



General Assembly

Distr.: General
29 August 2025

Original: English

Eightieth session

Item 35 of the provisional agenda*

Question of Palestine

Economic costs of the Israeli occupation for the Palestinian people: the post-October 2023 shocks compounding the historical cumulative cost of the occupation of the West Bank

Note by the Secretary-General

The Secretary-General has the honour to transmit to the General Assembly the report prepared by the secretariat of the United Nations Conference on Trade and Development.

* [A/80/150](#).



Report prepared by the secretariat of the United Nations Conference on Trade and Development on the economic costs of the Israeli occupation for the Palestinian people: the post-October 2023 shocks compounding the historical cumulative cost of the occupation of the West Bank

Summary

The present report is submitted pursuant to General Assembly resolution [77/22](#), in which the Assembly requested the United Nations Conference on Trade and Development (UNCTAD) to continue to report to it on economic development in the Occupied Palestinian Territory, including East Jerusalem, and the economic costs of the Israeli occupation for the Palestinian people. The report complements previous UNCTAD reports submitted to the Assembly ([A/71/174](#), [A/73/201](#), [A/74/272](#), [A/75/310](#), [A/76/309](#), [A/77/295](#), [A/78/303](#) and [A/79/343](#)).

This report draws attention to the profound cost and impact of the occupation on the West Bank – where lives, homes, infrastructure and futures face growing risks.

Since the escalation of hostilities that followed the attacks by Hamas and other Palestinian armed groups on 7 October 2023, violence throughout the Occupied Palestinian Territory has surged to levels of intensity and impact exceeding all previous violence. The use of military methods and heavy weaponry in the West Bank by Israel have led to further restrictions on access to work, and combined with unilateral deductions from Palestinian tax revenues, have led to the worst economic contraction of the Palestinian economy in its history.

In the West Bank, Israel enforces administrative and physical barriers that severely limit Palestinians' movement, access to markets and economic resources. Area C (over 60 per cent of the West Bank) is fully controlled by Israel, where Palestinian economic activities face harsher restrictions than in Areas A and B, stifling growth and development.

In 2024, the West Bank's gross domestic product (GDP) contracted by 17 per cent, while per capita GDP plummeted 18.8 per cent, erasing 17 years of progress^a in just 15 months. By the end of 2024, GDP regressed to 2014 levels, with per capita GDP falling to 2008 figures. Meanwhile, Gaza's economy has collapsed, with GDP in 2024 equivalent to only 13 per cent of its 2022 level.

The present report assesses a portion of the economic costs incurred by the West Bank due to tightened restrictions imposed by Israel in the aftermath of the 2000 confrontations (Second Intifada) and post-October 2023, combined with the additional constraints in Area C.

The analysis estimates that, in the absence of these three constraints, the economy could have generated an additional \$170.8 billion (constant dollars) in cumulative GDP between 2000 and 2024 – equivalent to 17 times the West Bank's 2024 GDP. In addition, real GDP per capita in the West Bank would have been 241 per cent higher. This unrealized income accounts for a limited portion of the West Bank's occupation-related economic costs, excluding the costs in Gaza and East Jerusalem.

The present report concludes that the cessation of all Israeli settlement activities – in compliance with international law and relevant Security Council resolutions – and the removal of all restrictions on Palestinians’ access to economic resources are critical prerequisites for achieving the Sustainable Development Goals in the Occupied Palestinian Territory.

^a Since 2000, West Bank recorded GDP growth in 17 of the past 25 years. Output declined in 2000, 2001, 2002, 2006, 2014, 2020, 2023 and 2024 – reflecting the Second Intifada (2000–2002), the aid suspension/fiscal crisis (2006), the 2014 Gaza war, the coronavirus disease (COVID-19) shock (2020), and the 2023–2024 war in Gaza, alongside tighter West Bank restrictions.

I. Objective and scope

1. The present report adds to eight previous reports, prepared by the United Nations Conference on Trade and Development (UNCTAD) and submitted to the General Assembly, on the economic costs of the Israeli occupation for the Palestinian people. While the previous report focused on the cumulative economic impact of closures, restrictions and military operations in Gaza between 2007 and 2023, this present report focuses on the West Bank. It assesses the economic repercussions of the occupation since October 2023 and provides a partial estimate of the cumulative cost of the occupation from 2000 to 2024, particularly in relation to restrictions on Palestinian movement and access to natural resources in the occupied West Bank. Each report has been dedicated to a specific part of the Occupied Palestinian Territory, to address the distinct context, nature and impacts of hostilities and restrictions affecting each area.

2. The year 2000 was selected as the assessment's starting date because it marked both the designated end of the five-year Oslo Accords interim period and also coincided with Israel's imposition of stricter closure policies and constraints following the outbreak of the Second Intifada in September 2000.

3. In response to the terror attack by Hamas and other Palestinian armed groups on 7 October 2023, Israel launched large-scale military operations in Gaza. This has resulted in the displacement of almost the entire population, caused unprecedented civilian casualties, an unprecedented humanitarian crisis and devastated critical civilian infrastructure – including schools, hospitals, residential areas, agricultural land and essential utilities such as energy, water, sewage and waste management and telecommunications networks. The destruction has eradicated livelihoods, plunging the entire population into severe poverty, causing grief and exposing them to widespread hunger, malnutrition, disease outbreaks and environmental collapse.¹

4. The resulting economic shock is among the largest observed in recent global history.² An interim rapid damage and needs assessment by the World Bank, the European Union and the United Nations estimated conflict-related damage in Gaza at \$49 billion by February 2025, with housing damage accounting for \$15.8 billion. Recovery needs were projected at \$53.2 billion. As the military escalations continued into the second half of 2025, the full scale of the damage will remain unknown until hostilities cease and full access into Gaza for further assessments is granted.

5. This report makes a contribution in better understanding the economic impact of the Israeli restrictions, closures and measures in the aftermath of 7 October 2023. It expands the findings and methodologies of previous reports (A/76/309 and A/77/295). The estimated costs in this report are deliberately conservative and should be understood as lower-bound indicators of the total economic cost. The costs estimated in this report arise from:

(a) The cumulative economic cost of the closures and restrictions Israel imposed after the outbreak of the Second Intifada (2000–2006) was substantial. The measures severely restricted economic activity, caused significant income losses and exacerbated pre-existing structural weaknesses and vulnerabilities. Their lasting impact continues to undermine growth, hinder human capital development and result in persistently high unemployment and widespread entrenched poverty, with poor outcomes in health and education;

¹ A/79/343.

² World Bank, Impacts of the conflict in the middle east on the Palestinian economy April 2025. Available at: <https://thedocs.worldbank.org/en/doc/0f21311c2ebb0df4bf9b493a8034997c-0280012025/original/82687546-6fc3-46fa-80ba-5ce29d2148bc.pdf>.

(b) The cumulative economic cost in terms of the estimated loss in potential GDP due to Israeli imposed restrictions on Palestinian economic activity in Area C. The estimate reflects the difference in outcomes that could have been realized if Palestinian economic activities in 30 per cent of Area C (excluding the part of Area C designated for settlements) had been subjected to the lower level of restrictions imposed by Israel in Areas A and B. The estimation accounts for the additional and more severe limitations enforced by Israel in Area C;

(c) The additional restrictions, closures and military operation imposed in the occupied West Bank after 7 October 2023, precipitated the largest economic contraction and income loss the West Bank has experienced in decades.

II. Background and context

A. The economy of the occupied West Bank pre-October 2023

6. Invoking security concerns, Israel, the Occupying Power, has been deploying a complex matrix of administrative and physical controls over Palestinian natural and economic resources, trade and the movement of people and goods. In the occupied West Bank, divided into different administrative areas, the multilayer control system impedes the movement of Palestinian people and goods. It includes the application of a stringent permit regime, bureaucratic controls and hundreds of permanent and flying checkpoints, gates, earth mounds, roadblocks and trenches – in addition to the wall and the physical presence of settlements and the infrastructure networks that sustain them. This system imposes a costly fragmentation to the Palestinian economy and people. It inflates costs by increasing the travel time and distance between towns and localities. Elements of this complex control system are mutually reinforcing and ultimately contribute to serve the needs of settlements and to facilitate the confiscation of Palestinian land.

7. The economic impact of Israeli restrictions is profound. Closures, checkpoints and restricted access to Area C inflate costs, reduce employment opportunities, depress wages and hinder market access. Lifting internal movement barriers and allowing Palestinian access to Area C alone could generate an equivalent of 23 per cent of the GDP of the State of Palestine even without ending the Israeli occupation itself.³

8. These practices have been key factors for decades of persistent stagnation, anaemic growth, and enduring lack of sustainable development in the West Bank.

9. Following the outbreak of the Second Intifada in September 2000, Israel intensified its closure policy across the Occupied Palestinian Territory. The measures had a severe impact on the West Bank economy, shrinking it by one third between 2000 and 2002 and triggering a cycle of economic decline. The restrictions significantly limited the West Bank's capacity to generate sufficient employment, leading to heavy dependence on jobs in Israel and the settlements. Absent employment in Israel and settlements, the West Bank's average unemployment rate – 18 per cent between 1995–2019 – would have been 16 percentage points higher, reaching levels comparable to Gaza's chronically high unemployment.⁴ In effect, employment in Israel and the settlements concealed the underlying structural weaknesses, keeping the West Bank's unemployment rate seemingly lower than Gaza's.

³ World Bank, West Bank and Gaza: Area C and the Future of the Palestinian Economy, Report No. AUS2922 (Washington, D.C., 2013).

⁴ [A/76/309](#).

10. Under the Oslo Accords, the occupied West Bank was divided into Areas A, B and C. Area C – the only contiguous part of the West Bank, encompassing most of its natural resources – remains under full Israeli control and is largely inaccessible for Palestinian driven development activities. Meanwhile, Areas A and B, nominally under Palestinian civil administration, are fragmented into roughly 166 disconnected enclaves surrounded by Area C. This fragmentation, exacerbated by Israeli settlement expansion, prevents Palestinian territorial contiguity and undermines prospects for a viable two-State solution.⁵

11. Despite initial provisions for a phased transfer of Area C to the Palestinian Authority, Israel has continued to restrict Palestinian access to land and development. These restrictions are systematically enforced and accompanied by land confiscations, settlement expansion, denial of building permits and routine demolition of Palestinian-owned structures – including homes, schools, water infrastructure and donor-funded projects. Between 2009 and 2024, over 12,100 Palestinian-owned structures were demolished in the occupied West Bank, with the rate of demolitions accelerating in recent years.⁶ These measures by Israel foster a coercive environment that alters the demographic composition in Area C by pushing Palestinians out of their land while settlements and the settler population grow.

12. The settler population in the West Bank, including East Jerusalem, reportedly increased from under 200,000 in 2000 to approximately 735,000 by the end of 2023.⁷ These settlements receive substantial government subsidies and incentives, including infrastructure and key services, while simultaneously dispossessing Palestinians of land and economic opportunities.⁸

13. The expansion of Israeli settlements in the occupied West Bank, including East Jerusalem, has had severe consequences for the human rights of Palestinians. Palestinians are subjected to systemic discrimination, violence, oppression,⁹ forced displacement and the confiscation or destruction of property. The expansion of Israeli settlements further imposes restrictions on movement and access to resources, ultimately leading to the depopulation of Palestinian communities and the alteration of the territory's demographic composition.

14. The unlawful expropriation and exploitation by Israel of these lands and their natural resources and the displacement of the Palestinian population also form part of Israeli policies and practices that amount to annexation of large parts of the Occupied Palestinian Territory and the violation of the right of the Palestinian people to self-determination.¹⁰

15. On 19 July 2024, the International Court of Justice issued an advisory opinion addressing the legal consequences arising from the policies and practices of Israel in the Occupied Palestinian Territory, including East Jerusalem. The Court was of the opinion that the State of Israel's continued presence in the Occupied Palestinian Territory is unlawful, and that it is under an obligation: (a) to bring to an end its unlawful presence in the Occupied Palestinian Territory as rapidly as possible; (b) to cease immediately all new settlement activities, and to evacuate all settlers from the

⁵ A/77/295.

⁶ For more information, please see <https://app.powerbi.com/view?r=eyJrIjojY2NjMTVhOTgtNDZlOS00Y2RkLWFKNzAtZjUyYjRlZTZiZTBjIiwidCI6IjBmOWUzNWwzLTU0NGYtNGY2MCIiZGNjLTViYTQxNmU2ZGM3MCIiImMiOjIh9.>

⁷ A/HRC/58/73.

⁸ Ibid.

⁹ Ibid., para. 61.

¹⁰ Ibid.

Occupied Palestinian Territory; and (c) to make reparation for the damage caused to all the natural or legal persons concerned in the Occupied Palestinian Territory.¹¹

16. Resolution [ES-10/24](#), adopted by the General Assembly on 19 September 2024, welcomed the International Court of Justice's advisory opinion and demanded that Israel comply without delay with all its legal obligations under international law, including as stipulated by the International Court of Justice. Furthermore, the General Assembly demanded that Israel bring to an end without delay its unlawful presence in the Occupied Palestinian Territory, which constitutes a wrongful act of a continuing character entailing its international responsibility, and to do so no later than 12 months from the adoption of the resolution.¹²

B. The occupied West Bank post-October 2023

17. Since October 2023, the occupied West Bank witnessed its most severe escalation of violence in over two decades, reaching levels not seen since 2000. Following the Hamas-led attacks of 7 October 2023, Israel intensified military operations and tightened movement restrictions across the occupied West Bank. This has led to mass displacement, precipitous deterioration in humanitarian conditions, and an unprecedented rise in demolitions of Palestinian public and private assets – including in Areas A and B, which are nominally under Palestinian civilian administrative control.

18. After October 2023, violence by Israeli settlers against Palestinians has escalated dramatically, reaching record levels. According to the Office for the Coordination of Humanitarian Affairs (OCHA), between 7 October 2023 and 30 June 2025, 2,636 settler attacks causing Palestinian casualties or property damage were documented. This included 1,449 documented attacks in 2024 alone. Overall, between October 2023 and June 2025, 955 Palestinians were killed and 9,273 injured in the West Bank.¹³ In the same period, 34 Israelis, including 4 children, were killed in the occupied West Bank in attacks by Palestinians.^{14,15}

19. On 17 January, a Palestinian security forces operation that had begun on 5 December against armed groups in the Jenin refugee camp ended, with 16 Palestinians killed, including six members of the Palestinian security forces. On 21 January 2025, Israel initiated its largest security operation in the occupied West Bank since 2002, later extending it throughout the northern West Bank. This involved the extensive use of force, air strikes, the first deployment of tanks since 2002, and the demolition of residential buildings and civilian infrastructure.¹⁶

20. Compounding the crisis, the period between 1 January 2024 and 30 June 2025 also witnessed the highest level of demolitions of Palestinian civilian structures since OCHA began systematic tracking in January 2009. Israeli authorities demolished or destroyed 2,684 Palestinian homes and structures across the West Bank, with the majority in the northern governorates of Jenin and Tulkarm as punitive measures, or

¹¹ Legal Consequences Arising from the Policies and Practices of Israel in the Occupied Palestinian Territory, including East Jerusalem, Advisory Opinion, 19 July 2024.

¹² General Assembly resolution [ES-10/24](#).

¹³ United Nations, Office for the Coordination of Humanitarian Affairs, Occupied Palestinian Territory, available at: <https://www.un.org/unispal/document/west-bank-monthly-snapshot-casualties-property-damage-and-displacement-as-of-30-june-2025/>.

¹⁴ Ibid.

¹⁵ United Nations, Office for the Coordination of Humanitarian Affairs, Occupied Palestinian Territory casualties database, available at: <https://www.ochaopt.org/data/casualties>.

¹⁶ Report of the Secretary-General on the implementation of Security Council Resolution 2334 (2016), 21 March 2025.

due to the lack of Israeli-issued building permits which are nearly impossible to obtain. As a result, 35,969 Palestinians were forcibly displaced.¹⁷

21. As of February 2025, 849 movement restrictions – including checkpoints, road gates, earth mounds and trenches – continued to restrict the movement of 3.3 million Palestinians across the West Bank. The most significant of these remains the 712-kilometre wall constructed by Israel in the Occupied Palestinian Territory. The structures comprising the wall fragment Palestinian land and society, severely limiting freedom of movement and impeding access to work and essential services, including healthcare and education. Of the 849 total number of documented obstacles, some 36 were installed between December 2024 and February 2025, with the majority erected between mid-January and February 2025, coinciding with the announcement of the Gaza ceasefire and the onset of the Israeli forces' operation in the northern West Bank.¹⁸ The wall extends more than twice the length of the 1949 Armistice Green Line – the internationally recognized June 1967 border. As noted by the International Court of Justice in its 2004 advisory opinion, the construction of the wall and its associated regime create a fait accompli on the ground that could well become permanent, in which case, and notwithstanding the formal characterization of the wall by Israel, it would be tantamount to de facto annexation.¹⁹

22. Settlement expansion accelerated alongside escalating violence. By October 2024, 147 Israeli settlements and 224 outposts existed in the West Bank, housing 503,732 settlers. Combined with 233,600 settlers in East Jerusalem, the total reached 737,332.²⁰ Furthermore, a record 80 new settlement outposts were established across the West Bank during 2024 and 2025.²¹ These outposts start as small communities built without official Israeli authorization, which makes them illegal under Israeli law. However, the Government of Israel frequently retroactively regularizes these outposts, often by attaching them to existing settlements. Regardless, status change within Israeli domestic law does not alter their unlawful status under international law.

III. An unprecedented economic shock for the West Bank economy

23. The Israeli operations that followed 7 October 2023 heavily affected the occupied West Bank, including East Jerusalem, where Israel intensified long-standing movement restrictions, imposed widespread closures, and conducted military and security operations. Concurrently, Palestinian workers were barred from their workplaces in Israel and settlements, and Israel further continued and intensified unilateral deductions from Palestinian clearance revenues.²² These combined measures inflicted the strongest adverse impact to the Palestinian economy in recent history. Movement restrictions hindered delivery of critical humanitarian aid and crippled the economy by increasing costs, uncertainty and risks associated with investment.

¹⁷ United Nations, Office for the Coordination of Humanitarian Affairs, Occupied Palestinian Territory, available at: <https://www.un.org/unispal/document/west-bank-monthly-snapshot-casualties-property-damage-and-displacement-as-of-30-june-2025/>.

¹⁸ See <https://www.ochaopt.org/content/movement-and-access-update-west-bank-may-2025>.

¹⁹ ICJ Advisory Opinion of 9 July 2004 on the Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory, para. 121, see <https://www.icj-cij.org/sites/default/files/case-related/131/131-20040709-ADV-01-00-EN.pdf>.

²⁰ A/HRC/58/73.

²¹ For more information, please see data from Peace now, available at: <https://peacenow.org.il/en/settlements-watch/settlements-data/population>.

²² See TD/B/71/3.

24. The initial impact of these additional costly measures was a 19 per cent decrease in GDP during the final quarter of 2023, erasing the 4.2 per cent growth recorded in the first three quarters. Consequently, in 2024, GDP per capita fell by 21 per cent and unemployment surged to 32 per cent – nearly three times what it was in September 2023 (see table 1 and figures IA–IC). By January 2024, an International Labour Organization survey revealed that 99 per cent of West Bank businesses had been adversely impacted by measures imposed since October 2023.²³ Over 97 per cent of small and medium-sized enterprises reported declining sales; these were disproportionately affected and forced into permanent layoffs. Furthermore, less than 6 per cent of workers previously employed in Israel and settlements had returned to their jobs. The domestic private sector alone lost 25 per cent of its employment (estimated at 144,000 jobs), contributing to a total of 306,000 jobs lost across the West Bank – equivalent to one-third of total employment (see table 1 and figures IA–IC). In addition, the restrictions prevented another 67,000 workers from accessing workplaces outside their districts of residence.²⁴

Table 1
West Bank: Economic contraction post-7October (quarterly indicators)

	Q4 2023	Q3 2023	Per cent change Q4–Q3	Q4 2022	Per cent change year over year
Real GDP (constant million 2015 dollars)	2 711.4	3 345.8	(19)	3 339.8	(19)
Real per capita GDP (constant 2015 dollars)	910.1	1 129.1	(19)	1 151.2	(21)
Net factor income from abroad (million dollars)	83.2	1 114.7	(93)	1 055.4	(92)
Final consumption (constant 2015 dollars)	3 108.8	3 962.3	(22)	3 900.4	(20)
Employment in Israel and settlement (thousands)	25.0	171.7	(85)	154.6	(84)
Unemployment rate (per cent)	32.0	12.9	148	12.1	164
Inflation rate (per cent)	5.2	5	4	4.3	21

Source: UNCTAD calculations based on Palestinian Central Bureau of Statistics quarterly national accounts, consumer price index and labour survey.

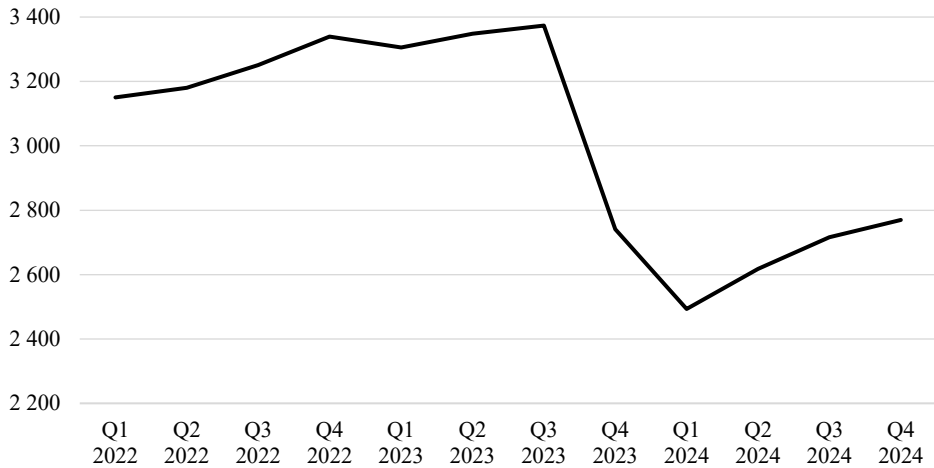
²³ International Labour Organization, Impact of the war in Gaza on the labour market and livelihoods in the Occupied Palestinian Territory: Bulletin No. 3. Available at <https://www.ilo.org/media/520196/download>.

²⁴ See TD/B/71/3; ILO, The situation of workers of the occupied Arab territories, Report of the Director-General. available at <https://www.ilo.org/sites/default/files/2024-05/ILC112%282024%29-DG-APP-%5BRO-BEIRUT-240422-001%5D-Web-EN.pdf>.

Figure I

(A) West Bank: quarterly real gross domestic product (2022–2024)

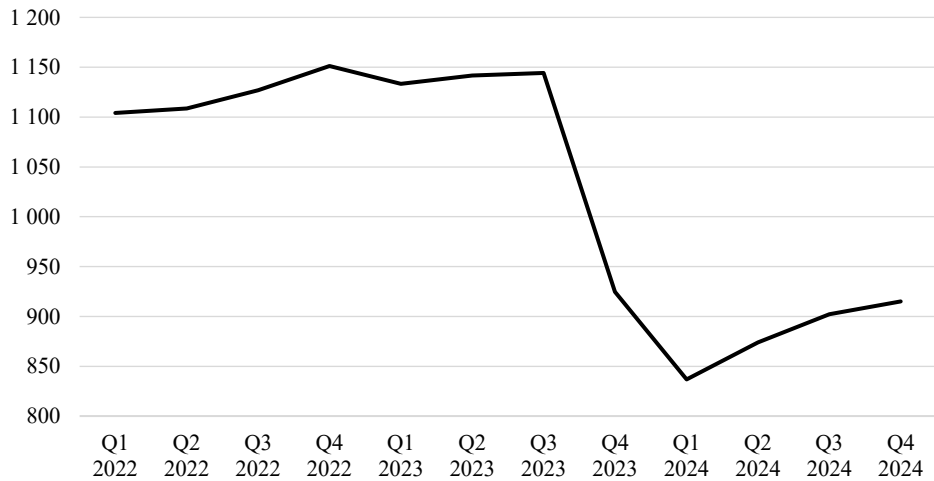
(Constant million 2015 dollars)



Source: UNCTAD calculations based on Palestinian Central Bureau of Statistics quarterly national accounts.

(B) West Bank: quarterly real gross domestic product per capita (2022–2024)

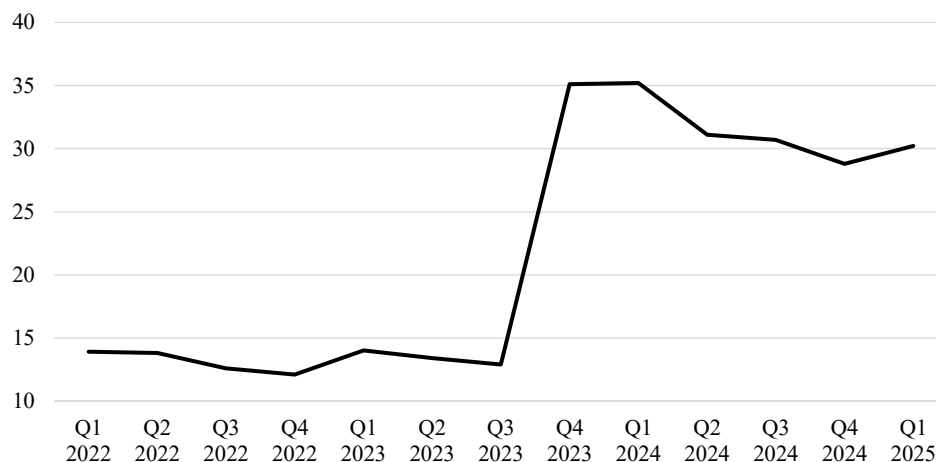
(Constant 2015 dollars)



Source: UNCTAD calculations based on Palestinian Central Bureau of Statistics quarterly national accounts.

(C) West Bank: quarterly unemployment (Q1 2022–Q1 2025)

(Percentage)



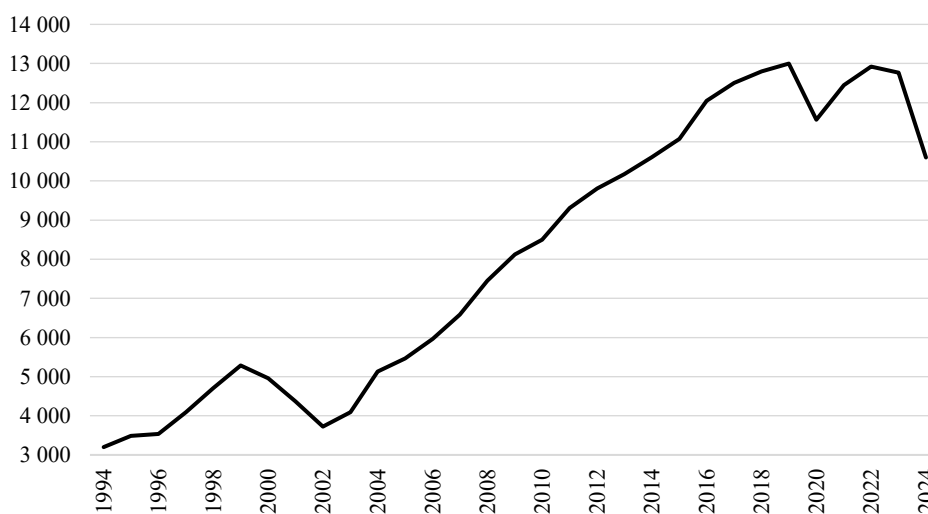
Source: UNCTAD calculations based on Palestinian Central Bureau of Statistics quarterly labour surveys.

25. The impact of additional Israeli restrictions drove the occupied West Bank's economy into its most severe contraction in over fifty years. In 2024, the economy shrank by 17 per cent, equivalent to 18.8 per cent decline in GDP per capita; erasing 17 years of development progress, pushing the overall economy back to 2014 levels and GDP per capita back to its 2008 level. By the end of 2024, the occupied West Bank's economy had contracted by 18 per cent compared to 2022 levels – a loss of \$2.3 billion (constant 2015 dollars) (see figures II A and B).

Figure II

(A) West Bank: annual real gross domestic product (1994–2024)

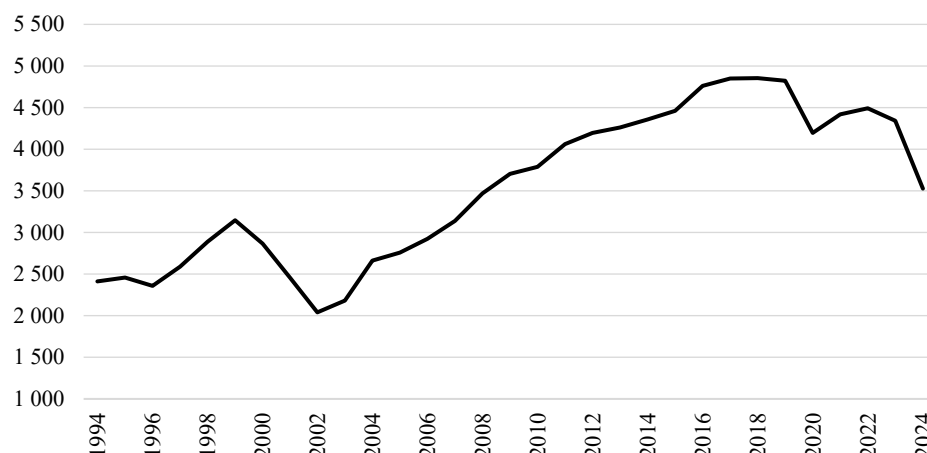
(Constant million 2015 dollars)



Source: UNCTAD calculations based on PCBS annual national accounts.

(B) West Bank: annual real gross domestic product per capita (1994–2024)

(Constant 2015 dollars)

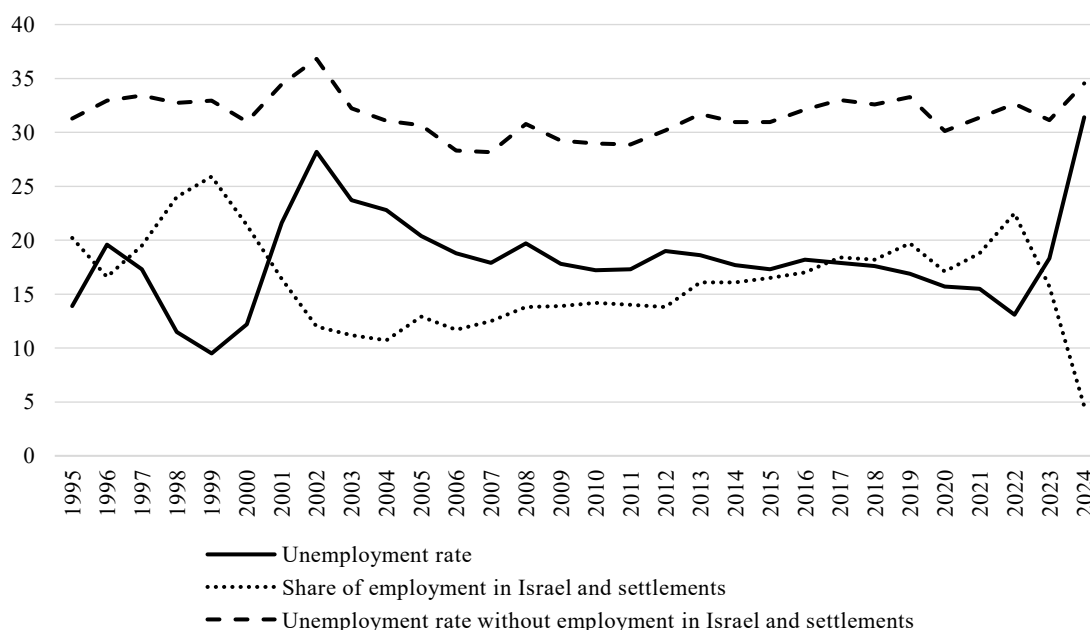


Source: UNCTAD calculations based on Palestinian Central Bureau of Statistics annual national accounts.

26. The measures taken by Israel in 2024 triggered a vicious downward spiral. Unemployment soared to unprecedented levels, fuelled by falling domestic output and widespread job losses in Israel and settlements. With incomes and consumption slashed, aggregate demand for goods and services collapsed.

27. In previous reports, UNCTAD has repeatedly highlighted the significant risks associated with the occupied West Bank's heavy reliance on employment in Israel and settlements. In 2022, 22.5 per cent of employed Palestinians in the occupied West Bank worked in Israel and settlements, earning \$4 billion – equivalent to 31 per cent of the GDP of the West Bank and 25.1 per cent of its gross national income. In recent years, these wages have been a key driver of consumption-led GDP growth (see figure III). UNCTAD has reported that this forced dependence on external labour markets left the economy highly vulnerable to an unstable political and security environment. UNCTAD had recommended that this reliance, stemming from a lack of domestic job opportunities, be addressed by removing barriers that stifle local investment and employment.

Figure III
West Bank: unemployment trends and labour dependence on Israel and settlements
 (Percentage)



Source: Palestinian Central Bureau of Statistics, labour survey, various issues; UNCTAD calculations.

28. The escalating unilateral deductions and withholding by Israel of Palestinian clearance revenues since October 2023 has contributed to a severe financial crisis of the Palestinian Authority. This has severely limited the government's ability to fund essential services like health, education and social protection and pay public sector salaries, pensions as well as private sector suppliers. The escalating crisis threatens political stability and the immediate survival of the government, undermines unpaid private-sector creditors, and jeopardizes the Palestinian banking system.²⁵

29. Since October 2023, Israel has withheld an additional \$75 million a month from Palestinian clearance revenues, equivalent to salaries paid by the Palestinian Authority to Gaza-based civil servants. This deduction is separate from funds withheld since 2019, which match payments made by the Government of the State of Palestine to families of Palestinians detained in Israeli prisons or killed in confrontations with Israelis.

30. Between January 2019 and April 2025, Israel withheld or deducted over \$1.8 billion from Palestinian revenues – an amount nearly equivalent to 18 per cent of the State of Palestine's 2024 GDP. This loss of resources has critically undermined the Palestinian Government's capacity to deliver essential public services and meet its obligations to employees, pensioners, and creditors. Beyond political factors, this erosion stems notably from severe financial constraints caused by the persistent Israeli deductions, the leakage of Palestinian fiscal resource to Israel, and a steep decline in donor aid.²⁶

31. Policy recommendations aimed at addressing the fiscal crisis requires confronting underlying structural causes which are closely linked to the occupation.

²⁵ For more information on the fiscal crises of the Government of the State of Palestine, please see [TD/B/71/3](#).

²⁶ [TD/B/71/3](#).

This includes addressing the persistence of Israeli restrictions on Palestinian economic activity, the systematic diversion of Palestinian fiscal resources through revenue leakage to Israel, and unilateral deductions imposed by Israeli authorities, alongside introducing measures to improve revenue generation and expenditure management.

32. There is a critical disparity in the West Bank's economic recovery following the Second Intifada 2000–2002.²⁷ While GDP rebounded from a 29.5 per cent decline within just three years, household welfare and poverty levels took 17 years to return to pre-2000 levels. This divergence underscores how macroeconomic indicators can mask prolonged socioeconomic suffering, particularly under occupation and systemic restrictions. It is therefore estimated based on the historical economic behaviour and trends, that it will take a long time for GDP to recover from the October 2023 events, and it will take even longer for household welfare to return to pre-October 2023 levels.

IV. Estimation of the long-term economic cost of the occupation

A. Estimated cumulative cost of the occupation of the West Bank (2000–2024)

33. This section provides partial estimates of the cumulative economic costs incurred by the occupied West Bank as a result of the Israeli occupation between 2000 and 2024, measured in terms of foregone GDP – economic output that could not be realized due to occupation-related constraints.

34. The methodology used builds on approaches applied in previous UNCTAD reports to the General Assembly ([A/76/309](#) and [A/77/295](#)). A counterfactual growth path is constructed to model economic performance under the hypothetical absence of key occupation-related disruptions, isolating their impact by assuming:

- The sharp 29.5 per cent economic decline (2000–2003) and subsequent rebound (2004–2006) did not occur.
- Similarly, the 18 per cent contraction recorded in 2023–2024 did not occur.
- Palestinian economic activities in 30 per cent of Area C (excluding the settlements in that Area and excluding East Jerusalem) had been subjected to the lower level of restrictions imposed in Areas A and B in the West Bank

35. The purpose of this exercise is not to address the broader question of a scenario in which there was no occupation. Rather, it aims to assess the economic costs and wider implications specifically attributable to Israeli closures, restrictions, and military operations, by projecting how the economy might have developed in their absence.

36. To estimate the long-term economic cost of Israeli restrictions imposed after the Second Intifada a counterfactual growth scenario is constructed for the occupied West Bank economy. This scenario assumes the absence of significantly heightened restrictions, stricter closures, and military operations during two distinct periods: 2000–2006 and October 2023–December 2024.

37. The counterfactual scenario posits sustained West Bank economic growth averaging 7.1 per cent a year throughout 2000–2006. This rate corresponds to the average growth experienced during 1995–1999 and 2007–2019, when Israeli

²⁷ [A/76/309](#).

restrictions were comparatively lower. For the pandemic-affected years (2020–2022), actual historical growth rates are incorporated. For 2023 and 2024, the scenario projects continued growth at the 4.2 per cent annual rate observed in the first three quarters of 2023 (prior to 7 October 2023).

38. The results presented in table 2 and figure IV indicate a substantial estimated potential GDP loss measured against the counterfactual scenario in which an average annual West Bank GDP between 2000 and 2024 would have been 36 per cent higher than the actually observed trajectory. This translates to cumulative real GDP loss of \$90.7 billion (constant 2015 USD), a figure nearly nine times West Bank's 2024 GDP and over eight times the entire 2024 GDP of the Occupied Palestinian Territory.

Table 2

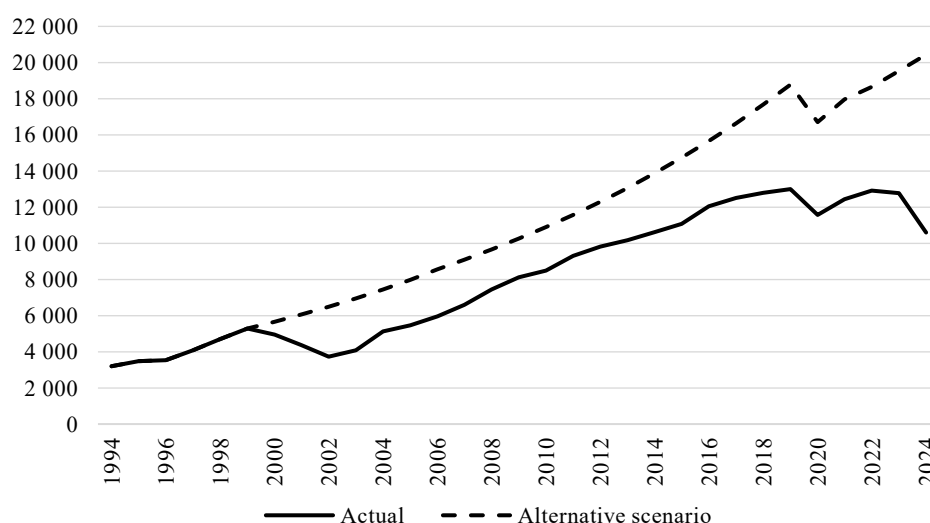
Estimated unrealized economic potential (2000–2024): how actual West Bank gross domestic product diverged from counterfactual projections

(Millions of 2015 constant dollars)

<i>Year</i>	<i>Actual</i>	<i>Counterfactual</i>	<i>Difference</i>	<i>Percentage change</i>
2000	4 958	5 661	703	14.2
2001	4 366	6 064	1 698	38.9
2002	3 725	6 496	2 771	74.4
2003	4 091	6 958	2 868	70.1
2004	5 129	7 454	2 325	45.3
2005	5 469	7 985	2 516	46.0
2006	5 962	8 553	2 591	43.5
2007	6 588	9 086	2 499	37.9
2008	7 451	9 653	2 201	29.5
2009	8 126	10 254	2 128	26.2
2010	8 496	10 894	2 398	28.2
2011	9 306	11 573	2 267	24.4
2012	9 810	12 294	2 484	25.3
2013	10 172	13 060	2 888	28.4
2014	10 610	13 874	3 264	30.8
2015	11 072	14 739	3 667	33.1
2016	12 046	15 658	3 612	30.0
2017	12 506	16 634	4 128	33.0
2018	12 797	17 671	4 873	38.1
2019	12 999	18 772	5 773	44.4
2020	11 564	16 700	5 136	44.4
2021	12 444	17 970	5 527	44.4
2022	12 922	18 661	5 739	44.4
2023	12 768	19 528	6 760	52.9
2024	10 598	20 437	9 839	92.8
Total	250 275	341 703	90 654	36.2

Source: UNCTAD calculations.

Figure IV
West Bank gross domestic product (2000–2024): actual versus counterfactual estimates
 (Millions of constant 2015 dollars)



Source: UNCTAD calculations.

39. Beyond quantifying the economic costs of the two most significant shocks – Israeli measures post-Second Intifada (closures and military operations) and the increased hostilities after 7 October 2023 – this assessment examines the long-term impact of restricting Palestinian development access to just 30 per cent of Area C, outside settlements' municipal boundaries. It employs a counterfactual scenario where restrictions are hypothetically reduced to the levels applied in Areas A and B.

40. Restrictions in Area C considerably suppress the occupied West Bank economy (see [A/77/295](#) for additional information). Counterfactual analysis using night-time luminosity data suggests that if Palestinian economic activity in 30 per cent of Area C (excluding areas under Israeli settlement regional councils) had faced restrictions comparable to those in Areas A and B, the GDP of the West Bank would have been approximately 25.3 per cent higher than observed during 2012–2020. However, this estimate is likely conservative since, among other things, it attributes all night-time luminosity in the analysed zones solely to Palestinian activity, whereas some luminosity actually stems from Israeli settlers and related infrastructure. Consequently, the total estimated economic loss attributable to parts of Area C restrictions is likely higher.²⁸

41. Between 2012 and 2020, the counterfactual night-time luminosity intensity data in Area C averaged 28 per cent higher than the actual night-time luminosity observed across the West Bank. GDP elasticity with respect to night-time luminosity in the West Bank is 0.903, meaning a 1 per cent increase in night-time luminosity correlates with a 0.903 per cent rise in GDP ([A/77/295](#)).

42. This elasticity is used to estimate the cost of prolonged restrictions on Palestinian development. The results suggest that the unrealized economic potential amounts to 25 per cent of GDP.

43. The findings indicate that had the two major economic shocks not occurred and had Palestinians been allowed to invest and engage in economic activities in 30 per

²⁸ For more details on the methodology, please see [A/77/295](#).

cent of Area C – under conditions similar to those in Areas A and B – the West Bank’s average annual GDP could have been 68.2 per cent higher from 2000 to 2024. Meanwhile, by 2024, per capita GDP would have reached \$8,525 (constant 2015 dollars) or 142 per cent higher than the actual \$3,528 (table 4 and figure VI). This lost economic potential underscores the substantial cost of the restrictions, closures and operations by Israel.

44. In summary, had the Palestinian economy not been disrupted by additional restrictions post the Second Intifada and the 7 October 2023 attacks – and had Palestinians been permitted to develop 30 per cent of Area C under conditions similar to those in Areas A and B – economic output would have been substantially higher. As illustrated in table 3 and figure V, cumulative GDP losses from 2000 to 2024 reached \$170.8 billion (constant 2015 dollars) – equivalent to roughly 17 times the West Bank’s 2024 GDP and over 16 times the total GDP of the Occupied Palestinian Territory that same year.

45. By comparison, the combined foreign aid for budget support and development spending during the same period amounted to \$20.8 billion – a mere 12 per cent of the partial cost of occupation of the West Bank estimated in the present report.

Table 3

Estimated unrealized economic potential (2000–2024): how actual West Bank gross domestic product diverged from counterfactual projections

(Millions of constant 2015 dollars)

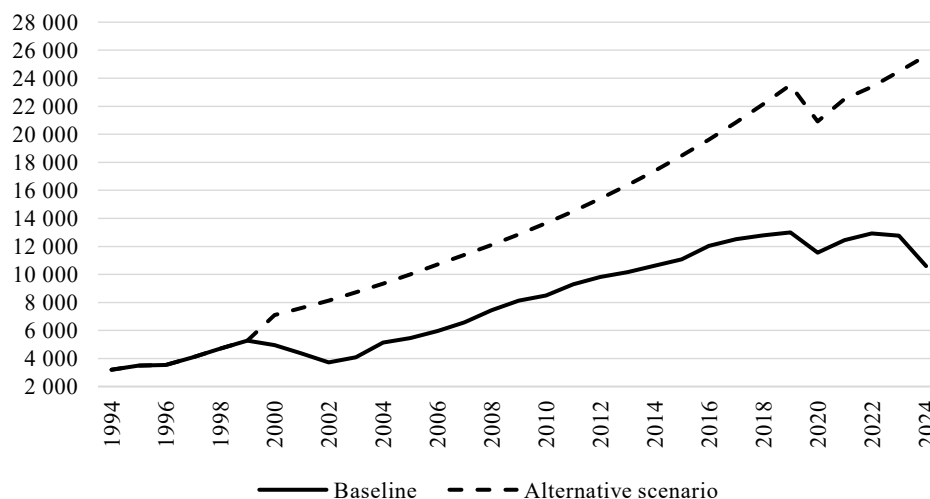
<i>Year</i>	<i>Actual</i>	<i>Counterfactual</i>	<i>Difference</i>	<i>Percentage change</i>
2000	4 958	7 093	2 135	43.1
2001	4 366	7 598	3 232	74.0
2002	3 725	8 139	4 414	118.5
2003	4 091	8 719	4 628	113.1
2004	5 129	9 340	4 211	82.1
2005	5 469	10 005	4 536	83.0
2006	5 962	10 717	4 755	79.8
2007	6 588	11 385	4 798	72.8
2008	7 451	12 095	4 644	62.3
2009	8 126	12 849	4 723	58.1
2010	8 496	13 650	5 154	60.7
2011	9 306	14 501	5 195	55.8
2012	9 810	15 404	5 594	57.0
2013	10 172	16 364	6 193	60.9
2014	10 610	17 385	6 774	63.8
2015	11 072	18 468	7 396	66.8
2016	12 046	19 619	7 573	62.9
2017	12 506	20 842	8 337	66.7
2018	12 797	22 141	9 344	73.0
2019	12 999	23 521	10 522	80.9
2020	11 564	20 925	9 361	80.9
2021	12 444	22 517	10 073	80.9
2022	12 922	23 382	10 460	80.9

<i>Year</i>	<i>Actual</i>	<i>Counterfactual</i>	<i>Difference</i>	<i>Percentage change</i>
2023	12 768	24 469	11 701	91.6
2024	10 598	25 607	15 009	141.6
Total	250 275	421 037	170 761	68.2

Source: UNCTAD calculations.

Figure V
West Bank gross domestic product (2000–2024): actual versus counterfactual estimates

(Millions of constant 2015 dollars)



Source: UNCTAD calculations.

Table 4
West Bank gross domestic product per capita (2000–2024): actual versus counterfactual estimates

(Constant 2015 dollars)

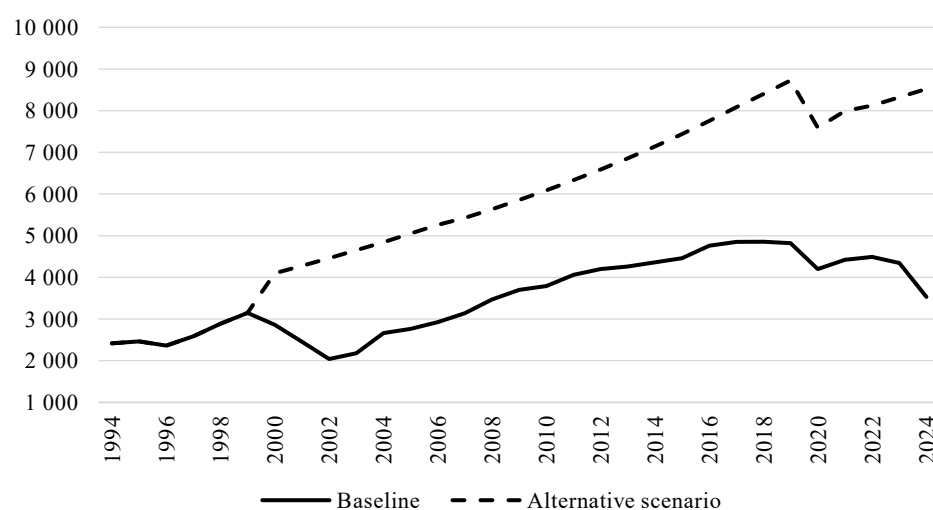
<i>Year</i>	<i>Actual</i>	<i>Counterfactual</i>	<i>Difference</i>	<i>Percentage change</i>
2000	2 866	4 099	1 234	43.1
2001	2 456	4 274	1 818	74.0
2002	2 040	4 458	2 418	118.5
2003	2 181	4 649	2 468	113.1
2004	2 662	4 847	2 185	82.1
2005	2 759	5 047	2 288	83.0
2006	2 923	5 254	2 331	79.8
2007	3 139	5 425	2 286	72.8
2008	3 471	5 634	2 163	62.3
2009	3 703	5 854	2 152	58.1
2010	3 788	6 086	2 298	60.7
2011	4 063	6 331	2 268	55.8
2012	4 195	6 587	2 392	57.0
2013	4 262	6 857	2 595	60.9
2014	4 359	7 141	2 783	63.8

<i>Year</i>	<i>Actual</i>	<i>Counterfactual</i>	<i>Difference</i>	<i>Percentage change</i>
2015	4 461	7 440	2 980	66.8
2016	4 761	7 754	2 993	62.9
2017	4 851	8 085	3 234	66.7
2018	4 854	8 399	3 544	73.0
2019	4 823	8 726	3 904	80.9
2020	4 197	7 595	3 398	80.9
2021	4 419	7 996	3 577	80.9
2022	4 491	8 126	3 635	80.9
2023	4 344	8 325	3 981	91.6
2024	3 528	8 525	4 997	141.6

Source: UNCTAD calculations.

Figure VI
West Bank gross domestic product per capita (2000–2024): actual versus counterfactual estimates

(Constant 2015 dollars)



Source: UNCTAD calculations.

B. Unrealized Palestinian potential: the contribution of settlements to the Israeli economy

46. Estimating the contribution of settlements to the Israeli economy offers insight into the losses incurred by the Palestinian economy, accounting for differences in production functions and technological levels between the two. This section estimates the GDP generated in settlements using Palestinian land and natural resources between 2000 to 2024. By 2024, over 365 settlements and outposts in the West Bank (excluding East Jerusalem) housed more than 503,000 Israeli citizens.

47. The Government of Israel provides substantial incentives to attract settlers and entrepreneurs, including access to land confiscated from Palestinians, reduced land fees for investors, tax benefits, housing subsidies, and various business, industrial

zone, and employment subsidies.²⁹ Corporations in certain areas pay only a fraction of Israel's standard tax rate. Significant support targets agricultural development: farming cooperatives receive assistance for new farmers, some areas exempt farmers from migrant worker levies, and new farmers qualify for financial subsidies reaching \$307,000, plus up to \$25,000 per herd for open-field grazing. Additionally, teachers in key disciplines relocating to designated national priority areas receive salary increases of up to 70 per cent for several years.³⁰

48. A conservative lower-bound estimate of the GDP of Israel attributable to settlements in the occupied West Bank, including East Jerusalem can be derived using their share of the total Israeli population. This method assumes GDP per capita in these areas is equivalent to the national average. While likely underestimating the actual GDP generated there, it provides a useful metric for assessing the economic scale of the settlement enterprise.

49. Table 5 shows that between 2000 and 2024, the combined population of Israel, occupied East Jerusalem, and settlements elsewhere in the occupied West Bank grew from 6.3 million to 10 million. During this period, the proportion residing in East Jerusalem and West Bank settlements increased from 11 to 12.6 per cent of the total population. The GDP generated by Israel in East Jerusalem and settlements in the occupied West Bank is estimated by applying their population share to the total reported Israeli GDP.

50. The economic value extracted by Israel from its occupation of East Jerusalem and Area C of the West Bank between 2000 and 2024 is conservatively estimated at \$832.7 billion (constant 2015 dollars), equivalent to \$1.023 trillion in current 2024 dollars. In 2024 alone, annual economic activity in these regions is estimated at \$53 billion – equivalent to 484 per cent of the total Palestinian GDP for the same year.

51. The settlement economy is nearly five times larger than the Palestinian economy – vast in both absolute and relative terms. This disparity underscores the immense cost Palestinians bear due to the systematic denial of access to Area C – home to the West Bank's most vital natural resources: fertile agricultural land, critical groundwater reserves and valuable mineral deposits. Compounding the loss is the occupation of East Jerusalem – a historic centre of Palestinian life and a hub of major cultural and commercial significance.

Table 5

Gross domestic product and population: Israel, settlements and East Jerusalem, 2000–2024

(Billions of constant 2015 dollars)

<i>Year</i>	<i>Israel's real GDP</i>	<i>Israel's population</i>	<i>Population of East Jerusalem and settlements (per cent of total)</i>	<i>GDP of East Jerusalem and settlements</i>
2000	180.8	6 289 000	11.0	19.9
2001	181.0	6 439 000	11.0	19.9
2002	180.6	6 570 000	11.0	19.9
2003	182.7	6 689 700	11.1	20.3
2004	191.7	6 809 000	11.2	21.5
2005	199.7	6 930 100	11.2	22.4

²⁹ B'Tselem – Israeli Information Center for Human Rights in the Occupied Territories, “This is ours, and this, too: Israel's settlement policy in the West Bank”, 2021. Available at https://www.btselem.org/publications/202103_this_is_ours_and_this_too.

³⁰ Ibid.

<i>Year</i>	<i>Israel's real GDP</i>	<i>Israel's population</i>	<i>Population of East Jerusalem and settlements (per cent of total)</i>	<i>GDP of East Jerusalem and settlements</i>
2006	211.2	7 053 700	11.3	23.9
2007	224.1	7 180 100	11.5	25.8
2008	231.8	7 308 800	11.6	26.9
2009	234.5	7 485 600	11.5	27.0
2010	247.8	7 623 600	11.6	28.7
2011	261.5	7 765 800	11.7	30.6
2012	268.9	7 910 500	11.8	31.7
2013	281.8	8 059 500	11.9	33.5
2014	293.4	8 215 700	11.9	34.9
2015	300.1	8 380 100	12.0	36.0
2016	313.5	8 546 000	12.1	37.9
2017	327.2	8 713 300	12.1	39.6
2018	340.2	8 882 800	12.2	41.5
2019	353.1	9 054 000	12.3	43.4
2020	345.5	9 215 100	12.4	42.8
2021	383.2	9 371 400	12.4	47.9
2022	408.2	9 557 500	12.5	51.0
2023	418.1	9 756 600	12.5	52.7
2024	421	10 000 000	12.6	53.0
Total				832.7
Total in 2024 dollars 1,023 billion				

Source: World Bank, World Development Indicators database for GDP; Palestinian Central Bureau of Statistics for population in East Jerusalem; and B'tselem for population in settlements.

V. Concluding observations

52. The escalating violence in the occupied West Bank is deeply alarming. Security operations by Israeli forces in the northern West Bank have resulted in high levels of fatalities, including women and children, significant population displacement, and destruction of homes and infrastructure, particularly in refugee camps. The demolition and seizure of Palestinian-owned structures as well as structures related to income generation, and the provision of essential services may entail numerous violations of international humanitarian law and international human rights law. Restrictions on access to land and natural resources continue to obstruct economic activity and sustainable development of Palestinians. As the backbone of the Palestinian economy – supporting 60 per cent of Palestinians – the occupied West Bank's potential has been systematically undermined by the prolonged occupation and its associated restrictions, including access to natural resources. UNCTAD reports have documented how Israeli-imposed constraints, including movement barriers, land confiscations, and settlement expansions have forced the economy to operate far below capacity.

53. Without some of the occupation-imposed constraints, the West Bank's economy would have been 68 per cent larger between 2000 and 2024, equivalent to a cumulative loss of \$170 billion – nearly 17 times the size of its 2024 GDP. In other

words, a subset of occupation constraints cost the West Bank economy over two thirds of its 2024 size.

54. I reiterate that all Israeli settlements in the occupied West Bank, including East Jerusalem, including all related infrastructure, have no legal validity and are in flagrant violation of international law and relevant United Nations resolutions. Settlement advancement impedes Palestinian access to land and their resources, threatening the contiguity and viability of a Palestinian State. I once again urge the Government of Israel to cease all settlement activity immediately, in line with its obligations under international law. In this respect, I note the recent findings by the International Court of Justice in its advisory opinion of 19 July 2024 which found that the effects of Israel's policies and practices particularly in the West Bank and East Jerusalem, include the deprivation of the Palestinian people of the enjoyment of the natural resources of the territory and the impairment of the Palestinian people's right to pursue its economic, social and cultural development.

55. In this context, the lifting of all restrictions on Palestinian economic activity in the occupied West Bank, Gaza and East Jerusalem is crucial to provide the Palestinian economy with the necessary foundation for development, accommodate growing demographic needs, and the realistic pursuit of the Sustainable Development Goals.

56. The Palestinian Authority continues to face a deepening fiscal crisis that threatens to further undermine Palestinian institutions and basic service delivery. Increased Israeli clearance revenue deductions and measures that introduce instability to the Palestinian financial sector should be urgently resolved.

57. It is crucial that the decline in international support for the Palestinian people, which has persisted for over a decade and a half, be reversed. Such aid has been critical in alleviating the severe socioeconomic hardships imposed by the Israeli occupation. The occupation's immense fiscal burden severely undermines the ability of the Government of the State of Palestine to generate sufficient revenue for governance and development. To prevent a further drastic decline in socioeconomic and humanitarian conditions, substantial foreign aid remains indispensable. However, humanitarian and economic assistance, while essential for immediate needs, cannot be a substitute for the Palestinian people's inherent rights to development, self-determination and sovereign statehood. The occupation must end as rapidly as possible, as noted by the International Court of Justice in its advisory opinion of 19 July 2024.

58. I remain committed to supporting Palestinians and Israelis in ending the occupation and resolving the conflict in line with international law, relevant United Nations resolutions and bilateral agreements in pursuit of the vision of two States – Israel and a fully independent, democratic, contiguous, viable and sovereign Palestinian State, of which Gaza is an integral part – living side by side in peace and security within secure and recognized borders, on the basis of the pre-1967 lines, with Jerusalem as the capital of both States.
