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The Palestinian Economy is A Resisting Economy "Towards Optimal Resource Utilization"

by Palestinian Prime Minister Dr. Rami Al-Hamdallah

The Media Unit at the Prime Minister's Office sends you its regards and share with you translated article by H.E PM Dr. Rami Al-Hamdallah published in the Al-Quds newspaper in Arabic on Sunday, Oct 28th, 2018.

Kindest regards,

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The Palestinian Economy is A Resisting Economy "Towards Optimal Resource Utilization"

Palestinian Prime Minister Dr. Rami Al-Hamdallah

The State of Palestine constantly confronts critical economic and social obstacles due to the policies the Israeli occupation limitlessly imposes on the Palestinian people and their land. Speaking unconditionally, these policies target all factors of production including land, resources, and labor. Nonetheless, this noble nation has always strived to live and coexist. The creative Palestinian citizen fulfilled significant achievements and left fingerprints on all disciplines and sectors. In this context, I will present, with numbers and statistics, a series of changes in the economic reality in Palestine.

- **A Greater openness to international trade to reduce dependence on the Israeli occupation and to promote and support the national product.**

Statistical data indicate that the percentage of the share of imported goods from Israel is decreasing sharply. In 2017, this share has fallen to 58% from 71% back in 2012, which indicates the effectiveness of government policies that aim at reducing dependence on the Israeli occupation in developing the Palestinian economy, as well as promoting and supporting the national product. The statistics also show that the volume of abroad trade exchange increased in terms of exports and imports towards a broader trade partnership with other countries. The share of trade exchange with Israel decreased during the last three years from 70% to 60% while it grew from 30% to 40% with other world countries.

- **A boost in foreign investment opportunities in Palestine.**

During 2017, foreign direct and portfolio investments data pointed out that the volume of foreign investments inside Palestine is approximately $3.4 billion. This proves genuine progress in the Palestinian investment environment and that the State of Palestine has an attractive climate for foreign investments despite the obstacles and challenges facing the Palestinian economy. Statistics, moreover, refer that the volume of Palestinian investments abroad is estimated at $1.7 billion, which demonstrates the opportunity of the Palestinian economy to mobilize more investments in the State of Palestine when appropriate conditions are available.

- **An increase in the volume of Palestinian exports and in the entry of new competitive goods into the external export list.**

During the period between 1997 and 2016, the Palestinian exports grew by 142%. In 2017, the Palestinian exports exceed one billion dollars compared to 1997, where it was only $400 million. The Percentage of increase surpassed by 100% over the past ten years. Statistics refer to the diversity in exported goods internationally as they include stones, oils, marble, furniture and some foodstuffs such as cucumbers. Recently, the Palestinian economy has been able to export high-quality premium dates, which demonstrates the ability of the Palestinian economy to produce goods with high economic competitiveness in comparison with neighboring countries. There is also an evolution in the pattern of domestically produced goods to become competitive goods that can be exported abroad.

- **A rise in the number of industrial facilities.**

During the past five years, the number of industrial establishments and facilities in Palestine increased by 10%, accompanied by a rise in the number of workers in this sector by 10%. The Palestinian industries are concentrated in the fields of furniture, stones, gypsum, clothing, plastic and dairy product.

- **A stability in unemployment rates.**

The stability in unemployment rates in the West Bank during the last five years reflects the exceptional role of the Government in this regard.

Statistical data highlights a major stability in unemployment rates in the West Bank over the past five years, to range from 18% to 19%. Unemployment rates in city centers are substantially low, for example, the unemployment rate in Ramallah city is about 4%. This demonstrates the exceptional role the Palestinian Government plays to decrease the unemployment rates. Inevitably, the number of participants in the labor market has increased due to the natural growth of the Palestinian population and the population composition, which takes the form of a pyramid population to shows that two-thirds of the Palestinian society is youth.

In contrast, unemployment rates in the Gaza Strip are concentrated among young graduates and in Palestinian Refugee camps. The total unemployment rate in the Gaza Strip is estimated at 44% and exceeds 50% among young graduates while it is about 28% in refugee camps. Over the past ten years, unemployment rates in the Gaza Strip have risen from 30% to 44%, which means that unemployment rates increase steadily. Around 218,000 people in the Gaza Strip are unemployed, which can be attributed to the following reasons:

1. The repeated Israeli wars and violations against the Gaza Strip, especially in the years of 2008/2009, 2012 and 2014, which led to the destruction of all life aspects and endeavors to achieve any economic development with a real dimension.
2. The decade-long blockade imposed on the Strip, which has worsened the humanitarian situation there.
3. Donors' Reduction in financial aid and assistance provided to the Strip.
4. The recent US decision to cut aid to the UNRWA, in a move that threatens more than 1.2 million Palestinian refugees in the Strip.

- **A rise in the number of establishments operating in the field of vocational training.**

During the last five years, the number of establishments operating in the field of vocational training has risen, which reflects the sectoral and cross-sectoral strategies the Government conducts to eliminate high unemployment rates among young graduates.

The number of establishments operating in the field of vocational and technical training increased from 1186 in 2012 to 1668 in 2017. This increase of 41% indicates the key role the Palestinian Government plays in partnership with all sectors of the Palestinian society in order to reduce the gap between the needs of the labor market and Education outputs. More than 40% of vocational training graduates work in productive income-generating sectors compared to 21% of academic disciplines graduates working in these sectors. Despite the high unemployment rates among young graduates, unemployment rates among vocational training graduates in the West Bank are 28%, which is low in comparison to 41% in academic disciplines. Further, statistics show that vocational training graduates in the West Bank need a maximum of 4 months to obtain a job while graduates of academic specializations need 10 months, which indicates the need for such programs in the Palestinian labor market.

- **A decline in poverty rates in the West Bank over the past seven years.**

Statistics indicate that poverty rates in the West Bank decreased from 18% in 2011 to less than 14% over the past seven years. While they increased from 39% to more than 50% in the Gaza Strip, which confirms the dire economic situation in the sector due to the previously mentioned reasons.

- **Investing in human resource is a foundation of development.**

  - *Education*

Illiteracy rates in Palestine are among the lowest in the world:

Over the past two decades, illiteracy rates in Palestine have dropped from 14% to about 3%. This reflects that the Palestinian society has belief and faith in education as a crucial vehicle to develop our Palestinian society towards a better future.

  - *Health*

Significant Developments:

Statistical data shows that the number of establishments associated with health activities in Palestine increased by 20% over the past five years to reach more than 6000 establishments, accompanied by a rise in the level of employment in this sector by more than 40%. The data also

indicate a rise in the number of establishments dealing with social work activities (The elderly and the handicapped) increased from 100 in 2012 to more than 150 in 2017. This was accompanied by a 20% increase in the number of workers in these activities. In addition to that, statistical data indicates that the infant mortality rate in Palestine decreased from 27 born per 1,000 born between the periods from 1990 to 1999 to reach 18 born per 1000 born during 2009 and 2013, according to the Palestinian Central Bureau of Statistics. While it reached 11 born per 1000 born in 2017, according to the Ministry of Health.