



The General Delegation of Palestine

Special Report

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World Bank Report – Israeli Economic Abuse against the Palestinian people and the State of Palestine

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Amid discussions of a potential royal commission into banking practices in Australia and the revelations of international tax avoidance in the Panama Papers, the World Bank published a [report](#) detailing Israeli economic abuse against the Palestinians and the state of the Palestinian economy. The report found that the Palestinian Authority loses US\$285 million annually due to existing economic arrangements with Israel.¹ The revenue sharing arrangement was established in the Paris Protocol in April of 1994 and, despite still being applicable today, was only intended to remain in place for a period of five years. Under the agreement, Israel collects “VAT, import duties and other income, or the so called clearance revenues” on a monthly basis.² The report found this arrangement has not been systematically implemented.³

The US\$285 million figure, however, is somewhat misleading because it excludes Area C, comprising more than sixty percent of the West Bank that Israel retains near total control over, due to data constraints.⁴ Commenting on the World Bank report, the Palestinian Minister of Finance, Salam Fayyad, stated if Area C economic losses were to be included in the calculation, total losses would stand at more than US\$3 billion. Furthermore, the report also found that US\$669 million owed to the Palestinian Authority and Palestinian workers had not been remitted.⁵

¹ "Economic Monitoring Report to the Ad Hoc Liaison Committee." World Bank, April 19, 2016, 1-31. <http://documents.worldbank.org/curated/en/2016/04/26224159/economic-monitoring-report-ad-hoc-liaison-committee-main-report>.

² Ibid, pg. 4

³ "Palestinian Authority Incurs US\$285 Million in Annual Fiscal Losses." World Bank. April 18, 2016. <http://www.worldbank.org/en/news/press-release/2016/04/18/palestinian-authority-incurs-us285-million-in-annual-fiscal-losses>.

⁴ Ibid

⁵ "Economic Monitoring Report to the Ad Hoc Liaison Committee." Pg. 2

The economy of the West Bank was found to have slowed to 2.5 percent, with the drop attributed to a decline in foreign aid and the “Israeli decision to suspend the transfer of PA taxes in early 2015, resulting in a severe liquidity squeeze.”⁶ The report also notes the implications of the cataclysm Israel caused in the 2014 Gaza War, with the economy demonstrating a growth of 6.8 percent, but also stating it would not return to pre-war levels until 2018.⁷

Small progress has been made with Israel agreeing to transfer US\$128 million to offset some of the PA’s losses.⁸ Despite this progress, the report states that, “resolving outstanding issues related to the revenue sharing arrangements will significantly ease the PA’s fiscal stress, improve the economic outlook, and might facilitate progress on the political front.”⁹ This report sheds light on one aspect of Israeli abuse against the Palestinians and demonstrates the urgent need for the support of the international community in pursuit of just solutions to the conflict.



⁶ *ibid*, pg. 1

⁷ *ibid*

⁸ *ibid*, pg. 2

⁹ *ibid*