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Report of the Director-General

Appendix

The situation of workers of the occupied Arab territories

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Preface

This year, in accordance with the mandate given by the International Labour Conference, I again sent a high-level mission to the occupied Arab territories, Israel, the Syrian Arab Republic, and the Arab Labour Organization and League of Arab States in Cairo to report on the situation of Arab workers of the occupied territories. The mission enjoyed the full cooperation of all the parties concerned, for which I am very grateful. This reaffirms the broad support for the values embodied by the ILO.

My representatives held in-depth discussions with a wide range of interlocutors from the Palestinian Authority, and employers' and workers' organizations in the occupied Arab territories, constituents in Israel and in the Syrian Arab Republic, and representatives of the United Nations and international and non-governmental organizations. All of them provided valuable information and insights on the situation of workers of the occupied Arab territories, which have guided the preparation of this report. As always, the mission conducted its fact-finding work with a deep sense of commitment and impartiality.

The Report depicts a dismal human, economic and social situation in the occupied Arab territories, overshadowed by stalled peace negotiations. Noteworthy differences between Gaza and the West Bank were observed, as well as some common problems.

In the aftermath of the devastating war at the turn of the year, the situation in Gaza has all the ingredients of a humanitarian catastrophe. The population is effectively sealed off from the rest of the world and lives on international assistance. With thousands of factories closed and people out of work, the modern economy has ground to a halt, replaced by informal makeshift activity and the "tunnel economy".

The scars of this war will remain for some time ahead. Plans for the reconstruction of Gaza are at a standstill, pending minimal progress on negotiations to facilitate access and movement of goods, which in turn depends on a much-needed reconciliation among Palestinian political leaders. The longer the complete closure of Gaza lasts, the more acute the sense of "collective punishment" of its people – a feeling shared by Palestinians living in the occupied Arab territories.

In East Jerusalem, the Arab population is subject to increasing pressures on dwellings, habitat, residency rights and consequently jobs and livelihoods. East Jerusalem has been basically cut off from its social, economic and political context in the West Bank.

In contrast, the situation of workers and families in the West Bank appears to have benefited from a slight improvement in security and economic activity. However, this lull has not been able to halt, much less reverse, the decline in average incomes and the grim employment outlook. Closure measures, including the Separation Wall and intensified settlement activity in occupied territory, have kept a tight lid on any economic shoots that might appear.

Overall, these developments are a matter of extreme concern. They are experienced in conjunction with stalled peace negotiations that have yet to deliver any tangible results. This grim picture is further overshadowed by the protracted discussions over the formation of a common governing platform among Palestinian political parties.

In the face of economic and social hardship, Palestinians nurture noble aspirations, as my representatives have again found. The large majority want to get on, in peace, with plans for their own future, their children and their statehood. These aspirations are constantly challenged by today's grim prospects, which leave little room for hope. Yet hope is vital to counter extreme alternatives that hold no future.

The Palestinian population is young. Over half of the persons of working age are between 15 and 29 years old. On completion of secondary education, when this is possible, they face limited job prospects. In fact, over half of those in the 15–29 age group are neither in education nor in employment – a waste of precious human resources anywhere but, in the context of the occupied territories, a dangerous mix.

The United Nations Secretary-General, Mr Ban Ki-moon, has recently called for a “new momentum to the search for a resolution of the conflict in the Middle East”^{*} with a resumption of direct Israeli–Palestinian negotiations and engagement of the international community.

Massive international assistance and extraordinary work by United Nations agencies on the ground are helping Palestinians to cope. But coping is not living. As the ILO has often argued, economic and social progress is a condition for, and a consequence of, political developments. The situation of the occupied Arab territories, including the occupied Syrian Golan, demands both.

The ILO is engaged. This engagement is rooted in the values upheld by the Organization and strongly supported by its global constituency. The ILO has developed a comprehensive programme of technical cooperation addressing the employment challenges identified in the Palestinian Reform and Development Plan, which was formally endorsed by the Palestinian Minister of Labour and Planning in May 2008.

The United Nations system, including the ILO, has developed a Palestinian Early Recovery and Reconstruction Plan for Gaza. Substantial progress has been made towards coordination with the Palestinian Authority and in working as a One UN country team.

This mission has again highlighted the role of the social partners and the support they need and can expect from the ILO. Their contribution to revitalizing battered enterprises and workplaces is essential under any circumstances.

The international community must be more forcefully engaged to overcome the never-ending series of privations suffered by the Palestinians of the occupied Arab territories and allow them to exercise their legitimate right to statehood, in dignity and in peace with all of their neighbours.

May 2009

Juan Somavia
Director-General

^{*} Press conference, 5 May 2009.

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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 (ILC) at its 66th Session (1980), the Director-General again this year sent missions to Israel and the occupied Arab territories, as well as to the Syrian Arab Republic and Egypt, in order to make as full an assessment as possible of the situation of workers of the occupied Arab territories (West Bank, including East Jerusalem, Gaza and the occupied Syrian Golan).¹
2. 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, as well as the ILO Declaration on Fundamental Principles and Rights at Work and the ILO Declaration on Social Justice for a Fair Globalization. The representatives were also guided by the resolutions adopted by the ILC, as well as the principles laid down in the relevant international labour standards and those enunciated by the supervisory bodies of the ILO.
3. 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. They were also mindful of the conclusion reached by the International Court of Justice (ICJ) in an Advisory Opinion of 9 July 2004, namely, that the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the Convention on the Rights of the Child, all ratified by Israel, are applicable in respect of acts done by a State in the exercise of its jurisdiction outside its own territory (ICJ, 2004).²
4. As in previous years, the missions were also guided by the relevant resolutions of the Security Council and the General Assembly of the United Nations, including Security Council resolutions 242 (1967) and 338 (1973).

¹ The Golan has been occupied by Israel since 1967 and was unilaterally annexed by Israel in 1981. As has been pointed out in previous reports, 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.

² See paras 111–113 of the Advisory Opinion. The Advisory Opinion does not address the applicability of international labour Conventions ratified by Israel in the territory occupied since 1967.

5. The Director-General entrusted Friedrich Buttler, as his Special Representative, Tariq Haq, Employment Specialist in the Regional Office for the Arab States in Beirut, and Martin Oelz, Legal Specialist in the International Labour Standards Department, with the mission to Israel and the occupied Arab territories, from 18 to 25 April 2009. Mounir Kleibo, ILO Representative for the West Bank and Gaza, and Rasha El Shurafa, Programme Officer in the Office of the ILO Representative in Jerusalem, undertook all the preparations for the mission, of which they were full members.
6. Friedrich Buttler and Nada Al-Nashif, Regional Director for the Arab States, were entrusted with the mission to the Syrian Arab Republic on 26 April 2009 for consultations with the Syrian Government and with workers' and employers' organizations, and to Egypt on 27 April 2009 to meet with representatives of the Arab Labour Organization and the League of Arab States.
7. In the course of the missions, the Director-General's representatives held numerous discussions and meetings with Israeli, Palestinian and Syrian interlocutors. They met with representatives of various ministries and institutions of the Palestinian Authority and the Government of Israel, workers' and employers' organizations, non-governmental organizations (NGOs), research institutions and community leaders. The missions also consulted representatives of the United Nations and other international organizations.³ For the first time since 2006, the Director-General's mission was able to visit interlocutors in Gaza.
8. The Director-General is most grateful to all the parties involved, and wishes to acknowledge that his representatives enjoyed 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 also acknowledges the full cooperation extended to his representatives by the authorities of the Syrian Arab Republic, the League of Arab States, the Arab Labour Organization and the International Confederation of Arab Trade Unions (ICATU). The written submissions received from the Governments of Israel and the Syrian Arab Republic, as well as the ICATU, are acknowledged with thanks.
9. 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 that is publicly available. In examining the situation of Arab workers of the occupied territories, the missions conducted their work with impartiality and objectivity.

³ A list of interlocutors is contained in the annex to this Report.

1. Recent developments and the peace process

A crippling embargo

10. The war in Gaza between 27 December 2008 and 18 January 2009 was preceded by a long period of isolation of Gaza following the Hamas takeover in June 2007. At its 6063rd meeting, on 8 January 2009, the United Nations Security Council adopted resolution 1860 calling for an immediate ceasefire, the unimpeded provision of humanitarian assistance, international efforts to alleviate the humanitarian and economic situation in Gaza and “renewed and urgent efforts by the parties and the international community to achieve a comprehensive peace based on the vision of a region where two democratic States, Israel and Palestine, live side by side in peace with secure and recognized borders, as envisaged in Security Council resolution 1850 (2008)”, and recalling also “the importance of the Arab Peace Initiative” (United Nations Security Council, 2009a).

11. More than three months after the end of the Israeli military operation, the tight closure of Gaza continues, keeping the population sealed off. Not much more than the most basic humanitarian aid is allowed in. Construction materials, spare parts and other industrial goods remain almost totally banned (United Nations Security Council, 2009b). Reconstruction and recovery in Gaza are a prerequisite for restoring livelihoods and creating a viable Palestinian State.

12. International efforts to rebuild Gaza “cannot be sustained without the crossings being opened, not just for food and medicines, but for materials, people, and commercial traffic“, said Robert Serry, United Nations Special Coordinator for the Middle East Peace Process, after visiting Gaza on 25 March 2009 (UNSCO, 2009). This statement remained entirely valid one month later when the ILO mission visited Gaza. Lifting the siege is a prerequisite to building a future. People’s sense of injustice is leading to mounting despair, and may sooner or later breed another vicious cycle of violence, the mission was told by several interlocutors in Gaza. In their view, the international community has not yet been sufficiently active in getting the siege lifted.

Displacement of Palestinians from East Jerusalem

13. Under international law, East Jerusalem is an occupied territory. East Jerusalem was annexed by the State of Israel in June 1967. The international community has consistently denounced Israeli attempts to change the status of the city.

14. Since last year’s Report on the situation of workers of the occupied Arab territories, continued action has been taken by the Government of Israel to reduce the space available to the Palestinian population in East Jerusalem, with the aim of a significant reduction by the year 2020 (PASSIA, 2007). The Civic Coalition for Defending the Palestinians’ Rights in Jerusalem (CCDPRJ, 2008) mentions in this context the control of land, extension of settlements, demolition of houses, inclusion of certain areas and exclusion of others by the construction of the Separation Barrier, on a trajectory deviating from the 1949 Armistice line (the Green Line), and changing residency rights and permits and hence access to education and to employment. A member of the Government of Israel confirmed on 26 April 2009 plans to annex 1,200 hectares between the Keidar and Ma’ale Adumim settlements, in the vicinity of East Jerusalem (Dumont, 2009).

No alternative to a two-State solution

15. The new Israeli Government took office on 31 March 2009. The international community has consistently maintained that the two-State solution based on the principles of the Quartet was the only alternative. The declaration of the League of Arab States at its summit held in Damascus on 29–30 March 2008 recalled the Arab Peace Initiative as the way forward to a lasting peace in the Middle East region as a whole. Ambassador Sobeih, Assistant Secretary-General of the League, once again highlighted the importance of this approach at a meeting with the ILO mission in 2009. United Nations Security Council resolution 1860 stressed “that the Gaza Strip constitutes an integral part of the territory occupied in 1967 and will be a part of the Palestinian State” (United Nations Security Council, 2009a)

16. While lifting the siege is the necessary condition for rebuilding Gaza, the peace process could be greatly facilitated by intra-Palestinian reconciliation. Some donors, when pledging support for rebuilding Gaza at the meeting held at Sharm el-Sheikh on 2 March 2009, made their donations contingent on progress in such reconciliation, which is also encouraged by United Nations Security Council resolution 1860. International organizations providing humanitarian assistance and planning early recovery stand ready to implement much-needed programmes as soon as conditions permit.

Lasting peace and social justice

17. The commitment to a just, lasting and comprehensive peace, the end of occupation and the establishment of a Palestinian State, of which the Gaza Strip is an integral part, and which will live side by side in peace and security with Israel, continues to be the overarching framework for improvement of the situation of workers of the occupied Arab territories.

18. This year the ILO mission was informed by the representatives of the Government of Israel of their assessment of the “completely different situation in Gaza and the West Bank” and their readiness to encourage economically relevant projects with a potential for employment in the latter. This Report’s review of recent developments in the West Bank thoroughly examines the relationship between the evolving political and security situation in the West Bank and employment and economic outcomes. It clearly emerges that any strategy for lasting peace in the occupied territories can only be based on combined progress in the economic situation, the security environment and political negotiations. In accordance with the Preamble to its Constitution, the ILO has always maintained that “universal and lasting peace can be established only if it is based upon social justice”.

2. Gaza: Crushed livelihoods

The war in Gaza and its antecedents

19. The 22-day war on Gaza that was launched on 27 December 2008 was the culmination of a much longer process of isolation. Since the electoral victory of Hamas in January 2006, Gaza has progressively been cut off from Israel, the West Bank and the outside world. Israel, which controls Gaza's borders, coastline and airspace, imposed a blockade on the territory following Hamas's effective seizure of control of Gaza by force on 15 June 2007 and the continued firing of rockets from Gaza into Israeli territory.

20. With this blockade, movement of people in and out of Gaza through the Erez crossing to Israel and the Rafah crossing to Egypt was essentially stopped save for exceptional cases, including emergency medical evacuations, diplomats and some international humanitarian staff and, occasionally, certain Palestinian businesspeople.⁴

21. Movement of goods was heavily restricted to the back-to-back importation of basic humanitarian supplies through the Karni, Sufa and Kerem Shalom crossing points, as well as liquid fuels, at levels substantially lower than the estimated needs, through Nahal Oz entry point. Figure 2.1 shows the average monthly truckloads of goods imported into Gaza. The initial months of the six-month truce ("hudna") declared by Palestinian groups from 19 June to 19 December 2008 witnessed a trickle of incoming commercial goods⁵ but, according to the Palestine Trade Centre (PALTRADE) (2009), the quantities were only a fraction of the estimated needs and, moreover, the categories and combinations of items allowed in were not conducive to most industrial operations.

22. Commercial benzene and diesel have been barred from entering Gaza since 2 November 2008. However, the Palestinian Gas Stations Owners Association (GSOA) estimates that during the second half of March 2009, a daily average of 100,000 litres of diesel and 70,000 litres of benzene entered through tunnels under the Rafah border with Egypt (OCHA, 2009a). Indeed, the smuggling tunnels, which supply Gaza with everyday goods that are otherwise barred through the official crossings, have become an important economic lifeline for the population of Gaza.

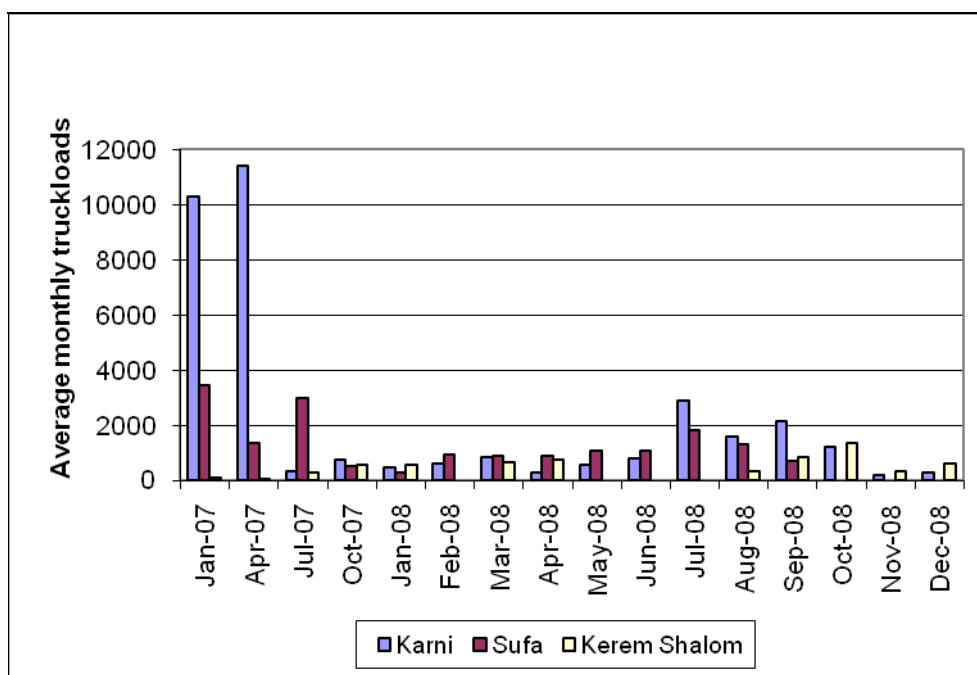
23. Exports of goods from Gaza through Karni, which numbered roughly 8,500 truckloads per year prior to the blockade (PALTRADE, 2009), were banned altogether. Notwithstanding the ban, nine truckloads of cut flowers were allowed out via the Kerem Shalom crossing in March 2009.

24. It should be noted that the November 2005 Agreement on Movement and Access (AMA) called for a daily flow of 400 truck movements in and out of Gaza by the end of 2006, a level of trade which itself was already much lower than that witnessed before the outbreak of the second intifada. That level was subsequently never reached.

⁴ Some businesspeople have been granted permits to cross into Israel through Erez since January 2008, but the flow has been low and irregular. The movement of workers to Israel via Erez has ceased altogether since April 2006.

⁵ The commercial goods allowed into Gaza over this period included aggregates, cement, three truckloads of construction metal, wood, car tyres, clothes, shoes and juice (PALTRADE, 2009).

Figure 2.1. Movement of goods into Gaza



Source: PALTRADE, 2008.

25. During the military operation, intensive bombardment by land, sea and air left approximately 1,440 Palestinians dead and another 5,380 injured. Children and women accounted for nearly half (47 per cent) of all casualties. At the same time, continuous rocket and mortar fire from Palestinian militant groups was directed towards southern Israel, including built-up areas. This resulted in three Israeli civilian deaths and 182 injuries (OCHA, 2009b).

26. The social and economic infrastructure of Gaza sustained extensive physical damage. According to the Palestinian Authority, 4,036 housing units were destroyed and a further 11,514 were partially damaged, leaving tens of thousands of displaced persons. Government buildings, water, energy and communications infrastructure, educational establishments and hospitals all sustained significant damage. According to the Israeli Coordination of Government Activities in the Territories (COGAT), 15 hospitals and 41 clinics were damaged, while 18 educational establishments were destroyed (COGAT, 2009). According to the Palestinian Authority, 247 schools, kindergartens and universities were also partially damaged, and schools are now facing shortages of general safety supplies and learning materials. The Private Sector Coordination Council (PSCC) in Gaza states that 700 private sector establishments were either partially damaged or fully destroyed, representing nearly US\$140 million worth of losses. Of these establishments, 77 per cent were in the industry and trade sectors, accounting for 79 per cent of total losses. They included Gaza's seven main textile producers, its four main beverage factories and 61 construction materials establishments, among many others (PSCC, 2009).

27. In addition, the PSCC cites extensive destruction of Gaza's agricultural sector, with 40 per cent of agricultural lands directly damaged by the bombardments, and a further 20 per cent indirectly damaged as a result of inadequate irrigation during the war. If the necessary inputs (fertilizers, seeds, etc.) cannot be imported, rehabilitation and planting of the land will not be possible. Preliminary estimates put agricultural losses, including the livestock, poultry and fisheries subsectors, at US\$170 million (ibid.).

28. The war inflicted a further devastating blow on the livelihoods of Gaza's already beleaguered and aid-dependent population. The private sector, which was already operating at minimal capacity and therefore providing little employment as a result of the blockade, has been virtually wiped out, and 85 per cent of the population is now dependent on aid, having exhausted most other coping mechanisms. The United Nations has described the situation in Gaza as a "human dignity crisis" (OCHA, 2009b). The mission's interlocutors in Gaza conveyed a pervasive sense of injustice and consistently called for an immediate lifting of the siege (which has remained in place after the ceasefire) to allow businesspeople, workers and farmers to resume their daily business.

The international response: Immediate relief and early recovery prospects

29. Efforts to provide relief and support to early recovery and reconstruction are complicated by the ongoing blockade, which has even extended to the movement of cash into Gaza. In addition, Israeli banks have recently severed correspondent and clearance relationships with Gaza banks, and there is a risk that their relations with Palestinian banks in the West Bank will be cut off as well (IMF, 2009). These combined measures not only hinder the ability of the Palestinian Authority and the international community to operate, but have also resulted in a liquidity crisis in Gaza and the diversion of scarce resources away from the banking system towards unregulated informal channels. A growing black market of smuggled cash (via the tunnels under the Rafah border with Egypt) risks undermining the prudential framework of the Palestine Monetary Authority and its strict regulations against money-laundering and terrorist activities.

30. Nonetheless, a concerted effort is being made to prepare for recovery. As soon as the unilateral ceasefires took place, the United Nations established an early recovery cluster mechanism, consisting of a number of clusters, sectors and working groups, and launched a US\$613 million flash appeal for projects to meet immediate humanitarian needs for nine months. The Palestinian Authority ministries and United Nations agencies, in cooperation with local and international partners, conducted a Gaza Early Recovery Rapid Needs Assessment, underpinning early recovery projects and medium- to longer-term reconstruction interventions. This resulted in the Palestinian National Early Recovery and Reconstruction Plan for Gaza, 2009–10, which was presented to the international community by Prime Minister Salam Fayyad at the International Conference in Support of the Palestinian Economy for the Reconstruction of Gaza, held in Sharm el-Sheikh, Egypt, on 2 March 2009. The Plan is intended to complement the Palestinian Authority's "existing efforts to alleviate poverty through increasing employment and revitalizing the economy" (Palestinian National Authority, 2009), pursued through the Palestinian Reform and Development Plan (PRDP).

31. The Early Recovery Plan tackles, *inter alia*, interventions in the social sector for health and education, particularly for vulnerable groups; repair of basic infrastructure; addressing damage to natural resources and the environment; and economic support to agriculture and industry, including through the private sector. Under the Plan, short-term employment creation efforts must in the medium to long term be supported by "policies that focus on investing in people through education and training to develop a highly skilled workforce, investing in infrastructure to ease the conduct of commerce, and developing a business climate that encourages investment and fosters the private sector's ability to compete" (*ibid.*).

32. The Plan sought support of just over US\$1.3 billion for early recovery and reconstruction activities, in addition to US\$1.45 billion in direct budget support. A total of US\$4.48 billion in aid was pledged at the Conference for the Gaza reconstruction effort. However, disbursement of the bulk of this amount is linked to progress on the Israeli–Palestinian peace process, which is in turn contingent on the outcome of intra-Palestinian reconciliation talks and the as yet undefined agenda of the new Israeli Government. Moreover, without a significant breakthrough on the issue of access and lifting the blockade, no meaningful reconstruction can take place.

Coping strategies of workers' and employers' organizations

33. As reported in 2008, the Palestine General Federation of Trade Unions (PGFTU) experienced serious interference in its activities in Gaza, including seizure of its offices and property, on the part of Hamas (ILO, 2008a). More recently, the PGFTU has been able to reopen a small office and to run certain activities, mainly workers' education. However, it is still being prevented from collecting membership fees and its overall capacity remains weak. International support to the PGFTU in Gaza would be crucial to ensuring that the democratic trade union movement can play its role in defending workers' rights and interests in the prevailing difficult circumstances, and, hopefully, in the context of reconstruction.

34. Representatives of employers' organizations have actively taken part in the damage assessment following the war in Gaza and in the development of plans and projects for reconstruction and early recovery. Gaza's employers are eager and willing to play their role in jump-starting the economy, but increasingly frustrated at the continuing embargo, lack of access to loans and the progressing loss of skills in the Gaza labour force.

3. Barriers to social and economic development in the West Bank and Gaza

Access and movement

35. Movement of people and goods in and between the West Bank and Gaza remains heavily constrained by a pervasive system of multi-layered restrictions. Within the West Bank, these restrictions include obstacles (or “closures”) in the form of checkpoints, roadblocks, metal gates, earth mounds and walls, road barriers and trenches, in addition to the Separation Barrier, which is being constructed predominantly east of the Green Line inside the West Bank. As described in the preceding paragraphs, Gaza is effectively sealed off from the rest of the world. Physical barriers are further reinforced by intricate administrative procedures, including a highly restrictive permit requirement system.

36. The Government of Israel declares that its regime of closures and restrictions on movement is necessary to protect Israeli citizens from Palestinian militant attacks, but the system is widely believed by Palestinians and human rights organizations to be both disproportionate to the threat posed and tantamount to collective punishment. Indeed, as the Palestinian Authority has extended its security control in Area A segments of the West Bank⁶ over the past year, the security situation has markedly improved and violence has fallen to its lowest level in years (World Bank, 2009), yet closures and control of Palestinian movement remain in full force, while illegal Israeli settlement activity in the West Bank is protected.

37. Table 3.1 shows closure measures by West Bank governorate at various intervals since December 2007, indicating the size of the labour force present and hence constrained by these measures in each governorate. The total number of closures increased from 558 in December 2007 to reach 630 by September 2008, not including temporary (“flying”) checkpoints. Moreover, this number represents a 59 per cent increase over the 396 closures that were in place at the time of the signing of the Agreement on Movement and Access in November 2005 (OCHA, 2009d).

Table 3.1. Internal closure measures (physical obstacles) and estimated workforce by West Bank governorate

No. of closure measures in:	Bethlehem	Hebron	Jenin	Jericho	Jerusalem	Nablus	Qalqilya	Ramallah	Salfit	Tubas	Tulkarem	Total
December 2007	30	191	17	11	40	102	20	82	33	10	22	558
April 2008	33	227	16	11	36	104	23	81	36	11	29	607
September 2008	32	202	21	14	41	128	20	97	36	13	26	630
Labour force (2008, Q4)	48 700	133 200	64 300	12 500	115 300	79 200	21 800	63 000	15 900	10 900	39 200	604 000

Sources: OCHA, 2007–08; labour force data from PCBS, 2009a.

⁶ As determined in the Oslo Accords.

38. The governorate of Hebron in the southern West Bank contained over 200 physical obstacles to movement – by the far largest number of all the governorates. The mission was informed by the Hebron Chamber of Industry that the ability of manufacturers to obtain raw materials and transport their goods is greatly impeded. In addition, the old city of Hebron (H2 zone)⁷ contained a further 76 checkpoints and obstacles that are not included in the above count, resulting in the effective shutting down of a once thriving marketplace.

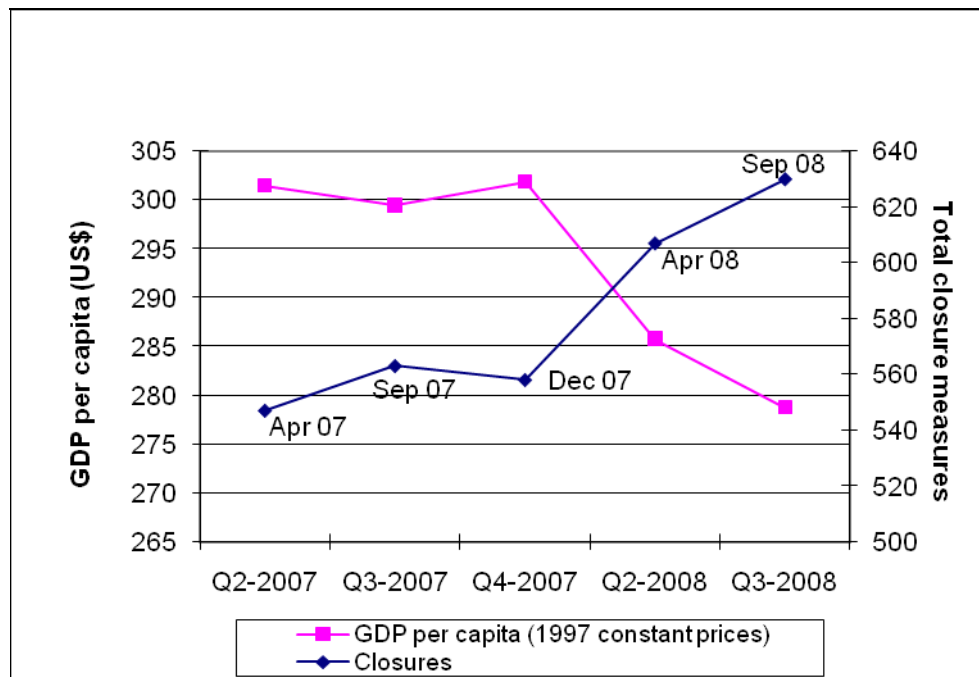
39. In Nablus, a governorate that has also suffered from extensive closures since the onset of the second intifada, a significant improvement in the security situation has led to a slight easing of movement restrictions towards the end of 2008 and in early 2009. The critical Beit Iba checkpoint was moved a few kilometres to the northwest, allowing freer movement between Nablus and Jenin. However, the new location effectively creates a new obstacle for Jenin residents on their way to Tulkarem and southern areas, and may further affect Nablus residents travelling west, owing to congestion, as the new checkpoint controls a larger population (OCHA, 2009a).

40. Other barrier removals and reconfigurations, as well as an improvement in the operating hours of several checkpoints, have been noted in recent months (OCHA, 2009a; World Bank, 2009). In addition, the Government of Israel has allocated resources to “upgrading” checkpoints and other barriers. According to COGAT (2009), the Israeli Ministry of Defense allocated 8.5 million new Israeli shekels (NIS) in 2008 to upgrading various checkpoints, crossings and passages “in order to improve the flow of movement and the quality of life of Palestinians that must travel through the different regions”. While improvements in movement and access are to be encouraged, heavy investment in the infrastructure of closure is likely to serve only to entrench it in the longer run, and cannot be seen as a viable alternative to removing the barriers.

41. Restrictions on freedom of movement separate Palestinian communities and impede access to land, enterprises and places of work, as well as basic social services, while increasing Palestinian dependency on aid in the context of deteriorating socio-economic conditions. Figure 3.1 shows a clear inverse relationship between closures and Palestinian gross domestic product (GDP) per capita, in which an increase in West Bank closure measures is correlated with a decline in per capita output. International agencies, including the United Nations, have long identified restrictions on movement and access as one of the biggest impediments to economic growth and development in the West Bank and Gaza, and have repeatedly called on Israel to lift them.

⁷ 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 Israel Defense Forces (IDF) troops.

Figure 3.1. Palestinian GDP per capita and West Bank closures



Sources: OCHA, 2007–08; GDP data from PCBS, 2009b.

The Separation Barrier

42. The current projected route of the West Bank Separation Barrier extends 725km, 57 per cent of which had been constructed by September 2008 (OCHA, 2009d). The Advisory Opinion of the ICJ delivered on 9 July 2004 on the Barrier called for an immediate cessation and reversal of construction activity and reparations for all damage caused (ICJ, 2004). This was supported by a subsequent United Nations General Assembly resolution (United Nations, 2004).

43. According to OCHA, 86 per cent of the Barrier's route lies inside the West Bank (OCHA, 2008a). Once the Barrier is complete, approximately 9.8 per cent of West Bank land, including much of its fertile farmland and water resources, as well as East Jerusalem, will fall in the "seam zone", between the Barrier and the Green Line, and will hence be isolated from the rest of the West Bank. Over 80 per cent of Israeli settlers will be incorporated in the same area, and thus will be connected to Israel. An estimated 125,000 Palestinians will be surrounded on three sides by the Barrier, and a further 35,000 will live in closed areas.

44. All Palestinians aged 16 and above who live inside the seam zone require "long-term" or "permanent resident" permits to continue residing in their own homes, while farmers living to the east of the Barrier require "visitor" permits for access to seam zone lands through designated gates. These permits are difficult to obtain and do not meet workforce needs. OCHA (ibid.) reports that, in the northern West Bank, 80 per cent of farmers who used to work the land in the seam zone no longer receive permits to cross the Barrier. The Barrier gates operate on a daily, seasonal or seasonal-weekly basis, tend to be open for short hours and can be closed without prior warning by the IDF. No vehicles are allowed through the gates and there are heavy restrictions on what agricultural equipment and materials (such as implements and fertilizer) can be taken across.

45. As reported by the ILO mission in 2008 (ILO, 2008a), 12 crossing points have been built into the Barrier for movement of goods and people, only five of which lie on the Green Line. Of these, 11 allow Palestinian workers with permits to cross and five are back-to-back trucking platforms for transportation of goods into and out of the West Bank. COGAT (2009) reports increases in the movement of people and goods through nearly all crossings in the first quarter of 2009, compared to the same period in 2008. However, observers such as PALTRADE and representatives of the Palestinian private sector continue to question the efficacy of the commercial crossings, citing a range of high transaction costs, including the inconvenience and cost of having to palletize goods according to strict limitations, in addition to lengthy waiting, inspection and transfer times associated with the back-to-back system. Transportation costs have also risen substantially.⁸ In addition, there is a higher risk of damage to goods, especially agricultural produce, which needs to move quickly to maintain value.

Quotas and permits

46. The opaque and restrictive regime of permits, which controls movement of most Palestinians beyond their municipal boundaries, remains in place. There are numerous categories of permits, and restrictions and regulations change frequently and without notice. A work permit and quota system controls Palestinian access to Israeli labour markets across the West Bank Separation Barrier as well as to Israeli settlements on both sides. Security clearance is mandatory, and possession of a magnetic ID card appears to be a new prerequisite for receiving a permit to cross the Barrier. As in 2008, the mission heard worrying reports of the Israeli authorities attempting to recruit collaborators in exchange for issuing or renewing a work permit. Permits for workers from Gaza to enter Israel have ceased to be issued since April 2006.

47. As table 3.2 indicates, the full quota of permits is not usually granted. Moreover, receipt of a permit, which is valid for three months at a time, is no guarantee of actually being able to reach work, as IDF-imposed curfews and/or ad hoc closure of crossings may prevent access.

Table 3.2. Quotas and permits for Palestinians to work in Israel and the settlements

	Quota	Permits issued			Total
		Israel	Jerusalem	Settlements	
April 2005	38 035	17 905	1 787	16 135	35 827
March 2006	37 771	20 096	2 414	13 371	35 881
March 2007	45 510	18 873	2 770	18 410	40 053
March 2008	47 062	20 280	3 036	21 162	44 478
April 2009	49 113	22 610	3 104	22 063	47 777

Source: COGAT presentations (various).

48. The quota and number of permits issued to Palestinian workers to access Israeli labour markets have continued to increase in 2008–09, so that approximately 12,000 more permits were issued in April 2009 than in April 2005. A similar number of permits were issued for work in Israel and for the settlements. Despite the fact that all

⁸ While Israeli intermediaries now send their trucks shorter distances (i.e. only as far as the terminals), their charges to Palestinian businesses have remained the same. Palestinian trucks have to travel longer distances and cross a multitude of internal West Bank checkpoints and obstacles; their costs have thus risen substantially.

settlements in occupied territory are illegal under international law and are a major obstacle to peace, many Palestinians have no other income-earning opportunities. The PCBS estimates that actual Palestinian labour flows to Israel and the settlements numbered almost 75,000 in 2008 (PCBS, 2009c), implying that approximately 27,000 Palestinians worked without a permit. When the West Bank Separation Barrier is completed, this number is expected to fall substantially, as far fewer people would manage to cross without a permit. To protect the livelihoods of these workers and their families, either appreciably larger numbers of permits would need to be granted, or a sizeable growth in the absorptive capacity of the Palestinian economy would have to be permitted.

Continued settlement expansion despite international commitments

49. The ILO mission observed continued expansion of Israeli settlements in the West Bank, including East Jerusalem. The presence of increasing numbers of Israeli settlers directly harms the livelihood of Palestinians, who are barred from access to land and other resources (notably water), and from building housing and economic infrastructure (notably enterprises), and entails severe restrictions on the movement of persons and goods. Thus, the concerns expressed by the International Labour Conference in 1980 over the effects of the Israeli settlement policy on Palestinian social and economic rights and interests have by no means lost their validity.

50. International humanitarian law, the Hague Convention and the Fourth Geneva Convention prohibit the transfer of population to an occupied territory. The United Nations and the international community have repeatedly called on the Government of Israel to cease settlement in the territory occupied since 1967. In 2001 the Mitchell Report (Sharm el-Sheikh Fact-Finding Committee, 2001) called on the Government of Israel to “freeze all settlement activity, including the ‘natural growth’ of existing settlements”. In 2003, the performance-based Road Map repeated this request (United Nations Security Council, 2003). In the Joint Understanding reached at Annapolis (Annapolis Conference, 2007), the parties committed themselves to the immediate implementation of their respective obligations under the Road Map.

51. On 20 February 2009 the Council of the European Union, in a Declaration on the settlement activities of Israel, stated that: “Settlement activity is a major obstacle to peace in the Middle East and to the efforts of the international community to advance the Middle East Peace Process. As the European Union has consistently made clear, there can be no sustainable peace in the Middle East without the creation of a viable Palestinian state. Continued settlement activity severely damages this prospect” (Council of the European Union, 2009).

52. The reality has been different. In 2009 the ILO mission again found evidence of strong growth of settlements – in population, in buildings and in area. The continued expansion of settlement activity directly jeopardizes the rights and livelihoods of the Palestinian population living under occupation. Settler-only roads, restricted access to farmland, confiscation of land and mobility restrictions are imposed by the occupying forces in order to enable settlement activity to continue.

53. The Israeli settler population in “Jewish localities” in the West Bank (excluding East Jerusalem), reached 276,100 persons in December 2007, according to the Central Bureau of Statistics (CBS) of Israel – an increase of 14,500 persons or 5.5 per cent over 2006, three times higher than the growth of the total Israeli population at 1.8 per cent

(CBS, 2008). Even accounting for higher fertility among the Israeli population living in settlements in the West Bank, the difference in the growth rates indicates substantial transfers of population from Israel into occupied territory, which are prohibited by international humanitarian law.

54. Such transfers are encouraged by the continued building in settlements, the expansion of existing settlements and the establishment of new settlements, as well as various subsidies and incentives. According to the Israeli CBS, the number of dwellings built “in Jewish localities” in the West Bank was 2,020 in 2008, 806 in 2007 and 1,165 in 2006 (CBS, 2009). In other words, 2.5 times more units were built in 2008 than in 2007.

55. The Israeli Information Center for Human Rights in the Occupied Territories (B’Tselem) has documented “special security areas” around 12 settlements, enlarging their area 2.4 times. This has led to further confiscation of private Palestinian land and barred Palestinians from accessing their property. The report notes that: “Surrounding settlements with a ring of land that prohibits or restricts Palestinians from entering, whether by declaring the land [a special security area] or not, is one of the many practices used for stealing land” (B’Tselem, 2008).

56. Israeli settlers in the West Bank compete directly for resources with the Palestinian population. Such competition can take violent forms. Many observers have noted an increase in the incidence of violence committed by settlers against the Palestinian population in recent months (box 3.1).

Box 3.1
Settler violence and its impact on Palestinian livelihoods

In December 2008, OCHA reported a worrying trend of increasing numbers of such incidents (290 such incidents during the first ten months of 2008, compared to 182 and 243 in 2006 and 2007, respectively). OCHA considers “Israel’s decades-long policy of facilitating and encouraging the settling of its citizens inside occupied Palestinian territory” as a root cause of this phenomenon.

Settler violence discourages and effectively prevents Palestinians from accessing and working on their lands, particularly in the vicinity of the illegal Israeli settlements in the West Bank. Settler violence in the form of property and land damage regularly increases in periods of intensive agricultural activity, such as the olive harvest. Palestinian livelihoods are hit especially hard by attacks on Palestinian farmers and herders, the theft or killing of livestock and the destruction of crops, trees or other agricultural property. The failure of the Israeli authorities to put an end to settler violence targeting Palestinians and their property is a matter of particular concern. Despite repeated United Nations demands on Israel to take serious measures to prevent settler violence, Israel has failed so far to address the issue effectively.

Violence affects women, men and children on both the Palestinian and Israeli sides. Between 2006 and 2008, OCHA registered more Israeli settlers killed by Palestinians than vice versa, whereas the number of Palestinians injured by Israelis was more than double that of Israelis injured by Palestinians.

Sources: OCHA, 2008b; and B’Tselem, 2008.

57. The decline in livelihoods of Palestinians, recorded in decreasing incomes and economic activity, is to a large extent the result of the continued closures and the associated restrictions and prohibitions imposed on the economic freedoms of Palestinians.

58. It should be borne in mind that the Israeli and Palestinian economies are different, with average incomes in the former 20 times higher than in the latter.

Palestinian women, men and children working in Israeli settlements

59. Thousands of Palestinian women, men and children work in settlements established by Israel in the West Bank, mostly in industry and agriculture. The mission discussed this matter with the PGFTU, which estimates that some 26,000 Palestinian workers are employed in seven major settlements and industrial zones alone.⁹

60. The mission obtained credible and substantiated information indicating that many of the Palestinian workers in Israeli settlements and industrial zones are exposed to hazardous work environments without appropriate occupational safety and health measures in place. The NGO Kav LaOved – Worker’s Hotline has conducted exploratory surveys of Palestinian workers employed in settlements, which indicate the existence of serious protection gaps.

61. Child labour in Israeli settlements remains a matter of great concern, particularly in agriculture. The mission observed numerous children working in the fields of the Jordan Valley. Simone Korkus, a lawyer and journalist who recently documented child labour in the same area, estimates the number of child labourers in Israeli settlements at 1,900 (Korkus, 2008). Many of these children perform dangerous work, for instance on date plantations.

62. Working in settlements may be the only option for Palestinian men and women to secure livelihoods for themselves and their families. However, dependence on employers and subcontractors makes these workers vulnerable to exploitation and violations of labour rights. Claiming labour rights in Israeli courts is costly and complicated, and complaining workers are reportedly frequently laid off.

63. In any case, the possibility of individual workers going to court does not resolve the matter. Under international humanitarian and human rights law, it is the responsibility of the Israeli authorities to ensure the well-being and safety of Palestinian men and women working in Israeli settlements and industrial zones and to protect fundamental human rights, including the right to safe and healthy working conditions. The elimination of child labour is one of the fundamental principles and rights which all ILO member States must respect and realize.

64. Unfortunately, the mission was unable to obtain any specific information from the Israeli Ministry of Industry, Trade and Labour on any inspections carried out in undertakings located in Israeli settlements or industrial zones in the West Bank, or on the results of such inspections. The mission hopes that such information will be made available in the future.

Dismantling the Palestinian social fabric in East Jerusalem

65. Following the occupation of the West Bank in 1967, Israel unilaterally annexed 70.5 km² of the occupied territory. This area, known as East Jerusalem, was subsequently included within the Jerusalem municipality. The annexation has never been recognized by the United Nations, which has called on Israel to comply with its obligation under international law not to alter the character, status and demographic

⁹ Burkan (Salfit), Burkan B, Tulkarem, Ma’ale Efraim, Khan al-Ahmar, Etzion and Ma’ale Adumim.

composition of East Jerusalem, and to stop all settlement activities (United Nations Security Council, 1968, and United Nations, 2008).

66. When discussing the situation in East Jerusalem, many of the mission's interlocutors conveyed the message that continuing and intensifying Israeli action to create "facts on the ground" has resulted in heightened tensions and potential for violence. Palestinian workers and employers, and their families, continue to be negatively affected by measures and policies implemented by the Israeli authorities in and around East Jerusalem, with the stated objective of decreasing the proportion of the Palestinian population in the city and providing infrastructure and security to the expanding settlements in East Jerusalem, in violation of international law. In 2005, the population of East Jerusalem included 241,000 Arabs and 187,000 Jews (Jerusalem Institute for Israel Studies, 2008).

Decreasing land base for Palestinian development

67. Land confiscations and urban planning measures carried out by the Israeli authorities in East Jerusalem have left little room for Palestinian social and economic development. Some 35 per cent of the land in East Jerusalem has been confiscated for Israeli settlements, where an estimated 195,000 Israeli settlers now live (OCHA, 2009e). Land also continues to be confiscated for public parks and transportation systems. In November 2008, the Legal Center for Arab Minority Rights in Israel (Adalah) and the Civic Coalition for Defending the Palestinians' Rights in Jerusalem submitted a formal objection to the Jerusalem Regional Master Plan. The organizations argue that the Master Plan would further separate Palestinian neighbourhoods from each other and newly designate large parts of land for roads and railroads serving Israeli settlements, while further restricting development possibilities for Palestinians (Adalah, 2008).

68. Only 13 per cent of East Jerusalem is available for construction by Palestinians under the zoning plans drawn up by the Israeli authorities (OCHA, 2009e). However, much of this land is already built up or lacks the public infrastructure (such as water, sewerage and roads) without which construction permits cannot be obtained. Generally, the number of building permits granted by the Israeli authorities for construction in East Jerusalem and other parts of the West Bank remains far below the actual needs of the Palestinian population.

69. Recent months have witnessed an acceleration of demolition of houses and other buildings in Palestinian neighbourhoods of occupied East Jerusalem. In 2008 alone, nearly 90 houses were demolished in East Jerusalem (table 3.3), in addition to numerous others in Area C zones in the West Bank. In the first quarter of 2009, another 19 Palestinian structures in East Jerusalem (including 11 inhabited residential structures) were destroyed. While the Israeli authorities state that this was because the structures concerned had been built without authorization, the wide range of zoning-related regulations and high fees they impose make it notoriously difficult for Palestinians to obtain building permits in these areas. Various UN bodies and organs have called for an immediate end to house demolitions. Most recently, Robert Serry, UN Special Coordinator for the Middle East Peace Process, warned that demolitions were fuelling tensions at a time when "the international community is trying to relaunch a results-oriented peace process" (Kershner, 2009). Apart from the trauma and suffering inflicted on the affected families, they are effectively displaced from the city, as it is unlikely that they will be able to obtain permits to build new houses. According to an OCHA estimate, as many as 60,000 Palestinians in East Jerusalem are exposed to the risk of house demolition (OCHA, 2009e).

Table 3.3. Demolition of houses, by reason given

	East Jerusalem	West Bank	
		Houses built without permit	Alleged military purposes
2006	50	44	39
2007	65	39	30
2008	89	29	10 ¹

¹ Data until 30 June 2008 only.
Source: B'Tselem, at www.btselem.org.

Pressure on residency rights

70. Following the annexation, Israel has provided Palestinians in East Jerusalem with “permanent residency status”. Residency status is the basis under Israeli law for lawfully residing in East Jerusalem and is thus crucial for engaging in economic activities there. Holding a Jerusalem ID card facilitates movement between occupied East Jerusalem and other parts of the West Bank for work or business-related reasons,¹⁰ and brings social security coverage with it.

71. Palestinian Jerusalemites have their residency status revoked by the Israeli authorities if they cannot prove that their “centre of life” is within the city, and if they reside abroad for longer than seven years. Under this policy, thousands of Palestinian men and women who moved from East Jerusalem to neighbourhoods outside the municipality border as defined by the Israeli authorities, usually because of lack of housing, are under constant threat of having their Jerusalem IDs confiscated.

Compounded effects of the Separation Barrier

72. The Separation Barrier has effectively cut off Jerusalem from the West Bank. While the Barrier has already been constructed around much of East Jerusalem, dividing Palestinian neighbourhoods, an as yet incomplete projected segment would also cut 14 km into the West Bank to encompass the Ma’ale Adumim settlement and the “E-1 corridor” linking it with Jerusalem.

73. The city’s financial and commercial links to the rest of the Palestinian economy have been greatly reduced. All Palestinian non-Jerusalem ID holders require a permit to enter the city, and the entry of Palestinian goods into the city is now heavily restricted. Four crossings in the Barrier around Jerusalem allow Palestinians with permits to enter the city for work, medical care, education or religious reasons. A fear voiced by many of the mission’s interlocutors is that Palestinians living within the municipality border but excluded from the city by the Separation Barrier may see their Jerusalem residency status revoked in the future. Consequently, many Jerusalem ID holders whose residences fall on the West Bank side of the Barrier have relocated to the other side in order to ensure they retain their Jerusalem residency status. This has resulted in overcrowding in Arab neighbourhoods, without a concurrent increase in income earning opportunities and housing. Young Palestinian Jerusalemites are discouraged from travelling abroad to study or gain work experience.

¹⁰ By contrast, Palestinians residing in other parts of the West Bank require specific permits to enter East Jerusalem.

**Box 3.2
PGFTU May Day**

On 1 May 2009, a peaceful march in Al-Ma-sara near Bethlehem to protest against the Separation Barrier was attended by some 250 workers, trade unionists and community members. At the event, PGFTU Secretary-General Shaher Saed stated that: “On this historic day of May 1st, workers in Palestine continue to suffer from the Israeli occupation. The occupation and separation wall have destroyed the Palestinian economy. The 600 checkpoints and barriers in the West Bank continue to strangle the economy and workers' ability to support their families ... How can workers have justice in this climate? We need comprehensive peace that ends the separation wall, the checkpoints, and the occupation.” The peaceful event was disrupted by the Israeli army.

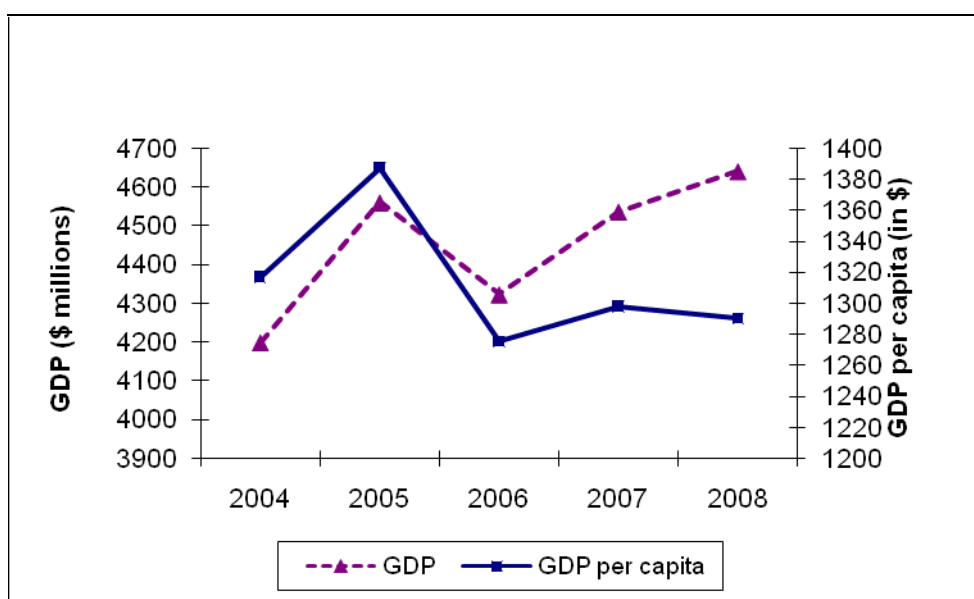
Source: PGFTU, 2009.

**Labour market and social outcomes
and prospects**

**Stagnation of the Palestinian economy
and declining employment**

74. Economic activity showed a very moderate increase in 2008, approximately 2 per cent over 2007, following close to 5 per cent growth in 2007 over 2006 (figure 3.2). However, with the population growing at 2.7 per cent per year, average income dipped slightly in 2008 (-0.6 per cent). The level of GDP per capita, at US\$1,290 in 2008 (PCBS, 2009d), is still some 28 per cent lower than the peak of 1999. In other words, over the last decade the Palestinian economy has remained well below the peak of 1999. The growing Palestinian population has thus been living in a stagnant economy, with many more persons in poverty than ten years ago. The proximate cause of this dismal economic situation remains the military occupation and the manifold limitations imposed on movements of persons and of goods.

Figure 3.2. GDP and GDP per capita



Source: PCBS preliminary national accounts data, 2008 (PCBS, 2009d).

75. Although data available from the PCBS do not permit a definite conclusion, with the total blockade imposed on Gaza, it is more than likely that the modest growth registered in 2008 is entirely due to economic activity in the West Bank having benefited from a relative improvement in security.

76. Taking a look at the sources of this modest growth, the economic scars of occupation become apparent. The shares of agriculture, manufacturing and construction in total GDP have been declining year after year, while that of services has been rising. The shares of agriculture and construction have fallen by more than half (4.6 and 4.9 per cent in 2008 compared to 10.4 and 13.7 per cent in 1999), while manufacturing dipped by close to 1 per cent compared to its share in 1999. By contrast, the share of services increased from 42.6 per cent in 1999 to 50.3 per cent in 2008. These relative shares suggest that the Palestinian economy is driven not by productive investment but by consumption, which is sustained first by foreign aid and second by the wages earned by Palestinians working in Israel and in settlements.

77. The World Bank reports that foreign aid, at close to US\$1.8 billion in 2008, was equivalent to approximately 30 per cent of GDP (World Bank, 2009), i.e. US\$487 per Palestinian per year – one of the highest aid ratios in the world. Foreign aid has been essential to provide food aid for approximately half of the population which is dependent on it, to finance the functioning of essential services, notably education and health, as well as basic infrastructure, and to enable the Palestinian Authority to operate and pay its civil servants (estimated at 140,000 in mid-2008).

78. In the fourth quarter of 2008, the number of Palestinians employed in Israel had risen to 78,000, an 18 per cent increase over 2007. The actual number may even be higher, as the Israeli CBS records in the current account of Israel a payment of factor income (wages paid to Palestinian workers employed in Israel) of US\$866 million in 2008, a 49 per cent increase over 2007 (CBS, 2008). This is partly explained by the strong NIS relative to the US dollar (the currency of the international transactions recorded in the current account), but also reflects greater numbers of Palestinian workers employed in Israel, whose wages and consumption prop up the economy of the West Bank.

Employment scars of occupation

79. The employment situation in the West Bank and Gaza closely tracks economic activity, and suffered a marked deterioration in 2008.

80. The situation in 2008 in the West Bank was stable at a very low level, while in Gaza it went from bad to worse under the impact of the total blockade, which has virtually strangled all regular economic activity. Total employment declined sharply (by 28,000) in Gaza in the fourth quarter with respect to the same quarter in 2007; and rose only marginally (by 3,000) in the West Bank over the same period, as shown in table 3.4. This was reflected in a steep increase in unemployment in Gaza, from 28.9 per cent to 44.8 per cent (16 percentage points). In the West Bank, unemployment edged up from 19.2 per cent in the fourth quarter of 2007 to 19.8 per cent in the fourth quarter of 2008. These numbers are likely to have increased even more following the military invasion of Gaza in January 2009.

Table 3.4. Employment and unemployment

	2007 Q4	2008 Q4	Change (%)
Employment (in '000s):			
West Bank	403	406	3
Gaza	189	161	-28
Unemployment (in %):			
West Bank	19.2	19.8	0.6
Gaza	28.9	44.8	15.9

Source: PCBS, 2007–08.

81. The employment rate (population aged 15 and over) increased slightly in the West Bank, to 34.3 per cent in the last quarter of 2008, but declined further in Gaza to 21.4 per cent – equivalent to one person in five in that age group. Both rates are extremely low by international standards. Another measure of the scarcity of employment is the dependency ratio: on average, one employed person supports 4.7 persons in the West Bank, but 8.8 persons in Gaza.

82. However, these low employment figures do not fully capture the impact on Palestinian workers and families of a decade of economic stagnation. In fact, all persons counted as “employed” may not be in full-time employment. The boundaries between employment, unemployment and the economically inactive population (outside the labour force) are increasingly blurred. People may be employed but temporarily absent, or working very few hours per week, or even working but not being paid.

Economic blockade of Gaza

83. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) estimates that nearly 45,000 Gazans have in effect been “absentee workers” since the first half of 2007 (World Bank, 2009). According to data collected by PALTRADE, the number of industrial establishments declined from 3,900 in June 2005 to 200 in December 2008 (prior to the military invasion), while the number of workers fell from 35,000 to 1,900 over the same period (ibid.).

84. The consequences of the blockade of the Gaza economy are reflected in the dramatically low levels of employment shares in agriculture (7 per cent), manufacturing (2.7 per cent) and construction (less than 1 per cent). Some 68 per cent of total employment in Gaza (up from 37 per cent in 1999) is now in services – a very skewed distribution (PCBS, 2009a).

85. Economic activity is now reduced to its minimum expression around food aid, public employment and the “tunnel economy” that continues to operate, even after the military invasion launched in December 2008.

A low-productivity economy

86. The sectoral distribution of employment in the West Bank and Gaza, compared to the sectoral shares of GDP (table 3.5), shows that employment in agriculture, construction and commerce is much higher than the corresponding share in GDP, pointing to lower than average output per person employed. The reverse is true for manufacturing (although its relative share in both employment and output is very low), transport and services. What these numbers suggest is that large segments of the economy show lower than average productivity, which may be attributed either to a large number of small establishments, each operating at a relatively low level of activity, or to significant work sharing, i.e. relatively high employment intensity.

Table 3.5. Sectoral distribution of GDP and employment, 2008

	Share in GDP (%)	Share in employment (%)
Agriculture	5.2	13.0
Manufacturing	15.6	11.1
Construction	5.6	10.8
Commerce, restaurants and hotels	14.9	20.1
Transport, storage and communication	10.2	5.6
Services	48.5	39.4
Total	100	100

Source: PCBS, 2009a and 2009d.

Palestinian youth not in employment and not in education

87. The Palestinian population is young. Over four Palestinians in ten are aged under 14 – 1.6 million or 43 per cent of the population. The youth share of the working-age population (15–64 years) is even larger: 52 per cent, or just over 1 million, are in the 15–29 age group (based on 2007 census data).

88. Education enrolment rates are relatively high up to ages 15 to 17, with over 85 per cent of youngsters in education. But at age 18, the enrolment rate drops to 12 per cent. This suggests that 34 per cent of the 15–29 age group is in education. On the other hand, PCBS data indicate that some 20 per cent of that age group is in employment. Taken together, these figures reveal that some 540,000 young people, or 54 per cent of that age group, are neither in employment nor in education. Youth idleness, joblessness, poverty and military occupation combine to form a very dangerous mix, as several social scientists have observed in other related contexts.

89. The well-known American sociologist William Julius Wilson, writing on urban poverty and the disappearance of work in the inner cities of the 1980s and 1990s, observed that: “A neighborhood in which people are poor but employed is different from a neighborhood in which people are poor and jobless” (Wilson, 1996).

90. Jobs for young Palestinian men and women should be very high on the agenda of anyone concerned with stability in the Middle East. Given the numbers quoted above, a special employment guarantee for youth would be entirely justified.

Box 3.3

Sharek Youth Forum: A message for the ILO's 90th anniversary

The ILO and its Palestinian tripartite partners commemorated the 90th anniversary of the Organization jointly with Sharek Youth Forum on 21 April 2009. The Forum is a leading Palestinian organization run by youth and for youth and works to enhance Palestinian society through youth empowerment.

Under the theme "ILO marks its 90th anniversary with global dialogue for decent work and a fair globalization", Sharek engaged young people and representatives of the ILO's tripartite Palestinian partners (government, employers and workers), of the private sector and of academia in a three-day open discussion in which a number of concerns related to youth employment were raised. Nearly 500 young people attended the meetings held in Ramallah, Hebron, Nablus and Gaza city.

Young people under 17 years of age account for 50 per cent of the Palestinian population, and among the working-age population (15–64 years), 52 per cent are in the 15–29 age group, of whom 54 per cent are neither in employment nor in education.

Accordingly, the themes of the workshops centred on equal employment opportunities for young people, on how to create an effective partnership between universities and the private sector, and on issues related to transparency in the labour market. The cross-cutting message was to ensure that every young Palestinian is given an opportunity through fair employment or entrepreneurship. The young people attending the event considered the talks with the Minister of Labour and Planning and representatives of the social partners, the private sector and civil society organizations as a real chance to bring up their concerns and ideas with them directly.

Just another couple of meetings? As one of the major outcomes, Sharek Youth Forum initiated weekly dialogue workshops bringing together youth and decision-makers in different places to deal with governance issues.

Price instability

91. The Palestinian economy has been relatively immune to the volatility in the world economy, save in one respect – prices. Prices climbed sharply in 2008, with a peak in August–September 2008, particularly those of food staples, which most affect the purchasing power of low-income households. In 2008, the consumer price index rose by 9.89 per cent on average, but 13.98 per cent in Gaza, while the average rise in food prices has been over 17 per cent, and over 21 per cent in Gaza. In early 2009, the rate of price increases has abated, but prices have remained high.

92. Prices have risen under the combined effect of international prices, particularly for food staples such as wheat, and local scarcity, especially in Gaza, which is cut off from the rest of the world.

93. In addition, the strong appreciation of the NIS against the US dollar (an average of 13 per cent over 2008) has reduced the cost of imports into the West Bank and Gaza, but has also undermined the purchasing power of foreign aid, most of which is donated in US dollars.

4. The occupied Syrian Golan

94. Israel occupied the Syrian Golan in 1967 and formally annexed it in 1981. The international community maintains that the Israeli decision to impose its laws, jurisdiction and administration in the occupied Syrian Golan is null and void and without international legal effect. Despite the consistent demands of the Security Council, the General Assembly and the Human Rights Council calling on Israel to rescind its decision,¹¹ the annexation continues to affect the lives and human rights of the Syrian citizens living in the occupied Syrian Golan on a daily basis.

95. Data from the Israeli CBS published in 2008 suggest that the number of Israeli settlers living in the occupied Syrian Golan was 17,300 as of 31 July 2007 – up from 16,900 in 2006 (CBS, 2008). In the meantime, the United Nations continued to reject the Israeli settlement activities in the occupied Syrian Golan as illegal and to call on Israel to desist from changing its demographic composition.¹²

96. The information regarding the occupied Syrian Golan received by the mission in 2009 does not alter the findings of previous reports of the Director-General. Syrian citizens living in the occupied Syrian Golan face serious obstacles in pursuing their livelihoods and occupations. Having traditionally relied on agricultural activities, particularly fruit cultivation, they are severely constrained by Israeli measures and policies restricting their access to land and water. Discriminatory water quotas and tariff schemes favour Israeli settlers.

97. The International Committee of the Red Cross (ICRC) facilitated the transport of 8,000 tonnes of apples across the demarcation line between the occupied Syrian Golan and the Syrian Arab Republic in February 2009 (ICRC, 2009).¹³ Similar transfers had taken place annually from 2005 to 2007. Access to the Syrian market is of critical importance for the viability of the local economy. The Syrian farmers of the occupied Syrian Golan are satisfied with the price obtained for top-grade apples (US\$1 per kilogram) in the Syrian Arab Republic. However, they hope for an improvement in the price for second-grade apples, which make up the largest share of their total production owing to restrictions in water supply.

98. The Syrian citizens of the occupied Syrian Golan suffer from a lack of employment opportunities in their communities, with no prospects for economic development for the region. For many, employment in Israel, primarily in the construction sector, remains the only option. A consistent message from all of the mission's interlocutors is that these workers are highly dependent on subcontractors for access to the Israeli labour market, which makes them vulnerable to exploitative practices and violations of their labour rights. The absence of employment opportunities in the occupied Syrian Golan particularly affects women, whose occupational and regional mobility is especially restricted.

99. The mission took due note of the Histadrut's willingness to support the Syrian citizens living in the occupied Syrian Golan in defending their labour rights. However, it also acknowledges the latter's choice not to avail themselves of this opportunity, as they desire to maintain their identity in the current context of occupation and annexation.

¹¹ Security Council resolution 497(1981) of 17 December 1981 and subsequent resolutions of the General Assembly and the Human Rights Council, most recently General Assembly resolution 63/99 of 18 December 2008 and Human Rights Council resolution 10/17 of 26 March 2009.

¹² General Assembly resolution 63/97 of 5 December 2008, Human Rights Council resolution 10/17 of 26 March 2009.

¹³ Total production in 2008 was 34,000 tonnes.

5. Improved public governance and social dialogue

100. Palestinian institutions are continuing their efforts to address governance issues within the prevailing political arrangements and restrictions.

Respect for fundamental rights

101. “We function as a state controller”, said Dr Mamdouh Aker, the Commissioner General of the Independent Commission for Human Rights (ICHR). Established in 1993, the Commission has consolidated itself into a respected institution that champions the Palestinian national cause by promoting and protecting fundamental human rights and freedoms. The Commission reports directly to the President of the Palestinian Authority and the Palestinian Legislative Council. With its recent admission to the International Coordinating Committee of National Institutions for the Promotion and Protection of Human Rights (ICC), the Commission has gained international recognition as a national human rights institution in line with the Paris Principles.¹⁴

102. In 2008, the Commission issued special reports on freedom of the media and freedom of association, including the exercise of trade union rights. It also expressed concern over dismissals and salary suspensions, affecting some 260 civil servants, on grounds of “security considerations” or “lack of commitment to legitimate Government”. It considered such treatment contrary to the existing laws and the rule of law, and addressed specific recommendations to the Palestinian authorities in this regard (ICHR, 2009). The Commission’s mandate has proven of crucial importance in times of intra-Palestinian conflict, when it investigated human rights abuses on all sides.

103. The Palestinian Authority endorsed the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) on 9 March 2009. A next step is the preparation of gender equality legislation to ensure the implementation of the Convention. An enhanced legal framework to promote gender equality, including in the world of work, will reinforce ongoing efforts to promote women’s access to employment and income-generating activities.¹⁵

Social dialogue: Achievements and challenges

104. The Minister of Labour and Planning, Dr Samir Abdullah, indicated to the mission that the Palestinian tripartite constituents generally maintained good relations, but called for more systematic and institutionalized social dialogue through a permanent mechanism. This was echoed by the PGFTU, which also urged that a tripartite consultation body be established under the labour legislation to provide a platform for genuine partnership.

105. Emphasizing the principle of trade union pluralism, the ICHR called on the Ministry of Labour and Planning to ensure appropriate trade union registration (ICHR, 2009). However, the mission was informed that no progress had been made in putting in

¹⁴ Principles relating to the Status of National Institutions for the Promotion and Protection of Human Rights, 20 Dec. 1993.

¹⁵ The Palestinian Authority has already committed itself to respecting the ILO Discrimination (Employment and Occupation) Convention, 1958 (No. 111), and the Equal Remuneration Convention, 1951 (No. 100). These fundamental ILO Conventions and CEDAW are complementary and mutually reinforcing.

place legislation that would provide the framework for the establishment and registration of trade unions, in line with ILO standards.

106. Meanwhile, the Palestinian Federation of Industries (PFI) has consolidated its position as a social partner eager to contribute to economic and social progress by holding internal elections and overcoming financial difficulties.

Progress on security and fiscal and debt management

107. Many of the mission's interlocutors indicated that the overall security situation in the West Bank is continuing to improve. The progress made by the Palestinian Authority in establishing law and order is acknowledged in the United States Department of State's *Country Reports on Terrorism 2008*, issued on 30 April 2009 (US Department of State, 2009).

108. Cooperation between the Israeli and Palestinian security services also improved, although uncoordinated unilateral raids by the IDF in areas under Palestinian control continued (*ibid.*). The Palestinian ICHR urged that security measures be taken in a manner that is consistent with fundamental human rights and freedoms and the rule of law.

109. In the course of 2008, the Palestinian Authority has significantly improved its fiscal and debt management. The International Monetary Fund (IMF) (2009) points specifically to continued fiscal consolidation in 2008, bringing the budget deficit down from 24 per cent of GDP in 2007 to 19 per cent in 2008. This was achieved predominantly by cutting back utility subsidies and the Palestinian Authority wage bill; the 2009 budget envisages further substantial reductions in the external financing requirements for the recurrent budget. In addition, a General Accounting Department was established in the Ministry of Finance to support an improved Public Finance Management System, while the institutional reforms effected by the Palestine Monetary Authority, including the adoption of an Anti-Money Laundering Law, have earned it a strong reputation for prudential banking regulation.

Strengthened Israeli–Palestinian trade union cooperation

110. In 2008, both the PGFTU and the General Federation of Labour in Israel (the Histadrut) told the mission that they looked forward to reinforcing their collaboration (ILO, 2008a). Following up on these commitments, the two workers' organizations reached a landmark agreement on 24 July 2008 aimed at increased protection of Palestinian workers and advancing fraternity and coexistence between the Israeli and Palestinian peoples. The agreement was facilitated by the International Trade Union Confederation (ITUC), to which both the PGFTU and the Histadrut are affiliated.¹⁶

¹⁶ As previously reported by the Director-General, Palestinian workers employed in Israel pay 1 per cent of their wages to the Histadrut, although they do not join its membership (ILO, 2003). In 1995, the Histadrut and the PGFTU signed an agreement providing for half of the collected dues to be transferred to the PGFTU. It was also agreed that the other half of the dues would be used by the Histadrut to provide legal services to Palestinian workers employed in Israel. The 2008 agreement between the Histadrut and the PGFTU overcomes difficulties in the implementation of these previous agreements.

Box 5.1

The 2008 PGFTU–Histadrut agreement: Some key features

- Reimbursement by the Histadrut to the PGFTU of the outstanding balance of legal representation fees paid by Palestinians working for Israeli employers since 1993, and transfer of at least 50 per cent of such fees to the PGFTU in the future.
- Provision of legal assistance by the Histadrut to Palestinian workers employed by Israeli employers, and support to the PGFTU in handling such cases.
- Organization of educational and vocational training courses and workshops, particularly in the area of workers' rights and occupational safety and health.

111. In its discussions with the mission, the Histadrut presented several new projects and initiatives to be pursued under the new agreement, in cooperation with Palestinian counterparts. These include a training project for Palestinian and Israeli truck drivers on labour rights and occupational safety and health, a joint initiative between the Israeli and Palestinian transport unions, and a project providing training and employment to Palestinian construction workers in Israel, an initiative involving the respective construction workers' unions. The latter project will enable 60 Palestinian workers to upgrade their skills and subsequently be employed by Israeli construction companies. The Histadrut is currently seeking international donor support for this programme, in cooperation with the Building and Wood Workers' International (BWI). The Histadrut also continues to publish and distribute information material for Palestinian workers in Arabic.

112. The mission welcomes these positive developments. The ILO has always supported and encouraged close and fraternal relations between the Israeli and Palestinian trade union movements. Working together to protect workers' rights and interests puts ILO values and principles first, displaying hope on the way to peace.

6. Conclusions

Summary of findings

113. The ILO mission visited the occupied Arab territories in the second half of April 2009 and witnessed the distinctly different situations in the Gaza Strip and in the West Bank with regard to human welfare, employment and enterprise activity. While some indicators for the West Bank show slight improvement, the population and economy of Gaza have been suffering in the grip of nearly total closure since 2008, including the devastating military operations of December 2008–January 2009. Occupied East Jerusalem, annexed by the Government of Israel in breach of international law, is increasingly subject to unilateral segregation from the West Bank. These trends could further disintegrate the Palestinian economy, jeopardizing a two-State solution and prospects of a sustainable improvement in the situation of workers and families.

114. The Palestinian economy and labour market are unable to function under occupation. Modest GDP growth registered in 2008 over 2007 did not translate into income growth, owing to the increase in the population. Real GDP per capita remains some 28 per cent below the peak of 1999. The rising share of services in GDP indicates that the Palestinian economy is driven not by productive investment, but by consumption. Given the extraordinarily high dependency of the Palestinian people on foreign aid, at close to US\$1.8 billion in 2008, domestic forces would be far too weak to maintain the 1999 income levels.

115. Continuing high unemployment and low-productivity employment go hand in hand with persistent and humiliating poverty. Destroyed livelihoods and uncertain future prospects lead to despair and frustration for too many Palestinian children, women and men.

Key potentials for positive change

116. Without any doubt, ending occupation and establishing lasting peace in the Middle East region is the priority. To get there, five key potentials for positive change have been flagged by the international community and in this Report. They are as follows:

- lifting the Gaza siege and implementing the 2005 Agreement on Movement and Access in the West Bank and Gaza Strip;
- freeing private business and workers from the restrictions on access and movement, as well as on access to and use of natural resources and infrastructures, imposed by occupation in the occupied Arab territories;
- bringing intra-Palestinian reconciliation to tangible results;
- continuing the improvement of public governance by the Palestinian Authority; and
- maximizing the employment content of international assistance.

117. The five potentials are associated with key players – the Government of Israel, the Palestinian Authority, the de facto government in Gaza, the international community and, last but not least, the Palestinian private sector and the representative organizations of workers.

118. A fully functioning private sector, with supporting public institutions and free from the debilitating restrictions mentioned above, has the potential to jump-start production and open up access to markets and technology. In turn, rising productivity and employment would lead to tangible outcomes for the situation of workers.

119. Economics and social justice play an important role in peacemaking. “Economic progress is crucial to the political forces that favour peace” is a key lesson that emerged from the Northern Ireland conflict (Portland Trust, 2007), aggravated by economic disparity and widespread violence. Financial support from the Government of the United Kingdom underpinned the economy, and private sector growth, fuelled by substantial foreign direct investment and internationally mediated economic discussions, provided a platform for a political settlement. There seem to be strong parallels from which lessons can be drawn.

120. Half the Palestinian population is under 17 years of age. The prospects for this generation to complete and use their education to obtain decent work are uncertain, in a context marked by confrontation and violence. All the parties involved should be eager to encourage access to quality education, to nurture employment and business opportunities and thus to turn traumatization, frustration, anger and hopelessness into building a realistic vision of a decent livelihood.

121. The international organizations, and UNRWA in particular (United Nations Security Council, 2009a), are playing a literally vital role in Gaza, where 88 per cent of the population is supported by the UN agencies. The Palestinian National Early Recovery and Reconstruction Plan for Gaza 2009–10 reviews key economic and social support systems in Gaza that need reconstruction and improvement. Although short-term needs dominate the Plan, it also looks beyond, towards lasting development. “The reconstruction effort provides an opportunity to restart and accelerate the long-term development required for Gaza” (World Bank, 2009). Provided that sufficient materials and cash are allowed into Gaza, these efforts will directly and indirectly rekindle private productive activity and employment, reducing reliance on immediate relief and humanitarian aid. A key variable is the employment content of international assistance.

122. Many observers agree that public governance has much improved under Prime Minister Salam Fayyad. This relates to fiscal and debt management, internal security in Areas A and B of the West Bank under the responsibility of the Palestinian Authority, and oversight of the Palestinian banking system by the Palestine Monetary Authority. Labour market governance still needs to be further consolidated. A systematic approach to employment policy is needed, and the corresponding structures of the Ministry of Labour are to be strengthened. Social security systems require a comprehensive assessment. The Minister of Labour wishes to include the social partners more systematically in decision-making, and the system of industrial relations needs further consolidation based on the ILO Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98).

ILO assistance ¹⁷

123. This year the mission witnessed an expanded ILO technical cooperation programme for the occupied Arab territories, approved and formally endorsed by the Palestinian Minister of Labour and Planning in May 2008 (ILO, 2008b). The programme addresses the employment challenges identified in the Palestinian Reform and Development Plan (PRDP). The employment programme targets three principal objectives:

- strengthening labour market governance and rights;
- improving employability through skills and local economic development; and
- strengthening entrepreneurship and productivity for private sector growth.

124. In previous years, the PGFTU has repeatedly raised with the ILO the rights of Palestinian workers in Israel and settlements with pending files with Israeli employers. Many workers have lost entitlements for lack of coordination and legal follow-up in Israeli labour courts. The ILO has agreed to support the PGFTU in improving its capacity to provide legal support and advisory services to workers, in cooperation with the Israeli federation Histadrut, through the establishment of a legal clinic. The 2008 agreement between the Histadrut and the PGFTU, facilitated by the Secretary-General of the ITUC, is a unique example of cooperation providing a basis for reinvigorated partnership.

125. As part of its continued support to the representative employers' organization, and in collaboration with the Swedish International Development Cooperation Agency, the ILO will carry out an institutional needs assessment as a means of strengthening organizational capacity and improving services to members. This will also reinforce their representation role within the private sector and vis-à-vis the Palestinian Authority. The Private Sector Coordination Council (PSCC) in Gaza has urgently requested support for its "Industrial Job Retention/Creation Programme" (PFI, 2009).

126. As a result of the visit to representatives of both employers and workers in Gaza, the ILO mission underscores the need for urgent organizational support. "We are exhausted owing to the recent tragic events", the mission was told by employers' representatives. The Gaza branch of the PGFTU is still suffering from the attacks against unionists and the takeover of offices and facilities by Hamas.

127. Important progress has been made in integrating ILO technical assistance into the programming and planning of the UN country team. The ILO has successfully participated in the preparation of the joint UN programme to promote women's social, economic and political empowerment in the occupied Palestinian territories under the MDG Achievement Fund established by the United Nations Development Programme (UNDP) and the Government of Spain. After the end of the war in Gaza the ILO participated in the preparation of the Palestinian Early Recovery and Reconstruction Plan for Gaza 2009–10 and proposed an appropriate response and longer term ILO engagement within the framework of the Palestinian Employment Programme. In 2008, the ILO took an effective role in the review process of the Palestinian National Development Plan with the aim of promoting a longer-term perspective for achieving decent work and social justice.

¹⁷ Last year's Report referred to the request of the Government of the Syrian Arab Republic for technical assistance to Syrian citizens in the occupied Syrian Golan. Representatives of the Government of Israel informed the ILO mission this year that they could not lend any support to such requests. The Syrian Minister of Social Affairs and Labour, Ms Diala Haj Aref, has again expressed the wish to explore the practical dimensions of such assistance to address the employment situation of Syrian citizens in the occupied Syrian Golan, their rights as workers, the development of small enterprises, micro-initiatives for women, vocational education and training, and other matters concerning decent work.

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Annex

List of interlocutors

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Ahmad Daragmeh, Director, Ministry of Labour Office in Jenin

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