



LABOUR MARKET BRIEFING WEST BANK - SECOND HALF 2010

SUMMARY

Contrary to media reports of a flourishing West Bank economy, evidence from the second half of 2010 shows deteriorating labour market conditions, with falling employment growth, accelerating unemployment and lower real wages. These trends disproportionately affected refugees.

In second-half 2010 (H2 2010), non-refugees deepened their labour market activity while refugees withdrew further, continuing the shrinkage in the West Bank refugee labour force. In the context of overall robust labour force growth, both employment levels and unemployment levels increased in the reporting period. Non-refugees accounted for all net employment gains as refugee employment receded. At the same time, non-refugees accounted for all the growth in unemployment. Reduced refugee labour force participation resulted in a decline in the number of unemployed refugees.

In the year-on-year period, the private sector dominated employment growth, but the public sector and employment in Israel and the settlements also contributed to job creation. Refugee employment gains were confined to the public sector. Real wages continued to deteriorate under the volume and persistence of unemployment and consumer price inflation. The data further indicate a deceleration in the rate of employment growth and an increase in the rate of unemployment growth.

Unemployment rates increased for refugees and non-refugees alike, with refugee unemployment rates remaining significantly above those for non-refugees. Real wages declined across the board as refugee wages remained significantly below those of non-refugees on average.

A summary of trends in the West Bank labour market as a whole, and for refugees and non-refugees separately, is provided below. Section 1 provides overall findings regarding labour force participation, employment by sector and activity, unemployment, and wages in the West Bank. Section 2 presents results for refugees, and Section 3 discusses non-refugees.

The reference period is the second half of 2010. *Sequential changes* compare second-half 2010 with first-half (H1) 2010 and can include significant seasonal fluctuations. In tables, sequential changes appear under the column “+/- (Seq.)”. *Parallel changes* compare second-half 2010 with second-half (H2) 2009 for a year-on-year comparison. This largely eliminates seasonal fluctuations in the data. Parallel changes in tables appear under the heading “+/- (Par.)”.