Occupation Imposes ‘Huge Price Tag’ Without Which Palestinian Economy Would Be Double Its Size, United Nations Seminar Told

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Stunted Industrial Sector Creates Dependency on Israeli Market; Confiscation of Land, Water Resources Cripples Agriculture Sector, Says Panellist

(Received from a UN Information Officer)

CAIRO, 7 February — Israeli policies in the Occupied Palestinian Territory imposed a “huge price tag” on the Palestinian economy by preventing Palestinians from accessing much of their land and exploiting most of their natural resources, while isolating them from global markets and fragmenting their territory into small, poorly connected “cantons”, the United Nations Seminar on Assistance to the Palestinian people heard at the start of its second day.

Organized by the Committee on the Exercise of the Inalienable Rights of the Palestinian People, the two-day Seminar, being held in Cairo, brought together dignitaries, experts, academicians and civil society representatives in a second plenary centred on quantifying the cost of the occupation.

Restrictions imposed on the Palestinian people, reflecting Israel’s “unchanged colonial attitude” and in place since the occupation began in 1967, were the main impediment to prospects for a sustainable Palestinian economy, said Jad Isaac, General Director of Bethlehem’s Applied Research Institute and an adviser to the Palestinian negotiating team on final status issues. Israeli policy sought to exploit Palestinian natural resources, including land, water and mining resources, for its own economic benefit and was reflected in a series of policies related to customs, transportation and infrastructure, which had prevented the development of a competitive Palestinian production and service industry.

Today, those restrictions had deepened further and, according to 2010 estimates, were almost equal to the value of the entire Palestinian economy, he said. The total measurable cost imposed by the occupation on the Palestinian economy was $6.897 billion in 2010, or a staggering 84.9 per cent of the total estimated Palestinian gross domestic product (GDP). In other words, had the Palestinians not been subjected to the occupation, their economy would have been almost double its size today.

Not only did the occupation keep the Palestinian economy small, he said, but it also hindered fiscal balance by reducing revenues — directly, by preventing an efficient tax collection due mainly to the prohibition of the Palestinian Authority to operate at the international borders, and indirectly by artificially reducing the size of the Palestinian economy and, therefore, its tax-revenue base. Absent the occupation, the Authority would run a healthy surplus without need of donor aid and be able to substantially expand fiscal expenditures to spur further social and economic development.

The confiscation of land and water resources and the mass uprooting of olive trees, said Shir Hever, economic researcher at the Alternative Information Center in Jerusalem, addressing the Meeting by Skype, have crippled the Palestinian agricultural sector, which currently could not even meet the food requirements of the Palestinian population itself, let alone export agricultural produce in order to draw much-needed foreign currency into the Palestinian economy.

He said the Palestinian industrial and financial sectors also remained stunted, because Israel implemented countless policies to prevent their development. The result had been the Palestinian’s high level of dependency on the Israeli market in those sectors. And, the Palestinian commercial sector had been severely restricted by Israel’s limitations on movement.

There was no question whether the damage to the Palestinian economy by Israeli occupation was significant, he said; the question was how to measure it properly. A calculation of the damage inflicted by Israel must be accompanied with a legal and political effort to demand full restitution to the victims.

The Israeli occupation was a highly political issue, and the reasons for measuring the damage inflicted by Israel on the Palestinian population were not mere academic curiosity, he said. Israel was morally obligated to compensate the Palestinians for the damage which was inflicted. Crimes committed against the occupied population must be punished, and the victims deserved restitution.

He said it would be counterproductive to wait with the assessment and demands for compensation until the occupation ended, although the damage continued to accumulate for as long as the occupation persisted. The Israeli Government and Israeli society must be made aware that their actions carried consequences, and must consider future compensations for the damage when formulating policies towards the Palestinian population.

A realization that Israeli citizens would be required to pay for the damage which they inflicted might hasten the end of the occupation, or at the very least reduce the number and scale of Israeli attacks, sanctions and restrictions against Palestinian people, he said. Further, the demand for compensation served as a deterrent to all countries not to occupy their neighbours and to respect international law.

Statements

In additional remarks, Mr. Isaac said that, in line with the colonial paradigm of the Israeli occupation, the majority of the occupation costs did not have any relationship to security concerns, but rather came from the heavy restrictions imposed on the Palestinians in the access to their own natural resources, many of which were exploited by Israel itself, including water, land and minerals. More than $4.5 billion per year, a full 56 per cent of GDP, was the cost, in terms of both foregone revenues and higher costs of raw materials, for the Palestinians' lack of access to their own resources.

He described the huge costs of the Gaza blockade, which, he said, were determined by a myriad of Israeli restrictions, including the almost complete closure to international trade, the disruption caused to electricity production, the limited access to the sea resources and the continued shelling of infrastructure. Those restrictions had led to the "collapse of the economy, whose growth path has diverged from that of the West Bank since 2006". The restrictions on access to water in the West Bank and on access to natural resources deprived the Palestinians of enormous sources of revenues associated with the economic activities based on those natural resources. Those included the expansion of irrigated agriculture, the extraction of salts and minerals from the Dead Sea, the mining of much of the gravel and stone available in the West Bank, and the development of the Gaza offshore gas field. Similarly, the lack of access to the Dead Sea had made the development of a high potential Palestinian tourism industry along its shores impossible.

Despite the magnitude of the estimated losses, those were likely to be a severe under-estimation of the real costs imposed by the occupation on the Palestinian economy, as it had not been possible to measure all the different costs, owing to a lack of data, he said. For example, the prohibition to import goods, such as lathe machines, which were essential inputs in the machinery production, had most probably stifled the development of the whole Palestinian manufacturing sector.

Mr. Hever discussed the terminology framework for assessing the damages, the methodologies that could be used to estimate the damage, and the purpose of such calculations.

He said that the economic damage to the Palestinian population caused by the Israeli occupation in the past 45 years has been studied only through preliminary case-studies and broad, generalized studies. By contrast, the cost of the occupation to the Israeli Government, or the Israeli society, had been studied extensively. Such disparity between studies of the economic cost to Israel and the economic damage to the Palestinians indicated the distorted public opinion in the occupation, which was often portrayed, especially in Western countries, more as Israel's problem than the problem of the Palestinian people.

The term "cost of occupation" was very problematic, he said. The word "cost" implied an economic connotation and a voluntary transaction. As Palestinian never "purchased" the occupation, they cannot be said to be paying a cost. Israeli society, however, had actively pursued the occupation despite viable alternatives. Israelis had voted for political parties who promised to maintain the occupation, and one in seven Israelis had moved into the occupied territories as "colonists". Many others were involved in the occupation through commerce, government work or even culture. Therefore, the term "cost of occupation" applied to Israel and Israeli society. The willingness of Israelis to continue the occupation indicated that simply advertising those costs would not convince Israeli society to end the occupation.

It would be more relevant, he said, to discuss the "damage" caused by the occupation. There, he was referring to the loss of life, health and property as a direct or indirect result of Israel's policies in the Occupied Palestinian Territory. No economic measurements of foregone income or loss of capital could compare to the loss of human lives to Israeli violence, to the loss of freedom of Palestinian prisoners in Israeli prisons, and to the tens of thousands of Palestinians who were injured, sometimes permanently crippled, by Israeli violence. However, he focused only on the economic damage. Assessing the loss of income, actual and potential, and loss of property (capital, housing and personal belongings) and the income derived from that, offered a methodological approach to measuring that damage.

Tarik Alami, Chief, Emerging and Conflict Related Issues Section, United Nations Economic and Social Commission for Western Asia (ESCWA), Beirut, discussed the socio-economic impact of Israeli occupation and the move towards an independent State of Palestine with sustainable development. He noted that most of his data was either collected from different United Nations agencies working in the Occupied Palestinian Territory, or from the Palestinian Authority and its Ministry for Planning and Administrative Development.

He said the main cause of the socio-economic and humanitarian plight of the Palestinian people was the Israeli occupation.

Israel had established a regime of occupation that was manifested in a series of unlawful and internationally prohibited measures. In terms of excessive use of force and detentions, 125 Palestinians were killed and 2,144 injured by Israeli security forces in 2011, including 17 children killed and 441 injured. More than two thirds of those cases were linked to settlement activity. On average, 192 Palestinian children were Israeli prisoners throughout 2011, and there had been at least 63 cases of ill-treated children documented that year. There were an estimated 500 to 700 prosecutions in Israeli military courts each year. Property confiscations, the demolition of structures and homes, and population displacements had been "systematic and constituted an alarming trend", having peaked in 2011 — higher than any year since 2005; 6620 residential structures had been demolished and 1,094 people had been displaced. At least 21,000 Palestinians had been left homeless from demolitions since 2004.

Similarly documenting the situation in East Jerusalem, he noted the number of displacements and limitations on Palestinians' ability to construct there; as a result, almost 60,000 were under threat of becoming homeless. In fact, only 46 additional permits were granted in the first half of 2010. Regarding Israeli settlements there were almost 517,000 settlers in 144 settlements and 100 outposts in the Occupied Palestinian Territory as of the middle of 2010. The Israeli settler population growth rate in the Occupied Palestinian Territory had more than doubled since 1992. In 2011, the rate of construction in Israeli settlements on occupied land had doubled that of construction within Israel. As for settler violence, there was an alarming trend of increasing attacks on Palestinian property and crops. In fact, those attacks had doubled in 2010 from the previous year, including on medical and educational facilities. Under the so-called "price tag policy", settlers responded to their Government's actions by attacking Palestinians and their property.

There was also an impact on natural resources, he said, noting Palestinians' very limited access to drinking water and sea fishing. As examples, he said that half the Palestinian wells had dried up over the last two decades, and on average, Israelis consumed seven times as much water as Palestinians, while Palestinians paid five times as much for water as the settlers. Israeli settlements meanwhile dumped some 40 million cubic metres of wastewater and solid waste annually on Palestinian land, and 60 million litres of untreated or partially treated sewage reached the land or sea or drinking water sources daily.

Concerning socio-economic indicators, 22 per cent of Palestinians lived in poverty, according to 2009 figures, and 24 per cent were unemployed in the first half of 2011, he said. As a result of those dire economic conditions, Palestinian households relied largely on food aid. Half of the Palestinian Territory as a whole had become more dependent on the economies of the world; almost 1.43 million Palestinians suffered from food insecurity, and two of three children in Gaza reported severe to moderate reaction to trauma. Palestinian people had to make unacceptable trade-offs, often having to choose between food, medicine, or water for their families.

Touching next on how to reintegrate the Palestinian economy into that of the region, he said the reality was that Israel continued to exert full control over mobility and access in the Occupied Territory. Any economic development in the Palestinian Territory could be easily halted or reversed. Approaches should be developed that took that reality into account, without losing sight of the end goal, namely, an independent and prosperous Palestinian State. The ground should be set for achieving that goal while trying to minimize the impact of instability. That included institution-building and Palestinian reintegration in the Arab region.

He said the truth was, however, that the Palestinians, as a society and economy, for more than four decades, had been detached from their Arab neighbours, so it was natural to seek to provide them with a "vital lifeline" in the region. Public opinion was supportive of the Palestinian peoples' plight. While international support and donor aid was often subject to political considerations, Arab countries, civil society and the private sector could provide such support "with no political strings". In that vein, he highlighted the importance of civil society and private-sector partnerships, as well as the role of the United Nations in the reintegration — to encourage those partnerships and provide platforms for forging and nurturing them, while providing some seed funding and projects.

Iman Jabbour, Research Director, Gisha — Legal Center for Freedom of Movement, Tel Aviv, focused her remarks on the impact of restrictions of movement on goods and people in Gaza and highlighted examples of Palestinian people's resilience. She reviewed the history of the region and Israeli permits for Gaza and the West Bank between 1972 and 1991, noting that the Israeli economy was more developed and dependent on technology, whereas the Palestinian economy was dependent mostly on agriculture. That made its integration difficult, especially given Israel's control of the Palestinian economy. Tens of thousands of Palestinian workers used to go across the Green Line for work, now restrictions on movement of goods and people had staunched even that flow. Indeed, following the first intifada, Israel had cancelled all permits, even for workers, and unemployment had risen dramatically, more than doubling in Gaza.

Over time, she said, the restrictions increased, and Israeli policy forbade Gazans from crossing the borders except in extraordinary situations. In September 2007, Gaza had been declared a hostile entity and numerous restrictions were applied. Israel then shrunk the entry of goods into Gaza, allowing barely enough to keep the population alive. Certain calculations were made for the consumption of goods in Gaza, obtained by her Center. She showed Israeli calculations of how much wheat and other commodities Gazans consumed. During that period, Israel had declared an "economic war" on Gaza, which it deemed legitimate. When the Karni crossing was closed, shipments declined by 95 per cent, and imports and exports were severely restricted. She showed a list of goods collected through surveying merchants in Gaza, which showed a random sampling of what was allowed in to the enclave and what was not. For example, camomile was allowed, as well as sugar and frozen meats, but raw meat was not; margarine was allowed, but only for domestic and not for industrial use. Clothing was allowed in but not the fibres needed to manufacture it. Gazans were unable to produce or sell their goods to Israel.

Since July 2010, restrictions included weapons and dual-use goods. Construction materials entered Gaza, such as pebbles, cement, iron and steel, but those were “secondary usage” goods and only for projects of international organizations and approved by Israel, she noted. Israeli regulations also dictated who was allowed to enter and leave Gaza, under what she described as “random” policies. For example, a person in need of medical treatment could not go, but once they were terminally ill, they could. Family members could not cross the border, but they could for a funeral. There were also Israeli attempts to separate the West Bank from Gaza. Football players could leave Gaza, but people involved with the arts could not. Permits were given to businessmen, but they had to be of a high calibre, conflicting with the logic that their reason for leaving Gaza had to be to help the Gazan economy. In any case, Gazans were always threatened with deportation.

In the ensuing discussion, a speaker urged that the economic cost be calculated on an annual basis, which also included loss of income from tourism and crossing closures. The cost of destruction and demolitions should also be calculated. The suggestion was made that Israeli degradation to the environment should also be considered, with wells depleted and high salinity in the water. The suggestion was made that the United Nations should establish a working group that would compare the Palestinian economy under occupation since 1967 to its current state and seek recommendations from the Security Council or General Assembly on ways to compensate the Palestinian people for the occupation losses.

The political dimensions of the issue were stressed, and the question was put to participants: what was the cost internationally? Studies on the cost of occupation were already being done at the United Nations, said another speaker, suggesting the need for an initiative by the Organization to put in place a mechanism that could make a comprehensive inventory of that cost.

Responding, a panellist said that seven of the eight “losses” had been quantified, but some of them, such as land expropriation, were illegal, and he would not put a value to that; it was simply null and void in international law and thus should not be quantified. After the land was returned, compensation for its usage could be sought. It was restitution, and not compensation, that was required; the land should be returned to its owners. He agreed that the lost opportunity in tourism should be included in the discussion of the cost of the occupation. The world had to be shown that Israel was “reaping the fruits of a cheap occupation”, he said, adding, “we have to make occupation expensive or we will live under it for a long time”.

Another panellist felt, however, that focusing only on restitution and not compensation was an “incentive for Israel to continue the occupation”. The damage caused to the Palestinians from the occupation “continued to accumulate”. So compensation “should not be taken off the table”. That was a way pressure could be applied to the Israeli Government and Israeli society. If Israel did not meet its responsibility to the Palestinian people, then it must pay compensation. Economic sanctions imposed on Israel by other Governments would demonstrate a broad commitment to international law; that would indeed make occupation expensive to Israel.

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