

The Portland Trust

Jenin Potential

Five months after the Jenin pilot security project began, it is unclear whether the operation has yet had a positive effect on Jenin's commerce and industry. The 'Smile and Hope' operation aimed to withdraw Israeli soldiers from the streets and checkpoints and to establish complete Palestinian Authority (PA) control in Area A of Jenin by deploying newly trained security units and launching an anti-crime campaign.

Jenin, one of the poorest areas in the Palestinian Territory, is the Northern Palestinian gateway to Israel. Before the Intifada, the Israeli labour market absorbed tens of thousands of Jenin residents. Following the outbreak of the Second Intifada in 2000, the Jenin workforce in Israel fell drastically. Only 45% of Jenin residents are economically active today and many live below the \$2.2 per day poverty line.

The Jenin Governorate depends heavily on agriculture and trade. In particular, it exports stone, marble and packaged agricultural products such as thyme and seeds. The trade is enhanced by strong relations with Arabs living in neighbouring parts of Israel. The Governor of Jenin, Qadura Mousa, told the Bulletin that if Israel were to allow free passage of Israeli Arabs into Jenin, the economy would improve significantly. But entry into Jenin from Israel through the Jalame crossing is restricted to those on foot.

The Bulletin interviewed Nasr Ityani, General Manager of the Jenin Chambers of Commerce. He said the operation had created a more law abiding environment, bringing relative peace to the governorate, local residents and businesses. Businesses are protected from illegal competition and most outstanding banking related issues have been resolved. The collection of taxes and the registration and insurance of vehicles has created further income for the PA. Foreign donors are looking for ways to support the Jenin operation and as a result of its success are more willing to participate in reviving Jenin's economy via infrastructure projects and relief programmes.

Alfred Kraft, from the Office of the Quartet, told the Bulletin that international financing for projects includes €4m grant from the Dutch Government to the Municipal Development and Lending Fund (MDLF) to stimulate employment and an electricity upgrade project, largely funded by the European Investment Bank. Water and Sanitation projects funded by USAID and the German government are due to be completed soon. The latter will enable the cultivation of vegetables

and fruits within a 182,000m area, which will be packaged to international standards and exported. There are plans for an organic agriculture project in the Marj Ibn Amer Valley, connecting Jenin with Israel. This will be jointly funded by the Jenin Governorate, Israel and European donors.

Plans for the Jenin industrial zone are moving ahead again with an agreement between the international community, the PA and Israel. The new facility is expected to employ over 5,000 people once it is completed in 2011. This month the Palestinian Public Works Minister, Kamal Hassounah, approved a €13m German proposal for the construction of external infrastructure of industrial and agricultural factories. The zone will encourage other investment projects and create employment.¹

It will take some time for these projects to bear fruit. According to Kraft, the economy has not yet picked up despite the huge improvement to security. Business has not flourished, economic activity continues at a depressingly low level and business confidence remains low. Ityani felt that the PA needs to grant special tax cuts to local businesses and encourage the Palestinian Monetary Authority to draft regulations that would require banks operating in Jenin to offer low-interest business loans.

The security plan is, according to Mousa, a vital piece connecting political stability and economic prosperity. Mousa hopes to transform Jenin into a land port since it is located close to, or with access to, the main Israeli ports and cities as well as Jordan, Syria and Lebanon.

The Jenin pilot is being rolled out to Nablus and Hebron.² It may be too soon to see a positive impact on these economies. But, as Middle East Quartet Envoy Tony Blair hopes, Jenin may act as 'a model for development, as well as political and economic stability.'³

1 <http://www.maannews.net/en/index.php?opr=ShowDetails&ID=32725>

2 <http://www.maannews.net/en/index.php?opr=ShowDetails&ID=32762>

3 <http://www.maannews.net/en/index.php?opr=ShowDetails&ID=32393>

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