



Palestine Economic Policy Research Institute (MAS)

# **Palestine's Natural Resources: Potentials and Limitations on Exploitation**

**Walid Mustafa**

**2016**



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- ◆ Providing a forum for free, open and democratic public debate among all stakeholders on the socio-economic policy-making process.
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## Foreword

The Palestine Economic Policy Research Institute (MAS) conducted this study in response to a request by the Ministry of National Economy (MoNE). The study addresses the size and distribution of natural resources in Palestine and tries to identify the existing obstacles to their utilization. In addition, it investigates ways to safeguard those resources against appropriation by the Israeli occupation, while demonstrating the importance of exploiting these resources to the Palestinian economy.

Since much literature has been written on land and water resources, the various forms of their exploitation and appropriation by the Israeli occupation, and the devastating impact this had on the Palestinian economy, the study does not include these two resources in its scope. Instead, the study focuses on other natural resources that have not been given so far the attention that they deserve by researchers, including gas, oil, mineral salts, Dead Sea minerals, phosphates, marble, and other non-renewable resources, as well as renewable energy sources, especially solar energy.

MoNE's interest in studying natural resources ushers steps towards taking advantage of this unexploited or looted source of Palestinian economic wealth. While previously a lot has been speculated about the potential of the so-called Area "C" and its importance to the Palestinian economy, this study provides the reader with a clearer picture of that potential while attempting to establish a scientific base for exploiting and taking advantage of this wealth in the process of reconstruction and development.

On behalf of MAS, I wish to thank the author for this work, hoping that it will contribute to tapping these yet unexploited resources, to proper planning for the years ahead when the occupation will have been rolled back, and to steering efforts for stopping the illegal exploitation

I take this opportunity to extend MAS's sincere gratitude to the Arab Monetary Fund (AMF) for funding this study through the Al Aqsa Fund, managed by the Islamic Development Bank (IDB), and its continued support which made this study possible.

**Nabeel Kassis, PhD**  
**Director General**



## **Executive Summary**

This paper is a comprehensive survey of the natural resources (excluding land and water) in the West Bank and the Gaza Strip: their size, geographical distribution, economic value, and obstacles to their utilisation. The recommendations of the study focus on how to develop these resources and safeguard them against appropriation by the Israeli occupation authorities.

The study is comprised of four chapters. Chapter I examines the terrain and geology of the West Bank and the Gaza Strip as an incubator of the Palestinian natural resources. Of specific importance are the geological strata and the geographical distribution of natural resources.

Chapter II looks at non-metallic natural resources: building stones, sand in the Gaza Strip, mineral resources in the Dead Sea, and phosphate. The study shows the importance of these resources as some of them (specifically building stone and sand) play a key role in the national economy at a time when Palestinians are denied access to the mineral wealth of the Dead Sea and denied exploration for phosphate deposits. Israeli expropriation of building stone in the so-called Area C is estimated at an annual value of about USD 900 million. The many challenges include the absence of modern technologies for exploring building stone, failure to reduce the grave environmental hazards resulting from the stone industry and excessive draining of Gaza's sand.

Chapter III explores fossil resources: oil, gas, and oil shale. Of late, deposits of crude oil and natural gas have been discovered in the West Bank and in Gaza's territorial waters. The paper shows how Israel has illegally seized Gaza's sea basin and denied Palestinians the right to explore for oil and gas resources in the West Bank and the Gaza Strip. The study exposes Israel's arbitrary policies such as giving lavish illegal concessions to Israeli companies to drill for oil in the western and northern parts of the West Bank and allowing them to extract gas in areas adjacent to Gaza reservoirs. The authors also explore the likelihood of finding oil shale in the Palestinian land, especially in the Nabi Mousa area in the central West Bank.

Chapter IV provides a review of the renewable energy available in Palestine: solar energy, solid waste, biogas, wind power, geothermal

energy, and green architecture. These energy sources help Palestinians overcome the Israeli constraints and gain self-dependence in power generation power. In 2013 electricity imports from Israel reached as high as USD 1.6 billion. Tapping the national alternative energy sources would reduce economic dependence on Israel. The authors also focus on the role of alternative energy in reducing greenhouse gases and creating a human, plant and animal friendly environment.

The study concludes with a set of recommendations to protect Palestinian natural resources from the Israeli occupier. These recommendations are informed by international law which considers the West Bank and Gaza as occupied territories subject to the customary laws of belligerent occupation, while Israel is only an occupying power – a manager of an occupied territory. Sovereignty over natural resources is not transferred to the occupying power but remains frozen during the duration of occupation. The power occupying the land must protect its resources and keep them intact. It has no right to consume or change the nature of such resources. Under no circumstances does the occupier have the right to increase its wealth at the expense of the native population or consume their property, including natural resources.

Under the belligerent occupation law, therefore, Israel's plunder of Palestinian natural resources is blatant theft for which the government of Israel must compensate Palestinians. In other words, Israel can be held responsible for violation of international law and accordingly should be accountable for denying Palestinians their rights, including the rights to development and clean environment. In continuing in this manner, Israel could qualify as a perpetrator of crimes against humanity under the Statutes of the International Criminal Court. The study examines the possibilities of seeking an advisory opinion from the International Court of Justice on the status of natural resources under Israeli occupation.

The study also made a set of recommendations to overcome domestic challenges:

1. Concerned authorities should conduct, in collaboration with experienced international developers, geological surveys and exploration initiatives based on sound scientific principles. International bidding to explore for these resources will be needed;
2. After two large reserves for oil and natural gas have been discovered in the eastern part of the Mediterranean, the Palestinian government should examine the legal prospects of signing agreements with Egypt,

- Lebanon, Cyprus, Turkey, and Greece to demarcate the territorial waters/economic zones boundaries with these states;
3. Palestine, as a Dead Sea riparian state, has the right to be a full partner in the Red Sea-Dead Sea Water Project in order to protect the right of the Palestinians to the Dead Sea and its mineral wealth;
  4. Laws and regulations must be put in place to encourage the development of alternative energy and raise its share in the total energy consumed in Palestine. Special campaigns to promote renewable energy would be needed, together with practical measures to energy consumption in general;
  5. Special procedures must be devised to reduce environmental hazards resulting from the inherently polluting building stone industry;
  6. Effective measures are needed to protect Gaza's sand – a national wealth – from creeping urbanization and drainage;
  7. It is time for the Palestinians to start paying attention to the issue of solid waste, changing it from a source of pollution and diseases to a source of wealth and environmental preservation. This could become possible through the initiation of laws, regulations, and awareness campaigns. Special facilities to convert waste to energy will be needed. It is also important to make available appropriate landfill sites for the disposal of waste materials.