



**Palestine Economic Policy Research Institute**

**Round Table (4)**

**How to Revive East Jerusalem's Economy**

**10 July 2011**



## How to Revive East Jerusalem's Economy

Jerusalem faces many vexing problems and serious challenges that have accumulated over the last four decades. These challenges partially emerged as a result of the systematic Israeli policies and practices in the holy city. Since the fall of the city in 1967, Israel escalated its encroaching policies in order to Judaize the city, oust its indigenous population and thwart the development efforts of individuals and local and international institutions in the city. Another challenge is related to the Palestinian (official, private and civil) grave dereliction of duty to support the economy of Jerusalem, strengthen the resilience of its people and stand in the face of the Israeli challenges.

In order to identify the most promising methods required to breathe new life into Jerusalem and its economy, MAS Institute devoted the fourth meeting (in a series of roundtable meetings) to discuss this topic. In order to focus on vital issues and provide practical suggestions, MAS commissioned an economist from Jerusalem to prepare a background paper on suggestions for the private sector that could facilitate the revival of Jerusalem and its economy. A workshop was held in Jerusalem by the expert in order to bring together a number of local businessmen. In addition, the Institute also prepared a paper on the essential statistics and indicators of economic and social conditions in Jerusalem. Finally, the Institute hosted a special meeting which brought together various official parties and civil and private sector representatives in order to discuss the papers presented, listen to presentations and comments from participants, and conclude with practical recommendations on the best ways to revive the economy of Jerusalem.

Despite local, regional and international efforts to promote the social and economic situation of Jerusalem, the outcomes on the ground did not meet expectations. The factors that thwarted the realization of the goals can be divided into three main groups:

The Israeli occupation practices that hamper development efforts and the improvement of economic performance in Jerusalem.

The poor performance of public and private institutions and the heavy reliance on the results of the political process.

The Palestinian private sector's reluctance to invest in Jerusalem for economic and financial reasons, as well as for other reasons related to the poor investment environment.

In order to advance the Jerusalem economy, the influential economic sectors must be identified. To this end, this working paper identifies five key sectors (tourism; housing; trade and services; craft; and community development). The paper concluded with a number of recommendations aimed to promote these sectors. These recommendations focused on:

- ✧ Providing the supporting legal and institutional framework .
- ✧ Providing funding sources for investment.
- ✧ Focusing on human resources development , including the training and rehabilitation of workers.
- ✧ Intensifying social and cultural activities in Jerusalem.
- ✧ The paper devoted a large part to the role that the Palestinian National Authority must play in promoting the economy of Jerusalem, supporting the durability of its people, and giving Jerusalem products preference in government procurement.

The roundtable meeting included presentations on the results of the background papers and a speech by Mr. Ahmed Al-Rowaidi , who briefed attendees on the role of the Palestinian National Authority (PNA) in Jerusalem. The audience agreed unanimously that this role, though significant, was not adequate. It was also agreed upon that the private sector must play the primary role in the revitalization of the Jerusalem economy. Mr. Azzam Abu Al-Saud, as a representative of the private sector in Jerusalem, commented on the papers by noting that the Israeli obstacles provide the

greatest challenge to the efforts to revive the economy of Jerusalem and improve the conditions of its people.

Some important recommendations that the audience concluded (to contribute to improving the economic and social conditions in Jerusalem) include:

- ✧ Allocating a proportion of government procurement to goods and services produced in Jerusalem, and giving priority in the payment of the PNA domestic debts to the institutions operating in the city.
- ✧ Promoting internal and external tourism through the intensification of social and cultural activities, as well as through increasing the length of tourists stay in the city.
- ✧ Raising investment awareness among local and foreign businessmen to increase their investments in Jerusalem.- Supporting the Palestinian institutions in Jerusalem financially and logistically to empower them and enhance their role in backing Jerusalemites and their businesses.