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Palestinian economy under the occupation: the case of the industrial sector

Summary

The Economic and Social Commission for Western Asia (ESCWA) continues to monitor Israeli practices and policies and practices in the occupied Palestinian territory and their economic and social impact on the Palestinian people, pursuant to ESCWA resolutions, in particular 326 (XXIX) and 330 (XXX). As part of those efforts, the present document examines the Palestinian economy under the occupation, addressing the constraints imposed on it by Israeli policies since 1967 and providing, through a set of macroeconomic indicators, an overview of its current state. It then places focus on the industrial sector due to its significant potential to drive economic and social development in Palestine, a potential however thwarted by the Israeli occupation and related policies.

Members of the Executive Committee are invited to take note of the present document and express their opinion on its content.

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Introduction

1. The Economic and Social Commission for Western Asia (ESCWA) continues to monitor Israeli policies and practices in the occupied Palestinian territory and their economic and social impact on the Palestinian people. Resolutions adopted at ESCWA ministerial sessions, in particular 326 (XXIX) and 330 (XXX), had indeed requested the secretariat to document and analyse the economic and social repercussions of the Israeli occupation for the Palestinian people and their society, economy and infrastructure and for the economic and social development of current and future generations; and to monitor Israeli violations of the rights of the Palestinian people and of international law and present periodic reports to the Commission in that regard.

2. In its report to the thirtieth ESCWA ministerial session,[1] the secretariat provided a snapshot of Israeli policies and practices which form part of a three-fold strategy of land grab, displacement of Palestinians and oppression of any resistance thereto.

3. In a continuation of monitoring efforts, the present document examines the Palestinian economy under the occupation, reviewing Israeli policies and practices that have rendered it dependent upon the Israeli economy. The document highlights the severe constraints imposed by Israeli policies since 1967 and provides, through a set of macroeconomic indicators, an overview of the current state of the Palestinian economy. It then takes the industrial sector in focus as it holds significant potential to drive social and economic development in the occupied Palestinian territory, and shows how such potential is thwarted by a series of constraints stemming from the occupation and related policies.

I. ISRAELI POLICIES TOWARDS THE PALESTINIAN ECONOMY

4. The occupied Palestinian territory suffers from some of the same economic stagnation and lack of structural transformation experienced across the region, but struggles, in addition, under incomparable constraints imposed on its economy and society due to the Israeli occupation. In examining Israeli measures, both direct and indirect, that blight the Palestinian economy, two time periods may be distinguished. The first extends from 1967 to 1994 when Israel had direct total control over development and economic policies, including decision-making about public finance, trade, employment and other pillars of economic policy. The second period ensued from the Paris Protocol on Economic Relations, which was signed by the Palestine Liberation Organization and Israel in 1994 and was meant to give the Palestinians a measure of economic self-determination, albeit subject to the political and economic realities of the occupation, during a five-year transitional period. However, nearly 20 years later, subjugation of the Palestinian economy, in almost all essential aspects, persists.

5. In the first period of total direct control, beginning in 1967, Israel was able to ensure a steady supply of low-wage workers for itself. By 1990, about 35-40 per cent of Palestinian labourers were working in Israel.[2] Limited employment prospects still drive Palestinians to seek employment in Israeli settlements and in Israel;[3] in 2017, 13 per cent 2017 per cent of the total Palestinian labour force worked there, up from 11.7 per cent in 2014.[4] As this employment provides about three times higher wages than in the employment in the occupied

[1] E/ESCWA/30/5.

[2] Nur Arafeh, "The myth of a 'Palestinian economy'", *Al Jazeera*, 6 July 2017, citing Leila Farsakh, "Palestinian economic development: paradigm shifts since the First Intifada", *Journal of Palestine Studies*, vol. 45, No. 2 (Winter 2016). Available at https://www.aljazeera.com/indepth/features/2017/07/myth-palestinian-economy-170706060337109.html.

[3] TD/B/64/4.

[4] State of Palestine, Palestinian Central Bureau of Statistics (PCBS), *Palestine in Figures 2017* (Ramallah, March 2018). Available at http://www.pcbs.gov.ps/Downloads/book2362.pdf.

Palestinian territory,[5,6] this trend may be difficult to reverse. Indeed, its persistence indicates that Israeli policies seek directly or indirectly to retain the occupied Palestinian territory as a source of inputs, particularly of cheap labour, for the Israeli economy.

6. Moreover, since 1967, Israel has promoted supply and sale of Israeli products to the occupied Palestinian territory.[7] Israel’s complete control over routes of export and import, among other constraints render Palestinian external trade strategy, balance and composition quite complex.

7. The occupied Palestinian territory continues to face a unique and difficult situation in the collection of revenues and in public expenditure, which are not only pivotal for setting industrial and economic policy, but also for defining the links between citizen and State.

8. Prior to 1994, the occupied Palestinian territory, which was under direct Israeli military and administrative control, suffered from the stringent austerity imposed by the occupation. A strict fiscal policy did not allow spending to exceed tax revenues and public spending was low. For example, during the period 1987-1991, total expenditure averaged 24 per cent of gross domestic product (GDP), compared with an average non-military total expenditure of 37 per cent of GDP in Egypt, 31 per cent in Jordan and 37 per cent in Israel itself.[8] All too restrictive, the fiscal policy that prevailed during the period 1967-1994 limited possible interventions to promote industry and exports, as practiced elsewhere. Limited investment in education, infrastructure and other sectors hampered growth and development.

9. Since 1994, under the Paris Protocol tax revenues system, Israel has been collecting certain taxes “on behalf of the Plalestinians”, and transferring them to the Palestinian Authority. These revenues are always at risk of being withheld under various pretexts that are entirely out of Palestinian control and utterly unrelated to fiscal policy. Israel uses this system to exert pressure on the Palestinian Authority, thus restricting the ability of Palestinian institutions to manage development and citizens’ affairs.

10. Moreover, Israel uses this system to impose sanctions on political grounds. For example, in July 2018, the Israeli Knesset passed a law mandating deduction from Palestinian tax revenues equivalent to the amounts paid by the Palestinian Government to Palestinian prisoners, their families and the families of martyrs. Not only does this law contravene signed agreements, it also undermines the ability of the Palestinian Government to meet its financial obligations and opens the door to further and broader Israeli intrusions into Palestinian financial, social and economic policy.

11. Moreover, the Israeli blockade of, and frequent Israeli military attacks on, the Gaza Strip place a huge fiscal burden: whereas Gaza contributes less than 10 per cent of government revenues, it accounts for up to 40 per cent of total expenditures.[9]

12. Israeli control over revenues thus constrains the fiscal policymaking capacity of the Palestinian Authority and its ability to induce economic transformation. Through the use of direct economic levers and the indirect impact of mechanisms such as controls on the movement of people and deductions from revenues, the Paris Protocol has ensnared the Palestinian economy and perpetuated Palestinian economic dependence on Israel.

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5 TD/B/64/4.

6 Nu’man Kanafani, ed., *Economic Monitor Issue 47 | 2017* (Ramallah, Palestine Economic Policy Research Institute, Palestinian Central Bureau of Statistics, Palestine Monetary Authority and Palestine Capital Market Authority, 2017).

7 Nur Arafeh, “The myth of a ‘Palestinian economy’”.

8 TD/B/65(2)/3, p. 12.

9 Ibid., p. 2.

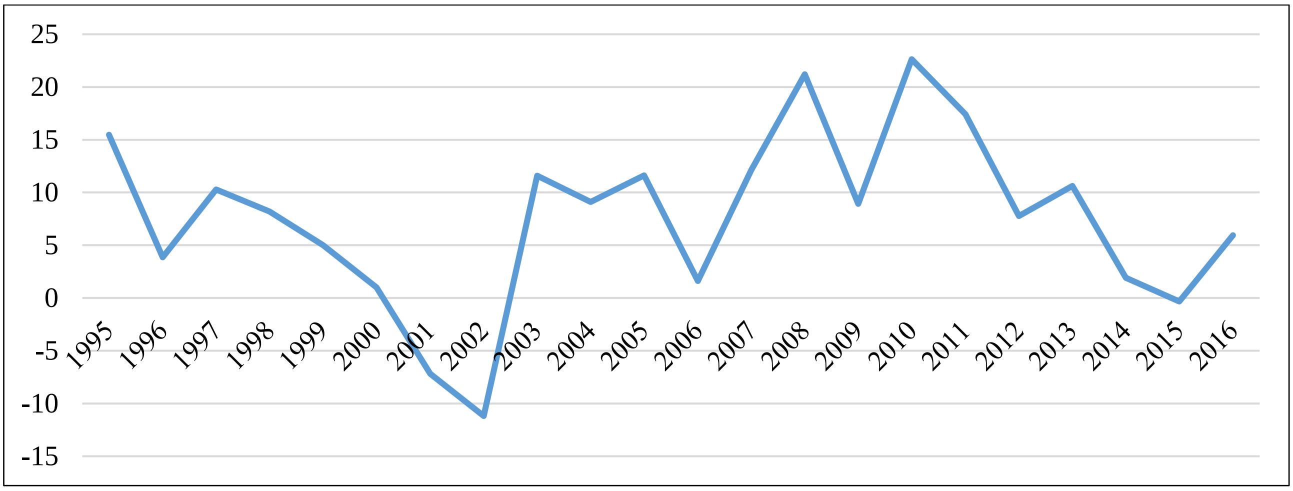
II. SITUATION OF THE PALESTINIAN ECONOMY: MACROECONOMIC INDICATORS

13. Israeli policies and practices have chocked the Palestinian economy and have directly and indirectly prevented the adoption of strategies for job creation, socioeconomic development and economic transformation. Attaining the right mix of policies, investment and private sector involvement conducive to spurring growth and development is an extraordinarily difficult task, even under normal circumstances. In the case of the occupied Palestinian territory, this task has been rendered near impossible by the lack of political autonomy, regular human rights and security violations, externally imposed economic constraints, and other direct and indirect cumulative impacts of the Israeli occupation.

A. GROWTH

14. Palestinian economic growth appears to be characterized by volatility (figure). Instances of steep growth in economic activity are not engendered by new economic activities, but are rather due to the rebound effects of a cessation of an Israeli military attack or subsequent reconstruction. The World Bank estimates real GDP at constant market prices to have fallen from 3.1 per cent in 2017 to 1.7 per cent in 2018.[10] As for sectoral breakdown of economic activity as measured by value added, agriculture has played a small and decreasing role, with its contribution to GDP declining between 1994 and 2016 from more than 13 per cent to less than 4 per cent, while the contribution of industry fell from more than 30 per cent to less than 20 per cent. During the same period, the contribution of the services sector rose from 50 per cent to more than 60 per cent. A detailed sectoral analysis carried out by the Palestinian Central Bureau of Statistics (PCBS) reveals that the services sector is by far the largest contributor to GDP, followed by wholesale and retail trade, public administration, mining, manufacturing and utilities.[11] In the Gaza Strip, the blockade, restricting as it does the import of essential inputs, stymies growth and economic diversification.

GDP growth, percentage year on year, 1995-2016



Source: ESCWA calculations based on PBCS data.

[10] World Bank, "Palestine's economic outlook – October 2018", 3 October 2018. Available at https://www.worldbank.org/en/country/westbankandgaza/publication/economic-outlook-october-2018.

[11] PCBS, *Palestine in Figures 2017*.

B. TRADE

15. The State of Palestine has a large trade deficit in both goods and services that amounted to 37 per cent of GDP in 2017. Over half of this deficit is accounted for by trade with Israel,[12] although a slight trade surplus of trade in services with Israel has existed since 2011.[13] Israel continues to be a source and destination of an overwhelming, though diminishing, proportion of trade flows. From 2014 to 2016, exports to Israel constituted about 84 per cent of all exports, while imports from Israel fell from 70 per cent to 58 per cent of all imports (table 1). Meanwhile, Palestinian trade flows with the other Arab countries remain very small, but are growing slowly, particularly regarding imports.

TABLE 1. OCCUPIED PALESTINIAN TERRITORY EXPORTS AND IMPORTS, 2014-2016

A. Registered export indicators[a]

Value in millions of dollars			
Indicator	**2014**	**2015**	**2016**
Total exports	944	958	926
Total exports by destination			
To Israel	792	804	771
To Arab countries	113	121	119
To other countries	39	33	36
Total distribution of exports			
National exports	689	705	691
Re-exports	255	253	235
Total exports by area			
West Bank	938	954	922
Gaza Strip	6	4	4

[a] Data do not include the part of Jerusalem that was annexed forcefully by Israel following its occupation of the West Bank in 1967.

B. Registered import indicators[a]

Value in millions of dollars			
Indicator	**2014**	**2015**	**2016**
Total imports	5 683	5 225	5 364
Total imports by means of transportation			
By land and postal packages	5 006	4 669	4 726
Through electricity networks and pipes[b]	677	556	638
Total imports by country			
From Israel	3 958	3 045	3 123
From European Union countries	581	612	665
From Arab countries	274	343	320
From American countries	95	115	107
From other countries	775	1 110	1 149
Net trade balance	-4 739	-4 267	-4 438

Source: PCBS data, available at http://www.pcbs.gov.ps/site/lang__en/507/default.aspx?lang=en (accessed on 29 October 2018).

[a] Data do not include the part of Jerusalem that was annexed forcefully by Israel following its occupation of the West Bank in 1967.

[b] Includes water and electricity.

[12] TD/B/65(2)/3, p. 5.

[13] PCBS, *Palestine in Figures 2017*.

C. Employment

16. Unemployment has remained extremely high due to limited job opportunities. Table 2 shows that it rose in recent years, standing at a particularly devastating rate of 43.9 per cent in the Gaza Strip. More broadly, unemployment has been high and worsening ever since the enforcement of the Paris Protocol and particularly since the second Intifada in 2000.

Table 2. Unemployment
(*Percentage*)

	2014	2015	2016	2017
Palestine	26.9	25.9	26.9	27.7
West Bank	17.7	17.3	18.2	17.9
Gaza	43.9	41.0	41.7	43.9

Source: PCBS data, available at http://www.pcbs.gov.ps/site/lang__en/507/default.aspx?lang=en (accessed on 29 October 2018).

17. The services sector has played the largest role in employment, with its share of the total rising slightly from 30 per cent to around 35 per cent from 2000 to 2016.[14] During that period, employment in mining, quarrying and manufacturing remained stagnant, with their share in total employment ranging from 12 per cent to 15 per cent, while the share of agriculture and fishing declined from more than 14 per cent to less than 8 per cent.

D. Revenues

18. Although regular taxation measurement is difficult due to the complexity of the fiscal relationship with Israel, World Bank data shows that tax revenue has stagnated at between 5 and 8 per cent of GDP.[15] In fact, as of 2016, Israel has transferred to the Palestinian Authority 77.7 per cent of the Authority's total tax revenues.[16] The contribution of official development assistance (ODA) to Palestinian government revenues has remained significant, though always hostage to political tensions. Indeed, these contributions have already been reducing, from some $2 billion in 2008 to $720 million as of 2016.[17] While revenues were up in the first half of 2017, there was still a budget deficit of 8.4 per cent of GDP, and, clearly, possible imminent reductions in donor transfers will mount pressure on public finances.[18]

19. In addition, there are fiscal leakages due to both direct and other indirect causes, including control of imports by Israel and limited Palestinian control over exports, as well as issues related to tax collection mechanisms.

III. PALESTINIAN INDUSTRIAL POLICY

20. The critical importance of industrialization has been evident across the Arab region and in countries of the Global south that underwent successful economic transformation to higher levels of incomes and socioeconomic outcomes. New industries, whether in manufacturing, industrial services or other ventures, are critical to job creation, absorbing labour market entrants, providing stable wages, and producing outputs

[14] International Labour Organization (ILO), *The Occupied Palestinian Territory: An Employment Diagnostic Study* (Geneva, ILO Regional Office for Arab States, 2018).

[15] World Bank, World Development Indicators. Available at https://datacatalog.worldbank.org/dataset/world-development-indicators (accessed on 17 September 2018).

[16] Jamil Misyef, *National Trade Policy for Palestine – Analysis of Tariff and Industrial Policy Options* (Palestine Economic Policy Research Institute, Ramallah, 2017).

[17] TD/B/65(2)/3, p. 3.

[18] A/73/87-E/2018/69, p. 16.

initially able to compete with imports and eventually in global export markets. Today, policies aimed at promoting industrialization are ubiquitous across the globe.

21. Of the industrialization and transformation strategies available, one that has great potential involves building higher-value activities linked to available assets, such as commodities, land, human capital or other assets.[19] Such activities are undertaken not through static comparative advantages but rather by harnessing the available assets to build dynamic competitive advantages and foster economic diversification.[20]

22. In this context, natural resource sectors provide a basis for both upstream value-added inputs and downstream processing. Similarly, agro-industry can transform price-volatile raw agricultural outputs into higher-value goods for the local market as well as for export.

A. Industry in the Occupied Palestinian Territory

23. The Palestinian National Policy Agenda identifies sustainable development as one of the three pillars of the hoped future Palestinian State. Within sustainable development, it identifies five national priorities, one of which is economic independence that would be delivered through: building the future economy; creating job opportunities; improving the business environment; and promoting the industry.[21]

24. According to PCBS data, the number of companies engaged in industrial activities rose between 1999 and 2016 from 15,000 to 19,000, and the number of employees in the sector rose from 73,000 to 100,000.[22]

25. Manufacture of food products accounted for the largest proportion of the labour force in productive sectors (17.1 per cent), followed closely by the manufacture of other non-metallic mineral products (16.6 per cent) and the manufacture of furniture (13.3 per cent). In terms of output and value added, differences among industrial activities are more acute, with the production of non-metallic mineral products and food products together being the major contributors. Industry as a whole accounts for 83 per cent of Palestinian exports, notably stone and marble (21 per cent), furniture (12 per cent) and footwear (5 per cent).[23]

26. Palestinian industrial sectors face significant challenges and obstacles. According to the Economic Intelligence Unit of the Economist, industrial production contracted by 3.2 per cent in May 2018 compared with April, and by 5.3 per cent compared with May 2017.[24] The PCBS Industrial Production Index fell from 124.42 to 102.12 between August 2017 and August 2018, driven by falls in water, sewage, waste and manufacturing.[25] Due to its size and potential, manufacturing does hold the largest share of the Index, at 83.19 per cent.

27. Though facing specific constraints and challenges, certain industrial sub-sectors and economic activities have significant potential. Mining, for example, provides 15,000-20,000 jobs, has an output of $250 million

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[19] Isabelle Ramdoo, "Resource-based industrialization in Africa: optimizing linkages and value chains in the extractive sector", Discussion Paper, No. 179 (European Centre for Development Policy Management, Maastricht and Brussels, September 2015).

[20] Albert Hirschman, *Essays in Trespassing: Economics to Politics and Beyond* (Cambridge University Press, Cambridge, 1981), pp. 59-96.

[21] State of Palestine, *National Policy Agenda 2017-2022: Putting Citizens First* (December 2016). Available at https://eeas.europa.eu/sites/eeas/files/npa_english_final_approved_20_2_2017_printed.pdf.

[22] Data from PCBS on the number of enterprises, persons engaged and main economic indicators in Palestine for industrial activities 1999-2016. Available at http://www.pcbs.gov.ps/Portals/_Rainbow/Documents/Num_Enter_Main_1999-2016(E).htm (accessed on 29 October 2018).

[23] Jamil Misyef, *National Trade Policy for Palestine*.

[24] Data from the Economist Intelligence Unit, available at http://country.eiu.com/palestine# (accessed on 11 October 2018).

[25] PCBS, *Palestine in Figures 2017*.

and has accounted for 17 per cent of all exports in 2011.[26] Raw mineral and quarrying outputs play an important role in the Israeli economy. Israeli firms operate intensively in the quarrying sector in the West Bank, owning, according to Israeli data, more than half of the 16 quarries operating in Area C of the West Bank. These quarries transfer 94 per cent of their production to Israel, in addition to 80 per cent of the total output of Palestinian-owned quarries.[27] Moreover, Israel and its settlements also accrue royalties and taxes from quarrying operations, while Israel almost completely refuses to grant permits to Palestinians to develop both existing and new quarrying resources.[28]

28. Food industries also have considerable potential. An oft-examined agricultural activity in the occupied Palestinian territory, olive pressing for oil extraction has achieved slightly increasing output in the period 2013-2016, from 17.6 million metric tons to 20.1 million metric tons, with the number of workers hovering at 1,300.[29] However, small-holder farmers dominate most of the agricultural activity,[30] which may hinder higher value agro-industries that require skills, expertise, technology, investment and economies of scale. As in the case of other countries in the region, and indeed globally, agricultural added value suffers from limited access to credit, technology, information and other inputs. More diversified high-value crops, ranging from flowers to strawberries and cherry tomatoes, are also increasingly in focus.[31] However, due to the constraints imposed by the occupation and other factors, agriculture has declined by 11 per cent in 2017.[32] Limited access to land, restrictions on land use, denial of permits to enhance agricultural methods and techniques, curtailment of movement, and hindered access to inputs and export markets, all of which foisted by deliberate Israel policy, severely limit the ability of the Palestinian agricultural sector to realize its potential and to engage in higher-value agricultural activities.

B. ECONOMIC ZONES AND INDUSTRIAL COMPLEXES

29. As evidenced by some clear successes and widespread adoption across the globe, industrial parks and special economic zones (SEZs) are an attractive industrialization option. These involve geographic or thematic clustering of industrial activities and support by targeted government interventions and private sector participation. Such zones can succeed in linking small- and medium-sized enterprises (SMEs), establishing job-creating industries and attracting foreign direct investment,[33] with their activities benefiting from a critical mass of related companies operating in proximity and benefiting from knowledge sharing, pooled labour and low transaction and transport costs. However, SEZs require a strong policymaking and implementation environment to shield planned industrial interventions from problems besetting other economic development initiatives. In the case of the occupied Palestinian territory, challenges faced by the quest for expanding the industrial base through economic zones and clusters are compounded by the sever constraints imposed by the occupation.

30. The Palestinian National Policy Agenda provides for rebuilding productive sectors and industrial parks as policy interventions aimed at invigorating the Palestinian economy of the future. Industrial zones operate

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[26] Human Rights Watch, "Occupation, Inc: How settlement businesses contribute to Israel's violations of Palestinian rights", 19 January 2016. Available at https://www.hrw.org/report/2016/01/19/occupation-inc/how-settlement-businesses-contribute-israels-violations-palestinian.

[27] A/73/87-E/2018/69.

[28] Human Rights Watch, "Occupation, Inc.".

[29] PCBS, *Palestine in Figures 2017*.

[30] Center for Economic and Policy Research, "Agriculture in Palestine: a post-Oslo analysis", CEPR Memo. Available at https://pdfs.semanticscholar.org/6170/c6659e55c5ac2cbed8a263d20db7ca5a0879.pdf.

[31] Ibid.

[32] TD/B/65(2)/3, p. 2.

[33] Dorsati Madani, "A review of the role and impact of export processing zones", Policy Research Working Paper, No. 2238 (World Bank, Washington, D.C., 1999).

under the Palestinian Industrial Estates and Free Zones Authority (PIEFZA),[34] in partnership with a number of foreign Governments, development agencies and firms. The focus is on SEZs and export-oriented free economic zones. The following are the official industrial zones as identified by PIEFZA:

- Bethlehem Industrial Estate: aiming to promote SMEs and young entrepreneurs; the donor is the French Government;
- Jericho Agro-industrial Park: aiming to support and develop the agro-industrial sector and provide more than 5,000 jobs; the donor is the Japanese Government;
- Jenin Industrial Free Zone: targeting agricultural, food and high-tech industries; the donor is the German Government, with the involvement of a Turkish firm;
- Gaza Industrial Estate: targeting food, wood, plastic, aluminium and textiles, among others; the donors are the United States Agency for International Development (USAID), the World Bank, the European Investment Bank and the European Union.

31. The Jericho zone has made relative progress; nonetheless, all the economic and industrial zones have had problems with implementation. Several others are still in preliminary study phases or still attempting to secure financing, including the Industrial City of Tarqumiya in the Hebron governorate and the Information Technological Park in Tulkarm. It is, however, important to distinguish between zones approved and administered by the Palestinian Government and those planned for externally. Israel actively promotes economic zones as fostering collaboration and economic linkages and contributing to peace, but clearly envisages them as operating within the framework of the occupation and under complete Israeli control. For example, reports tell of discrimination against Palestinian workers in the Barkan Industrial Park, and of numerous polluting factories moving to this industrial zone and others industrial settlement areas, causing damage to the surrounding Palestinian areas and population. Only those zones under Palestinian authority, ownership and supervision can potentially serve the Palestinian economy and achieve socioeconomic gains.

32. The challenges to industrialization in the occupied Palestinian territory are truly formidable, including the lack of a clear, proactive and implementable industrialization strategy.[35] Moreover, the scope for economic restructuring is severely circumscribed, not only due to the internal capacity limitations of the Palestinian Government, but also, and more importantly, because the Paris Protocol did not provide it with the authority nor with the tools necessary for effective economic management.[36]

IV. CONCLUSION

33. Israeli authorities persist in practices and policies that violate international law, including confiscation of Palestinian land, settlement and exploitation of Palestinian natural resources for the benefit of Israeli economy.[37]

[34] See http://www.bmipbethlehem.com/index.php/blog/brochure/item/download/9_e401b7237fd7524139dd2fc15b7fc785.

[35] Loai Aburaida and Flávio Nunes, "Internal obstacles to West Bank industrial development: governmental and private management decisions", *European Journal of Business and Management*, vol. 10, No. 3 (2018).

[36] Mohammed Samhouri, "Fifty years of Israeli-Palestinian economic relations, 1967-2017: what have we learned?", *Palestine-Israel Journal*, vol. 22, Nos. 2&3 (2017).

[37] S/RES/2334 (2016); A/RES/71/97; E/RES/2018/20; A/HRC/RES/37/36; A/RES/3175 (XXVIII); A/68/379; A/HRC/34/39; A/66/364.

34. Deliberate Israeli occupation policies have over decades undermined Palestinian ability to build an economy that meets the needs of the Palestinian people and society, while ensuring near-absolute Palestinian economic dependence on Israel. Unfortunately, there is no sign of real change on the horizon.

35. The Palestinian Government can undoubtedly take more effective steps to promote industrialization, such as establishing and promoting industrial banks and attracting more partners and foreign investment for industrial zones. However, the space available for formulating and implementing viable economic policies is limited under near complete Israeli control, which has consistently sought to foil the development of a prosperous independent Palestinian economy. Indeed, development of such an economy requires not only a comprehensive and coherent vision of economic transformation and industrialization, but also sovereignty and control over resources, trade routes and inputs, all of which are unattainable under the occupation. In fact, in the current situation, projects such as industrial cities could easily end up serving the occupation and the Israeli economy.

36. Current reality and rapid developments do not bode well for the establishment of a Palestinian State in the foreseeable future, nor for the cessation by Israel of its disregard for international law and resolutions. This raises serious questions about the possibility of emergence of a strong and sustainable Palestinian economy within the framework of an independent and viable Palestinian State.
