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on its sixtieth session**

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Addendum

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President's summary

Report on UNCTAD assistance to the Palestinian people

(Agenda item 11(b))

1. The UNCTAD secretariat introduced the Report on UNCTAD assistance to the Palestinian people (TD/B/60/3) and summarized the impact of persistent constraints on the economy of the Occupied Palestinian Territory. The Israeli occupation and settlements pre-empted Palestinian development and fiscal sustainability under occupation was a mirage. Palestinian annual fiscal leakage to Israel represented 17 per cent of tax revenue and 18 per cent of the public wage bill; it had been accumulating since the establishment of the Palestinian Authority in 1994. UNCTAD's concern regarding Palestinian fiscal vulnerability was shared by the International Monetary Fund, the World Bank and members of the Ad Hoc Liaison Committee. The secretariat listed recommendations for stemming fiscal leakage from imports and smuggling from or via Israel.

2. Twenty-two delegates, including six regional groups, made statements on the report. All delegates but one expressed appreciation of the report's findings and commended the secretariat's work in support of the Palestinian people. Many delegates described the report as concise, convincing and insightful yet disturbing and relevant.

3. Most delegates concurred with the report's identification of the major obstacles to development in the Occupied Palestinian Territory and agreed with its recommendations, especially those related to stemming Palestinian fiscal leakage to Israel and the need to replace the Protocol on Economic Relations between Israel and Palestine, known as the Paris Protocol, with a balanced framework conducive to Palestinian development, fiscal independence and empowering the Palestinian people with the right to integrate into the world economy and have control over their land and resources. This would lessen their dependence on the Israeli economy, allow them to procure cheaper imports and improve fiscal conditions.

4. The vast majority of delegates also agreed that occupation elevated production costs, severed the Occupied Palestinian Territory from global markets, imposed the blockade on Gaza, restricted mobility, constructed a separation barrier, confiscated land, lowered productivity, weakened exports and increased imports, curtailed public services and damaged infrastructure. Many delegates reaffirmed solidarity with the Palestinian people and their legitimate struggle for an independent, viable and contiguous State with the 1967 borders and East Jerusalem as its capital. They welcomed the resumption of peace talks and many cited examples of the support their countries had been providing to the Palestinian people.

5. Almost all delegates expressed concern about the dire economic conditions in the Occupied Palestinian Territory, including gloomy growth prospects, worsening constraints on development, pervasive uncertainty, high unemployment, fiscal crisis, dismal labour market conditions, destruction of the productive base, violation of international law by the occupying Power and lack of Palestinian Authority control over borders, trade and trade data.

6. One delegate thanked UNCTAD for the accuracy of its report. He added that the settlement policy would lead to the failure of the two-State solution. He asked how development could be achieved while Palestinian people were banned from using roads constructed on their own land. The occupation and the siege of the Occupied Palestinian Territory were the reason for all economic crises. He requested UNCTAD and donors to

hold the occupying Power accountable for its destructive policy and praised the European Union for its decision to exclude settlements from its bilateral agreement with Israel.

7. Another delegate said that the agenda item was an example of the politicization of UNCTAD, as it was dedicated to one people. Conflict and political polarization were not legitimate at UNCTAD and should be resolved elsewhere. UNCTAD's report recurrently accused Israel on every subject that affected Palestinian society and did not consider Israeli security concerns. As the security situation had been improving, only a few crossing blockades were activated when there was a security alert. She said that the Palestinian fiscal crisis was caused by overspending and decline in aid and added that Israel had twice transferred advance payments to the Palestinian Authority, which paid \$54 million to convicted terrorists in Israeli jails. She indicated that UNCTAD's estimation of Palestinian fiscal leakage misinterpreted the research of the Bank of Israel and was based on false assumptions. She emphasized that a flourishing Palestinian economy was in the interest of Israel and mentioned a number of Israeli initiatives to support Palestinian workers and agriculture. Israel hoped for successful negotiations with the Palestinian side.

8. Most delegates praised UNCTAD for its decades of support to the Palestinian people, through technical cooperation including capacity-building projects, advisory services and research. Referring to the report, they noted that occupation and settlements made development unattainable and that the international community should extend sufficient aid to the Palestinian Authority to maintain its institutional achievements and ease fiscal constraint. But putting an end to occupation and allowing the Palestinian people the right to self-determination and sovereignty was needed. Delegates emphasized the importance of the support of UNCTAD's exemplary programme, given the vulnerability of the Occupied Palestinian Territory to political and economic shocks, and called for mobilizing more resources to meet the special needs of the Palestinian economy and fulfil the Doha Mandate.
