



Summary of Palestinian Report to AHLC **Palestine: A State Under Occupation**

19 March 2013

The government of the State of Palestine maintains:

To achieve a sovereign, independent and democratic state, free from occupation, and to implement the national plan, requires more than building institutions in “Area A” and “Area B”. The Palestinian economy cannot thrive under occupation, as specialized agencies have repeatedly noted. A prosperous, sovereign and independent Palestine requires international support to allow us to capitalize on progress achieved to date and help us reach the full potential of development in those parts of Palestine currently categorized as “Area C”, including East Jerusalem. Exercising our right to establish sovereignty of the State of Palestine on the land occupied by Israel in 1967 border is impossible without full access to that 64% of the West Bank that remains under full and direct Israeli military control, the so-called “Area C”. This is an integral part of the State of Palestine, the backbone of the Palestinian economy, and true sovereignty depends on Palestinian control over it.

Below is a summary of the 49-page report submitted by the government of the State of Palestine to the AHLC meeting, convening this Tuesday 19 March in Brussels.

Current Situation:

- Israel currently has full control over 64% of the West Bank, including East Jerusalem; designated as Area 'C' in interim agreements. Israeli occupation authorities only allow Palestinian construction in 1% of Area 'C', albeit with severe restrictions.
- Israeli occupation regime bars Palestinians from travelling on 2,116 km of roads in the West Bank, comprising 21.2% of all roads.
- Israel exploits 90% of the joint trans-boundary water resources in the West Bank for exclusive Israeli use, including illegal Israeli settlements, in violation of international law. It allocates a mere 10% of these resources for Palestinian use. Consequently, Palestinian per capita daily consumption of water in the West Bank is 70 liters, which is critically lower than the minimum per capita daily consumption of 100 liters, recommended by the World Health Organization. In stark contrast, Israeli settlers water consumption is 300 liters per capita per day.
- In 2012, the Israeli government increased tenders for settlement construction by more than 250% compared to 2011.
- In 2012, Israeli occupation authorities demolished 604 Palestinian-owned structures in Area “C”, thereby displacing 880 Palestinian citizens.
- Currently, Israel holds approximately 4700 Palestinians in prisons, including 15 Legislative Council Members and at least 190 children, as well as approximately 200 persons under administrative detention.



Current Financial Situation:

- Real GDP growth during the first 3 quarters of 2012 was 6.1% compared to 12% during the same period in 2011. The reduced growth rate is mainly a result of Israeli failure to lift trade barriers and remove access restrictions and withholding Palestinian tax revenues.
- Due to the slowdown in growth, unemployment climbed to 24.3% in the third quarter of 2012, compared to 22.4% in the same period of 2011. The increase was most acute in the Gaza strip, where unemployment reached a staggering 31.9%.
- Shortfall in international financial assistance has contributed to the crisis. In 2012, the gap between budget assistance requested and that received from international donors was USD 694 million and USD 438 million in 2011 .
- Clearance revenues collected by Israel on behalf of the Palestinian government, in accordance with signed agreements, remain the principle source of revenues for the state of Palestine (accounting for 70% of all revenues).
- Revenues fell short of projection for 2 reasons: the slowdown in economic growth triggered by lower tax revenues and the government's inability to settle its arrears.
- The financial crisis severely affected public sector employees, including their ability to meet their financial obligations due to delayed payment of salaries. It also had a domino effect on other sectors, affecting the provision of health and education services.
- Net lending amounted to 547 million NIS during the fourth quarter of 2012, marking a significant increase over the levels reached in the third quarter of 2012 and fourth quarter of 2011 by 117% and 207% respectively. For the whole year 2012, net lending reached 1.07 billion NIS.

Also outlined, measures adopted by the government to cut spending and increase revenue, including:

- Enacting reforms focusing on enforcing existing legislation increased tax revenues by 39%.
- Limiting new hiring; although allowing a slight increase in education and health in order not to adversely affect these vital services.

Palestinian Demands:

Government measures to decrease expenditure and increase revenues will not be sufficient to protect the Israeli-imposed financial crisis and secure recovery. This requires strong, immediate and consistent pressure on Israel to among other measures automatically and regularly transfer Palestinian revenues collected by Israel, as well as to reinstate the presence of Palestinian customs officials at external border crossing.

The government of the State of Palestine demands:

- An immediate and complete halt to all acts and military aggression, including dispossession of Palestinian citizens and communities and demolition of Palestinian property.
- Full and transparent accountability of Israel for its citizens' actions, such as settlers targeting Palestinian communities.
- An immediate halt to obstruction Palestinian land registration in Area 'C'.
- Facilitation for the development and adoption of master plans in Area 'C'.



- Unleash the economic potential inherent in Area 'C', including the development of the agriculture and water sectors.
- Establishment of an international Palestinian airport in the West Bank and a seaport in the Gaza strip as well as bonded warehouses and logistics in the West Bank.
- Development of public transportation through public-private partnerships.
- Rehabilitation and development of archaeological sites and historical building in the West Bank, including Area 'C'.

Denied Potential:

Subsequent to the policy outlined in the Palestinian report to the AHLC meeting in September 2012, the government commissioned a study on the unfulfilled potential of various sectors; potential that is denied because of the restrictions of occupation. The findings include:

- The Tourism, ICT, real estate, and business services have an especially high potential since they require intensive skilled labor and little capital.
- **Agriculture:** This is the third-largest employer in Palestine. Irrigated agriculture comprises only 2.3% of the cultivated land in the West Bank due to Israeli-imposed restrictions on water and land. However, these 2.3% contribute around 50% of plant production. Conservative estimates quantify the additional potential for agricultural production in Area 'C' alone at USD 2.25 billion per year.
- **Dead Sea:** The added value that could be derived from the natural resources of the Dead Sea (the Palestinian part of which is fully located in Area 'C') would amount to USD 1.1 billion annually (11% of GDP in 2012), while the additional value of tourism at the dead sea would amount to a further USD 0.14 billion a year.
- **Quarries:** Approximately 0.6 billion USD could be generated from quarrying and mining in Area 'C' (approximately 6% of GDP in 2012).

International Responsibility:

The Palestinian report includes an action plan focusing on projects to develop Area 'C', including East Jerusalem, and focusing on protecting and developing 100 communities under threat in that area. Priority projects focus on agriculture, water, trade and transportation, and tourism. The report also outlines concrete actions required from international development partners, including:

- Demanding that the Israeli government rescind all permit regimes denying or limiting Palestinian access to 'Area C'.
- Engaging proactively to prevent Israeli demolition of Palestinian homes and other property as well as infrastructure in 'Area C'.
- Supporting the implementation of approved master plans politically and financially, including to refrain from requesting additional approval from Israeli authorities.
- Maintaining the position regarding illegality of all Israeli settlements in the Occupied Palestinian Territory, including East Jerusalem.
- Holding Israel accountable, as an occupying Power, for violations of international law and obligations, including settler attacks.
- Lending full support to the Palestinian government in challenging Israeli actions of land confiscation and home demolition.