Section III: Arresting the Shrinking Palestinian Economy and Mitigating Dependency on Israel: Challenges and Alternatives

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1. Is there any chance to establish effective industrial policy for the Occupied State of Palestine?

2. What regional cooperation mechanisms could be developed to boost the Palestinian economy?
Industrial policy

• It is a complex (and highly criticized) concept
• It relates to supporting specific sectors that are considered strategic for the economy
• There are three elements that are necessary for successful IP
  1. Dialogue between the private and public sector
  2. Strategy
  3. Data
Regional cooperation

- Common interests
- Trade relations can be the engine of cooperation
- It can provide the context in which to develop industrial policy
The OPT context

• Trade issues

• Shrinking manufacturing sector

• IP coupled with regional cooperation could provide an environment conducive to economic development
Warnings

• IP fails if there is no dialogue
• IP fails if the market is small
• IP fails if there is no domestic competition