

PROFITS OF PEACE

—Gaza

Preface

The Palestinians have unique assets and the potential to build a strong economy. But most of them live in dire poverty and increasingly people are asking, wouldn't the chances of peace be greater if the Palestinians were better off? Here's how experts believe their country could prosper.

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A new government is taking shape in Israel and a new American leader hopes to shift the deadlock in Middle East peace negotiations. But the prospects are not looking good. The recent air strikes on Gaza and Hamas's relentless rocket attacks on Israel have left many feeling that peace is now farther from reach than it has been for years.

As the negotiators keep wading through diplomatic treacle, observers and experts are increasingly convinced that there's one thing that could really help create a better climate for peace: a healthier Palestinian economy.

Right now, GDP per capita in the West Bank and Gaza is \$2,900 (€2,300), ranking 167 out of 229 in the world and contrasting with Israel's \$28,900 (in 2008). With over 25 per cent unemployment, the Palestinian economy is a mess. Some 80 per cent of the population of Gaza are living under the poverty line.

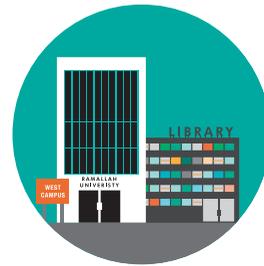
Restrictions on the free flow of people and goods imposed by Israel, a lack of a strong, effective government in the territories and the international political isolation of Hamas are choking the Palestinian economy. Palestinian quality of life is worse now than it has been for decades, says Danny Rubinstein, a leading Israeli analyst. "It is clear to me that in these economic conditions, there will never be peace," he says.

Israeli politicians from Shimon Peres to Benjamin Netanyahu have proposed initiatives to create jobs. But many believe much more emphasis needs to be placed on building the Palestinian economy. America's special envoy to the Middle East, George Mitchell, pointed to the importance of the economic dimension of the conflict as far back as 2001, which suggests it might become the focus of the Obama administration. And a spokeswoman for Tony Blair, Quartet Representative for the Middle East, says that the former British prime minister believes that there should also be an emphasis on economic growth.

"The diplomatic talks between Israelis and Palestinians are being held top-down, and on the ground there is no feeling of advance. This undermines the credibility of the process. Blair believes that the bottom-up process, including economics, is of extreme importance," she explains.

"Resistance in the Palestinian society is not caused only by poverty but also from the need for independence," says Ghassan el Khatib, former Palestinian minister of planning. But, he agrees that "the potential is there" for economics to make a difference.

So what could the Palestinians use to improve their lot? Here, MONOCLE maps the assets which, if helped to grow alongside talks, could make Gaza and the West Bank less angry places. — (M)



01

Academic centre

Ramallah, West Bank

The West Bank enjoys a relatively high literacy rate (92.4 per cent, compared to 71.4 per cent in Egypt and 82.5 per cent in Syria) and a good degree of freedom of expression. These factors could make the West Bank an academic centre: a respected university in Ramallah could attract students from all over the Middle East.

Gianluca Solera, Network Coordinator for the Anna Lindh Foundation, a network of civil society organisations working for dialogue in the Euro-Mediterranean region, says that "higher education is a proven way for promoting stability and development".



04

Tourism in the Gaza Strip

Coastline near Khan Yunis

The southern coast of the Gaza Strip, west of Khan Yunis, is almost entirely free of people or industry and has 15km of sand dunes.

If the area became more stable, it could become an Arab Riviera. Benjamin Carey, managing director of Dunira Strategy in Edinburgh, which advises on post-conflict tourism, says an emphasis on small villages and local culture could work well too. "I would try to maintain the unique character of Gaza. This costs less and is more tangible for the long run."



02 Production hub
Gaza City
 With low labour costs and a strategic location on the Mediterranean, the Palestinians are well positioned to turn themselves into a thriving manufacturing hub. Ori Heffetz, assistant professor of economics at Cornell University, says that “Gaza and the West Bank could be very competitive, especially for goods that are consumed around the Middle East and the Mediterranean, and are too expensive to ship from China.”



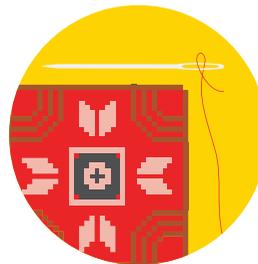
03 Tourism in the West Bank
West Bank
 The West Bank has some of the best religious sites on earth: the Church of the Nativity in Bethlehem, the burial place of Abraham at the Cave of the Patriarchs in Hebron, and Kaser el Yahud, where John is said to have baptised Jesus. And yet you’d hardly know it. At its peak, in 2000, only 300,000 tourists entered the West Bank (according to the World Tourism Organisation). This is because of security concerns and a lack of public transport and tourism facilities.



05 Hi-tech centre
Ramallah, West Bank
 Palestinians could build on their large pool of computer geeks. Israel’s tight constraints on travel and trade don’t affect those who work in cyber space.
 “The software industry does not require movement of physical goods,” says Zvi Schreiber, CEO of G.ho.st, a firm with offices in Israel and the West Bank.
 He says Palestine has a good supply of engineering graduates, who could also work in Israel, where there’s a shortage of employees in the IT sector. — CC



06 Stone industry
Hebron, West Bank
 The West Bank stone and marble industry makes up 5 per cent of Palestinian GDP. According to the Palestinian Union of Stone & Marble, sales are \$400m a year, with half exported to Jordan, Europe, the US and China, and the other half going to Israel. Israeli architect Nahum Meltzer says that most of the stone in the West Bank is limestone. “Europeans tend to use granite”, says Meltzer, “and therefore Palestinian stones with a relatively high price tag would suit a niche market.”



07 Crafts
East Jerusalem
 Palestinian women have produced excellent embroidery for centuries. Inaash, started in Lebanon in 1969, provides work for Palestinian women living in refugee camps. Using camel wool from Najaf and thread from France, Inaash has wealthy customers around the Arab world. Women’s groups, notably in East Jerusalem, have followed the path opened by Inaash. “Obviously, in times of peace, we’d have better production conditions,” says the group’s Maya Hussein. — CC



08 Olive oil
Nablus, West Bank
 Palestinian olive oil received a PR boost last January, when it was placed on the tables of the European Parliament’s restaurants in Brussels and Strasbourg. While there is fierce competition with other Mediterranean countries, Palestinian olive oil has an ancient quality to it. Remains of olive-tree wood that date back more 45,000 years have been found on Mount Carmel. In the West Bank, average annual production is 18,000 to 25,000 tons, half of which is exported abroad. — CC