



**United Nations Conference  
on Trade and Development**

Distr.: Limited  
25 September 2008

Original: English

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**Trade and Development Board**

Fifty-fifth session

Geneva, 15–26 September 2008

**Draft report of the Trade and Development Board  
on its fifty-fifth session**

Held at the Palais des Nations, Geneva, from 15 to 26 September 2008

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

### Report on UNCTAD's assistance to the Palestinian people

1. All speakers expressed appreciation for UNCTAD's technical assistance to the Palestinian people, and the majority of them shared the assessment contained in the report (TD/B/55/2) of recent economic development in the occupied Palestinian territories. Delegates noted the disturbing indicators that showed deep and long-lasting economic regression in those territories. They were alarmed by the cycle of so-called "de-development", the destruction of Palestinian infrastructure and productive capacity, the lack of food security, the Palestinian economy's increased dependence on Israel, and the emergence of mutually reinforcing mechanisms that held back Palestinian economic recovery. Many speakers pointed out that the situation was the result of Israeli occupation practices, including the closure policy and mobility restrictions in the West Bank and Gaza and the construction of the separation barrier. Speakers expressed alarm at the distressful situation created by the isolation of Gaza, where the number of industrial establishments in operation had collapsed, two thirds of the population lived in absolute poverty and a third of the labour force was unemployed.

2. One delegate said that the report failed to mention that the root cause of the economic anomalies in the occupied Palestinian territories was the Israeli occupation, which denied the Palestinian private sector the freedom to create and innovate and threatened its very survival. A number of speakers were of the view that economic development could not be achieved under occupation.

3. Several delegates considered that living in poverty and isolation in the occupied Palestinian territories was tantamount to being kept in an open prison, and saw the economic strategy that led to that situation as a serious violation of international humanitarian law. Attention was drawn to the advisory opinion of the International Court of Justice, in which the court concluded that the construction of the separation barrier in the occupied Palestinian territories was a serious violation of a number of Israel's international obligations.

4. One delegate questioned how the current debate on the Palestinian issue could possibly contribute to meeting the development needs of the Palestinian people, or the development needs of people anywhere in the world for that matter. Instead of offering constructive advice, funds or creative solutions for revitalizing the programme of assistance to the Palestinian people, speakers were using inflammatory language to hijack the Trade and Development Board for a narrow political debate, while the report before the Board failed even to acknowledge the difficult security situation faced by Israel.

5. Most delegates agreed that correcting occupation-related economic distortions, rebuilding productive capacity and increasing donor support, while necessary, would not be sufficient to put the Palestinian economy on the path towards sustainable development. One delegate called for the current public policy framework – the Paris Protocol – to be reconsidered, to allow for expanded policy space as a step towards the establishment of a sovereign, contiguous, viable Palestinian State. Without self-determination for the Palestinian people, and the right to freely determine their own economic, social and cultural choices, economic policy was useless even in the short run.

6. For most delegates, empowering the Palestinian Authority with more policy space and the tools of fiscal, monetary, trade and exchange rate policies was essential to reviving the Palestinian economy and putting it on the path towards

sustainable growth. Without such tools, foreign aid and international cooperation alone would not be able to bring about economic growth and development.

7. There were conflicting views on whether the introduction of a Palestinian national currency would facilitate economic policymaking. Some thought that the impoverished fiscal position of the Palestinian Authority would not support a national currency or that the adoption of a Palestinian currency made no sense in the context of the customs arrangements with Israel, under which the Palestinian economy benefited from the rise in value of the new Israeli sheqel. It was pointed out that expanded policy space with political stability would accelerate growth and reduce employment, and that all policy options, including the eventual introduction of a national currency, should be considered when the moment and conditions were favourable.

8. Many delegates called for greater and more predictable foreign aid for the Palestinian people, with no conditions attached, to allow the Palestinian Authority to play a greater role in aid allocation. Without foreign aid, the crisis would have taken an even greater toll. Some delegates believed that the closure policy and the destruction of the Palestinian productive base reduced the efficacy of foreign aid. A number of delegates drew attention to international efforts to support the Palestinian people, including efforts to strengthen Palestinian institutions, the convening of international conferences, a focus on well-targeted, human-centric capacity-building initiatives and efforts to increase Palestinian exports.

9. Many delegates commended UNCTAD for the achievements of its technical cooperation operations in extremely difficult field conditions, for its work to modernize Palestinian customs under the Asycuda programme, and for its engagement with the private sector, which had led to the establishment of the Palestinian Shippers Council. Nevertheless, delegates expressed concern about the lack of extrabudgetary resources, which left a number of important secretariat activities unfunded. Delegates called for the strengthening of UNCTAD's programme of assistance to the Palestinian people with adequate resources and related operational activities, as called for in paragraph 44 of the Accra Accord.

10. Most delegates stressed the need to achieve a just and lasting peace in line with all relevant United Nations resolutions related to the question of Palestine. One delegate noted that violence had never solved any problems, and that stability in the Middle East was vital to world peace. It was emphasized that all parties must work diligently towards the establishment of a Palestinian State as envisioned by the international community.