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II. President's summary *(continued)*¹

Report on UNCTAD's assistance to the Palestinian people

1. There was unanimous agreement on the importance of UNCTAD's role in assisting the Palestinian people in UNCTAD's areas of competence and delegations urged UNCTAD to step up its assistance despite the adverse field conditions. One delegation drew attention to the secretariat's efforts to present its report (TD/B/54/3) without apportioning blame to any particular party.

2. Deep concern was expressed about the devastating impact on the Palestinian economy of the Israeli closure policy and mobility restrictions. Attention was drawn to the deteriorating living conditions of the Palestinian people and the economy's increased vulnerability; soaring poverty and unemployment rates; expansion of the informal sector; widening trade and public deficits; and increased dependence on foreign aid. Many delegations highlighted the constraints imposed by the Israeli separation barrier and other security measures in the occupied Palestinian territory, which had isolated the Palestinians from Arab and global markets and institutionalized the fragmentation of the Palestinian economy. That fragmentation had been aggravated by the fall in aid from donors and the financial restrictions imposed on the Palestinian Authority following the Palestinian Legislative Council elections in 2006. One delegation noted that Israel's economic strangulation of the occupied Palestinian territory was in violation of international law, but another emphasized that the occupation conditions rendered any comprehensive economic policy meaningless.

3. One delegation stressed the devastating repercussions of the Israeli military campaign since 2000 and so-called Israeli "security measures". Any discourse on Palestinian long-term development must examine the daily injustices facing the Palestinian people, the annexation of occupied East Jerusalem, the construction of colonial settlements and the Wall, and the detention of 11,000 Palestinians.

4. One delegation asked why such issues were being discussed in the current forum, and pointed out that the report failed to mention factors that had a negative impact on the Palestinian economy, such as: interfactional Palestinian fighting; Hamas' control of Gaza; corruption and the Palestinian Authority's reluctance to implement economic governance reforms; and the cynical manipulation by terrorists of vital Palestinian economic pathways.

5. One delegation stressed the need for all parties to fully implement the Agreement on Movement and Access and for continued humanitarian assistance, and welcomed the extension of the Temporary International Mechanism until 31 December 2007.

6. There was consensus that the international community, in addressing the urgent needs of the Palestinian population, should not lose sight of long-term Palestinian development and institution-building objectives.

7. Most delegations welcomed the secretariat's recommendation to establish alternative routes for Palestinian trade, as such routes could help reduce the impact of the isolation of the occupied Palestinian territory and reduce its dependence on Israeli port facilities. According to one delegation, re-routing Palestinian trade should be linked to the Arab Transit Trade Agreement in order

¹ Electronic versions of statements by delegates are posted on the UNCTAD website in the form and language in which they are received. To find the speeches, go to www.unctad.org/meetings, select the intergovernmental body and session, and click on Programme.

to ensure further regional integration of the Palestinian economy. Simultaneously, the “first-best” option, namely the construction of a seaport in Gaza, should continue to be pursued. One delegation warned that re-routing Palestinian trade might be at the expense of losing a strong trade partner, namely Israel, and questioned the benefits of Palestine’s admission to the World Customs Organization.

8. Delegations were in favour of expanding Palestinian policy space to provide policymakers with the necessary tools to overcome the economic crisis. Most of them agreed that donors should resume direct aid to the Palestinian Authority with no political conditions attached to it. The need for renewed development efforts was stressed by several delegations as an important prerequisite for overcoming the economic crisis and revitalizing the Palestinian economy’s productive capacity. One delegation stressed that without a concerted political effort by the international community, such attempts would merely address the symptoms, not the root cause, of the problems facing the Palestinian economy, namely the Israeli occupation. The only remedy was to free Palestine from the prolonged occupation and from its system of asymmetric containment, apartheid and compulsory dependence. The future Palestinian development framework and final agreements should be based on treatment of both parties on an equal footing.

9. Delegations commended the secretariat on the success of its technical cooperation activities in support of the Palestinian Customs and Border Management and the establishment of the Palestinian Shippers’ Council. Some delegations considered those achievements as representing UNCTAD at its best, and as an exemplary case of the benefits of linking relief and development under adverse conditions.

10. One delegation noted with satisfaction UNCTAD’s efforts to support Palestinian entrepreneurs through its EMPRETEC programme, and to apply its innovative automated customs system, ASYCUDA, at the Karni Crossing in Gaza, and noted the Palestinian Authority’s recent request to the Commission for Science and Technology to conduct a science and technology innovation policy review.

11. Many delegations called on the secretariat to expand and intensify its activities in favour of the Palestinian People, particularly those related to building institutions and establishing policies for employment generation, strengthening of production capacities, and the facilitation of access to international markets. Such activities would undoubtedly help create a climate of law and order, and thus help expedite the peace process. There were calls for member States to increase their financial support for those activities.

12. Several delegations expressed concern about the lack of extrabudgetary resources, which left a number of important secretariat activities unfunded. One delegation said that that issue should be high on the agenda in the preparations for UNCTAD XII.

13. Many delegations stressed that a just and lasting solution in the Middle East was a sine qua non for Palestinian social and economic development, and called on the international community to step up its humanitarian and development assistance to the Palestinian people.

14. One delegation reiterated the international position on any division of the Palestinian territories, and the objection to any changes to the pre-1967 borders other than those agreed by both parties. Delegations expressed support for the Quartet’s efforts and reaffirmed their commitment to the peace process, which

should give the Palestinian people the future independent, democratic and viable state, living side by side in peace and security with Israel.
