

# THE COST OF OCCUPATION:

## How the Israeli economic restrictions shape life and livelihoods in Gaza before the current war ?

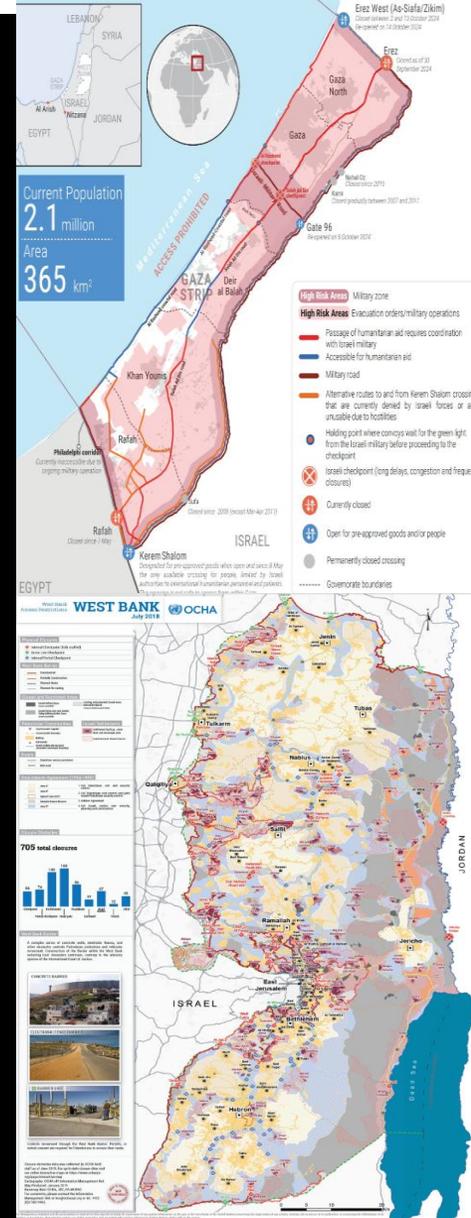
(From June 2006- OCTOBER 2023)

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I would like to inform that the research paper is currently under development. The final results will be presented at a later stage, and we welcome any feedback or suggestions that may contribute to its enhancement."



The WB and GS restrictions maps- OCHA

# THE COST OF GAZA EMBARGO 2007

- The Israeli siege has had devastating economic consequences on all the economic sectors. Gaza has experienced more than a 50% reduction in GDP due to the Israeli siege according to the world bank report in 2008. The manufacturing sector, which once held potential for growth, has shrunk by 60%, severely limiting local production capacity. The blockade has also nearly eliminated Gaza's export activity, making it almost impossible for goods to leave the region, further isolating its economy from international markets. Additional dual use policy was imposed to restrict importation.
- Perhaps most striking is the impact on Gaza's construction industry, with output plummeting by 83%. This has resulted in the stagnation of development projects, making it difficult for Gaza to rebuild critical infrastructure. Gaza's economy became more fragile and heavily dependent on international aid, severely limiting opportunities for sustainable growth and development.

(Special Rapporteur Makarim Wibisono, 19 June 2015)



# THE COST OF GAZA WAR 2023-PRESENT

- The UNCTAD reported the damage caused by the current war, between 7 October 2023 and 20 May 2024, it reduced GDP per capita in Gaza by over one half, while other factors redoubled the income loss. Furthermore, physical damage to Gaza's infrastructure caused during the period from 7 October 2023 until the end of January 2024 was estimated at \$18.5 billion – equivalent to seven times Gaza's GDP in 2022.



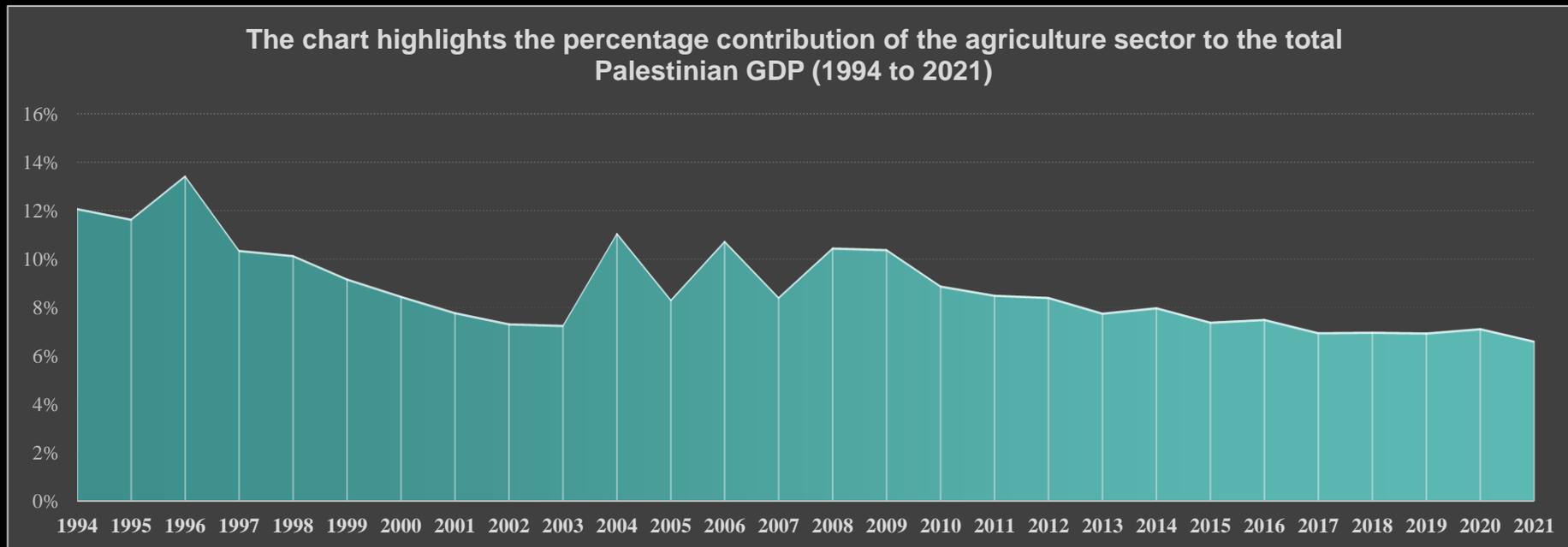
A Palestinian farmer in Rafah, southern Gaza Strip, harvesting fresh tomatoes for exportation from greenhouses supported by the UNFAO. Photo credit: Sanad Abu Latifa, Gaza, 2020.

# THE AGRICULTURE SECTOR IN GAZA: NAVIGATING THE COSTS OF OCCUPATION

*From 2006 TO 2023*

# THE GRADUAL SHRINKING OF THE PALESTINIAN AGRICULTURE SECTOR IN GAZA

- Historically, agriculture was Gaza's largest economic sector, contributing over 30% to GDP and 90% of exports (mainly citrus and fruits) between 1948-1967.
- By the 1980s, agriculture's share of GDP had fallen to 22%. In the 1990s, Israeli movement restrictions and closures further reduced agricultural GDP contribution to 7%, with exports falling to 23%.
- Post-2007, following Israeli withdrawal and the blockade, the sector's contribution to GDP fluctuated between 5.6% and 8.5%.



Source: Palestinian Centre of Bureau of Statistics (PCBS), 2021.

# THE GRADUAL SHRINKING OF THE PALESTINIAN AGRICULTURE SECTOR IN GAZA

- ❑ According to UNFAO, CPF(Country Programme Framework), 2019-2023, Agriculture is key to the eradication of hunger, malnutrition and poverty in a global context characterized by increasingly frequent and persistent political economic and environmental challenges.
- ❑ In Palestine, agricultural development is severely constrained by the Israeli occupation, with its expanding settlement activity and constraints imposed on Palestinian people's access to natural resources, inputs and markets in both the Gaza Strip and West Bank.
- ❑ More than 19% of the agricultural land was occupied under the buffer zone area and the shrinking of accessible land increased during the current war.

# What types of restrictions and how does it affect on agricultural cost?

- The total value of exports in 2016 USD 13.3 millions, 21.6 millions in 2017, and 18.5 millions in 2018.
- A restricted monthly quota of 50 MT of eggplants and 350 MT of tomatoes was imposed by Israel for exportation to that country. The few crops that were allowed in WB were strawberries, cucumbers, eggplant, carrot, tomato, cherry tomato, chili, cauliflower, cabbage, sweet potato, and sweet pepper. Potato, onion, and green leaves are banned to WB and Israel although the local need for exporting the surplus of potato. Since exporting of herbs is not permitted, farmers were discouraged from increasing their cultivation, and the dunums grown are only enough to meet local demand.

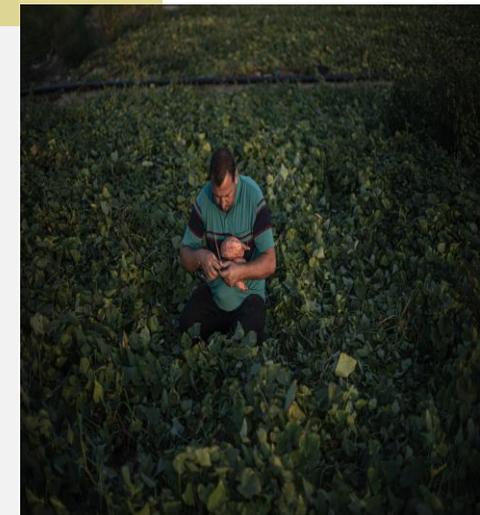
## 2016-2017



Exports in 2021 were worth USD 27.1 million, an increase of +103% over 2016. As a result of fewer COVID-19 limitations, exports have increased. Due to the military escalation and crossings closure, no exports exited Gaza between 10th May to 2nd June 2022. Comparing 2021 to the previous one, the value of exports dropped (-11%). The war caused an estimated of USD 204.7 million loss in agriculture production and infrastructure.

Only tomatoes and eggplants were included in the monthly quota for Israel. While traders call for loosening export destination limitations, even though fish exports have seen large growth, they are still only permitted to go to the WB.

## 2020-2021



Farmer Marwan Abu Salah picks sweet potatoes from his land in Rafah, south of Gaza City. NPR, 2022

## Prior to the current war (2023-Oct 2023)



The value of agriculture trade in 2022 reached a record since 2016. The year 2022 saw an upward trend (+199%) compared to the 2016 total export value. Because of the limited restrictions of the **Shmita year**, exports from the GS increased by 45%. The total value jumped from USD 27.1 million in 2021 to USD 39.9 million in 2022. The annual quota to Israel has increased by (+285%) compared to last year. Nine types of crops were exported (12,200 MT) compared to only 2 crops in the past years. The fish exports faced two separate periods of embargoes in 2022, from 11th August to 11th September, and during November.

## 2022

Gaza has increased production of high value crops including the sweet potato, but it is not allowed to be traded/exported outside Gaza.

## 2018-2019

Exports totalled 33.3 USD million in 2019 and 30.3 USD million in 2020. Exports have increased significantly in 2019 (+80%) compared to 2016 due to the increase in domestic production. The COVID-19 restrictions imposed in the WB, Israel, and other countries beginning in March 2020 had a significant impact on crop exports, though it decreased by (-9)% compared to 2021. Even though the COVID19 measures began in November 2020, trade was hampered by the restrictions imposed by other destinations earlier. The closure of markets and swift military escalations of 2019 were main determinants of this period. Due to international assistance, local production increased noticeably as it recovered from the summer 2014 war.



“Farmers in Gaza demonstrate remarkable resilience, akin to the mythical phoenix. Every decade, they work diligently to rebuild their local capacities, striving to stabilize and expand their exports. However, each cycle of progress is often reset to zero with the onset of the next conflict, forcing them to start anew.”

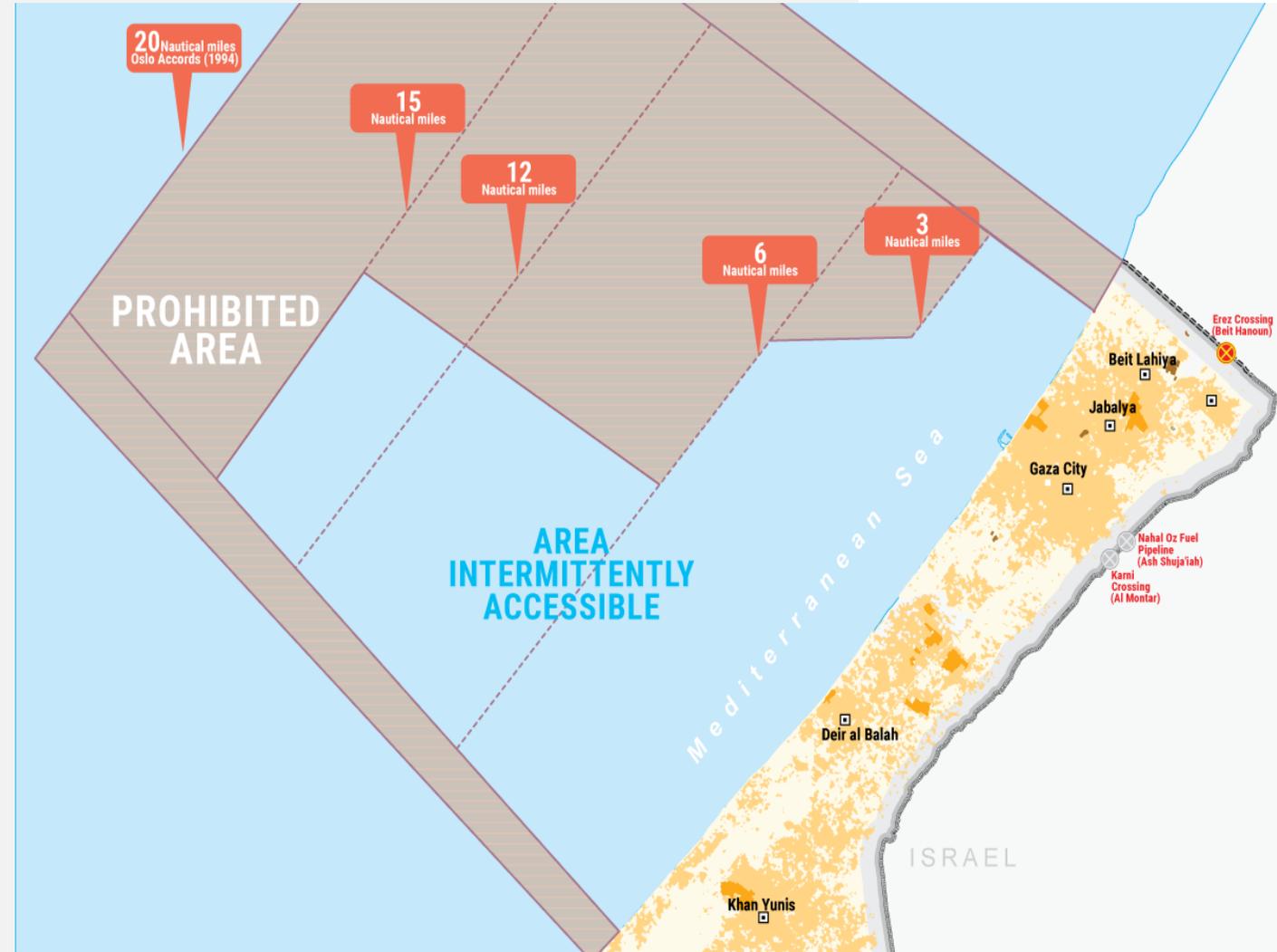


Yousef Abu Rabee, 25, an aspiring Gaza farmer from Beit Lahia who vowed to keep planting and distributing vegetables and seedlings to other families to plan their home gardens in the north of Gaza, despite the war-induced famine, was tragically killed on 21<sup>st</sup> October 2024, during the ongoing military operation in the north.

# 2. FISHERY SECTOR

# RESTRICTIONS ON THE FISHERY SECTOR

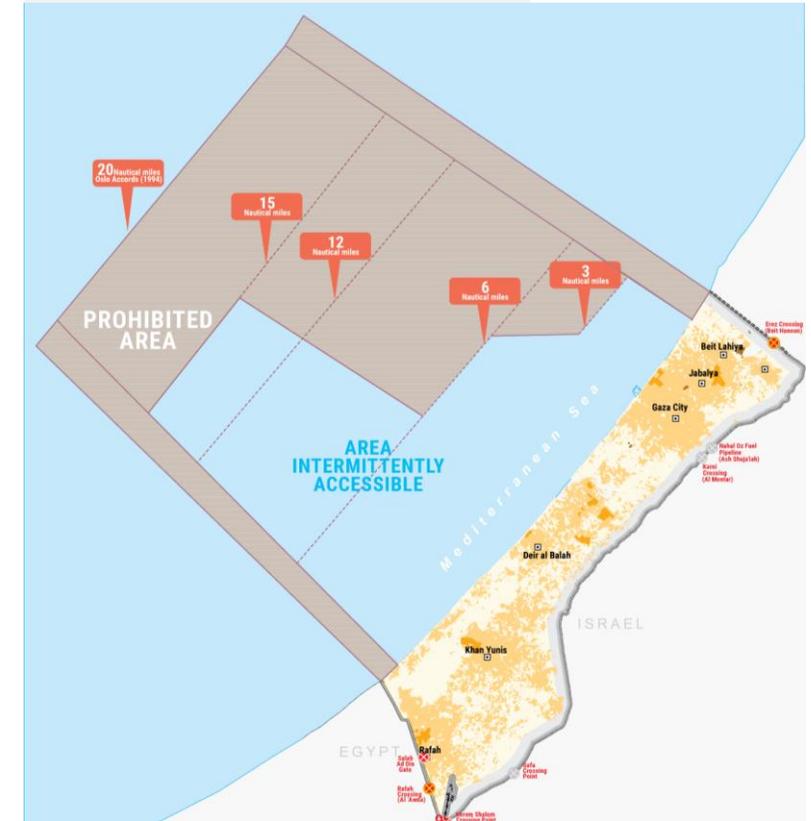
- Up to 2000, the fisheries sector in Gaza provided a significant source of employment with over 10,000 registered fishers who were able to fish in safety.
- Currently there are 3,617 registered fishers in Gaza which, including their families, suggests that some 18,000 people rely on fishing for their livelihood
- Fish, as a major source of protein, micronutrients and essential fatty acids, provides nutritional diversity to Gazan diets. However, access restrictions to fishing areas, along with import and export limitations including access to outside markets imposed by the Israeli authorities as part of the blockade, have severely undermined the fisheries sector in Gaza.
- The fishing sector was negatively affected by dual use policy, limitations of sea access, fluctuation of allowed miles and human rights violations against fishermen in the sea.



*The fluctuation of the allowed nautical miles for access to Gaza fishermen according to the security updates shared by the Israeli authorities with them. Source: OCHA-2019*

# SECOND: THE FISHERY SECTOR:

- According to PNGO, the fishing is the second-largest productive sector in Gaza, including both marine fishing and fish farming. The marine fishing sector's annual production over the past three years has been between 3,000 and 4,000 tons of fish, in addition to aver. 300-500 MT/Year from fish farming.
- These quantities are insufficient compared to the actual needs of Gaza's population, representing only a third of the required amount.
- This shortfall is attributed to restrictions imposed by the occupation, including reduced fishing areas, repeated sea closures, and pursuit of fishermen at sea, resulting in the death of 16 fishermen, injury to dozens, and damage to over 400 boats and thousands of nets. Moreover, the entry of fishing equipment and spare parts has been restricted, leading to a 97% accumulation of broken motors in recent years<sup>2</sup>.
- Gaza traders aren't allowed to export fish except for marketing it to the WB and many times under restricted quota by the Israeli authorities to prevent smuggling it to the Israeli market though there is demand on it.
- The access to the sea was banned fully during escalation and wars times causing hunger and critical food insecurities for civilians who has natural sources to feed them. According to the most likely scenario, both North Gaza and Gaza Governorates are classified in IPC Phase 5 (Famine) with reasonable evidence, with 70 percent (around 210,000 people) of the population in IPC Phase 5 (Catastrophe). Continued conflict and the near-complete lack of access to the northern governorates for humanitarian organizations and commercial trucks will likely compound heightened vulnerabilities and extremely limited food availability, access, and utilization, as well as access to healthcare, water, and sanitation.



SOURCE: Updated map on allowed nautical miles to access by Gaza fishermen, OCHA, Nov 2019

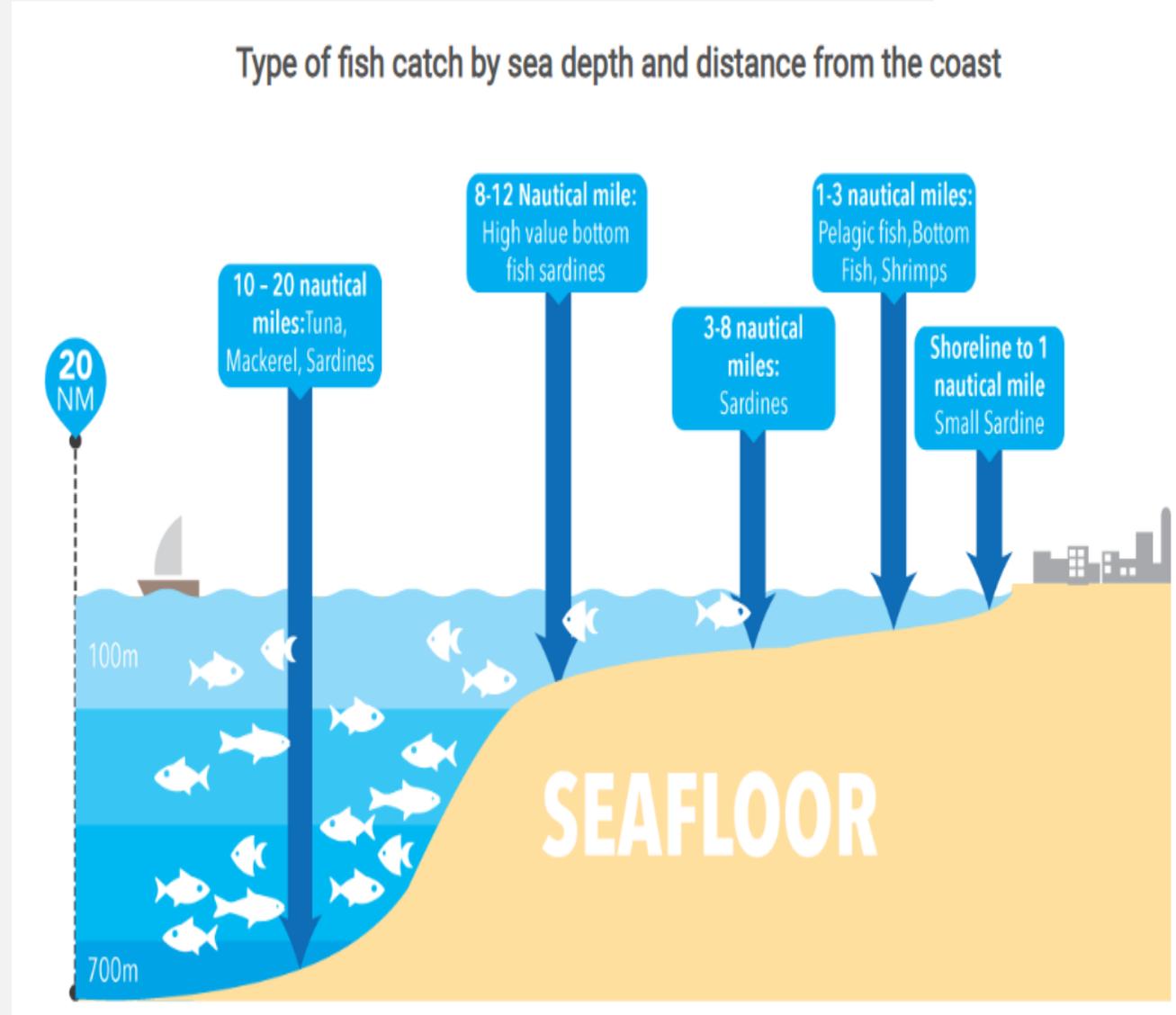
There is a direct correlation between the scope of access to the sea and the quantity and value of the fishing catch; the further out to sea fishers can go, the deeper the water and the higher the value of the fish caught.

# ACCESS THE SEA

## OSLO ACCORDS AND CURRENT DEMANDS

In 1994, a permitted fishing range of 20 nautical miles (NM) was agreed between Israel and the Palestinian Liberation Organization (PLO). In practice, Israel only allowed fishing up to 12 NM until 2006, when the fishing zone was reduced to six and later to three NM. According to the Israeli authorities, in recent years, Hamas has established naval forces with significant military capabilities, requiring the tightening of access restrictions at sea to prevent attacks, such as the infiltration of naval commandos. The risks of the fishing are not limited to the nature of work and safety, it also entails other risks that unforeseen to fishermen around the world. Israeli attacks on fishermen while in "allowed fishing areas" by the occupation authorities, restrict fishing areas and deprive fishermen of access to rich fishing areas. In addition to the siege imposed on the Gaza Strip, which restricts the entry of fishing gears and repair materials for boats, engines, ropes and fiberglass, (OCHA 2018)

The restrictions on allowed nautical miles affected not only the value of quantity but the value of type of fish can be caught



SOURCE: Type of fish per allowed nautical mile, OCHA, Nov 2019

# SECOND: THE FISHERY SECTOR-FISH FARMING:

## SEA FISHING AND FISHFARMING

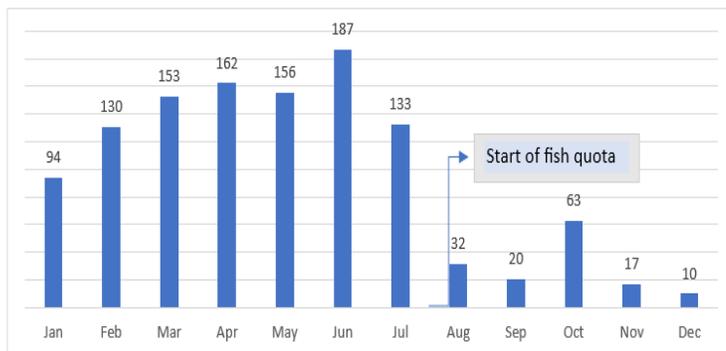
- Fish farming in Gaza started in 1995 and has rapidly increased over the last decade. Since 2009, two producers of sea bream and sea bass operate larger land-based marine fish farming facilities using water from wells.
- However, the income from these activities has been significantly curtailed by high production costs, including reliance on expensive electricity generators.
- Fish farms has sold all its production, seeds and turned many of its infrastructure into shelters for their relatives and homes. Even the food insecurity of their families was negatively affected due to lack of fishing ability and shortage of food supplies due to the additional war restrictions.
- The gains of fish farms was doubling due to their ability to export to WB and tried to smuggle to WB to gain more income.



Palestinian worker in one of Gaza fish farms where only seabass and seabream production existed as it can't be caught from the sea due to the restrictions on access. However, the locally produced fish is also marketed in the WB, smuggled to Israel. Source: UNFAO via OCHA 2019

Just few months before the war more restrictions imposed reducing income and revenues of traders and producers in Gaza

Figure 1: Monthly fish trade in 2022 (Tons)



Source: Ministry of agriculture exports data 2022 and 2023

Fish trade in 2023 showed a notable decrease in the first half of the year compared to 2022 but displayed signs of recovery in May, with increased trade volume. However, the fish trade remained somewhat volatile throughout the year.

Monthly fish trade 2023 vs. 2022



Source: Ministry of agriculture exports data 2022 and 2023

# PALESTINIAN MONETARY POLICES

- The Palestinian economy is characterized as small, open, restricted, and semi-dependent on the Israeli economy. This unique situation is shaped by the Oslo Accords that forced Palestinians to rely on the Israeli Shekel as local currency in addition to using the other currencies for most transactions.
- The Palestinian Monetary Authority oversees the interaction between Palestinian banks and Israeli as well as other financial institutions. However, it lacks the power to implement monetary policies, such as controlling interest rates or managing currency supply.
- Monetary policy in the Palestinian economy is virtually non-existent due to limited sovereignty.
- Furthermore, the Palestinian Authority has no control over borders, as Israel retains full control over border management and tax collection.
- Taxes paid by Palestinian traders are often withheld by Israeli authorities, creating an unstable flow of funds. This has been used as a political pressure tactic, affecting the Palestinian Authority's financial stability.
- The recent war has further tightened these restrictions. Israeli authorities have banned the entry of cash into Gaza, severely affecting financial transactions. The lack of infrastructure to support electronic transactions exacerbates the situation, creating further hurdles in facilitating daily exchanges and business activities.

## **Agriculture sector:**

- International support is essential for establishing a robust reconstruction mechanism for Gaza's productive sectors, particularly agriculture.
- This includes applying diplomatic pressure on the Israeli authorities to facilitate the entry of necessary agricultural inputs and lift restrictions imposed by the "dual-use" policy.
- The removal of these barriers is critical for the recovery of Gaza's agricultural sector and the overall productive economy. International efforts should focus on providing financial, technical, and logistical support to rebuild farms, restore infrastructure, and ensure that Palestinian farmers have unrestricted access to the tools and resources they need to rebuild their livelihoods.

## **Fishery Sector:**

- Increase international and local support for the fishing sector by providing emergency aid to purchase fishing equipment and rehabilitate port infrastructure and related facilities.
- Ensure maritime security for fishermen by providing the necessary protection while they carry out their profession and to document the Israeli violations occurred against them.
- Allocate special relief programs for fishermen and their families,

## **Processing/production sectors:**

- Reopening the crossings, removing the dual use policy restrictions and allow Palestinian management for the crossing.
- International border management functions should be exercised by Palestinian agents (police, customs, standards, administrators), to enable freedom of trade for local production standardised for exportation.

## **Monetary and financial sectors:**

- International Support and Pressure to enabling independency of the Palestinian economy that can support long term establishment of a Sovereign Monetary Fund.
- Support the control over the telecommunication sector to enable the development of digital payment infrastructure

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# THANK YOU

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