



World Bank estimates Israeli restrictions cost Palestine \$3.4 billion a year

For many years, Israel has imposed severe restrictions on Palestinian access to, and economic activity in, Area C in the West Bank.

In its report *Area C and the Future of the Palestinian Economy* (published in October 2013), the World Bank estimates that, if these restrictions were lifted, the total potential value to the Palestinian economy could amount to around \$3.4 billion or about 35% of Palestinian GDP at 2011 levels.

The resulting increase in revenues for the Palestinian Authority could be as much as \$0.8 billion, which would notionally cut its fiscal deficit by half, thereby significantly reducing its need for support by international donors.

The Palestinian Authority has no jurisdiction in Area C, which contains around 61% of the land area of the occupied West Bank. It is contiguous. The rest of the West Bank (Areas A and B) consists of 166 “islands” of territory within Area C. Israel has illegally transferred around 350,000 of its citizens into Area C, where they live in 125 colonies and a further 100 or so outposts. Colonisation of this kind is a war crime under the Rome Statute of the International Criminal Court.

These arrangements, established by the Oslo accords, were supposed to be temporary. Under the 1995 Israeli-Palestinian Interim Agreement, the transfer of Area C to Palestinian jurisdiction should have been complete by 1997. This didn't happen and in the meantime Israel has maintained severe restrictions on Palestinian access to Area C for most kinds of economic activity – and by so doing has strangled Palestinian economic development.

The World Bank report says

Area C is key to future Palestinian economic development, because it is richly endowed with natural resources, including:

- large area of fertile land for agriculture, with the water to irrigate it
- valuable minerals, principally potash and bromine in the Dead Sea, which is already exploited by Israel and Jordan, but not Palestine
- large amounts of stone for quarrying
- major global tourism potential, especially around the Dead Sea

But Israel has prevented Palestinians from making use of these resources. For example:

Agriculture: *“Area C includes almost all the land of the West Bank suitable for agricultural production ... Palestinian access to much of this land though, is either prohibited or severely restricted The Land Research Center (LRC) has estimated that almost half a million dunums of land suitable for agriculture in Area C is not cultivated by Palestinians.*

Some of this cannot be cultivated because of restricted access – LRC estimates that 187,000 dunums are cultivated or occupied by Israeli settlements – and some of it cannot be cultivated due to lack of water. In addition, another 1 million dunums could be used for rangeland or forestry were current restrictions lifted. Although of lower economic potential, this land could generate useful income, as discussed below.” (p 9)

Minerals: *“Proven vast mineral deposits exist in the Dead Sea, offering major potential for the Palestinian economy. As the large international corporation Israeli Chemicals, Ltd. (ICL) notes in its 2012 annual report, ‘The Dead Sea is a vast (practically inexhaustible) and highly concentrated source of reserves of potash, bromine, magnesium and salt’. Access to this resource endowment would permit the emergence of several large industrial activities based on the extraction of potash, bromine and magnesium, as well as salts and secondary industries such as cosmetics. As yet, though, the Palestinian economy is unable to benefit from this potential due to restricted access, permit issues and the uncertainties of the investment climate. This contrasts sharply with the experience of Israel and Jordan.” (p 11)*

Quarrying: *“Palestinian stone mining and quarrying is already Palestinian territories’ largest export industry with exports based on the famous ‘Jerusalem Gold Stone’. However, this is a struggling industry, due to an inability to obtain permits to open new quarries, and with most existing quarries in Area C unable to renew their licenses.” (p ix)*

Tourism: *“Area C has major global tourism potential, but for Palestinians this remains largely unexploited due to a large degree to current restrictions on access and investment, in particular around the Dead Sea. Palestinian Dead Sea tourism development was envisaged in the Interim Agreement, but has not yet emerged.” (p ix)*

In addition to these specific Israeli constraints on economic activity, Israel continues to impose severe restrictions on movement and access. As the World Bank Report says:

“The movement of people and goods into and out of the Palestinian territories, and within the West Bank, is severely limited by a multi-layered system of physical, institutional, and administrative impediment. Physical barriers are compounded by unpredictable regulatory measures and practices – notably the large list of “dual use” items that cannot be imported because Israel regards them as a security risk –and by limited access to water and to the electromagnetic spectrum.” (p 3)

This behaviour by Israel is outrageous. Think about it. It has taken over Palestinian land in the West Bank by force. It has occupied this land for nigh on half a century. It has colonised it. And it prevents Palestinians who live there from making use of their own resources for economic development in order to reduce unemployment and poverty rates.

There is only one explanation for this callous behaviour. It is that Israel is intent on making life under occupation so miserable for Palestinians that they leave their own land.

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For further information, see Sadaka Paper [The Economic Strangulation of the West Bank: The World Bank Report on "Area C"](#)