had become heavily dependent on donor aid, and profound changes had taken place in the structure of the economy; the manufacturing and construction sectors' contribution to GDP had declined, and agriculture had assumed increased importance as a sector of last resort for the jobless.

16. He endorsed the secretariat's view that development efforts and donor-funded programmes need to be qualitatively different from the past. They needed to be put in the context of the special problems of a war-torn economy, and should also address the distorting trade regime. Donor assistance had been mainly focused on addressing the economy's emergency needs and on budgetary support, but to avoid the risk of breeding increased dependence on foreign aid, there was a need for a cohesive policy framework that linked relief efforts to long-term development objectives.

17. UNCTAD's technical assistance to the Palestinian people continued to produce impressive results, despite an uncertain environment. He thanked donors for their generosity, called upon traditional donors to intensify their support, and endorsed the efforts of the secretariat to identify new funding sources, in particular regional multilateral institutions.

18. The representative of **Oman**, speaking on behalf of the **Asian Group and China**, expressed appreciation for UNCTAD's continuous support to the Palestinian people. She

emphasized that the tragedy of the Palestinian people had intensified with the continuation of the occupation and the escalation of the closure and siege policies of the Israeli occupying forces. The economic objective of the occupation was on the one hand to constrain the Palestinian people's capacity to produce and feed themselves, to deplete the economy and to deprive the people of their sources of income, and on the other to permit the Palestinian people to consume only Israeli products. This had de-formalized the Palestinian economy and created an unprecedented situation of forced economic dependency.

19. She lauded the Palestinian economy for its persistence against all odds. This spirit of survival was due to the innovative social safety nets that the people had created, the ability of the Palestinian Authority to survive and continue to employ one third of the employed labour force, and the uninterrupted support of the donor community. For this, she thanked the donor countries and urged them to continue to increase their support for the Palestinian people. She also asked the international community to take a strong stand against the siege and closure policies of the Israeli occupying forces.

20. She urged the implementation of the secretariat report's recommendations, which called for a framework to link relief efforts to long-term developmental objectives, while reducing the leakage of Palestinian resources to the Israeli economy. She also pointed out the necessity of reconsidering existing Israeli-Palestinian economic relations, which had led to the present inequitable balance. She invited members of the Board to continue their support to the Assistance to the Palestinian People Unit in UNCTAD and saluted the Palestinian people for their perseverance, which would ultimately lead to an independent state of Palestine enjoying international legitimacy.

21. The representative of **Zimbabwe**, speaking on behalf of the **African Group**, said the secretariat's report showed that protracted occupation and conflict had effectively transformed the occupied Palestinian territories into a "war-torn economy", with adverse effects on economic growth, employment, poverty, trade and finance. This necessitated action by the international community to assume its responsibility in respect of the alleviation of these severe conditions facing the occupied Palestinian people and to use all means to that end, including the provision of adequate financial assistance. UNCTAD's call for a new policy framework to bridge relief and development efforts was a challenge to think outside the box in order to respond to the urgent needs of the Palestinian people.

22. The most immediate task was the reinforcement of the Palestinian economy to relieve it from its prolonged dependence on, and skewed integration with, the Israeli economy. The secretariat's report clearly showed the implications of the imposed leakage of economic resources to Israel. At a time of scarce resources and declining capital flows, there was an urgent need to ensure that all funding was directed to its legitimate recipients, namely Palestinians suffering from daily occupation and deprived of an equal opportunity to realize their inalienable developmental rights.

23. The representative of **Italy**, speaking on behalf of the **European Union and the acceding countries (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia)**, as well as the associated countries (**Bulgaria,**

Romania and Turkey), said that the secretariat's report showed very clearly that years of widespread devastation and continuous economic decline had transformed the Palestinian territory into a war-torn economy. The increase in donor support for relief, development efforts and budgetary solvency was one of the main factors that allowed the Palestinian economy to function.

24. He commended UNCTAD for its efforts to contribute to Palestinian economic development. Despite the intensification of the conflict, UNCTAD had made progress in order to advance or complete projects with a view to building effective economic policy-making and management capacities and supporting the private sector. The close relationship that the secretariat maintained with all relevant international organizations and donor countries, in both the design and implementation of its work programme, was especially crucial.

25. However, without peace and stability in the Middle East, such assistance could only help minimally. The parties must engage in negotiations towards a durable peace allowing two States, Israel and an independent, viable and democratic Palestine, to live side by side within secure and recognized borders, on the basis of the principles established in Madrid and Oslo and in conformity with resolutions adopted by the United Nations Security Council. There was no alternative to swift and full implementation of the Road Map in good faith by the two sides.

26. The representative of the **Syrian Arab Republic** thanked UNCTAD for its continuous support for the Palestinian people. The secretariat's report provided an objective overview of the economic aspects of the suffering of the Palestinian people. The analysis raised the question as to the feasibility of bringing about economic development for a people shattered by occupation and deprived of their minimum development rights, as embodied in international laws and conventions. The international community should assume its responsibility to put an end to Israeli occupation and ensure the implementation of relevant Security Council resolutions.

27. He expressed support for the report's recommendations, which stressed the need to link relief efforts with long-term development objectives, particularly in agriculture. He urged the international community to maintain its support for the Palestinian people and for the Assistance for the Palestinian People Unit so as to enable it to fulfill its mandate. In conclusion, he called upon the international community to oblige Israel to cease settlement expansion, the economic siege and destruction of the development infrastructure in the occupied Arab territories and to withdraw from those territories. A just and comprehensive peace, based on international legitimacy, would spur development opportunities throughout the region.

28. The representative of **Egypt** thanked UNCTAD for its efforts and said that the secretariat's report came at a critical time, where there were daily attacks on the livelihood of the Palestinians to deprive them of their economic, social and inalienable human rights, as well as their legitimate political rights. This necessitated additional support for all the organizations assisting the Palestinian people and refugees. The ultimate goal was the

independence of the Palestinian people, and this should be the benchmark for all economic assistance. The destruction of the Palestinian economic base and infrastructure by the occupying authorities had created holes through which international aid leaked to the occupying authorities. Hence there was a need to integrate economic and political efforts and to implement all relevant UN resolutions that called for the withdrawal of Israeli forces from all occupied territories and proclaimed the Palestinian people's right to their own politically independent and economically viable state.

29. The continuous destruction and economic deterioration had transformed Palestine into a war-torn economy with a distorted structure, negative growth, fiscal pressure, reduced per capita income and savings, and increased external economic dependency and poverty. The international community should assume its responsibility to alleviate this tragedy and to avoid an even greater human, social and economic crisis. He supported UNCTAD's projects to enhance food security, trade, investment promotion, preferential treatment and institutional capacity building. However, there was a need for innovative solutions, and UNCTAD would have to apply its technical and analytical knowledge and take advantage of new telecommunication technologies to allow the Palestinian people to overcome internal and external geographic barriers. In conclusion, he saluted the Palestinian people for their strong will and extraordinary persistence, which would inevitably lead to national independence with international legitimacy.

30. The representative of **Algeria** said that UNCTAD had always provided an accurate overview of economic and social developments in the occupied Palestinian territories in the light of the political crisis and the devastating impact of Israeli practices. The Road Map had generated hopes for a return to negotiations, but the secretariat's latest report confirmed the devastating impact of war on private and public Palestinian institutions that had been ravaged by the Israeli economic blockade.

31. Despite the deteriorating conditions and Israeli impediments, UNCTAD had maintained its assistance to the Palestinian people in accordance with the Palestinian Authority's needs and development priorities. It had also suggested new activities to assist the Palestinian people withstand the economic crisis, particularly in respect of food security, trade facilitation, special and differentiated treatment for Palestinian exports, regional integration and investment promotion. He expressed his appreciation for those efforts and support for the proposed new activities, and called upon the donor community and international organizations to sponsor these activities.

32. The representative of **Israel** The representative of **Israel** asked whether the existence of a special agenda item dealing with the Palestinian economy and the special secretariat programme dealing with this issue was really in accordance with objective economic criteria or the result of ulterior political motives. According to all reasonable criteria, the situation of the Palestinian economy was far better than in many other areas of the world. Some of the statistics in the secretariat report were questionable; compared to the data in recent IMF and World Bank reports, the UNCTAD report featured questionable disparities in some major indicators. In addition the report downgraded the growth of the Palestinian economy prior to the recent riots. It missed the clear connection between economic growth and the cessation of

violence, and it failed to mention that the bulk of the \$700 million of Palestinian tax revenue withheld until the end of 2002 had long ago been transferred to the Palestinian Authority. The report also failed to mention the recently discovered details of \$900 million funneled to a private secret account under Mr. Arafat's personal authority, instead of reaching the Palestinian budget. If the situation was so dire, this sum should have been used to alleviate the Palestinian economic plight. In addition, the report did not disclose IMF estimates that the Palestinian economy had recently begun to stabilize and that the deterioration had been contained, nor did it take into account that structural factors, which had nothing to do with Israel, exercised a strong negative impact on the Palestinian economy. The report focused on the potential damage to the Palestinian economy from its interconnection with the Israeli economy, while other sources, including the IMF and the World Bank, highlighted the potential benefits of cooperation.

33. The report avoided the key questions of why the current situation had been reached and how the deterioration of the past three years could have been avoided. It did not ask why the Palestinian Authority had decided not to continue the political process and instead had resorted to continuous violence against Israelis with an unclear political goal. He asked whether the initiators of this violence had considered the difficulties of sustaining positive economic development in an environment they had consciously created, with a wave of violence that had hurt not just the Palestinian economy but also other economies in the region, especially Israel.

34. Israel had tried repeatedly to put the economic system back on track by facilitating trade and employment of Palestinian workers in Israel. But repeatedly the responses were violent attacks on Israeli civilians and soldiers, terrorist atrocities, especially suicide bombings in Israeli cities, restaurants, buses and universities, which had hindered the continuation of those positive initiatives. However, Israel had been willing throughout the past three years to act together with the Palestinians for the improvement of their economy, including by means of the recent entry into Israel of 25,000 Palestinian workers, renewed activities in border industrial zones, efforts to promote industrial parks, and granting permission to thousands of Palestinian businessmen to enter Israel. Unfortunately, continuous efforts to open Israel to Palestinian day labourers had produced only acts of terror, such as the recent suicide bombing atrocity in Haifa and warnings of impending attacks that had forced Israel to re-institute restrictions on the entry of Palestinians into Israel.

35. Once the violence had ended and a political process had resumed, all parties should be ready for the "day after", with economic improvement in the Palestinian, Israeli and Arab economies. If UNCTAD really wanted to play a positive and significant role in these areas, objective professional analysis should be the focus of its work, rather than finger pointing at one party. The time spent on this discussion had been useless; putting an end to violence and incitement, cracking down on terrorism and reinvigorating the peace process was what would bring about economic growth. That was the message that the Board should send to those political powers that had asked UNCTAD and other international fora to place such emphasis on the Palestinian situation. All the rest was rhetoric.

36. The representative of the **Islamic Republic of Iran** said that the atrocities of the occupying regime against the Palestinian people during the last three years had neutralized all bilateral and multilateral aid to Palestine and caused unbearable conditions for the population and serious challenges for the governing Authority. UNCTAD's technical assistance activities might be effective in a peaceful situation, but in a violent environment with daily aggressions and assassinations by the Israeli army a new approach would be needed to meet Palestinian needs in respect of health, shelter and food security. In this context, he expressed his appreciation for UNCTAD's efforts to prepare, in cooperation with other international organizations, an emergency plan for the Palestinian people within the framework of the Millennium Development Goals, as well as for the "Palestine Rehabilitation and Development Forum" initiative, and he emphasized his country's willingness to contribute to such efforts. He also encouraged UNCTAD to facilitate more active participation of Palestinian experts in its expert meetings, regional workshops and seminars, as well as in its capacity building activities.

37. The representative of **Afghanistan** said that the secretariat's report depicted an alarming situation in the occupied Palestinian territories. However, it failed to highlight the factors that had led to the present situation, in particular the drastic measures imposed under the guise of security that had impacted the daily lives of the Palestinian people. These included land confiscation, destruction of houses, uprooting of trees, expansion of settlements, targeted assassinations and the infamous wall. He expressed support for the recommendations outlined in the report, which emphasized that the State of Palestine, as envisioned in Security Council resolution 1397 (2002), should not repeat mistakes made elsewhere in dealing with the economic legacy of war. The need for the revival of the private sector could not be over-emphasized. He agreed that, even under conditions of uncertainty, the Palestinian Authority needed to develop integrated trade and labour policies based on an economic vision with quantifiable, time-bound, achievable and sector-specific objectives. He commended the secretariat for its vision and systematic work on the Palestinian economy and for its continued technical assistance under almost impossible conditions, and he called for further resources to be directed through UNCTAD from traditional developed country donors and Arab donors and multilateral institutions. However, the important work of UNCTAD and other agencies could not be a substitute for serious and sustained efforts by the international community to insist that the Road Map to a peaceful settlement be implemented without further delay.

38. The representative of **Lebanon** noted that the past three years had witnessed continued deterioration in the occupied Palestinian territory's economic conditions. The economy's structural weaknesses had been aggravated, its trade and fiscal deficits had increased, and poverty had soared, turning the Palestinian territory into a war-torn economy. The systematic Israeli destruction of Palestinian infrastructures, the closure policy, the movement restrictions and other practices that deprived the Palestinians of their social and economic rights had aggravated economic conditions considerably. She expressed gratitude to UNCTAD for its continued assistance for the Palestinian people and emphasized the necessity of maintaining that assistance. She also urged the international community and

donor countries to intensify their support to enable the Palestinian people to achieve economic, social and political independence.

39. The representative of **Jordan** said he had hoped that this year's report would be more positive than last year's, but instead it indicated a debilitated Palestinian economy heading towards more hardship, and that reflected negatively on social conditions. It had been hoped that the Road Map could constitute a solid basis for progress towards peace, but it seemed that there was still a need for serious commitment to ensure its implementation. Progress in that domain would lead to an economic road map, which would set out the steps required to rescue the Palestinian economy. He appreciated the leading role of UNCTAD's Assistance to the Palestinian People Unit in supporting the Palestinian Authority agencies concerned with macroeconomic management, and he hoped that UNCTAD would continue assuming that role. He also hoped that donors would increase their support for UNCTAD for it to be able to implement the proposed new activities. He particularly hoped that new regional and international funding sources would also provide support for these activities. Finally, the adverse economic developments experienced by the Palestinian economy were not limited to the Palestinian territories, but had spread to all other countries in the region, including Israel.

40. The representative of the **United States of America** said that people might differ on how they assigned blame for the situation in Palestine, but no one could dispute the devastation that had overtaken the Palestinian people in recent years, as the evidence was very clear. His Government's approach to the problem had three parts. First, peace was paramount, and any political or economic progress required an effective Palestinian security performance; without a Palestinian authority that could effectively direct its people towards peace, it would be very difficult to make progress. Second, progress would require a serious political process that aimed at a two-state solution and brought hope to Palestinians and Israelis alike. Third, the abiding economic crisis would require a continuing humanitarian effort, as well as building responsible Palestinian institutions. His country had taken the lead in both development and humanitarian efforts, with contributions of over \$1 billion to the Palestinian Authority and people since 1993. In 2002, United States assistance to the Palestinian people had totalled over \$180 million. This made the United States the largest bilateral donor in the West Bank and Gaza. However, money alone could not do the job, and there was a need for partners to work constructively to address Palestinian needs and put both parties back on the path to peace.

41. The representative of **Tunisia** thanked the Assistance to the Palestinian People Unit for the important efforts deployed in helping the Palestinian people withstand the Israeli closure and other practices that had suffocated the Palestinian economy. The secretariat's report showed the magnitude of the Palestinian people's suffering and the economic deterioration that had transformed the Palestinian territory into a war-torn economy. This situation required the donor community to increase its assistance to the Palestinian people, not only by addressing their emergency needs, but also by promoting sustained economic development. He commended UNCTAD's concerted efforts in assisting the Palestinian Authority and expressed his support for UNCTAD's proposed new activities, especially in the

area of food security, trade facilitation, and transport and supply. He called upon donor countries to provide the resources required to implement these activities.

42. The representative of **Indonesia** agreed that continuous economic decline and widespread devastation had transformed the occupied Palestinian territory into a "war-torn economy". It was the international community's duty to ensure the alleviation of the current economic conditions and to ensure that the Palestinian Authority continued to function and prepare for the inevitable establishment of the Palestinian State. Efforts undertaken by the international community would not have the desired maximum effects if the Palestinian people were not given the chance to rebuild their economy in a peaceful environment. The Palestinian people and the Palestinian Authority should therefore play an important role in addressing development priorities in the post-conflict reconstruction stage. Moreover, the role of the private sector, notably small and medium-size enterprises, would be of vital importance. She welcomed UNCTAD's proposed new activities, particularly those targeting food security, trade facilitation, and investment promotion. She also underlined the need to build an international strategic partnership so as to ensure the provision of adequate assistance to the Palestinian people.

43. The representative of the **League of Arab States** said that the secretariat's report provided a clear picture of international aid to Palestine and of how the Israeli occupation completely controlled the lives of the Palestinian people. This situation had further impoverished the people and deprived them of their ability to produce, thus forcing them to be completely dependent on Israel's products and its economy: 70 per cent of the Palestinian trade deficit derived from payments for imports originating in Israel, which meant that the Israeli economy had accessed up to \$1.4 billion of the \$2 billion relief funds sent to Palestine in 2001 and 2002. In other words, about 50 per cent of domestic production leaked to the Israeli economy every year. The intention of Israeli policies was to distort and de-formalize the structure of the Palestinian economy, and this had led to a severe reduction in the capacity of small and medium-size enterprises to produce and employ. He urged the international community to take a stronger stand in the face of the occupation and the closure and collective siege policies imposed by the Israeli occupying forces. He also called for increasing support for the Palestinian people and reassessment of the Israeli-Palestinian economic relationship that had led to such a tragic situation.

44. He supported the secretariat report's recommendations, which called for a framework to link relief and development. It was unfortunate that a large portion of the substantial sums allocated by the Arab summit in Beirut in 2001 to assist the Palestinian people had been diverted to the Israeli economy, and support must therefore be provided to the Palestinian small and medium-size private sector. In conclusion, he praised the persistence of the Palestinian people, which would ultimately lead to the creation of their independent state, and he hoped that UNCTAD members would increase their support to enable the Assistance to the Palestinian People Unit to continue its important activities.

Action by the Board

45. At its 950th plenary meeting, on October 2003, the Board took note of the report on UNCTAD's assistance to the Palestinian people (TD/B/50/4) and of the statements made by delegations. In accordance with General Assembly decision 47/445, it was decided that the report of the Board on its fiftieth session to the General Assembly would include an account of the deliberations under this item.
