

Economist: Israeli attacks on Gaza worst in years

No future for Palestinian economy without independence, UN paper says

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Dubai: The ongoing Israeli offensive in the Gaza Strip, which will enter its 18th day on Friday, is the worst on the Palestinian economy since the Israeli blockade against the improvised strip was imposed in 2007, a senior economist said.

The anticipated huge economic impact comes as a result of the large scale destruction of the Palestinian infrastructure in Gaza in the Israeli air, sea and land attacks, said Abdullah Dardari, chief economist and director of the economic development and globalisation division at the UN economic and social commission for Western Asia (ESCWA).

"The level of the destruction is rising everyday," Dardari said in an interview with Gulf News from Beirut, ESCWA-headquarters.

ESCWA has prepared an "initial" paper on the impact of the Israeli attacks on the Palestinian economy, as a prelude to a more detailed study on the topic expected next September.

The study aims to shed light on the fact of the repetition of destruction and construction without solving the core issue.

"After each construction process, there is a new attack and destruction. If we really want sustainability to the Palestinian economy, there must be an independent Palestinian state," Dardari added. "We are seeing, construction, finance and then destruction. Again, construction, finance and destruction and this is unsustainable [to the economy]."

However, "the current military escalation will have a more severe impact on the socioeconomic conditions in Gaza compared to the 2012 hostilities," ESCWA's initial paper noted.

"Today Palestine's GDP is equal to its level in 2000, at around \$6 billion, with Gaza's being \$1.6 billion. The economy is weaker compared to 2000, as there was not enough time for it to fully recover between two eruptions of violence," the paper added.

Also, Gaza economy in particular is “highly fragile as the potential source of growth, the private sector, has been significantly weakened. Gaza’s water situation is precarious and it is dependent on Israel for meeting much of its electricity needs. Gaza’s export activities have already been significantly curtailed due to the blockade,” it said.

While the GDP per capita in Gaza in 2011 hadn’t yet reached its 1999 level, Unemployment rate in Gaza for the first quarter of 2014 stood at 40.8 per cent up from 27.9 per cent in the second quarter of 2013, the ESCWA report said.