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H.E. Dr. Nabeel Kassis-Minister of Finance

Keynote Address: Assistance to the Palestinians - Challenges and Opportunities in the new reality of a State under Occupation

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Ladies and Gentlemen

Members of the Committee on the Exercise of the Inalienable Rights of the Palestinian People

Honored Guests

I first wish to congratulate Ambassador Abdou Salam Diallo on his recent reelection as chairman of this committee and for his continuous and unrelenting support to the Palestinian people.

I would like to thank the committee for the extraordinary work it has been doing in advancing Palestinian rights within the UN system and globally.

I would also like to thank the committee for the opportunity to speak before you today.

Over the next two days, we will be assessing the various opportunities and challenges facing the occupied state of Palestine. The challenges are

significant, and threaten the very possibility of establishing a State on the ground. But there are also many opportunities, and if we work together to seize them, we can achieve our goal of ending occupation and exercising our inalienable rights, including self-determination and the establishment of a free, sovereign, independent State of Palestine on the ground; a State that is able to offer security and freedom to my people, and that will allow us to exercise rights that other free nations take for granted; rights which have been denied for too long as a result of Israel's occupation.

Today, I am going to speak of three interconnected, yet distinct issues. First, I will highlight and explain the Israeli policies that have crippled the Palestinian economy – an economy with assets which, if allowed to realize their potential, would safeguard the economic viability of the State. I will then speak of the role that the international donor community can and should play to help us counteract these policies. Finally, I will set out some recommendations on how best to support the Palestinian economy within the current political context, and how such support could contribute towards realizing a fully independent and sovereign Palestinian state—one that not only is recognized within the halls of the UN, but that is also felt throughout the land of the State of Palestine, from the Jordan Valley to the Old City of Jerusalem, from Jenin in the West Bank to Rafah in the Gaza Strip.

Ladies and Gentlemen,

Since Israel occupied the West Bank and the Gaza Strip in June 1967, our economy has never been allowed to reach its full potential. The Israeli military government promulgated numerous military orders, which dominated the law of the land against our will, forcing regulations on our affairs in trade, agriculture, banking, industry, insurance, and tourism—essentially controlling every aspect of our lives. These laws were geared towards turning the Palestinian economy into one that is subservient to and dependent on the Israeli economy. And, unfortunately, Israel succeeded in achieving this goal.

Before the Oslo Agreements, Israel actively discouraged the rise of a manufacturing sector in tradable goods in the occupied Palestinian territory, while promoting labor mobility, both of which led to increased Palestinian dependency on the Israeli market. After the signing of the Oslo Agreement, and especially after the lapse of the five-year transitional period stipulated in the Declaration of Principles, the dependency of Palestinian labor on the Israeli market was transformed into a dependency on the foreign-funded public administration sector embodied in various Palestinian National Authority institutions.

In short, the Palestinian economy was and remains captive. It is an economy that is literally surrounded by a wall, governed by a dominant colonial power, choked by illegal settlements and settlement infrastructure, and undermined by Israel's severe restrictions on the movement of people and goods.

The single most important document that delineates Israeli-Palestinian economic relations is the Paris Protocol signed between both parties in 1994. The Protocol was meant to last for a 5-year interim period. It was signed in the spirit of realizing peace, of ultimately achieving mutual prosperity, and of building the main blocks of an independent and successful Palestinian economy. The protocol essentially established a Customs Union between Israel and the Palestinian territory that it occupies. The preamble to the Protocol reads, "This protocol lays the groundwork for strengthening the economic base of the Palestinian side and for exercising its right of economic decision making in accordance with its own development plan and priorities. The two parties recognize each other's economic ties with other markets and the need to create a better economic environment for their peoples and individuals."

Instead of achieving the vision in the preamble, the Palestinians today have little to no control over economic decision-making. All land border crossings – except the Rafah crossing to Egypt – and all sea- and airports are under total Israeli control, and the same is true of water and natural resources. We have no control over our exclusive economic zone, or over our skies and subsoil. Our priorities are secondary to Israeli colonial interests, and instead of prosperity, we are suffering from rising unemployment and declining economic growth, and are becoming ever more dependent on foreign donors and the larger Israeli economy.

Israel has violated nearly every clause of the Paris Protocol, either fully or partially. It is time to revisit this agreement, which has effectively created a one-sided customs union, where Israeli goods and services move freely into the occupied State of Palestine, while Palestinian goods and services are largely excluded from the Israeli market. By “revisit,” I do not mean a renegotiation of the clauses of the agreement, but rather putting mechanisms in place to ensure that what was agreed upon is implemented by Israel in good faith.

Some of Israel’s major violations include:

- Repeatedly and illegally freezing the transfer of taxes it collects on behalf of the Palestinian National Authority. These taxes constitute about 70% of Palestinian public revenues. Therefore, they are critical for the continuation of essential government services, particularly in the provision of health and education.
- Heavily restricting the entry of Palestinian labor into Israel, in violation of the spirit and essence of the Paris Protocol.
- Blocking the movement of goods and people between the West Bank and the Gaza Strip, in contravention of the interim agreements.
- Not fulfilling its obligation to consult with and notify the Palestinian government before making any changes to Israeli import policy or rates that affect Palestine.

- Continuing to deny the Palestinian government full authority to implement its own import policy at the international border crossings in the West Bank and Gaza Strip, in violation of the Paris Protocol. This has meant that Israel has maintained exclusive control over deciding the kind and quality of goods that are allowed into the occupied state of Palestine.
- Not transferring all taxes it has collected from Palestinian workers, mainly the equalization levies, national insurance contributions and pension funds.

The list of violations goes on. The common element to all these actions is that they are carried out unilaterally, they violate signed agreements and legal obligations, and they are done with an utter disregard for Palestinian well-being and a complete sense of impunity.

On top of this, the Palestinian economy and people are subject to what can only be described as colonial exploitation, and are deprived from benefitting from their own resources. For example, according to a recent Human Rights Watch report, 9000 Israeli settlers living illegally in the Jordan Valley consume one quarter of the water that the 2.5 million Palestinians in the West Bank consume collectively. The water these settlers use, or rather misuse, goes towards supporting a multi-million dollar agro-industry. Meanwhile, a potentially lucrative and much-needed Palestinian agro-business is denied the opportunity to grow and succeed.

This is not the only example of Israel's theft of Palestinian resources. Beauty products packaged under the name of Ahava are sold in several shops across European cities. Ahava is another multi-million dollar settler-colonial business, profiting from the illegal exploitation of Palestinian Dead Sea minerals. Recent figures show Ahava's annual revenues exceeding \$100 million.

The estimated value of settlement imports to the EU is \$300 million (the comparative figure for Palestinian produce, on the other hand, is less than \$20 million—this means that the EU imports over 100 times more per illegal settler than per Palestinian). It is most unfortunate, and frankly shameful, that such products make their way to receptive European and international markets. I am convinced that if the average consumer was aware of the injustice and hardships caused to Palestinians by the production of Ahava and other settlement products, they would think twice about such purchases. Settlement products should be banned from international markets. And until such time, they should be labeled in a manner that clearly and accurately indicates their place of origin, so as to allow consumers to make informed choices.

We must find ways to push back against these policies that make Israel's occupation profitable and thus sustainable; policies that are devised to solidify Israel's control over the occupied State of Palestine and nurture the network of illegal settlements, while depriving the Palestinians from their right to development and self-determination.

The plethora of restrictions imposed by Israel on access and movement of goods and persons has crippled the private sector, which is the engine of growth of the Palestinian economy. This is not only a Palestinian assessment, but also the assessment of many, including the World Bank, IMF and other respected international organizations. A recent World Bank report effectively made the very same point, and I quote “restrictions put in place by the Government of Israel continue to stand in the way of potential private investment and remain the major impediment to sustainable economic growth.”

These practices come at a high price. You are likely already aware of the recent study that quantified, for the first time, the economic cost of Israel's occupation and practices. It produced some sobering conclusions, which I would like to briefly highlight. In 2010, Israel's illegal use of Palestinian natural resources alone cost the Palestinian economy 1.83 billion US dollars or 22% of our GDP that year. Similarly, the cost of water restrictions was 1.903 billion US dollars, or roughly a quarter of the GDP, and Israel's continued siege on the Gaza Strip cost 1.908 billion US dollars, also roughly a quarter of GDP in 2010.

Overall, the economic cost of Israel's occupation in 2010 was 6.896 billion US dollars, nearly 90% of our GDP that year. This is a burden that no economy can withstand. It is an artificial cap forced upon our economic

potential. It denies us our right to develop a prosperous society that can enjoy a stable economy and sustainable growth.

Simply stated, sustainable economic growth and development is untenable under occupation. Development under occupation is a charade— it only serves to prolong the occupation unless it is part of a serious program to end occupation. This message must be clearly heard by the donor community. The donor agenda must include the goal of pushing back against Israel's illegal policies, not adapting or acquiescing to them. The donor agenda must help to enable Palestinian institutions to assert political and economic sovereignty over the whole territory of the occupied state of Palestine, including East Jerusalem.

Ladies and Gentlemen,

On November 29th, 2012 we succeeded in enhancing our status in the UN system to that of a non-member state. The overwhelming international support that Palestine received on that day is a source of optimism for me and my people.

We must build on this momentum. We hope that the international community will continue to support our efforts in creating more effective and efficient public institutions. After all, these institutions are not only the fruit of years of hard work by Palestinians, but also, in many respects,

the result of years of investments by the international community. We also urge the donor community to continue to support Palestinian civil society, which works tirelessly to help protect and promote Palestinian rights.

However, a paradigm shift needs to occur. The donor community must be more willing to challenge Israel publicly and on the ground. This includes supporting projects in Gaza as well as projects that help to connect Palestinians in the rest of the West Bank to East Jerusalem. It also includes major projects in what Israel terms "Area C", which constitutes around 60% the territory of the State of Palestine and is under full Israeli control. This so-called "Area C" should be developed, not only on the grounds of its importance for the Palestinian economy, but more because it is an integral part of the territory of the State of Palestine and therefore should be part and parcel of any development plan. These major projects would include an international airport, a deep-water seaport, power generation facilities, a transportation network, an agro-industry in the Jordan Valley, and a highly competitive touristic infrastructure across the occupied state of Palestine, among others. These projects will help us create the infrastructural reality of the Palestinian state on the ground.

We appreciate all forms of support that we receive from the international community. But we also want to see a shift from statements and resolutions to the implementation of concrete steps and actions. We want to see the international community of states stand firmly with us in

opposition to Israel's occupation and economic exploitation of Palestine. We believe there is an obligation to take such a position. But more importantly, we believe it is the right thing to do, not only for the sake of regional peace, but for world peace at large.

Earlier, I spoke of the importance of boycotting settlement products and of labeling them in order to allow consumers to make informed choices. This is just one of many possible concrete measures that states can and should take. States should also sanction those companies that directly, or indirectly, help to sustain the occupation and profit from it.

Today, in 2013, there is a multinational company that operates a segregated bus system in the West Bank that illegal settlers can utilize but that is off-limits to Palestinians. This is unacceptable.

An international security firm provides equipment and services to Israeli prisons, which hold Palestinian children under the age of 16 and hold some prisoners for years without any charges. That Israel's policies deny Palestinian prisoners their most basic rights and breach various provisions of international humanitarian law and human rights law is well known and documented. Just four days ago, 30-year old Palestinian prisoner, Arafat Jaradat, died shortly after being interrogated by Israeli authorities. He leaves behind a wife and two infant children. Over 4000 prisoners launched a hunger strike in protest, and hundreds of people in the West Bank and Gaza took to the streets to express their anger. I would like to

take this opportunity to reiterate the call for an international investigation into the circumstances surrounding his death.

Companies must not be allowed to profit from an occupation that causes so much pain and suffering to so many people. Companies that are complicit in this suffering must be held accountable. In fact, and as per the recommendation of Richard Falk, the UN Special Rapporteur on the situation of human rights in Palestine, businesses that breach international human rights law and humanitarian law should be boycotted.

Taking such measures will send a strong message to Israel that the world will not stand for its continuing violations of the civil, political, social, and economic rights of the Palestinian people. It is hoped that they will force Israel to reconsider its illegal policies that are so harmful to Palestinians.

In my speech, I have so far embarked on economic aspects. Needless to say, the economy is only an icing on the political cake and there is no need for icing if we don't have the cake. The ultimate goal for the Palestinians is to live in dignity and peace as an integral part of the community of free nations within the principles enunciated in the Declaration of Independence of November 15, 1988. The accepted vehicle for that is the two-state solution. Alas, the two-state solution is in great danger as the grab of Palestinian land by Israel continues unabated while the world looks on. In fact, many believe the two-state solution is no longer a viable option.

I believe that the two-state solution, and thus peace, can still be saved, provided we move immediately and decisively. Should the status quo remain, we will cross the point of no return in the very near future. To avoid that point and achieve peace based on two-states, bold measures are needed and policy changes by the international community are required—policy changes that will help to end the conflict, not simply manage it. The international community deludes itself if it thinks it may keep doing the same thing and expect to attain different results. In fact, the international community should realize by now that we are not dealing with an ordinary conflict that would be amenable to methods of conflict resolution. Rather we are dealing with an act of dispossession that requires corrective actions based on international law. It is time to act and make those necessary, even if difficult, decisions so that future generations of all peoples in our troubled region might have the chance to live a better life.

Thank you.
