

Report from UNCTAD's Trade and Development Board (TDB) 54th session  
9 October 2007  
Agenda item 8 b) - Report on UNCTAD's assistance to the Palestinian people

The meeting was opened by UNCTAD's Deputy-Secretary General Lakshmi Puri who noted that UNCTAD has a long history of assisting the Palestinian people. She highlighted the reports focus on the impact of conflict on Palestine. She urged the states to provide immediate relief to the Palestinian people and to provide them with wider range of policy instruments i.e. to give Palestinian policy makers the necessary tools to overcome the economic crisis. She assured participants that UNCTAD will intensify its efforts to strengthen the Palestinian authority's capacity to promote economic growth.

An introduction by Mr. Mahmoud A.T. Elkhaif, Officer-in-Charge of the Assistance to the Palestinian People stated that the question of assistance to the Palestinian people has been on the agenda of the TDB every year since 1984. This indicates that it is a chronic situation that has trapped the Palestinians in a reinforced cycle of de-development. He suggested that UNCTAD should leave the humanitarian and political questions to other UN organs and focus on the isolation of the Palestinian economy from the rest of the world that has led to a dependence on imports because of weak production capacity. In Gaza more than half of the population is un-employed or underemployed. He also highlighted the problem of Palestinian dependence on Israel and that imports from Israel amount up to twice of what Palestine receives in foreign assistance.

The report suggests two measures to improve the economic situation:

- Re-routing of trade. Palestinian trade should expand beyond the Rafah corridor in order to ensure secure trade.
- Support from international society to expand the Palestinians policy space. In practice this would imply donor countries to resume their financial assistance directed to the Palestinian authority without attaching political conditions that restrict the Palestinian authority's political self-determination.

Palestine opened the general debate expressing hope that the efforts of UNCTAD will be intensified. They drew attention to the fact that the main problem is the continued occupation by Israel and that Israel's "security measures" have devastated the Palestinian economy. As a consequence there is an increased dependence on foreign aid. There is a need to put the economic conditions in a political and historic perspective. It takes more than aid and policies to solve the situation. Real and sustainable growth takes more than policies and is also dependent on a new agreement with Israel. There is clearly a need to break the patterns of dependence. The Palestinian economy has been deprived of the benefits of its resources and the Palestinians have been denied the right to development. An end to the foreign occupation is the only sustainable solution to this situation.

Israel asserted that they support UNCTAD's assistance to the Palestinian people, the building of a competitive Palestinian economic structure and modern and developed Palestinian institutions. They claimed that there is a need to take all factors into account and acknowledge that it is impossible to sustain economic development in an environment of continued violence [sic]. Further, Israel questioned why this specific issue was discussed in this forum when there are a lot of other areas that could benefit from the attention of UNCTAD. They also accused the report of being political and one-sided. They blamed the economic situation

on Hamas' control of the Gaza strip and claimed that they are chasing away foreign investment. They said that the report ignores the lack of good governance from Palestinian authorities, and that questions such as monopoly; corruption and lack of transparency were not addressed. They also disapproved of the fact that the report does not mention how terrorism affects the Palestinian economy negatively. In their conclusion they opposed the suggestion of re-routing Palestinian trade because it could have a negative impact to the Palestinians due to the loss of a strong commercial partner.

Iran, Japan and the League of Arab States articulated their interest in re-routing Palestinian trade. Japan would also like to cooperate in the building of an industrial park in the border area between Gaza and Egypt. Iran agreed with the conclusion in the report that re-routing of Palestinian trade to ports in Egypt and Jordan constitute the second best solution until a Palestinian seaport can be constructed in Gaza. Iran claimed that alternative routes to trade could be a critical element to break the isolation of the Palestinian economy through the diversification of trade and Palestinian integration with the world economy. Both the League of Arab States and Iran gave attention to the economic consequences of the construction of the wall. Iran pointed to the acceleration of internal fragmentation because of the isolation of the Palestinian economy. This has locked the Palestinians into a vicious circle of development and made the economy increasingly dependent on aid and import from the occupying entity. As a consequence the trade deficit and imports have increased sharply. In their conclusion Iran stated that the barrier poses serious obstacles to Palestinians in all areas of life.

The rest of the statements mainly focused on political and humanitarian aspects of the question. The EU did not mention the proposed re-routing of trade, but focused instead on the ongoing talks between Israel and Palestine and expressed its strong commitment to building a lasting peace in the Middle East. The EU also stated that they will resume their financial and technical assistance to the Palestinians. The USA focused on the political situation and urged UNCTAD to focus on support to the Palestinian government. Oman spoke on behalf of the Asian group and China and highlighted the devastating consequences of donor restrictions. They urged the international community to remain focused on long term objectives (including the establishment of a Palestinian state) while not ignoring short term needs. They expressed concern about the increased security measures that isolate the Palestinian economy from the rest of the world. These conditions create a risky environment for private investment. Finally, they called for internationally promoted peace settlement to revitalize the process towards a comprehensive peace.

Chad who spoke on behalf of the African Group was concerned about the isolation of the West Bank from Gaza and called on the international community to provide aid to the Palestinians. The African Group also suggested that the Palestinian question should occupy an important place in discussions for the preparations for UNCTAD XII in Ghana next year. Cuba reaffirmed need to mobilize international resources to deal with the ongoing humanitarian crisis on Palestinian territory. They also criticized the economic blackmail of donors and declared that they are undermining the stability of the region. Finally they share the hope that technical assistance will help the Palestinians, but emphasized that peace and political stability is necessary to solve the situation. China agreed on the need for more assistance to the Palestinians and enhanced the importance of the implementation of existing UN resolutions on Palestine.