
PRESS RELEASE**For use of information media - Not an official record****Discriminatory policies lie behind new recession in the Occupied Palestinian Territory, UNCTAD report says****UNCTAD/PRESS/PR/2015/027****Geneva, Switzerland, (01 September 2015)**

UNCTAD's [report on assistance to the Palestinian people](#) states that, with negative economic growth of minus 0.4 per cent in 2014, the economy of the Occupied Palestinian Territory witnessed its first recession since 2006 and a fall in income per capita for the second year in a row. The deteriorating situation is due almost entirely to a range of economic policies imposed on the Occupied Palestinian Territory.

The report reveals that in the first four months of 2015, Israel withheld almost \$700 million of Palestinian clearance revenue, which comes from taxes on imports into the Occupied Palestinian Territory, compounding a fiscal crisis for the Palestinian National Authority, on whose behalf Israel collects the revenues.

Since 1997, Israel has withheld Palestinian clearance revenue on six occasions, for a total period of four years and one month, and amounting to \$3 billion withheld. At 75 per cent of fiscal funds, this represents the main source of Palestinian public revenue. In addition, Israel does not pay interest on money it does not transfer to the Palestinian National Authority when withholding Palestinian clearance revenue, which is in the range of hundreds of millions of dollars.

In 2014, unemployment in the Occupied Palestinian Territory increased by 3 per cent to reach 30 per cent. Food insecurity also reached historically high levels, with one in three households in the Occupied Palestinian Territory struggling to put food on the table, the report says.

Contributing to Palestinian economic decline is the growing number of Israeli settlements in the West Bank, the report says. In Area C alone (61 per cent of the West Bank), the number of settlers has quadrupled since 1994, to reach more than 340,000, and is now greater than the number of Palestinians.

The report adds that in 2014, the movement of Palestinian people and goods in the West Bank was hindered by 490 barriers installed by Israel, including checkpoints, roadblocks, trenches and the Separation Barrier, which unilaterally redefines the borders of the West Bank away from the internationally recognized Green Line.

The high costs and unpredictability fostered by multiple constraints on the movement of Palestinian people and goods subvert the actual and potential investment of export-oriented firms, as well as firms making and growing products for the domestic market, exacerbating the dependence of the Palestinian people on imports (mostly from Israel) financed by donor aid.

The report emphasizes that – contrary to claims by some observers – the efficacy of donor support has been undermined by occupation, not by poor donor coordination or the Palestinian National Authority and its policies. The burden of humanitarian crises and occupation-related fiscal losses have entrenched and deepened the Palestinian National Authority's fiscal crisis and diverted donor aid from development to humanitarian interventions.

The fines and high interest rates that Israel imposes on the Palestinian National Authority for any delays in payments for electricity, water and sewage bills is another factor that the report identifies as a source of fiscal stress.

The report concludes that the prospects for the rest of 2015 are bleak, due to political uncertainty, reduced aid flows and the slow pace of reconstruction in Gaza.

UNCTAD assistance to the Palestinian people

During the reporting period, UNCTAD continued to work, in cooperation with various stakeholders and beneficiaries, towards the facilitation of Palestinian trade and the reintegration of the Palestinian economy with regional economies and the world. Moreover, UNCTAD continued to conduct policy-oriented studies on various aspects of Palestinian economic development and to provide training and advisory services aimed at building Palestinian human and institutional capacities to facilitate economic development in the Occupied Palestinian Territory.

In early 2015, UNCTAD successfully concluded the implementation of a project on capacity development for facilitating Palestinian trade. The project increased the awareness of Palestinian shippers and professionals from the private and public sectors of best practices in trade facilitation, and resulted in savings in the supply chain.

[Report](#)**For more information, please contact:**

UNCTAD Communications and Information Unit

T: +41 22 917 5828

T: +41 79 502 43 11

E: unctadpress@unctad.orgWeb: unctad.org/press<http://unctad.org/en/pages/PressRelease.aspx?OriginalVersionID=261>