



**United Nations  
Conference  
on Trade and  
Development**

Distr.  
LIMITED

TD/B/52/L.2/Add.6  
13 October 2005

Original: ENGLISH

---

TRADE AND DEVELOPMENT BOARD

Fifty-second session  
Geneva, 3–14 October 2005  
Agenda item 8(b)

**DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD ON ITS  
FIFTY-SECOND SESSION**

Held at the Palais des Nations  
from 3 to 14 October 2005

Rapporteur: Mr. Levan Lomidze (Georgia)

Speakers:

Coordinator of UNCTAD  
Assistance to the  
Palestinian People  
Palestine  
Democratic Republic of  
the Congo for the  
Group of 77 and China  
Egypt for the African  
Group

Pakistan for the Asian  
Group  
United Kingdom for the  
European Union and  
the acceding countries  
of Romania and  
Bulgaria  
Israel  
United States

Indonesia  
Jordan  
China  
Islamic Republic of Iran  
Japan  
Tunisia  
Benin for the least  
developed countries  
League of Arab States

**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, 18 October 2005** at the latest, to:

UNCTAD Editorial Section, Room E.8102, Fax No. 917 0056, Tel. No. 917 5654

**TECHNICAL COOPERATION ACTIVITIES: REPORT ON UNCTAD'S  
ASSISTANCE TO THE PALESTINIAN PEOPLE**

*(Agenda item 8(b))*

1. The **Coordinator of UNCTAD Assistance to the Palestinian People** introduced the "Report on UNCTAD's assistance to the Palestinian people" (TD/B/52/2). He said that UNCTAD as an organization could take great professional pride and satisfaction at seeing this programme grow into a mature and vital component of international aid to Palestine. The report summarized the sustained progress made by UNCTAD in delivering timely, focused, relevant and effective technical assistance to the Palestinian people. It also investigated the continued adverse impact of the five-year-old crisis and war conditions confronting the economy of the occupied Palestinian territory. Furthermore, it contained a number of policy messages relevant to the twin processes of reforming the Palestinian economy and creating the economic institutions for a Palestinian State, as envisioned in the milestone UN Security Council resolution 1397 (2002). He said that the report demonstrated how the secretariat combined rigorous development-oriented research with focused and cost-effective technical cooperation on the basis of a consensus of support from all members of UNCTAD.

2. Although the Palestinian economic decline since 2000 seemed to have now bottomed out, the secretariat report conveyed some important facts about the economic realities facing the Palestinian people in the wake of prolonged strife and occupation, of which he highlighted the most striking. Such realities on the ground should certainly give one pause when designing economic and development policies for the future since it was evident that the Palestinian economy suffered from distortions and imbalances that no standard prescription of economic reform or trade liberalization would be able to effectively tackle. Recently, the Palestinian Authority and the international community had established economic reform benchmarks for the immediate future, which in the economic governance sphere alone called for powers and capacities that were usually those of sovereign States. While such reforms might help create the conditions for a viable Palestinian State, it was only fair to ask whether they should be considered to be preconditions for statehood. Accordingly, the report called for a pro-poor, reform-for-statehood agenda, which should be based on a wide participatory approach, rooted in a development-driven approach to trade rather than in a trade-driven approach to development.

3. Since completion of the report, important developments had taken place with the unilateral Israeli disengagement from Gaza. This bold and decisive move had been welcomed by all parties and considered a watershed, constituting the first dismantlement by Israel of settlements in the occupied territory. The World Bank had taken the lead within the international community in trying to maximize the potential benefits of this development, with UNCTAD and most other agencies playing a quiet supportive role. So far, however, the necessary conditions established to make the disengagement a win-win situation for both Israel and Palestine did not seem to have emerged. UNCTAD could only add its voice to those who looked forward to seeing economic dividends of the disengagement materialize in the occupied territory so that both parties could enter a period of constructive engagement and a return to the peace process.

4. The speaker also reviewed the most pertinent success stories of UNCTAD's technical assistance to the Palestinian people, which continued to expand despite inadequate resources for central support functions needed to provide intensified assistance to the

Palestinian people, as called for in the Bangkok and São Paulo mandates. Unless more predictable means were soon identified for providing adequate resources for this programme as decided at UNCTAD XI, the secretariat would have to curtail its level and scope of involvement in 2006, despite its readiness to expand and deepen its work. He highlighted UNCTAD's concrete contribution to Palestinian institution- and State-building efforts through projects such as the establishment of the Palestinian Shippers Council (PSC), support for small and medium-sized enterprise (SME) development (Empretec), customs modernization and automation, ASYCUDA, and preparations for observer status for Palestine at the World Trade Organization (WTO). In its work in these and other areas, the secretariat would endeavour to carefully respond to Palestinian needs and specificities, in close consultation with Palestine. In concluding, he said that as the secretariat took this programme of assistance into the next biennium, the support of all members of UNCTAD was required in order to maintain the consensus that had been built on this issue and in mobilizing adequate extrabudgetary resources.

5. The representative of **Palestine** thanked the secretariat for its report and introduction and for its assistance to the Palestinian people. He was confident that under the stewardship of the new Secretary-General, UNCTAD would be enabled to secure further regular and extra-budgetary resources to enhance its assistance to the Palestinian people. The Palestinian Authority had the arduous task of jump-starting economic recovery while formulating effective development strategies to address soaring unemployment and rising poverty levels. The task was all the more difficult given the complexities in formulating a sound strategic plan in the context of a weak institutional framework, prolonged occupation and the deficiencies inherent in the Paris Economic Protocol. Thus, Palestine faced a political economy of forced dependence and an unpredictable war environment.

6. The new leadership of the Palestinian people had embarked on the process of rebuilding institutions and a shattered economy. This process required a three-pronged approach: initiating political and economic reform, which entailed enhancing public-private partnerships; reviving a shrinking economic base through designing pro-poor policies that broadened economic opportunities and reduced vulnerability; and increasing the productivity of ailing economic sectors and designing sound policies that led to growth and development.

7. Private sector development required an enabling environment and policies that aimed at achieving efficient economic performance needed for sustained growth. This had been achieved in other economies in the presence of strong States with the sovereignty and political capacity to govern their economies. Reform prior to statehood in the case of Palestine was unrealistic given that reform was a lengthy process that, to be effective, required not only political will but also sovereignty. Reform was a national demand and was being carried out through a participatory approach; but considering it to be a prerequisite for statehood ignored the political configurations under which the Palestinian institutions operated. Israel's occupation policies had dictated the contours of the Palestinian economy, which was forced to operate within a non-contiguous and shrinking territorial base.

8. Intensive Israeli settlement activities in the West Bank, particularly in and around occupied East Jerusalem, undermined Palestinian national goals and jeopardized the two-State solution embodied in the internationally supported Road Map. Such Israeli policies and practices had adverse economic implications since they had severed internal market linkages and prevented access to regional and international markets, both of which were essential for

enhancing trade and export-oriented economic growth. An illustration of Israeli obstacles to Palestinian development was the impact of the Wall and settlement activities on the agricultural sector. The area of land annexed by the Wall constituted the most fertile in the West Bank, while restrictions imposed on transporting produce had curtailed access to markets and raised transaction costs to unsustainable levels.

9. Moreover, the Paris Protocol, which effectively institutionalized Israel's policies of transforming the Palestinian economy since the 1967 occupation into a command economy under its control, had also played a major role in exacerbating economic fragility and dependence. In such a disabling environment beyond the control of the Palestinian Government, even the most sound, efficient and effective pro-poor policies could not easily achieve their desired outcomes. Despite the short-lived euphoria following the withdrawal of Israeli troops from the Gaza Strip and the dismantlement of Israeli settlements therein, Gaza continued to be under Israeli occupation and constituted the largest open-air prison in the world, with 1.3 million Palestinians locked up among the rubble and waning infrastructures. Borders, airspace and the sea continued to be controlled by Israel, while the latter's insistence on controlling the movement of people and goods at the Palestinian border with Egypt was clear evidence of the persistence of the occupying power in maintaining its grip on the Palestinian economy.

10. In conclusion, the speaker said that while developing countries that had attained their independence decades ago had faced major challenges in their pursuit of development, the Palestinian people, who had been suffering prolonged Israeli occupation, faced the twofold task of controlling the damage arising from this occupation and simultaneously trying to develop. Palestine was grateful for all forms of assistance and support rendered to alleviate the grave impact of the Israeli occupation. However, the best way to assist the Palestinian people was to put pressure on Israel to end its occupation.

11. The representative of the **Democratic Republic of the Congo**, speaking on behalf of the **Group of 77 and China**, thanked the secretariat for its useful report, which not only highlighted UNCTAD's technical assistance activities but also presented a comprehensive analysis of the war-torn Palestinian economy, distortions as a result of years of occupation and dependence on the Israeli economy, and the challenges resulting from five years of retrenchment. He noted that despite the extremely difficult conditions and the donor focus on relief efforts, significant progress had been achieved in UNCTAD's technical assistance to Palestine. He recalled the Bangkok Plan of Action and the São Paulo Consensus, and urged the Board to continue supporting UNCTAD's visionary activities in favour of the efforts of the Palestinian Authority (PA) to build the future State.

12. He noted the bleak picture facing the Palestinian people and highlighted a number of challenges confronting Palestinian policymakers, including the loss of one third of welfare gains between 1999 and 2004; increased poverty, with 61 per cent of Palestinian households living below the poverty line; the erosion of production capacity; increased dependence on imports, particularly from Israel; the consistently high domestic absorption; and the allocation switch from investment to consumption.

13. He supported the report's call for a development-oriented approach based on national consensus and for pro-poor economic and trade reform towards the assumption of responsibility for statehood. Reconstruction and development efforts should focus on the long

term. However, the extremely limited policy space available to policymakers made the meeting of these challenges unfeasible. In this regard, he called for the PA to be given sufficient policy space to draw up its own economic policy road map to statehood while ensuring cohesion between immediate and strategic objectives. He supported the report's suggestion that the PA could benefit from the experience of the East Asian and other countries that had managed to achieve rapid growth against a backdrop of political crisis and conflict. In concluding, he fully supported UNCTAD's assistance to the Palestinian people as mandated in Bangkok and São Paulo, and requested the Board to call for the provision of adequate resources for this programme to ensure the delivery of effective assistance to the PA's support of the preparatory process for statehood, in line with the two-State solution.

14. The representative of **Egypt**, speaking on behalf of the **African Group**, supported the statement by the Group 77 and China. She expressed full support for the Palestinian State as envisaged by the UN resolutions and stressed the urgent need to create the institutions necessary for its efficient running. She agreed that, as stated in the report, the PA had already taken concrete steps in the area of economic governance, and that the tasks set by the international community and the PA itself were challenging, to say the least, especially in the light of the debilitating economic conditions resulting from the five years of the Israeli campaign and almost four decades of occupation and dependence.

15. She expressed her satisfaction with the significant progress achieved in the implementation of UNCTAD's programme of technical assistance to the PA, despite the extremely difficult field conditions and the donors' focus on relief. It was therefore important that Board members support UNCTAD's visionary activities aimed at supporting the PA's efforts towards building the institutions essential for the future State. This required, as called for in the São Paulo Consensus, adequate resources, both to continue to build technical assistance in the field and to support the secretariat's core management in Geneva. She stressed that these had not yet been forthcoming as required.

16. The challenges of the ongoing crisis were amplified by the extremely limited policy space available to Palestinian policymakers to manoeuvre the economy out of a seemingly unending regression. She called upon the international community to equip the PA with whatever was needed to get the economy out of this stalemate. She concurred with the report's assertion that the Palestinian economy was suffering from distortions created by years of destruction and decades of occupation and unbalanced development that mainly served the interest of the occupying power. For any reform or trade regime to have a meaningful impact, these distortions should be corrected first. She also agreed with the report when it stated that the challenges facing Palestinian policymakers called for powers that were usually those of sovereign States. These challenges might help create the conditions for a viable Palestinian State. However, she questioned whether they should be considered preconditions for statehood.

17. The speaker highlighted the secretariat's ability to respond to the Palestinians' future needs, as reflected by the continued expansion of its technical assistance programme. This had enabled the Palestinian people to establish irreversible institutional "facts on the ground" that were needed for the future Palestinian sovereign State. She warned that the continuing inadequacy of resources available for central support functions for APPU since 2004 threatened smooth implementation and satisfactory results. UNCTAD continued to operate under tight constraints, which adversely affected its ability to implement the Bangkok and

Sao Paulo mandates. Moreover, the conditions on the ground and Israeli restrictions on mobility and field access of UNCTAD staff, project personnel and consultants continued to limit the scope and pace of technical assistance activities. The speaker concluded by saying that all concerned UNCTAD members should actively work with the secretariat to identify the adequate resources which the São Paulo Consensus stated were needed for UNCTAD to continue to intensify its assistance to the Palestinian people.

18. The representative of **Pakistan**, speaking on behalf of the **Asian Group**, associated himself with the statement made on behalf of the Group of 77 and China and expressed his group's concern about the deteriorating living conditions in the occupied Palestinian territory.

19. Although UNCTAD had had some success in assisting Palestine, the fact remained that the economy of the West Bank and Gaza was now 15 per cent smaller than in 1999, and that poverty continued to increase, with almost two thirds of Palestinian households living below the poverty line and one third of the population living in extreme poverty. It was therefore evident that much remained to be done. He referred to the important steps that had been taken by the Palestinian Authority in the area of economic governance. It was important to support those efforts to enable the formulation and implementation of development policies that fully integrated the accomplishment of the internationally agreed development goals, including the Millennium Development Goals. This would be a major challenge, especially in the light of the circumstances that had led the report to characterize Palestine as a war-torn economy.

20. The Asian Group therefore supported the call for a pro-poor, reform-for-statehood agenda, based on a wide participatory approach, to ensure that the poor were accurately targeted and that public-private sector partnerships were strengthened and enhanced. In addition, economic restructuring efforts and plans for statehood should revolve around time-bound quantitative objectives, support for viable economic sectors, job creation and poverty reduction. The experiences of other Asian countries in nation building and development might provide useful lessons about best practices that could be drawn on during policy planning and implementation.

21. In conclusion, he noted the importance of fully implementing the provisions of the São Paulo Consensus, including those areas pertinent to today's debate. This required that the necessary resources and support be provided to the secretariat not only for its technical assistance activities, but also for policy analysis that might be pertinent to the development of the Palestinian economy, in particular operationalizing the concept of policy space. He looked forward to UNCTAD conducting further work in this area, and to concrete outcomes in strengthening the Palestinian economy and its development policy.

22. The representative of the **United Kingdom**, speaking on behalf of the **European Union and the acceding countries of Romania and Bulgaria**, agreed with the secretariat's recommendation that Palestinian development efforts be rooted in a development-driven approach to trade, and not a trade-driven approach to development. He expressed his appreciation of UNCTAD's continuous support and assistance to the Palestinian people despite budgetary constraints and thanked the staff for their work.

23. The EU had increased its financial assistance to the Palestinian people to €240 million per annum, of which €60 million was allocated to reviving the economy and creating

the necessary institutions for generating growth. The EU had also allocated €703,000 in 2005 to support UNCTAD technical assistance activities, including the establishment of the Palestinian Shippers' Council and the extension of the UNCTAD Automated System for Customs Data to the Gaza border with Egypt.

24. The representative of **Israel** acknowledged the report prepared by the secretariat on assistance to the Palestinian people and said that Israel supported the important ongoing work by UNCTAD in capacity building and technical assistance. All the activities in which UNCTAD was engaged in assisting the Palestinian people were key issues in building a viable and competitive economy and developed economic institutions, something that was in the interest of Palestinians and Israelis alike.

25. However, Israel continued to question, without having received an answer so far, why a specific agenda item on this issue existed and why a special discussion was devoted to the Palestinian economy but not to other economic situations in areas that were not better off and could benefit from UNCTAD's attention. Had the report really focused on the activities that UNCTAD had set out to conduct with respect to its unique mandate to build capacity in the field of trade and development, Israel would have been able to endorse this year's report together with other UNCTAD members. Regrettably, the authors of this report had chosen once again – even more so than usual – to present a narrow and one-sided political report. With so much focus on the past, the report failed to be relevant as it did not take into consideration the unprecedented initiative to disengage from the Gaza Strip. The end of Israeli control over Gaza allowed the Palestinians to develop their economy and build a peace-seeking, law-abiding, transparent and democratic society.

26. Even before the Gaza disengagement, there had been indications that the Palestinian economic situation had started to recover. The UNCTAD report noted that in 2003 there had been improvements in economic indicators such as GDP and GDP per capita. However, it went on to claim that there had been an economic decline the following year. Contrary to this report, the World Bank, as well as the Palestinian Bureau of Statistics, had indicated that economic growth had continued in 2004 and at the beginning of 2005. The report made reference to the "better years" of the Palestinian economy – that is, 1994–1999 – as opposed to the "worst years" since 2000. However, it report failed to mentioned the obvious cause of this decline, namely the irresponsible decision taken by the Palestinian leadership at the time to lead the region into a turbulent cycle of violence. She did not doubt that cessation of Palestinian terror today would allow the Palestinian economy to recover and grow exponentially. Even in a serious security situation, Israel had been doing its utmost to preserve the fabric of civilian life. This had included allowing tens of thousands of Palestinians to enter Israel on a daily basis for work, commercial purposes and medical treatment.

27. Throughout the years, Israel had reiterated its support for strengthening the Palestinian economy and had welcomed the support of UNCTAD in helping to achieve that objective. However, UNCTAD would not serve the Palestinians well by providing an incomplete picture of the facts or by blaming one side while exonerating the other. Even though the report called for reforms in the Palestinian Authority, it avoided crucial issues such as corruption, monopolies, lack of transparency and the absence of an enabling environment. Moreover, the report criticized the trade agreement between Israel and the Palestinian Authority, and failed to mention its many positive aspects from which the

Palestinians benefit, such as price stability and efficient collection of taxes and VAT. This agreement had been concluded after intensive bilateral negotiations, and it could be altered or revised only by mutual agreement.

28. In concluding, she said that despite the many inconsistencies in the report, attention should be focused on UNCTAD's activities and programmes, and not on the political and unbalanced aspects of the report. She hoped that UNCTAD would remain focused on fulfilling its mandate as contained in the São Paulo consensus adopted in 2004 and that next year's report would be devoted to its operational activities and projects. Israel strongly believed that capacity-building activities and technical cooperation were the preferable way to achieve maximum impact on economic development, and she concluded by saying that Israel was willing to act together with the Palestinians for the improvement of their economy.

29. The representative of the **United States of America** stated that Israel's historic withdrawal from Gaza and parts of the northern West Bank was a step towards a peaceful resolution of the conflict. The United States was working with both parties, as well as the international community, to achieve the vision of two democratic States living side by side in peace and security. She thanked the secretariat for its introduction to the item, and for the report, which clearly outlined the challenges facing Palestinian economic development. She stressed the priority of returning the Palestinian economy to sustainable growth, and indicated that the United States was the largest donor to the West Bank and Gaza, with more than \$253 million of aid in the fiscal year 2003. In the fiscal year 2005, US support was \$225 million, including \$50 million in direct assistance to the PA for Gaza reconstruction. For 2006, the request was for \$150 million.

30. The United States remained in close consultation with the parties and the Quartet concerning the issues of border crossings, West Bank–Gaza linkage, barriers to movement in the West Bank and the Gaza airport/seaport. The establishment of Palestinian statehood required the renewed attention of the PA to carrying out reform in the areas of anti-corruption, transparency and accountability, and the restoration of law and order. Both Israel and the Palestinians had obligations under the road map: the PA needed to confront violence, dismantle terrorist infrastructure and streamline its security forces; and Israel had to dismantle unauthorized outposts and end settlement expansion. She emphasized the importance of regional and international cooperation and assistance for future progress, in which UNCTAD had a role to play in assisting the Palestinian people. She concluded by saying that the secretariat was doing good work under difficult conditions.

31. The representative of **Indonesia** associated himself with the statements made on behalf of the Group of 77 and China and the Asian Group, and commended the secretariat report on the Palestinian economy. Recent developments in the occupied Palestinian territory marked by the unilateral Israeli disengagement from Palestine had not given rise to an environment that was conducive to improving the lives of the Palestinian people. The international community should take all necessary steps to put a stop to the constant hostilities taking place in the territory in order to give the Palestinian people a chance to improve their lives. He noted the consistent involvement of UNCTAD in assisting the Palestinian people despite inadequate extrabudgetary resources, which hindered efforts to implement the Bangkok and São Paulo mandates.



32. The dependence of the Palestinian economy on Israel proved to be increasing, as witnessed by the impoverishing impact of Israel's tightening of mobility restrictions, combined with the systematic internal and external closure policy imposed on the West Bank and Gaza. The international community should devise a way to enable the Palestinian economy to emerge from its dependence. He highlighted the importance of a political settlement to restore peace in the territory, which was necessary for Palestinian economic development and the prosperity of its people. The challenges faced by the Palestinian Authority in its preparations for statehood called for greater international assistance in contributing to the extrabudgetary resources required for the smooth running of UNCTAD efforts to help the Palestinian people. He agreed with the report's assertion that the agenda of Palestinian reform for statehood should be based on a development-driven approach to trade, and not a trade-driven approach to development. Such an agenda must be built within a framework based on national consensus that unambiguously identified pro-poor development and reform priorities.

33. The representative of **Jordan** thanked UNCTAD for its report and the presentation by the representative of the secretariat. It was distressing to see in the report's analysis of the war-torn Palestinian economy figures showing large falls in GDP and per capita income, and substantial increases in cumulative opportunity loss of income, and therefore poverty. All of this was the result of Israeli military operations, which had led to the halting of economic activities, destruction of infrastructure, erosion of the economic base and an expenditure switch from investment to consumption. With two thirds of the population living under the poverty line, including one third living in extreme poverty, it was not possible to talk about development and growth. The report clearly showed the difficulty of effective building of the economy under foreign occupation and war conditions.

34. It was his wish that recent developments might offer some hope, no matter how small, as regards ending the hostile relations between the Israeli and Palestinian sides. The Palestinian people's economic conditions and economic reform were directly related to the security and political situation. Peace and security would allow the Palestinians to focus on correcting their growth path, developmental trade policies and many other of the report's recommendations, such as the design of the Palestinian road map and ensuring synergy between short-term and strategic goals.

35. He emphasized the need to support recent progress by linking the Israeli withdrawal from Gaza to the road map, in which Jordan was ready to play a role at all levels; achieving security and stability for the Palestinian people; providing financial support to the Palestinian people; strengthening the capacity of official Palestinian institutions; urging international organizations to extend technical assistance to the Palestinians; and supporting the continuation of UNCTAD's assistance to the Palestinian people. Finally, he thanked the APPU for its efforts, as well as the donor community.

36. The representative of **China** expressed his country's appreciation of UNCTAD's role and programme of assistance to the Palestinian people over the last year. He also commended the secretariat's report for the sound policy recommendations that would enable the Palestinians to set the economy on the path of recovery. Although the São Paulo Consensus called for the intensification of the secretariat's programme of assistance to the Palestinian people, strengthened with adequate resources, there was still a gap between realities and needs. In fact, the secretariat's programme of activities risk being reduced as a result of

resource constraints. He hoped that the international community would pay sufficient attention to this problem. Furthermore, he expressed his country's deep concern about the humanitarian disaster facing the Palestinian people, and called for the international community to pay greater attention to the conflict between Israel and Palestine. China recognized that the development of the Palestinian economy depended on achieving progress in the peace process based on relevant United Nations resolutions and the road map.

37. The representative of the **Islamic Republic of Iran** associated himself with the statements made on behalf of Group of 77 and China, and the Asian Group, and expressed his country's appreciation of UNCTAD's informative report on its assistance to the Palestinian people. The report clearly indicated how the Palestinian people were working in an environment of insecurity, impoverishment and denial of their basic rights. The economy was continuing to contract, with a serious impact on poverty, production capacity and the welfare of the people. This war-torn economy had also been prevented from interacting with regional economies. It had continued its sharp decline during the past year, with a sustained contraction of its supply capacity as a result of decades of occupation, and destruction and deterioration of private and public infrastructure, as well as restrictions on the movement of people and goods, and a systematic internal and external closure policy.

38. Ironically, the erosion of Palestinian productive capacities and the degradation of the people's ability to feed themselves had increased imports, with major benefits for the occupying power. The forced economic relations between the Palestinians and Israel had become a classic case of an occupying entity exploring all possibilities and potentials for the systemic exploitation of the occupied. The recognition of the Palestinians' fundamental rights, including their right to development, and implementation of the relevant Geneva conventions in support of civilians in territories under occupation should be the immediate demand of the international community to the occupying entity. He commended UNCTAD for providing assistance to the Palestinian people under such adverse conditions. This assistance should have a two-track approach, firstly to prevent the deterioration of the Palestinian economy as much as possible, and secondly to assist the Palestinian Government in strengthening its institutional capacity and infrastructure in preparation for future statehood.

39. The representative of **Japan** expressed his country's support for UNCTAD's programme of assistance to the Palestinian people, and the commitment to help move the Middle East peace process forward. He underlined Japan's recent contribution to the peace process following the Israeli disengagement from Gaza, including a grant of \$49.8 million to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In addition, at the last meeting between the Prime Minister of Japan and the President of the PA, Japan had pledged a \$100 million grant for the rehabilitation of the refugee camps in the Gaza Strip. This assistance was expected to create 1,670 jobs per day for the unemployed. He concluded by stating Japan's intention to continue to support Palestine in facing the crisis and achieving peace in the Middle East. He also expressed his Government's concerns regarding the resource constraints currently facing UNCTAD's assistance programme.

40. The representative of **Tunisia** thanked UNCTAD for its valuable report and the representative of the secretariat for his presentation, and aligned his statement with that of the African Group and the Group of 77 and China. The Palestinian people were suffering from occupation, increased Israeli restrictions on the mobility of people and goods, destruction of infrastructure and the economic base and a stringent closure policy imposed on their land.

41. The report showed the degree of suffering as reflected by the poverty that affected almost two thirds of the Palestinian population, one third of whom were living in extreme poverty. The settlement policy and the construction of the separation barrier increased the deterioration of the Palestinian economy, agriculture and food security. The difficult conditions in the Palestinians' land could not be improved without a lasting and comprehensive solution, the ending of the Israeli occupation, the establishment of the Palestinian State and the continuation of international support to the Palestinian people.

42. While his delegation valued the great efforts of UNCTAD and its support to the Palestinian people, he called on UNCTAD members, and particularly donor countries, to increase their coordination with, and support to, this programme in order to allow UNCTAD to intensify its efforts in favour of the Palestinian people and the establishment of their State.

43. The representative of **Benin**, speaking on behalf of the **least developed countries**, expressed his group's appreciation of UNCTAD's programme of assistance to the Palestinian people. Referring to the secretariat's report, he noted that the majority of Palestinians were living in poverty. Although international assistance did bear fruit, the state of affairs and the war conditions in the occupied Palestinian territory undermined every effort. International assistance should focus on improving the Palestinians' living standards. But how would this objective be achieved without peace? It was thus important to support every step towards ending the conflict and achieving peace.

44. The representative of the **League of Arab States (LAS)** expressed his appreciation for the technical assistance extended by UNCTAD to the Palestinian people over the past several years. He highlighted the alarming facts revealed by the report, which showed a lack of progress. The Palestinian economy now was 15 per cent smaller than what it had been four years earlier, mainly as a result of the siege imposed on the occupied Palestinian territory, destruction of houses and infrastructure, and dependence on the Israeli economy. The estimated cost of the last four years was not less than \$10 billion. In addition, the report indicated that two thirds of Palestinians lived below the poverty line, and that one third of that number lived in extreme poverty. This situation called for special efforts to build the Palestinian institutions in a non-stop process. In this regard, the LAS found the initiatives of APPU/UNCTAD very relevant, and they deserved to be supported and advanced, in line with the Bangkok Plan of Action and the São Paulo Consensus. It was his wish that UNCTAD assistance to the Palestinian people expanded and diversified to meet the needs of the PA.

45. The present condition of the economy required from the donor community a special support package capable of dealing positively with the economic needs of the Palestinian people. He requested UNCTAD and the donor countries to support this programme in order to build the capacity required for full Palestinian sovereignty and national independence.

\* \* \* \* \*