



# **UNCTAD Assistance to the Palestinian People: Developments in the Economy of the Occupied Palestinian Territory**

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**Report on UNCTAD Assistance to the Palestinian People:  
Developments in the Economy of the  
Occupied Palestinian Territory**



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## **Note**

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In accordance with the relevant resolutions and decisions of the General Assembly and Security Council, references to the Occupied Palestinian Territory or territories pertain to the Gaza Strip and the West Bank, including East Jerusalem. Use of the term “Palestine” refers to the Palestine Liberation Organization, which established the Palestinian National Authority (PNA). References to the “State of Palestine” are consistent with the vision expressed in Security Council resolution 1397 (2002) and General Assembly resolution 67/19 (2012).

## **Executive summary**

Fifty years have passed since Israel occupied the Gaza Strip and the West Bank, including East Jerusalem; five decades of de-development, suppressed human potential and denial of the right to development, with an economy incapable of employing one third of its workforce and featuring extremely high unemployment among women and youth. In 2016, the Occupied Palestinian Territory witnessed deteriorating humanitarian conditions, decreasing donor support and the continuation of the restrictive measures imposed under the occupation. Israel accelerated settlement expansion in violation of Security Council resolution 2334. The international community should assume its responsibility to support the Palestinian people to withstand the adversities of prolonged occupation.

UNCTAD successfully delivered technical cooperation, training and advisory services to the Palestinian people, and completed a project on developing Palestinian trade facilitation capacity. Additional resources are required for UNCTAD to assess and report on the economic costs of the Israeli occupation, as requested in General Assembly resolutions 69/20, 70/12 and 71/20, and to upgrade Palestinian capacities for public financial management.

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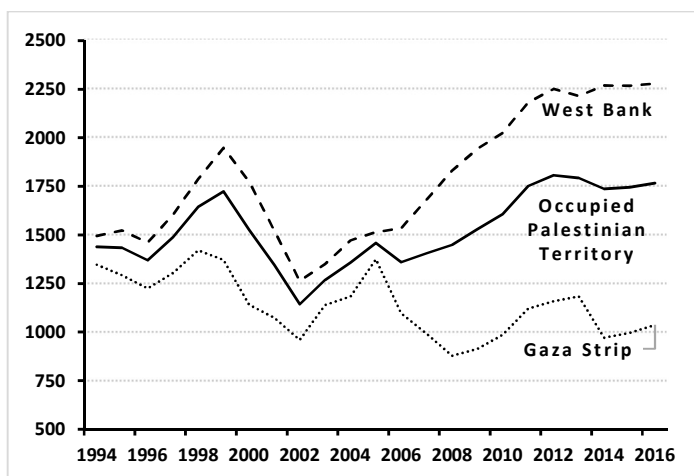
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## I. Prolonged occupation, economic stagnation and de-development

2017 marks the fiftieth anniversary of the Israeli occupation of the Gaza Strip and the West Bank, including East Jerusalem; the longest occupation in recent history. For the Palestinian people, these were five decades of de-development, suppressed human potential and denial of the basic human right to development, with no end in sight. Instead of the hoped-for two-State solution envisaged by the United Nations and the international community, occupation is currently even more entrenched, while its complex socioeconomic toll has worsened over time.

Despite a 4.1 per cent growth in gross domestic product (GDP) in 2016, the productive capacity of the Palestinian economy continued to erode, economic performance was far below potential and unemployment persisted at levels rarely seen around the world since the Great Depression. In addition, in 2016, real per capita GDP was roughly at the level in 1999; \$1,766 in constant 2004 dollars (figure; table 1).

**Real gross domestic product per capita, 1994–2016**  
(Constant 2004 United States dollars)



Source: Palestinian Central Bureau of Statistics (PCBS).

In 2016, 3 per cent GDP growth in the West Bank barely kept up with population growth, and did not have much positive impact on per capita income. In Gaza, although the economy picked up, with real GDP growth of 7.7 per cent, this growth reflected only reconstruction activities to repair the extensive damage caused by the Israeli military operation in 2014. Despite this growth, the de-development of Gaza continued unabated. Since the conclusion of the Oslo Accords in 1995, per capita GDP in Gaza has shrunk by 23 per cent (figure).

As in previous years, in 2016, GDP growth was driven by an unsustainable expansion in domestic demand, in particular private consumption, which accounted for 26 per cent of bank credit to the private sector. While the relative importance of private consumption in economic growth increased relative to government consumption, investment and exports continued to lag behind.

#### **A. A stifled economy, impaired competitiveness and loss of resources**

The observed GDP growth should not obscure the bleak economic reality of the ongoing erosion of the productive base and continuing loss of land and natural resources to settlements and the annexation of land in the West Bank, as well as fragmentation of the economy into disconnected markets and regions and restrictions by Israel on the importation of essential production inputs, all of which escalate production costs, depress investment and inevitably set the economy onto a distorted path of high unemployment and widespread poverty.

Furthermore, asymmetric economic relations continue to reinforce the imposed Palestinian economic dependence on Israel. Throughout the decades of occupation, Israel has consistently accounted for the largest segment of Palestinian international trade. This continued in 2016, with Israel accounting for at least half

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