

**Space and development planning under occupation
Industrial zones in occupied Palestine**

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Abstract

The objective of my proposed research is to investigate the role of industrial zones planned to be build in the Occupied Palestinian Territories (OPT), specifically in the West Bank, in contributing to the social and economic development of the OPT and Palestinian society, and the impact of the industrial zones on the Palestinian labor force and on the broader Palestinian/Israeli conflict. My thesis is that industrial zones are not serving the purpose of creating an independent and viable Palestinian economy in the prospective of a possible independent state, but rather are increasing the fragmentation of the Palestinian territory and society. Moreover they will not bring any benefit to the conflict between Palestinians and the Israeli occupying force but more likely they will further unbalance the land control toward Israel at the expenses of Palestinians.

Introduction

Since the occupation of the Palestinian Territories after the 1967 war (Tessler 2009), Palestinians have adopted different strategies in order to create an independent state, liberating the land and the people from Israeli rule, from armed struggle to civil resistance, as well as formal diplomatic accords, such as the Oslo Accords of the 90s (Tessler 2009). In the last decades the Palestinian Authority (PA), the governing body of the West Bank, has been implementing international economic agreements, on the philosophy of “economic peace”, which are believed to set cooperative relations with Israel, as well as other countries but which do not seem to include any strategy of resistance or challenge of the current Israeli occupation.

Israel and the West Bank are clearly at different stages of economic development: Israel's

GPD is 40 times the GDP of the West Bank and a GDP per capita 20 times higher. The agricultural sector weights on the GDP more than 5 times more for Palestine than for Israel (FAO 2009a, 2009b)

Agriculture in the West Bank and Gaza provide work for more than 39% of those who work in the informal sector and sustain a large portion of Palestinians who cultivate their own land for survival (Fao 2009a).

Industrial zone could bring an abrupt change in the Palestinian economy. Some industrial zones, as specifically for example the Jenin Industrial Estate, are planned to be built on arable land. The Jenin Industrial Estate in the Al-Jalamah village, 6 kilometers north of the city of Jenin, is a traditional agricultural area and one of the largest and most fertile in the West Bank.

Palestinians have been refusing to sell their land and tried to oppose the expropriation (Bahour 2008, Hamdan & Hilal 2011). Large portions of the land in this village have been confiscated ever since 1998 when the plan of the industrial zone started, and increased in 2003 in order to build the Separation Wall and its “buffer zone” (Hanieh 2008). This research will focus mainly on this industrial zone because it is the one which is developing at the fastest pace.

Preliminary data and background

In 1996, the US-Israel Free Trade Agreement was enlarged to include in the free trade policy also the West Bank and Gaza and Qualifying Industrial Zones (QIZs) in Jordan and Egypt. Products from these zones can be exported duty free to the US, as long as they have a certain percentage of input from the participating countries (Israel and Jordan/Egypt/Palestine) (Moore 2005; Hanieh 2008).

In the spirit of economic development moreover, in 2008 the Palestinian Authority adopted the Palestinian Reform and development plan (PRDP). This plan has been developed in collaboration with the World Bank and the British Department for International development. The plan, amongst other neoliberal reforms and projects, has also led to the planning of industrial zones in the West Bank that resemble the QIZs in Jordan and Egypt.

In the West Bank there are at least 4 zones still under construction, partially on arable land, such as in the case of al-Jalamah (Bahour 2010). The purpose of the project of industrial zones is officially to promote peace in the region through economic development. The project is based on the strategy of “economic peace”, the assumption that economic prosperity would bring peace in the Israeli-Palestinian conflict¹. However it is doubtful whether the project could contribute to the economic development of the large Palestinian society, especially due to the peculiar condition of the Israeli occupation and its constraints, such as restrictions on movement and resources use.

Industrial zones are under construction in Jenin (Al-Jalamah), Nablus, Tarqumiya (near Hebron) and Bethlehem. They are expected to create about 40,000 jobs (Hanieh 2008, Hamadan & Hilal 2011), but in the long term this number may go up to 500,000 . As a result about 20% of the jobs in the West Bank will be connected to this zones. However there are rumors that in the zones, laws and regulations about labor, wages, environment and so on, will not apply (Hanieh 2008, Bahour 2010). Moreover movement in and out of the zones will be controlled by the Israeli military forces, which means that the project relies on complying to the military order of Israel, the occupying force.

¹ Trade Compliance Center, *West Bank And Gaza Duty-Free Treatment Of Products* Retrieved from http://tcc.export.gov/Trade_Agreements/All_Trade_Agreements/exp_005416.asp

Literature Review

According to Yiftachel and Yacobi (2003), “mixed ” space are often shaped by ethnonationalism and capitalism. The authors use the term 'mixed city' (and mixed space) in Israel/Palestine, referring to a space that is occupied by Jewish and Arab/Palestinian communities. In this type of spaces a dominant group appropriates the city and impose its domination and expansion.

Dominant group in mixed and contested space, namely those owning resources and controlling policy making, use planning, land and development policies, portraying them as neutral and technocratic, as a tool to maintain their dominance, the so called plannings as control which is common on settler society. Settler society are those, mainly following the tendency of European colonialism, aimed at settling newcomers in contested space in order to achieve political control and access to resources. Settlers try to change the local ethnic geography in the interest of the dominant ethnic group. In this way ethnoclasses are created, and are based on power relations between ethnic groups. The outcome of these interactions are structural economic and political stratification in which ethnic groups and class overlap. In the case of Israel/Palestine macro ethnoclasses can be identified in a powerful ethnoclass of Jewish and an excluded one made up by Palestinians (with additional stratification within each of them) (Yiftachel 1997).

Israeli political regime, while claiming itself to be democratic has been strongly based on an ethnocracy. In Israel, this regime has been aimed at expanding the Jewish national group, at the expenses of the excluded ethnoclass, the Palestinians (Yiftachel and Yacobi 2003, Yiftachel 1997).

The ethnocracy project is based on the Zionist ideology that Israel (but actually more accurately the area between the Jordan river to the Mediterranean) should be populated only by Jewish people. Therefore, while claiming itself democratic, Israel has implemented policies which has institutionalized the exclusion and segregation of certain groups mainly and foremost Palestinians. For this scope liberalization and market system have largely been employed. The ultimate project is the Judaization of Israel/Palestine (i.e. including the Occupied Palestinian Territories) and in parallel its de-Arabization. The ideal of nationalism, modernity and professional planning hide the marginalization of the Palestinians, and the clear hegemony of the Jewish population.

The creation of industrial zone, has often been presented in official documents and speeches as a way to modernize the Palestinian economy, while hiding this strategy of land control from the dominant ethnoclass (Israeli Jews, but also few Palestinian investors), and the dis-empowerment of small scale Palestinian farmers in the West Bank. Industrial zones project fit well the ethnocracy regime put in place by Israel. At the same time, this research on the industrial zones can highlight a further split within the ethoclass of Palestinians, i.e. Palestinian investors and Palestinian labor work force, therefore adding to the literature on ethnic conflicts.

Bollens (1998) defines Israeli cities with Palestinians inhabitants, especially Jerusalem/al-Quds, as polarized cities, in which a group of the urban population does not see urban and social institution as legitimate and able to produce outcomes in their favor. In this cities urban policy affects ethnic relations especially through land control and territoriality for example by changing the spacial distribution of groups and territorial boundaries.

The industrial zones could be used as another tool to diminish Palestinian land control,

just as Israeli planned have been using policies to decrease Palestinian land control in Israeli cities (Bollens, 1998). They will likely alter territorial boundaries, as Palestinian land, especially that at border with Israeli territory, will become property of international capital and indirectly (or directly) controlled by Israel.

Market base approaches moreover further deteriorate inequalities by producing a society divided in class, especially in the presence of national and international agreement, because they do not account for the daily interactions of ethnic groups at local level (Bollens, 1998).

Economic and cultural globalization, with the increasing movement of capital and people have influenced the planning and understanding of space. They have increased the opportunity for freedom and liberalism but have also created ground for exploitation and structural stratification (Marcuse and van Kempen 1999).

For these reasons industrial zones, which are the results of joint international agreements and capital investments, seem to be another case of land occupation, with the goal of political control over the West Bank from the most powerful classes. They can be an example of how international agreements are unable to account for local concerns.

Some studies have already explored the economy and the political economy of the region, especially of Jordan and Egypt, including the relations between foreign investments and aid with the domestic economy. For example Harrigan (2009) states that grants and aid from international institutions such as the IMF and the World Bank has contributed to the growth of the GDP but not to growth of employment. Studies have also been conducted on the political economy of Palestine, including aid and labor (Taghdisi-Rad 2010; Farsakh 2005) concluding that any economic relation between Palestine, Israel and/or international actors, which does not account

for the uneven power relations, does not contribute to Palestinian development and on the contrary perpetuate the inequality and normalize the occupation.

Whilst some research has begun to examine the political economy, the roles of the international community and investments in Palestine, little attention has been given to the implications of the industrial zones. In particular these studies do not consider the inequality within the Palestinian society and the consequences on the society and on the occupation policy of the industrial zones. Studies are also lacking in the environmental and geographical changes brought by the industrial zones and estates.

Development and Methods

Some of the questions I plan to answer with the proposed research are: “Who is really getting benefits from the industrial zones?”, “How are Palestinians involved in the industrial zones (as investors, decision makers, managers, workers, activists...) ?”, “Are industrial zones means of economic development or another strategy to legitimize the occupation and confiscation of Palestinians land?”, “What environment transformations are caused by the establishment of the industrial zones?” and “How does the future of Palestinian labor look like with international investors looking for cheap labour? ”, “How likely is the success of the 'economic peace' in changing the relations between Israeli and Palestinians and land control?”.

From the data and literature available some assumptions can be made in regard to the industrial zones in the West Bank. The population transfer and the land seizure, could cause a structural transformation of the economy. A large portion of Palestinians is dependent on agriculture, by confiscating and dedicating arable land to industrial zones, Palestinian farmers,

not only lose their survival means but might not find an alternative occupation in the industrial sector because of the large availability of cheap non-Palestinian labor.

Israel has been in complete control of the economy of the West Bank from its occupation in 1967 until the PA took control over it (mid 90s), and at that point the Israeli control became indirect by controlling service provision and resources. This project will perpetuate the economic dependence of Palestinian on Israel, in fact it does not include any change on this regard, on the contrary it claims that Israeli will release some movement and resources use restriction, such as water, to businesses in this zones. If this will be indeed accomplished, it will create a pool of disadvantaged farmers and Palestinian businesses located outside the zone, economically disenfranchised and marginalized (Hamdan & Hilal 2011, Hanieh 2008, Bahour 2010).

On the territorial aspect, the zones will likely normalize the structure of the occupation for example the separation Wall is projected to be the northern border of the industrial zone in al-Jalamah (the whole zone will be surrounded by a fence). In addition the PA has no control over water, electricity and telephone line, which are all managed by Israeli companies, and there is no central bank in Palestine, which will make problematic the export led strategy (Hanieh 2008, Bahour 2010). Goods are then planned to be exported to the USA, EU and Gulf States, and not to remain in Palestine.

The construction of industrial zones might require transfers of Palestinian population, this localized transfers and relocations are similar to those occurred with the construction of the Separation Wall, where in order to build this structure, Palestinians were moved to some closed areas, creating “Bantustans”, where they migrate from to find survival means (Farsakh 2005). It is

important to further study the extent to which the projects of industrial zones contribute to these transfers because they are their first tangible long term spatial transformations on the Palestinian territory, which will also last after a possible withdraw of Israel from the West Bank and leave less autonomy to Palestinians in spatial and environmental planning in the (possible) future Palestinian state.

The industrial zones project, as well as the other measures included in the PRDP, do not show any potential of changing the political situation in the Palestinian territories, and of making any step forward to the independence of Palestine and the struggle for equality. It will more likely instead strengthen the occupation by embedding it in economic institutions and system.

A close study of the industrial zones is important because their establishment and presence might have implications on several levels. This study might highlight the inequalities between Israel and Palestine as well as among Palestinians, namely Palestinian investors and Palestinian workers, a factor that could contribute to the understanding of the broader conflict and its actor.

Industrial zones might also have long term implication on Palestinian labor force, because if they will follow the trend of those in Jordan, most of the labor force will be characterized by a high turnover and made up of non-Palestinian migrants (Bahour 2010) and/or Palestinians who have to commute long distance, conditions which might hinder participation and the building of human capital (Moore 2005).

I will base my theoretical framework on theories of neoliberalism and uneven geographical development as articulated by David Harvey, especially for the analysis of the spatial structure and restructure of the territory following the establishment of the industrial

zones. I will also survey the literature on planning and development strategies in inter-ethnic conflict context, such as presented by Scott Bollens and Michael Dumper. As for the literature on political economy, I will base this research on previous findings of Leila Farsakh, Adam Hanieh, Sarah Roy and Adel Samara, Sahar Taghdisi-Rad.

The method of this research will be qualitative and quantitative, based on a collection of empirical data. The primary data sources will be the documents on labor rights and hiring policy in the industrial zones factories; agreements on which the industrial zones constructions are based on; orders, evidences and testimonies of land seizure and conversion from agriculture to other uses; employment rate and income in the West Bank prior and after the industrial zones and the opening of the factories.

I plan to conduct field research, carrying out interviews with local population, workers as well as managers and entrepreneurs to register the perception of the industrial zones and the awareness of their implications. I will conduct surveys on the labor force and managers employed in the factories to see what their characteristics are. I will also try to record the working conditions and contracts regulating labor in the factories, including environmental and safety policies. I will review the agreements regulating the establishment of the industrial zones, to see who the stakeholders and their benefits from these projects are. I will focus first on the area of Al-Jalamah since it is the one where there are more data available and it is the one that raises more concern since it is planned to be on a very fertile territory.

This research will be useful to economic actors, local and external, activists and donors, who are concerned with economic and social development of Palestine and Palestinians, especially in the prospective of an independent Palestinian state. The industrial zones in fact

could create economic, social and geographical effects which are long term and may theoretically permanently affect the landscape and the structure of Palestinian society and economy. It will also be valuable to the international community in general when considering its political and economical approach to the conflict and to Israeli occupation. Because of the internationalization of the capital, this research will be relevant to the international community and investors at large in order to highlight the consequences of international investments. Studying the impact of the industrial zones in Palestine will contribute to better understanding of the potentiality of the “economic peace” approach both to the Palestinians-Israeli relationship, as well as to other contexts of conflict.

Most of the literature on nationalism and state building does not account for internal division of nation and state, as it is the case of Israel/Palestine. My research will add to this literature, which as Yiftachel and Yacobi (2003) argue, is lacking the role of ethnonationalism and its causes and consequences on urban and political space, in the context of globalization and neoliberalism, and the state building in multiethnic societies.

This research will also add to the current literature on planning and development theories in contested and divided spaces. In fact, in the case of industrial zones, disagreement are not only between the occupying, hegemonic force (Israel) and the occupied and dis-empowered (Palestinians). There is an added layer of division that is specifically created by globalization and neoliberalism, and is the division existing among Palestinians. The project of industrial zone is in fact supported by the Palestinian Authority, and Palestinian companies/investors, which comprise a small minorities of Palestinians in the West Bank, as data on economy and GDP shows.

This research will also add to the literature on space and urban planning, which, while

lately has also included cases of contested space, it is still lacking of studies on “occupied” spaces, such as the Palestinian Territories. In particular in context where there are two governing bodies competing for power, like in the West Bank, where the Palestinian Authority and the state of Israel somehow share power in this territory while aiming at its complete control.

Timeline

I intend to spend the one academic year carrying out the extensive literature review and to prepare the material I will need for the field research, such as surveys and questionnaires.

Thereafter I intend to spend about a year in Palestine to do some empirical investigations to determine how industrial zones affect Palestinian society, including carrying out interviews and reviewing documents. I will spend a third academic year elaborating and analyzing data and writing up the dissertation.

Annotated bibliography

Bahour, S. (2010). Economic Prison Zones. *MERIP Report*, 10-11, November

Description of the industrial zones in the West Bank. It is one of the few articles containing also data on this zones, such as the projection on number of workers who will be employed. It gives indication of what could be changed in order to improve the project and to make it more suitable to the current Palestinian society.

Bollens, S., (1998). "Urban Planning Amidst Ethnic Conflict: Jerusalem and Johannesburg." *Urban Studies* 35, 4: 729-50.

This article explains that in polarized spaces, especially in Israel, territorial policies have been aimed at decreasing Palestinian land control, also through the market logic. The author explain the importance of considering the context of ethnic conflicts and polarization in planning in order to avoid inequalities. It is relevant because also industrial zones could be an example of a project aimed at decreasing land control of Palestinians.

Dumper, M., (1997). *The politics of Jerusalem since 1967*, New York, Columbia University Press

Even if this book concerns mainly with Jerusalem, it explains a lot of the Zionist logic and plan of occupation. Dumper writes that notwithstanding the international community has declared East Jerusalem and the West Bank under illegal occupation, it has been unable to stop Israeli settlements in these territories. It presents the domination as well as the illegality of Israeli occupation. It is relevant for this research because Dumper explains the complexity of this space, which is not only contested but also occupied. He explains how important it is to face the issue of occupation/colonization in order to deal with inequalities and marginalization of Palestinians. It supports therefore my assumptions that decolonization must happen in this territory, before we can deal with inequalities and development in this region.

FAO (2009a). Country Tables: Occupied Palestinian Territory. *FAO Water Report 34*. Retrieved November 19, 2010 from <http://www.fao.org/nr/water/aquastat/countries/wbgs/tables.pdf>

FAO (2009b). Country Tables: Israel. *FAO Water Report 34*. Retrieved November 19, 2010 from <http://www.fao.org/nr/water/aquastat/countries/israel/tables.pdf>

The website of the FAO reports statistical data on Palestine and Israel, these data are important in order to estimate the impact of industrial zones on the economy and on the population. Data about employment are also available. Unfortunately there is no indication of spacial distribution of the data, for example in each city, but they are aggregated for countries/region (i.e. West Bank and Gaza Strip, Israel...).

Farsakh, L. (2005) *Palestinian Labour Migration to Israel: Labour, Land and Occupation*. New York: Routledge

Book on the political economy of the West Bank and Gaza Strip, it explains the history of the Palestinian labor in Israel and how it helped maintaining the power relationship between Israeli and Palestinians. It shows how the Palestinian labor force has been used by Israel in order to implement its policy of occupation. It is relevant because industrial zones will create a large pool of Palestinian labor which again can benefit and profit more Israel (and other investing countries) than Palestinian themselves.

Hamdan, A., & Hilal, M. (n.d.). Industrial Zone in Jalama... Sacrificing Agricultural Land in exchange for promises for solving Unemployment Problem. *Bisan Center for Research and Development*. Retrieved on 12/01/2011 from <http://en.bisan.org/sites/default/files/Industrial%20zone-1.pdf>

This is the most comprehensive report on the al-Jalamah industrial zone, even if it is quite short, but it includes very important data on the investors and chronology of the development of the project. The report has been produced by Bisan, the main Palestinian NGO which is monitoring the progress of the industrial zones and the reaction of the Palestinian farmers.

Hanieh, A. (2008) Palestine in the Middle East: Opposing Neoliberalism and US Power, in *MRzine*, 19 July; online at <www.monthlyreview.org/mrzine>.

This article gives a good overview of most of the neoliberal policies adopted in the West Bank. It includes a description of the economic agreements of Palestine, and the possible consequences they can have on Palestinian labor. It gives historical background of the agreements and of the birth of the industrial zones project. It also collocates these project within the global economy and global struggle for inequalities.

Harrigan, J. & El-Said, H (2009). *Aid and Power in the Arab World: IMF and World Bank Policy-Based Lending in the Middle East and North Africa*. Palgrave MacmillanBook

This book examines the political economy of the Middle Eastern region in the last decades. It gives important data on the failure of neoliberal policies in some countries of the region. In particular on how economic growth did not correspond to economic development. In fact the apparent growth after the reforms led by the IMF and the World Bank, did not bring an equal growth in employment and income of the population of the countries which adopted the reforms. It provides important examples within the region of the inefficacy of international investments and neoliberal policies.

Harvey, D. (2005) *A Brief History of Neoliberalism*. Oxford: Oxford University Press

The author explains what neoliberalism is and how it originated. The book also tells what the main consequences of neoliberalism are. It is useful because I make reference to neoliberalism

often, since the industrial zones are products of a plan which follow the ideology of neoliberalism.

Hever, S. (2010). *The Political Economy of Israel's Occupation: Repression Beyond Exploitation*. London: Pluto Press

This book explain some relationship about the occupation and the political economy of Israel and Palestine. The authors says that Israel has prevented the development of the West Bank. Even if the occupation is uneconomic for the general Israeli economy, there are strong military and business interests, connected to some political elite, which profit from the occupation. At the same time, he says that the PA has also had some benefits from the occupation. This is important to explain the stratification of both the Palestinian and the Israeli society, and the respective interests which drive public policies.

Marcuse, P., & van Kempen, R., (eds.). (1999) *Globalizing Cities: A New Spatial Order?* Oxford: Blackwell

This book is about the spacial division in globalization era. It shows how globalization and liberalization economy create division in the cities and patterns of segregation. It is relevant for this research because the industrial zones are planned with a neoliberalism and free market logic, and the theories of the book can support my assumption that the industrial zones will further fragment Palestinian space and society.

Moore, P. (2005) "QIZs, FTAs, USAID and the MEFTA: A Political Economy of Acronyms" *MERIP Reports*, no. 234

This article explain how some industrial zones in the Middle East came to existence and the agreements behind them. It is useful in order to compare and see the differences and relations between them. The article is also useful to contextualize my research in the regional economic environment.

Roy, S. (1995) *The Gaza Strip: The Political Economy of De-Development*. Washington DC: The Institute for Palestine Studies.

This book concludes that policies of development have actually a political goal in the Palestinian territory of Gaza Strip. Policies carried out in collaboration with Israel and which were supposed to bring development in Gaza, have actually had the opposite effect, by creating dependency on external resources. This book, even if it is focused on Gaza, show a precedent similar approach to the resolution of the conflict and to development of Palestinian territories. The author concludes that political and economic independence are to be achieved before any economic cooperation with Israel in order for development plan to be successful.

Samara, A. (2001) *Epidemic of Globalization: Ventures in World Order, Arab Nation and Zionism*. Glendale, CA: Palestine Research and Publishing Foundation

The book presents Palestine in the context of the global economy. It is relevant because it tells how globalization and the market have influenced the relationship between Zionism and Arab Nationalism, in particular the one in Palestine, and therefore how globalization is compromising the possibility of the independence of Palestinians.

Taghdisi-Rad, S. (2011). *The Political Economy of Aid in Palestine: Relief from Conflict or Development Delayed?*. London: Routledge.

This is one of the most comprehensive books on the political economy of Palestine. It has several historical and economic data. It explain how foreign money, in the form of aid and through NGOs have hindered development in Palestine. It explain how the occupation prevent economic development.

Tessler, M. (2009). *A History of the Israeli-Palestinian Conflict*, 2nd edition, Bloomington: Indiana University Press.

A book with a comprehensive history of the Israel-Palestine region and the conflict in this area. It is relevant because it provides historical fact which are important in order to understand the present situation and how the conflict could evolve. It is also important in order to understand the reason why some policies are implemented at the present time and how they came to existence.

Yiftachel, O. (1997). 'Israeli Society and Jewish-Palestinian Reconciliation: Ethnocracy and Its Territorial Contradictions'. *Middle East Journal*, Vol. 51: 505-519

This article explains the division of ethnicities and classes, and how they overlap, creating ethnoclasses in Israel. The author gives details of how policies are clearly unbalanced in Israel toward only one ethnoclass. It provides a basis to start some hypotheses on the reconciliation through economic reforms, because it argues that policies are implemented only with the interest of the dominant Israeli elites in mind.

Yiftachel, O., Yacobi H, (2003) "Urban ethnocracy: ethnicization and the production of space in an Israeli 'mixed city'" *Environment and Planning D: Society and Space* 21(6) 673–693

The authors explain very well how the planning in Israel has been driven by the ideology of Zionism, discriminating non-Jewish groups. It is relevant because it shows what the priorities of Israel have been, i.e. basically demographic expansion and land grabbing also by recurring to discriminatory policies.