

Trade and Development Board, sixtieth session
Geneva, 16–27 September 2013

Plenary on Item 11b:
Report on UNCTAD assistance to the Palestinian people

Speaker: Ethiopia on behalf of the African Group

Tuesday, 24 September 2013

*Not checked against delivery **

* This statement is made available in the language and form in which it was received. The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

AFRICAN GROUP GENEVA

DRAFT STATEMENT

Statement by the Coordinator of the African Group
Delegation of the Federal Democratic Republic of **Ethiopia**
to the UN Office at Geneva, and other international organizations in Switzerland
at the 60th Session of the Trade and Development Board, UNCTAD
from 16 to 27 September 2013

Item 11(b): Report on UNCTAD assistance to the Palestinian people to be delivered on 24 September 2013

Mr. Chairman:

1. The African Group would like to express gratitude to UNCTAD for the critical support to the Palestinian people and their pursuit of development and prosperity. We appreciate the difficult field conditions and resource shortfalls of UNCTAD's programme of Assistance to the Palestinian people. Despite the enormous difficulties, the program has proved itself to be a model example for the provision of development assistance under extremely severe and uniquely adverse condition.
2. We note, with UNCTAD's report that, overall, the strains of Palestinian economy further intensified in 2012 and early 2013, as GDP growth rate slowed to a 6 per cent in 2012, from a double digit growth in the previous two years, while unemployment increased to 27 per cent. The report notes that the fiscal crisis triggered political unrest in the occupied Palestinian territory and that economic growth is projected to decline further in the future.
3. In addition to the multi layered constraints imposed by the Israeli occupation authorities on the Palestinian economy, UNCTAD report is concise in pinpointing further Palestinian losses, due to the text and interpretation of the Paris Protocol, with provisions that deprive the Palestinian people of control over their productive assets in addition to using it as political tool to pressure the Palestinian authority

Mr. Chairman:

4. We agree with UNCTAD that there is an urgent need to change the Paris Protocol to a more balanced framework consistent with Palestinian needs for sovereignty, fiscal and economic policy independence. We also emphasize that there is a need for the Palestinian Authority to have full access to all data related to imports from or via Israel when the final destination of goods is Palestine; abolish the time line which prevents the PA from claiming due revenue from imports; ending Palestinian dependency on Israel by removing barriers to trade with countries other than Israel; allow Palestinian customs brokers access to Israeli ports and crossing points to follow on customs procedures.
5. The report identifies smuggling as a source of significant Palestinian fiscal revenue loss. Smuggling is the direct result of the lack of Palestinian control over the borders and areas B and C of the West Bank. The report estimates smuggled goods to be in the range of

25-35% of imports. UNCTAD's analysis suggests that the leaked revenue from this sort of smuggling is about \$190 million per year. The sum of the entire leakage from total imports and smuggling from Israel is more than \$300 million per year. The situation is alarming since these estimates are moderate and don't account for the aggregate economic losses accumulated through the other sources of fiscal leakage.

6. We commend UNCTAD report for making concrete recommendations on how to contain such leakage, which accumulates into losses to human capital, employments opportunities, GDP, the public budget, among others.

7. UNCTAD report correctly notes the lack of employment opportunities, particularly for Palestinian youth, as the overall rate in 2012 rose to 27 per cent. Yet this rate of unemployment understates the severity of the socioeconomic conditions in light of the declining real wages, low labor productivity, high dependency rates, long duration of unemployment spells, and the low labor force participation rate that stood at 46 per cent in the West Bank and 40 per cent in Gaza.

Mr. Chairman:

8. UNCTAD's outstanding report makes it clear that donor support is necessary to preserve the PA's achievements in the institutional capacities it developed and to help ease fiscal constraint. However, real economic development and fiscal independence can only be achieved when occupation ends and a Palestinian viable state is created.

9. It is a tragic situation that despite all the fiscal reforms carried out by the PA, in 2012 it suffered the most serious fiscal crisis since 2006. An example of one of the consequences is the PA's inability to pay the salaries to its employees or to meet its obligations to creditors, which undermines political confidence in the PA. Unfortunately the results of the PA fiscal reform efforts were disappointing and testify to the futility of the attempt to introduce sound economic policies under occupation.

10. The situation is alarming and we must not be silent. We encourage resorting to measures that will, at minimum, mitigate the difficult conditions imposed on the Palestinian people by the occupying power; and Justice must be introduced.

11. In light of UNCTAD significant work on Palestinian economy, we emphasize the important of UNCTAD's work and say that it must receive all the support and resources needed to continue working under these difficult circumstances. Specifically, the Doha Mandate requested UNCTAD to "strengthen its programme of assistance to the Palestinian people with adequate resources and effective operational activities, as part of the international community's commitment to building an independent Palestinian State, and with a view to alleviating the adverse economic and social conditions imposed on the Palestinian people, in line with the Accra Accord." Even though Paragraph 31(m) of the Doha Mandate, recognizes the importance of UNCTAD's contribution to the Palestinian people and raises the expectations, we note that UNCTAD's ability to fulfill what has been requested by the Mandate remains constrained by the inadequacy of resources.

13. Finally, we reaffirm solidarity with the Palestinian people, and salute them for their legitimate struggle to achieve development, independence, sovereignty and statehood as

called for by the international community and fully support thier efforts to achieve a decent life and be active members of the international community