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**PALESTINE ECONOMIC POLICY
RESEARCH INSTITUTE (MAS)**

**Opportunities and Possibilities for Developing
Palestinian Commodity Exports
by Focusing on Green Exports**

Misyef Jamil

2022

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The Palestine Economic Policy Research Institute (MAS)

Founded in Jerusalem in 1994 as an independent, non-profit institution to contribute to the policy-making process by conducting economic and social policy research. MAS is governed by a Board of Trustees consisting of prominent academics, businessmen and distinguished personalities from Palestine and the Arab Countries.

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MAS is dedicated to producing sound and innovative policy research, relevant to economic and social development in Palestine, with the aim of assisting policy-makers and fostering public participation in the formulation of economic and social policies.

Strategic Objectives

- Promoting knowledge-based policy formulation by conducting economic and social policy research in accordance with the expressed priorities and needs of decision makers.
- Evaluating economic and social policies and their impact at different levels for correction and review of existing policies.
- Providing a forum for free, open and democratic public debate among all stakeholders on the socio-economic policy-making process.
- Disseminating up-to-date socio-economic information and research results.
- Providing technical support and expert advice to PNA bodies, the private sector, and NGOs to enhance their engagement and participation in policy formulation.
- Strengthening economic and social policy research capabilities and resources in Palestine.

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Foreword

The Palestine Economic Policy Research Institute (MAS) focuses its research efforts on defining research priorities that serve decision-makers, while keeping abreast of changes in the direction of economic policy. This specific research lies within a multi-faceted framework, in terms of its importance in setting an approach for developing and promoting Palestinian exports, and in terms of intensified global efforts to combat environmental degradation and climate change, reflected by the Palestinian Authority's directives aiming to promote green production. In recent years, there has been a marked increase in attention paid to international economic policies focused on climatic and environmental protection, and a general trend towards green economies, organic agriculture and environmentally friendly products. This saw numerous countries adapt their economic policies; and administrative and legal systems; towards setting new incentives that urge and encourage producers to adhere to green production standards and green product-branding, a distinguishing feature that attracts consumers with an awareness of the importance of environment preservation. This awareness forces producers to meet consumers' preferences by producing 'certified green' goods.

As outlined above, this study addresses an issue of great significance that concurrently contributes to the promotion of Palestinian commodity exports, viewing these as a lever for economic growth and an important source of job creation. Needless to say, the gradual transition towards a green economy is an opportunity for Palestine to combat environmental pollution and protect natural resources. It also contributes to economic development and creating (green) job opportunities in the local economy, while increasing exports via trouble-free access to new markets. Green products are more competitive, further reducing price competition caused by increased demand for green products in countries where awareness of environmental issues has increased.

This study's importance stems from its objectives, the most prominent of which is monitoring the performance of the exports' sector overall, developments within it, and changes during the past five years. It

identifies the extent to which it is plausible to realize a transition towards green exports in the Palestinian context, exploring mechanisms for a transformation to green (export) production based on the experiences of other countries and recognized international standards. In conclusion, such a strategy contributes to reducing dependence on the Israeli economy by diversifying export markets. Accordingly, MAS believes that this is the first study in Palestine that highlights important facts about - and clarifies mechanisms that can be utilized for - the transition towards a green economy. It outlines a set of recommendations and interventions that can be adopted by government and the private sector that can contribute to gradual change, should they be adopted.

MAS extends its warmest thanks to the research team led by Professor Misyef Jamil, as well as all those who reviewed the study, and the experts who provided positive and constructive remarks that influenced the study's outcomes. MAS also extends its sincerest gratitude to the Arab Fund for Economic and Social Development for its continuous support and belief in the importance of our work, allowing MAS to engage in such recognized research studies.

Raja Khalidi
Director General

Executive Summary

This descriptive study addresses a topic of considerable importance to the Palestinian economy, i.e., the promotion of commodity exports as a lever for economic growth, an important source of job creation, and a critical component to reducing dependency on the Israeli economy. The study's significance also lies in the positive spillovers of any export development to all economic indicators and thus addresses the Palestinian export sector, with all its branches and specifics, through focusing on green exports, a subject which has not been adequately studied. The study's focus on green exports is a starting point that could be built on in the quest toward the development of a green economy by exploring the transition mechanisms to green production (exports). This is done through taking stock of the experiences of countries, and recognized international standards, and deriving the necessary policies for such a transition.

The study is organized in five main chapters: the first, presents the significance, objectives, and methodology of the study; the second, presents the various aspects of the experiences of other countries; the third chapter addresses Palestinian export performance and its weaknesses; the fourth focuses on the opportunities and challenges of green exports in Palestine; and the last chapter presents the findings, recommendations, and suggested interventions.

The most significant finding of the study is that all agricultural commodities as well as a broad array of industrial commodities, could be transformed into green production. But the transition to a green economy cannot be an improvised decision, rather a long and strenuous process and effort undertaken by all stakeholders from the top to the bottom. This leads to the production of clean industrial and agricultural products which are manufactured in a pollutant-free and healthy environment. According to its concept and definition, green economy affects all economic and social areas, such as city planning, tourism, transport, renewable energy, technology, waste management and recycling, forest protection, water conservation, quarrying, mining, and

exploration, ... etc. All these components have significant positive socioeconomic impacts.

The main recommendations of the study include: first, the need to adopt a policy framework for green production, which takes into account all legal aspects and building the institutional capacity. This requires:

- Surveying regulations, laws, and policies to identify weaknesses and strengths and mechanisms for addressing them.
- Adopting a basket of policies that support green production (public procurement, direct taxes, incentives for environmental activities, technology transfer, research and development, expansion of quality assurance certification programs, and the coordination between relevant institutions and the Palestine Standards Institution (PSI) to implement these programs).
- Expanding the range of investment incentives to support green export and production, and the inclusion of green economy in the Investment Promotion law. Benefiting from other countries experience, which have established an investment fund for green production to which all parties are contributing, including banks that allocate a portion of their profits to support this fund.
- Conducting further study that addresses specific sectoral/product challenges and constraints and their causes. Some of these constraints are related to the occupation, while others are related to regulations and laws, infrastructure, supply chains, poor experience and knowledge about green production mechanisms, etc.