




## **Palestinians Access to Area C Key to Economic Recovery and Sustainable Growth**

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More than half the land in the West Bank, much of it agricultural and resource rich, is inaccessible to Palestinians. The first comprehensive study of the potential impact of this restricted land, released by the World Bank today, sets the current loss to the Palestinian economy at about US\$3.4 billion. Area C constitutes 61 percent of the West Bank and is the only contiguous land connecting 227 smaller separate and heavily residential areas. The 1993 Oslo Peace Accords stipulated that Area C be gradually transferred to the Palestinian Authority (PA) by 1998. This transfer has never taken place. "The densely populated urban areas of the West Bank usually command the most attention," said Mariam Sherman, outgoing Country Director for the West Bank and Gaza. "But unleashing the potential from that restricted land, --access to which is currently constrained by layers of restrictions - and allowing Palestinians to put these resources to work, would provide whole new areas of economic activity and set the economy on the path to sustainable growth." With growth of approximately six percent annually needed to absorb new entrants to the labor market, let alone making a dent in the soaring rate of youth unemployment, urgent attention is needed to find ways to grow the economy and create jobs. A vital economy is essential for citizen well-being, social stability and building confidence to underpin the challenging political negotiations. However, the Palestinian economy, which currently relies on donor financed consumption and suffers from ongoing stagnation of the private sector, is unsustainable. The report estimates that if businesses and farms were permitted to develop in Area C, this would add as much as 35 percent to the Palestinian GDP. Freeing economic activity in Area C would have a particularly high impact on the development of businesses in agriculture and Dead Sea minerals exploitation, stone mining and quarrying, construction, tourism, and telecommunications. Other sectors would be able to benefit from improvements in the quality and cost of infrastructure and increased demand for goods and services. The volume of increased economic activity would greatly improve the PAs fiscal position. It is estimated that government revenues would increase by US\$800 million, which would cut the fiscal deficit by half, hence reduce the need for donor support, and reduce unemployment and poverty rates. "Access to Area C will go a long way to solving Palestinian economic problems, said Sherman. "The alternative is bleak. Without the ability to utilize the potential of Area C, the economic space will remain fragmented and stunted. Lifting multiple restrictions could transform the economy and substantially improve prospects for sustained growth." The World Bank 1818 H Street, NW DC 20433 Washington USA  
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