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Ministerial round table: Road map for recovery: Economic development prospects of the Occupied Palestinian Territory through addressing obstacles to trade and development

1. In addition to the Palestinian Minister of National Economy, the round table included five speakers from legislatures, academia, the private sector, research centres and civil society.
2. Several panellists highlighted the achievements registered by the Palestinian National Authority in recent years despite the prolonged occupation and its restrictions. The Palestinian National Authority had been able to pursue economic policy reforms, a revised legal framework, industrial and sectoral restructuring measures, adherence to international economic instruments and institutions, a bolstered policy environment favouring private sector activity and more effective economic governance.
3. However, as noted by several panellists, the Palestinian National Authority had to operate within the narrow confines of the Protocol on Economic Relations (Paris Protocol) and the limited policy space it allowed, a situation that needed to be revised in the light of international law. All panellists stressed the range of economic challenges that persisted despite the efforts of the Palestinian National Authority to address them with the support of the international community. These included persistent unemployment, especially among youth, high poverty rates, especially in Jerusalem and the Gaza Strip, and major disparities with the economy of Israel in the areas of economic structure, trade, employment and wages.
4. Several panellists referred to the 60 per cent of the West Bank constituting Area C that remained under occupation and constituted the agricultural and natural resources base of the economy of a viable future State, as well as the theatre of constant confrontation between the approximately 300,000 Palestinians and 400,000 Israeli settlers. Denying Palestinian people access to their resources effectively denied them of the essential means of development. Meanwhile, the Paris Protocol, which had been intended to strengthen the

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basis for an independent Palestinian economy, was regularly violated or ignored by Israel in order to control the Palestinian economy.

5. Several panellists emphasized the irreconcilable contradiction between development and occupation, irrespective of the development paradigm adopted, and the manner in which the right to development of future generations had been forfeited, engendering a situation of de-development or distorted development. The path of dependence fostered by occupation could not be unravelled without rolling back occupation and ensuring self-determination for the Palestinian people. One panellist noted that Israel had not demonstrated its commitment to Palestinian independence, but instead sought to create a client state; a reality that Palestinians should confront through trying to increase their bargaining power and policy space.

6. Panellists referred to the many faceted costs of occupation, such as the opportunity cost of lack of access to Area C, application by Israel of excessive and unjustifiable fiscal handling fees, a failure to apply and update the value added tax clearance mechanism to remit customs on indirect imports, severe restrictions on exit and/or entry ports, restriction of import and export, abusive deductions on health and electricity bills charged by Israel to the Palestinian National Authority, fiscal depletion and restricted trade capacity, as well as property and infrastructure destruction.

7. Some other panellists referred to the indirect impacts and costs of occupation, such as the loss of access to Jerusalem and its growing separation from the rest of the Occupied Palestinian Territory. While Jerusalem should have become the capital city, it had instead come to feature extremely high rates of poverty and unemployment, social disintegration, pressures on residency rights and loss of its central position in Palestinian tourism, culture, economy and society. It was also noted that just as there were costs engendered by occupation, so were there benefits accruing to the occupying Power, in terms of fiscal revenues, physical space for more colonization and settlement and valuable natural resources available free of charge to settlers and the economy that supported them. UNCTAD should play an active role in monitoring, recording and analysing these complex factors.

8. The panellists agreed that the only way to ensure complete recovery, and for the Palestinian economy to realize its potential, was to end the occupation and achieve a two-State solution, based on the 1967 borders, with East Jerusalem as the capital of a Palestinian State. Towards that end, concrete steps were needed to adopt resolutions in line with the Charter of the United Nations, relevant resolutions and guiding principles on business and human rights, and also to end the unilateral coercive measures imposed by occupation.

9. Most panellists stressed the need for reviewing and amending the asymmetric Palestinian trade relations with Israel beyond the outdated Paris Protocol, while guaranteeing the implementation of the Agreement on Trade Facilitation of the World Trade Organization by Israel with respect to Palestinian trade was an urgent priority. Furthermore, Palestinian exports should be granted duty-free and quota-free market access and least developed country status in related trade agreements, while greater economic integration regionally and internationally was needed, along with market diversification, to decrease the Palestinian trade deficit and excessive economic dependency on Israel.

10. Several panellists called for clear guidelines to be adopted by Palestinian trade partners, which were complicit with the economy of Israeli settlements, beyond simply identifying products originating therein, highlighting trade partner responsibility and accountability measures. Respect for international law in the area of trade was essential for economic recovery, and would be as much in the interest of Israel as it would be of benefit to the Palestinian economy. Economic development was good for Palestinians and for the future prospects of peace, while building the capacities of the private sector to define its

own strategies and enhance its engagement in international markets and agreements would be equally useful in current circumstances. Industrialization should be part of such a strategy and this could only be achieved by markets and governments working together.

11. Finally, it was stressed that agricultural investments constituted a central pillar of a recovery strategy, in light of critical questions related to land, water, arid zone agricultural options and confrontation with settlers. There were possibilities available to Palestinians to undertake agricultural investment protection and production subsidization, through an agricultural revival strategy that was cognizant of realities on the ground and utilized available instruments to enhance policy space.
