

International Labour Conference, 96th Session, 2007

Report of the Director-General

Appendix

The situation of workers of the occupied Arab territories

International Labour Office Geneva

ISBN 978-92-2-118131-6
ISSN 0074-6681

Second edition 2007

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org.

Visit our web site: www.ilo.org/publns.

Preface

This Report was prepared, as in previous years, following high-level missions to Israel and the occupied Arab territories and to the Syrian Arab Republic. The missions enjoyed once more the full cooperation of ILO constituents and concerned parties, reaffirming support for the ILO's efforts to contribute to building peace and security in the region through monitoring and assessing economic and social development in its fields of competence.

My representatives held direct in-depth consultations with a wide range of interested parties, including ILO partners in the occupied Arab territories and constituents in the Syrian Arab Republic and in Israel, with United Nations agencies, human rights organizations, and national non-governmental and international intergovernmental organizations.

This Report describes the grim plight of people in the occupied Palestinian territories and in the occupied Syrian Golan. Violence has continued to affect both Palestinian and Israeli civilians, but with very different levels of intensity. Economic activity has declined sharply, leading to more widespread poverty, precarious employment and unemployment.

Enterprises find it increasingly difficult to operate amid escalating logistical costs. Workers and their families are faced with shrinking employment opportunities and erratic payment of wages. Permits and checkpoints mark daily life. Palestinian government institutions are grappling with a decline in resources. Confrontations between Palestinians further complicate the situation.

The immediate cause of economic and social hardship is the pervasive system of closures and controls, including the Separation Barrier, put in place by the occupying power. But a large part of the security measures deployed by the Israeli Government seek to protect Israeli citizens who have settled in the occupied Arab territories. This protection is at the same time causing economic and social insecurity for the people in those territories.

A situation of prosperity and security, on the one side, and military occupation, poverty and insecurity, on the other, is fraught with dangers for both sides and is not sustainable.

International assistance, a welcome sign of international solidarity, has increased in 2006. The donor community is funding directly many of the functions that the Palestinian Authority is no longer able to provide from its own resources owing to the reduction in external budgetary support. International assistance seeks to alleviate the plight of the Palestinian people. A growing share of aid is taking the form of humanitarian assistance in an effort to address the most severe manifestations of the unfolding economic and social crisis. This means providing food aid, temporary jobs through cash-for-work and social assistance to the most needy.

While short-term assistance addressing the emergency needs of Palestinian people is necessary and welcome, it is not a sustainable solution for the development of the occupied Arab territories.

Government officials and employers and workers met by the ILO mission have stressed the imperative of upholding freely chosen and productive employment as the only basis for work in dignity. This is consistent with the ILO's values of decent work within the meaning of the ILO Constitution as a fundamental basis for human security and personal dignity.

Every effort is needed to enable enterprises and other actors to sustain economic activities and contribute to building a viable economy as a foundation of a future Palestinian State. This implies, within today's extraordinary limitations, an environment more conducive to investment, entrepreneurial initiative and employment generation, and mindful of rights at work. Tripartite dialogue between the Government and representative employers' and workers' organizations is a powerful means to support that objective and reduce tensions.

The Palestinian Authority, international donors and Israel should seek to support entrepreneurs and workers in order to consolidate enterprises, encourage new investment and diversify economic activity. This would contribute to fostering security for Palestinians and Israelis, as well as moving closer to a long-term negotiated solution to the conflict.

In the first months of 2007, political dialogue appears to be regaining the initiative. Through the mediation of King Abdullah Ben Abdul Aziz of Saudi Arabia, a National Unity Government was formed on 17 March 2007. It has adopted an ambitious platform, and has been actively seeking a solution to its financial isolation so that it can function more normally.

The Middle East Quartet has stated that it intends to assess the Government by its platform and composition as well as by its actions.

The 19th Summit Conference of the Arab League Council, convened in Riyadh from 28 to 29 March 2007, reaffirmed its full support for the peace plan proposed in 2002 by Saudi Arabia. The Arab Labour Organization fully endorsed this decision. In parallel, renewed talks have been held between the Prime Minister of Israel and the President of the Palestinian Authority.

The Security Council was briefed on 25 April 2007 on the situation in the Middle East by the Under-Secretary-General for Political Affairs, B. Lynn Pascoe, who stated: "It is incumbent on the parties and all regional and international players to show restraint and to intensify their efforts to bring about immediate progress on the ground and to promote, as a minimum, the political will for the parties to discuss their future together. We need to move forward towards our shared goal of a just, lasting and comprehensive peace, based on Security Council Resolutions 242, 338, 1397 and 1515."

The ILO will continue to play its full part in supporting its constituents and in facilitating dialogue for peace, including through inter-faith dialogues.

ILO partners have requested the ILO to intensify its programme of technical cooperation in the occupied Palestinian territories and in the occupied Syrian Golan. The ILO will respond positively to such requests, as reflected in the conclusions of this Report, in order to strengthen the Ministry of Labour and employers' and workers' organizations as a means to promote dialogue and consolidate the foundations of democratic governance.

From my discussions with members of the ILO missions and other informed persons, I realize how difficult it is to express adequately in the language of a report the profound feeling of collective punishment that the Palestinian people legitimately harbour in their hearts. Again and again, the word “dignity” comes to mind. First and foremost, because Palestinians’ dignity is being trampled in so many ways, but also because of the dignity with which they confront the humiliations to which individuals, families and communities are regularly subjected.

This resilience is a source of inner strength enabling the Palestinian identity, far from being weakened, to nourish the collective energy to persist in the conviction that their quest for freedom will ultimately prevail and peace with Israel will be possible.

May 2007.

Juan Somavia,
Director-General.

Contents

	<i>Page</i>
Preface.....	iii
Introduction	1
1. Gradual disintegration of the Palestinian social and economic fabric.....	3
2. Continuing patterns of tight closure and control.....	8
3. An economy under siege.....	21
4. Governance and rights	28
5. Conclusions.....	32
References.....	35
Annex.....	37

Introduction

1. In accordance with the resolution concerning the implications of Israeli settlements in Palestine and other occupied Arab territories in connection with the situation of Arab workers, adopted by the International Labour Conference at its 66th Session (1980), the Director-General again this year sent missions to Israel and the occupied Arab territories and to the Syrian Arab Republic in order to make as full an assessment as possible of the situation of workers of the territories (the West Bank, including East Jerusalem, the Gaza Strip and the occupied Syrian Golan).¹ In the course of the mission to the occupied Arab territories, the Director-General's representatives held numerous discussions and meetings with Israeli, Palestinian and Syrian interlocutors.²
2. In examining all the issues involved, both during the missions and in the preparation of this Report, the Director-General's representatives bore in mind, as they have always done, the relevant standards of international law, in particular the Hague Convention of 1907 (respecting the laws and customs of war on land) and the Fourth Geneva Convention of 1949 (relative to the protection of civilian persons in time of war), of which Israel is a co-signatory.
3. The Director-General's representatives were guided by the principles and objectives laid down in the Constitution of the International Labour Organization, including the Declaration of Philadelphia, by the standards and resolutions adopted by the International Labour Conference, by the principles enunciated by the supervisory bodies of the ILO, and, more generally, by the issue of rights at work. As indicated in the 1980 resolution, the substantive matters at issue include equality of opportunity and treatment of workers of the occupied Arab territories, the trade union freedoms and rights of those workers, and the psychological, spiritual and material damage caused to Arab workers in Palestine and other occupied Arab territories by the Israeli settlement policy. This approach gives all due weight to principles and rights at work, which, together with employment, social protection and social dialogue, form the pillars of the Decent Work Agenda. The present Report thus takes account of relevant legislation and the information obtained concerning realities on the ground in respect of the situation of the workers of the occupied Arab territories.

¹ As has been pointed out in previous reports, the Golan has been occupied by Israel since 1967 and was unilaterally annexed by Israel in 1981. The position of the Israeli Government regarding the Golan was stated in the following terms: "The ILO mission is meant to collect material for the Director-General's Report on the occupied Arab territories. It is the position of the Government of Israel that the Golan, to which Israeli law, jurisdiction and administration have been applied, is not now such an area. In view of this consideration, approval for a visit of the ILO mission to the Golan was given as a gesture of good will and without prejudice. The decision to facilitate such an informal visit shall not serve as a precedent and does not contravene the Israeli Government's position." On 17 December 1981, the United Nations Security Council adopted resolution 497 calling on Israel to rescind its decision to annex the Golan, which has never been recognized by the United Nations. The Israeli position is also disputed by the Government of the Syrian Arab Republic and the Arab people of the Golan, which consider the Golan as an occupied part of the Syrian Arab Republic.

² A list of interlocutors is contained in the annex to this Report.

4. The Director-General entrusted Friedrich Buttler, Regional Director for Europe and Central Asia, Ümit Efendioğlu, Member of the Office of the Director-General (CABINET), Philippe Egger, Deputy Director of CABINET, Tariq Haq, Employment Specialist at the Regional Office for the Arab States in Beirut, and Steven Oates, Sector Coordinator in the Office of the Executive Director for Standards and Fundamental Principles and Rights at Work, with the mission to Israel and the occupied Arab territories, from 15 to 21 April 2007. Rasha El Shurafa, Acting ILO Representative for the West Bank and Gaza, undertook all the preparations for the mission, of which she was a full member. Friedrich Buttler, Nada Al Nashif, Regional Director for the Arab States, and Steven Oates were entrusted with the mission to the Syrian Arab Republic on 22 and 23 April 2007.

5. This Report takes account of information obtained on the spot by the missions mentioned above, as well as the documentation submitted by the missions' interlocutors and other documentation publicly available. In examining the situation of Arab workers of the occupied territories, the missions conducted their work with impartiality and objectivity. The Report addresses priorities of ILO technical cooperation with the Palestinian Authority and social partners and the Syrian constituents. The ILO partners and constituents have agreed to receive an ILO technical mission to the occupied Arab territories as soon as possible. The Office will further report on this to the Governing Body's November session.

6. The Director-General is most grateful to all the parties involved, and wishes to acknowledge that his representatives enjoyed, as they have always done, the full cooperation of all parties, both Arab and Israeli, as well as of the representatives of organizations of the United Nations system, in obtaining the factual information on which this Report is based. He recognizes also the full cooperation extended to his representatives by the authorities of the Syrian Arab Republic and by the International Confederation of Arab Trade Unions (ICATU).

1. Gradual disintegration of the Palestinian social and economic fabric

1.1. Fiscal and economic breakdown within a precarious political context

7. June 2007 marks the 40th year of the Israeli occupation of the West Bank, including East Jerusalem (Al-Quds), Gaza and the Syrian Golan. The territories have faced yet another year of acute suffering, with declining living standards, increasing poverty and unemployment, and intensifying social disintegration and political disarray. This multifaceted crisis, encompassing economic, social, political, institutional and humanitarian dimensions, has its roots not only in the circumstances surrounding occupation for so many years but also in a series of measures taken in the wake of the elections that brought a new Government to power in March 2006.

8. Three main factors have led to the further deterioration of the situation as compared to last year. First, the financial embargo imposed by the international community on the Palestinian Authority has had devastating effects on the Palestinian people and economy. Second, Israel withheld Palestinian tax revenues, contrary to the Oslo Accords,³ which resulted in a loss to the budget of an average monthly income of about US\$60 million. Combined with the suspension by Western donors of their direct budget support, the loss of income meant a 50 per cent drop in monthly revenue for the Government (Samhuri, 2007). Third, further tight restrictions on the mobility of Palestinian people and goods both within and between the territories, and to Israel and other countries, have made it impossible for the Palestinian economy to operate other than minimally.

9. The political and financial isolation of the Palestinian Government (Oxfam, 2007) and Israel's withholding of clearance revenues gave rise to an unprecedented fiscal crisis in the territories. The situation was exacerbated by the restrictions imposed by the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury, prohibiting financial dealings or transactions with the Government.⁴ Consequently, the Palestinian banking sector avoided doing business with the Government because of risks of litigation under US anti-terrorism law,⁵ thereby depriving the Government of previously available lending facilities. In fact, the banking sector became a further drain on the finances of the Government, since it was withholding domestic tax revenues due to accrue to the accounts of the Ministry of Finance (Samhuri, 2007).

10. The crisis has also precipitated a decline in domestic tax revenues, which, added to the loss of income from donors and Israel, produced an average monthly deficit of US\$110 million. This has virtually paralysed the Government's ability to function and constricted any prospects for private sector development (ibid.).

11. Government expenditure is the most important component of aggregate demand in the Palestinian economy, constituting 50 per cent of the gross domestic product (GDP), and provides jobs to an estimated 160,000 workers, representing about a quarter of total

³ Also referred to as "clearance revenues", i.e. the monthly transfer of value added tax and customs receipts that Israel collects on behalf of the Palestinian Authority, as agreed under the Paris Protocol to the Oslo Accords.

⁴ See the OFAC web site, at www.treasury.gov/offices/enforcement/ofac/programs/terror/pa.shtml.

⁵ International Money-Laundering Abatement and Anti-Terrorist Financing Act of 2001 (Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, Public Law 107-56, 26 Oct. 2001).

employment. As a result of the fiscal crisis, civil servants have not been paid in full since March 2006. Over 1 million people depend on the wages earned from the public sector. Therefore, the human cost of the financial boycott, as a recent Oxfam report called it, has been very high (Oxfam, 2007).

12. Given the fiscal squeeze and the associated demand constraints, as well as the continuing drop in exports that resulted from further tightening of restrictions on mobility of people and goods, it comes as no surprise that GDP contracted by almost 10 per cent in 2006, with per capita income plummeting to almost 40 per cent below its 1999 pre-intifada level. Poverty and unemployment reached very high levels, with close to 66 per cent of all households in the occupied Palestinian territories living below the national poverty line and 24 per cent of the labour force unemployed. In Gaza, the situation is bleaker, with the household income poverty rate close to 88 per cent and unemployment approaching 35 per cent. This economic breakdown is the outcome of occupation and closures imposed by Israel, as well as of international financial sanctions.

13. Access to markets for Palestinians both within and beyond the territories is tightly controlled by the Israel Defense Forces (IDF). The number of obstacles to movement in the West Bank continues to grow, with an increasing number of “flying” and partial checkpoints in addition to the permanent ones. The commercial and passenger crossings between the occupied territories and Israel are operating at a very low capacity. The cost of trading is proving prohibitive and, by controlling numerous crossings and checkpoints, the IDF are in fact in command of Palestinian livelihoods.

14. The unfolding economic and humanitarian crisis has weakened institutions and breeds further violence, crime and lawlessness, in addition to fighting among numerous and factionally divided security staff who are poorly trained and only occasionally paid. Such violence is particularly prevalent in Gaza but is reported throughout the territories. Violence against Israeli civilians within Israel has also continued.

15. International humanitarian aid, provided in particular by the European Union (EU), increased in 2006 to an estimated US\$1.2 billion. A special payment arrangement, the Temporary International Mechanism (TIM),⁶ was set up, through which some US\$330 million were channelled between June 2006 and March 2007. The mechanism allows direct payment, at high transaction costs, for energy expenditure in Gaza, hospital expenditure and social assistance to some 150,000 beneficiaries. Opinions are divided as to the benefits of such arrangements. On the one hand, essential humanitarian assistance has been provided, without which the hardship of the Palestinian people would have been more acute. On the other hand, Palestinian institutions have been weakened.

16. As the International Crisis Group has argued: “Sanctions did not achieve their objectives Diplomacy has been non-existent, violence between Israelis and Palestinians continues, and there has been no movement on prisoner exchanges. By almost every conceivable standard – governance, security, economics, institution building and the peace process – there has been only regression.” (International Crisis Group, 2007).

⁶ In view of the humanitarian crisis in the occupied Palestinian territories, the Middle East Quartet endorsed the TIM on 17 June 2006, as a means conceived by the European Commission to channel aid directly to Palestinians. “The mechanism was to be ‘limited in scope and duration’; operating with ‘full transparency and accountability’; and ensuring ‘needs-based’ assistance directly to the Palestinian people. Funding through the TIM was categorized under three windows: non-salary support to the health, education, social, and water sectors; fuel payments to the health and water sectors; direct payments to PA workers and welfare recipients.” (Oxfam, 2007, p. 5).

1.2. Humanitarian assistance versus development aid: “De-development”

17. Although the amount of aid to the occupied territories has increased, its composition has changed, with more emphasis on humanitarian and relief aid as opposed to development aid. The EU, for example, allocated 56 per cent of its total contribution to humanitarian assistance in 2006, compared to 16 per cent in 2005 (Oxfam, 2007; Erlanger, 2007). There is growing concern over the implications of the rise in humanitarian assistance for building strong institutions for a well-functioning economy and democracy and hence a viable Palestinian State.

18. The crowding-out effects of this trend on private as well as public sector development are potentially immense. On the one hand, direct aid delivery of goods, services and money to the Palestinian people is bypassing the public sector and weakening Palestinian institutions. On the other hand, aid brings few benefits to local enterprises and employment. Indeed, representatives of the Palestinian private sector, with whom the mission met, expressed concern about the operation of the TIM, arguing that it contributed to weakening the development of the private sector in the occupied territories.

19. Furthermore, relief efforts through food aid and cash-for-work projects offer temporary solutions. Humanitarian relief, when provided in replacement of adequate jobs, can undermine the dignity of workers. With the disruption of economic activities, the productive capacity of the economy is gradually but steadily shrinking. The contraction on the supply side and the ensuing loss of income and decent job opportunities are coupled with a massive reduction on the demand side. The result is a downward spiral of “de-development” (UNCTAD, 2006; Roy, 1996), which will render a strong Palestinian economy increasingly unviable.

20. Concerns have also been raised by the International Development Committee of the House of Commons in the United Kingdom regarding the political implications of increased humanitarian aid: “[W]hile increasing levels of international assistance helps to stave off humanitarian catastrophe, donors are effectively subsidizing Israel’s occupation and relieving Israel of its duty to maintain basic services for the occupied population. Most donors are acutely aware of this but are understandably unwilling to disengage, believing that Israel would not in fact step in and fill the gap left by donors.” (House of Commons International Development Committee, 2007).

1.3. Social and institutional erosion against a background of survival economics

21. Non-payment of the salaries of public sector employees as a result of economic sanctions has contributed to social and institutional erosion. Continuing strikes by public employees in several government ministries, as well as the education and health sectors, have not only disrupted the delivery of vital services but also detracted from the provision of other public sector services as the Government gave priority to channelling whatever revenue was coming in to the payment of the wage bill.

22. One of the most important forms of institutional damage was the fragmentation of the Palestinian financial system caused by the suspension of payments to the Government. This has undermined the financial reforms achieved in 2002–03, especially the creation of the Single Treasury Account to ensure transparent and efficient handling

of finances. Currently, Palestinian Authority finances are being managed in at least three different ways: through the Office of the President, the Ministry of Finance and the TIM.

1.4. Prospects for hope

23. The most immediate step for reviving hope is to end the political and economic isolation of the Government. The Mecca Agreement opened the way for forming a National Unity Government.⁷ The Middle East Quartet, in its statement of 21 March 2007, reiterated the conditions under which it would resume diplomatic and economic relations with the Palestinian Authority: recognition of Israel, renouncing violence and accepting past agreements, including the Road Map (United Nations, 2007a).

24. The Quartet added that “the commitment of the new Government ... will be measured not only on the basis of its composition and platform, but also its actions” (ibid.).

25. Another step was taken during the 19th Summit Conference of the Council of the Arab League held in Riyadh on 28–29 March 2007, at which the leaders of 21 Arab countries unanimously passed a declaration reiterating commitment and adherence to the Saudi-proposed Arab Peace Initiative approved by the Beirut Summit of the Arab League in 2002.⁸

26. The Riyadh Summit also called on the international community to immediately lift the siege measures imposed on the Palestinian people, recognize the Palestinian Unity Government and deal with it without discrimination.⁹ This position was also supported by a resolution of the 34th Session of the Arab Labour Conference held by the Arab Labour Organization in March 2007.¹⁰

27. In the light of these latest developments, as well as of increasing international awareness of the unsustainability of the current situation in the territories, there are some signs indicating willingness to engage with the new Palestinian National Unity Government. Norway was the first country to change its policy with regard to the new Government. Some countries, such as China and Switzerland, have never discontinued their relations with the Palestinian Authority. The Russian Federation, France and a number of other European countries are also considering financial transfers to the Government. The Quartet has extended the TIM until the end of June 2007 and is seeking a new “sustainable” aid mechanism in the meantime (Oxfam, 2007).

28. United States Secretary of State Condoleezza Rice met in Washington on 17 April 2007 with Palestinian Finance Minister Salam Fayyad, an independent member of the new National Unity Government, to discuss banking transactions. Indicating that the Government needed US\$1.8 billion in 2007, including the accumulated deficit of US\$640 million in salaries for 2006, Minister Fayyad called for the restrictions on direct

⁷ The new Government, comprising members of Fatah and Hamas, as well as independent persons, in its Cabinet, took office on 17 March 2007.

⁸ This initiative calls for full Israeli withdrawal from all the territories occupied since 1967; achievement of a just solution to the Palestinian refugee problem to be agreed upon in accordance with UN General Assembly resolution 194; and acceptance of the establishment of a sovereign independent Palestinian State on the Palestinian territories occupied since 4 June 1967 in the West Bank and Gaza Strip, with East Jerusalem as its capital. For details, see www.saudi-us-relations.org/fact-book/documents/2006/060609-arab-peace-plan.html.

⁹ See decisions of the Summit, at www.mideastweb.org/arabsummit2007.htm.

¹⁰ Resolution confirming all the resolutions in support of the Palestinian cause, resolution No. 1359 of the Arab Labour Conference, 34th Session, March 2007.

budget support to the Palestinian Authority to be lifted (*Haaretz*, 2007a). The new Government has given priority to finding a solution to the financial siege.

29. A recent public opinion poll conducted by the Jerusalem Media and Communication Center (JMCC) after the formation of the National Unity Government showed that the number one priority for the Palestinian people is for the new Government to resolve the difficult financial and economic situation in which they find themselves. Ending security chaos and enforcing law and order came in second place. This was followed by reform, tackling corruption, countering Israeli settlement expansion and moving ahead with the peace process. Moreover, close to 70 per cent of Palestinians interviewed expressed optimism regarding the Mecca Agreement and the new Government (JMCC, 2007).

2. Continuing patterns of tight closure and control

30. Movement of goods and people in and between the West Bank and Gaza remains tightly controlled by the Israeli policy of physical barriers and permit requirements: “closure”. The stated purpose of the closure regime is to protect Israeli citizens from Palestinian militant attacks. The system of closures and control is widely believed by Palestinians and other observers to be not only disproportionate to the threat posed, but also a form of collective punishment that is the primary cause of the unfolding humanitarian and economic crisis engulfing the Palestinian people. Restrictions on freedom of movement divide Palestinian communities and impede access to land, enterprises and places of work, in addition to basic social services such as health and education.

2.1. Internal closure and fragmentation of the West Bank

31. Within the West Bank, obstacles used to restrict and control movement include checkpoints, roadblocks, metal gates, earth mounds and walls, road barriers and trenches, and the West Bank Separation Barrier, which is being constructed predominantly east of the 1949 Armistice Line (the “Green Line”) inside the West Bank – all coupled with an elaborate and opaque regime of permits. This is resulting in a fragmentation¹¹ that is isolating Palestinian population centres from one another, particularly Nablus, East Jerusalem and the Jordan Valley. According to the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), this trend has been reinforced over the course of 2006 (OCHA, 2006a). Table 2.1 monitors closure measures in the West Bank by district at various intervals between January 2006 and March 2007, indicating the size of the labour force affected by these measures in each district.

32. Total internal closure measures crept up over the course of 2006, reaching 547 physical obstacles by March 2007 (OCHA, 2007a). This figure excludes a further 76 checkpoints and obstacles located in the Old City of Hebron (H2 zone).¹² It also excludes reportedly large and increasing numbers of random or “flying” checkpoints, which often appear on key transit routes during morning and evening peak travelling hours, severely disrupting Palestinian movement (*ibid.*). Hebron in the south and Nablus in the north – two districts with large labour forces – are also among the most isolated and closed cities in the West Bank.

¹¹ As pointed out in last year’s Report, this fragmentation includes an emerging horizontal trisection of the West Bank, making travel between northern, central and southern regions of the West Bank increasingly difficult (ILO, 2006, para. 20).

¹² The special Hebron Protocol signed between Israel and the Palestinian Authority on 17 January 1997 created a separate zone, H2, covering roughly 20 per cent of Hebron City, for which the Palestinian Authority would provide administrative services, but Israel would retain full security control. An estimated 400 Israeli settlers reside in this area, in the midst of 35,000 Palestinians (and roughly 170,000 Palestinians in Hebron City as a whole). These settlers are protected by 1,500 IDF troops.

Table 2.1. Internal closure measures (physical obstacles) and estimated workforce, by West Bank district

No. of closure measures in:	Jan. 2006	June 2006	Oct. 2006	Mar. 2007	Labour force (at Q4/2006)
Bethlehem	33	35	39	37	41 000
Hebron	187	174	203	219	133 300
Jenin	7	22	17	14	71 200
Jericho	14	14	12	15	11 600
Jerusalem	40	43	36	36	107 500
Nablus	73	86	78	84	93 600
Qalqiliya	8	10	16	11	24 700
Ramallah	57	64	62	71	71 700
Salfit	23	30	30	30	19 800
Tubas	7	10	8	8	11 500
Tulkarem	22	30	22	22	49 200
Total	471	518	523	547	635 100

Sources: OCHA: West Bank closure maps, at www.ochaopt.org; labour force data from PCBS, 2007a.

Box 2.1 Living under the settlers

The ILO mission visited what used to be a thriving market in the centre of Hebron, in the southern part of the West Bank. Nearly all the businesses are now closed up with dark green shutters.

In one narrow street, the Palestinians have spread wire netting between the upper parts of the houses because the dwellings immediately above are occupied by settlers who habitually throw garbage and filth down onto the street and any women, men or children passing.

Israeli forces, who, the ILO mission was told, outnumber settlers about three to one, make no significant effort to control verbal and physical abuse and intimidation of Palestinians by settlers in the streets (see Ynetnews, 2007).

The ILO mission saw how Hebron residents wanting to pray in the mosque had to pass through at least three controls by Israeli forces.

33. The Jordan Valley has become very isolated from the rest of the West Bank. From August 2006, the IDF declared that only Palestinians with Jordan Valley residency written in their identification papers, Jericho identity card holders with a “West Bank checkpoint permit” and Palestinians with permits to work in Israeli settlements in the Jordan Valley would be able to cross into the Jordan Valley at four checkpoints. Consequently, Palestinian landowners residing outside the Jordan Valley have no access to their land.

34. Access of Jordan Valley produce to other Palestinian markets has traditionally been through the city of Nablus, in view of its proximity; this now requires two separate permits: one from the IDF sector commander to move through the Jordan Valley, and another from the IDF Civil Administration to enter the main market of Nablus. The mission learnt that, owing to the unpredictability of the closure regime, and extensive closure measures applied in both of these areas, transporting Jordan Valley produce to

Nablus city centre has become increasingly difficult over the past year, and Nablus commercial activity has suffered tremendously as a result, as reported by the President of its Chamber of Commerce. To escape the tight closure of Nablus city, many small businesses have moved to villages or roads outside the city limits in an attempt to sustain their income levels. The increasing territorial fragmentation of the West Bank as a result of closure is also severing economic links between traditionally interdependent communities.

Box 2.2

Eviction order to Palestinian herder community in Al Hadidiya

Al Hadidiya is located in the northern Jordan Valley just behind the Roi settlement, off road 578 connecting the Hamra and Bisan checkpoints. Some 80–100 people live off sheep herding in mostly IDF-declared military areas. The ILO mission visited the community on 20 April and spoke with Abu Ahmad, the head of the community. Various eviction orders had in the past been issued by the IDF Civil Administration, but these have all lapsed. Following a petition from the Roi settlement arguing that the community posed a potential security threat, the Israeli High Court of Justice decided on the eviction of the community by 10 February 2007. The IDF had informed the community that the eviction would be effective on 22 April 2007. No suitable relocation has been proposed. Abu Ahmad complained about bad treatment from the military, particularly when animals were captured. “Israelis want us to stay at home and raise children who will work as labourers for the settlers”, he said.

2.2. Active settlement of Jewish populations in the occupied Arab territories

35. The international community considers settlement of populations in territory conquered by force as illegal and in contravention of international law. In Resolution 465 of 1980, the United Nations Security Council determined that:

... all measures taken by Israel to change the physical character, demographic composition, institutional structure or status of the Palestinian and other Arab territories occupied since 1967, including Jerusalem, or any part thereof have no legal validity and that Israel’s policy and practices of settling parts of its population and new immigrants in those territories constitute a flagrant violation of the Geneva Convention relative to the Protection of Civilian Persons in Time of War and also constitute a serious obstruction to achieving a comprehensive, just and lasting peace in the Middle East.

36. The resolution concerning the implications of Israeli settlements in Palestine and other occupied Arab territories in connection with the situation of Arab workers, adopted by the 66th Session of the International Labour Conference (1980), noted the effect of settlement policy in terms of the decline in work opportunities in the occupied territories and psychological, spiritual and material damage to Arab workers. It referred to the flagrant violation of the rights and freedom of association of Arab workers in the occupied territories.

37. Settlement of Jewish populations in occupied Palestinian territories, including East Jerusalem, continued in 2006. Evidence abounds of active construction within existing settlements, of settlers moving into or seizing new locations and houses, of new “outposts” established by settlers, and of agricultural land being used for commercial purposes by settler populations.

2.2.1. Settlements in the West Bank

38. The Central Bureau of Statistics (CBS) of Israel counted 119 settlements at the end of 2005 with a population of 247,300, an increase of over 118,000 since 1995 (table 2.2). Peace Now counted 121 “official” settlements in 2005, plus another 101 unauthorized outposts or settlements in the making at various stages of construction (Peace Now, 2005). The built-up area of settlements amounts to 3 per cent of the West Bank. Including protected perimeters and closed areas, control extends to over 40 per cent of the territory.

Table 2.2. Israeli settlements in the West Bank and East Jerusalem, 2005

	Settlement population ('000)	No. of settlements	Settlers as a percentage of total population of area
West Bank	247.3	119	10.0
East Jerusalem	182.0	12	42.6

Sources: West Bank: CBS, 2006, table 2.7; East Jerusalem: Jerusalem Institute for Israel Studies: *Statistical Yearbook of Jerusalem*, 2002–03 and 2005, and *Haaretz*, 24 May 2006, cited in PASSIA, 2006.

39. An extensive network of roads is being constructed by the occupying power to connect settlements to Israel. Most of these roads are for the exclusive use of settlers and the IDF. Existing roads used by settlers are closed off to Palestinians. Where necessary, tunnels and bypasses ensure that roads used by Palestinians do not connect with those used by settlers.

2.2.2. Settlements and closures in East Jerusalem

40. The Jewish settler population in East Jerusalem is estimated to be approximately 182,000, amidst 245,000 Palestinian Muslims, Christians and others. The Jewish settler population is expanding and actively buying houses. The Jerusalem municipality discriminates against Palestinians in various ways. First, building permits are rarely issued to Palestinians. Second, municipal services in East Jerusalem are of lower quality, owing to financial restrictions, as are social services. Expenditure per capita for Arab Jerusalemites is much lower than for other inhabitants of the city.

41. Only four of the 12 passages and checkpoints to enter East Jerusalem from the east are open to Palestinians. Proof of residence in the city is now required to retain the Jerusalem identity card originally issued to Palestinians who refused to accept Israeli citizenship. This has led to numerous population movements back into the city, with very crowded housing for those able to afford high rentals; others have decided to move to the east of the Barrier into the West Bank. Economic ties between the two sides of the Barrier in the city are gradually eroding.

42. In discussions with Palestinian shopkeepers in the Old City, the ILO mission heard how the changing access permit regulations complicated their commercial activity, of non-transparent policies set by the municipal authorities regarding the payment of taxes, and of corrupt police behaviour enforcing opaque regulations. Repeated closure days for Palestinians reduced the number of days of commercial activity for the shopkeepers.

2.3. The West Bank Separation Barrier

43. On 30 April 2006, a revised route of the West Bank Separation Barrier was approved by the Israeli Cabinet, extending a total length of 703 km, compared to the previous projection of 670 km (OCHA, 2006b). By March 2007, 59 per cent of the Barrier had been completed, in spite of the Advisory Opinion of the International Court of Justice delivered on 9 July 2004, calling for an immediate cessation and reversal of construction activity and reparation for all damage caused, and the subsequent United Nations General Assembly resolution.¹³ Only 20 per cent of the Barrier's revised route lies along the Green Line, with 575 km² (or 10.17 per cent) of West Bank land falling within the "seam zone" between the Barrier and the Green Line (including in East Jerusalem) (ibid.). This includes much of the West Bank's fertile farmland and water resources.¹⁴

44. In the north, where the Barrier has been completed, a 150–200 m buffer zone on the West Bank side has been enforced by the IDF, within which new construction is prohibited. In Gaza, the buffer zone has been increased to 500 m and entry of Palestinians into this area is completely prohibited. These buffer zones ultimately account for a sizeable proportion of potentially productive Palestinian territory that is rendered unusable.

45. Some 180,000 Jewish settlers in the West Bank (73 per cent of the West Bank settler population) and a slightly higher number from East Jerusalem to the west of the Barrier will be between the Barrier and the Green Line. The current route would see 60,500 Palestinians from 42 villages living in the seam zone, of whom 31,400 Palestinians in 12 villages will be completely encircled by the Barrier. In addition, 124,300 Palestinians living in 28 villages on the east side will be surrounded by the Barrier on three sides and controlled on the fourth with an associated physical structure (ibid.). In the north, landowners in the seam zone continue to receive permits to enter closed areas, but according to OCHA there has been a significant decrease in the number of permits issued to agricultural workers and family members of landowners who assist in cultivating the land (ibid.). In parallel, there appear to be increasing instances of heads of households living in the seam zone moving away to seek work, while their families stay behind so as not to lose their homes.

2.4. Different permit regimes and labour flows

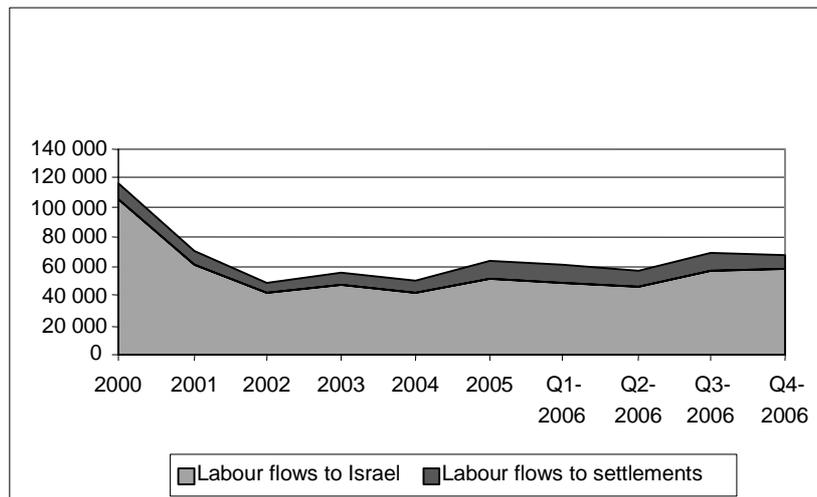
46. The permit regime is complex and inconsistent. A massive decrease in the number of permits granted to work in Israel and the extensive physical closure of the occupied territories since the onset of the second intifada in 2004 (increasingly cemented in the West Bank by the Barrier) have led to a huge reduction of labour flows to Israel, from over 140,000 in 1999 to 53,000 in 2006. Since April 2006, labour flows from Gaza have been non-existent, while an estimated 15–20,000 of the total Palestinian labour flows have been "illegal" workers, i.e. those without permits. According to a 2007 B'Tselem report, Israeli Border Police alone apprehended 148,417 Palestinians without a permit in 2005, in addition to a further 51,000 from 1 January to 14 June 2006 (B'Tselem, 2007a). Evidently, in the absence of sufficient income earning opportunities in the occupied territories, tens of thousands of desperate Palestinians are prepared to risk entering Israel illegally in search of livelihoods for themselves and their dependants.

¹³ United Nations General Assembly resolution A/RES/ES-10/15 of 20 July 2004.

¹⁴ See, for example, Palestine Monitor fact sheets, at www.palestinemonitor.org.

47. Coupled with the increasing closure to Palestinians of labour markets in Israel, there has been a relative rise in employment of Palestinians in the settlements (see figure 2.1). The number of Palestinians employed in the settlements rose from 10,000 in 2000 to 11,000 in 2006. During the same period, total Palestinian labour flows to the Israeli economy have declined by 50 per cent. The share of employment in settlements in total Palestinian labour flows has increased as a result to 20 per cent in 2006. Moreover, permit data provided by the Israeli Ministry of Defense Coordination of Government Activities in the Territories (COGAT) indicate an active policy to expand employment of Palestinians in Israeli settlements in the West Bank: the total number of permits issued for employment in the settlements rose from 13,600 in May 2006 to 17,600 in January 2007, reaching 18,400 by March 2007 (COGAT, 2007). Settlements in the occupied territories are illegal under international law, representing one of the most serious violations of the occupation and a major obstacle to peace. Given the prevailing crippling socio-economic conditions, an increasing number of Palestinians have no choice other than to earn their livelihoods in the settlements and Israeli-controlled industrial estates in the occupied West Bank.

Figure 2.1. Palestinian labour flows to Israel and the settlements



Source: PCBS Labour Force Survey database.

Box 2.3
“Back to the wall”

Life in the West Bank is marked by “legal chaos, uncertain rights and intimidated workers”, the mission was told.

The Separation Barrier has made a number of industrial estates close to settlements in the West Bank more attractive to Israeli business people. Desperate Palestinian men, women and children as young as 10 years old are said to accept employment in construction, agriculture, factories or homes in settlements and industrial parks for long hours, with inadequate protection against work hazards, and for less than the minimum wage. Work accidents go unremedied. Fear of losing this employment means indecent conditions go unreported. The ILO mission heard of children climbing date palm trees for harvesting in the settlements.

There are no written employment contracts and no payslips. Israeli courts – to which access is almost impossible – do not in any event enforce Israeli labour legislation or civil or military administration orders, considering instead that pre-1967 Jordanian law is applicable, it is reported (*Haaretz*, 2007b).

In Tel Aviv, the mission unsuccessfully sought clarification as to which labour laws and enforcement authority applied to Palestinian workers employed in Israeli settlements guarded by the IDF in meetings with representatives of the Manufacturers’ Association of Israel and Histadrut, as well as COGAT and the Ministry of Industry, Trade and Labour.

2.5. Suffocation of Gaza

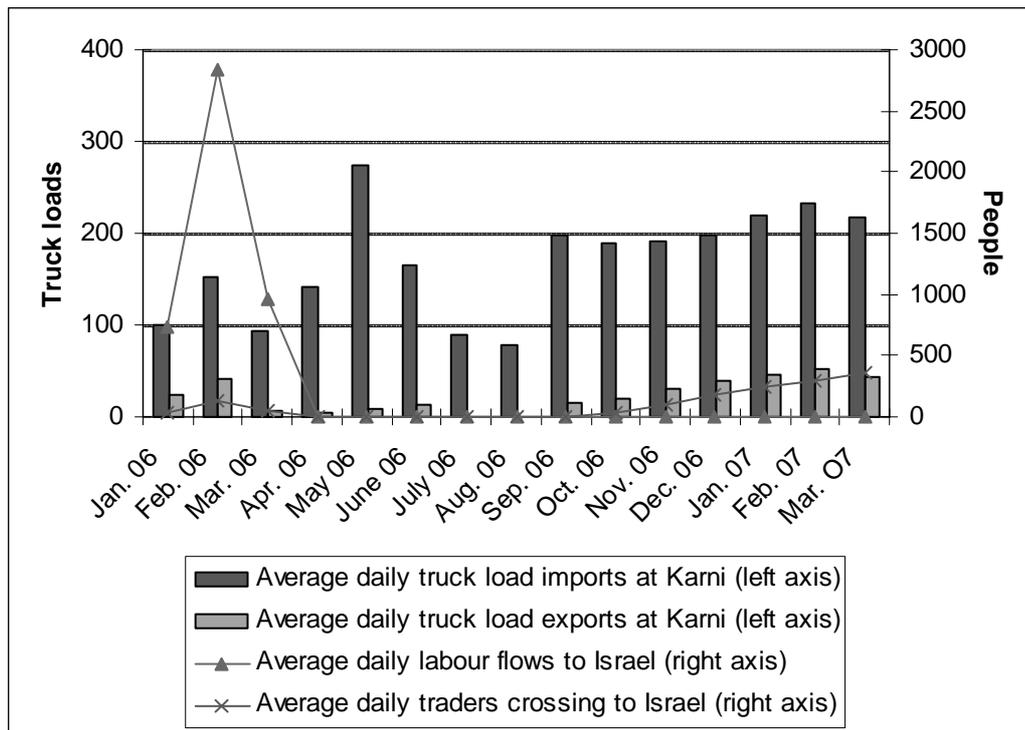
48. Israel continues to retain control of Gaza’s borders, coastline and airspace, effectively containing its 1.5 million-strong population in what has frequently been described to the mission as a large prison. The Rafah crossing to Egypt has been functioning on only a fraction of its scheduled opening days (6 per cent in July 2006, rising to 48 per cent by March 2007) (OCHA, 2007a). Erez remains the only passenger crossing point to and from Israel, while the Karni terminal¹⁵ is the only access point for commercial goods.¹⁶

49. Figure 2.2 shows trends in movement of labour through Erez and goods through Karni since January 2006. Labour flows from Gaza to Israel have been erratic and generally declining since the onset of the intifada, plummeting particularly after the closure of the Erez Industrial Zone in September 2005. The Israeli labour market was an important source of income to nearly 3,000 Gazans in February 2006, but has been completely inaccessible since April 2006. Towards the end of 2006 and the first quarter of 2007 there was a slight increase in the number of merchants allowed access to Israel.

¹⁵ The Karni terminal is a back-to-back truck crossing where all outgoing goods are scanned, sealed and moved in exchange cells onto Israeli trucks for transportation to or through Israel. Incoming goods on Israeli trucks are similarly scanned and transferred to Palestinian trucks. Strict limitations on pallet sizes apply, while the transportation of containerized goods from the West Bank to Gaza is prohibited altogether.

¹⁶ In addition to these crossing points, fuel is imported through the Nahal Oz crossing, and imports of aggregates (gravel for construction) are permitted through Sufa.

Figure 2.2. Mobility in Gaza: Commercial goods and labour



Source: OCHA, 2007a.

50. The Karni crossing has similarly been closed for much of 2006, with a daily average of 156 trucks importing goods to Gaza (including humanitarian supplies), and a mere 17 trucks exporting goods from Gaza. While truck movement increased slightly in early 2007, it has remained well below the target of the negotiated Agreement on Movement and Access (AMA) of 15 November 2005 of 400 truck movements per day by the end of 2006. The terminal is described by the World Bank as inefficient, unreliable, overly costly and plagued by large-scale corruption (World Bank, 2007a). The Government of Israel is constructing several terminals in the West Bank for channelling exports, similar to the Karni terminal. The unconvincing experience at Karni should hopefully guide future decisions regarding the functioning of such terminals.

51. The back-to-back trucking system that is enforced for all transportation of goods from Gaza and the West Bank to Israel, and through Israel, is another instrument of tight Israeli control, which substantially increases transaction costs and delays, adversely affecting the competitiveness and reliability of Palestinian exports. This system also raises the cost of imports. According to the Palestinian Federation of Industries, the transaction costs associated with this system – and in particular the often extortionate sums charged by Israeli trucking companies to Palestinian businesses for purchasing a turn in the queue of Israeli intermediary trucks at the borders – mean that the average cost of a shipment from the West Bank into Gaza is now 20,000 new Israeli shekels (NIS) (approximately US\$5,000), with the highest recorded shipment cost having been NIS35,000 (US\$8,750) (Palestinian Federation of Industries, 2007).

52. Moreover, discussions with and surveys of Palestinian business people indicate that the overall costs incurred go beyond the transportation costs: damage to goods through excessive delays and mishandling, as well as the inability to meet specified delivery dates, add to the difficulties endured by Palestinian exporters.

53. Since October 2006, the IDF have imposed a strict fishing limit of six nautical miles off the coast of Gaza¹⁷ (with complete no-fishing areas within 3 km of the northern border with Israel and 2 km of the southern border with Egypt), on security grounds. The restrictions imposed on fishing rights have led to overfishing in the shallow coastal waters, resulting in a serious depletion of stocks in breeding grounds. Fishing in Gaza accounts for 4 per cent of Palestinian GDP, but the incomes of the 3,000 registered fishers in Gaza, as well as the thousands of others who depend on the industry for their livelihoods, have been in sharp decline since the onset of the intifada. Annual income from the industry has more than halved from the US\$10 million generated in the late 1990s. Moreover, owing to the frequent closures at Karni, Gazan fishers have faced additional difficulties in exporting their higher value produce, such as shrimps. OCHA reports a growing dependence amongst fishers and other related workers on food aid and job-creation schemes provided by the United Nations and other humanitarian organizations (OCHA, 2007b).

Box 2.4

Israeli measures for Palestinian workers

The Israeli Ministry of Defense Coordinator of Government Activities in the Territories informed the ILO mission of the steps taken to support controlled mobility and employment of Palestinians when Israel's security considerations allow (COGAT, 2007). For instance, compared to May 2006, some 16,500 additional workers are said to have been permitted to enter Israel from the West Bank for employment purposes in March 2007. The mission heard that, by the same date, opening hours at the Karni back-to-back truck platform between Gaza and Israel had been extended to 11 p.m. (provided the crossing was not closed altogether for "security" reasons), with a view to further increasing them until midnight. Similarly, the maximum permitted height of pallet loads for transportation through Karni had been raised from 0.80 m to 1.60 m. COGAT was also considering reissuing a limited number of permits to allow workers from Gaza access to employment in construction and certain agricultural activities in Israel, with the possibility of staying in Israel overnight, while "businessman card" (BMC) permits were to be issued to 550 Palestinians, facilitating their passage between the West Bank and Gaza.

Such gestures, coupled with COGAT's indicated facilitation of certain other humanitarian assistance efforts, remain subject to "security" concerns, and reflect a degree of control that is hardly compatible with the development of a competitive or viable Palestinian economy.

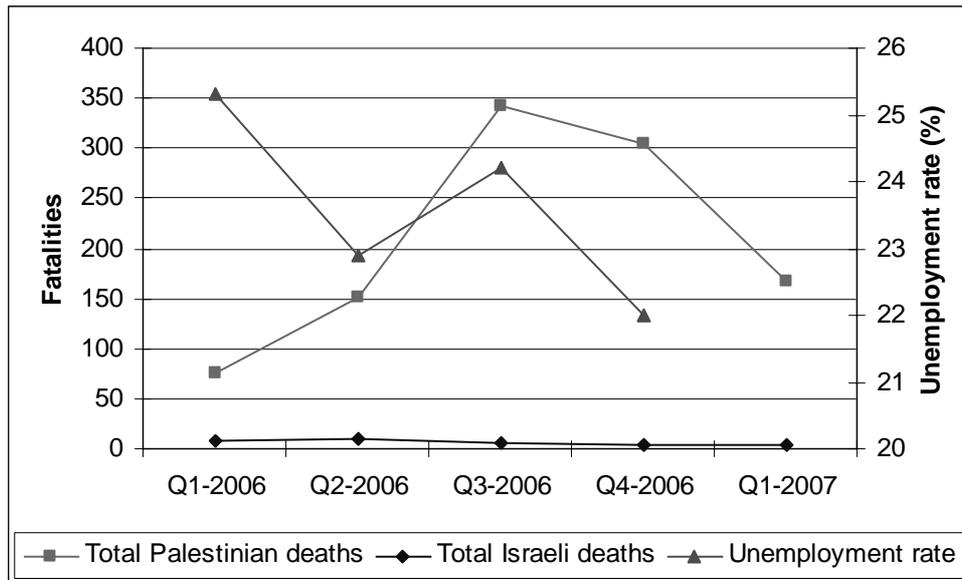
2.6. Violence, security and economic activity

54. The year 2006 saw an increase in violence, not only due to the conflict between Israel and the Palestinians resulting from military occupation, but also due to lawlessness and politically motivated factional fighting, especially in Gaza. This has resulted in a growing incidence of fatal casualties and injuries, predominantly on the Palestinian side.

¹⁷ In contrast, the 2002 Bertini Agreement allowed fishing up to 12 nautical miles, while the 1995 Oslo Agreements gave Palestinians fishing rights up to 20 nautical miles off the Gaza coastline (OCHA, 2007b).

55. OCHA's Protection of Civilians database shows that between January 2006 and March 2007, 712 Palestinians were killed and 3,711 injured in direct conflict-related incidents with the IDF or Israeli settlers in the West Bank, Gaza and Israel. As figure 2.3 shows, the greatest number of deaths occurred during the IDF's military invasion of Gaza in the summer of 2006. Internal Palestinian conflict and violence, which accounted for seven deaths in the first three months of 2006, intensified in late 2006 and early 2007, resulting in 119 deaths between January and March 2007 (OCHA, 2007c).

Figure 2.3. Human losses and Palestinian unemployment



Sources: OCHA, 2007c; unemployment data from PCBS, 2007a

56. Over the same period, 29 Israelis (IDF and civilians) were killed and 439 were injured in direct conflict incidents with Palestinians (ibid.). COGAT (2007) reports that from the beginning of 2006 to April 2007, over 1,200 Qassam rockets had been fired towards Israel from Gaza, including 170 since Palestinian militant factions agreed to a ceasefire with Israel in late November 2006.¹⁸

¹⁸ While the number of direct conflict-related deaths and injuries fell significantly in Gaza following the ceasefire, the continued incidence of such deaths among Palestinians in both Gaza and the West Bank indicates that neither side was necessarily observing the fragile ceasefire.

Box 2.5
The security reality¹

The list below reproduces (verbatim in English) oral and written indications given to the ILO mission by the Ministry of Defense of Israel on 18 April 2007 (COGAT, 2007).

Gaza Strip

- ❑ 25 June 2006 – Killing of two Israeli soldiers and hijacking of an Israeli soldier (Gilad Shalit) to the Gaza Strip, near the Kerem Shalom crossing.
- ❑ 29 October 2006 – Suicide bomber leaves Gaza and explodes himself in a bakery in Eilat, killing three Israeli citizens.
- ❑ 26 November 2006 – Continued Qassam missile launching at Israel despite the agreement for a ceasefire (since the ceasefire, 170 Qassams have been shot towards Israel and over 1,200 Qassams from the beginning of the year 2006).
- ❑ 19 March 2007 – Terrorist shooting attack near Karni crossing, causing injury to an Israeli citizen.
- ❑ Attempts of Palestinians to sabotage the crossings.
- ❑ Attempts of Palestinians to commit a terror attack on Hoovers route, placing bombs and shooting at the IDF.

West Bank

- ❑ 22 February 2007 – Israeli settler from Bet-H'aiin near Bethlehem was hijacked and then killed by a Palestinian terrorist.
- ❑ Attempts of Palestinians to carry out attacks in Israeli territories and on the IDF (for example, catching of a suicide bomber in Bat-Yam on 19 February 2007).
- ❑ Shootings and stone throwing at Israeli cars.

* * *

“Persons responsible for committing war crimes by the firing of shells and rockets into civilian areas without any apparent military advantage should be apprehended or prosecuted. This applies to Palestinians who fire Qassam rockets into Israel; and more so to members of the IDF who have committed such crimes on a much greater scale. While individual criminal accountability is important, the responsibility of the State of Israel for the violation of peremptory norms of international law in its actions against the Palestinian people should not be overlooked” – Report of the UN Special Rapporteur, John Dugard, January 2007 (United Nations, 2007b).

¹ COGAT considered that the 2006 ILO Report (ILO, 2006) did not adequately reflect the complex reality faced by Israel in the form of state-supported terror, and failed to appreciate Israel's continuous effort to ensure a normal life to the Palestinian population while thwarting threats of terror.

57. An overall reduction in conflict-related deaths in the last few months of 2006 has been associated with a concurrent drop in the unemployment rate (figure 2.3) among Palestinians. As previous ILO missions have argued, a higher degree of conflict, which may be reflected in a higher casualty toll, leads to a lower level of economic activity, which in turn results in higher unemployment. This tends to be coupled with an added economic and psychological burden on women, who face greater pressure to supplement household incomes through informal or self-employment activities.

2.7. The occupied Syrian Golan

58. The 18,000 Syrian citizens in the occupied Syrian Golan continue to face a multitude of constraints and restrictions imposed on them by Israel. Economic activities are severely restricted, leading to over-dependence on the mainstay production of apples.

59. The ILO mission was informed that the Syrian Arab population currently has access to about 20,000 dunams of cultivated land in the region, while the 18,000 Israeli settlers living in 33 settlements¹⁹ among them have access to roughly four times that amount (1 dunam equals 0.1 hectare).²⁰ The Syrian Arab people are obliged to prove ownership of their land, for which documentation that the Israeli courts will recognize is not always readily available.²¹ They thus live under constant threat of land confiscation by the Israeli military. During the last six years, 3,000 of their apple trees have been uprooted by the IDF.

60. Access to water resources for irrigation remains discriminatory. Arab farmers receive at best 150 cubic metres of water per dunam of land, whereas apple cultivation requires up to 600 cubic metres, an amount which is readily available to the Israeli settlers. Moreover, there are vast differences in the cost of water: Israeli settlers pay only NIS0.90 per cubic metre, while the Syrian Arab people are forced to pay NIS3 per cubic metre of their own water resources. Reservoirs dug by the Israeli occupiers around Arab water sources also disrupt the flow of water to the Arab people.

61. The cost of maintaining apple production is high, as it is a water-intensive fruit that also requires pesticides. However, diversification has been very limited. Over the past decade, there has been some shift to production of cherries, which require less water, but diversification into more downstream agro-industrial activities has been systematically obstructed by the occupying regime. First, owing to the zoning system, there is only a small area where factories can be built. Second, the Syrian Arab people struggle to obtain Israeli licences for any construction work on their own land. Third, the Syrian Arab producers have very limited access to markets, as all export produce must be channelled through Agrexco, a 50 per cent Israeli state-owned export marketing company. This means that they are unlikely to be able to compete with Israeli producers and do not have any direct access to other Arab markets.

62. In 2007, the International Committee of the Red Cross (ICRC) continued to facilitate limited access to the markets of the Syrian Arab Republic through the transportation of some 10,000 tonnes of apples²² across the closed border zone, using a system of back-to-back trucking with its own vehicles. Prices, however, have remained fairly depressed. Owing to closure in the West Bank and Gaza, access to Palestinian markets is increasingly difficult.

¹⁹ The number of settlers and settlements has hardly increased in the occupied Syrian Golan. According to the Israeli Central Bureau of Statistics there are 16,500 settlers in 32 localities (up from 13,000 in 1995).

²⁰ In addition, Israelis currently use about 500,000 dunams of land in the occupied Syrian Golan for cattle. Of this land, 100,000 dunams were declared a nature reserve. The IDF also control a further 400,000 dunams of closed military areas.

²¹ Even when landownership is proved, it may still be seized by the IDF for “environmental protection” or military/security purposes.

²² The estimated total annual production of apples is 40,000 tonnes.

Box 2.6

Violation of ratified Conventions in the occupied Syrian Golan

The occupation of the Syrian Golan abruptly severed many family ties for the Syrian citizens. And those divisions continue. The ICRC admirably does as much as the Israeli authorities permit to facilitate contacts with the rest of the Syrian Arab Republic, both for personal and for commercial purposes (i.e. the marketing of limited quantities of the apples on which the local economy depends).

But dramatic discrimination against Syrian citizens in terms of water and land prices and unfair competition from Israeli settlers takes its toll. Some Arab workers, such as women teachers, suffer discrimination and dismissal simply for exercising their profession. Syrian Arabs in the occupied Golan have to pay Israeli taxes – but the benefits go to Israelis.

In addition, young Syrian citizens of the occupied Golan have no employment prospects there and are forced to leave in order to earn some income. Workers in the occupied Syrian Golan have no right to participate in the organizations of their choosing to protect their interests.

The people of the occupied Syrian Golan – women and men – maintain their claim to rights as workers and as citizens of the Syrian Arab Republic. But their very survival is at issue in the face of what they describe as “terrorism” by the Israeli authorities and settlers.

And the Syrian Arab Republic is disabled from applying ILO Conventions which it has ratified.

3. An economy under siege

3.1. More households in poverty

63. The incidence and acuteness of poverty have increased in the occupied Palestinian territories. Taking the year 1998 as the benchmark, when 20 per cent of Palestinian households lived in poverty based on their consumption, the proportion of households in poverty reached 29.5 per cent in 2005 (table 3.1) (PCBS, 2006a). Defining poverty according to an income criterion (a poverty line of approximately US\$4 per person per day), it is estimated that close to seven in ten Palestinian households are in poverty. The proportion is nine in ten in Gaza and one in two in the West Bank.²³

Table 3.1. Palestinian households in poverty

Households in consumption poverty (% of total households)				Households in income poverty (% of total households)			
Year	Total	West Bank	Gaza	Year	Total	West Bank	Gaza
1998	20.3	14.5	33.0	2005	51.5	45.7	63.1
2005	29.5	22.3	43.7	2006 ¹	65.8	54.6	87.7

¹ Estimate for second quarter.
Sources: PCBS, 2006a; 2006b.

64. The increase in the incidence and acuteness of poverty accelerated in 2006 (figure 3.1). A separate monthly survey using a broadly comparable income poverty definition as above registered a rapid rise in the incidence of poverty among Palestinian households in Gaza and the West Bank between March 2006 and January 2007, followed by a relative decline (Near East Consulting, 2007).

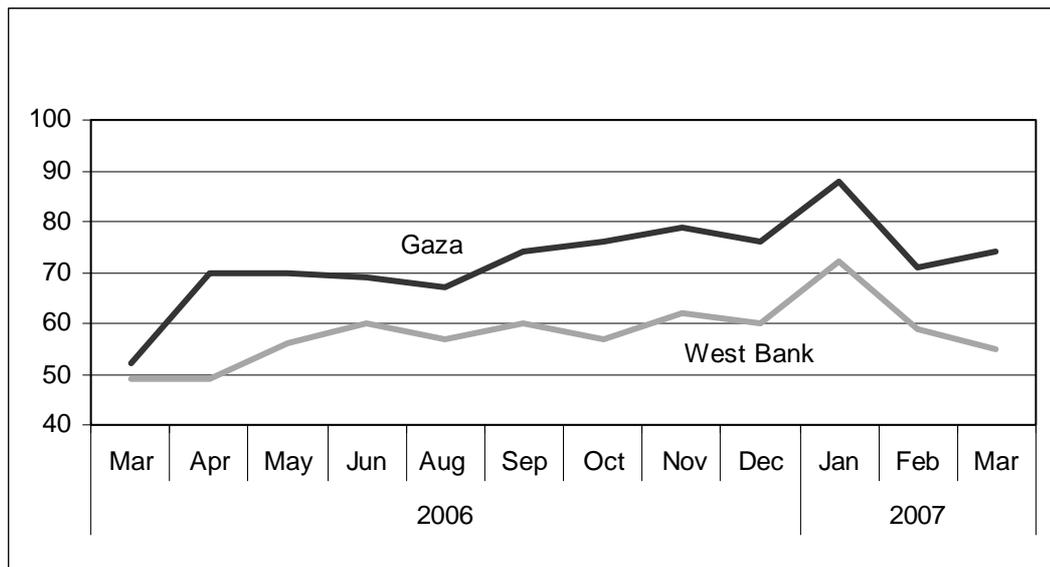
65. In Gaza, the share of households in poverty rose from 52 per cent in March 2006 to 74 per cent in March 2007. In the West Bank the proportion increased from 49 to 55 per cent over the same period. In Gaza the proportion of households in extreme poverty (with a lower poverty line) more than doubled during this period.

66. A survey conducted in 2006 by the World Food Programme (WFP) and the Food and Agriculture Organization of the United Nations (FAO) found that 34 per cent of households were food insecure, with an additional 12 per cent vulnerable to food insecurity (WFP/FAO, 2007).

67. More persons are in poverty, in deep poverty and food insecure than ever before in the occupied Palestinian territories. The rise in poverty is directly linked to the employment situation, which is itself dependent on measures and decisions taken in relation to military occupation and financial isolation.

²³ PCBS data referring to the West Bank do not include East Jerusalem.

Figure 3.1. Percentage of households below an income poverty line ¹



¹ The income poverty line is defined as approximately NIS2,000 per month for a family of two adults and four children. Source: Near East Consulting, 2007.

3.2. Economic siege

68. The economy of the occupied Palestinian territories has always been precarious. The severe crisis that followed the outbreak of the second intifada in September 2000 deepened in 2006 as a result of three developments.

69. These are the fiscal crisis of the Palestinian Authority, exacerbated by the decision of the occupying power to withhold the revenue collected on behalf of the Palestinian Authority, and the diplomatic isolation decided by the Quartet; restrictions on the Palestinian labour flows to Israel permitted or tolerated by the Israeli authorities; and the sharp drop in exports from the Palestinian territories to Israel and the world resulting from the closures.

70. The combined effect of these measures has been to place the Palestinian economy and people under siege, gravely affecting livelihoods.

3.2.1. Fiscal squeeze

71. The expenditure of the Palestinian Authority accounts for approximately 50 per cent of GDP. It is the largest employer in the territories, representing 23.7 per cent of total employment in 2006 (42 per cent in Gaza and 17 per cent in the West Bank). The precarious situation of public finances has been further jeopardized by the diplomatic and financial isolation of the Government formed in March 2006. This policy remained in place in April 2007 following the formation of the new National Unity Government in March 2007. The Palestinian Authority currently employs some 160,000 civil servants, approximately half of whom are security personnel. The number of civil servants has been rising very rapidly, particularly since 1999.

72. The Government of Israel decided in March 2006 to withhold all transfers of revenues collected on behalf of the Palestinian Authority, amounting to US\$60–70 million per month. Only small and irregular payments have been made since.

Budget support to the Palestinian Authority from Western donors has been diverted through other channels.

73. As a result, the Palestinian Authority collected revenues of US\$351 million in 2006, a decrease of 71 per cent compared to 2005 (PCBS, 2007b). The Government has been unable to pay civil servants in full. Government employees received only 44.6 per cent of their wages in 2006 (partly through the Government, partly through the President's Office and partly through the TIM set up by the EU). Repeated strikes in various government sectors occurred in 2006 and were continuing in early 2007. The Government has redirected all available resources to paying its wage bill and consequently reduced all other expenditure in 2006, with current expenditure declining by 38 per cent and capital expenditure by 76 per cent compared to 2005. The quality of services has deteriorated.

74. In terms of the aggregate ratio of civil servants per hundred population (2.2 civil servants), the World Bank observes that the Palestinian Authority does not appear excessively overstaffed when compared to its neighbours (World Bank, 2007b, page 12). Moreover, public employment has been perceived and used as a counter-cyclical employment policy substituting for employment lost in Israel. However, given the narrow fiscal base of the Palestinian Authority, current staffing levels and pace of recruitment appear unsustainable. The composition of employment is also questionable. The proportion of security personnel is very high and a source of insecurity, as evidenced by the situation in Gaza; the situation is further exacerbated by the non-payment of civil servants' wages.

3.2.2. Restrictions on Palestinian labour in Israel and the settlements

75. The total number of Palestinians working in Israel and the settlements in 2006 (on a daily or weekly basis) has increased slightly compared to 2005, reaching 64,000 according to the Palestinian Central Bureau of Statistics (PCBS) (including all workers, irrespective of permits held). Workers are predominantly male and within the age and family status requirements specified by Israel (usually aged over 35 years, married and with children).

76. Total wages paid to Palestinian workers in Israel and recorded in the national accounts of Israel amounted to US\$386 million, an increase of 14.5 per cent from 2005 (CBS, 2007, table G/2). In 1999 Palestinian workers in Israel and in the settlements earned over US\$1 billion in wages.

77. There is much evidence pointing to poor conditions of employment, starting with the difficulty in obtaining permits, the number of workers working without the required permit, the conditions of access to employment (either through lengthy checking procedures or through non-authorized channels), conditions of employment themselves, and the overall vulnerability of workers subject to military occupation. While there are no specific data available on Palestinian child labour in the settlements, according to the PCBS, 3 per cent of Palestinian children aged 10–14 were in the labour force in 2006 (PCBS, 2007c, table 2, page 57).

3.2.3. Palestinian exports decline with closures and high costs

78. The Palestinian economy is small compared to that of Israel. In order to grow, it must export goods and services to the world market. There are many talented Palestinian business persons who are committed to doing just that. Their skills are being thwarted by systematic closures and controls, which tightened in 2006.

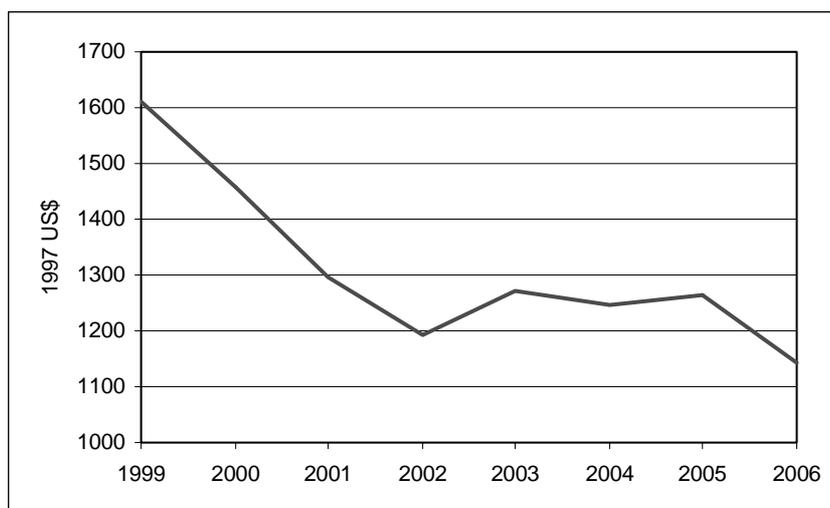
79. In nominal terms Palestinian exports decreased in 2006 by over 9 per cent, against a low level in 2005. In real terms, they have dropped continuously since 1999, and were lower in 2006 than in 1994 (IMF/World Bank, 2007).

80. This decline is largely attributable to military occupation. Either goods cannot be moved, as evidenced by the long periods of total closure in Gaza, or the costs entailed by the system of control and closures are so high as to undermine the competitiveness of Palestinian exports.

81. The fiscal crisis, restrictions on the entry of Palestinian labour into Israel and the sharp drop in Palestinian exports are the three proximate causes in 2006 of the major economic and social crisis in the occupied Palestinian territories. These shocks have added to the strains of an already fragile situation. The immediate result has been a massive increase in poverty. It is also reflected in declining economic activity.

82. Following a very modest recovery in 2003–05, per capita GDP fell by 9.7 per cent in 2006 (figure 3.2). This occurred in a context of continuous decline since 1999, the outbreak of the second intifada, and the closure regime. In 2006 real GDP per capita stood at 29 per cent of its 1999 level according to the PCBS, but close to 40 per cent according to the World Bank. After 2002 total output recovered only marginally and at a rate far lower than the annual 3.2 per cent growth in population (United Nations population estimate). As a result, GDP per capita plummeted.

Figure 3.2. GDP per capita in the West Bank and Gaza (excluding East Jerusalem)



Source: PCBS: *Statistical abstract of Palestine*, various years, and preliminary estimates of quarterly national accounts, 2007.

83. The precipitous decline in total output and in GDP per capita has been cushioned by monetary transfers from abroad. First, international aid increased to an estimated US\$1.2 billion in 2006, up from US\$1 billion in 2005. Second, private transfers have also played a role. The World Bank notes that commercial banks report higher private transfers in 2006. Including transfers from abroad, gross disposable income per capita is estimated to have decreased more modestly by 3.2 per cent in 2006 (IMF/World Bank, 2007).

3.3. The labour market and occupation

84. Labour market indicators in the occupied Palestinian territories point to a significant excess in supply over demand in 2006 (table 3.2). The labour force grew by over 5 per cent, whereas employment decreased by over 4 per cent a year on average. Employment declined sharply in early 2006, subsequently rising by almost 100,000 by the end of 2006. The year-end surge is largely attributable to the strong olive harvest. Further recruitment of security staff, including through the President's Office, has also played a role. There has also been a slight increase in the number of Palestinians working in Israeli settlements in the West Bank.

Table 3.2. Labour market indicators

	2005	2006				2006 Year average	2006–05 % change
		Q1	Q2	Q3	Q4		
Population aged 15+ ('000)	2 031	2 080	2 101	2 121	2 142	2 111	3.9
Labour force ('000)	827	831	859	877	921	872	5.4
Employment ('000)	696	621	662	664	718	666	-4.3
West Bank	452	392	431	428	464	429	-5.1
Gaza	181	168	173	167	186	174	-3.9
Israel and settlements	63	61	58	69	68	64	1.6
Unemployment ('000)	194	210	197	212	203	206	6.2
Labour force participation rate (%)	40.7	40.0	40.9	41.3	43.0	41.3	1.5
Employment rate (%)	31.1	29.9	31.5	31.3	33.5	31.5	1.4
Unemployment rate (%)	23.5	25.6	22.9	24.2	22.0	23.7	0.7
West Bank (%)	20.3	—	—	—	—	18.6	-8.4
Gaza (%)	30.3	—	—	—	—	34.8	14.9

— = data not included.

Source: PCBS quarterly labour force surveys.

85. With excess labour supply relative to demand, the number of unemployed increased to 206,000. Over 67 per cent of all unemployed are young persons aged from 15 to 24. Access of young people to employment in Israel is prohibited.

86. The unemployment rate rose sharply in Gaza to almost 35 per cent, whereas it decreased slightly in the West Bank to 19 per cent. This diverging trend can be explained by the more acute economic crisis and violence in Gaza for most of 2006. Overall unemployment stood at 23.7 per cent in 2006, directly affecting 206,000 persons, amounting to an estimated 1 million persons including dependants – one quarter of the Palestinian population. It should be recalled that the unemployment rate was 11.8 per cent in 1999, before the second intifada.

87. There are substantial gender differences in the labour market. Such inequalities are generally prevalent in the Middle East, although military occupation has tended to reinforce discrimination both directly and indirectly.

88. In the population aged 15 years and above, one male in two is in employment and only one woman in seven (table 3.3). These are strikingly low proportions. One female

in two is at home. Six out of ten women in the 15–24 age group are studying, a high and encouraging proportion, but sadly this investment is lost to Palestinian society as very few Palestinian women are in employment.

Table 3.3. Activity status by age group and sex, 2006 (in percentages)

	Population 15 years+		Population 15–24 years	
	Male	Female	Male	Female
In employment	52.0	14.7	28.6	4.5
In unemployment	15.9	2.8	15.0	3.4
Studying	17.6	21.1	48.2	59.3
Housekeeping	0.2	54.1	0	30.9
Illness, old age, other	14.2	7.2	8.2	1.9
Total	100.0	100.0	100.0	100.0

Source: Calculations based on PCBS, 2007c.

89. With very low employment-to-population ratios, it appears that a large proportion of persons aged 24 years and above are neither working nor studying, nor are they unemployed. A large number of persons are simply not in the labour market.

90. This implies very high dependency ratios, i.e. the number of persons dependent on every employed person. In Gaza the dependency ratio at the end of 2006 was just under eight persons and in the West Bank just under five persons. This explains why the level of poverty is so sensitive to the number of persons employed and the incomes earned. It also explains why non-payment of wages of civil servants immediately leads to a social crisis.

91. Various indicators point to an increase in precarious employment. The share of wage employment in total employment has continued to decline, reaching 59.3 per cent in 2006, down from 67.8 per cent in 1999. In parallel, the shares of self-employed and of unpaid family labour have risen to 25 and 11 per cent, respectively, of total employment in 2006 (PCBS quarterly labour force surveys).

92. The shares of employment in agriculture and in services increased in 2006, while those of construction and manufacturing declined. Productive wage employment is being lost and replaced by low-productivity self-employment. Such distress employment is a product of the crisis and the occupation, not the outcome of free choice.

3.4. Higher consumer prices in 2006

93. Consumer prices increased sharply in the occupied Palestinian territories in 2006, reflecting underlying conditions. Overall consumer prices, as measured by the monthly consumer price index compiled by the PCBS, rose by 3.76 per cent on a yearly average in 2006 compared to 2005. Noteworthy are the regional variations reflecting the system of closures (table 3.4). The consumer price index shows an average increase of over 5 per cent in Gaza, 4 per cent in the West Bank, and 3 per cent in East Jerusalem. Consumer prices in Israel declined by 0.1 per cent in 2006. Conditions specific to the occupied territories explain the movement in prices. Generally markets do not play their full role in equalizing demand and supply, owing to the restrictions on movements of goods.

94. In Gaza, food prices rose by close to 10 per cent, reflecting the prevailing difficulties in ensuring adequate supplies. In the West Bank food prices increased by 4.6 per cent. In all regions transport costs soared faster than average consumer prices, under the impact of both higher energy prices and greater difficulties in moving goods to markets and consumers. In East Jerusalem housing prices climbed by 6.6 per cent, fuelled by greater demand for housing as a result of permit regulations and closures between East Jerusalem and the rest of the West Bank.

Table 3.4. Percentage change in average consumer price indices, 2006/2005

	All items	Food	Housing	Transport
East Jerusalem	3.04	2.72	6.64	5.54
West Bank	4.00	4.64	1.73	5.91
Gaza	5.09	9.19	-0.55	6.34

Source: PCBS consumer price index data.

3.5. Higher public sector wages and lower private sector wages

95. There are significant variations in the wages paid to Palestinian workers throughout the occupied territories, between places of work and between public and private sectors (table 3.5).

Table 3.5. Nominal and real average wages, 2006

	Average daily wage (NIS)		Real wage change 2006/2005 (in %)	
	West Bank	Gaza	West Bank	Gaza
Public sector	82.6	79.4	4.8	9.0
Private sector	75.0	52.7	-0.5	-3.0
Israel and settlements	131.5	-	0.4	-

-- not applicable.
Source: PCBS, 2007c, and consumer price index data.

96. Wages are generally higher in the West Bank than in Gaza, and Palestinians working in Israel or the settlements earn higher wages than in either the West Bank or Gaza. Public sector wages are higher than private sector wages. Public sector wages rose in real terms in 2006; increases in the average wage have outpaced the rise in consumer prices. This is not so for private sector workers, whose real wages have fallen, significantly in the case of Gaza (by 3 per cent). The above information refers to average wage levels, not to total wage income paid to each worker. Public sector wage levels may have risen, but public sector employees received less than half of the wages owed to them.

4. Governance and rights

97. In 1980, the Conference placed the responsibility of the Director-General in preparing this Report squarely in the context of international humanitarian and human rights provisions and the intensification of the Israeli settlements policy. The ample evidence of the progression of settlement – which has even accelerated, despite “disengagement” from Gaza and four relatively small settlements in the West Bank in 2005²⁴ – has led the mission this year to view the systematic disrespect of the human and labour rights of Arab workers and their families as more than a mere incidental deterioration through neglect.

98. It is against this background that Palestinian women and men, workers and entrepreneurs, students and schoolchildren face the challenge of earning a livelihood or gaining an education which might allow them access to some kind of work. Deficits of decent work can be analysed in terms of lack of respect in the first place for fundamental principles and rights at work.

4.1. Disregard for the rule of law

99. The mission was impressed by the professionalism displayed by a variety of independent actors, both in Israel and in the occupied territories, who focus on the human rights of people in the territories and on assisting them. Synergy among such actors strengthens the reliability and persuasiveness of the evidence they gather. From this invaluable evidence, it becomes ever clearer that the rule of law, which is a necessary characteristic of state responsibility, does not prevail in the occupied territories.

100. The complexity of the constantly changing permit system, restricting freedom of residence and movement within and between the occupied territories – well documented by organizations such as B’Tselem and Al-Haq – invites precisely the kind of arbitrary and discriminatory treatment on the part of the occupying forces which is a daily outrage for Palestinian families (some of whom have been forcibly disunited). Operation of the system in practice can easily degenerate into verbal and physical abuse inflicted on Palestinians, as described in detail to the mission and by several observers.

101. Referring to the decision of the Israeli High Court of Justice in the case of a petition submitted by Palestinian inhabitants against the construction of the Separation Barrier through several villages,²⁵ Al-Haq considered that that the Israeli High Court “again used its formulaic balance in favour of Israeli security versus Palestinians’ rights ... the decision of the Court to issue a decision on the Wall at this time appears to be a legal-political manoeuvre to minimize the impact of the Advisory Opinion” of the International Court of Justice (Al-Haq, 2005). The Palestine Liberation Organization (PLO) Negotiations Affairs Department states that, unlike the International Court of Justice, the Israeli High Court applied its own domestic law, which neither conforms to international legal principles nor is applicable to the occupied Palestinian territories, and the decision thus effectively represented “a defendant acting as its own judge” (PLO, 2005). Concerning another High Court decision,²⁶ B’Tselem has noted that “as in many

²⁴ Homesh has been the site of further conflict as settlers try to occupy the area again (see *Jerusalem Post*, 27 Apr. 2007). Gaza has suffered numerous incursions and overwhelming restrictions which make it clear that its status as an occupied territory has not changed.

²⁵ *Beit Sourik Village Council v. the Government of Israel, et al.* (HCJ 2056/04), 30 June 2004.

²⁶ *Ibrahim Ibn Hamid Sajdiya et al. v. Minister of Defense* (HCJ 235/88).

other issues, the Supreme Court refused to interfere and protect the rights of Palestinians in the occupied territories, and rejected, primarily on procedural grounds, a petition against holding Palestinian prisoners in Israel” (B’Tselem, 2006).

102. The UN Special Rapporteur has noted that the humiliation endured by Palestinians at checkpoints, alongside the division of the occupied territories into Bantustans, leads to suppressed anger which “in the long term poses a greater threat to the security of Israel”. He observes that “Israel would do well to learn from [the] experience” of a similar system in apartheid South Africa (United Nations, 2007b, paragraph 40).

103. Misgovernance is compounded by the criminal harassment, theft, destruction of property and physical assault suffered by Palestinian women, men and children at the hands of settlers (and sometimes the settlers’ own children), as indicated to the mission by OCHA and B’Tselem, for example (see also B’Tselem, 2007b). Those settlers, some of whom occupy “outposts” in the West Bank which are supposedly regarded as illegal even according to Israeli criteria, nevertheless appear to enjoy both de facto immunity from prosecution and the proactive protection of the IDF, in addition to the provision by the Israeli Government of infrastructure (roads, water, electricity, etc.) unlawfully denied to Palestinians.

104. In the absence of access to timely legal process, either on the Israeli or on the Palestinian side, to rectify or compensate abuse, unremedied discrimination has become an accepted commonplace (see *Haaretz*, 2007b). The appropriation by Israel of agricultural land and water resources in the West Bank was described by the Special Rapporteur as “a form of colonialism of the kind declared to be a denial of fundamental human rights and contrary to the Charter of the United Nations as recalled in the General Assembly’s Declaration on the Granting of Independence to Colonial Countries and Peoples of 1960 (Resolution 1514 XV)” (United Nations, 2007b).

4.2. Freedom of association

105. In addition to the crippling effects of restrictions on freedom of movement for Palestinian trade unions and business people, recurring harassment and violence are inflicted, in particular, on leaders of the Palestine General Federation of Trade Unions (PGFTU) by the IDF and others. The mission heard first-hand accounts of frequent assaults on PGFTU headquarters and representatives in Nablus, as well as a destructive attack on its Gaza premises on 12 October 2006, and other instances of harassment and restrictions suffered by the union over recent months and years. Such unacceptable conduct is evidence of the failure of both the Palestinian Authority and the occupying power to fulfil their responsibility for ensuring public order and safety; and it has a devastating chilling effect on the capacity of workers to organize for the legitimate defence of their interests. On 10 April 2007 the International Trade Union Confederation (ITUC) expressed deep concern about such serious crimes against the trade unions (ITUC, 2007).

106. Freedom of association and protection of the right to organize is often seen as the core of workers’ and employers’ rights. It is fundamental in all societies and at all levels of development, both because it is an inalienable human right and because it is instrumental to progress in all aspects of life. The right of workers and of employers to organize is especially valuable in situations where “normal” political and democratic processes do not obtain, as is manifestly the case in the occupied territories. The mission would therefore emphasize that it considers the time ripe for new initiatives on several aspects of the trade union situation.

107. First, completion of the internal democratic processes referred to earlier by the PGFTU and the holding of a national congress are no doubt a priority for that organization. Second, these processes must be facilitated by revision of the relevant Palestinian legislation to bring it into conformity with international standards and principles on freedom of association, including the right of workers to form organizations outside the established structure. The third aspect is the development of tripartism and social dialogue.

108. The mission was interested to note certain developments in respect of self-organization by employers. The experience of the Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA) mirrors that of the PGFTU, in so far as the relevant legislation which would allow their more formal constitution has not been passed by the Palestinian Legislative Council. The Federation maintains, correctly, that legislation should not interfere with the free election of its own president, who should not be merely appointed by the Minister of Labour. Meanwhile, the local chambers of commerce appear to show some success in terms of services provided to their members. It is also notable that the FPCCIA is in contact with the ILO in the discussion of technical cooperation.

109. The mission learned moreover of the enterprise and dynamism of a number of businessmen and businesswomen who appear to have made efforts to circumvent the obstacles to doing business placed in their way by the Israeli authorities. That said, it has become clear that, in the face of the multiple financial constraints imposed since 2006, even the most flexible credit and trading arrangements can hardly operate, so that the employers' side, too, is severely strained.

4.3. Social dialogue and government

110. In these circumstances, the ILO mission was pleased that, for the first time, it was possible to meet with the Palestinian Minister of Labour and representatives of both employers and workers in a tripartite context. This seems to mark significant progress in the prospects for improved social dialogue and governance between the Palestinian Authority and the social partners; and it is important to note that it coincides with the early days of the National Unity Government. The Minister of Information told the mission that, even if the Government is unable for certain reasons to deliver the services which the people have the right to expect, it has already been achieving a better degree of internal functionality than any of its predecessors.

111. At the same time, it has to be remembered that the judicial branch of government in the occupied Palestinian territories entirely lacks the capacity to administer justice adequately and with any assurance as to execution of judgements; while the democratically elected Palestinian Legislative Council itself cannot function normally while so many of its members remain under arrest and without charge.

4.4. Fundamental principles and rights at work

112. Discrimination in employment and occupation is one facet of a range of forms of discrimination, as noted, for example, by the Committee on the Elimination of Racial Discrimination (CERD) in March 2007.²⁷ It has different manifestations in the occupied Syrian Golan and East Jerusalem, on the one hand, where Israelis have assimilated the

²⁷ See *Concluding observations of the Committee on the Elimination of Racial Discrimination, Israel* (unedited version), doc. CERD/C/ISR/CO/13, 70th Session, 19 February to 9 March 2007.

legal regime to that operating within Israel, and the rest of the West Bank and Gaza, on the other. In East Jerusalem, access to employment is obstructed in any event by the expulsion of Palestinian residents through the permit system and their replacement by Israeli citizens, as well as by indirect discrimination which makes jobs within Israel or in East Jerusalem subject, for example, to completion of military service or fluency in Hebrew (whereas both Arabic and Hebrew are official languages in Israel), as was explained to the mission. In both the occupied Syrian Golan and East Jerusalem, employment opportunities are so few that qualified young people are often forced to accept low-skilled work in Israel for which they are vastly overqualified.

113. In Gaza and the West Bank, especially during 2006, acute starvation of all kinds of resources for Palestinians has accentuated forms of discrimination against women which were beginning to be tackled through the Palestinian Authority Ministry of Women's Affairs. Employment opportunities for women are very few and are often limited to the jobs available in the West Bank in Israeli settlements and related industrial estates.

114. The deterioration of the Palestinian economy in the past year has, the mission learned, in fact given rise to new infringements of fundamental principles and rights that were not manifested before. One report on Israeli industrial estates in the West Bank suggests extensive use of child labour and other precarious working conditions (*Haaretz*, 2007b).

115. The exercise of fundamental principles and rights and work and access to any decent conditions of work are practically impossible in conditions in which there is no functioning labour inspection, or even clarity as to the applicable labour legislation, where trade unions cannot operate freely, and where people are literally walled into what are most often described as huge prisons – the entire Gaza Strip, and whole cities, villages and communities in the West Bank – from which there is no freedom of movement and where there is no free choice of employment.

5. Conclusions

116. This Report has documented the continuing deterioration of the situation of workers in the occupied Arab territories since May 2006. The number of households below the poverty line jumped by 26 per cent between March 2006 and March 2007. Seven out of ten households, comprising some 2.4 million persons, are in poverty today. Only one in three persons is in employment, each supporting some six dependants. Two persons in three are not employed, either because they are unemployed (some 206,000, or 24 per cent of the labour force in December 2006) or because they are outside the labour force. Per capita GDP was 40 per cent lower in 2006 than in 1999.

117. The Report describes the deteriorating economic, institutional and social situation leading to more people living with lower incomes and in more precarious conditions.

118. There is territorial disintegration, with a tight network of closures, sophisticated controls and the expansion of illegal settlements. Multiple barriers to and controls on mobility of people and goods have intensified. The land, sea and air borders of the Gaza Strip are firmly controlled and often sealed by the occupying power, leading to virtually complete isolation. Movement within the West Bank and between it and East Jerusalem and Gaza is highly restricted and regulated by an intricate and constantly changing permit regime, ubiquitous checkpoints and barriers. Closures are the main cause of the worsening socio-economic situation of Palestinian women and men.

119. The economic crisis has accelerated as a result of a major contraction in average income. The immediate cause is the non-payment of full wages of public employees since April 2006, the decline in public and private investment, and the growing difficulties faced by enterprises in moving their products to domestic and international markets.

120. Institutions have been weakened, with a public sector crippled by the crisis and financial sanctions. Important public financial management reforms have been jeopardized by the suspension of direct payments to the Palestinian Government. Bypassing the Government has had the unintended effect of undermining the capacity of the national authorities to manage and deliver public services.

121. Humanitarian assistance, in kind and through cash-for-work programmes, increased in 2006 in response to the unfolding crisis. Such assistance raises a dilemma, as it tends to disorganize private sector activities and replace much-needed development assistance.

122. The social fabric of the occupied territories is bearing the strain of persistent high unemployment, especially among the young, and unprecedented levels of poverty and violence, including a deterioration in law and order. The Palestinian population continues to grow rapidly at 2.8 per cent per year. It is a very young population, with 46 per cent aged 14 years and below. Children, adolescents, wives and mothers, adults and elders suffer the daily effects of a disintegrating social fabric.

123. Multiple shortcomings in the application of labour law and workers' rights have been highlighted. Intimidation and harassment of Arab workers are well documented. Access to legal process is often delayed and costly for workers who can ill afford it. Arab entrepreneurs, workers and independent producers and farmers suffer multiple discrimination in access to employment and markets.

124. Reducing and removing barriers to the mobility of persons and goods within the territories, between Gaza and the West Bank and with the outside world, while ensuring security in Israel, is foremost among the measures that could avert the mounting economic and social crisis in the occupied territories.

125. The Palestinian economy must be revived, with an emphasis on private sector development and employment. This should be the main priority of international cooperation.

126. Generating productive and freely chosen work opportunities, through private sector development, will have the practical effect of lessening the tension surrounding everyday life in the occupied territories. Rebuilding a viable Palestinian economy is part of making peace possible.

127. Policies and measures to mitigate discrimination in the occupied Palestinian territories and in the occupied Syrian Golan can draw on the ILO standards on the elimination of discrimination in employment and occupation. Enabling workers to organize freely and to engage in collective bargaining is one dimension of the rule of law. Measures in this regard can be based on the ILO standards on freedom of association and collective bargaining.

128. The ILO stands ready to work with the Palestinian Ministry of Labour and social partners, with constituents in the Syrian Arab Republic, and with the donor community to develop programmes in the occupied Arab territories to promote employment opportunities, enterprise development and tripartite dialogue through strong employers' and workers' organizations.

129. The Palestinian Ministry and social partners have identified a number of areas in which the ILO can strengthen its ongoing technical cooperation. These include:

- (i) assistance to employers' and workers' organisations to function as independent, democratic and representative organizations and to engage in social dialogue;
- (ii) assistance to the Ministry of Labour to strengthen the functions of labour administration, including labour law, tripartite dialogue, labour inspection and public employment services, and its policy-making functions in the areas of employment and vocational training;
- (iii) enterprise development programmes to strengthen existing enterprises and foster new businesses;
- (iv) employment and vocational training programmes, principally for young women and men;
- (v) cooperative development; and
- (vi) funding and managing viable social protection systems.

130. An ILO technical mission will be visiting the region as soon as possible in order to draw up detailed proposals in the above areas. It will pay particular attention to developing joint programmes and collaborative arrangements with United Nations programmes, development institutions and donor agencies active in the occupied Arab territories.

131. The ILO technical mission will also examine the Palestinian Fund for Employment and Social Protection in order to strengthen its capacity to provide technical advice, under tripartite guidance, on private sector enterprise development and on employment policies.

132. In response to requests from constituents of the Syrian Arab Republic, the ILO will develop proposals for a programme of technical assistance for Syrian citizens in the occupied Syrian Golan in the areas of cooperative and enterprise development and employment and vocational training.

133. In all these areas, the ILO will work closely with all the relevant international organizations.

References

- Al-Haq. 2005. *Waiting for Justice: 25 years defending human rights (1979–2004)*, June.
- Arab Labour Organization. 2007. Resolution confirming all the resolutions in support of the Palestinian cause, Resolution No. 1359 of the Arab Labour Conference, 34th Session, Mar.
- B'Tselem (Israeli Information Center for Human Rights in the Occupied Territories). 2007a. *Crossing the Line: Violation of the rights of Palestinians in Israel without a permit*, Mar.
- . 2007b. *B'Tselem Shorts* (DVD).
- . 2006. *Barred from contact: Violation of the right to visit Palestinians held in Israeli prisons*, Sep.
- Central Bureau of Statistics (CBS), Israel. 2007. *Monthly Bulletin of Statistics*, No. 3/2007, Mar.
- . 2006. *Statistical Abstract of Israel*.
- Coordination of Government Activities in the Territories (COGAT), Israel. 2007. *Presentation to the ILO*, Apr.
- Erlanger, S. 2007. "Aid to Palestinians rose in '06 despite international embargo", in *New York Times*, 21 Mar.
- Haaretz*. 2007a. "Fayyad: US to mull lifting ban on banking transactions with PA", by A. Issacharoff, 18 Apr. (online).
- . 2007b. "Back to the wall", by S. Kurkos, 18 Apr.
- House of Commons International Development Committee, United Kingdom. 2007. *Development Assistance and the Occupied Palestinian Territories*, Fourth Report of Session 2006–07, Vol. I, 31 Jan.
- International Crisis Group. 2007. *After Mecca: Engaging Hamas*, Middle East Report No. 62, 28 Feb., at www.crisisgroup.org/home/index.cfm?id=4677.
- International Labour Office (ILO). 2006. Report of the Director-General, *Appendix. Report on the situation of workers of the occupied Arab territories*. International Labour Conference, 95th Session (Geneva).
- International Monetary Fund (IMF)/World Bank. 2007. *West Bank and Gaza: Economic Developments in 2006 – A first assessment*, Mar.
- International Trade Union Confederation (ITUC). 2007. *Palestine: Third attempted assassination of a PGFTU leader*, 10 Apr., at www.ituc-csi.org/spip.php?article1025.
- Jerusalem Media and Communication Center (JMCC). 2007. *A public opinion [poll] conducted by Jerusalem Media and Communications Center*. Poll No. 61, Mar., at www.miftah.org/Doc/Polls/JMCCPollNo61.pdf.
- Near East Consulting (NEC). 2007. *Palestine Poverty Monitor: March 2006–March 2007*, at www.neareastconsulting.com.

- Oxfam. 2007. *Poverty in Palestine: The human cost of the financial boycott*, Apr., at: www.oxfam.org.uk/what_we_do/issues/debt_aid/downloads/bn_poverty_palestine.pdf.
- Palestine Liberation Organization (PLO) Negotiations Affairs Department. 2005. *Israel's Wall*, July.
- Palestinian Academic Society for the Study of International Affairs (PASSIA). 2006. *Facts and Figures*, at www.passia.org.
- Palestinian Central Bureau of Statistics (PCBS). 2007a. *Labour Force Survey October–December 2006, Round Q4/2006. Press conference on the survey results*, Feb.
- . 2007b. *PCBS releases the economic forecasts for 2007: Lifting the siege is the key for economic recovery*, 26 Mar.
- . 2007c. *Labour Force Survey: Annual Report 2006*, Apr.
- . 2006a. *Poverty in the Palestinian Territory, 2005*, June.
- . 2006b. *Survey of the impact of the Israeli unilateral measures on the Palestinian households 2006: Main findings*, Sep.
- Palestinian Federation of Industries. 2007. *Immediate private sector concerns: Case study: Gaza M&A*. Presentation for the Private Sector Coordination Council, 22 Mar.
- Peace Now. 2005. *The West Bank: Facts and figures*, Aug., at www.peacenow.il.
- Roy, S. 1996. “The Gaza Strip: The political economy of de-development”, in *International Affairs*, Oct., Vol. 72, No. 4, pp. 849–850.
- Samhuri, M. 2007. “Looking beyond the numbers: The Palestinian socio-economic crisis of 2006”, in *Middle East Brief* (Brandeis University). No. 16, Feb., at www.brandeis.edu/centers/crown/publications/MEB/MEB16.pdf.
- United Nations. 2007a. *Statement by Middle East Quartet*, 21 Mar. Press release SG/2125 PAL/2071.
- . 2007b. *Report of the Special Rapporteur on the situation of human rights in the Palestinian territories occupied since 1967, John Dugard*. Human Rights Council, Fourth Session, document A/HRC/4/17, 29 Jan.
- United Nations Conference on Trade and Development (UNCTAD). 2006. *The Palestinian war-torn economy: Aid, development and state formation*.
- United Nations Office for the Coordination of Humanitarian Affairs (OCHA). 2007a. *The Humanitarian Monitor: Occupied Palestinian territory* (various issues).
- . 2007b. *Gaza fishing: An industry in danger*, Apr.
- . 2007c. *OCHA-oPt Protection of Civilians: Summary data tables*, Apr.
- . 2006a. *West Bank closure count and analysis*, Sep.
- . 2006b. *Preliminary Analysis of the Humanitarian Implications of the April 2006 Barrier Projections, Update 5*.
- World Bank. 2007a. World Bank Technical Team: *Potential alternatives for Palestinian trade: Developing the Rafah trade corridor*, 21 Mar.
- . 2007b. *West Bank and Gaza Public Expenditure Review*, Vol. 1, Feb.
- World Food Programme (WFP) and Food and Agriculture Organization of the United Nations (FAO). 2007. *Comprehensive Food Security and Vulnerability Analysis (CFSVA): West Bank and Gaza Strip*, Jan.
- Ynetnews: “Hebron settlers filmed throwing rocks at Palestinians”, 8 Mar., at www.ynetnews.com/articles/0,7340,L-3373865,00.html.

Annex

List of interlocutors

Palestinian institutions

Ministry of Labour

Mahmoud Al Aloul, Minister

Salah Alzaroo, Assistant Deputy Minister

Asef Said Asa'd, Director-General, General Directorate for Arab and International Cooperation and Public Relations

Ahmed Nijim, Director-General, Labour Policies Committee

Nasser Qutami, Deputy Assistant, Labour Administration Affairs

Reyad Jubran, Director-General, Cooperation

Ali Qdeimat, Director-General, Inspection and Labour Protection

Rasha Amarneh, Legal Adviser

Iman Assaf, Assistant Director-General, Labour Relations

Abdul Majid Swailem, Director-General, Planning and Policies

Ministry of Information

Mustafa Barghouti, Minister

Ministry of Social Affairs

Saleh Zeidan, Minister, Gaza

Ahmad Saeed Al Tamimi, Deputy Minister, Ramallah

Najat Alaridi, Assistant Deputy Minister, Ramallah

Subhy Radwan, Assistant Deputy Minister, Gaza

Majd Abed, Director-General, Studies and Planning

Fadia Al Masry, Director-General, Services and Family Rehabilitation

Hana'a Al Qimary, Director-General, Special Needs Affairs

Jamil Hammoudah, Deputy Director-General, Services and Family Rehabilitation

Nassar Nassar, Head, Public Relations and Communications Department

Bassema Suboh, Director, Public Relations and Communications Department

Palestinian Central Bureau of Statistics (PCBS)

Loay Shihadeh, Public Relations Officer

Mahmoud Jaradat, Assistant of President for Statistical Affairs

Sufian Daghra, Director-General, Economic Statistics

Saleh Al Kafri, Director-General, Accounts Department

Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA), Al-Ram

Ahmad Hashem Azzaghayar, President

Jamal Jawabreh, Director-General

Amin Baidoun, Director, Economic Department

Ali Mohanna, Director, SMEs Department

Hebron Chamber of Commerce

Akram Hamed Hijazi, Public Relations Director

Nablus Chamber of Commerce and Industry (NCCI)

Husam Hijjawi, Secretary-General

Amjad El-Nimr, Research and Study Center

Khaled Musleh, Research and Study Center

Ramallah Chamber of Commerce

Saleh Al-Odeh, Director-General

Palestine Trade Center (PALTRADE)

Maher Hamdan, Chief Executive Officer

Palestinian Businessmen Association

Mohammed M. Masrouji, President

Palestinian Federation of Industries, Ramallah

Bassim Subhi Khoury, Chairman of the Board

Al-Juneidi Dairies and Food Products

Nidal N. Al-Juneidi, Technical Manager (Dairy Technologist)

Taqaddom Scales Co. Ltd.

Ayman Neiroukh, Marketing Manager

Palestine General Federation of Trade Unions (PGFTU), Gaza

Rasem M. Al Bayari, President, PGFTU-Gaza, Deputy Secretary-General, PGFTU

Palestine General Federation of Trade Unions (PGFTU), Nablus

Shaher Sae'd, Secretary-General

Nasser Younis, President of Transportation Union in Palestine

Kayed Awwad, Member of Transportation Union, Jenin

Waleed Al-Aghbar, Member of Board, Nablus

Saed Al-Gia'an, Member of Board, Nablus

- Na'im Jammous, Member of Board, Nablus
- Abdel Karim Dwekat, Member, Administrative Committee, Agriculture and Food Industries Union
- Neda' G. Abu Zant, Secretary, Women's Department, General Union of Transportation Workers
- Mohamad Al-Hazzam, Member, Administrative Committee, Petrochemical Workers' Union, Nablus
- Khaled Jebreel, Member, PGFTU Secretariat, Qalqiliya
- Abla Masroujeh, President, Health Services Union, Nablus
- Ghada Abu Ghalyoon, Coordinator, International Department
- Issam Wahba, Deputy Coordinator, Education and Publication
- Mohammed Amara, Member, International Department
- Agricultural Development Association (PARC)
- Ismail Daiq, Chairman of the Board
- Al-Haq, Ramallah
- Shawan Jabarin, General Director
- Wesam Ahmad, Programme Assistant
- Al-Quds University, Jerusalem
- Sari Nusseibeh, President
- Huda Imam, Director, Centre for Jerusalem Studies
- Birzeit University, West Bank
- Nabeel Kassis, President
- Samer Fares, Director, Institute of Law
- Eileen Kuttab, Director, Institute of Women's Studies
- Walid Nammour, Director, Center for Continuing Education
- Sabri Saidam, Group Leader, Birzeit Innovation Group, Center for Continuing Education
- Democracy and Workers' Rights Center (DWRC), Ramallah
- Hassan Barghouti, General Director
- Mu'assasat – Strengthening Human Rights and Good Governance
- Khalil Nakhleh, Team Leader
- Palestine Economic Policy Research Institute (MAS)
- Samir Abdullah, Director-General
- Palestine for Credit and Development (FATEN)
- Anwar Jayyusi, Managing Director
- Palestinian Academic Society for the Study of International Affairs (PASSIA)
- Mahdi Abdul Hadi, Chairman

Palestinian Economic Council for Development and Reconstruction (PECDAR)

Mohammad Shtayyeh, Director

Palestinian Human Rights Monitoring Group (PHRMG)

Bassem Eid, General Director

Palestinian Women's Research and Documentation Center

Zahira Kamal, Director

Palestinian Working Women Society for Development (PWWSD)

Naela Odeh, Representative

Welfare Association

Sufian Mushasha, Operations and Programs Director

Jordan Valley

Fathi Khdeirat, Head of Village Council/Leader of "Stop the Wall" Campaign

Abu Ahmad Abdullah Lzabn, head of evicted Bedouin community

Government of Israel and Israeli institutions

Coordination of Government Activities in the Territories (COGAT)

Maj. Gen. Yossef Mishlev, Coordinator of Government Activities in the Territories

Lt Col Baruch Dov Persky, Head, Economic Branch

Lt Col Daniel Beaudoin, Foreign Relations Branch

Ministry of Foreign Affairs

Eli Ben-Tura, Deputy Director, International Organizations Department

Ministry of Industry, Trade and Labour

Eli Paz, Senior Deputy Director-General

Shlomo Itzhaky, Chief Labour Relations Officer

Manufacturers' Association of Israel

Eli Korah, Labour Committee Vice-Chairperson, Farmers' Federation of Israel

Daphna Nitzan-Aviram, Director, Economics Research and Strategy Department, Economics Division

Avi Barak, Head, Labour and Human Resources Division

Uri Rubin, Chairman, Rubingroup; Chairman, Labour Committee; Chairman, Board of Directors H.K.B.

Ytzhak Barak, Legal Counsellor

General Federation of Labour in Israel (Histadrut)

Nawaf Massalha, Chairman, International Department

Yousef Kara, Director of External Relations

Tsachi Tabakman, General Director, Trade Unions Division

B'Tselem – The Israeli Information Center for Human Rights in the Occupied Territories

Risa Zoll, Director of International Relations

Kav LaOved (Workers' Hotline) – West Bank

Salwa Alinat, Social Worker, Head of Project for Palestinian Workers

David Etstein, Volunteer

Ono Academic College

Shlomit Yanisky-Ravid, Lecturer, Faculty of Law

United Nations and international organizations

International Committee of the Red Cross (ICRC)

Paul Conneally, Deputy Head of Delegation

Christophe Driesse, Economic Security Coordinator

David de Wild, Economic Security Unit – Delegate

Mohammad Safadi, Field Officer

Office of the United Nations Special Coordinator for the Middle East Peace Process (UNSCO)

Kevin Kennedy, Deputy Special Coordinator

United Nations Development Programme (UNDP), Programme of Assistance to the Palestinian People

Jens Toyberg-Frandzen, Special Representative

Annika Johansson, Regional Adviser, Employment Generation

Khaled Abdel Shafi, Head of UNDP Gaza Office

Hiba Barakat, Programme Manager

United Nations Office for the Coordination of Humanitarian Affairs (OCHA), Occupied Palestinian Territory

David Shearer, Head of Office

Rosemary Willey-Al'Sanah, Humanitarian Affairs Officer, Field Coordination Unit – South (West Bank)

Hamed Qawasmeh, Humanitarian Affairs Assistant

Gwyn Lewis, Humanitarian Affairs Officer

Haya Alayed, Field Officer, Ramallah

United Nations Office of the High Commissioner for Human Rights (OHCHR), Palestine

June Ray, Head of Office

United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)

Alex Pollock, Director, Microfinance and Microenterprise Programme

Other

Community, Habitat and Finance (CHF) International

Lana Abu Hijleh, Country Director, West Bank and Gaza

Friedrich-Ebert-Stiftung (FES)

Knut Dethlefsen, Resident Representative

Barbara Obele, Project Manager

German Technical Cooperation (GTZ)

Joachim W. Prey, Director, GTZ Office, Palestinian Territories

Media

Simone Kurkos, Journalist

Occupied Syrian Golan

Majd Abu Saleh

Kanj Sleiman Abu Saleh

Hammoud Tawfiq Abu Saleh

Jamil Abu Jabal

Aiman Ibrahim

Declan Gannon

Nazih Abu Fayad

Hail Abu Jabal

Fandi Abu Jabal

Fauzi Abu Jabal

Aida Shanos

Aiman Abu Jabal

Raaida Ibrahim

Lamis Ayob

Salman Fakhr Aldin

Najwa Amasha

Najwa Willi

Taiseer Maray

Meetings in Damascus, Syrian Arab Republic

Diala Alhaj Aref, Minister of Social Affairs and Labour

Issa Maldaon, Deputy Minister of Social Affairs and Labour

Rakan Ibrahim, Central Director of Labour, Senior General Inspector, Ministry of Social Affairs and Labour

Amneh Rahban, Director of Arab Relations, Ministry of Social Affairs and Labour

Infouan Al Naeib, First Secretary, Department of International Organizations, Ministry of Foreign Affairs

Ali Al Zayeb, Member of the Executive Committee for the Workers' Sector, Quneitra Municipality

Mohammad Faisal Ghazi, Member of the Governing Board, Damascus Chamber of Industry

Imad Rifai, Member of the Governing Board, Damascus Chamber of Industry

Hacene Djemam, Secretary-General, International Confederation of Arab Trade Unions (ICATU)

Mohamad Bdran, Assistant General Secretary, ICATU

United Nations Development Programme (UNDP), Syrian Arab Republic

Ali H. Al-Za'tari, UN Resident Coordinator, UNDP resident representative