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Faculty of Graduate Studies**

**The Impact of Israeli Occupation  
on the Palestinian Economy**

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requirements for the master's degree in  
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## Thesis approval

### The Impact of Israeli Occupation on the Palestinian Economy

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## **Declaration**

I declare that this Master dissertation has been composed by me and is based on my own work, unless stated otherwise. I confirm that this Master's thesis is my own work and I have documented all sources and material used; no other person's work has been used without due acknowledgement.

All references and verbatim extracts have been quoted, and all sources of information, including graphs and data sets, have been specifically acknowledged. To my best knowledge, this Master dissertation has not been accepted in any other previous application for a degree, in whole or in part.

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## **Dedication**

This study is wholeheartedly dedicated to my beloved parents, who have been my source of inspiration and gave me strength when I thought of giving up, who continually provide their moral, spiritual, emotional, and financial support. Every time I stand in front an achievement I made; I cannot remember anyone except my father. And Every time the world shined and smiled for me was my mother's satisfaction.

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To my Fiancé, relatives, mentor, friends, and Colleagues who shared their words of advice and encouragement to finish this study.

And lastly, I dedicate this Master's Thesis to the Almighty God. thank you for the guidance, strength, power of mind, protection and skills and for giving me a healthy life and unlimited blessings.

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## **Abstract**

This study aimed at presenting a unique study on the impact of the Israeli occupation on the Palestinian economy. Which is a rural dependent economy, to raise awareness of the impact of the occupation relationship on the Palestinian economy. It Identifies the main factors that affect the relationship between the occupation and its arbitrary measures on the one hand, and the development of the Palestinian economy on the one hand, in order to improve its efficiency. It also aims to contribute to direct and mainstream the Palestinian economic activities with an internal and primitive dimension instead of engaging in activities that are required by Israel.

The methodology used is the methodology of analyzing the context and commercial content of the Palestinian economy as well as the analysis of the Israeli methods in politicizing and shaping the Palestinian economy to make it entirely dependent on the Israeli economy to answer the question of "How did Israeli repressive actions lead to greater Palestinian dependence on the Israeli economy?"

This study investigated the role of occupation in restricting the Palestinian economy pillars as agriculture, trade, tourism, communication and transportation and taxes. The Israeli occupation has exhausted the Palestinian economy through confiscation the Palestinian lands and causing harm to the Palestinian capital investment. In addition, the Israeli occupation restricted the Palestine economy investment through building the annexation and separation wall and the Military checkpoints all over the West Bank and Gaza. Therefore, the Israeli occupation practices the worst apartheid and racial discrimination in the 21st century.

It is worth to say that the Palestinian Authority has burdens to face the Israeli occupation threats to the economy growth. The Palestinian Authority procedures for the sustainable development are not enough and do not keep up with the current challenges to Palestinian

economy. The corruption is a major factor in paralyzing the Palestine economy. The legal accountability still needs to be more and more transparent.

The Palestine economy has been affected by the economic agreements. The Paris Protocol (PP) is an economic trade agreement concluded on April 9th, 1994 in Paris between the Palestinian Liberation Organization (PLO) and the government of the state of Israel stating the basic principles of free trade between the two parties. This agreement does not meet the international conventions, and it not taken into account for the specificity of the Palestinian state under the occupation. Since this agreement is placed restrictions on Palestinian sovereignty and tied up the possibility of establishing an economic and trade relations with the outside world. As well as, it did not recognize the negative impact of the occupation in making distortions and deficits in the development process of the Palestinian economy.

The results of analyzing the context and commercial content of the Palestinian economy indicated that The Israeli occupation forces a horde of limitations on the Palestinian economy that are impeding any prospects of supportable financial development in the involved Palestinian domain, There is no horizon for real economic development in light of the barbaric occupation that strikes all the international laws and agreements where the impact of occupation restrictions is not limited to the direct cost paid by Palestinian, but exceeds that to include indirect costs resulting from loss of potential development of vital industries that mainly depend on such access.

This study also found that there is no power in the world that can guarantee Israeli occupation commitment to the signed agreements. Economic agreements did not achieve the basic needs of life to the Palestinians because of the Israeli occupation aggression.

In conclusion, the study recommends disengaging the Palestinian economy from the Israeli economy and finding an alternative currency instead of the Israeli shekel. Also boycotting Israeli goods and refusing these goods in the Palestinian markets. At the end, Reviewing the economic agreements signed with the Israeli occupation is necessary to achieve economic development.

## **Introduction:**

Palestine has been occupied for more than seventy years. This occupation has had many consequences that affect every aspect of daily Palestinian life and prevent the establishment of an independent Palestinian state from achieving real existence and exploitation. It is known that the most critical motives of the occupation are greed in the economic and natural resources of the occupied territory, which are in various forms including raw mines, minerals, petroleum, water sources and land resources, whether fertile land suitable for agriculture or ready for the establishment of facilities and other assets of all kinds; It is evident that the subsequent effect is devastating the economy of the occupied countries which is the most dangerous forms. This explains the deteriorating economic conditions left by any occupation in countries that become lacking in resources; the resources that can lead to economic development and renaissance. This research is not only under the manifestations and interpretations provided by the theory of dependency and dependence on others. Moreover, it goes even further so that it has a theory prospective of dependency and nakedness of its own. It also sheds light on the internal improprieties of the Palestinian state, which lie in the absence of its economic strategies, administrative and financial corruption that has not been highlighted in previous research. It also discusses the general conditions of the occupation, which impede the development of the economy of Palestine, and take into account the grievances suffered by the Palestinian people and damaged the Palestinian economy.

It is true that the Palestinian resistance started as soon as the occupation began, in a natural reaction. There were times when the Palestinian reactions reached their peak, but there was some relative calm sometimes in periods of openness to the Israeli labor market. This phenomenon was directed to serve the Israeli economy after 1967, when tens of thousands of men and women began to daily go to Israel to work as laborers, while many migrated to the Gulf to find work ( Kattan, 1993). However, it has become clear that economic development,

in order to occur, must be fueled by complete separation and independence from economic dependence on the Israeli market and economy.

The lack of equality in development and great injustice dictated in agreements has inevitably led to the Palestinian economic decline. This research will focus on various aspects of economic deviation, punitive activities, and inequality that have accumulated and rejected by the Palestinian people behind their cause for economic and political freedom.

The disparities in quality between Palestinian and Israeli life, massive injustices and difficult punitive political procedures (such as murder, demolition of homes and institutions, detention, deportation and deprivation) have created a fertile environment for revolution against the occupation that took the form of mass popular resistance covering the entire Palestinian land. While the Palestinian struggle for freedom continues and even becomes individual, the economic situation is struggling to survive.

## **Research Problem**

For several decades, the Israeli occupation has thwarted the Palestinian economy through its arbitrary actions and repressive measures. It has also paralyzed its activities through deliberate strategies and Palestinian-Israeli economic agreements, which were supposed to regulate the economic relationship between the two sides. The activity of the Palestinian economy led to its full acquiescence and its dependence on the Israeli economy.

So eventually the focus will be on how did the Israeli occupation and its repressive measures affected the activity of the Palestinian economy and made it an economy of occupation?

## **Research Objectives:**

1. The primary objective of this research is to present a unique study on the impact of the Israeli occupation on the Palestinian economy, which is a rural economy dependent on foreign aid. It is hoped that the ultimate goal of this study is to raise awareness of the impact of the occupation relationship on the Palestinian economy.
2. The research will Identify the main factors that affect the relationship between the occupation and its arbitrary measures on the one hand, and the development of the Palestinian economy on the one hand, which may improve its efficiency.
3. This research is expected to enrich previous economic studies on the methods that make the Palestinian political economy work efficiently. Therefore, this study will try to get political pursuit to enhance the effectiveness of the economic side in Palestine.
4. This research will review the literature on the impact of the Israeli occupation on the efficiency and functioning of the Palestinian economy. Focus on the analysis of the time sequence of the relationship between the measures of occupation and economic activity in occupied Palestine in 1967 (West Bank and Gaza) from 1967 to 2000.
5. The research mainstream aims to contribute to direct and mainstream the Palestinian economic activities with an internal and primitive dimension instead of engaging in activities that are required by Israel.

## **Research Importance**

The importance of this study stems from the following:

1. It reinforces the review of the literature and practical reality that contribute to the impact of occupation on the economy of the occupied state, mainly in Palestine, where most of the research in this field was conducted with little focus on Palestine.

2. The research will highlight the dominance of the occupation in Palestine and its direct impact on all aspects of Palestinian life, including the Palestinian economy.
3. It will bridge and Fill a scientific gap due to the lack of studies that dealt with the objective analysis of the problems of the Palestinian economy
4. It will highlight the importance of the academic career of the researcher related to her interest in the field of political economy
5. since the study uses a range of observations from different backgrounds, such as Israeli violations and foreign direct investment, which are collected mainly at regular intervals. Then, the findings of the study provide politicians and policymakers in Palestine with better guidelines for developing and planning their policies on the Palestinian economy.
6. The research will shed lights/ study/ examine the economic items contained in the Paris Protocol of 1994, and the damage inflicted on the Palestinian economy.

## **Research Questions**

The study includes answers to the following questions:

1. The main question: How did Israeli repressive actions lead to greater Palestinian dependence on the Israeli economy?

### **2. Sub-Questions:**

- How did the agreements between the Palestinian and Israeli parties contribute to the transformation of the Palestinian economy in favor of the occupier?
- What are the Israeli economic policies adopted by the occupation to paralyze the Palestinian economy?
- What is the policy of crippling self-reliance, and what are its national, political and moral consequences?



- How did the Palestinians confront the Israeli occupation and what did it do for the Palestinian economy?
- What are the practical Palestinian responses to Israeli economic policies?

## **Hypothesis**

The occupation deliberately obstructs and destroys the Palestinian economy in order to paralyze the Palestinian political will and keep the Palestinians under the control of the supporting donors. The Palestinian leadership has not taken the necessary steps to develop means and methods that can partially overcome the occupation measures.

## **Temporal And Spatial Boundaries**

Occupied Palestine in 1967 (the West Bank and the Gaza Strip) between 1967 and 2000.

## **Methodology**

The methodology used is the methodology of analyzing the context and commercial content of the Palestinian economy as well as the analysis of the Israeli methods in politicizing and shaping the Palestinian economy to make it entirely dependent on the Israeli economy, because this type of analysis is the most appropriate for qualitative research.

## **Previous Studies**

There are a good number of studies and research on the Palestinian economy and its effects and dependency on the Israeli economy, including:

### **First: Fathia Attieh - Journal Of Politicians**

Palestine This small country has suffered for decades from the fire of the Israeli occupation, which has long lived in all areas of life. On the economic level, the economic situation deteriorated due to practices that seek to thwart any growth, development or success achieved by the Palestinian economy. Importation and exportation, hindering internal and external mobility and freezing industrial and commercial zones with security arguments, allegations which led to high levels of unemployment and thus high poverty. In this context, development in this area has become impossible due to the full dependence of the economy. These conditions led to the decrease of internal and external investments and recommended the necessity of intervention by foreign and international parties to pressure the Israeli side and allow the Palestinians to exploit their resources and use them to rejuvenate the economy (Attia, 2016). Therefore, the Israeli occupation seeks in all ways to impede the growth and development of the Palestinian economy through continued closures and full control of the Palestinian borders and economic resources. However, the researcher suspects that any external intervention would be a pressure tool on the Israeli side until Palestinians are allowed to benefit from Their interests because their interest requires that the Palestinian economy remain a reactionary economy and a continuation of the occupation.

### **Second: Al-Jazeera Report - The Occupation And Targeting The Palestinian Economy Under The Pretext Of Security**

Massive damage to the industrial sector is due to Israel's prohibition of raw materials and goods to access Palestine on the pretext of the dual use of weapons, explosives, and equipment that threaten Israel's security. This, in turn, reduces the growth of the Palestinian economy and the destruction caused by the industrial sector; facilities and shops in total or in part. "The losses resulting from the ban in the Palestinian agricultural sector amounted to 142

million dollars. The World Bank estimates the losses in the Palestinian telecommunications sector during the past three years at about 1.1 billion dollars."

The metal industry faces numerous challenges by Israel's claims that it fears the materials will be used to make weapons against it. Israel has always used the term security pretexts to impose laws or to prevent Palestinian activities. The Palestinian people have been accustomed to obstructing their interests and activities with differing Israeli security pretexts. This has caused significant losses in various sectors, obstructing and freezing funds for clearing and stopping foreign aid, closing factories, preventing imports and other acts that destroy the Palestinian economy.

### **Third: Mohamed Mohsen Wedd - Al Jazeera: Israel Besieges The Palestinian Economy By Banning Its Products**

Amiens Shehadeh, an economic expert, pointed out that the Israeli measures did not stop one day with the aim of striking the Palestinian economy, which is aimed primarily at extorting the Palestinian Authority and the citizens. This prohibition applies to Palestinian products contrary to the Paris Convention of 1994, which stipulates freedom of movement of Goods and products. On the contrary, the occupation authorities exploited this agreement to perpetuate the dependence of the Palestinian economy on the Israeli economy. Israel does not stop making arguments and claims that the Palestinian goods do not conform to the specifications and therefore prevent them from on allegation of not being healthy ( Aljazeera, 2016).

Not only has Israel hit the Palestinian economy through the ferocity of its unlimited attacks. Even the so-called peace agreements have not been immured from the interpretation and guidance of its texts for the benefit of the Zionist. Sometimes when Israel use arguments

against Palestinian goods and other security pretexts. If they do not formulate arguments to convince the international community, all it takes is being silence.

#### **Fourth: Noon-Post - What Are The Difficulties Facing The Palestinian Economy?**

According to the Noon Post, the Palestinian economy lacks policies and economic strategies that will raise the standard of living and labor force. The reason is that the Israeli side controls all sources of funding for the Palestinian Authority, including foreign aid. One of the main challenges is that Palestinian goods are not allowed to enter the markets of the occupied territories in 1947. On the contrary, Israeli goods are allowed to enter the Palestinian market, which in turn paralyzes Palestinian trade and prevents economic recovery in the market.

On the other hand, the natural resources are more widely located in the occupied territories in the year nineteen hundred and sixty-seven, which are under the occupation authority, which in turn prevents the access of the Palestinian Authority to or benefit from, and thus the business projects are threatened to close because of weak purchasing power .

As a result of the above, the Palestinian market has moved to the services sector (security, health, education) and marginalized the aspects of production, investment, and industrialization, with the government and non-government sectors becoming the most powerful and away from productive projects.( Noon Post, 2016)

The reasons that hinder the development of the Palestinian economy are different, and we should not place the ball in the Israeli court. Instead, we must recognize that our Palestinian Authority, which lacks strategies and long-term plans to promote the economy, is focused on a consumer economy and foreign aid. This does not match our Palestinian agenda.

## **Research Plan**

The researcher will follow as follows;

### **Chapter 1: Main Features Of The Palestinian Economy In The West Bank And Gaza Strip**

1. Agriculture
2. Trade
3. Tourism
4. Transportation and Communication
5. Taxes
6. Foreign aid

### **Chapter Two: Israeli Measures To Prevent The Development Of The Palestinian Economy**

- The seizure of land
- Prevention of the accumulation of capital
- Prevention of capital investment and preventing the establishment of primary industries

Firstly, the Israeli occupation limits the development of the State of Palestine from all cultural, scientific, technical and economic aspects. They control the lives of the Palestinians from different angles. For example, natural resources, Israel puts roles for those who use them, and how much is allowed to benefit Palestinians. It is their way of ensuring that the occupying state (Palestine) will never grow and realize the independent dream. "There is an increasing body of evidence, and I am confident that future historical research will confirm that the expansion of the capitalist system over the past centuries has effectively penetrated even the most remote sectors of the underdeveloped world. The product of the historical development of the capitalist system, at least one of the more modern or capitalist features of

the national present-day of these underdeveloped countries (Frank, 1973) Said Andre Frank (Evolution of underdevelopment)

On the other hand, the lack of access to the neighboring and foreign markets, the restrictions imposed on the Palestinian economy and the Paris Convention, which limited the items that could be imported as the economy of the countries of export and import to maximize profit and establish relations with other countries. Therefore it is impossible for Palestine to be independent. Bearing in mind that almost all imports of the Palestinian economy come from Israeli seaports or Israeli-run terminals to the Palestinian-controlled borders of Israel.

Secondly, the Israeli authorities collect import taxes. The Israeli authorities have manipulated the handing over of these taxes, which have repeatedly created severe difficulties for the Palestinian economy, such as these days when Israel refuses to transfer tax revenues to the Palestinians - the PA. Israel also controls the natural resources that the Palestinian economy can use and invest in. Israel controls the water and energy resources provided to the Palestinians, which are essential to the development of the economy. "It is still essential for Israel to control the water resources in the West Bank to meet the expected water shortage in Israel itself Institute for Palestine Studies, 1979). The West Bank is partly classified as Israel's water reservoir (Israel and West Bank resources)

Thirdly, (Markets) Israel restricts access of Palestinian products to Israeli markets. In some seasons, Palestinian markets are flooded with Israeli products, thus narrowing the opportunity for Palestinian products to flourish and prices fall. On the other hand, Israel determines the number of Palestinian workers entering Israel, which means that it controls the amount of money entering the Palestinian territories that may affect the purchasing power of Palestinian house holders and affect the potential development of the Palestinian economy and try to make them interact with and rely on Israeli machinery. Completely. "The Israeli policy on the labor force in the occupied territories in general and in the West Bank, in particular, depends

on the transfer of Arab workers from their local resources, based on Jewish machinery for their livelihood" (Jewish settlements and their economic impact on the West Bank). Some of the raw materials or necessary components of the industry are supplied only from the Israeli market, and in some cases, restrictions are imposed on the amount it provides to the sector.

### **Chapter III: Racism, Persecution, And Obstructions**

Inequality in the economy, which is also defined as the gap between the rich and the poor takes two types namely inequality of income and inequality of wealth. Income refers to the regular flow of funds in the form of a rate for each term, while wealth is a set of assets owned. In other words, income is precisely what people get from work, retirement, social welfare or social benefits, while wealth is what people already have. Sometimes wealth is not used for daily expenses, but it remains an emergency or unexpected guarantee, so it helps cover such emergencies, helping to maintain a social situation that can rarely contribute to limited income.

Inequality is a growing economic problem with social consequences that threaten society and varies between societies, historical periods, structures and economic systems.

Does economic inequality hinder development?

Economic inequality represents most, if not all, of the components of modern societies and nations. This has serious implications for individuals and groups and has severe implications for various aspects of life; health, education, welfare, protection, ethics, and psychology. It also limits the ability of active people to realize their potential and achieve their goals. It also fosters the distinction between haves and those who do not perpetuate destructive elements and practices that pose obstacles to progress and prosperity for humanity.

## **Chapter Four: What Palestinian Did And How Palestinians Faced The Racism Of Life And The Racism And Disparities Of Different Services**

1. Development for sustainability
2. The primitive economy, the domestic economy: economic development that avoids the procedures of occupation as much as possible.
3. Waste and financial and administrative corruption
4. Economic disrespect reflected in the Paris Convention
5. Foreign aid

International assistance to the Palestinian Authority, civil society organizations, and non-governmental organizations in the Palestinian community indicated a political dimension to a specific political agenda behind this support and assistance to the Palestinian people. It appears that by focusing these international organizations on bringing relief and reform in Palestinian society at the expense of economic development Social and human rights.

We have limited coordination and communication between the public sector and civil society organizations reflected in the harmful and inefficient use of resources and international assistance to the Palestinian people. Therefore, we have erred in the planning and coordination of various software operations. The fragmentation and overlap in the management of international aid has led to donor control of prioritizing spending in society Palestinian and international aid in a manner consistent with the political, economic and social agenda of donor countries and organizations with the Palestinian people, and the organizations have adapted their programs to the conditions of donor institutions and organizations Access to these funds and international aid.

Financial aid from foreign and international donors will not be able to work to promote the development of Palestinian society shortly. Even if there is an increase in international aid, there will be no chance of building a robust Palestinian economy because the Israeli



occupation will have direct control over the development process. In Palestinian society will prevent it, and then foreign aid does not make an economy.

**Chapter V: Agreements and the economization of the West Bank and Gaza of the Zionist entity.**

## **Chapter One**

# **Main Features of the Palestinian Economy in the West Bank and Gaza Strip**

- Agriculture
- Trade
- Tourism
- Transportation and Communication
- Taxes

### **1. Agriculture**

#### **Introduction:**

Agriculture sector forms a dominant field of the Palestine economy. It is considered a major component of the economies (Gross Domestic Product GDP), and saves jobs for a large fraction of the population. Furthermore, the agricultural sector is a basic earner of outside exchange and provides the basic needs of the majority of the local population. In times of severe conditions, the agricultural sector has acted as a buffer that absorbs large numbers of unemployed people who lost their vacancies in the country of occupation or other local sectors of the economy. The waste of large expands of agricultural land, after (1967), because of land annexation to the Israeli occupation and closures, and restrictions on water supply and product markets, has led to a worthwhile decline in the production of this field. (Butterfield,2000)

## **General Overview: The Agricultural Sector And Its Contribution In Economic And Social Development**

Since 1967, the agricultural sector, containing all its different components and sub-sectors, has been forming one of the most important bases of Palestinian resilience against Israeli occupation policies in the West Bank, East Jerusalem, and Gaza Strip. (Ministry of Agriculture, 2017)

The agriculture constituting an employment, livelihood and food security source for a large proportion of Palestinians, the agricultural sector is also considered as one of the most important pillars of Palestinian national economy. It contributes in ensuring foreign currency through exports. Furthermore, being a supplier to requirements and user of services and outputs of vital national sectors', the agricultural sector has a key contribution in industry, trade, transport, communications and services sectors. The Palestinian agriculture sector is characterized by its diversity in terms of agricultural production. It benefits from the climatic variations in Palestine, and opportunities for expanding irrigated and export cash crops, as well as its ability to keep abreast of agricultural technological development as a result of favorable agricultural patterns on the one hand, and the presence of many entrepreneurs on the other hand. These characteristics reflect the agricultural sector's ability to rapidly develop and effectively contribute in employment, as well as economic growth and development. (Ministry of Agriculture, 2017)

This is of distinguished important opportunity, especially in the case of decreasing occupation policies that limits the sector's sustainable development, and include the confiscation and entrance prevention to land, water resources and irrigation development, as well as hinder import and export of agricultural products and output. In 2014, the value of agricultural production at constant prices was \$ 540 million, registering a continuous annual decline since the year 2011, which recorded the highest value of agricultural production and

rose to \$ 721.5 million. Through the same context, the value added of the agricultural branch in Palestine reached 339.1 million dollars in 2012 at constant prices, representing 4.6% of GDP at that time. This contribution fell to 3.8% in 2014,<sup>4</sup> as the value added of the agricultural sector reached \$ 286.4 million despite its 8.2% contribution to GDP in 2000. Furthermore, the economic profit of agricultural imports and exports was equal in the beginning of seventies of the last 20<sup>th</sup> century, ranging between 20-30 million dollars. Over time, the annual agricultural imports increased to exceed exports significantly, as the total agricultural imports estimated to nearly \$ 212 million in 2014, while agricultural exports amounted to \$ 67 million, accounting for nearly 7% of total exports. Historically, the agricultural branch has a vital and important role in saving employment opportunities, especially in times of difficulties, during which it was difficult to work in other sectors. This property develops the role of the agricultural sector in empowering the flexibility of Palestinians and expanding their capacities to adapt. Nevertheless, since 2006, the agricultural sector has witnessed significant decline in the number of agricultural workers, for both women and men, due to sanctions imposed on the sector's development and its low production. In 2006, work force in the agricultural sector formed 16.7% of total labor force (12.6% male, 35.1% female), falling to 10.4% in 2014, and to 8.7% in 2015.<sup>7</sup> The rate of men working in the sector was estimated at 7.8% of the total male workers in 2015, while 13.1% of the total female workers were employed in agriculture, which shows the relative importance of the agricultural sector to women. (Ministry of Agriculture, 2017)

### **Factors Affecting The Development Of The Agricultural Sector**

While a range of social, political, economic, environmental, technological and legal items play a provider role to national efforts aim to a sustainable agricultural development, these same factors have also a reverse role. Throughout the last three years, the most

important factors supporting sustainable agricultural development and are expected to continue their positive impact on development efforts in the coming few years are as follow:

1. Social culture of the importance of land and conviction of its use for agricultural purposes, as an important element in establishing Palestinian's right and protection from expropriation, contributed significantly to the gaining of the first objective.
2. Strategic attitudes of Ministry of Agriculture programs, as long the commitment of civil society, and some international organizations and donors to provide finance to the marginalized areas, Area (C) and the Gaza Strip in the south governorates, as well as support the flexibility of its people have significantly contributed to the accomplishing of results expected in these areas, and as aforementioned.
3. The presence of farmers, producers and contractors who are willing to experiment and use new disseminated agricultural technologies had an essential impact on success related to developing productivity and production, in spite of the limitations of magnitude of such accomplishments.
4. The relatively high literacy rate among Palestinian farmers, and their acquirement of relatively good agricultural experience, as well as their high conscious to the importance of enhancing new technologies to develop their livelihoods and agricultural income have returned to extension services, awareness raising activities and technology spreading easier.
5. Farmers' need to develop their production and decrease production costs, as long as their readiness to discover ways to do so, contributed also in their option of a number of agricultural techniques and methods that were spread out and raised awareness around. Strong private sector with resources and interest to develop and expand its position in local, regional and international markets.

6. Strong and experienced civil society, with the basic that enable it to reply effectively and quickly to emergency and development needs, as long as implement relevant projects. Donors' interest in enhancing the private sector and markets, as long as their assurance that the agricultural sector is one pillar of economic development in Palestine. (Ministry of Agriculture, 2017)

### **PA Assistance To The Farmers**

Governmental and NGOs organization, as long as private sector companies offer a wide variety of services to Palestinian farmers. These services contain agricultural extension services (including its various components and elements of agricultural education and awareness raising), veterinary services, agricultural research and funding. In general, the agricultural sector suffers from absence of agricultural services, hindering hence sound agricultural investment, as well as weakening the sector's competitiveness and profitability. The following sections provide the status of the main agricultural services provided in Palestine:

### **Agricultural Research And Education**

The Palestine National Agricultural Research Unit (NARU) is responsible for conducting agricultural research, through its' five research units and seven agricultural experiment stations, of which five are in West Bank and two in the south governorates. Besides, five faculties of agriculture in A Najah University, Hebron University, Al-Azhar University, Palestine Technical faculty (Khadoury) and Al-Quds Open universities, offer agricultural bachelor degree and masters' degrees in some disciplines. There are two agricultural secondary schools; one is located in north Gaza- Agricultural School, and Al Aroub Agricultural School in the West Bank. In addition to these educational institutions there are

some NGOs that implement agricultural research, such as the Jerusalem Institute for Applied Research (ARIJ) and the Land Research Center.

### **Agricultural Extension Services And Training**

MoA supplies extension services to farmers on a regular basis and indirectly through its extension units distributed in all governorates. These services are introduced through companies provide production inputs, which in turn provide agricultural extension services to farmers as part of their purchase process. In addition, a number of civil society organizations provide such services as part of their agricultural development projects, which are usually limited in scope and lifecycle. As per farmers' perspective, MoA and companies supplying production inputs are the most important sources of extension services. The Palestinian National Agricultural Extension Strategy (PNAES) of 2015-2018 refers to the limited scope of coverage of extension services that, in general, are still deemed insufficient to cover effectively all agricultural holdings, given that the individual visit to farms is the most common method used when providing extension services. In addition, agricultural testing stations aren't playing an active role in providing advice or responding to the problems faced by farmers.

### **Veterinary Services**

The veterinary services play an essential part in the animal health safety, food hygiene and public health protection. The productivity of Livestock is highly rely on the availability of animal health care services that are distinguished by their quality and regular availability. Veterinary services in the Palestinian territories (which are provided for a great part by MoA) contain free animal vaccinations against foot and-mouth disease and Maltese fever, while fees are charged for vaccination against other diseases, as well as the provision of clinical and

laboratory diagnosis. In addition, fees are almost free of charge for most important diseases of animals, and for undertaking diseases surveys, control programs, eradication of important diseases, such as bird pathogenicity influenza, follow-up of slaughterhouses and the general health of consumers through animal products safety controlling, as well as animal care via the national pathological program. The government gives veterinary services in the West Bank through its veterinary centers related to MoA, as long as via the private branch.

### **Plant Protection**

The Plant protection services play an essential role in keeping agricultural plant production throughout the implementation of a system; as long as plant protection measures that impede the introduction and spread of agricultural insects at national level. These services give all international trade requirements and agreements related to plant protection. MoA is the specialized authority responsible for proving, controlling and manage all national trading operations and use of agricultural pesticides. The Ministry has also a key role in specifying the safe use of pesticides and chemicals, as long as minimizing their use and direct effects on agriculture, the environment and food safety. Moreover, the private sector undertakes some expanding activities in this area, focusing on marketing aspects.

### **Agricultural And Rural Funding**

The annual demand for agricultural loans is approximately \$ 200 million, while only 30% is available, since a large proportion of agricultural funding comes through traders, brokers and borrowing from relatives and acquaintances. Palestinian banking and financing institutions refers to the agricultural sector as a high-risk sector. In 2015, the Palestinian government founded the Palestinian Agricultural Credit Institution, under the verdict Law No. (8) For the year 2015, to be a governmental group that helps Palestinian farmers and agricultural



companies to obtain loans for the establishment and development of agricultural projects, as well as for agricultural production and inputs projects that are in line with the agricultural sector development strategy. The reforming is in process of enhancing its financial and administrative laws to make sure of the implementation of its missions.

### **Agricultural Insurance**

Because of the high-risk elements and doubts in agricultural work, agricultural insurance activities face many impedimenta and obstacles, namely high cost, resulting in an unfeasible service for farmers given its pure commercial base. The Palestinian government founded the Risk Prevention and Insurance Fund based on the verdict Law No. (12) for the year 2013 to be the governmental institutions distinguished with the management of risks that impede agricultural growth in Palestine.

### **Agricultural Marketing And Post-Harvesting Services**

The General Directorate of Marketing ensures access of agricultural products to local and international markets through focusing on the concept of producing what can be marketed instead of marketing what is produced. The Directorate also protects national products, provides economic and marketing information to investors and producers, as well as develops measures for export crop development. A group of Palestinian private companies contribute to the export of local agricultural products abroad, especially the Gulf, America and Europe. Local companies and some traders work on marketing agricultural products in Israel. Many of the official and civil society organizations, companies, as well as farmers' associations and cooperatives organize exhibitions, marketing days and festivals for marketing of national products, such as grapes, apricots, oil and cooperative products, dates and snake cucumber.

## **Agricultural Lands**

According to Ministry of Agriculture (2017) approximately (6.023) million dunums, which make up the total land area of West Bank and Gaza Strip, with the largest percentage (94%) in the West Bank<sup>8</sup>, 20% is used for agricultural purposes (1.2 million dunums). 90% of agricultural lands is in the West Bank, while only 10% is located in the Gaza Strip. The most of the Palestinian territories in the West Bank, containing agricultural land, are still under full Israeli control, as 62.9% of West Bank area is defined as Area (C) according to the Oslo (II) Agreement. On the other hand, only 18.8% of the West Bank area is located in Area (B) that falls under the Israeli-Palestinian administrative security control, and 18.3% is classified as Area (A), which is the only area under doubted full Palestinian control. Although the withdrawal of Israeli occupation from the Gaza Strip in 2005, during which lands occupied by Israeli settlements were returned to Palestinians, Israeli occupation is still restricting the Palestinian farmers' access to their land in what is known as the "buffer or border areas" that stretches along the eastern sector along the territories of Israel and extended over a depth ranging from 150 meters to one kilometer. The total agricultural land in the border areas is estimated to at least 62 square kilometers (40% of the agricultural land in the Gaza Strip). (Ministry of Agriculture, 2017)

The sector of Agriculture in the Gaza and West Bank is an essential component in the Palestine economy of the West Bank and Gaza Strip. The production of agricultural goods supports the population's sustenance needs and fuels Palestine's export economy (Centre for Economic Policy Research, 2012). Bases on the Council of European Palestinian Relations, the agricultural field officially employs 13.4% of the population and unofficially employs 90% of the population (Centre for Economic Policy Research, 2012). Along the previous 10 years, unemployment percentages in Palestine have increased and the agricultural

field became the most vulnerable sector in Palestine. Unemployment percentages reached the highest rate in 2008 when they reached (41%) in Gaza. ( World Bank, 2011)

Based on the World Bank (2011), Palestinian agriculture suffers from settlers activities over widespread of land for natural reserves as well as military activities use. Due to the origin of the conflict is on the Palestinian land, the negotiation between Israeli occupation and Palestine are clear cut in the agriculture of Palestine.

### **The Occupation Exploitation Against The Palestinian Water**

Palestine has an essential natural resource which are unexploited to such extent because of Israeli occupation put obstacles and restrictions on land utilization, water usage, energy resources and mineral stock.

Israeli occupation has stolen large quantities of water in developing a modern water system for the settlements, which uses the Mountain Aquifer and minimizes significantly the amount of water remained for the use to the West Bank and the Gaza Strip. The price of this water infrastructure in the years (1994-2003) was (560) million Shekels. (AIX Group, 2015)

The closure also has a basic impact on water supply and electricity production. Based on the World Bank report, approximately 50% of families by the end of (2008) had no entrance to the water pipe supply because of the damages left by Israeli in Gaza missiles during so called “Operation Cast Lead” in December, (2008). These destructions were not fixed, due to the ban on the entrance of various construction elements. Also, most of water wells stopped on working because of lack of maintenance for pumps, due to the siege.

Besides, the agriculture in the Gaza Strip was severely damaged by Israeli occupation through the war of (2008), and is still suffering from the lack of maintenance and a lack of fuel, which is bought from Israeli occupation, and is also obstacle by the siege. The difficulty of getting fuel and electricity have resulted in cutting of up to 12 hours a day (UNOCHA,

2012). The reports of Gaza institutions have showed the loss of (22%) of sales caused by (232) hours of power cutting of on average every month (World Bank, 2014).

### **Substantial Water Resource Areas Belong To The Occupied Palestinian Territory**

There are three substantial water resource areas belong to the occupied Palestinian territory that have drawn attention of the international concern. The first, place is the northern of the occupied Palestinian territory, where the Jordan River area. Its water resources originate in the occupied territories, Lebanon and the Syrian and these amounts are being used to such an extent, especially by Israeli occupation, but only a small, polluted quantity reaches the West Bank. The Israeli theft of these water springs, including the overlap by Israel with the rainfall above the north part of the area, is a major conflict regarding this area. The second resource, nearly ninety percent of the underground water resources found in the West Bank are being used and stolen by Israeli occupation and by its settlements in the OPT (1967) dispensing of nearly (5%) and more polluted water resources to the Palestinians. The groundwater resources in the West Bank are not flowing to Israeli occupation are also stolen by Israeli scattered settlements. The last is water problem in the Gaza Strip, which highly needed and one of the most intense populated places of the world, has reached the bell of danger: the future supply of clean and healthy water is in danger, the quality of both drinking water and recycled water used in agriculture is rapidly getting worse and the conditions is deteriorated by the annexation use of water by Israeli settlements (UNITED NATIONS,1992).

Regarding the water of the Mediterranean Sea the Mediterranean Sea is permitted to pollute the fresh water in Gaza, Palestinians are prohibited from a complete taking part to control the water quality of the Mediterranean Sea and using their natural resources. Israel knows that it has not created public bodies for Palestinian contribution in water policy participation

anywhere in the occupied Palestinian territory (1967). (Radio interview broadcast by WBAI, 1991:19)

### **Palestinian Water Resources In Light Of International Protection**

The rule of the international protection of Palestinian water resources including the Palestinian territory occupied in (1967) may be emanated from the confluence of the law of occupation, as the Geneva charter which seeks to Protect the Civilian people in time of war, of 1949, referred to as the Fourth Geneva Convention, and the principle of permanent control of peoples to their natural resources reflected in United Nations resolutions, especially General Assembly resolution No (1803) of December (1962). Also, certain commitments emanate from the International agreement on Economic, Social and Cultural Rights, adopted by the General Assembly on sixteenth of December (1966) and subject by Israel. Article one of the charters reads in part as follow:

1. The right of self-determination is for all people regardless their religion or color. With the power of that right, they determine their political condition and continue their economic, social and cultural development without obstacles.
2. All nations have the free access to their natural and wealth resources without restrictions.
3. All states parties have the right of self-determination with a complete control over their territories in respect to the United Nations Charter. (United Nations,1977)

### **The Impact Of Israeli Restrictions On Palestinian Water Consumption**

The Palestinian consumption of water has deteriorated after (1967) in which drought has been prevailed over the Palestinian communities and low water quality, endangering the public health conditions. The Palestinian water consumption is not enough to meet the Palestinian's

needs of water for all purposes as drinking, agriculture, factories and constructions. (Austin-American Statesman,1987).

Fatal conditions prevail in the Gaza Strip, likely to lead, based on an article in the Austin American-Statesman on 26<sup>th</sup> March 1989, to a large international human rights discussion. In this discussion, participants showed that Israel, the occupying power, might not be able to secure healthy water with quality to the Gaza Strip in relation to the international law. Based on the aforementioned, many rural areas in the West Bank suffers from lack of water in both: water quality and quantity if compared with the international standards. The most dangerous, Israeli occupation participates in aggravating the water conditions in which the occupation absorbs and pumps water from the West Bank and the Gaza Strip into Israeli zones. **(United Nations, 1992).**

One of the actual constraints imposed on Palestinians in the implementation of available water legislation is the small number, shallow depth and low yield of wells or boreholes authorized by the occupation authorities for domestic use and virtual absence of new wells for the agricultural use of water by Palestinians. Mr. Schiff, an Israeli expert, states that Israel prohibits Palestinians in the West Bank from drilling new wells except for drinking purposes and does not permit any increase of the amount drawn in 1967. Besides, Israeli occupation doesn't permit the access to additional water to meet the Palestinian needs in order to develop the agriculture. Essentially, there is no doubt, as discussed above, that the Israeli residents now a days enjoy larger portions than do Palestinians (Schiff, 1991).Through a newsletter, the Welfare Association, mentions as an example regarded of Kiryat Arba settlement above Hebron in which (5,000) settlers receive (5-6,000) cube meter of water daily, while the (100,000) Palestinians get only (6-7,000) cube meter As a result, states the article, some areas of Hebron have on occasion gone without water for one month and even exceeds two months . (Tanmiya, 1991:pp1-4)

## **2. Trade**

### **Introduction**

Israeli Occupation has occupied the West Bank and Gaza Strip since June 1967. In May 1994, after the signing of the Oslo Accords of on September 13<sup>th</sup>, 1993 between the Palestine Liberation Organization and the Government of Israeli occupation in which the Palestinian Authority takes over a restricted self-control over parts of the West Bank and the Gaza Strip. Instead the external trade, the occupied Palestinian territory was forced into asymmetrical economic ties with Israel and cut off from previous trade relationships. Hence, the occupied Palestinian territory became a “partner” and supporter to the Israeli economy due to actual conditions. In addition, Israeli products had free access to the Palestinian areas without paying the customs, while Palestinian exports to Israel were subject to a variety of constants and restrictions. As a result, the Palestinian economy has been affected by a major structural infringement and has turned into an economy characterized by two imbalances growing: labor market and a resource gap imbalance, and a destructive dependence on external sources of income. It also features a sectoral disassembles and an unenhanced infrastructural foundation. (United Nations, 2012:7).

### **Pre-Oslo trade system 1967–1994**

In 1970, Israeli occupation adopted the open policy bridge in which one-way system permitting only some Palestinians exports to the Arab countries and imposed severe restrictions on imports from these countries. Under severe Israeli occupation observation, the Palestinian territories became a “partner” with "Israel" due to the actual conditions. The most dangerous, Israeli occupation provides the Palestinian markets with goods with one-sided customs union. I.e. Israeli occupation products had free access to the markets of the West Bank and the Gaza Strip, while Palestinian products were subject to a wide range of quantity

and regulatory restrictions. Exports to Israel were identically prohibited, in a particular, the Palestinian agriculture exports except as a buffer to meet any shortages in supply from Israeli sources, and manufactured exports were subject Israeli control and unpaid customs. Protectionism is a strict Israeli policy. This policy is applying to protect Israeli economy without permission for the Palestinian goods to reach the Israeli markets. (Kanafani, 1996).

Severe administrative controls on water and land use, providing permission requirements for the planting of certain crops and regulatory constraints on the starting investment projects substantially decline production in the occupied Palestinian territory. There was no assistance system, and Palestinian stakeholders, involved in agriculture and industry, were effectively set a side from the many various forms of public assistance extended so worked individually to their Israeli partners (Hamed, 1996). At the end, all external trade in both: imports and exports is transformed indirect relationships via Israeli agents (Cobham and Kanafani, 2004).

### **Post-Oslo Trade Regime And Annexed Paris Protocol On Economic Ties And Its Implementation**

The Paris agreement is after to the Oslo Accords that organize economic ties between the Palestinian Liberation Organization and the Israeli Government. Its main prominent principles are as follows: (a) “The embedded acknowledged of the need to amend the Palestinian economy’s deviated relationship with Israel; (b) to equip the Palestinian Authority with the legal, institutional and procedural means to get by and enhance Palestinian external commerce within a Palestinian enhancement vision; and (c) the contract involved a reciprocal acknowledgment of each party’s essential economic interest.” Emphasis on “economic relations with other markets” was of distinct significance, especially for the occupied Palestinian territory 1967, where more than (90%) of external commerce is done with or through Israel. (United Nations, 2012:11).



“The Protocol supported the trade between Israel and the areas under the Palestinian Authority’s control, with the exclusion to quantitative restrictions on six agricultural products to be eliminated based on schedule agreement. Israel’s import rules were to continue the implementation, with the provision that the Palestinian Authority would be provided some tangibility in import rules on two sorts of goods with limited amounts (A1 and A2 as specified in the Protocol), as well as on unlimited amounts of a long list of tools and light equipment (List B as set out in the Protocol), provided that the goods should be in accordance with Israeli occupation specifications.” Each party would implement its own tax policies, but the value added tax percent in the occupied Palestinian territory less than (2%) points lower than the (17%) implemented in "Israel" (Paris Protocol, article 3-15). The Israeli currency would be used in circulation in the occupied Palestinian territory as currency of exchange while the possibility of a Palestinian currency was delayed for future discussion. Although both sides were to keep normal labor movements with the other, they were given the right to identify the scope and conditions of this labor movement into their own areas of jurisdiction. Based on the Paris Protocol, the Palestinian Authority depends on Israeli occupation to recover customs imported goods called "*Tax Revenues*". Israel interpreted “imports from the rest of the world” into Palestine in a deceived restrictive manner: *Tax Revenues* come from imports were only those goods directly imported by Palestinian companies through Israel and identically labeled as specified for clearance by the PA. “*Tax Revenues is not applicable on those imports from a third country via Israeli intermediaries for onward shipment to the occupied Palestinian territory.*” These goods, which could be called “indirect imports” from "Israel", are determined as if they were produced in Israel. The latter represented no less than (30%–40%) of Palestinian imports (Kanafani, 1996) although recent estimates put the actual percent at up to (80%) of Palestinian imports (Khalidi, 2010). Moreover, Israel has used a deceived manner in order to evade from customs tax revenues of PA in which the goods are

labelled as it originated in Israel, but in fact the goods have been produced in another country. Therefore, the actual benefits of this trade have been cheating the PA, and the reliance on the Israeli economy has been motivated throughout the years. After a steady decrease in both exports and imports in the beginning of 1990s, both witnessed some increase in 1995. Basically, exports included subcontracting in labour-intensive fields such as shoes and clothing, and a few agricultural products. Labour income from "Israel" and essential donor assistance paid for the increasing trade deficit.

However, with the deterioration of the political situation and the severe Israeli siege and blockade policies, By 1996, the Palestinian exports and imports had declined by (15%) and respectively (10%) (Zavadjil, 1997). The Intifada had a huge effect, particularly on Palestinian exports, which were now declined by Israeli movement and access obstacles, the deprivation of access to the markets, and strict license permission and tight requirements. The Palestinian GDP loss had been estimated by (54%), in which the loss with Israeli occupation rated by (39.4%) (UNCTAD, 2006b). To sum up, every one dollar produced locally, 55 cents formed an outstanding liability to the rest of the world, involving 40 cents to the Israeli economy. By 2006, imports had increased to (86%) of GDP, compared with (75%) in 2005, urging the commerce loss to (2\$) billion, severe loss (73 %) of GDP, which was (30%) over its thirty-year rate (UNCTAD, 2007). Based on to UNCTAD, the Palestinian trade deficit had reached approximately (78.5%) of GDP by 2008, while the trade losses with Israel had increased to an average (56%), double the (1995) rates.

### **Inability Of The Ex-Regional Trade Agreements**

The principles and conditions of Palestinian bilateral Arab trade agreements signed, have not established for further Palestinian economy development or its additional integration with the states markets of the area. They have often faced institutional and policy obstacles. For

example, the signed trade agreement with Jordan and Egypt has been limited the Palestinian exports in both: the quantity and the specification. It should be noted that the Arab Summit in 2000 has granted the Palestinian trade gradual free access to the Arab markets in which the specifications and quantities are free of limitations. (United Nations, 2012:30).

The varying developmental experiences and the various political ties and positions have resulted the absence of a connected regional development programs and plans needed for leading Arab Stated unity. Differentiated political situations in relation to Israel and long-standing territorial and border and legitimacy strives have been eminent properties of the region. At the same time, the increased employment and social costs that may come from the integration in trade movement can be too heavy for many governments of the area to accept. Hence, sorts of specialization and sectoral complementarities have not been constituted in the area, formulating few catalysts to regional export competition. (UNCTAD, 2004).

Besides, there are many factors limiting the regional integration trade as physical, financial and transportation infrastructures, complicated and time-consuming taxes procedures, complex and diverse exchange rate controls and the potential absence of regional clearing and payments arrangements of tax revenues. Hence, all these factors hinder the Palestinian engagement with regional economics (UNCTAD, 2004).

### **Eliminating The Dependence On Israel And Developing Regional Integration**

At this regard, the Palestinian economy development is difficult to be enhanced due to Israeli occupation obstacles. At the present state, enterprises are too weak to face the huge competition in the international or even national markets. This is possibly to insist as long as they do not gain from an independent domestic economy and supportive government institutions. It is important to bear in mind that the main goal of trade or any trade connected to reform should not be to free the Palestinian economy alike, but to supply a vent for

productive over products, as well to verify the trade scope in order to secure the Palestinian income.

The UNCTAD (2012) suggested that the Palestinian Authority should bear in that establishing specific strategies to enhance trade and increase growth. These strategies could involve principles such as:

- (a) Constituting new institutions to enhance Palestinian external trade and specializing financing societies and institutions to manage exhibitions and trade issues.
- (b) Establishing market research institutions to support with information about international and local markets.
- (c) Minimizing the value added tax for domestic products to make them more acceptable as exports and let them to compete with external import.
- (d) Reviewing the international trade agreements, facilitating the treatment of Palestinian exports and developing private business included in trade discussion.
- (e) Insisting on enhancing the quality of Palestinian goods at both the production and marketing phases, particularly by promoting the use of modern technologies, declining customs duties on large equipment and concentrating on the supervision of domestic products in relation to the international standards.
- (f) Decreasing ties with Israeli economy.

### **3. Tourism**

#### **Introduction**

Despite the fact that Palestine is not an independent state with control over its own borders, the Palestinian (East Jerusalem, the West Bank and the Gaza Strip) nevertheless attract a significant number of tourists every year to its unique religious and historical sites.

Palestine has hosted many powers and peoples over the millennia such as the Canaanites, Babylonians, Assyrians, ancient Greeks, Phoenicians, Romans, Byzantines, Crusaders and Ottomans. Their legacy lives on in a rich collection of antiquities and archaeological finds as well as cities that are tourist attractions in themselves. The warm weather in the summer and relatively mild climate in the winter have helped Palestine to become a destination for tourists of different tastes and races. Its diverse landscape encompasses Mediterranean beaches; the salty Dead Sea – the lowest point on earth; snow-capped mountains, wide plains and arid deserts. Palestine is also home to Jericho, the world's oldest continuously inhabited settlement.

Tourism in Palestine can be divided into several types. First and foremost is religious tourism thanks to the concentration of sites revered by the followers of the three great monotheistic faiths. The second is cultural tourism due to the wealth of archaeological attractions. The third is therapeutic or health tourism based on the benefits of the Dead Sea.

#### **The History Of Tourism In Palestine (Old Cities)**

The tourist sector in the West Bank deteriorated after the 1967 occupation, but revived by the 1990s, particularly after the Oslo agreement (Taylor & Francis Group, 2004: 3327). The Second Intifada (2000-2006), caused in a decreasing to (90%) in the tourism

sector, but since it has partially revived, and in 2010, (4.6) million people visited the West Bank and Gaza Strip, involving (2.2) million from foreign countries. (M'aan, 2011).

Tourism sector concentrates on historical sites in East Jerusalem, Bethlehem, and Jericho, (Taylor&Francis Group,2004:3327) and the economy of the latter is particularly based on tourism sector. In 2007 over (300,000) visitors visited Palestinian hotel, half in East Jerusalem (*Ferziger, 2008*). Organizations involving the Alternative Tourism Group reinforce tourism to the historical Palestinian sites. (*Kaufman&Katz,2006*)

Tourism between Egypt and Gaza was inspired before the 1967 occupation, and Gaza was a haven with hotels and cinema, but few tourists visited after the war. A retreating in Israel in 1985 again declining tourism in Gaza to almost non-existent. (*Abed, 1988*).

Before 2000 in particular before Intifada, Gaza flourished by tourists by taking a private taxi through the Erez border from "Israel", or through the Gaza International Airport (Now destroyed). The airport has been demolished by Israeli warplanes in 2002. A small runway located near the Khan Younis refugee camp, but this air strip is out of service due to the siege. Gaza City has touristic sites as the Palestine Square markets and the beautiful coast, which touristic installations included hotels, restaurants, and a fishing market (*Winter,1999*). Palestinians from 1948 territories and Jews visited beaches of the Gaza Strip, and there were popular nightclubs. (Peraino, 2005)

Presently, about (67%) of tourists to the Palestinian territories occupied in 1967 are from North America and Europe areas. These modern-day visitors visit basic historical, religious sites. Many traditional religious touristic visits are now getting by meetings with Palestinian Christians for one's own interaction. Many visitors to this area feel that security reasons fears are exaggerated. The Department of the State of the US declared that more than three million of international citizens including hundreds of thousands of US citizens visit "Israel" and the West Bank safely for the purposes of study, tourism, and business (U.S. State

Department,2013). There are many walking tours in the West Bank, (Szepesi, 2012) and a festival chef's visit to "Israel", the West Bank, and the Gaza Strip was followed by a display dedicated to the local cooking (Anthony, 2013).

An increasing number of visitor's groups visit the traditional holy sites but exceed their tours gain information about Palestinian environment & culture, Islamic history, and social issues. Various discussions are offered through individual tours with Palestinians, Christians, Muslims, and Jews often within local and international peace organizations. Religion based tours that present this type of experience involve the Presbyterian Peacemaking Program and Friends of Sabeel of North America (Friends of Sabeel-North America,2013). Travelers are promoted to go back and make their church societies aware of all of the issues by sharing their own experiences. One travelers stated that, "Volunteering in Palestine can be a hugely rewarding experience and opportunities in health, culture, fair trade, agriculture, youth work, and women's empowerment are listed for all areas." (Irving, 2011).

### **Major Touristic Cities**

The most recently information on the essential cities and archaeological sites in Palestine, are labelled on the confidential site of Tourism in Palestine. The Ministry of Tourism and Antiquities provides all touristic sites available on the official website (MoTA, 2019).

The major cities include:

Jerusalem: "a holy and old city, with an estimated age of 4500. This city includes touristic attractions including various Islamic and Christian sites as the Dome of the Rock, Al Aqsa Mosque, Church of the Holy Sepulchre and the Mosque of Omar among others. The attract tourists visits from all over the world especially during vacations. "

Bethlehem: is the host for thousands of tourists. This city is famous for its church of cradle where Jesus was born in addition to many sacred sites as churches and monasteries.

Jericho: is the oldest city in the world. Recently, Jericho has been classified as the most attractive Palestinian city due to the largest number of visitors. Besides, Jericho has attractive sites as The Dead Sea, Ein AL Sultan and other historic sites.

Nablus: is the industrial and economic city in Palestine where the capital is intensive for the trade. In addition, Nablus is famous around the world for its products as olive, olive oil, wood carving, and soap. Besides, Nablus is famous for its interesting sites as Roman City Ruins.

Ramallah and Al Bireh: Ramallah and Al Bireh have mild and nice temperature and climate making them attractive in summer, particularly for the pure air at night during summer. The city brings dance and folklore festivals in summer.

Ramallah has a super service for the tourists, good transport and seven-star hotels. While El Beirah is the center for learning and includes include important archaeological sites.

Jenin and the North: located in the northern part of Palestine. Also, Romans were the first to name the Jenin in the sixth century. Besides, Jenin was first name as Ein Ganim then Jenin was derived from this name. Jenin has historical sites as a Byzantine Church.

Hebron: is the oldest city in Palestine. "The Souq (market) with its arched roofs and maze of alleys is worth exploring. The shops and stalls sell everything from pottery, olivewood, and glass, to fresh and dried fruits." Also, Hebron is famous for its grapes products as fresh grapes, jam grapes and molasses.

Gaza: is a coastal city in Palestine and it is the gateway between two continents: Africa and Asia. Besides, Gaza was first ruled by Romans, the Islamic Empire and then the British. In addition, Gaza has historic, cultural and recreational sites as Byzantine ruins and tomb, AL Omary Mosque, Al Hakem Palace, beaches with nice hotels and centers as Rashad El Shwa center.



### **The Impact Of Israeli Occupation Restrictions On Palestinian Tourism**

Israeli rules in holy places and throughout occupied Palestine explicitly exposed to the religious and cultural heritage, incurring the mosques and ancient sites damage and demolition. Repeated military invasions and one-sided measures taken in occupied territories, painful damage tourism by constituting intimidation to any progress or enhancement in the sector.

The enhancement of the tourism in Palestine is the duty of the Palestinian private and public institutions, however, the Israeli restrictions largely eliminate the high authority of the Palestinian Authority in many sectors and hence affecting the governmental efficiency in relation to enhancing and surveillance the sector and at most by closing roads, establishing random barriers and through military forces block any Palestinians from entering particular zones that have supposed for development and tourism enhancement. Hence, the Palestinian in both private and public is restricted from being accessed many touristic places sites for construction purposes or sites development, because the fact that considerable number of the stations and sites in Palestine are in areas which are ruled by the Israeli occupation in area C based on Oslo II - (Article 11), area C is potentially to be conveyed to be under Palestinian authority governance, but since the peace agreement the conveying was frozen because of the Israeli restrictions, the transformation never occurred and hence a license should be given by the Israeli administration to the Palestinian government to conduct any progressive activities, which as a result restricts the development and undermine the management capacity of Palestinian Authority."

(International Chamber of Commerce, 2013)

## **Transportation And Communication**

### **Introduction**

Transport in the Palestinian territories, which includes of two separated areas: the West Bank and the Gaza Strip, different parts of which are ruled partially by Palestinian Authority, Administration in Gaza and Israel. The movement from and to these two separated areas are controlled by Israel, but such control is indirect enforced on the Gaza land border with Egypt.

### **Features of Transportation**

#### **Railways**

There are no running railways in the Palestinian territories occupied in 1967.

Based on Camp David agreement, there was a proposal to connect the two Palestinian territories: The West Bank and the Gaza Strip with a railway. This railway starts from Beit Hanoun "Erez" crossing to the West Bank and extending this railway to reach Tulkarm. Besides, this railway may be expanded to reach Egypt and Jordan.

Moreover, there was a plan in 2012 to connect all the West Bank areas with railway including 11 new rail lines. This plan was approved by Israeli transportation ministry. In addition, the route of the railway penetrates Jenin, Nablus, Ramallah, Jerusalem, Ma'aleh Adumim, Bethlehem and Hebron. The proposed plan is based on shortened routes, such as among Nablus and Tulkarm in the West Bank, and from Ramallah to the Allenby Bridge (Al Karama) crossing into Jordan. (*haaretz,2012*).

#### **Roadways**

The total length of roadways in the West bank and the Gaza Strip is estimated by (4.686) K.M (Central Intellignce Agency,2019).

The main highway in Palestine is Salah El Din highroad. It is 45 km along. This highway starts from Beit Hanoun "Erez" to Rafah in the south and to the occupied Palestine in the north. (The National World,2010).

The West Bank has no ports.

There is a Port of Gaza, a small port near the Rimal area of Gaza City. (Doughty, 1995). It is the haven of Palestinian fishing boats and ships and the center of the Palestinian coastal Police, a sector of the Palestinian National Security troops. Based on the Oslo II Accord, the movement of the Palestinian Naval Police are limited to 6 nautical miles from the beach (Karsh, 2013). By 2007, the Gaza port had been under the naval siege and blockade. Moreover, the movement at the port has been limited to small range fishing. The most painful is the construction activities of the Gaza port have been stopped and the plans of development has been abandoned due to the Israeli occupation siege.

### **Airports**

In Palestine, there are three Palestinian airports all of which are presently closed.

The major airport is Yasser Arafat International Airport which had worked for two years. Also, this airport was opened based on Oslo Accord II on November 24<sup>th</sup>, 1998. Unfortunately, this airport has been demolished by Israeli warplanes after the Intifada. (Derfner,2001). "Atarot Airport was also closed in 2000. Gush Katif Airport, also was closed in 2004 in the Gaza Strip."

West Bank Palestinians traveling to other countries through the Allenby cross to reach Jordan and then travel through the Queen Alia International Airport in Amman to fly abroad.

The Al-Karameh Bridge, the King Hussein Bridge, is a bridge that crosses the Jordan River near Jericho city, and links the West Bank with Jordan. Now a days, the bridge is the only crossing from and to the West Bank for Palestinians traveling outside. Since the

1994 Israel Jordan peace agreement, the Allenby Bridge crossing has been controlled by the Israel Authorities (Irving,2012).

There are three main crossings from and to the Gaza Strip and these crossings are operated by Israeli occupation. These crossings are Beit Hanoun "Erez" Crossing, Karni Crossing and the Karm Abo Salem "Kerem Shalom Crossing" and Israel. In addition, these crossings have been affected by the Israeli occupation siege of the Gaza Strip. The Rafah port is the only land cross connects the Gaza Strip and Egypt.

- Beit Hanoun (Erez) this crossing is specified for the movement of people between the Gaza Strip and "Israel" and the West Bank (Gisha, 2017).
- The Karni Crossing was for goods transmission station on the "Israel" Gaza Strip barrier in the southern eastern of the Gaza Strip. It started the work in 1994 after the Oslo Agreement to permit Palestinian traders to export and import their goods. This was done to work in the way of "back-to-back" transfer, meaning that Palestinian products to be for export were unloaded from a Palestinian van and loaded in an Israeli van, or vice versa for imported goods (Academic Encyclopedia, 2019). Israeli occupation stopped working the Karni Crossing after Hamas violently took over the Gaza Strip in June 2007 resulted a planned strict siege, but the closure has not been permanent since 2011(Academic Encyclopedia, 2019).

The Karm Abo Salem "Kerem Shalom" Crossing was used to transmit goods from Israel to the Gaza Strip by the trucks.

### **The Occupation Policies Towards The Palestinian Telecommunications**

The contribution of the services sector – including telecommunications – in Palestinian GDP has been growing over the past years. In spite of this development, the telecommunications branch has been impeded by Israeli challenges. In area C, Israel restricts

building mobile phone infrastructure particularly high antennas, hence restricting the access of Palestinian to the cellular networks. According to the World Bank (2013), “this has resulted in 77% cellular penetration in the West Bank, much lower than the Middle East and North Africa average of 123 percent.” In addition, Paltel also faces the same restrictions. “Paltel reports that almost 40% of its area C permit requests are rejected” (World Bank, 2013), which has resulted higher service fees for all Paltel users, given lack of cellular networks in area C situated between area (A) and (B).

Besides, Israel has imposed restrictions on the Palestinian cellular communication companies from being accessed to (3G and 4G) frequencies until, and has given the Israeli telecommunication companies competitive advantage with attractive prices. This has affected the industry’s potential heavily, because “the demand for such services among Palestinian customers has been on the rise as the number of smart phone users in the West Bank and Gaza Strip grew from 3 percent in 2010 to 17 percent over the last two years, even though they currently cannot access full features of the phone nor use mobile broadband.” (World Bank, 2013) On 19 November 2015, an agreement was signed between the Israeli Occupation Forces and Palestinians, permitting for the two mobile companies to access to 3G frequencies with high speed mobile internet. “The new services are expected to go into effect in mid-2016.” (The Jerusalem Post, 2015). According to World Bank (2013), obstacles imposed on the telecommunications companies in Palestine has rated added value of (48\$) million.

### **The Digital Occupation Of The Palestinian Communications Field**

The Arab Center of the Advancement of Social Media (2019) launched the report “Connection Interrupted” in English and Arabic. It explains the Israeli control over the information communication technology in the West Bank and the Gaza Strip.

By the year of 1967, the Israeli occupation had imposed a complete control of the ICT infrastructure in the West Bank and the Gaza Strip, had impeded development and blocking the setting up an independent network, instead making Palestinians completely reliant on the Israeli occupation activities. Also, Israeli occupation must gradually transmit the control over the ICT sector to the Palestinian authority based on the Oslo, but Israeli occupation has imposed additional strict constraints over the Palestinian ICT infrastructure, leading to a severe infringement of Palestinian digital rights.

The Israeli restrictions on digital communication has created a severe ICT gap between the West Bank – the Gaza Strip with the countries of the world, trespassing sanctity human rights involving their right to access economic markets. Besides, Israeli's occupation control over the ICT installations has empowered Israeli occupation to monitor all Palestinian online procedure, trespassing their right to confidentially conditions and in many issues cooperating with social media institutions to watch Palestinians online. The report reminds that third-party states have a duty to make sure that their practices do not stand with or assist the unlawful Israeli occupation and it polices and instead guarantee that Israel adhere by their international commitments as an occupying force.

The report ” concludes with recommendations for an independent Palestinian ICT sector, including access to infrastructure and frequency spectrums, an immediate stop to illegal surveillance and monitoring of the Palestinian population, and for Israel to adhere to its responsibilities and duties as an occupying power. Israel and social media and ICT companies must respect and further Palestinian human rights including digital rights.

The Israeli occupation wars on the Gaza Strip has affected the ICT sector. During the sequential wars, the network and connections of wire telecommunications company in Gaza Strip known as Paltel has been severely deteriorated. In addition, cellular telecommunication companies such as Jawwal have incurred major losses in their installations. Essential Internet

Service suppliers have also been bombarded, either directly or through the damaging of their facilities, equipment, or connections. The total destruction in the ICT is rated at (33.57\$) million.

#### **4. Taxes**

##### **Introduction**

Taxation in the Palestinian Authority is implemented based to the Oslo Accords, particularly the Protocol on Economic affairs called Paris Protocol, which was signed between the PLO and Israeli government in 1994. The Paris Protocol constituted a customs union, which constituted the actual situation where the Palestinian economy was integrated into the occupation economy. Essentially, the Palestinian Authority is responsible to collect taxes from the Palestinian territories, but some (75%) of the total tax revenues were as of (2014) gathered by occupation on behalf of the PA and transmitted on monthly with deduction rate in favor occupation. Now a days Israeli Occupation has withheld the tax revenues of the Palestinian Authority.

##### **Taxation system on the Palestinians implemented by Israeli Occupation**

The West Bank was under control of the Jordanian governance. Hence the system of taxation is implemented by Jordan till 1967, while Gaza was subject to the Egyptian system. After Israel occupation to these territories in 1967, the economic ties with the former rulers were discontinued and Israeli occupation initiated a merge of the Palestinian territories into its public economic sectors in the shape of a partial customs union. In addition, Palestinian workers worked in the Israeli occupation labor market, and in 1972, one of four Palestinian workers had found a vocation in so called "Israel". Besides, on June 27<sup>th</sup>, 1967, Israeli occupation completely transferred the taxation system into Israeli occupation official offices

(El-Farra & Malcolm 2000). The Occupation selected the Jordanian taxation law of 1964 to impose taxes on Palestinians in the West Bank, while making remarkable changes to its tax percentage of the decimal fractions, but applied Israeli occupation tax laws to "Israeli Jews" shifting into settlers there (Baxendale, 1989). Under the Jordanian regulations, the largest tax percentage of (55%) initiated with incomes of (8,000) dinars. The Israeli occupation authorities decreased the percentages so that by (1988) this implemented to Palestinians profit (5,231) Jordanian Dinar (estimated by Shekel to (24,064) IL, whereas in "Israel" the (48%) ratio only implemented on Israeli wage traders and workers profit approximately multiple that amount (45,600) IL (*Hiltermann, 1990*). Hence, the Israeli settlers in the West Bank by this system, and they were determined to be taxed at the lower ratio operant in Israeli occupation (*Lazar, 1990*).

Israeli occupation imposes a provision on the Palestinian access to the areas under the occupation control. This provision states that "Palestinians should be cleared of arrears related to the military administration. The exhausted policy is oppressing and injustice. This system was legislated in the WB retroactively under two military commands No. (1262) (17 December 1988) (*Hiltermann, 1990*). The strict conditions of part (194) of the Israeli occupation Income Tax verdict, giving taxation clearer to value what a taxpayer ability to pay the tax, and making them conditional on the prior payment of a bail, scarcely implemented in Israel, has been accustomed in the West Bank (*Lazar, 1990*). In addition, detention for tax felony is not common in the Israeli occupation "state" but, according to Lazar, "in the territories it is used on an enormous measure and for intensified durations of time (*Lazar, 1990*). Palestinians extremely offended paying taxes on their goods and trade operations to the Israeli tax clearer without getting the same privileges Israeli taxpayers had on contrary (*Pratt, 2007*). In the First uprising, tax payments declined (50%), and Israel replied by eliminating health interests (*Williams, 1989*).



Taxes paid by settlers and Israeli soldiers living in the West Bank and Gaza Strip, including East Jerusalem, including income taxes, flow directly into the Israeli occupation treasury. Institutions and businesses in settlements pay taxes to the municipalities, albeit they enjoy tax benefits, thus contributing to the sustenance of the settlements. This includes corporate taxes and water taxes (Moran, 2016) In 1994, the Gaza–Jericho Agreement and the annexed Protocol on Economic Relations (Paris Protocol) were signed by the PLO and Israel, which created both the Palestinian Authority and a formal customs union.

### **Israeli Occupation Tax Piracy**

Because of the huge ratio of taxes in the Palestinian Authority fund gathered by Israeli occupation, the Palestinian Authority is weak to one sided detention of clearance revenue transmits by Israel occupation. At the beginning of 1997, Israel used the detention of tax revenues for political conditions and to one sided settle bills unpaid by Palestinians. Israel has withheld hundreds of millions of dollars for accumulated periods of some 4 years. The most important is the Israeli occupation imposes late payment penalties and interest charges on the electricity bills while Israel occupation does not adhere to pay interests on detained or withheld tax revenues to the Palestinian Authority. (United Nations Conference on Trade and Development, 2015).

In 2018, the Palestinian Authority Finance Ministry said that Israeli occupation was deducting NIS 120 million and the number is increasing (about US\$30 million) every month to retain the electricity and water bills. These services are given by the Israeli occupation to the Palestinians, in addition to medical treatment transmissions to the Palestinians in Israeli hospitals. Israel was also intending to detain the amount that the Palestinian authority payments to Palestinian prisoners and their families, estimated by (100 NIS) million a month. (World Bank, 2011). Unfortunately, Israeli occupation has implemented the proposed

procedures in which Israeli occupation has been withholding millions of dollars monthly from tax revenues of the PA.

## **5. Manufacturing sector in Palestine:**

Manufacturing has a recognized level in any nation with respect to monetary advancement development for it has huge commitment in GDP( GDP) , in securing positions to labor, understanding joblessness and destitution issues, expanding sends out incomes, relieving deficiency in exchange balance, acknowledging financial autonomy, improving the standard degree of living, and accomplishing modern turn of events. In this manner, creating producing division is viewed as an essential objective for accomplishing the ideal monetary advancement in various social orders which inclines in accomplishing an expanded pace of financial development

This area reveals the insight into the volume of Palestinian assembling part and its workforce since the Palestinian assembling division endured various complex periods,hard conditions and auxiliary issues because of Israeli strategies and measures that meant to encourage the reliance of the Palestinian economy on the Israeli economy making it powerless and just influenced by any adjustments in the Israeli economy therefore prevent its development

### **Palestinian Industrial Sector - 1967**

The Palestinian assembling segment stayed feeble, crippled and misshaped during the time of Israeli control of Gaza Strip and West Bank after 1967 war, as an outcome of the Israeli arrangements and measures with fundamental objective to rule the Palestinian territories at seize Palestinian terrains, just as controlling and ruling the Palestinian economy and oppressing it for advantage and administration of Israeli economy.

### **Palestinian Industrial Sector After The Oslo Accords**

The Palestinian industrial segment gained some ground after the foundation of Palestinian Authority following the Oslo understandings in 1993, during the time of 1994-1999, with the help and under the sponsorship of benefactor in numerous angles especially the execution of infra-structure ventures, fabricating the establishments, upgrading the economy and put the laws and enactments so as to improve the speculation condition in Palestine, where there is persistent Israeli estimates hampering any advancement in any financial perspectives especially industry. where this advancement didn't keep going too long because of Al-Aqsa Intifada on 2000 and the inconvenience the attack and conclusion strategies by Israeli occupation against the Palestinian zones where the fringes were shut for long time that obstructed the portability of people and goods, preventing crude materials and elements of creation from getting into Palestinian assembling firms, thusly, transportation cost expanded, benefit expired and modern zones shut down. These limitations on the economy in general, specifically on the business prompts cruel harm on private and open belongings, therefore a few modern firms devastated and the monetary foundation particularly for industrial area has been harmed, notwithstanding a decrease in Palestinian buy power as the interest for local merchandise fall because of the loss of occupations, increment in joblessness rate, the Government decrease in its open consumptions.

through Israel (2014 statistics), much after the foundation of Palestinian power and significantly in the wake of consenting to a few monetary arrangements and conventions and on them the Paris economy understanding which contrarily influenced the industrial division because of the limitations forced on Palestinian fares and imports which brought about the decreasing of ventures, reserve funds, benefit and efficiency in Palestinian modern part. (Nasr, 2002)

## **Chapter Two:**

### **Israeli measures to prevent the development of the Palestinian economy**

- The seizure of land
- Prevention of the accumulation of capital
- Prevention of capital investment and preventing the establishment of primary industries

#### **Introduction**

"If it is allowed, the Palestinian people can effectively identify their challenges themselves," said Ramsh Rajasengham, Coordination Principal of Humanitarian Affairs at the United Nations Bureau in the OPT of (1967), stated that it was the severe policies, home destructions and land annexation carried out by Israeli occupation that cause excessive poverty and unemployment among Palestinian people, and exhausted their ability to be self-sufficient." (United Nations, 2013)

#### **1. The Seizure Of Land**

The confiscation and annexation of Israeli occupation policy against Palestinian land and stripping property goes on since its occupation of the West Bank Gaza Strip and East Jerusalem in (1967). Building Israeli settlements is a Reason behind confiscation, under the pretext of security needs, bypass roads, and the building of the Separation Wall.

Database of the Applied Research society (2015) in Jerusalem related to land confiscation showed that (714,632) dunums of land have been annexed to the Israeli occupation in the various governorates of the West Bank, some of it are estimated with (239,000) are in East Jerusalem.

The effect of land confiscation on the growth of Palestinian economy contains the loss of land value, adding to that is the loss of agricultural production if confiscated land is valid for agriculture or not. It also includes the costs of informal rising in land values in the areas where Palestinians have self-control and can deliver building permits.

In order to evaluate the price of confiscated land in the West Bank, and its economic impact, the number of dunums confiscated in each governorate of the West Bank since 1994. Average price of land in each governorate has been valued based on surveys and interviews with valuation experts in each governorate.

Based on the previous data, the Palestinian economy loses approximately of (999.89\$) million because of direct costs of land confiscation, estimated with (7.8%) of GDP. This figure does not involve the waste revenue from agriculture in these expropriated areas as well as the indirect effects of informal increasing of land prices on the Palestinian economy. (The Applied Research Institute – Jerusaem, 2015)

The seizure of land due to separation and annexation wall

Because of the lack of accurate data regarding areas destroyed under separation and annexation wall, or areas confiscated in what so called Security Buffer Zone or areas confined behind the separation and annexation wall and the differences in wall types, concrete, fence or road protection, and take ink into consideration that the wall is not completed yet, exact area is questionable. To overcome such issue different assumptions and calculations have to be done to estimate the land areas lost and/or destructed under and around the wall after its construction. The separation and annexation wall length after the last scheme approved by Israeli authorities is about 770 Km; to calculate the lower limit of average area lost, maximum width of the SW is estimated at 70 meters. On the other hand, the upper limit of average area lost, at maximum width of the AEW is estimated at 100 meters (Palestinian National Authority,2010).

The lower limit of total land area lost under SW, in acres, equal to length of SW Km multiplied by 70 meters, while the upper limit of lost area under SW, in dunums, equal to length of AEW Km multiply by 100 meters. Lost lands areas under SW ranges between 50,750-72,500 dunums. This figure represents percentage range 0.87% to 1.25% of the total land of the West Bank. In September 2004 the Israeli authorities issued military orders deciding that the buffer zone ranges between 150-200 meter, which means that the area under and around the wall may increase up to 2.5% of the total land area of the West Bank. Total land areas under the separation and annexation wall itself and buffer zone, however, vary depending on the separation and annexation wall type and width, the total lost land area range between 165,051-183,390 dunums. These figures represent percentage range between 2.84% to 3.15% (Environment Quality Authority, 2007). Environment Sector Strategy

No accurate figure of land area confined behind SW and the Green line is available. However, OCHA (2003) estimates of land areas confined between SW and Green Line is about 850,500 acres; this area represents about 14.6% of total West Bank area excluding East Jerusalem. In addition to about 230,000 acres and 619,650 acres are in enclave and closed areas respectively excluding East Jerusalem. These areas represent about 3.9% and 10.6 % of total West Bank area of enclave and closed areas respectively. In 2004, OCHA estimates of land areas confined between the separation and annexation wall and Green Line is about 630,090 acres; this area represents about 10.9% of total West Bank area excluding East Jerusalem. In addition to about 155,925 acres and 483,165 acres are in enclave and closed areas respectively excluding East Jerusalem. These areas represent about 2.7% and 8.3 % of total West Bank area of enclave and closed areas respectively. Palestinian Negotiation Affairs Department estimated land area to west of the wall to be 9% of the total west bank area as notice in the attached map. In Jerusalem, the situation is more dangerous where about 141,974 acres confined between SW and Green line (OCHA, 2006); this area represents

about 2.4% of the total West Bank area. On contrary, the Palestinian social structure has adversely affected by the separation and annexation wall construction; most Palestinians living in the east side of SW have to cross SW to reach to their jobs, farms and services. This means that at least 30% of the Palestinians in the West Bank will directly harmed by SW (United Nations, 2003).

### **International Court Of Justice (ICJ)**

In a 2004 consultant opinion delivered by the International Court of Justice, Israel cannot depend on a right of self-defense or on a state of necessity in order to prevent the unlawful of the building of the annexation and expansion wall. The Court stated that "the building of the annexation and expansion wall, and its associated régime, are in contrast with international law. (International Court of Justice, 2004)

Therefore, on 9 July, 2004 consultant opinion of the ICJ stated that the annexation wall violates the international law, and it should be removed, tin addition, Palestinian should be compensated for any harm caused by this wall, and that other states take procedures to force Israeli occupation adhere to the Fourth Geneva charter. The International Court of Justice stated that an aggressive force cannot clench with the pretext that the lawful dwellers of the occupied territory form an external threat for the objectives of Article /51 of the UN Convention (UN Charter,2016) . It also showed that necessity might form condition-preventing unlawful under certain very limited conditions, but the Article No (25) of the International Law Commission's Articles on Responsibility of States for Internationally Wrongful Acts (United Nations, 2010) bars a defense of necessity if the State has contributed to the situation of necessity. The Court recorded unlawful objection used by the Israeli government against the Palestinian's right to self-determination; and land confiscations, house destructions, land closure, and obstacles on movement and access to education, water and

food, health care, work, and an adequate standard of living in violation of Israel's occupation agreements under international law. Also, the Court stated that Israeli occupation transferred the Palestinian in favor of Israeli occupation settlements and this violates Geneva Charter Article No (49), p 6. (International Court of Justice, 2004)

Palestine submitted a detailed complaint in cooperation with on ICJ request. The United Nations reality on the ground and Finding Mission and many UN stakeholders after that stated that in the movement and access policy subject to the Israeli occupation aggression in which there has been a violation of the right not to be discriminated against regarding race or religion (United Nations, 2009).

### **The Impact Of Seizure Of Land On The Palestinian Economy**

According to UN Data in 2005, the total number of Palestinian people living in the occupied territories were (3.8) millions, distributed to (2.4) million in the West Bank and (1.4) million in the Gaza strip, in addition to two hundred and fifty Palestinian people living in East Jerusalem.

Building settlements, which began in 1967, has been preferred by Israeli occupation. Israeli Governments built fifteen settlements in the first decade; after twenty years, in particular in 1987, the total number of settlements were (60) ones (B'Tselem, 2009). The most noticeable point is that these settlements occupied the most suitable land for agriculture with fertile water, and these settlement have stolen the Palestinian natural and dismiss them away. These aggressive activities could cause the deterioration of Palestinian economy, widespread unemployment, rising poverty. Over time they and their dwellers have multiplied (B'Tselem, 2009), up to over (450,000) settlers in 2007. The rising number of settlers was quite slow in the time of the Oslo Accords, before The Rabin's assassination, but the number of settler in Barak period was rising greatly.



The rapid increasing of settlements involves the confiscation of land (Foundation for Middle East Peace, 1998), cutting the trees and houses demolition: these activities violates Palestinian people rights, increase the poverty to change them to poorer and creates crises, sometimes up to reinforce Palestinian people to emigrate to the world countries (Badil & Cohere, 2005).

These settlements caused a crisis to the transportation and communication between the Palestinian in the territories, in which Israeli occupation implemented a web road connects among the settlements resulted a land seizure. On the other hand, these roads with checkpoints caused a collapse to the Palestinian economy in which they find a difficulty to reach their jobs or farms. Besides, settlement roads effect all Palestinian institutions, as schools and hospitals, badly.

Jerusalem, is classified as the most sensitive case, as it is the city of religions, therefore, all peace plans assert that it could be the capital of Israeli occupation and Palestine country alike. After the 1967 war, Israeli occupation committed unlawful occupation to the East and the rest of the occupied West Bank and annexed to Israel. The total number of Palestinian residents in so-called Israel is estimated with (18%) live in the West and East Jerusalem and the neighboring region. The old city is essential to the Palestinian economy where it is a destination of tourists and international pilgrims. Israeli occupation has attempted to change the demography on the ground at the holy city in favor its settlers, so in 2006 the total population of Jerusalem was (705,000) settlers, of whom over one third Palestinians estimated with (225,000 Muslims, equal to 32%, in addition to 3.3% Christians), whereas Israeli settlers equal 64% (458,000); The most dangerous is that Israeli occupation continues in pushing Palestinian to elsewhere by restricting their movement, imposing high value taxes and demolishing of houses (Badil-Cohere, 2005). In addition, Israeli occupation continues building settlement near the city of Jerusalem to expand the settlements surrounding the city

and to annex more and more of land, so Israeli occupation follow an organized scheme to separate the Palestinian territories from the city of Jerusalem.

The Wall is not being constructed along the border between Israel and the West Bank according to June 5, 1967, before the occupation, internationally acknowledged), The line of the annexation and expansion wall is not on the border of 1976 but goes deep into the Palestinian territories. Building this wall helps Israeli occupation to build more and more settlements on the annexed and confiscated land of Palestinian in the West Bank. Furthermore, these annexation operations are still on the ground and foreshadows additional land annexations by Israel in order to create enormous economic and human dilemma for the Palestinian, especially those who are trapped between the expansion wall and 1967 line.

Based on the optional advisory opinion of the International Court of Justice in (2004), Israeli occupation should remove the illegal wall, wherever it penetrates Palestinian land, and give them compensation instead of harm caused. Likewise, the Court called other countries not to deal with Israel occupation through constructing the expansion wall. The General Assembly of United Nations credited by great majority (involving all European countries votes) the Court's decision.

This is a moral triumph for Palestinian but nothing to do practical procedures on the ground.

## **2. Prevention Of The Accumulation Of Capital**

Israeli occupation polices to prevent of the accumulation of the Palestinian capital:

Imposing extra taxes

The taxes that Palestinian pay for sake of their business activity was equally harmful. Palestinian have to pay value-added tax (VAT) for their raw materials which are imported via Israel. The long delay in receiving the refunds of this tax caused these firms severe cash flow

problems and capital shortages. This has resulted a loss estimated to be (8% to 12%) of the value of their finished products every year (Owen & Pamuk. 1999).

#### Occupation withholding Palestinian tax revenues

Taxes are the main pillar of Palestinian national revenues, the government expenses these revenues to its ministries and projects otherwise the governments cannot meet its obligations. According to Paris economic agreement, Israel collects these revenues on behalf of the PA as taxes imposed on the imported and exported goods and services from and to Palestine via international borders. They rate more than (\$170) million per month, with Israel receiving (3) per cent of the revenues as a collection wage. so, Israel has detained Palestinian tax revenues, and likely will not be the last. This illegal scenario of collection with detention is punishment and was repeated in 2005, 2006, 2007, 2011, 2012 and 2014 as a result to diplomatic or political actions on the Palestinian scene, whether regarding reconciliation between Fatah and Hamas, or taking of the legitimacy of the Israeli occupation by joining the international agreements of UN organizations.( Al Sayed, 2019)

#### Curfew and Closure

Any economy depends on the ability of individual to work and to let them do commerce, this let people earn income and buy goods. The essence reason for the decline in the Palestinian economy growth is the seizure and closure and this cause widespread of unemployment. Generally, unemployment reached approximately (50%) for the whole economy (United Nation, 2002).

#### Access to Natural Resources

Access to the natural resources includes the most important number of resources to the exploitation of Palestinian economic potential profit among them is enter land, water, cultural heritage and communications as radio frequencies, among others. (world Bank, 2008)

Israeli occupation imposed the control over the most of the water resources including waters in the Jordan River area and from the groundwater aquifers. Moreover, Palestinians only have the ability to extract about (15%) of the annual recharge of underground water tank of the West Bank (Haddad, 2009). In light of the International Human Rights and the International Humanitarian Laws, this control is illegal and an aggressive violation. These two laws prohibit the exploitation of natural resources within occupied territories by the Israeli occupation (Tignino, 2009).

### **Building Settlements**

Building settlement are concentrated in and around East Jerusalem, but also include (123) formal settlements and (105) random settlements in Area C. In the West Bank, the construction area of the settlements includes (5,000) dunums, which forms 1.5% of Area C, but their control power cover more than half (1.000000) dunum, forming about 5.1% of the entire West Bank (OCHA2007). Moreover, the additional territories near these settlements are specialized to absorb additional settlers in the future and to change the demography on the ground in favor of Israeli occupation. Besides, the number of settlers is being duplicated ten of time as between 1987 and 2005 the settler population increased by over (150%) and the land area controlled and confiscated by Israeli settlements increased by more than (400%). (OCHA2007)

### **Disconnect The Electricity**

Around thirteenth years, Israeli occupation concentrated on the destructions of the Palestinian infrastructure in particular the electricity sector estimated with ( 55.48\$). These assaults have targeted the Gaza Electricity Distribution Corporation's (GEDCO) facilities including electrical and steel structure in the Gaza Strip. Likewise, the Israeli occupation has

targeted the only local electricity plant supplying electricity to the Gaza Strip (located in Nuseirat) - which was attacked by Israeli occupied forces on June 15th 2006, and July 29th 2014, and the destruction of Gaza North sub-station. (The Applied Research Institute, 2015:19)

### **Restrictions On Domestic Movement Of Goods And Services**

Israeli occupation imposes restrictions and obstacles against the Palestinian goods and movements through the military checkpoints and barriers which are widespread over the West Bank and the Gaza Strip. One example of these restrictions is that occupation limits certain route to the vehicles traffic, as the Israeli occupation force the traffic to go from Bethlehem to Ramallah far away of the East Jerusalem. Moreover, Israeli occupation has established these barriers and check points pretext the security reasons regardless of the security conditions in the Palestinian territories. (UN OCHA, 2011).

The most important point is that all agricultural products in particular the fresh fruits and vegetables become invalid to be sold due to Israeli occupation restrictions on movements and goods among the West Bank Governorates.

## **3. Prevention Of Capital Investment And Preventing The Establishment Of Primary Industries**

### **Introduction**

The Palestinian economy has been affected negatively after Israeli occupation controlled the West Bank and the Gaza Strip. Moreover, the internal and external commerce have been restricted due to Israeli occupation actions pretext security reasons.

Besides, Israeli occupation conducted these restrictions to intertwine the Palestinian economy with the Israeli one. The great winner from this intertwining is the Israeli occupation economy. In addition, these procedures were guaranteed in Oslo accords in 1993.

Obstacles imposed by Israeli occupation against the Palestinian economy investment  
Palestinian economy has been regularly hindered by Israeli occupation restrictions on the ground to make the economy poor and not to keep up with the development conditions.

The main goal for the the Israeli occupation restrictions and obstacles is to expose the Palestinian economy to a vulnerable level. Besides, Israeli occupation impose an individual control over the West bank and the Gaza Strip borders without giving the Palestinian authority any control to these borders.

The followings are restrictions targets the economy growth:

Restrictions on access to the natural resources as water.

Preventing the investors to enter the West Bank.

Widespread of checkpoints and barriers over the West Bank and the Gaza Strip.

Negligence of Paris Protocol.

### **Access Difficulty To The Area C**

The importance of land to the economic growth and development is being trespassed by Israeli occupation control over Area C. The Percentage control of Israel over the West Bank is estimated with (59%) of the West Bank.

It is known that land is a source of economic development where agriculture, tourism, housing and industry take place. Hence, Israeli occupation uses the restrictions access to the Area C. The most important is that occupation succeeded in separating the Palestinian villages from free transportation. This has caused a difficulty of access to the Area C and severe demographic change in favor of settlers.

Based on the Israeli policy, the development of Area C will be limited in all fields. I.e. agriculture, housing, industry, and other investment fields will be also hindered by Israeli policy.

### **Limited Movement In The Jordan Valley**

Jordan Valley is a separated area due to annexation wall. Areas of Jordan Valley are restricted from development. Even the occupation has removed (80) road obstacles, the development in this area is still limited and no improvement was noticed. Jordan Valley is a natural resource in which industry, tourism, and agriculture could take place. The most remarkable is most of the Jordan Valley is Area C in which Israeli occupation annexes these areas to the military closed zones to limit the Palestinian access to these areas. (Liaison Committee, 2010)

### **Settlements**

On contrary to the Israeli policy towards the Palestinian economy, Israeli occupation has invested in Area C. More than (120) Israeli settlement were built on the West Bank territories and other outposts settlement with the support of Israeli governments assistance. These settlements constitute a major income to their economy. Many industrial areas were established by Israel as Misho Adumim located east of Ma'ale Adumim settlement in addition to Barkan near Ariel settlements.

Unfortunately, the income of Israeli settlers who works in the settlements is not declared and the Israeli Central Bureau of Statics does not publish the GDP reports. Many Israeli settlers depend on job within Israel in addition to their work in the settlement located in the West Bank. Unlike the west Bank settlers, Israeli settlers in Jordan Valley depend completely on

their work in the area of Jordan Valley in which they cultivate large areas and use most of the water in Jordan Valley (Liaison Committee, 2010).

### **Access To Water**

Water is an important ingredient of economy since it has been used in agriculture in particular. Palestinians access to (15%) of the aquifers that lie beneath the West Bank. On contrary, Israeli occupation has duplicated water extraction to (50%) by deep wells and has let the Palestinians extract through shallower wells. Based on Israeli standards Palestinians have a permit to access to the lowest rate of water extraction in the region, which equals one quarter of those available to Israelis.

Decreasing the suitable amount of water for agriculture, Palestinian farmers have incurred losses in the production opportunity. Even the availability of agriculture areas, the water resources have been restricted and then nothing to do with these areas without permits to access to the water (Liaison Committee, 2010). Besides, Jordan Valley enhancement is faced by Israeli obstacles that limit the access to the water in the areas. Likewise, the Jordan River Basin cannot be distributed to three parties of the area.

Regarding the domestic water consumption, the population of the Jordan Valley is increasing there will be an incredible increase in the water consumption for the individual's usage. The main problem is the Israeli settlements that are large consumers of water due to Israeli control over most of the water resources in the Valley. Unlike settlements, Palestinians proportion of water barely meets their demand.

### **Restrictions on East Jerusalem Connection**

East Jerusalem is the essence of the West Bank economy, but Israeli occupation has separated it from the rest of the West Bank. Hence, the West Bank has lost a market for the companies and jobs of the West Bank citizens.



In addition, the Israeli occupation has limited the access to the holy sites of Jerusalem city for many Palestinians, significantly severe declining in the tourism sector. The disconnection of East Jerusalem has forced many Palestinian markets focused their operations in the Jerusalem and many companies shifted their operations to the East Jerusalem as a separated enterprise without contact with the West Bank operations. Moreover, the separation of the East Jerusalem is in line with the Gaza Strip blockade. (Liaison Committee, 2010).

### **Access and Movement in the West Bank**

Israeli occupation exploits the physical barriers to restrict the access and the movements. The Coordination of Humanitarian Affairs of The United Nations Office has reported a series of measures that have been conducted by Israeli occupation to improve the movement of the Palestinians among the urban centres. On contrary to the Israeli measures, OCHA has conducted a survey. Besides, the findings of this survey were (505) obstacles restricting the internal Palestinian movements. Als, the survey includes (65) permanent check points, and (22) partial checkpoints, and (418) obstacles that are scattered over the West Bank. (United Nations, 2010)

### **The Entire Control of Borders and Access to the Permit Holders**

Foreign investors from countries hold ties with Israeli occupation are allowed to enter to Israel, while other foreign investors from countries doesn't hold ties with Israel are rejected without provided reasons. (PalTrade 2010).

A limited number of foreign investors are allowed to enter the PNA areas, but not allowed to enter the East of Jerusalem and Israel. Likewise, a number of foreign investors are obliged to sign a commitment in which they are not allowed to enter the PNA areas. In 2010, a large number of permits to the foreign investors, were approved by Israeli occupation to take part

in the Investment Conference in Bethlehem. In all, the foreign investors were discouraged from establishing business in the PNA areas. (Liaison Committee, 2010). Unfortunately, many investment attempts have been failed due to Israeli restrictions, with the exception to Bethlehem Conference in 2010.

### **Paris Protocol and Trade Agreements infringement**

Assuming that Palestinian – Israeli economic relations are organized based on Paris Protocol because it the legal agreement. Israeli occupation is not committed to any agreements signed with the PLO. Likewise, Israeli policy undermines Paris Protocol Principles intentionally. Moreover, Paris Protocol principles is no longer exist as previously agreed and is missing the spirit of economic cooperation.

Israeli occupation, in turns, infringes the Paris Protocol that basically seeks to enhance the Palestinian economy and attract investments in the Palestinian territories, but the investors are discouraged with the political conditions (Palestine Trade Center, 2009). In addition, the commerce among the West Bank and the Gaza Strip is being hindered by transport restrictions. Disappointingly, Palestinian products are subject to the Israeli occupation access permits after a prolonged coordination. Therefore, the quality of the products decreases and spoils. (Private Sector Technical Unit, 2010)

The most remarkable is the investment in the PNA territories is faced by constraints linked to the political conditions. To sum up, the Palestinian economy is strong if compared to other neighboring countries, but it needs a substantial development. (The World Bank, 2007)

### **Challenges that Faces Economic Development and investment in Palestine**

The occupation is the most important obstacle that faces the Palestinian economic development. The Israeli occupation controls crossing points, borders, and roads between the cities and thereby limit the movement of individuals. They also control the goods and

incoming and outgoing of products. In addition, they control the water resources, ports, and airport and most commodities imported to Palestine. These commodities have to either be produced by Israeli occupation or have to pass through Israeli ports. This resulted in the great reliance of the Palestinian economy on Israeli one. Since it came in 1994, the PNA was not able to separate the Palestinian economy from the Israeli one. On the contrary, the integration has deepened, and the power of the occupation over the Palestinian economy has substantially increased. There are still more than 100 thousand Palestinian workers working in Israel. The economy of Palestine is still 100% depending on Israel for electricity, water, gas, fuels, and many strategic commodities. The Israeli authorities also collect the VAT imposed on the Palestinian imports and deliver it to the PNA after taking their dues from electricity, water, and dues to hospitals while the PNA transfers many patients to Israeli hospitals and pays large amounts of money.

The Israeli authority has stopped transferring the money collected from VAT to the PNA several

times during the past ten years, putting pressure on the PNA to achieve political concessions. Israeli authorities also have control over the land especially the one that is categorized "C" which represents more than 60 percent of the West Bank area. It prohibits investment or building in this area and at the same time has confiscated large parts from area "C" to build illegal settlements. Losses to the Palestinian economy due to occupation in estimates \$6.9 billion in 2010 that is nearly the same as the GDP in that year. The economy is losing the same amount every year. This amount consists of three parts: the first \$4.6 billion are due to difficult procedures imposed by the occupiers on exploiting natural resources including water. Some of these resources are used by the Israeli Authorities. The second portion is due to the siege imposed on Gaza and the third is due to the dependence on Israeli imported goods; in addition to the increase in transportation costs and the destruction of the

infrastructure and several agricultural farms including burning and pulling down thousands of olive trees (ARIG2011).

The internal challenges can be classified into three kinds: economic, political challenges:

### **Economic Challenges:**

The economic challenges are represented by the weak structure of the Palestinian economy. This can be witnessed by the growth of the service sector at the expense of the productive sectors (agricultural and industrial). Unemployment has reached unimaginable rate of more than 25 % during the past 15 years. This increased poverty and caused migration from rural areas to the urban looking for jobs in the government and some companies.

A large portion of the educated and trained staff immigrated outside due to the lack of job opportunities at home. The weakness of local and foreign investment is one of the most significant problems to the Palestinian economy. This weakness is due to the inability of the PNA to control its borders, crossing points and the free movements of goods and people. The lack of exports, increase in imports and the rise in dependence on foreign assistance to finance both budget deficit and the balance of payment deficit and have turned the people from producers to beggars looking for assistance from several areas and mainly from Arab countries, the USA and the European Union. Much of this assistance is given in exchange for political concessions. Some studies showed about 72 % of the foreign assistance to the PNA goes at the end at the Israeli economy. The study showed that 78 % of assistance goes to imports from Israel. This policy caused dumping the Palestinian markets with Israeli commodities and the competition with Israeli industries caused several Palestinian industries to shut down

which made the Palestinian economy relies on the Israeli one (MaanNews 2015, and Hever 2015). In another study, Abdel Kareeman economic analyst, assured that two thirds of each dollar we spend from the donors go back to feed the Israeli economy (Abdel Kareem -2014).

### **Political Challenges:**

Political challenges include all restrictions placed in the economic and political agreements signed with Israel. This is noticeable in the Paris Protocol which prevented the PNA from freely import some strategic commodities such as petroleum, electricity or generating electricity building dams and freely extract water, it also determined the commodities that can be bought from outside with a prior approval from Israeli authorities. It also restricted the arrival of imported commodities to be only through Israeli ports which are usually subject to delay fines in Israeli ports leading to higher costs. In addition, the Oslo Agreement which divided the Palestinian land into three categories (A), (B), and (C) was supposed to be temporarily for 5 years until 1999 after which a Palestinian state should be built on all the Palestinian occupied territories in 1967. Until now, the area still divided and the Palestinian State did not see the light and Palestinians have no sovereignty over the area C which represents more than 60% of the West Bank.

Another political challenge that is facing economic development in Palestine is the political division between Gaza and the West Bank since 2007. This is a major challenge for economic development as the Gaza strip represents 50% of the population and has an airport and a sea port and witnessed three wars since then with large destruction and losses.

## **Chapter Three:**

### **Racism, persecution, and obstructions**

#### **Introduction**

Inequality in the economy, which is also defined as the gap between the rich and the poor takes two types namely inequality of income and inequality of wealth. Income refers to the regular flow of funds in the form of a rate for each term, while wealth is a set of assets owned. In other words, income is precisely what people get from work, retirement, social welfare or social benefits, while wealth is what people already have. Sometimes wealth is not used for daily expenses, but it remains an emergency or unexpected guarantee, so it helps cover such emergencies, helping to maintain a social situation that can rarely contribute to limited income.

Inequality is a growing economic problem with social consequences that threaten society and varies between societies, historical periods, structures and economic systems.

Does economic inequality hinder development?

Economic inequality represents most, if not all, of the components of modern societies and nations as language, symbols, norms, rites. This has serious implications for individuals and groups and has severe implications for various aspects of life; health, education, welfare, protection, ethics, and psychology. It also limits the ability of active people to realize their potential and achieve their goals. It also fosters the distinction between haves and those who do not perpetuate destructive elements and practices that pose obstacles to progress and prosperity for humanity.

#### **Effects Of Income Inequality On Economy**

The relationship between economy development and the distribution of income is an essential issue in the total economy (Galor, 2011). The function that income disparity contributes for

economic development lately has so a bit of interest in decision centers and the journalism. For example, the World Bank Group has made severe-poverty elimination and supporting the incomes of the minimum (40%) of developing countries' allocations of income across families its key universal aim for growth. The International Monetary Fund has valued in with a debate on the effectiveness of income distribution in both: the cause and results of economic development. (Ostry et al., 2014)

Racial discrimination charter gives an obvious definition of what forms of racial discrimination for the aims of international law. It marks apartheid as "inhuman acts committed for the purpose of establishing and maintaining domination by one racial group of persons over any other racial group of persons and systematically oppressing them", and continues on to count a list of such discrimination or inhuman acts. The coming analysis provides the elements of the definition of apartheid: the matter of two featured ethnic groups; the commission of acts listed as 'racial acts' of racial discrimination; and the institutionalized nature of domination. (United Nations, 2012).

On the supply side, a high level of income equality can weaken an economy's production potential, particularly with regard to human capital. If citizens have the feeling that vigorous effort will not pay off, because the largest share of the national income accrues to a small part of the population in any case, then investments in their own human capital in the form of education are not worthwhile. However, a qualitative improvement in human capital is a key prerequisite for economic growth. High levels of income inequality become particularly serious when citizens' dissatisfaction is broad enough that they leave their country. From an empirical perspective, young and well-qualified people have the highest degree of cross-border mobility; consequently, this effect threatens the society with a brain drain that reduces the potential for growth. The weakening of human capital as a reaction to a high- and rising-income inequality in this way reduces an economy's long-term growth potential (Bernstein

2013: 6). “A high level of income inequality can also spoil an economy’s human capital insofar as low-income people do not have sufficient entrance to the health services’ Overall, a lack of investment in education and health care lead by this means to a slowdown in human-capital formation, which then also slows economic growth (Baur, Colombier and Daguet 2015: 11).

Another supply-side growth weakness can arise when a large level of income intensification additionally leads to a situation in which this economic force is used to exhaust political impact. In this regard, it can be expected that high-income people advocate a reduction in taxes. The associated declines in state revenues have the consequence that the state must reduce its expenditure on investments as infrastructure and education. The lack of public services paralyzes the society’s productive machine, thus dampening economic development (through absence of public infrastructure and declined productivity as a result of poor education expenses (Bernstein 2013: 6).

Finally, a high degree of inequality of market incomes can additionally lead to a situation in which extensive state redistribution of income becomes necessary. This requires a high level of state revenue. Growing income inequality in this regard necessitates tax increases or an expanded public debt. Tax increases reduce the performance incentives for taxpayers, and can lead to capital flight. This results in lower volumes of investment, and thus diminished growth in the economy’s capital stock, as well as a lower level of economic growth. The same effect appears if a high level of state borrowing raises interest rates and thus suppresses private investment (Petersen 2013: 86– 87).

Regarding the demand, a large degree of income inequality spoils the demand for goods, services and utilities. If, under a condition of high-income inequality, a steadily rising share of income goes to large income families, the eventual savings will lead to a drop-in



demand, because the consumption ratio (defined as consumption expenditure as a share of disposable income) of those people with rising disposable net incomes declines.

Incompetence needs arise because of privation and are said to reinforce people when they are unsatisfied. Also, the stimulus to achieve such needs will become vigorous the longer the period they are denied. For example, the more a person goes without food, the hungrier they will.

In the beginning of 1943, Maslow mentioned that human must meet lower level deficit needs before proceeding to get higher-level growth needs. Nonetheless, he later explained that satisfaction of a needs is not an “all-or-none” with natural incident, accepting that this old words may have provided “the false impression that a need must be satisfied 100 percent before the next need emerges” (1987, p. 69).

When the required need has been met completely or partially, it will go away, and our activities become spontaneously shifted towards satisfying the next group of required needs that we have yet to meet. After that, these become our prominent needs. Nonetheless, needs development goes on to be tangible and may even become stronger once they have been integrated.

### **The Original Hierarchy Of Needs Five-Stage Model Includes:**

Maslow (1943, 1954) stated that people are motivated to achieve certain needs and that some needs take priority over others. Our most essential need is for physical existence, and this will be the first thing that stimulate our conduct. Once that level is met, the following level up is what stimulates us.

1. Physiological needs (these are physical needs for human existence to be alive, these requirements include drink, air, food, clothing, shelter, sex, warmth, sleep.

If these requirements are not met, the human body cannot perform properly. Maslow marked the physiological needs the most essential of all needs, but the other needs become minor until these requirements are satisfied.

2. Safety needs: these requirements include being protected, secured, ordered, lawful actions, balanced, free.

3. belongingness and needs: This is the third level of human needs in which the human need to be involved and integrated, but not separated. These needs are satisfied after physiological and safety needs have been gained. This type of needs stimulates the human behavior.

Examples contain being belonged and involved in a group, accustomed, trust, accepted, beloved and integrated in the family or with friends and work).

4. Esteem needs in this regard, Maslow divided into two types: self-esteem included being with dignity, mastery, independence, achievement; and the second is being with reputation, respect, prestige.

Maslow showed that the need for reverence or well reputation is intrinsic for children and grown-ups and advanced to real self-esteem.

5. Self-achievement needs: This type of needs is about self-expression in both directly or indirectly way in order to achieve the most self-capabilities. Also, this type of needs enables the individuals to be balanced and able to conduct his role in the society. A desire “to become everything one is capable of becoming” (Maslow, 1987, p. 64).

Based on aforementioned, one aspect of basic needs deprived by Israeli Occupation is the electricity. Israel reduces supplies of electricity it sells to the Gaza Strip, as part imposing penalty policies adopted against Gazans, due to the approval of Israel’s high Court. The disconnect to electricity were implemented after Israel refused a peal by ten Israeli and Palestinian human rights institutions challenging Israel’s planned decreasing to supplies of electricity and to the Gazan. The PCHR (2008) indicated that the disconnect violates the

international law, because they target civilians basic needs on a purpose, deprives them of the required electricity they to operate and turn on basic services in the Gaza Strip. Israel rules Gaza's borders and does not let the basic supplies to access Gaza except through Israeli crossings.

Another aspect of basic needs deprived by Israeli Occupation is the water. Racial discrimination in the ability of reaching natural resources as water in the West Bank, can be observed clearly if compared with the access Israeli settlers to water. The illegal discrimination is exacerbated by the fact that the Israeli settlements themselves are unlawful under international law, but the variance that exist in Israeli procedures and policies show intentional apartheid in the access to water.

### **Israeli Policies Towards Destroying The Palestinian Factories And Facilities**

Demolition is a painful policy that is used by Israeli occupation. (Shahak, 1974, 184). The Palestinians identity is deep rooted with sense of nationality as they were forced to transferred from their home in 1948 as known with Al Nakba, and based on the physician's experience, West Bankers who have had their homes demolished, such events cause a psychological trauma of the Nakba in the families afflicted. (Al-Krenawai, Alean; Graham, John R.; Sehmail, Mahmud A., 2004)

Israeli occupation still practices the policy of demolition. One example is that Israeli military bulldozers destroyed a dairy factory in Hebron city and Bedouin housed in east of Jerusalem city. This Factory provides services to the social solidarity institution that supports the orphans in the Hebron city. (Maan, 2014)

Besides, Israeli Occupation have destroyed a stone installation in Al-Sammoo' village in the south of Hebron city. According to reports, the occupation invaded the area and started demolishing the installation, which was owned by a Palestinian resident, under a reason that

it was constructed in area C in the West Bank. Also, Israeli occupation controls all areas C and used it for military activities. (Palestine News Network, 2016)

Israeli occupation authorities on April 7th 2019 handed nine demolition threats against facilities in the areas of Al-Mafraqa and Al-Rakiz, east of Yatta, south of Hebron, in the southern West Bank.

Coordinator of the popular and national committees in the south, Ratib al-Jabour, told that the occupation forces, accompanied by the so-called “Civil Administration”, broke into the areas and handed out demolition threats to owners.

The threats also included a water resource belonging to the protection committee in the area owned by a Palestinian family.

Al-Jabour called on the local and international institutions to halt the demolition and displacement decisions of the Israeli occupation authorities in the eastern part of Yatta, which are aimed at displacing residents from their lands and enabling the settlement of the settlements. (Palestine News Network, 2019)

Based on OCHA Report (2019) in Area C, Israeli forces demolished eight agricultural installations, involving (5) supportive walls, (2) water wells and one path in two areas in Jerusalem (Mikhmas and Al Khalayleh), displacing 30 members of the families. Additional sixteen seasonal Bedouin buildings, half of these were residences, were destroyed in a locked military zone called Al Buqa’a in the Bethlehem city. Twelve of the installations were destroyed and confiscated by Israeli forces, while the rest of the buildings were disassembling by their owners, who were brutally forced to demolish in order to avoid their confiscation and displacing (30) members.

Israeli occupation Racism, persecution, insecurity, and obstructions impact on the Palestinian economy growth

## **Systematic Home Demolition**

Israeli occupation has licensed the policy of Palestinian home destructions, keeping that habitation in Jerusalem is a provisional advantage for Palestinians, restricting notice and hearing to contest such procedures, and preferring Israeli nationals and citizens over Palestinian residents to keep the demographic changes in favor of “Israeli settlers”.

Destruction orders are made against the building itself more than served to the owner of the construction, which violates basic standard of permission and hearing (Maqdese Report, 2011).

Further, Israeli regulations calls for all notifications to be both: in Arabic and Hebrew. This policy explicitly undermines the international law (the right of "minorities" to use its language).

In 2008, Israeli occupation allowed for only (125) building permits for (400) housing units when in a real natural population development required nearly (1,500) new units, so damaging Palestinian population (Human Rights Watch, 2010). Early of (2010) 1,322 destruction threats have been released in Jerusalem, which seeks to displace approximately (3,655) people, involving (1,699) underage children. Since (2010), Israeli occupation has conducted 50 home destructions in the East Jerusalem, displacing (75) people, involving (40) underage children. Eight of the (50) destructions form self-demolitions, where Palestinians owners are brutally forced to destroy their own houses.

Israel policies forced Palestinian population transfer from in East Jerusalem through a group of practices involving making light Palestinian residency rights, conducting zoning discrimination and laws planning, land confiscating land, and homes demolition of Palestinians. (United Nations, 2016)

“Based to the Israeli-Palestinian Interim Agreement of 1995, powers and functions related to planning and regulating in Area C should have been shifted to Palestinian control through (18) months. Though, all of which has not attained in the (17) years since Oslo signing, and Israel holding on to displace the Palestinian residents of the West Bank, in a violation to the international law and two-sided agreements. The unlawful Israeli policies of essential infrastructure and sources of families goes on to shatter Palestinian compounds in the East Jerusalem and Area C. Moreover, destructions result to a fatal deterioration in living circumstances for the whole families. A vast percentage of Palestinians face a growing poverty and long term of chaos as well as restricted access to fundamental services, as health, education water, care, and sanitation as due to these practices.” (The Israeli Committee against House Demolitions, 2012: 7)

The UN institutions on social, economic and Cultural Rights, an independent experts’ institution that supervises the application of the agreement, in its (2011) recorded observations (which include the decision of the Committee regarding the case of the Covenant and vice versa a given State party) urged on Israeli occupation immediately to cease house destructions, forced displacement, and residency elimination in the West Bank and the East Jerusalem. The Committee declared that Israel revise and change its practices to be line with recommendations adopted by ICAHD and “partner human rights and peace organizations to become compliance with the International Covenant on Economic, Social and Cultural Rights, and the ICAHD parallel report.” (United Nations, 2012: 13)

### **Discriminatory Zoning & Planning Policies**

Israeli occupation “Jerusalem 2000” regulation aims to systematically decline the total number of Palestinian in Jerusalem by conducting a policy of demographic transfer. It provides privileges Israeli nationals and citizens, while racial discrimination against the

Palestinian population residents in Jerusalem, by reserving a (70%) Israeli “majority” over a (30%) Palestinian Arab “minority” .

Moreover, because trends project a balance of 60:40 by the year 2020, the scheme suggest a number of regulations aimed at reserving a ‘Israeli majority in the city while weak meeting to the needs of the Palestinian minority.’ These practices take on two curves: the prosperous conduct of Jewish residents and/or the racial discrimination conduct against Jerusalem’s Palestinian residents. Though their best efforts to ensure construction license, the Jerusalem municipality turns down the Palestinian applications as a matter of racial policy (Human Rights Watch, 2010).

“An example, in (2008), Israeli occupation turned down (172) proposed schemes admitted by Palestinians in East Jerusalem (Human Rights Watch, 2010). Moreover, Israel occupation gives the utilities of urban planners of Israeli residents without paying expenses, many Palestinian neighborhoods have hired and paid for planners to enhance the schemes designed for the approval by Israeli municipality.”

“Israeli discriminatory practices have more ghettoized Palestinian areas. For example, in the village of Al Nabi Samwil, villagers are located in a vulnerable situation through the racial discrimination policy in which has displaced a part of the village in the West Bank and a part of it in the Jerusalem governorate. In addition, residents are entirely impeded by the Al Jib Israeli military center and access into other areas of Jerusalem is prevented in most issues for all residents. These obstacles more paralyze villagers’ capacity to reach work, health centers, educational institutions and natural resources as water.” (OCHA, 2011)

### **Settlers Violations Against Farmers**

In 2018, the Occupation declared its determination to enlarge the settlement of Amihai to affiliate the station of Adei Ad as a route of retroactive license. Adei Ad is an affiliated with the “Shiloh corridor” in the north West Bank, consisted of a compound of Israeli settlements and stations from which Palestinians were oppressed by settler violence, suppression and illegal activities that is incompatible with human rights violations. If the vestibule be completed, it will additional block Palestinian farmers from entering their farms, obstacle their movement and band territorial unity of the West Bank.

A society for assisting Palestinian farmers, Adei Ad located partially on private Palestinian land, has been a station of settler violence in the area for years. In the time of reporting duration, the Office for the Coordination of Humanitarian Affairs and Yish Din merged showed (12) cases of settler’s aggression against properties in the villages of Turmesaya, Jalud and Mughayer in the West Bank, all of which are beside to the society. Moreover, settlers damaged 280 olive trees in the West Bank in October 2018. Also, in order to access their farms, Palestinians should get a prior permission from the occupation authorities due to their ties with Adei Ad. Yesh Din recorded how Israeli settlers illegally confiscated land beside Adei Ad in 28 phases by surrounding the plots with fences, blocking access or dismissing Palestinian farmers from their farms, and cultivating lands while transgressing without prior the knowledge of the real Palestinian owners. This happened over many years on land that Palestinian owners could no longer.

According Human Rights Council (2019), the settlers have escalated their violence against the Palestinians in the West Bank. As a result of settler’s violence, four Palestinians were killed and (98) were injured in addition to the property damage, all of which were estimated by (176) incidents by settlers. The settler’s attacks have increased compared with the prior report. The number of attacks of settler against Palestinian farmers rose in 2018, constituting



a (57) and (175) percent expanded compared with (2017) and (2016) in turn. Large proportion of settler's attacks are intensified in Nablus estimated by (40%). The most important is the physical attacks by Israeli settlers are implemented under the Israeli occupation forces watch.

Oslo Accord resulted the division of West Bank

Palestinian has a conviction in which it is a fault to portray the classification of the West Bank into three areas: A, B and C as a positive procedure towards peace. In reality, it has been used by Israel to spend more control over Palestinians people with intensive restrictions. When it comes to attacking with air raids on Palestinian buildings and land, Israel does not differentiate between the three areas A, B and C.

Today, the West Bank is surrounded by Israeli settlements, in particular in area C. The estimated number of Israeli settlers in area C is (300.000) while the total number of Palestinian in area C is (150.000). Hence, Israeli occupation policies aim to expand the settlements on the expense of the Palestinian territories and all of which is a violation to the international law.

“Area C is a huge administrative part of the West Bank as clarified by the Oslo II Accord, constitutes 63.9% of the West Bank area. Critical to the spatial integrity of the West Bank and full with natural resources, involving suitable agricultural lands, water resources, and natural minerals, restricting and harnessing the access these resources is essential to the enhancement of the West Bank and thus a point of severe contention between Israeli occupation and Palestine.”

Area C is a rich area in the West Bank in which it has land reserves, the bulk of the Palestinian agricultural and grazing land. Therefore, this area needs infrastructure projects as road, water and electricity.

As such, Area C is a preferred area for the fulfillment of sustainable development and for a adjacent and viable State of Palestine. The Oslo Accord stated that Area C would be under Israeli control at the beginning before being transmitted to the Palestinian Authority gradually within the transitional period, however this never implemented. Instead, Area C is still under Israeli occupation control and is subordinate to intensive constraints seen to impede Palestinian growth while jointly support Israel's investment of Area C's resources. This involves the elimination of Palestinians from their own agricultural lands, and the access and investment of resources involving water, Dead Sea minerals, and mined materials. Israel's rejection to let the Palestinian government to run as a separate commerce unit or rule its own borders is calamitous for Area C, where growth potential is focused in primary trade like agricultural products or extracted rocks and minerals that are dependent on export.

Approximately 70% of area C is under intensive control of settlers and even Palestinian cannot apply for constructions right. These areas include military zones, nature reserves, and natural parks. In addition, settlers annexed these areas to their settlement. In the remaining (30%) of Area C, where Palestinians can admit for the right to build by applying to the Israel's Civil Administration, but severe constraints on construction are nevertheless hindering. (90%) of the West Bank, in particular in area C, have been rejected any kind of construction license. Even primitive shelters like tents and fences need license. (UNDP, 2016)

Israeli obstacles have had an extreme effect on economic growth in the West Bank, with Gross Domestic Product development largely focused in the service and building factories in Areas A and B, which form urban stations and cities under the Palestinian Government regulations. Hence, sectional proportion of industrialization and agriculture have declined throughout the occupied Palestinian territories from (33%) in 1994 to (19%) in 2010. A World Bank declaration valuates that, if the Palestinian businesses permitted to enhanced in

Area C, this could provide as much as (35%) to the GDP State of Palestine. (World Bank, 2013)

### **Crime Of Apartheid And Israel Occupation**

In 1973 the International charter on the Oppression and Punishment of the Crime of Apartheid (ICSPCA) was adopted by the United Nations General Assembly (Bruce, 2007). The ICSPCA determined the crime of discrimination as "inhuman acts committed for the purpose of establishing and maintaining domination by one racial group over another racial group and systematically oppressing them" (United Nations, 2006). Article (7) of the Rome Statute of the International Criminal Court expanded the definition of the "apartheid" as "encompassing inhumane acts such as torture, murder, forcible transfer, imprisonment, or persecution of an identifiable group on political, racial, national, ethnic, cultural, religious, or other grounds, committed in the context of an institutionalized regime of systematic oppression and domination by one racial group over any racial group or groups and committed with the intention of maintaining that regime." (United Nations, 2002).

In a 2007 report, U.N. Private Rapporteur for Palestine John Dugard declared, "elements of the Israeli occupation take part forms of colonialism and of apartheid, which violate the international law and suggested that the "legal consequences of a prolonged occupation with features of colonialism and apartheid." be put to the International Court of Justice (Dugard, 2017). In 2009, South Africa's legal research center the Human Sciences Research Council (HSRC) released a legal study resulting that, "Israeli occupation practices control in the Occupied Palestinian Territories with the intention of maintaining a system of military control by Jews over Palestinians and that this policy constitutes a breach of the elimination of discrimination." In March 2011, U.N. Special report writer for Palestine Richard A. Falk said, the continuous form of settlement extending in East Jerusalem merged with the brutal

displacement of real residing Palestinians is constituting an intolerable condition and can only be determined in its progressive impact as a form of racial purification. (Falk, 2011)

The case of who Israelis and Palestinians can be said to constitute "apartheid entities" has been an issue of intention in relation to the implementing of the (ICSPCA) and Item (7) of the Rome Statute. Political writer Broce (2007) mentions that with the (2002) an overview of the Rome Statute of the International Criminal Court "The emphasis changes to an determined national, ethnic or cultural entity, as contrary to a apartheid group." in which case "Israeli procedures in the West Bank obviously shape a form of racial discrimination with an impact on the Palestinians much the same as racial discrimination had on the non-White people in South Africa (Bruce, 2007). The HSRCs 2009 report declared that in the Occupied Palestinian Territories, Israeli and Palestinian origins are "socially constructed as groups distinguished by ancestry or descent as well as nationality, ethnicity, and religion".

On this regard, it is invetable that Israeli Jews can be considered "racial groups" for the intentions of the definition of racial discrimination "apartheid' in international law (Plessis, 2009).

### **The Impact Of Wall Of Discrimination On The Palestinian Economy**

The wall of separation severely affects the West Bank economy in a variety of methods. First and fore most the annexation wall affects the agricultural field, which constitutes an essential share of Palestinian gross domestic product (GDP). On the one hand, many compounds to the East of the wall are separated from their agricultural farms in the seam area and hence from their elementary source of income and require special license to reach their farms. On contrary, residents of the split area have not, for the most part, been disconnected from their agricultural farms but incur more and extra expenses to access their interests as: workplaces, essential service center and local shops and markets on the other side of the annexation wall

(UN OCHA, 2008, 6). Aside from constraining Palestinian communities, the building of the wall also includes a big financial loss in the agricultural field through enormous land confiscations and the demolition of agricultural installations like infrastructure and natural resources as water. In addition, the wall menaces the future agricultural development of some of the West Bank's most rich land, which located in agriculture intensive governorates of Jenin city, Tulkarim and Qalqelia, effecting (10.2%) estimated by (38) million of the total value. (World Bank, 2008b, 16).

In addition to the effect of the annexation wall on the agricultural field, the expansion wall also impedes Palestinian workers from access to the Israeli occupation work places. This forms a huge economic expense to the Palestinian economy, in particular, for many border compounds that depend extensively on Israeli employment. In addition, the differences in the wage between the West Bank and Israeli occupation have urged the Palestinian workers to find employment in the occupation country. The most remarkable, when work flows between Israeli occupation and the West Bank were at their top in 1992, more than one-third of Palestinian workers had works in Israeli occupation and (42%) of Gross Domestic Production was constituted of the income of those Palestinian workers (B'Tselem, 1999, 9).

In addition, the wall has a fatal impact on import and export of the goods, economic growth and, more basically, on companies' profit. One of these negative impacts that it costs the Palestinian traders additional costs on the internal and external trade. The imposed restriction on trade mobility and postponement at commercial crossings aside the annexation wall not only raise costs for companies but also intimidate perishable goods like fishery, meat, dairy and fishery goods that may perish because of a prolonged waiting duration. Because of production inputs are imported from external companies out of the West Bank, additional expenses are also incurred, reducing company's production, revenues and employment. These cases are arousing by the reality that Israeli occupation is the West Bank's most

essential trading factor. Thus, Israel's occupation permission way to Palestinian crossings near the wall is a 'crucial case of the size and competitiveness of Palestinian commerce (World Bank, 2008a). Also, the wall has separated the East Jerusalem economy from the rest of the West Bank and with it an incorporated part of the Palestinian economy and business unity (World Bank, 2007b, 13). At the end, the strict policy to build a wall rises already real doubts about the future of the Palestinian economy, further dampening development in economic performance and declining the promising gains of firms.

For long time, the merged effects of the annexation wall explicit foresee declined employment, wages and work desire because of the growing expenses endured by aboriginals "Palestinians" and companies. Nonetheless, it is not obvious how economy movement points like wages and employment can reflect in the short-run. Indeed, Cali and Miaari (2013, 23) show that, "the building of the expansion wall also gives an inexperienced work chance for the local Palestinian population in the short term." Moreover, as shown by Mansour (2010), work supply impact from constraints to the Israeli economy market can drive to different economy market outputs.

### **Movement Restrictions**

The extreme sanctions on access to natural resources eliminate the tradable productive factors, as did employment chances in "Israel" and unlawful Israeli occupation settlements. These constraints were in parall with entry and movement obstacles, the difficulty of which cannot be completely covered. Some of these involves entrance to border centers and the inactive "back-to-back" system, where goods are reloaded from Palestinian trucks to Israeli trucks once again, resulting postpone and losses in spoiled goods. Such restrictions cut off Palestinian goods from substantial and external markets, which are important to keep small range economy. Moreover, there were more than (472) impedimenta to access in (2016) in

the West Bank. (International Labor Office, Geneva, 2017), from large-scale military barriers, to route ramparts and gateways, as well as the annexation wall. Such obstacles, the expansion wall especially, have an economic impact on communities and severed social relations between Palestinians (OCHA, 2016). Information gathered by OCHA in the West Bank in (2010) indicated that olive trees in the zone between the Separation and Annexation Wall and the "green line" to which movement is only licensed through agricultural gateways open on a particular time basis for farmers who are given license to access their land and they had a (60% ) lower production than trees on the "West Bank" side, because farmers' limited access (OCHA, 2014).

Furthermore, such constraints are destroying the local economy market by adding a factor of suspicion, which oppresses development and obstacles employment development. The ability to move without restrictions can alternate essentially from one day to the coming one at the sole discretion of the Israeli occupation authorities. In addition, markets in the East of Jerusalem are becoming critical from the vast West Bank, which additionally intimidates the families of workers in the East of Jerusalem (International Labor Office, Geneva, 2017). While East Jerusalem, combined with "Area C", is considered one of the extremely targeted zones in the West Bank regarding forcible policies meant to displace Palestinian people into areas "A" and "B", these regulations also affect the wider West Bank (UNCTAD, 2012 ).

"In Gaza, where the siege reached its twelfth year in June (2019), most raw materials for rebuilding and industry are prevented from entry under the "dual-use" list kept by the Israeli occupation. Electricity cuts off became (20) hours daily in (2017), with a damaging effect on basic service provision (Gaza Gate Way, 2016). Economically, the capacity usage of Gaza's economic entity (level of output) has shrunk to an all-time low of (20%); the monthly total rate number of truckloads of goods exiting Gaza in (2016) was nearly (17%) of every month rate before the siege (Gisha, 2014). Enhancement in Gaza has become a proof as a result of

(12) years of siege, which has stalled economic growth and grown poverty grades and negative coping mechanisms such as child trafficking and early marriages'

The form of movement obstacles is one of the backmail occupation related strategies, which differently affects women. While misery the same impedimenta and challenges as men, movement obstacles compound already existing social constraints and hence in a particular obstacle educational and employment chances for girls and women. This subsequently renders them weaker to strong and rights trespasses; and a cycle of understood threats against female's personal security results in more social rule and hindering to the private sector. Palestinians who are living in "Area C" do not have similar entry to services as those living in the main Palestinian towns found in Areas "A" and "B". For women, this additional hinders employment, entry to education and health care, the prospect to network with women's organizations or to seek data, provide or access to economic development actions. As such, not only do obstacles on access hinder women from entering income generating chances, they reach to stronger protective positions and behaviors attitudes to the implementation of women's rights. In the Gaza Strip, in addition to patients and a few numbers of people, traders, occupation normally attitudes its license for Palestinians to disuse the Gaza Strip on protection from "international NGOs". Limiting travel outside the Gaza Strip is having a negative growth impact on women's ability to progress in their skilled sector. Before the blockade, in 2005, the percent of unemployment among women in Gaza was (35%). Today, it has approximately multiple (65%), distinguished to (34%) among men, as an indirect result of Gaza's paralyzed economy resulting from a long-lasting siege. "Today, being a young woman in Gaza is almost synonymous with being unemployed, as young women between the ages of (15-24) have unmatched unemployment ratio of 86%. " (Palestinian Central Bureau of Statistics, 2016)



## **Conclusions**

Since the June 1967 occupation and instantly annexation and merging of the area now known as “East Jerusalem” into "Israel", the different Jerusalem municipal boards, lined with the Ministry of Interior, have applied activities that aim to keep a Israeli population preponderance in the Jerusalem city. These demographic catalysts have been dedicated explicitly by public officials over previous decades and even the past several years, and they are a proof by the correspondence and predominating telling results of the practices and policies conducted to Palestinian in the East of Jerusalem city, which aim to keep a Jewish dominance. Beside the constraints imposed on Palestinian development in the city, Israeli population development is motivated and enjoys state assistance, involving the ongoing extension of Israeli settlements in East of Jerusalem city (which are prevented in occupied territories under international law). (The Israeli Committee against House Demolitions, 2012: 6)

## **Israeli Occupation Procedures To Reduce The Palestinian Population Growth**

One of the basic policies of ruling Palestinian development in East Jerusalem city is through the prescription of hinders on arrangement and constructing in the Palestinian side. To start with, only (13%) of the overall land area in East Jerusalem city is allocated for Palestinian construction (with less than 9% zoned for housing), apparently according to the need to keep open, “green spaces” (such as nature reserves, parks and agricultural plots), to maintain holy places and archaeological regions, and for other municipal building (such as ways and roads). (The Israeli Committee against House Demolitions, 2012: 7)

Israel occupation is prescribed under international law to bring and ensure circumstances for Palestinians' consciousness of their legitimated right to self-determination, taking part without segregation in public issues, and their right, as individually and as collectively, to

enhance and progress their respective communities financially, culturally, socially and politically, based on their needs. In addition, Israel's commitments based the international humanitarian law are mentioned here, as the occupying force has a huge function to keep public order and safe condions in the occupied territories, all of which cannot be said to support when the shortage of enhancement either for or by Palestinians in East Jerusalem results to housing lack and a violation of the right to sufficient housing, sets the phase for the transgression of the right to nationality and jointly set into motion a process of racial displacement of Palestinian population from Jerusalem and the protecting of Israeli demographic complete ruling over the Jerusalem city. (UN Convention, 2012)

The Occupied West Bank is controlled by specifically Israeli settlements and their integrated regime of detached roads, security isolated zones, military oints and the separation and annexation wall that impedes the unity of Palestinian territory, and guarantee that Palestinian communities are sieged to segregated areas. Beside, Israeli settlers enjoy privileges the preservation of the occupation military, with their private regulations and discriminatory access to natural resources as water. More than (40%) of the West Bank is locked to its Palestinian population. The most important is that the Israeli settlements are connected by ways and roads for the special and personal use of Israeli settlers. In addition, the Palestinians movement hindered and entry to the farms is impeded by a prevailed license regulation. Since (1948) the Israeli occupation has implemented planned strategies of colonization and confiscation of Palestinian land. Finally, Israel occupation has its regulations and strategies divided the Israeli populations and Palestinian populations and separate them different physical areas, with discrimination in the levels and quality of services, infrastructure, and entry to the natural resources. The territorial disengagement and a series of separate entities, with the two groups largely separately.

## **Chapter Four:**

### **What we did and how we faced the racism of life and the racism and disparities of different services**

#### **The Concept of Sustainable Development: Definition and Defining Principles**

A report was published in 1987 by Bruntland Commission called “Our Common Future”; this report is about issues involved economic development and environment stability. The report defined the concept of sustainability as “It meets the needs of the present without compromising the ability of future generations to meet own their needs” This concept gives a framework policies and enhancement strategies “(United Nation General Assembly, 1987). However, before 20th century, theorists stated that there is no connection between environment sustainability and economic development.

#### **Economics of Sustainability**

According to Michael Porter and Clans Van der Lind theory, that the pollution is an indicator of natural resources in a destructive way (Porter & van der Linde, 1999).” Hence, to gain the opportunities for the nature and economy is to reduce pollution in the production phase (Porter & van der Linde, 1995, p. 98). These authors argued that environment sustainability relies on stimulating innovation and strict environment regulations. However, the market depend on environmental tools are generally preferred as more “business friendly” than traditional and control policies (Cooper & Vargas, 2004). In addition, “Porter hypothesized to design environment policies that make use of market incentive which can encourage producing new technologies and can decline production waste”.

The well usage of our natural resource constraints is also in our best priorities. Truly rational and “effective governance requires a nation to consider and protect the environment and

natural resources on which its current and future development depend. Any other approach is self-defeating. The connections between the environment and development thus provide a powerful rationale for environmental protection: enlightened self-interest” (Dernbach J. C., 1998, p. 20). This rooted interdependence among the long-term stability of the environment and the economy is the root of the field of sustainable development. Similar to Porter’s win-win hypothesis that “a trade-off isn’t necessary, sustainable development policies look to overcome on the sources of environmental deterioration, not just the symptoms, while still introducing opportunities and creating incentives for economic enhancement” (Porter & van der Linde, 1995).

Factors of a clean environment, such as fresh air and water, are considered public goods in that they are not rival and not excluded. Hence, it is up to the public sector to keep the condition of these goods and services. Recently, nations have shifted towards the application of these market-based procedures to involve the complete costs of pollution and make sure the long-term development of the environment; in other words, to make sure of sustainable development.

### **Sustainable Development: Definition and Principles**

Sustainable development is defined as “a method for people to use environment resources without the resources running out”. The term first used by the Brundtland Commission definition as it as “development with sustainability that meets the needs of the present without compromising the coming generations to meet their own needs”. (United Nations, 1987)

Sustainable development definitions are many, but the most widespread sustainable development definition is that mentioned by the Brundtland Commission (Cerin, 2006; Dernbach, 1998; Dernbach, 2003; Stoddart, 2011). This broad definition, which will be used

in this dissertation, does not identify the scope of sustainability. The explanation does, however, it focused on the importance of equity among generations. This concept of reserving resources for the coming generations is one of the essential features that compare “sustainable development policy with traditional environmental policy”, which also seeks to involve the external factors of environmental deterioration. The overall goal of sustainable development is the long-term stability of the economy and environment development; this is can be achieved through involving and integration the economic, environmental, and social concerns throughout process of decision making.

In the light of application of sustainable development definition, one case concerns the capital replacement. There are many sorts of capital: social, natural, and human-made. “The definition of weak sustainable development clarifies that only the accumulation level of capital matters: human-made, or artificial, capital is a sufficient alternative to natural capital. On the other hand, strong sustainability provides the distinguished features of natural resources that cannot be replaced by human made capital. Moreover, the sustainability definition is agreed by most ecologists and environmentalists “(Stoddart, 2011).

In addition to capital replacement, the definition of sustainability is popular in which it is founded on other important principles. Because the importance of intergeneration equity, several sustainable development definitions have exposed the intergeneration equity in which intergenerational equity involves the long-term scale of sustainability for sake of addressing the needs of future generations (Dernbach J. C., 1998; Stoddart, 2011). Besides, the polluters pay principle states that “governments should require polluting entities to bear the costs of their pollution rather than impose those costs on others or on the environment” (Dernbach 1998, p. 58). Thus, government policy should make sure that environmental costs are significant if it is possible; this also serves to avoid the external factors. The principle of precaution states that “where there are threats of serious or irreversible damage, lack of full

scientific certainty shall not be used as a reason for postponing cost-effective measure to prevent environmental degradation” (United Nations Conference on the Human Environment, 1992). “Hence, the proponent of an activity tolerates the burden of the evidence that this action will not cause severe harm”. Based on Rio Declaration. Responsibilities should be distributed to nations to ensure their part on the issue of sustainability development. This principle clarifies the various contributions to the environment deterioration caused by developing countries. (“Brodhag & Taliere, 2006; Dernbach, 1998; United Nations Conference on the Human Environment, 1992”). Developed nations, therefore, have greater responsibility in light of the resources they need and the pressures they drop on the environment.

Sustainable development principle involves the integration of economic, social and environmental concerns of the decision-making powers. (Dernbach, 2003; Stoddart, 2011).

Practically, sustainable development needs integration of many variables as environmental, economic and social. Therefore, sustainable development needs a high-power decision that take the environmental, social and economic concerns into their great priorities.

### **Sustainable Development Goals**

United Nations through Secretary General (2017) has reported a group of sustainability development goals as follow:

#### **Stop Forms Of Poverty Anywhere**

Aims at solving the extreme poverty through social protection measures and ensure the equality between male and female to the economic resources.

Stop hunger, prevail food security and enhanced nutrition, and reinforce sustainable agriculture

“Objectives include stopping hunger and malnutrition ending, sustainable agricultural products and high-quality food in the markets”.

### **Promote Healthy Lives For All At All Ages**

“Targets involve declining maternal mortality; ending child deaths reasons; decreasing or reducing the Acquired Immune Deficiency Syndrome other diseases; “universal health coverage, affordable substantial medicines, reproductive health care; vaccination research, and access to medicines”.

Save the inclusive and equitable quality education and reinforce lifelong learning opportunities for all.

“Targets include availability of education for all regardless their origin, color and religion. In addition to saving all educational facilities for all”.

Fulfill gender equality and empower all women

“Targets involve infringe discrimination and violence towards the women, making sure the participation of women, receiving a suitable health care and guaranteeing access of women to the economic resources”.

“Make sure the availability and sustainable management of water resources and sanitation for all

“Targets involve availability of clean and healthy water for drinking purposes, hygiene and sanitation for all, reducing pollution, increasing water quality, and enhancing the participation of water management water and sanitation services”.

“Ensure access to affordable energy services for all”

Targets involve an access to the affordable, renewable and modern energy services and an access to the alternative energy resources.

“Save inclusive and sustainable economic growth and employment for all”

Targets include stimulating sustained economic development, balancing efficiently between production and consumption; saving employment for all eliminating child labor and trafficking, protecting labor rights involving migrant workers and facilitating access to economic services.

“Establish sustainable infrastructure, stimulate inclusive and sustainable industries and develop innovation”

Targets involve reliable and balanced access to quality infrastructure, employment generating industrialization; access to economic services and markets, technology and innovation transition, and increasing access to modern information technology.

“Promote equality within and among countries and eliminate inequality”

Targets involve stimulate higher growth ratio for the bottom (40%); stimulating economic, social and political integration, eliminating inequalities in access to the financial resources; prevailing social protection for all; ensuring participation in economic decision making, and declining money transfer for migrants.

“Establish modern cities and sustainable, safe, inclusive and reliable human compounds”

“Targets involve securing access to housing, essential services and public transport for all, participatory planning of human compounds and strengthening confrontation to disasters.”

Securing sustainable consumption and production sorts

“Targets involve achieving sustainable management and sufficient use of natural resources, enhancing waste management, stimulating sustainable procurement for all, and developing capacity for sustainable development”.

Take urgent decisions and solutions for climate change impacts

““Targets involve reinforcing adaptation to climate change and natural disasters, and integrating communities that are marginalized and establishing the Green Climate fund”.



“Secure the oceans, seas and ports for sustainable development resources”

Targets involve protecting natural water features from being polluted as ports, coastal living creatures, coastal marine areas in addition to fish stock and market access for small range fishers.

“Secure, reserve and reinforce sustainable use of natural reserves, undermine desertification, and eliminate and reverse land deterioration”.

Targets involve the sustainable use of freshwater, mountain resources and forests, undermining trees, securing sea creatures and stopping trafficking of endangered species.

“Motivate sustainable development for all and facilitate access to effective, reliable and concluded justice for all institutions at all communities”.

“Targets involve undermining all forms of suppression, eliminating violence against children; reinforcing law and justice in all communities; eliminating illegal weapon trade, corruption and bribery and enhancing reliable legitimacy institutions”.

“Strengthen the legal legitimate relations with global partnership for sustainable development”.

“Targets involve empowering national and international resources; debt sustainability; technology transfer and capacity developing, reinforcing trade, enhancing policy and institutional harmony; promoting countries’ space research”.

The primitive economy, the domestic economy: economic development that avoids the procedures of occupation as much as possible.

### **Challenges to Economic Development in oPt**

““The Israeli restrictions are characterized by lack of control over imports and exports, production inputs and raw materials, siege on the Gaza Strip, land confiscation in the West Bank, natural resources access, and destructions of the airports. On the other side, the costs of

production, transportation, imports and exports have increased. Therefore, the development of the Palestinian economy is still weak as a result of Israeli occupation interference””. (PNA, 2012)

“The siege and blockade are main hinders to the Gaza Strip economy development. Israeli occupation still imposes restrictions on raw material with dual use. Based on aforementioned, the restrictions include difficulty to the access to agriculture land and the sea” (World Food Programme, 2011). Hence, three quarters of Palestinian families in the Gaza Strip depend on humanitarian assistance as UNRWA and CHF food coupons (World Food Programme, 2009).

Practically, the disengagement between the Gaza Strip and the West Bank and among the Palestinian cities of the WB is the most important factors hindering the economic growth and state building. (Kanafani, 2011). To tackle the Palestinian economy, the Israeli occupation should eliminate the restrictions which are imposed over the West Bank and the Gaza Strip and free the movement between the Palestinian territories. (Awadallah, 2011). As a result of Israeli blockade, the West Bank and the Gaza Strip are landlocked area. Even though Gaza Strip has a coastal area, but in real there is no economic flourish.

The most important is that the lack of efficiency of the production due to restrictions on the movement btw the Gaza Strip and the West (Awadallah, 2011). The economy of scale is limited due to separation btw the West Bank and the Gaza Strip. Moreover, if there is a combination (Awadallah, 2011).

### **Economic Development Guidelines**

Economic development methods are derived from the following guiding principles for the state’s economy integration.

Market are the prominent catalysts of the economy wheel. National decision-making effect economic development and growth.

“Economic growth should be fostered under the government influence. When it comes to economic development and growth, officials must understand what and how they can influence the economic growth”.

### **Critical Economic Development Policy Must Protect By Strengths.**

Any economy development should be in line with a strength to secure and protect the policy maker decisions.

Economic development attempts should produce tangible outcomes for the long-term targets or potential growth for the short-term targets. In general, economic growth is the highest impact with the lowest cost.

“Economic development plans and platforms should produce vast benefits for people and enterprises. Substantially important are required outcomes that will continue to have a needed impact even if particular businesses decline, close or shift”.

“Any targeted economic development procedures should prioritize the needs of lagging or neglected areas and of populations at the lowest rungs of the economic ladder”. In the end, the desired growth will likely be highest for low-income citizens and for remote and neglected places rather than growing ones.

“Regional economies benefit from the production of goods and services that rely upon capital intensive activities and skilled workers, and those that integrate high levels of added value”. These factors allow let businesses to compete on innovation and quality, and gain the highest profits from their goods and services.

Economic development initiatives should emphasize environmental sustainability and protect water, air and natural resources. Given the magnitude of climate change and other

environmental problems, Minnesota's economic development efforts should focus on prospects that will improve, not worsen, the outlook for the environment.

### **How Does The State Of Palestine Confront The Israeli Polices?**

“The Ex-Prime Minister Dr. Al Hamdallah (2018) stated that the State of Palestine constantly confronts critical economic and social obstacles due to the policies the Israeli occupation limitlessly imposes on the Palestinian people and their land. Speaking unconditionally, these policies target all factors of production including land, resources, and labor. Nonetheless, this noble nation has always strived to live and coexist. The creative Palestinian citizen fulfilled significant achievements and left fingerprints on all disciplines and sectors. In this context, Dr. Al Hamdallah presents, with numbers and statistics, a series of changes in the economic reality in Palestine”.

A Greater openness to international trade to reduce dependence on the Israeli occupation and to promote and support the national product.

““Statistical data indicate that the percentage of the share of imported goods from Israel is decreasing sharply. In 2017, this share has fallen to 58% from 71% back in 2012, which indicates the effectiveness of government policies that aim at reducing dependence on the Israeli occupation in developing the Palestinian economy, as well as promoting and supporting the national product. The statistics also show that the volume of abroad trade exchange increased in terms of exports and imports towards a broader trade partnership with other countries. The share of trade exchange with Israel decreased during the last three years from 70% to 60% while it grew from 30% to 40% with other world countries””.

A boost in foreign investment opportunities in Palestine.

During 2017, foreign direct and portfolio investments data pointed out that the volume of foreign investments inside Palestine is approximately \$3.4 billion. This proves genuine

progress in the Palestinian investment environment and that the State of Palestine has an attractive climate for foreign investments despite the obstacles and challenges facing the Palestinian economy. Statistics, moreover, refer that the volume of Palestinian investments abroad is estimated at \$1.7 billion, which demonstrates the opportunity of the Palestinian economy to mobilize more investments in the State of Palestine when appropriate conditions are available.

An increase in the volume of Palestinian exports and in the entry of new competitive goods into the external export list.

During the period between 1997 and 2016, the Palestinian exports grew by 142%. In 2017, the Palestinian exports exceed one billion dollars compared to 1997, where it was only \$400 million. The Percentage of increase surpassed by 100% over the past ten years. Statistics refer to the diversity in exported goods internationally as they include stones, oils, marble, furniture and some foodstuffs such as cucumbers. Recently, the Palestinian economy has been able to export high-quality premium dates, which demonstrates the ability of the Palestinian economy to produce goods with high economic competitiveness in comparison with neighboring countries. There is also an evolution in the pattern of domestically produced goods to become competitive goods that can be exported abroad.

### **A Rise In The Number Of Industrial Facilities.**

During the past five years, the number of industrial establishments and facilities in Palestine increased by 10%, accompanied by a rise in the number of workers in this sector by 10%. The Palestinian industries are concentrated in the fields of furniture, stones, gypsum, clothing, plastic and dairy product.

### **A Stability In Unemployment Rates.**

The stability in unemployment rates in the West Bank during the last five years reflects the exceptional role of the Government in this regard.

Statistical data highlights a major stability in unemployment rates in the West Bank over the past five years, to range from 18% to 19%. Unemployment rates in city centers are substantially low, for example, the unemployment rate in Ramallah city is about 4%. This demonstrates the exceptional role the Palestinian Government plays to decrease the unemployment rates. Inevitably, the number of participants in the labor market has increased due to the natural growth of the Palestinian population and the population composition, which takes the form of a pyramid population to shows that two-thirds of the Palestinian society is youth.

“In contrast, unemployment rates in the Gaza Strip are concentrated among young graduates and in Palestinian Refugee camps. The total unemployment rate in the Gaza Strip is estimated at 44% and exceeds 50% among young graduates while it is about 28% in refugee camps. Over the past ten years, unemployment rates in the Gaza Strip have risen from 30% to 44%, which means that unemployment rates increase steadily. Around 218,000 people in the Gaza Strip are unemployed, which can be attributed to the following reasons:

The repeated Israeli wars and violations against the Gaza Strip, especially in the years of 2008/2009, 2012 and 2014, which led to the destruction of all life aspects and endeavors to achieve any economic development with a real dimension.

The decade-long blockade imposed on the Strip, which has worsened the humanitarian situation there.

### **Donors' Reduction In Financial Aid And Assistance Provided To The Strip.**

The recent US decision to cut aid to the UNRWA, in a move that threatens more than 1.2 million Palestinian refugees in the Strip.

A rise in the number of establishments operating in the field of vocational training.

During the last five years, the number of establishments operating in the field of vocational training has risen, which reflects the sectoral and cross-sectoral strategies the Government conducts to eliminate high unemployment rates among young graduates.

The number of establishments operating in the field of vocational and technical training increased from 1186 in 2012 to 1668 in 2017. This increase of 41% indicates the key role the Palestinian Government plays in partnership with all sectors of the Palestinian society in order to reduce the gap between the needs of the labor market and Education outputs. More than 40% of vocational training graduates work in productive income-generating sectors compared to 21% of academic disciplines graduates working in these sectors. Despite the high unemployment rates among young graduates, unemployment rates among vocational training graduates in the West Bank are 28%, which is low in comparison to 41% in academic disciplines. Further, statistics show that vocational training graduates in the West Bank need a maximum of 4 months to obtain a job while graduates of academic specializations need 10 months, which indicates the need for such programs in the Palestinian labor market.

A decline in poverty rates in the West Bank over the past seven years.

Statistics indicate that poverty rates in the West Bank decreased from 18% in 2011 to less than 14% over the past seven years. While they increased from 39% to more than 50% in the Gaza Strip, which confirms the dire economic situation in the sector due to the previously mentioned reasons.

## **Investing In Human Resource Is A Foundation Of Development.**

### Education

Illiteracy rates in Palestine are among the lowest in the world:

Over the past two decades, illiteracy rates in Palestine have dropped from 14% to about 3%.

This reflects that the Palestinian society has belief and faith in education as a crucial vehicle to develop our Palestinian society towards a better future.

### Health

#### Significant Developments:

Statistical data shows that the number of establishments associated with health activities in Palestine increased by 20% over the past five years to reach more than 6000 establishments, accompanied by a rise in the level of employment in this sector by more than 40%. The data also indicate a rise in the number of establishments dealing with social work activities (The elderly and the handicapped) increased from 100 in 2012 to more than 150 in 2017. This was accompanied by a 20% increase in the number of workers in these activities. In addition to that, statistical data indicates that the infant mortality rate in Palestine decreased from 27 born per 1,000 born between the periods from 1990 to 1999 to reach 18 born per 1000 born during 2009 and 2013, according to the Palestinian Central Bureau of Statistics. While it reached 11 born per 1000 born in 2017, according to the Ministry of Health.

Implications of policies and how they influenced the performance of the Palestinian economy during the past few years.

Fluctuating, non-development-oriented, unsustainable growth. (World Bank, 2012).

Persistence of unemployment and poverty. (Palestinian Central Bureau of Statistics, 2011).

Internal imbalance: chronic deficit in the general budget

Imbalance between savings and investment



Growth of the services and trade sectors at the expense of productive sectors

A growing deficit in the balance of trade (goods and services)

Palestinian national accounts outline the main features of the balance of trade:

An increasing deficit in the balance of trade with relation to GDP (constituting 54.0% of GDP in the period 2005-2011). The volume of imports of goods and services surged to a landmark \$ 4 billion, while exports hovered around \$ 500 million end of 2011. This ratio is considerably high compared to neighboring Arab countries such as Jordan, with an average of 38.5 % for the period 2005-2007 (PMA, Economic indicators in Arab countries, [www.pma.ps](http://www.pma.ps)).

Low percentage of exports with relation to GDP: This share hovered between 12% -16 % on average in recent years compared to a high proportion of imports (70.0% - 73.0 %), suggesting that the Palestinian economy is import-oriented in the first place. The high ratio of imports to GDP means a high proportion of domestic income leakage, which lowers domestic demand, eventually negatively influencing the growth of GDP under the spending multiplier effect.

Israel is the largest trading partner: Available data show a high geographical concentration of Palestinian foreign commodity trade. Commodity exports to Israel (or via Israel) represented more than 90% of total commodity exports, while exports to the Arab countries was barely 5% (mostly with Jordan, Egypt and Saudi Arabia). The Palestinian imports of goods from or via Israel constituted about 80% of total merchandise imports.

Two points can be concluded from these figures. First, the Palestinian economy is still fragile and it endures structural distortions and gaps, leaving it vulnerable to shocks. Second, the Palestinian economy is substantially fragmented and isolated from the global markets; while it is highly exposed to Israel and international aid.

These impediments necessitate a reconsideration of the Palestinian economic model, together with the resulting policies and programs. To reinvigorate the economy, policy-maker should consider policies that rectify the trajectory of the economy wherever possible, of course within the volatile surrounding political developments. Perhaps, the policies taken by the successive Palestinian governments have created, and sometimes perpetuated, the gaps and structural distortions in the Palestinian economy. However, the negative impact of these policies might not be as significant as the factors discussed previously in this paper. Still, these policies could neither alleviate the burdens nor distribute them equitably. They did not also help the public sector, the private sector and individuals in the face of successive crises, and they did not expand their economic choices.

Abdelkarim (2014) suggests a number of options that the PNA take in terms of fiscal policy (in light of the current situation)

Increasing local revenues is an adequate option, but to a specific extent (e.g., we cannot assume a tax burden of 75 % of GDP to finance the entire current expenditures). Most importantly, the PA must consider the principles of "justice" and "economic stimulus" when it considers increasing revenue. The recent amendments to the Income Tax Law are attempts to increase local revenues. However, such amendment will not yield significant increases in revenues due to the inherent distortions in the Palestinian tax system which focuses on indirect taxes, particularly VAT and customs duties (on consumption) at the expense of direct taxes (income and wealth).

Austerity is a pressing option that involves economic and moral benefits. However, this option often triggers public opposition. In the Palestinian case, this option is further restricted by the unique features of current spending.

Additional borrowing is not currently available due to many reasons:

The public debt law (article 5) sets a ceiling for the public debt (40% of GDP).

Overreliance on domestic borrowing has negative economic effects: the public sector would compete with the private sector on the scant available financial resources.

The expansion of domestic borrowing from banks increases credit concentration risk.

Borrowing through issuing bonds in a private placement or public offering might be possible and attractive, especially when it targets the rich Palestinians in the Diaspora. These bonds can be based on both economic and financial returns, but the process requires either an amendment to the debt law or achieving adequate economic growth.

Soliciting additional aid (regular aid and emergency aid) might be possible from Arab and Muslim countries, but it might be unattainable from international donors if the peace process is stalled or if relations with Israel are strained.

It is probably imperative at this stage to negotiate with the Quartet and other international parties about mechanisms that oblige Israel to regularly transfer the clearing revenues to the PA's treasury without equivocation or political pressure. Perhaps, the PA can demand the presence of an international sponsor (state or institution that guarantees the continuous flow of these revenues) as a condition to return to the direct negotiations with Israel. To sum, though all of these options are necessary for a sustainable, effective national fiscal policy, none alone can adequately achieve this goal.

## **Second: In Terms Of Macroeconomic And Sectoral Policies**

Fixing distortions in the labor market by absorbing the majority of the Palestinian labor force within the Palestinian economy, particularly in the private sector: This requires mobilizing the Employment Fund and designing policies aiming at increasing the productivity of Palestinian workers by focusing on the export of high value-added goods and services (rather than exporting Palestinian labor).

Reducing the dependency of the Palestinian economy on the Israeli economy and developing economic and trade relations with Arab and Muslim countries: In this context, we might need to recall the Paris Protocol and whether it should be amended (through negotiations with Israel) or frozen until reaching a new agreement.

Supporting institutions that provide social services to vulnerable and poor groups

The Ministry has also a role to play: rather than merely focusing on humanitarian assistance, it should focus on empowering the targeted families by helping them establish income-generating projects. Other necessary actions include:

Providing health insurance for low-income individuals for nominal fees, along with providing medicines at subsidized prices.

Establishing an unemployment protection fund (a joint effort by the government, employers and employees).

Developing, on a regular basis, special programs for emergency employment. Contributing to designing training programs for non-skilled workers.

### **Fighting Inflation And Supporting Basic Goods And Services.**

Reconsidering the minimum wage law (making it more equitable and responsive to the needs of the working class) before it enters into force.

Expediting the process of establishing labor courts, which are supposed to settle disputes between workers and employers quickly and efficiently.

Supporting national products and fortifying them with the requirements of survival and resilience through:

Supporting agricultural inputs through tax breaks or direct subsidies.

Steering production according to the needs of the domestic market rather than the foreign market (i.e. import substitution rather than increasing exports).

Consolidating the role of agricultural cooperatives that help Palestinian farmers to survive and grow.

Providing temporary protection for the nascent national industries (through a well-thought policy of customs).

Monitoring imports of goods and ensuring they comply with national standards and specifications.

Applying the government's decree of prioritizing domestic products in government procurements (provided that these products meet the requirements of the Palestinian specifications and standards), even if the prices are 15% higher than imported products.

Reconsidering the recent amendments to the Investment Promotion Law: The amendment raised the capital that benefits from tax exemption from \$ 100,000 to \$ 250,000– contrary to recommendations of all related studies and reports (which believe that the government should provide tax incentives for small and medium businesses, together with large companies).

Reconsidering tariffs on imported goods (reducing fees on basic goods and raising them on products that strongly compete with local products– especially those coming from Israel and China). This also applies to VAT rates.

Launching campaigns aiming at getting rid of the settlement products from the local market and encouraging community-based initiatives to boycott Israeli products that have Palestinian alternatives.

Developing technical support programs (in collaboration with the private sector) for industrial facilities to enable them to raise the quality of their products and reduce their cost (thus increasing their competitiveness in local and international markets).

Intensifying reform efforts at all levels (judicial, administrative and institutional), fighting corruption, and wasting public resources.

## **Foreign Aid**

Since the establishment of the Palestinian Authority, the international community has provided large volume of various humanitarian, economic and social aid to Palestinians through several channels and tools, whether through a governmental, official, private or civil institutions and civil society organizations in order to help Palestinian society and the PNA to hold the Israeli occupation burdens and achieving the comprehensive development in all fields in the Palestinian society, as well as contributing in achieving the sustainable development in Palestinian economy (MAS, 2005).

The period after 2000 witnessed a significant decline in Palestinian economic, social and political conditions mainly after the outbreak of Al-Aqsa Intifada, and the Israeli occupation policies through the Israeli siege, closure and curfew, and the efforts of Israeli government to separate Palestinian areas and towns from each other that lead to a significant decline in income levels and Palestinian living conditions that pushed those donors conditions to improve and raise the humanitarian assistance provided to the Palestinian National Authority (Al-Amad, Awrtan, 1999).

Durberry, Gemmell and Greenaway (2012) estimated the effect of foreign aid on economic growth in a sample of developing countries. They found that there is direct relationship between foreign aid and economic growth and this relationship is affected by geographical location, aid allocation levels and country's income level.

## **The Objectives of Foreign Aid**

Following the establishment of the Palestinian National Authority, after the signing of Oslo Accords, and the signing of the Declaration of Principles between the PLO and Israel on September 13, 1993, an international donor's conference was held in Washington in the following month of the same year. This conference has been focusing on regulating the

provision of assistance and support to the Palestinian National Authority. Donors have specified the main objectives for foreign aid for Palestinians and the PNA hoping to reinforce a much-desired peaceful settlement between the PLO and Israel. The Europeans strongly believe that financial aid and progress in the peace process can go hand in hand in promoting economic development in the Palestinian territories. Foreign aid, if utilized well, can be instrumental in the implementation of many projects which are at the cutting edge of uplifting social conditions in the Palestinian society, and achieving better standards of living for Palestinian citizens. Further foreign aid, as perceived by Europeans, can also contribute to establishing a system in the Middle East based on collective security, stability and progress for the peoples of the region. This will work on formulating a common market for the benefit of all countries of the Middle East region, this new aspired system can be effective in containing, and perhaps removing, root causes of the conflict. It would certainly mitigate factors instigating tension and diminish different forms of violence that has been crippling the region. A much-hoped target of foreign aid, donors think, is the promotion of market economy and the consolidation of newly built democratic institutions. Economic development, combating violence, and institution building will, it is hoped, eventually reflect the promotion and protection of human rights. (Al-Amad, Awrtani, 1999).

### **Forms of Assistance and International Funding for the Palestinian National Authority**

There are several forms of international funding that is offered by donor countries to the Palestinian National Authority within the programs and activities of donor states, international organizations, and other multinational bodies. Financial assistance has taken two shapes:

International Private Funding which provide funding to private sector companies and institutions. This type of assistance tends to enjoy a high-level creditworthiness as its kind of

bypass much of bureaucratic procedures and is frequently subjected to high level of monitoring and transparency (Abu Hammad, 2011).

International Finance Official: This funding is donated by states and international organizations, non-profit. This usually takes the form of grants, aid and loans at concessional terms. Typically, this funding is directed to developing and poor countries, and this usually comes from countries that have excess cash, such as Japan and other rich and developed countries. This aid is offered through different official financing forms: such as cash assistance, through the transfer of money or the provision of in-kind assistance such as consumables, or production materials. This can also take the form of dispatching experts, specialists and advisers (Abu Hammad, 2011).

It can be broadly summarized forms of financing as follows:

Direct Funding: This form of funding comes through the direct relationship between the lender and the borrower without the presence of any bank broker or other. Governments may resort sometimes to direct financing through borrowing from individuals and institutions through the issuance of several forms of bonds with different time periods such as the issuance of treasury bills (Labad, 2002).

Indirect Funding: what characterizes this type of financing is having an indirect relationship between the lender and the borrower through the existence of a third party; such as securities brokers in the financial markets and the banks. The mediator in this type plays an important role through a combination of legal and economic requirements for savers and investors (Labad, 2002).

### **Lessons Learned From The Palestinian Experience With Foreign Aid**

International aid to the Palestinian National Authority and civil society organizations and NGOs in the Palestinian society indicates the existence of a political dimension toward a



certain political agenda behind this support, and related assistance forms. It appears that through the concentration of international aid was geared toward short run relief and restoration of some aspects in the Palestinian community stimulating and nourishing economic, social and human development, capacity building, institutional establishment, and contributing to their long run term sustainability.

We have limited coordination and networking between the public sector and civil society organizations. This is reflected in a negative and inefficient utilization of resources and the international assistance provided to the Palestinian people. Gaps exist between various software schemes leading to missed opportunities in planning and coordination of constructive initiatives and lead to fragmentation and overlap in international aid management. Further, conditionality of donors as to where is spent by passes the prioritization defined by the Palestinian National Authority such as political, economic and social agenda of donors, which are not necessarily the same as the agenda of the PNA. The need for aid appears to compromise some of the national aspirations and national interest of the Palestinians; some harsh concussing can be the price for receiving donor's aid.

The researcher, through what is studied and reviewed believes that the financial aid from foreign and international donors will not be sufficient and effective enough to strengthen the opportunities of developing the Palestinian community in the near future. Even if there will be an increase in international aid, there will be little opportunity for building a strong Palestinian economy. So long that Israeli occupation persists with all its dictation on, and its direct control over the developmental process in the Palestinian society.

## **Boycotts Of Israeli Occupation**

### **What does BDS stand for?**

B stands for Boycotts, which “involves eliminating support for Israel and Israeli international enterprises which are integrated in disrespect of Palestinian human rights, complicit Israeli institutions, cultural and academic societies”.

D stands for Divestment activities insist on financial institutions, local societies, churches, investment funds and educational institutions to eliminate investments from all Israeli interests and from international companies integrated in violating Palestinian rights”.

“S stands for Sanctions procedures insist on governments to adhere their legal obligation to consider Israel to account including by ending military bargain, free-trade agreements and eliminating Israeli occupation from international institutions such as the UN and FIFA”.

Boycotts of Israeli occupation are a political movement of eliminating economic, political and cultural ties from the occupation individuals, companies or organizations (Feiler, 1998). Boycott activities are used by those who are opponent's Israeli occupation existence, or oppose occupation violations or actions along with the Arab–Israeli conflict in order to refuse the occupation military policies.

Boycott campaigns began in the Arab world before occupation became an independent "state" and resumed through the Arab League boycott of Israeli occupation. Presently, the most eminent boycott campaign is the Boycott, Divestment, and Sanctions movement (BDS), which has gained response in the foreign countries, Occupation insists that the (BDS) activities are anti-Semitic (Feiler, 1998).

## **The Arab League Boycotts Israeli Occupation**

The Arab League shortly founded a boycott before Israeli occupation establishment in (1945), then became so called "Israel State" in 1948, (Miller, 2016) and continued and

intensified it afterwards. The Arab League boycott is an effort by its member states to isolate Israeli occupation economically to prevent Arab states and discourage non-Arabs from providing support to the occupation and adding to Israel's economic and military strength. (Turck, 1977).

As part of the Arab boycott activities, Israeli aircrafts are not allowed to fly over some Arab countries airspace. Hence, Arab boycott attempts to exist link of airspace, roads and railways between Arab countries.

Unfortunately, Arab world direct investment has deteriorated and has declined in the volume of trade due to foreign climate in the Arab World. Besides, Arab countries may not aware of the risks to their economies due to lack of well-organized plans. On contrary, Arab boycott is confronted by Israeli occupation sanctions. (Joyce, 2003).

Urging its members to involve in Arab boycott movement, the Organization of Islamic Cooperation has supported the Arab league boycott. Ten members of the organization have involved in Arab league boycott. This call was urged again on 22nd of May 2018 due to USA declaration to move its embassy to the Jerusalem city. (The Organization of Islamic Cooperation, 2014)

There has been a leap in the Arab league boycott. Egypt in 1979 and the Palestinian Authority has stopped their joining in the boycott after signing the peace treaties. The most remarkable, Mauritania established diplomatic relations with Israeli occupation in 1999 and has never joined the Arab league boycott. In addition, Morocco, Algeria and Tunisia have not support .

After the Oslo Peace Accords in 1994, the Cooperation Council of the Arab of the Gulf states, stopped their joining in the Arab league boycott against Israeli occupation (Joyce, 2003), and declared that elimination of the boycott is an essential procedure for peace and economic growth to the region countries. Now a days, the Arab league boycott is scarcely

applied and implemented. The move reinforced the economic investment between Israeli occupation and the Arab countries.

### **PA's Corruption**

“One of the key findings of this study is the pervasive culture of corruption in the PA’s institutions and its effects on the Palestinian economy. Different types of corruption were reported. The discussion mainly focused on bureaucratic and political corruption. Tanzi (1994) made a distinction between political and bureaucratic or administrative corruption. Political and administrative corruption occur when political decisions are made about the budget. Moreover, Political corruption is wasting and diverting the resources from its function to which they would have been needed. Bureaucratic or administrative corruption usually takes place when an official is in a monopolistic position with regards to the provision of goods or services by the government institution. The damaging effects include discouraging investments and hindering the growth of the private sector. Many interviewees also used terms like systematic, organised, institutional, and legalised corruption to describe the phenomenon”.

Corruption dates back to the early days of the PLO formation. Returnees came back with all the PLO’s corrupt practices. They formed the PA on the basis of Oslo Accords and misused their power and authorities to satisfy their personal interests. In this connection, Khan et. al. (2004) argue that Oslo agreements included deliberately designed antidemocratic features and structures that created incentives for corruption. The institutional architecture established by this agreement which relies on Israel’s ‘security allegations’ established an unfair Israeli control over the future Palestinian state and this was responsible for several of the most severe crises of governance. “Khan et al consider that Oslo and the subsequent accords were premised on a huge gamble by the PLO, and later by the PA. As will be discussed later, many

of the respondents perceive the ‘flawed Oslo agreements’ to be the outcome of the PLO’s corruption.”

“At the beginning, PA corruption started in the employment and recruitment process. Not keeping the right person in the right place. Many of the interviewees like to call it “political hiring”, which means hiring people in the public institutions on the basis of their political integration and belonging. Favoritism or the government positions to political supporters has been prevailed in policy practice. But other factors are also taken into account like family consideration and closeness to the decision-making centers, in other words nepotism and wasta.

“Files of Palestinian seniors accused of corruption, will be submitted to the court, said AL Natsheh, the head of Anti-Corruption Commission in the Palestinian Authority. “Through press declaration, Natsheh stated that some of the cases that have been submitted to the court are postponed because the lawyers of the accused have asked for appeal. Moreover, he stated that the mission of the commission is to bare all persons that are involved in corruption cases regardless their positions. One of these cases involves the PA's Supreme Judicial Council in Ramallah. Besides, the commission has investigated with a senior figure arrested and detained for fifteen days and other people in PA ministries.

The Commission is confronted by some parties to release persons and close cases. These cases include large companies and sectors that have involved in a financial corruption as they have received illegal large amounts of money from the PA fund. The Commission covers the West Bank and the Gaza Strip. AL Natsheh mentioned about the Commission achievement in which the Commission has recovered 70\$ million and 400 acres of land. In addition, the Commission recovered 40\$ million of Palestinian people after ruling an issue with the Egyptian Court. This amount of money was in Egyptian Telecom Company under individuals' names.

Because of the achievements of the commission, Natsheh said, “When the commission was established, it received 65 corruption cases from the Public Prosecutor’s Office, 19 of which were settled; 18 were convicted and sentenced; and the last case was acquitted after the charges were not proven.” “He added that if anyone admits voluntarily to corruption before charges are filed against them then they are exempt from punishment.”

### **The Systemic Corruption In The Palestinian Authority**

The Commission for Accountability and Integrity, a Palestinian group that monitors corruption in Gaza and the West Bank, recently released its annual report (AMAN, 2018)

Corruption in PA has reached unreal salaries, which are spent on non-existent entities, for example: “salaries and raises were paid to employees of an airline office that no longer exists on the ground.” The report stated about the Palestine Airlines, “The Palestinian treasury paid salaries to hundreds of employees in the ‘Palestinian Airlines,’ which is a governmental institution that has a board of directors, guided by transportation minister. The budget for this ‘company’ is included in the budget of the Ministry of Transport and Transportation with no details.” A demolished airline whose employees not only receive salaries, but also receive premiums and raises.

Abrams (2018) also mentioned about Gaza where Hamas controls and involves in corruption. The report appreciates the Coalition for Accountability and Integrity. It is essential to say that the Palestinian civil societies remain strong and struggle with the political factions, movements, parties and stakeholders, where they dominate the political conditions and have a curse to Palestinians.

## **Ngos And Palestinian Factions' Involvement In Corruption Practices**

### **NGOs**

In'airat (2009) findings in his study that there is an interesting the political affiliation of the NGOs and the real goals that they serve. In'airat (2009) used interviews and majority of the interviewees reported that most of the NGOs, especially those established after 1994, are established to achieve political objectives and do not serve any social or economic objectives, therefore 'NGOs are not classified on any social or economic grounds; they are only classified on the basis of their political affiliation. Some of the NGOs have been founded by leaders of political factions directly to serve the factions' objectives; others are established to serve the personal interests of those leaders. In both the cases, and to guarantee the continuous flow of foreign aid funds from donors' agencies, NGOs are also serving the political agendas and objectives of the donors who are funding them.

Interviewees are aware of the important complementary role that the NGO sector can play in supporting the government's development plans. It seems that the Palestinian NGOs are not playing their supposed role properly. But this does not mean that they do not contribute to the development process. To be fair, the majority of the NGOs who receive millions of dollars, spend no more than 5% on the development process, whereas the remaining 95% are wasted. When asked how funds are wasted, the interviewees elaborated:

"When you hear that they travel to attend a conference and they stay in hotels where the cost for one night is US\$ 400, you will ask; why?!... If such a person really wants the interests of his people, he should refuse such practices. People are living here in hardship while he travels to enjoy spending a lot of money without any returns. He is wasting the funds of the Palestinian people. He should not waste US\$ 400 that can meet the needs of one family for two months... This is a problem in foreign aid management."

### **Political Factions**

“Many of the political factions serve the interests and objectives of external actors either directly or through their affiliated NGOs. Such objectives may not intersect or may even be harmful to the national interests of the Palestinian people. Political factions have established many NGOs only to serve their interests. In addition, political factions’ behavior contributes to the prevailing chaos and added to the weakness of the PA, it helps to spread the culture of corruption. It seems that corruption in Palestine has almost become a 'way of life’” (Zakiuddin, 1998).

### **The Negative Effects Of Foreign Aid**

Basically, not only do the vast sum of humanitarian aid went out, but also it harms the Palestinian. The unemployment has increased and the economic has declined after signing the Oslo Accord in 1993. This decline has been seen due to the restrictions of Israeli occupation on people and goods. Nonetheless, the humanitarian institutions have played a role and have attempted to provide the assistance.

“Most humanitarian aid is not exploited in enhancing the Palestinian economy. Based on to the United Nations Office for the Coordination of Humanitarian Affairs approximately, (289\$) million out of (539.7\$) million is specialized for food coupons for Palestinian people in the territories. Another (20\$) million is specialized for education, (26.9\$) million for health, (89.9\$) million is for temporary accommodation for Palestinians whose homes have been demolished, (27\$) million for coordination, (41\$) million for protection, and (45.5\$) million for sanitation. Most of the financial aids are specialized for the Gaza Strip residents, who bears the greatest burdens.”

“The Palestinians receive financial aids in relation to their outstanding to the "peace Process". Most of money amounts that have been paid are specialized for education, gender,



democracy, but not for productive projects. Thus, the aim of the financial aids is to increase all Palestinian reliance on the international societies. This corruption is rampant in PA in which employees, officers, business men and NGOs workers are dependents on the international aids. Thus, the Palestinians have become passive, frustrated, and desperate recipients of international aid. "Presently, the Palestinians are between a hard place and a rock. Hence, they need to survive. Also, foreign aids limit their economy and let them to be dependent on aids and make them accustomed to laziness and dependency. Therefore, the rate of productivity is declined and deteriorated." (Sion, 2018)

The reasons of large number of employments in the PA

Two reasons were directly responsible for the excessive employment in the Public sector; corruption and the political pressure on the PA due to the high rate of unemployment, especially during the second Intifada. The first five years of the PA formation, witnessed large scale corruption that resulted in excessive employment mainly in the high-ranking posts like director generals and directors. The aims -as perceived by the interviewees- of such excess employment were to satisfy those who have 'a long history of struggle' and play a dominant role either on the basis of their rank in the Fateh movement or due to family consideration, and to create what has been termed an 'employees army who are supposed to serve as a shield of protection to the top PA dominant officials in case of transfer of power for any reason.

The second reason for excessive employment was the political pressure on the PA during the second Intifada. The PA tried to resolve the problem of the high unemployment rate caused by the Intifada and the closure of the Israeli labour market by employing large numbers of workers in both the civil service and the security apparatus. Such excessive and unproductive employment added a burden to the PA's recurrent budget (In'airat, 2009)

## **Chapter Five:**

### **Agreements and the economization of the West Bank and Gaza of the Zionist entity.**

#### **International Trade Agreements**

On the 9th April, 1994, Paris Protocol took place with the Israeli occupation.

#### **Introduction**

The Paris Protocol is an economic trade agreement to which had assigned the basic principles of free trade between the Palestinian Liberation Organization and the Israeli occupation on April 9th, 1994.

“This agreement does not meet the international conventions, and it not taken into account for the specificity of the Palestinian state under the occupation. (Abdul-Raziq, 2002). Since this agreement is placed restrictions on Palestinian sovereignty and tied up the possibility of establishing an economic and trade relations with the outside world”. As well as, it did not recognize the negative impact of the occupation in making distortions and deficits in the development process of the Palestinian economy. Added to that "the Paris Agreement terms are very general and its application depends mainly on the ethical commitment by both sides" (Shuaibi, 2013)

This agreement resembles a joint customs envelope based on three essential principles:

Free exchange of goods between both opposites with no tariff or non-tariff obstacles whatsoever.

Adoption of a unified tariff by both sides with the exception that Palestine has the right of customs determination on a restricted list of essential goods (A1+A2+B) and has the right to determine characteristics for lists (A1+A2).

A1: Goods Imported should be locally produced in Arab Countries such as Jordan, Egypt, etc.

A2 Goods Imported are allowed to be imported from Islamic, Arab or other regions.

B Goods Imported are not subject to quantitative limitations but are subject to Israeli conditions.

Regarding revenues in customs clearance, the Israeli customs has the duty of clearing the Palestinian imports on behalf of Palestinian customs and then transfer the profits to Palestine with deductions 3.5%.

This agreement contains 11 different articles on trade including but not restricted to those on agriculture, tourism, labor, insurance, industrial food and taxes. Importing and exporting goods to and from the Palestinian market and other markets is done via Israeli ports where are under the control of Israel which control trade movement internally and externally. Another advantage that Paris Protocol had given to the Palestinian Authority the possibility of signing free trade agreements and diversification of Palestinian trade.

Basically, the Protocol connected the Palestinian economy with the Israeli one through a customs union, because of controlling all the borders by Israel. Palestine still does not have independent gates to the world economy. The Protocol regulates the relationship and interaction between the two parties in six major fields: customs, taxes, labor, agriculture, industry and tourism.

### **Consequences**

“In fact, the Paris Protocol 1995 was assigned forcefully to remain for an interim period of five years. As of 2016, however, the Protocol was still applicable. The limited time of the agreement was supposed to be operative to encourage Palestinian negotiators to sign it, to be the fundamental step to make development (Gisha, 2012). More significantly, Israel accepted the Protocol conditions for Israel's continuing to allow the tens of thousands of Palestinians to work in Israel.” (B'tselem, 2012)

“Due to Hamas’ control of the Gaza Strip and the Israeli blockade of Gaza Strip, the Protocol cannot be fully fulfilled to the southern provinces. However, Gazan importers still pay Israel customs, VAT and purchase taxes on products that they import through Israel.” (Gisha, 2012)

“The Protocol specifies that Israeli currency, the New Israeli Shekel (NIS), is used in the west bank and Gaza strip as a circulating currency, which legally used as means of payment for all purposes and to be accepted by the Palestinian Authority, all its institutions, local authorities and banks. The Palestinian Authority is not allowed to have an independent separate Palestinian currency. Imports from and exports to third world countries, including quantitative limitations are liable to Israeli occupation supervision and the Protocol accord Israel a sole control over the external borders and collection of customs duties and VAT. Based on Paris Protocol, Palestinian commerce with other countries would last to be treated through Israeli occupation's sea and airports, or through the crossing borders between the Palestinian Authority , Jordan and Egypt which are also controlled by Israel (B'tselem, 2012). As of 2019, the Rafah Border Crossing is controlled by Egypt powerlessly, but Egypt supports the Israeli siege of Gaza Strip.”

### **The Main Drawbacks Of Paris Agreement**

““Knowing that the Palestinian authority has the right to amendment to any paragraph or terms of the agreement, considering that this was the most important conditions agreed before on signing the agreement. Moreover, the popular campaigns have considered that on agreement was the cause of the deteriorating economic situation of the Palestinian Authority, as well as to its successive financial crises and that no longer fit in the present time and not commensurate with the current circumstances, i.e. it's an expired agreement.” ” (Shunnar, 2012)

As explained by an economic expert "Moeen Rajab", it is clear in the agreement principles of that the texts are fixed by the strong side on the weak side, and the points that can benefit the Palestinian economy; the Israeli side did not commit to implement (Shunnar, 2013).

Of the drawbacks of this protocol, that it has identified a transitional period estimated to five years through which the implementation of the agreement based on the stages that are stipulated in the Oslo Accords. Which means that to make any amendment or change to the agreement requires out of the transitional period and start a new phase. But this did not happen; it was supposed that the transitional period expired during 1999, then be Paris Agreement "amended" will be in effect or valid, as well as the Palestinian Authority has become trapped in this period of transition. In the case of requests any amendment or revision of the items, it means that it has accepted to remain in the transition period and not over yet (Hamdan, 2012). While the second item, which stipulates for the formation of a joint committee and equal number of members from both sides, it shows that the function of the commission is the only review of the decision and is not repealed or amended.

Therefore, this means that the Palestinian Authority has only the right to review. Added to that, the reaching any decision in this committee and determine the time and place of the meetings will be only through the agreement between the two sides. So, if the occupation rejected any modification or in the case of prevarication in holding the meetings there is no guarantee for that. Thus, the Israeli side became the controlling party of the items and the strongest on the scene and is right to impose its conditions on the other side. It is clear here that the first and the second item of the Protocol constitutes the main trap to oblige the Palestinian Authority to stay on the cycle of the transitional period, and failure to obtain the right to change the terms of the Protocol. Therefore, the Israeli occupation has given himself wider powers in Palestine, at the same time permits the existence of a sovereign authority derogatory and rights of restricted and associated to the approval of the occupation.

On the issue of import and export, the occupation has consistently detained of goods and materials that pre-imported from abroad through the Israeli ports under the justification of security screenings. Besides the imposition of Israeli policies on the issue of import and export specifications and standards, as well as compel the Palestinians to abide by their policies even if they did not fit with their circumstances and business interests. It also placed restrictions on the Authority of Palestine for the trading with countries that do not recognize the occupation as a state. Thus, the inequitable Israeli policies against the goods exported or imported and the delay in the Israeli ports lead to damage and reduce the quality or delay their arrival at the right time. This inevitably will increase the cost of production also the cost of imports and exports on the Palestinian economy and reduces the rate of profit. Thereby reducing the Palestinian product capacity to compete locally and internationally. Furthermore, the specifications and standards that were imposed by the occupation on the Palestinian product, which had been formulated to serve the development goals of the economy of the occupation, without taking into account the low level of enhancement of the Palestinian economy compared to the Israeli occupation economy.

Concerning the monetary authority, its case was not different from of the other economic sectors in this protocol, since the Palestinian are deprived of monetary sovereignty when they have been denied the right to issue their own currency. Added to that, the Israeli occupation ensures for itself the trading of its currency (ILS) in Palestinian market. This inevitably making the Palestinian market vulnerable to foreign currency fluctuations and to the international financial crises. It also makes it vulnerable to fluctuations in exchange rates and financial policies of Israel. It was not fair condition, and did not look at the large discrepancy between a fledgling Palestinian industry, which is primitive compared to the Israeli industry that has an advanced level and the high quality. Thus, the allowing Israeli products to enter the Palestinian market would lead to flood the market due to its quality and abundant quantity

and low cost compared with the Palestinian product. There was a slim chance for Palestinian industry to keep up with the Israeli entity, or almost non-existent. Even if there were other conditions in this case; however, it will continue to be in favor of the Israeli occupation which does not care about the Palestinian interest, and therefore do not give consideration to any condition may promote the Palestinian product.

For the Palestinian labor, the agreement has provided for the entry of workers from both parties to work at the other end market, but it did not specify the number of workers allowed to enter, or entry procedures to the occupied territories. The Israeli occupation aim is to let the Palestinian workers work in the occupied lands and not vice versa. Certainly, this item was in the interests of the occupation, which is exploited always the Palestinian through low wages less than wages of Israeli workers. As well as, it controls through these workers - depending on the security situation - of living situation of the population of the Palestinian territories, also occupation used the Palestinian workers as an instrument of political blackmail on the Palestinian authority in the case of intensification with the resistance against them i.e. the occupation.

### **Size Of Fiscal Leakage Of Indirect Taxes**

“The Palestinian side endures important financial losses since it does not receive all indirect taxes paid by Palestinians in the West Bank and Gaza Strip on products they consume. For example, the PNA does not receive purchase taxes that are paid on purchased goods from Israel except for fuel. Identically, the PNA does not recover customs paid on external goods imported first to Israel and then re-exported to the Palestinian territories; In addition to the loss of various taxes recovered from direct purchases from Israel, which are not recorded properly. The most controversial is a set of value annexed taxes and other indirect taxes added on Palestinian imports from Israel. Palestinian businesses and simple chapmen do not

often submit the Palestinian Ministry of Finance of the needed invoices or import documents. It is now not unusual that some Palestinian businesses engage in indirect imports through Israeli intermediaries to avoid shipment clearing delays or other obstacles imposed by Israeli customs officers. Often, these imports are reportedly designated to Israel rather than to the Palestinian territories. This way, customs, VAT and purchase tax (all are flourish by the Palestinian consumer) go to the Israeli occupation. Besides that Palestinian importers are derived to either underreport the value of their imports or engage in indirect import activities because of their desire to decrease their income tax paid to the PNA. Such illegal acts have apparently doubled the bad effect on PNA's tax revenue collection. Many Palestinian and international research centers conducted theoretical studies to discover the drawbacks of the clearing mechanism provided for in the Paris Protocol Agreement. Furthermore, there are also several reports that provided estimates of the volume of financial leakage of indirect customs paid by Palestinian consumers and detained by Israel. In an EU study, Dumas (1999) concluded that the lost revenue estimated to 90-140 million dollars in 1997 (equivalent to between 2.6% and 4.2% of GDP) (Dumas, 1999). According to the World Bank (2002), tax revenue losses on indirect imports amount to \$ 133 million per a year, or 3.2 percent of GDP (World Bank, 2002) . Both of these studies, however, failed to notice the losses on direct purchases (without invoices) by consumers and merchants in the OPT.”

### **Greater Arab Free Trade Area (Gafat)**

“GAFTA is a multilateral commerce agreement between 18 out of the 22 Arab League countries aiming to fully liberate the trade of products between Arab countries. The trade agreement adopts the mechanism of gradual decrease on taxes and customs (10% per annum) eliminating customs and nontariff restrictions on goods traded amongst the 18 Arab countries which are: Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman,



Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, Iraq, United Arab Emirates and Yemen. This agreement was signed in 1997, brought into force in 1998 purposing to reach zero tariffs on 31/12/2007, and then it was modified to be on 31/12/2004. Note that Palestine is handled as a less developed state and started to apply the reductions of tariffs beginning in 2005 by 16% for a period of five years and 20% in 2011. All agricultural and animal products are applied to FTA, from Chapters 1 to 24, whether in their raw or previous form. During the liberalization process member, countries were able to exclude from tariff decrease, some agricultural goods relying on the production times, and they were also able, as per agreement during the execution process, to schedule determined goods for fast liberalization.” (PALTrade, 2018)

“However, this agreement shows some restrictions. First, although tariffs have been driven away, some (GAFTA) members have presented new trade limitations, which can be taxes or other NTBs. Secondly, the (GAFTA) agreement remains an excellent example of “shallow integration”. It suffers from many problems, including the no presence of full fledged dispute settlement method (although there are efforts to have done), the disability to reach a detailed principles of origin scheme, a powerless system of harmonized standards, the decline of harmonization of competition rules as well as the decrease of protection of intellectual property rights. Besides, there is no provision for labor movement. Finally, there is a decline of supra-national institutions or a strong leading Arab country to find solutions the trouble of controversial matters. In other words, essentially all elements of “deep” integration are not included from GAFTA.”” (Ghoneim, 2008)

### **Integration And Commerce In The Arab Area: An Overview**

“As mentioned in the introduction, trade in the Arab world is described extensively in literature concerning the economic involving. Hence, this section aims at giving an

introduction and a summary for the main characteristics of this South-South integration process. Trade integration is an old issue in the Arab world. Starting with establishing the Arab League in (1945), many attempts have been made to develop regional, political and economic integration.”

The (1950) Accord for connecting Defense and Economic Cooperation, the (1953) Charter for Facilitating and Organizing Transit Trade, the 1957 Arab Economic Coalition Agreement, the (1964) Arab Common Market, the (1981) Gulf Cooperation Council, the (1989) Arab Cooperation Council as well as the 1989 Arab Maghreb Union (Neaime, 2005). However, these conventions have generally not been applied.

As the beginning of 2005, the treaty reached full commerce liberalization of products via the full exemption of customs duties and charges having similar impact between all Arab state’s members of the GAFTA. As a result, since 2005 Palestinian exports enjoy free duty quota and free treatment in all Arab states that are members of GAFTA.

“Within GAFTA, Palestine is dealt with as least developed state and started to implement the reductions of tariffs beginning in 2005 by 16% for a period of five years and 20% in the last year. Recently, Palestinian customs began to repay the value of customs duties paid by Palestinian importers for products that are managed to customs exemption under this treaty, as a compulsion of the membership of Palestine in the Arab Free Trade Area. Therefore, Palestinian merchants enjoy duty free quota and free access for all products to and from all Arab states in GAFTA.”

“GAFTA has many useful benefits on the integrated countries including the enlargement of their market, growth of investment chances, regulation of equitable competition, and development of research. It is one of the most significant economic accomplishments in the area of Arab common work. It participates in the efforts of establishing the Arab Common Market.”

“To further contributions in the economic integration between Arab states via liberalizing trade in both products and services, Arab countries are presently involved in negotiations to liberate services and investments among them. This free trade area is only a first step towards establishing a customs unity by 2015 on the way to a public market by (2020). ”

### **Interim Agreement on Trade and Cooperation with the European Union**

The Interim Association Agreement was signed between the Palestine Liberation Organization and the European Commission in (1997) in favour of Palestine. This treaty came because of the Barcelona Process that commenced by Euro-Mediterranean of Foreign Ministers in November (1995) to promote the relation between other Mediterranean countries and Europe. This process formulated an innovative alliance based on the regulations of joint ownership, cooperation and dialogue.

“This agreement began with an urgent duty-free treatment of bilateral industrial trade, and duty-free quotas for agri-business, agricultural, and fishery products. In January 2012, the agreement between the European Commission and Palestine executed, creating a duty free, quota free regime for the import of Palestinian agricultural, processed foods, and fish products to the European markets.” (PALTrade, 2018)

“Based on IAA, Palestine was amongst the first partner states to be involved in the European Neighborhood Policy (ENP) in 2004. ENP gives a chance to Palestine to begin the process of state establishment including building all the important infrastructure societies and human resources enhancement using the EU technical and financial support. This relation is not only restricted to plain cooperation but also involves economic integration and strengthening political cooperation.”

### **The Package Includes Three Crucial Measures:**

Facilitating medium for Palestinian exports to Euro-Mediterranean countries.

Affiliation of the Palestinian economy in the multilateral trading system.

Reinforcing the administrative capacity to develop trade of Palestinian products to Euro-Mediterranean markets.

The scope of the IAA can be abstracted as follows:

Progressive trade liberalization.

Anticipated economic and social development in Palestine

Compose balanced economic and social relations between the two sides.

Regional collaboration.

Detailed dialogue between the two sides.

Configuration of the Union for the Mediterranean in July 2008 as a relaunched Euro-Med partnership (The Barcelona Process).

Agreeing on the Palermo Protocol for harmonized principles of origin as a means to diagonal accumulation of origin with Partners within the Euro-Mediterranean area for export to European countries.

### **The Agadir Agreement (Aa)**

“On 25 February 2004, the (AA) was signed in the city of Rabat between Egypt, Jordan, Morocco and Tunisia. The treaty entered into force on 6th July 2006 after completing the documentation requirements. The real accomplishment was possible since March 27th 2007, after the publishing of customs reports of the four-member countries.” (Agadir Technical Unit, 2015)

“Concerning the accession to the Agadir Agreement, in March 2017 Foreign Ministers approved the accession and agreed that the technical accession protocol should be finalized in six months from then. The procedure is still ongoing. The EU has expressed to the Members of the Agadir Agreement its encouragement to ensure a swift ratification of the protocol of accession. In the meantime, the EU asked Agadir Technical Unit to already integrate the Palestinian Authority in the different ongoing activities and meetings.” (Technical Progress Report, 2018)

The European Union (EU) intends to adopt the necessary measures in early 2011 to grant duty free and quota free access for all those Palestinian products that do not already have such treatment under the EC-PLO Interim Association Agreement and its subsequent amendments;

Parties to the Agadir Agreement intend to figure out procedures for the accession of the Palestinian Authority (PA) to the agreement by early 2011. The EU and other Euro Med partners will support PA's efforts to join the Agadir Agreement and will support, as needed, its implementation by the PA.

“The PA will explore with neighboring countries to consider and conclude agreements to facilitate regional transit and transportation of Palestinian products (both exports and imports) and the EU would support, as necessary, these efforts;

“The PA will continue to review its trade and investment regime as regards both goods and services with a view to facilitate investment and exports of Palestinian products and services. The EU and other Euro Med partners will support the PA efforts as highlighted in Section 3 of this document.”

### **Interim Agreement With The EFTA Countries**

“Four-member states of the European Free Trade Association (EFTA) which are Iceland, Liechtenstein, Norway and Switzerland signed an Interim Agreement with the PLO in 1998. The treaty grants duty-free treatment for most Palestinian and EFTA industrial products, fish and other marine goods. Most of Palestinian and EFTA-processed agricultural products are provided decreased tariffs and some benefit from full duty-free treatment. The PLO signed discrete protocols with the four EFTA states to specify agricultural duty-free products, because EFTA states do not participate a common agricultural policy. The EFTA law of Origin is the same as implemented by the European Union.” (Palestinian Economic Policy Institute, 2008)

### **Interim Agreement On Trade With Turkey**

“Economic treaty with Turkey in 2004, Turkey signed an Interim Free trade Agreement with the Palestinian Liberation Organization. The treaty was to gradually create a free trade area and to advance economic and trade collaboration. One of the aims of the agreement was to gradually overcome troubles and barriers on the trade of goods, including agricultural products. Another was to grant just conditions of competition in trade between the sides.” (Palestinian Economic Policy Institute, 2008)

### **Framework on Economic Cooperation and Trade between Palestine and Canada**

“In 1999, Canada signed an Interim Free Trade Agreement with the PLO. The treaty provides tariff dispersion on industrial products and tariff decrease or dispersion on agricultural products and processed food, in accordance with established quotas. The products must meet the Canadian Rule of Origin to utilize from the agreement.” (Palestinian Economic Policy Institute, 2008)

**Free Trade Agreement with Egypt****Economic Agreement with Egypt**

“In 1994, Egypt signed an Interim Agreement with the PLO. The Palestinian-Egyptian Trade Agreement identifies that Egyptian products of national origin are exempt from customs and other duties if they are mentioned in lists A1, A2 or B of the Paris Protocol. Palestinian products are given duty-free entrance to Egypt according to a defined list and if they meet the requirements of the Egyptian Principle of Origin.” (Palestinian Economic Policy Institute, 2008)

**Economic Agreement with Jordan**

“In 1998, Jordan signed an Interim Agreement with the PLO. The Palestinian-Jordanian Trade Treaty grants preferential tariffs for products traded between Palestine and Jordan. Products mentioned in Lists (A1, A2, and B) of the Paris Protocol entering Palestine and the agreed-upon goods entering Jordan are duty free, if the import volume does not transcend predetermined quotas and the products satisfy the Jordanian Principle of Origin.” (Palestinian Economic Policy Institute, 2008)

## Chapter Six

### Conclusion and Recommendations:

#### Conclusions

This paper scrutinized the impact of Israeli occupation on the Palestinian economy based on analyzing the context and commercial content of the Palestinian economy as well as the analysis of the Israeli methods in politicizing and shaping the Palestinian economy to make it entirely dependent on the Israeli economy, from 1979 to 2000. the results indicated that there is no horizon for real economic development in light of the barbaric occupation that strikes all the international laws and agreements.

#### Results of the study

1. The Israeli occupation forces a horde of limitations on the Palestinian economy that are impeding any prospects of supportable financial development in the involved Palestinian domain.
2. The majority of these restrictions are imposed on Area C, of which only a small part is accessible to Palestinian economic agents, and is fully subject to Israeli military control.
3. The impact of occupation restrictions is not limited to the direct cost paid by Palestinian, but exceeds that to include indirect costs resulting from loss of potential development of vital industries that mainly depend on such access.
4. The main features of the Palestinian economy in the West Bank and Gaza Strip as *agriculture, trade, tourism, transportation and communication taxes, foreign aid* are subject to the Israeli occupation sanctions and restrictions.



5. Area C has the potential to contribute greatly to the Palestinian economy and future economic development; however, present restrictions under the Israeli occupation prevent such opportunities for flourishing.
6. The transitional period estimated to five years, through which the implementation of the agreement based on the stages that are stipulated in the Oslo Accords, is the golden period for the occupation to disrupt and revoke the agreements.
7. There is no power in the world that can guarantee Israeli occupation commitment to the signed agreements.
8. Israel is practicing racial discrimination against Palestinians and impeding the economic growth.
9. Economic agreements did not achieve the basic needs of life to the Palestinians because of the Israeli occupation aggression.
10. The weakness of the provisions of the Paris Protocol, it helps the growth of the Israeli economy such as tax revenues include goods imported directly without an intermediary, but the occupation deliberately enters the goods through an Israeli mediator so there are no tax revenues of the Authority.
11. The method of importing goods from abroad in a back-to-back manner has caused additional fees and expenses that strain the Palestinian economy.

## **Recommendations**

The researcher recommends the followings:

1. Reviewing the economic agreements signed with the Israeli occupation
2. Finding a method of tax collection away from the Israeli occupation intervention.
3. Finding an independent regulatory body that fights financial and administrative corruption in the Palestinian Authority.
4. Activating the role of legal accountability against cases corruption in the PA.
5. Encouraging and supporting Palestinian farmers and provide them the equipment.
6. Encouraging economic projects and infrastructure projects in area C.
7. Supporting the resilience of all Palestinian workers in area C.
8. Disengaging the Palestinian economy from the Israeli economy and finding an alternative currency instead of the Israeli shekel.
9. Boycotting Israeli goods and refusing these goods in the Palestinian markets.

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- أبو حماد، ناهض محمود. (2011) التمويل الدولي للمؤسسات الأهلية الفلسطينية وأثره على التنمية السياسية في قطاع غزة 2010-2000.
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## الملخص

هدفت هذه الدراسة إلى تقديم دراسة نوعية عن تأثير الاحتلال الإسرائيلي على الاقتصاد الفلسطيني، لرفع الوعي بأثر علاقة الاحتلال على الاقتصاد الفلسطيني. كما و تحديد العوامل الرئيسية التي تؤثر على العلاقة بين الاحتلال وتدبيره التعسفية من جهة ، وتنمية الاقتصاد الفلسطيني من جهة ، لهدف تحسين كفاءة الاقتصاد الفلسطيني. كما و تهدف إلى المساهمة في توجيه وتعميم الأنشطة الاقتصادية الفلسطينية ذات البعد الداخلي والبدائي بدلاً من الانخراط في الأنشطة التي تطلبها إسرائيل.

المنهجية المستخدمة في هذه الدراسة هي منهجية تحليل السياق والمحتوى التجاري للاقتصاد الفلسطيني وكذلك تحليل الأساليب الإسرائيلية في تسييس وتشكيل الاقتصاد الفلسطيني لجعله يعتمد كلياً على الاقتصاد الإسرائيلي للإجابة على سؤال "كيف تؤدي الأعمال القمعية الإسرائيلية إلى اعتماد فلسطيني أكبر على الاقتصاد الإسرائيلي؟"

تناولت هذه الدراسة دور الاحتلال في تقييد ركائز الاقتصاد الفلسطيني كالزراعة والتجارة والسياحة والاتصالات والنقل والضرائب والصناعة. لقد استنفذ الاحتلال الإسرائيلي الاقتصاد الفلسطيني من خلال مصادرة الأراضي الفلسطينية وإلحاق الضرر باستثمار رأس المال الفلسطيني. بالإضافة إلى ذلك، قيّد الاحتلال الإسرائيلي الاستثمار في الاقتصاد الفلسطيني من خلال بناء جدار الفصل ونقاط التفتيش العسكرية في جميع أنحاء الضفة الغربية وقطاع غزة. بالتالي، يمارس الاحتلال الإسرائيلي أسوأ أشكال التمييز العنصري والفصل العنصري في القرن الحادي والعشرين.

جدير بالذكر أن السلطة الفلسطينية تتحمل أعباء لمواجهة تهديدات الاحتلال الإسرائيلي للنمو الاقتصادي لكن إجراءات السلطة الفلسطينية للتنمية المستدامة ليست كافية ولا تواكب التحديات الحالية للاقتصاد الفلسطيني. ويعد الفساد عاملاً رئيسياً في شل الاقتصاد الفلسطيني حيث لا تزال المساءلة القانونية بحاجة إلى المزيد من الشفافية

تأثر الاقتصاد الفلسطيني بالاتفاقيات الاقتصادية. بروتوكول باريس ( Paris Protocol ) هو اتفاق تجاري اقتصادي أبرم في 9 أبريل 1994 في باريس بين منظمة التحرير الفلسطينية وحكومة إسرائيل ينص على المبادئ الأساسية للتجارة الحرة بين الطرفين. هذا الاتفاق لا يفي بالمواثيق الدولية ، ولا يأخذ في الاعتبار خصوصية الدولة الفلسطينية تحت الاحتلال. وضع هذا الاتفاق قيوداً على السيادة الفلسطينية وقيد إمكانية إقامة علاقات اقتصادية وتجارية مع العالم الخارجي كما أنها لم تعترف بالتأثير السلبي للاحتلال في إحداث تشوهات وعجز في عملية تنمية الاقتصاد الفلسطيني.

أشارت نتائج تحليل السياق والمضمون التجاري للاقتصاد الفلسطيني إلى أن الاحتلال الإسرائيلي يفرض حشداً من القيود على الاقتصاد الفلسطيني يعوق أي آفاق للتنمية الاقتصادية و المالية المدعومة في المجال الفلسطيني، ولا يوجد أفق للتنمية الاقتصادية الحقيقية في ضوء الاحتلال البربري الذي يضرب بعرض الحائط جميع القوانين والاتفاقيات الدولية حيث لا

يقتصر تأثير قيود الاحتلال على التكلفة المباشرة التي يدفعها الفلسطينيون، بل يتجاوز ذلك ليشمل التكاليف غير المباشرة الناتجة عن فقدان التطوير المحتمل للصناعات الحيوية التي تعتمد بشكل رئيسي على مثل هذا الوصول..

كما وجدت هذه الدراسة أنه لا توجد قوة في العالم يمكن أن تضمن التزام الاحتلال الإسرائيلي بالاتفاقيات الموقعة و التي لم تحقق الحاجات الأساسية للحياة للفلسطينيين بسبب عدوان الاحتلال الإسرائيلي.

وفي الختام توصي الدراسة بفصل الاقتصاد الفلسطيني عن الاقتصاد الإسرائيلي وإيجاد عملة بديلة بدلاً من الشيكل الإسرائيلي. وكذلك مقاطعة البضائع الإسرائيلية ورفضها في الأسواق الفلسطينية و مراجعة الاتفاقيات الاقتصادية الموقعة مع الاحتلال الإسرائيلي لتحقيق التنمية الاقتصادية.