



Press Release

MAS Releases a New Study on Tariff and Industrial Policy Alternatives for Palestine

Minster Odeh: "An autonomous trade policy is a necessary condition for attaining economic independence"

Ramallah. MAS: The Palestine Economic Policy Research Institute (MAS) has released recently a study entitled (National Trade Policy For Palestine – Analysis Of Tariff And Industrial Policy Options), which is the first study that provides the empirical basis and exhaustive quantitative analysis to address a number of fundamental questions about the “optimal” proposed Palestinian tariff policy for the present and for the future that responds to Palestinian development goals. The study, which consists of 137 pages including the statistical appendixes, was prepared by a research team led by researcher Misyef Jamil, under the EU-funded project “EU Support to the Ministry of National Economy for Trade Policy Formulation and WTO Accession” (EU-TSP)

The study aims to identify the optimal Palestinian Tariff Policy among the proposed available alternatives that best responds to Palestinian economic conditions and strategic development. In addition, the study provided analysis of the tariff policy with respect to Lists (A1, A2, and B) in a limited scenario imposed by Paris Protocol (PER), and entailed examining the impact of Israeli tariffs on both industrial policies and revenues, and proposes the best candidate goods to be added to PER commodity Lists, as well as identifying which domestic productive sectors should be protected and what level of protection would be required and justifiable. In this context, the study addressed the question of which products should be targeted for increased local production and exportation through the use of customs duty as a tool of industrial policy. To answer these questions the study has proposed a new Palestinian tariff schedule which reflects Palestinian economic development interests through adopting interlinked customs, industrial and trade policies under two scenarios; the first is an independent non-discriminatory Palestinian tariff policy, and the second is a Palestinian tariff which assumes the continuation of the status quo, that is, to exploit what is available within PER by setting tariff rates at higher levels than those imposed in the applied Israeli tariff, as well as apply an autonomous trade policy with respect to Lists (A1, A2, and B).

In the preface of the study, H.E. Mrs. Abeer Odeh, Minister of National Economy, stressed the two high level objectives of the Palestinian government, as stated in the National Policy Agenda 2017-2022, which are achieving political sovereignty and economic independence. Odeh elaborated "An autonomous trade policy is a necessary condition for attaining economic independence and reducing dependence on the Israeli economy. In this regard, a major challenge confronting Palestine is to devise a trade regime, which will replace the interim arrangements under the Paris Protocol and assure a growth-enhancing transformation of the economy and sustainable improvements of the overall welfare of the population".



Odeh added “This excellent pioneering study, prepared by MAS.....constitutes an invaluable contribution to the further work to be undertaken in the immediate future to elaborate and implement our own tariff policy”. In the preface of the study, Dr. Nabeel Kassis, the Director General of MAS, mentioned that what distinguishes this study is that it draws on empirical investigation to propose alternative trade tariff policy assuming the continuation of the status quo, rather than a theoretical approach that focus on what is best for Palestinian-Israeli relations. The study focuses as well on what is the best approach for achieving sustained Palestinian economic development and trade sovereignty.

Finally, the study concludes that the Palestinian economy will be better off departing from the current Tariff Book and adopting a different tariff policy better devised to reflect the development requirements of the Palestinian economy, and that when redesigning the Palestinian trade regime the PA should take as its starting point a vigorous commitment to nurture industrialization and restructuring a deformed economy, through using available tariff policy instruments and creating new ones in the future as they become feasible.

To download the study click this link <http://www.mas.ps/files/server/20172211161123-2.pdf>