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Background Paper

Round Table (2)



**Economic Impacts of Israeli Industrial Zones
in the West Bank: Palestinian Labor,
Environmental Pollution, and
the Disruption of Palestinian Logistics**

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

Tel No. +970 (2) 2987053/4

Fax No. +970 (2) 298055

info@mas.ps

ww.mas.ps

Economic Impacts of Israeli Industrial Zones in the West Bank: Palestinian Labor, Environmental Pollution, and the Disruption of Palestinian Logistics

Prepared by: Dr. Walid Habbas, Researcher at the Palestinian Forum for Israeli Studies (MADAR).

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Summary

This paper presents an analysis of the economic impacts of Israeli industrial zones in the West Bank as part of an expansionist settlement structure that undermines the territorial contiguity of the West Bank and harms the Palestinian economy on multiple levels. The importance of the paper is duly reflected in uncovering the complex nature of these Israeli industrial zones, which goes beyond their productive role to serve as tools of economic control and dispossession of Palestinian resources. This puts direct strain on the opportunities for Palestinian development and calls for urgent attention.

The paper identifies five main effects on the Palestinian economy. First, industrial zones increase Palestinian labor dependency through an unequal labor market characterized by low wages and legal vulnerability. The second effect is evident in the fact that such zones attract some Palestinian investments, reflecting a lack of serious oversight and imbalances in the Palestinian accountability system. The third effect is reflected in the disruption of trade logistics due to geographic fragmentation and higher transportation and trade costs. The fourth effect is that such zones contribute to high levels of environmental pollution, as polluting industries are relocated to them amid weak regulatory control. The fifth effect lies in the confiscation of agricultural land and the degradation of natural resources, weakening agricultural production and impacting food security.

1. Israeli Industrial Zones in the West Bank: An Analytical Framework

Israeli settlement activity in the West Bank is not restricted to the construction of settlements, land confiscation, and establishing pastoral outposts, but also includes the development of advanced industrial infrastructure. Despite this, Israeli industrial zones receive scant attention that does not reflect their central role in further entrenchment of the settlement project or their profound impacts in terms of weakening the Palestinian economy. This dynamic gained renewed legal and political significance following the International Court of Justice's advisory opinion of 19 July 2024, which reaffirmed the illegality of Israel's occupation and the settlement enterprise, including the economic structures sustaining it.¹

Official Israeli reports issued in 2024 indicate that Israel operates approximately 35 industrial zones in the West Bank, some of which are subject to tight restrictions on access for Israeli researchers and journalists.² In 2017, speaking about the Ma'ale Adumim settlement, home to one of the largest industrial zones in the West Bank, Israeli Prime Minister Benjamin Netanyahu stated: "Ma'ale Adumim will always be part of Israel... We will build thousands of housing units here. We will add the industrial zone needed and the expansion needed to allow for the advanced development of this place".³ This statement serves as a broad framework for understanding the function of these zones as a cornerstone in reshaping the geographic and economic landscape and integrating the settlement economy into Israeli infrastructure.

However, reducing these zones to a single logic obscures the diversity of perspectives within the settlement system, particularly regarding the relationship of these zones to the Palestinian economy. The first perspective emphasizes a "conflict management" approach, associated with the current of Liberal Zionism. This approach operates on a general assumption that incorporating Palestinians into the labor market within settlement industrial zones, whether as workers or investors, entrenches their economic dependence on the occupation system and transforms this dependence into a tool for containing the Palestinian Question.

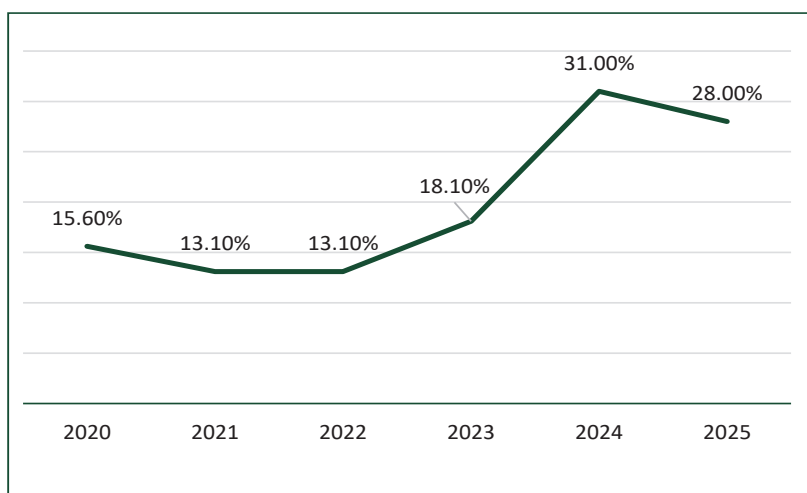
This perspective is clearly expressed in the plan proposed by Israeli Minister of Economy and Industry Nir Barakat between 2019 and 2020. Barakat's plan called for twelve new settlement industrial zones to be established in the West Bank to increase the number of Palestinian workers in these zones from around 25,000 to 250,000 over two decades. This orientation is illustrated in the discourse of "economic peace,"⁴ whereby Shraga Brosh, former President of the Manufacturers Association of Israel, argues that Palestinian workers' employment "aids security in the region

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1. International Court of Justice, Legal Consequences Arising from the Policies and Practices of Israel in the Occupied Palestinian Territory, Including East Jerusalem, Advisory Opinion, July 19, 2024.
 2. The State Comptroller. Israeli Administered Industrial Zones in Judea & Samaria – Follow-up Audit, Annual Reports (Jerusalem: 2023). See: <https://library.mevaker.gov.il/sites/DigitalLibrary/Documents/2023/2023.2/EN/2023.2-210-EzoreyTaasiya-Taktzir-EN.pdf>
 3. Raoul Wootliff and Jacob Magid, "In Ma'ale Adumim, Netanyahu Promises Thousands of New West Bank Homes: Prime Minister Throws Support behind 'Greater Jerusalem' Proposal to Fold Large Settlements near Capital into Municipal Boundaries," The Times of Israel, October 3, 2017. See: <https://www.timesofisrael.com/in-maale-adumim-netanyahu-promises-thousands-of-new-west-bank-homes/>.
 4. Nir Barakat, "Future: Judea and Samaria and the Jordan Valley — Barkat's Plan for Economic and Settlement Development in Judea and Samaria and the Jordan Valley," Action Plan (2020). See: <https://barkat.org.il/plan/barkat-plan-2020-ysa.pdf>

and advances economic peace.⁵” Meanwhile, Knesset member Yuli Edelstein maintains that “industrial zones make peace.” For his part, Ron Nahman, a former Knesset member for the Likud, presents his project as a model that goes beyond what left-wing governments have achieved.⁶ These positions share the assumption that while their ability to develop a competitive economy is constrained, Palestinians will find these zones beneficial, thereby reinforcing their dependency and reproducing the structures to control them.

This intersects with broader policies that undermine the Palestinian economy at the macro level, as unemployment rates in the West Bank rose from around 13% in the pre-war period to nearly 28% in 2025. The operation of these zones relies on a surplus labor force seeking limited opportunities, ensuring low wages and the persistence of control structures. This reality coerces workers into accepting precarious working conditions in the absence of economic alternatives. The permit system further increases their vulnerability, as work permits can be revoked at any time and are sometimes used by employers as an instrument of pressure through threats or the filing of vexatious security complaints against workers who demand their rights.

Table 1: Annual Unemployment Rate in the West Bank (2020-2025)



Source: Palestinian Central Bureau of Statistics (PCBS), “Labour Force Survey” reports, 2020–2025

The second model marks a radical shift away from the logic of economic dependency and is associated with the current of religious Zionism, led by Israeli Finance Minister Bezalel Smotrich and the broader far-right coalition. This current focuses on reducing and marginalizing the presence of Palestinians in such a way that reinforces exclusive control. Within this framework, Palestinian workers are not viewed as an economic tool, but as an element that threatens this project.⁷ This orientation has been reflected in legal disputes led by settlement councils against Israeli companies

5. Who Profits Research Center, *Industrial Zones in the Occupied Palestinian Territory* (Tel Aviv: Who Profits Research Center, April 2019). See: <https://www.whoprofits.org/publications/report/15>

6. Atlanta Jewish Times, “Barkan Industrial Park Challenges BDS Movement,” April 10, 2019. See: <https://www.atlantajewishtimes.com/>

7. Avigail Zeit, “The Court Overturns Ariel Municipality’s Decision to Ban the Entry of Palestinian Workers,” Makor Rishon website, November 3, 2025. See: <https://www.makorrishon.co.il/news/defence/article/210500>

for employing Palestinian workers within industrial zones that fall under the former's jurisdiction. The logic has manifested more clearly in the aftermath of the attack of October 7, 2023, when Nir Barakat announced a shift in his position, calling for an end to the reliance on Palestinian workers and replacing them with approximately 160,000 foreign workers from India and Africa.

This model operates via multiple field mechanisms.⁸ The Ariel Industrial Zone has expanded by 324 dunams, while the Atarot Industrial Zone, Jerusalem's largest industrial zone, produces heavy pollutants and operates a landfill that exacerbates environmental conditions in Beit Hanina and Al-Ram. In Nitzanei Shalom, located in Tulkarm area, the State Comptroller recorded the absence of effective environmental oversight and the leakage of industrial waste into the surrounding area. This pattern reflects an uneven distribution of environmental burden and embodies a racial structure coalesced within the model of these zones.⁹

1.1 How does Israel operate industrial zones in the West Bank?

The industrial zones established by Israel in the West Bank stand out for their clear diversity in terms of both structure and functions. Israeli authorities typically distinguish between an "Industrial Zone," defined as a space designated for production and manufacturing, and an "Industrial Park," which focuses on technological innovation, environmental planning, and sustainability.

The first category consists of industrial zones designated for heavy and medium-scale industries as well as for crafts. Such industrial zones were largely established during the 1970s and 1980s as part of government policies aimed at encouraging industrial development for settlers. Mishor Adumim represents a salient example. Established in 1974 to the east of the Ma'ale Adumim settlement, Mishor Adumim includes hundreds of factories and facilities spanning food production, textiles, construction materials, and metals, in addition to carpentry workshops, printing shops, and logistics hubs. Similarly, the Barqan Industrial Zone, established in 1982 within the Samaria Regional Council, constitutes another model. It hosts hundreds of factories in sectors such as plastics, electronics, timber, metals, and food, and employs thousands of workers.

In recent years, a new category of complexes of a technological and administrative nature has also emerged. They are based on the concentration of offices, shared workspace, and start-ups. The most salient examples of such complexes include the "Binyamin Tech" Project near Jaba'-Mikhmas in the Jerusalem area. Developed by the Binyamin Settlement Council, the project includes shared workspaces, office rentals, business incubators (hubs), and high-tech companies. Similarly, the "Ariel West" Complex falls within this category, combining office buildings with industries.

A third category takes the form of service and commercial complexes located along major routes. They are designed to serve settlers and travelers. For example, there are commercial centers, gas stations, restaurants, and administrative offices along Route 60.

8. Maayan Jaffe-Hoffman, "Israeli Minister: Palestinian Authority Would Carry Out October 7, Too," *The Jerusalem Post*, January 10, 2024. See: <https://www.jpost.com/israel-news/defense-news/article-781419>

9. Sarah al-Dajani, "The 'Atarot' Dump Is Suffocating Beit Hanina," *Raya Media Network*, October 5, 2016. [in Arabic], See: <https://www.raya.ps/news.954607/html>.

Each industrial zone is administrated by a registered public listed company in charge of its development and of attracting investment. These companies vary in terms of ownership; some are based on private investment, while others are directly affiliated with settlement councils. A notable example is the “Sha’ar Binyamin Industrial Zone Administration,” which oversees several industrial areas such as Sha’ar Binyamin, Shilo, and Naveh Tzuf, under the supervision of the Binyamin Settlement Council.

The Israeli government adopts a policy of encouraging industrial activity in the occupied Palestinian Territory as part of a broader strategy aimed at consolidating the settlement project. As the International Court of Justice noted in its 19 July 2024 advisory opinion, there is “extensive evidence” of Israeli policies providing incentives for the relocation of Israeli individuals and businesses into the West Bank, alongside support for its industrial and agricultural development by settlers.¹⁰ This policy is based on integrating the economic infrastructure of settlements into the Israeli economy, thereby enhancing their sustainability while weakening the prospects for exercising Palestinian economic sovereignty.

For example, the Israeli government designates most industrial zones in the West Bank as “National Priority Areas.” This designation is grounded in the 1959 Encouragement of Capital Investment Law (ECIL), which provides a legal framework for granting financial incentives to companies. Under Government Decision No. 3292 of 1998, such areas are divided into two categories – National Priority Areas level “A” and National Priority Areas level “B” – with Category “A” receiving maximum benefits.¹¹ First, as part of the incentives offered to companies, the government provides direct financial grants and subsidies, particularly for firms operating in Area C. Second, the government offers significant tax abatements, with corporate tax rates in some West Bank industrial zones reaching as low as approximately 6%, compared to higher rates in Israel, thereby increasing profitability and encouraging the relocation of investments to the West Bank. Third, the State offers soft loans to finance infrastructure and equipment purchases, reducing the costs of incorporation and expansion. Fourth, rental costs are considerably lower in the industrial zones designated as “National Priority Areas” than in industrial zones in Israel. For instance, rents in some industrial zones, such as Barqan, range between 17 and 24 shekels per square meter, compared to a minimum of around 35 shekels in Israeli cities.¹² Taken together, these elements demonstrate that settlement industrial zones constitute an integral part of the Israeli economic system, with ties to the interests of Israeli and foreign capitalists.

2. Economic Impacts of Israeli Industrial Zones

This section examines the multiple economic impacts of Israeli industrial zones in the West Bank. Such impacts are not restricted to the labor market, but also extend to include the environment, the patterns of investment and trade, agriculture, and the use of natural resources. These impacts

10. International Court of Justice, *Legal Consequences Arising from the Policies and Practices of Israel in the Occupied Palestinian Territory, Including East Jerusalem*, Advisory Opinion, July 19, 2024.

11. “The Encouragement of Capital Investment Law (ECIL),” Israeli Ministry of Economy and Industry, <https://www.gov.il/en/pages/ecil>

12. Who Profits Research Center, *Industrial Zones in the Occupied Palestinian Territory* (Tel Aviv: 2019)

are cumulative and intertwined, as each dimension reinforces the others. Labor exploitation is tied to legal and regulatory frameworks, environmental pollution is connected to the types of industries relocated to these zones, while the involvement of some Palestinian capital reflects more profound imbalances in the local economic environment. In addition, road networks and infrastructure contribute to reshaping trade flows, reducing the efficiency of and increasing the costs of the Palestinian market.

These dynamics pose direct challenges to the ability of the Palestinian economy to develop independently. They result in the weakening of key productive sectors, particularly agriculture. Hence, there is a need to address this phenomenon as a structural issue requiring urgent intervention, given its far-reaching effects not only on economic and social stability, but also on the prospects of sustainable development in the medium and long term.

2.1 Palestinian Labor in Industrial Zones within Settlements

Before waging its most recent war on the Gaza Strip, Israel had issued approximately 40,000 work permits to Palestinian workers to work inside Israeli settlements across the West Bank, including in the Atarot Industrial Zone. As part of this number, approximately 17,000 workers were employed in Israeli industrial zones, while the remainder were distributed across agricultural settlements (kibbutzim), the service sector in settlers' homes, and the construction sector within residential settlements.¹³ Data from 2023 indicate that Palestinian workers in industrial zones were mainly concentrated in three key zones, namely: Mishor Adumim (approximately 6,000 workers), Barqan (approximately 4,500 workers), and Ariel (approximately 3,200 workers). Their occupational distribution shows that the industrial sector absorbs the largest share of Palestinian labor. This data reflects the productive nature of these industrial zones, which rely heavily on low-cost Palestinian labor.

Following the war on the Gaza Strip, the number of active permits for workers in Israeli settlements decreased to approximately 25,000, of which 14,500 were for workers in industrial zones.¹⁴ The issuance of permits is subject to complex bureaucratic and security procedures, managed by the Population and Immigration Authority in coordination with the Civil Administration. In addition to co-managing such procedures, the Civil Administration imposes severe restrictions on workers' movement, including requiring workers to cross specific crossing points and take compulsory transit routes to workplaces. Any failure to observe these restrictions is treated as a legal violation requiring intervention by Israeli police.

The expansion of industrial zones in the West Bank is inextricably enmeshed with the structural exploitation of Palestinian labor. Since 1967, Israel has worked to integrate the Palestinian economy into its own economy, a process that intensified following the 1993 Oslo Accords. This asymmetric integration has weakened the ability of the Palestinian economy to generate

13. The Knesset, "The Subcommittee for Judea and Samaria holds a follow-up discussion on the entry of Palestinian workers into residential communities and industrial zones in the area," 14/6/2024. See: <https://main.knesset.gov.il/en/news/pressreleases/pages/press16624q.aspx>

14. Ibid.

independent employment opportunities, pushing increasing numbers of workers to look for jobs in Israel or Israeli settlements, where wages are relatively higher than those in the Palestinian labor market, though still lower than those of Israeli workers. This reality has contributed to further entrenching economic dependency and higher unemployment rates.

At the level of work conditions, there is an obvious disparity in wages and labor rights. Despite an Israeli Supreme Court ruling in 2007 stipulating that Palestinian workers in settlements should be subject to Israeli labor laws, the ruling is still enforced on a limited scale. Many workers are paid the minimum wage or less and work in harsh conditions, lacking adequate protection. Meanwhile, a significant number of workers lack formal contracts, exposing them to the risks of exploitation and depriving them of basic rights, such as insurance and compensation. Furthermore, many workers rely on intermediaries to secure employment opportunities, which imposes additional financial burdens on them. Such intermediaries charge commissions as much as 25% to 33% of a worker's monthly wage, reducing the worker's actual income and deepening forms of economic exploitation.¹⁵

2.2 Attracting Palestinian Companies to Israeli Industrial Zones

The role of settlement industrial zones goes beyond attracting Israeli investors to include drawing groups of Palestinian investors who find such zones to be a more favorable investment environment compared to the economic reality within the Palestinian Territory. This involvement of Palestinian investors in such zones reflects a structural paradox in the economic relationship with the occupation; these zones simultaneously function as tools for land control and reshaping the Palestinian economy and as spaces that offer economic opportunities to certain actors within the Palestinian private sector.

This phenomenon lacks up-to-date and comprehensive data that accurately captures its scale. However, available literature indicates a considerable level of Palestinian participation in settlement industrial zones, albeit not fully documented. On the one hand, these zones are based on land confiscation and the redirection of resources, weakening the Palestinian productive base and limiting the prospects for independent development. On the other hand, they provide advanced infrastructure and reliable logistics services and offer the advantage of geographic proximity to Israeli and international markets - advantages that are difficult to leverage within a fragmented Palestinian economy constrained by political and administrative restrictions.

The attractiveness of these zones is grounded in profound structural imbalances. Israeli authorities offer investment incentives that include tax abatements, regulatory facilities, designation of certain zones as "National Priority Areas," and relaxed environmental regulations. In contrast, Palestinian investors operating within the areas under the Palestinian Authority's jurisdiction are exposed to an unstable environment, administrative complexities, and difficulties in accessing resources and markets. Operating within settlement industrial zones allows Palestinian investors to bypass

15. Habbas W (2020) Palestinian Workers in the Israeli Market: The Labour Permit Brokerage System. 9, Roundtable. Ramallah: Palestine Economic Policy Research Institute (MAS). Available at: <http://www.mas.ps/files/server/2020/RoundTable9English-ed.pdf>.

many of these obstacles, particularly those related to import and export procedures and tariff restrictions, thereby reducing operational costs and increasing competitiveness.¹⁶

Available estimates point to a substantial size of Palestinian investment in the Israeli economy and Israeli settlements. Since 2011, studies have estimated the total volume of these investments at between \$2.23 and \$3.78 billion, distributed across multiple sectors including construction, industry, services, trade, and technology,¹⁷ and this trend continued in subsequent years.¹⁸ This entanglement is not restricted to economic considerations but is also linked to intellectual shifts within segments of the Palestinian bourgeoisie that prioritize economic efficiency and profit maximization.¹⁹ The participation of Palestinian companies in settlement industrial zones also raises political and ethical questions, particularly in light of reports suggesting that such companies play indirect roles in marketing settlement products or benefit from supply chains connected to settlements.

2.3 Disruption of Palestinian Trade Routes

Israeli occupation policies and settlement activities, particularly the establishment of industrial zones and road networks, have had a profound impact on the logistical infrastructure of Palestinian trade, contributing to higher costs and increased complexity of the movement of goods. This impact is not limited to disrupting mobility but can extend to reshaping patterns of trade themselves, as some Palestinian economic actors have become reliant on Israeli-controlled infrastructure to bypass the restrictions imposed on them.

Literature emphasizes that the dismemberment of the Palestinian West Bank into isolated pockets and cantons through the construction of bypass roads, industrial zones, and checkpoints has forced traders and transport companies to develop alternative trade routes that are costlier and less efficient. Trucks passing through commercial crossings such as Tarqumya experience repeated traffic congestion and gridlock, leading to lengthy delays, additional fuel consumption, and accelerated vehicle wear.²⁰ Estimates suggest that these factors increase logistical costs by 30% to 40% compared to environments with normal freedom of movement. Under these restrictions, some traders turn to use logistical networks linked to Israeli industrial zones, despite the fact that such networks are part of the same system of control.

Israeli road networks further entrench such spatial fragmentation. Main routes such as Route 5 connect settlements and serve their economic movement, while forcing Palestinians to use longer and more expensive routes. These networks dismember the West Bank into isolated

16. Who Profits Research Center, *Industrial Zones in the Occupied Palestinian Territory* (Tel Aviv: 2019).

17. Issa Smeirat, "Determinants of the Palestinian Direct Investments from the West Bank in Israel and the Settlements," Master Thesis, Jerusalem, Al-Quds University, 2011.

18. See: Raja Khalidi, Anmar Rafidi, Mahmoud Elkhafif, Walid Habbas, and Tareq Sadiq, "Israeli Settlements: Their Economic and Social Costs and Impacts on the Occupied Palestinian Territories", Arab Center for Research and Policy Studies, October 14, 2025. [in Arabic]. Visit: <https://www.dohainstitute.org/ar/ResearchAndStudies/Pages/economic-and-social-impact-of-israeli-settlements-in-palestine.aspx>.

19. "Investigative Report - Laundering Settlement-Produced Dates," Aman Coalition, YouTube. See: https://www.youtube.com/watch?v=gEt65fj_JY.

20. Yaacov Garb, "Porosity, Fragmentation, and Ignorance: Insights from a Study on Freights Traffic," in: *Israelis and Palestinians in the Shadows of the Wall: Spaces of Separation and Occupation*, Stéphanie Latte Abdallah & Cédric Parizot (eds.), Border Regions Series (Farnham Surrey, England: Ashgate, 2015), pp. 89–108.

cantons, hampering the flow of goods between the northern, central, and southern West Bank.²¹ In this context, the Mishor Adumim Industrial Zone serves as a central node, strategically located between the southern and central West Bank and restricting direct access between major cities, such as Hebron and Ramallah. Thus, it transforms from a production site into a mechanism of spatial organization that regulates trade flows.

This structure is reflected in two interrelated levels. First, at the level of internal trade, the dismemberment of the Palestinian Territory weakens the local market, as goods experience repeated delays and rising costs due to bypass roads and checkpoints. This has an adverse impact on the competitiveness of Palestinian products and increases consumer prices. Second, at the level of trade with Israel, Palestinian traders face additional constraints related to rerouting goods via Israeli-controlled paths, which raises export costs and limits the competitiveness of Palestinian goods in Israeli and international markets.²²

2.4 Environmental Pollution Related to Settlement Industrial Zones

Settlement industrial zones are spread across an extensive geographic area in the West Bank, extending from north to south, and encompass a wide spectrum of industries. Such industries include aluminum production, foods cans, fiberglass, cement, rubber, marble, ceramics, and chemicals, including pesticides and fertilizers. Some of these industries operate in sectors that are restricted within Israel itself, taking advantage of the absence of stringent environmental regulations and requirements in the West Bank, resulting in direct damage to both the human being and the environment in its various components.²³

These zones are not subject to the same regulatory frameworks governing industrial zones in Israel, where strict laws are in place, placing controls on emissions into the environment and pollution. In contrast, settlement industrial zones enjoy significant privileges, including tax exemptions and investment incentives, without any meaningful commitment regarding transparency over the scale or risks of industrial waste. This disparity contributes to the creation of a low-cost production environment at the expense of both the environment and public health in neighboring Palestinian areas.

The sector distribution of industries in these zones reflects the nature of their environmental risks. The metal industries sector dominates industries in these zones, accounting for approximately 30%. It includes metal plating processes that use hazardous materials, such as zinc, chromium, and mercury. The plastics industry is ranked second, accounting for around 20%. It relies on petroleum derivatives, posing significant challenges to waste management. Textile and furniture

21. Jake Alimahomed-Wilson & Spencer Louis Potiker, "The Logistics of Occupation: Israel's Colonial Suppression of Palestine's Goods Movement Infrastructure: The Logistics of Occupation," *Journal of Labor and Society*, vol. 20, no. 4 (2017), pp. 427–447

22. Walid Habbas, "Palestinian Interaction with the Geography of Colonialism: How to Circumvent Israel's System of Control over Trade within the West Bank," Background Paper Roundtable 6 (Ramallah: Palestine Economic Policy Research Institute - MAS, 2021).

23. Nitzan Levy, "Solid Waste Management in Judea and Samaria," in *Environmental Conditions under Israeli Settlement in Judea and Samaria in 2011*, ed. Nitzan Levy (Jerusalem: Association of Cities for Environmental Quality in Judea and Samaria and Green Now, 2012). [in Hebrew]. See: <https://yehuda.enviosh.org.il/uploads/n/1715600268.2973.pdf>.

industries are next in line, making up approximately 26%. It contributes to pollution through solid waste and chemical runoff. Food industries are ranked fourth, accounting for roughly 10%, while recycling and waste management activities account for around 15%, although they too may entail environmental risks in the absence of effective oversight.

These impacts are exacerbated by the nature of the materials used in industrial production. Heavy metals, such as lead, cadmium, and arsenic, seep into soil and water and enter the food chain, leading to their accumulation in living organisms. Petrochemical industries also contribute to the emission of hazardous air pollutants, including volatile organic compounds (VOCs), affecting air quality and public health. Chemical runoff contaminates water sources, particularly given the proximity of many of such settlement industrial zones to vital groundwater basins.²⁴

In addition, these activities cause widespread pollution of air, water, and soil. For example, though not exclusively, reports indicate that approximately 70% of cancer cases in the Salfit governorate are concentrated among residents living near the Barqan Industrial Zone. The contamination of groundwater, as the primary source of water for drinking and agriculture, poses long-term risks to both public health and food security in the West Bank.²⁵

Waste management represents another dimension of this issue. Israeli authorities use approximately 98 sites in the West Bank for the disposal of settlement and industrial waste, including 34 solid waste disposal sites (SWDS) and 64 liquid waste dumps. Over 50% of this waste - much of which is classified as hazardous - is dumped in the West Bank, with an estimated volume of around 200,000 tons annually. This waste includes toxic materials buried in the soil, leading to long-term environmental degradation.²⁶

2.5 Dispossession of Palestinian Land and Natural Resources: Impacts on Agriculture, Water, and Extractive Sectors

Settlement industrial zones represent one of the most prominent tools for reshaping the agricultural space in the West Bank, through land confiscation and the conversion of land use from agricultural production to industrial activity. The Barqan Industrial Zone provides a clear example of reshaping the landscape in such a manner. It extends over approximately 1,300 dunams that were previously used for agriculture, reducing the land available to Palestinian farmers and eroding their ability to maintain stable production. The same applies to Mishor Adumim Industrial Zone. It was established following the confiscation of large tracts of land belonging to the towns of Al- 'Eizariya, Al-Issawiya, and Az-Za'ayyem, reflecting a systematic approach of reallocating land in favor of settlement expansion.²⁷

24. Aisha Ahmad, *Environmental Pollution Resulting from Israeli Industrial Zones and Waste Dumps in the Palestinian Territories* (Ramallah: Independent Commission for Human Rights – Ombudsman Office, 2018). [in Arabic].

25. Zahra Khadraj, "Industrial Settlements: How Does the Occupation Practice Environmental Racism?" *Ma'an Development Center*, Issue 140. [in Arabic].

26. Nitzan Levy, "Solid Waste Management in Judea and Samaria," in *Environmental Conditions under Israeli Settlement in Judea and Samaria in 2011*, ed. Nitzan Levy (Jerusalem: Association of Cities for Environmental Quality in Judea and Samaria and Green Now, 2012). [in Hebrew]. See: <https://yehuda.enviosh.org.il/uploads/n/1715600268.2973.pdf>.

27. Applied Research Institute – Jerusalem (ARIJ). *Az Za'ayyem Village Profile*. Jerusalem: ARIJ, 2012; Applied Research Institute – Jerusalem (ARIJ). *'Isawiya Town Profile*. Jerusalem: ARIJ, 2012.

The impacts of these policies go beyond spatial dimensions to include direct environmental repercussions affecting soil and water quality. Settlement industrial zones, especially in the northern West Bank, such as Barqan and Ariel, generate large quantities of chemical wastes that leak into agricultural lands and groundwater. The wastes contain heavy metals and toxic materials that degrade soil fertility and erode the quality of crops. In addition, the wastewater treatment infrastructure is weak, with treatment rates in some areas not exceeding 30%. This leads to wastewater being discharged into valleys and the mountain groundwater aquifer, the primary source of freshwater used for irrigation and drinking.

In the Jordan Valley, these challenges are further compounded by the overlap between pollution and water resource allocation policies. Palestinian farmers face restrictions on drilling wells and accessing sufficient water sources, forcing them to rely on limited or contaminated water, which has an adverse impact on agricultural production. At the same time, approximately 9,500 settlers in the Jordan Valley consume around 44.8 million cubic meters annually, equivalent to nearly one-third of the total water consumption of all Palestinians in the West Bank. At the level of direct household consumption, estimates indicate that households in Jordan Valley settlements consumed about 450 liters per day in 2017, compared to only 60 liters per day for Palestinians living in the same area.²⁸ Going back to the advisory opinion of the International Court of Justice on 19 July 2024, the Court reaffirmed that an occupying power acts only as an administrator and usufructuary of natural resources, and therefore must ensure their sustainable use, avoid environmental harm, and guarantee the local population adequate access to essential resources, including water.

In other areas, the separation barrier and land confiscation contribute to isolating agricultural fields from their natural resources, leading to a decline in land use and gradual soil degradation over time. Liquid industrial waste dumped into the Palestinian Territory also contaminates soil with pollutants and elements such as nickel and cadmium, rendering it unfit for agriculture in the long term and affecting the safety of agricultural products.

The impacts of settlement industrial zones also extend to the livestock sector, as the reduction of the pastoral areas has led to a sharp decline in livestock numbers in some areas. Local testimonies point to a significant decline in the livestock population due to land loss and pastoral environmental degradation, with direct consequences for rural livelihoods.

28. Human Rights Watch, *Occupation, Inc: How Settlement Business Contribute to Israel's Violations of Palestinian Rights* (New York: 2016).

3. Conclusion

This study shows that Israeli settlement industrial zones in the West Bank play a role that goes beyond their conventional economic function, serving as a central instrument within a settlement structure aimed at reshaping the Palestinian geographic and economic landscape. These zones are not managed merely as productive enterprises; rather, they form an integral part of the occupying power's broader strategy designed to consolidate control over land, exploit resources, and impose patterns of economic integration that undermine the prospects for Palestinian independence and sovereignty. In this regard, that geographic location and advanced infrastructure are deployed to consolidate the integration of these zones into the Israeli economy.

The data used in this study reveal that these zones have multiple impacts. At the level of the labor market, they contribute to the production of unequal labor relations characterized by disparities in rights, legal and security constraints, and weak oversight mechanisms, thereby further entrenching Palestinians' economic dependency. At the environmental level, these zones function as sites for relocating polluting industries, taking advantage of the absence of stringent regulatory constraints, which shifts long-term environmental and health burdens onto Palestinian communities. At the level of trade and logistics, these zones - along with the road networks connected to them - reshape the flow of goods by imposing costly and complex routes, thereby reducing the efficiency of the Palestinian economy, and undermining its competitiveness.

At the same time, the participation of some Palestinian economic actors in settlement industrial zones reflects the complexities of the existing economic structure, where individual pragmatic considerations intersect with structural imbalances that push toward integration into a system dominated by the Israeli economy. This entanglement reinforces a pattern of unequal interdependence, generating limited individual gains while incurring collective costs that negatively affect the structure of the Palestinian economy over the long term.

These findings confirm that settlement industrial zones constitute part of a modern "colonial infrastructure", as described by Omar Jabary Salamanca,²⁹ relying on advanced economic and regulatory tools, alongside support from international companies and private-sector actors. This expands the scope of challenges facing the Palestinian economy, which are no longer confined to direct military restrictions but also include a complex system of economic policies that reproduce dependency and constrain opportunities for independent development.

Israeli industrial zones can be framed within the Oslo Accords as a direct outcome of the shift from direct military occupation to a model of "globalized occupation" or "neoliberal occupation." Oslo did not halt settlement expansion; rather, it reorganized it economically and administratively. Instead of pursuing full formal annexation, it created an integrated economic space that enabled Israel to maintain control over land, resources, and border crossings while transferring part of the administrative and social burden to the Palestinian Authority. This explains the significant

29. Salamanca, Omar Jabary. "Assembling the fabric of life: When settler colonialism becomes development." *Journal of Palestine Studies* 45, no. 4 (2016): 64-80.

expansion of Israeli industrial zones after Oslo, as they provided Israel with several simultaneous advantages: access to low-cost land, exploitation of cheap Palestinian labor, tax exemptions, and the ability to circumvent certain legal restrictions within the Green Line.

The role of the Palestinian Authority in Israeli industrial zones in the West Bank has remained both limited and contradictory. On the one hand, the PA has exercised no actual sovereignty over these zones, most of which are located in Area C and therefore remain under full Israeli security and administrative control according to the Oslo territorial divisions. On the other hand, the PA indirectly contributed to reproducing this economic model through its commitment to the 1994 Paris Economic Protocol, which integrated the Palestinian economy into the Israeli customs union. The Protocol granted Israel control over borders, taxation, imports, and exports, while structurally linking the Palestinian market to the Israeli economy. Within this framework, the PA has managed an economy without effective sovereignty, relying financially on clearance revenues collected by Israel and on the continued employment of Palestinian workers inside Israel, settlements, and industrial zones. Consequently, despite its official political discourse rejecting settlements, the PA has pragmatically treated these zones as part of the “existing economic reality.” At the same time, it has failed to develop a productive alternative capable of absorbing Palestinian labor, particularly under Israeli restrictions imposed on Palestinian industry, licensing, and infrastructure development.

Palestinian labor unions, particularly the General Federation of Palestinian Trade Unions, have also found themselves operating within a highly complex equation. They recognize that employment in settlements and Israeli industrial zones in the West Bank deepens the settler economy and contributes to forms of economic normalization. Yet they simultaneously confront the realities of limited alternative employment opportunities and high unemployment rates. As a result, the unions have adopted a dual discourse: politically, they oppose settlements and call for boycotting their products; legally and socially, they defend the rights of Palestinian workers employed in these zones, including wages, insurance, occupational safety conditions, and work-related compensation.

Accordingly, addressing this phenomenon requires an analytical approach that goes beyond narrow economic interpretations to include a more in-depth understanding of the relationships linking Israeli and international capital with the Palestinian economy. It also requires the Palestinian Authority and the international community to formulate development alternatives grounded in rebuilding local production capacity and fostering economic independence in such a way that allows for dismantling the existing structure and mitigate its long-term impacts on Palestinian society and economy. A practical response could begin with directing Palestinian and international investment toward industrial and agricultural projects located in Palestinian-controlled areas, alongside expanding support for small and medium-sized enterprises capable of generating local employment alternatives. At the international level, donor assistance and trade cooperation could also be conditioned on excluding settlement-linked industrial activity, in line with international legal frameworks and the 2024 advisory opinion of the International Court of Justice.

Core Themes of Discussion

1. **Labor and Economic Dependency:** The paper shows that the permit system turns Palestinian workers into a labor force subject to unequal conditions and exposes them to the risk of exploitation at the hands of permit brokers. Given the limited local alternatives and the formal closure of the Israeli labor market, there is a need for a gradual approach that combines reducing reliance on work in settlements with providing workers with legal and rights-based protection. This includes developing mechanisms for exercising oversight over the permit market, strengthening complaint systems, and creating alternative employment programs in productive sectors.
2. **Regulatory Environment and Palestinian Investment:** The paper reveals a trend among segments of Palestinian capital to invest in settlement industrial zones in search of regulatory stability. This calls for legislative reforms and investment incentives to enhance the attractiveness of the local environment, such as simplifying procedures, offering tax exemptions, and developing infrastructure. In this regard, there is a key role for the chambers of commerce in creating support networks for investors and limiting the flight of capital.
3. **Logistics and Trade:** Settlement infrastructure increases logistical costs by up to 40%. This highlights the importance of formulating a national plan to foster economic interdependences among governorates, while leveraging channels of cooperation with Jordan and international organizations to facilitate trade flows and reduce costs.
4. **Environmental Pollution and Legal Accountability:** Settlement industrial zones operate within a lax regulatory environment that shifts environmental burdens onto Palestinian communities. The tools of international law, particularly the Guiding Principles on Business and Human Rights, can be activated to hold companies accountable, with chambers of commerce playing a pivotal role in documenting damages and supporting legal pathways.
5. **Agricultural Sovereignty and Food Security:** Agricultural land is degrading due to confiscation and pollution. This phase requires the formulation, adoption, and implementation of policies for the protection of agricultural land and strengthening local production, in such a way that reduces dependence on Israeli supply chains and enhances economic preparedness for the upcoming political stage, particularly in Area C.

Annex 1: List of Key Israeli Industrial Zones in the West Bank

Name of Industrial Zone	Governorate	Factories/ Companies	Status	Main Industries	Remarks
Barqan Industrial Zone	Salfit	Encompasses more than 120 factories & plants	Active	Metals 30%, plastics 20%, furniture 14%, textiles 12%, food 10%, electricity and electronics 6%	It is considered the largest industrial zone in the West Bank. It is a source of documented environmental pollution to groundwater and soil.
Ariel Industrial Zone	Salfit	Encompasses approx.40 companies & factories	Active	Food, textiles, steel, aluminum, metals, printing	Established in 1989, it is supervised by the Economic Company of Ariel. It covers 850 donums of land.
Ariel West Industrial Zone (Barqan B)	Salfit	Encompasses several factories & plants	Active	An industrial zone specialized in the fields of manufacturing electronics, diversified industries, defense, and security systems	It houses B.L. Advanced Support Systems, which, in turn, specializes in the production of military systems
Mishor Adumim Industrial Zone	Jericho & the Jordan Valley/ Jerusalem	Encompasses more than 300 factories and companies	Active	Plastics, cement, tanning, detergents, dyeing, aluminum, electroplating, food, retail	Established in 1974, the zone covers 1,550 donums. Work is underway in 2026 to expand it as per the Ministry of Economy and Industry.

Name of Industrial Zone	Governorate	Factories/ Companies	Status	Main Industries	Remarks
Atarot Industrial Zone (Jerusalem)	Jerusalem	Encompasses approx. 160 factories & plants	Active	Food and distribution (Coca-Cola), bakery products, electronics, waste processing, diversified manufacturing	It is a large urban industrial zone that covers 924 donums. It is located to the north of the occupied city of Jerusalem. It was established on lands confiscated from Beit Hanina in 1970.
Nitzanei Shalom Industrial Zone (Tulkarm)	Tulkarm	Encompasses 12-13 factories & plants	Active	Chemical zone / hazardous industries Pesticides, fertilizers, plastics, water filters, waste recycling, liquefied natural gas (LNG)	Established during the period from 1982 to 1985, it is notorious for its hazardous work conditions, with the highest cancer rates.
Shahak Industrial Zone (Jenin)	Jenin	Encompasses diverse factories & plants	Active	Diverse industries to serve settlements in the northern West Bank	It is established over 8,000 donums of land, including 3,000 donums designated for industrial structures. It is located near the Separation Wall.
Bar-on Industrial Zone (Shavei Shomron/ Kdumim)	Nablus	Encompasses diverse factories & plants	Active	Diversified industries, groves, waste management	It is established over 1,200 donums of land. It is a joint enterprise operated by the Shavei Shomron, Kdumim, and Karnei Shomron Settlement Councils. It is designated as a National Priority Area – Level “A”.



Name of Industrial Zone	Governorate	Factories/ Companies	Status	Main Industries	Remarks
Gush Etzion Industrial Zone (Migdal Oz)	Bethlehem	Encompasses diverse factories & plants.	Active	Diversified industries to serve the Gush Etzion settlement bloc	It was established with support from the Jewish Agency and the Ministry of Economy and Industry in 1998. It covers 527 donums and is designated as a National Priority Area – Level “A”.
Kiryat Arba (A, B, and C)	Hebron	Encompasses diverse factories & plants	Active	Wine production, printing, construction materials (Area B); multi-use products There is a blueprint in place for the zone development.	It is divided into three areas: Area A = 30 donums, Area B = 70 donums, and Area C = 100 donums.
Shim’a/ Meitarim Industrial Zone	Hebron	Encompasses diverse factories & plants	Active	Oils, detergents, diversified industries	Established in the early 1980s, it is operated by the Ministry of Economy and Industry. It is designated as a National Priority Area – Level “A”.
Ma’ale Efraim Industrial Zone (Jordan Valley)	Jericho & the Jordan Valley	Encompasses approx. 20 factories & plants (mostly empty)	Semi-dormant	Timber, food marketing, printing, steel	It was established in 1998 over 450 donums of land confiscated in 1978. It is mostly inactive.
Immanuel Industrial Zone (Karnei Shomron)	Qalqilya	Encompasses 64 factories, all active	Active	5-50 furniture factories, marble factories, wet wipes, plastics, packaging, metals	Established in 2019, it covers 120 donums of land, with a built-up area covering 66,500 sqm. It houses a recycling factory.

Name of Industrial Zone	Governorate	Factories/ Companies	Status	Main Industries	Remarks
Shaar Shomron Industrial Zone	Ramallah & Al-Bireh/ Nablus	Under construction	Under construction	Industries, trade, offices, public facilities	Established over 2,700 donum of land, it is located on Highway 5. It is planned to expand its area to 2 million sqm of land, marking the largest industrial zone in the West Bank.
Bustanei Hefetz/ Bustani Hefetz Industrial Zone	Tulkarm	Encompasses 130 factories	Under planning	Diverse industries	It will be established over 980 donums, with support from the Israeli Ministry of Economy and Industry and Israel Land Authority. Evacuation orders have been issued against Palestinian families to make room for its establishment, but are currently put on hold.
Mevo Horon Industrial Zone/ Makavim	Ramallah & Al-Bireh	Under development	Under planning	Unspecified	It will be established over 310 donums of land belonging to Umm Safa Village. It was approved in 2016 and will be located near the Makavim checkpoint.
Ma'aleh Amos Industrial Area	Bethlehem	Under development	Under development	Diverse industries	It will be established over 655 donums. It has been an enterprise of Gush Etzion Development Company since 2022.
Neveh Tzuf/ Halamish	Ramallah & Al-Bireh	Encompasses diverse factories & plants	Small-scale	Marble & stone slabs	It has spaces available for rent or sale, implying they are not fully occupied.



Name of Industrial Zone	Governorate	Factories/ Companies	Status	Main Industries	Remarks
Elon More Industrial Zone	Nablus	Encompasses several factories & plants	Active	Meat processing, spice production, religious leather processing	It is established over 50 donums of land confiscated from the Deir al-Hatab village.
Adora Industrial Zone	Hebron	Encompasses diverse factories & plants	Active	Diverse industries	Established in 1990, it is adjacent to Adora Settlement and located between Tarqumiyah and Idhna.
Alei Zahav Industrial Zone	Salfit	7 plants	Active	Timber, metals	It is located near the Kafr Ad-Dik town.
Alfei Menashe Industrial Zone	Qalqilya	Unspecified	Active	Unspecified	It was established in 1981 over the lands of the Wadi Ar-Rasha village, southeast of Qalqilya.