Markets in Protracted Crises

Boycott as a Mechanism for Exercising Market Power: the Case of Palestine Under Colonial Occupation

After years of enduring situations of protracted conflict and other forms of crises, populations typically find ways to adapt to and function within a new normal. In Palestine, the 'normal violence'¹ of Israeli colonization, occupation, and siege – with intermittent 'spectacular violence', such as the bombing campaigns carried out against Palestinians in Gaza – has been present since 1948, 1967, and 2007 respectively.

In the process, the food and agricultural system has suffered immensely, including the ability of Palestinian smallholder farmers to access both domestic and export markets.

Crises inevitably attract outside aid interventions, be it from donor countries, international organizations or NGOs, as has been the case with Palestine. One common characteristic of the majority of these interventions is that they seek to help populations cope within difficult situations but do not sufficiently address or challenge their root causes.

In recognition of and response to this unfortunate fact, Palestinian civil society is responding with a broad, sustained boycott of Israeli products as a mechanism to exercise market power.

Food and Agriculture in Palestine

Communities living in protracted crises are particularly vulnerable to food insecurity for a wide range of reasons, often unique to each particular crisis. More than one-fifth of the global total of undernourished people live in a situation of protracted crisis, and the mean prevalence of undernourishment in cases of protracted crises is 39%, compared to 15% on average in the rest of the developing world².

In the occupied Palestinian territories (oPt) of the West Bank and Gaza Strip, 33% of the population, or 1.6 million people, is food insecure³, with

Population of the occupied Palestinian territories (oPt)

West Bank population:2. 9 millionaGaza population:1.85 millionaTotal population (oPt):4.75 milliona% Urban population (oPt):73.9%b% Rural population (oPt):16.7%b% Refugee camp pop. (oPt):9.4%b

* a further 6.14 million Palestinians live in the diaspora, and 1.47 million live within the state of Israel ^a PCBS 2015

¹ Lambert, L. 2014: "The Continuous Siege: Spectacular and Normal Territorial Violence in Gaza",

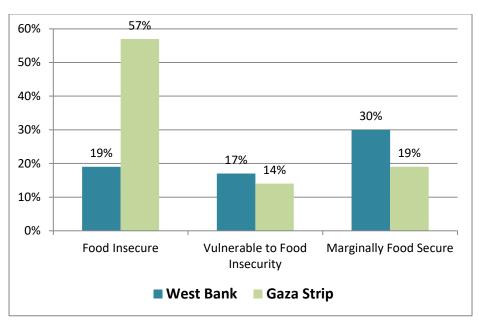
http://thefunambulist.net/2014/10/18/palestine-the-continuous-siege-spectacular-and-normal-territorial-violence-in-gaza/; "Colonial Economy in Gaza and the West Bank: The Normal Violence of the Paris Protocol",

http://thefunambulist.net/2014/11/07/palestine-colonial-economy-in-gaza-and-the-west-bank-the-normal-violence-of-theparis-protocol/

² FAO. 2015. The State of the Food Insecurity in the World: page 37

³Palestinian Central Bureau of Statistics, FAO, UNRWA and WFP. 2013. *Socio-Economic and Food Security Survey: West Bank and Gaza Strip*.

significantly higher levels in the Gaza Strip. Palestinians in the oPt spend 34.5% of their income on food, making food their biggest share of cash expenditure⁴.



Food Insecurity in the West Bank and Gaza Strip (% Population)⁵

The local food production system in the oPt is small, and shrinking: in 1987 agriculture contributed to 18.8% of GDP, down to just 5.6% in 2012⁶. This has been due primarily to impacts of the Israeli occupation, including appropriation of land, violence and threats of violence by Israeli settlers towards Palestinians working in the field, and restricted access to productive resources.

The sector is the third largest employer in the oPt, engaging around 15% of the formal labour force (higher when informal employment is considered)⁷. Both the West Bank and Gaza Strip also experience a high dependence on staple food imports, with an export/import ratio of 1.1 compared to a world average of 11.3, and food production per capita⁸ of 135, compared to a world average of 233⁹.

⁴ PCBS. 2011. Palestinian Expenditure and Consumption Survey. By territory: 32.7% in the West Bank; 39.4% in Gaza Strip

⁵ Definition of Terms: Food Secure – Households with income and consumption above \$7.07/adult equivalent/day; Marginally Food Secure – Households with either income or consumption (not both) above \$7.07/adult equivalent/day; Vulnerable to Food Insecurity – Households with both income and consumption below \$7.07/adult equivalent/day; Food Insecure – Households with income and consumption below \$5.65/adult equivalent/day. In: Palestinian Central Bureau of Statistics, FAO, UNRWA and WFP. 2013. Socio-Economic and Food Security Survey: West Bank and Gaza Strip.

⁶ UNCTAD. 2015. *The Besieged Palestinian Agricultural Sector*.

⁷ Ibid.

⁸ "Food production per capita is calculated as the vector of quantities of total food production multiplied by the 1999–2001 average international commodity prices in international dollars, and then divided by total population of the corresponding year." [From Yu, You, and Fan. 2010. "Toward a Typology of Food Security in Developing Countries", IFPRI Discussion Paper 00945.]

Impact of Israeli Occupation and Blockade on Palestinian Agricultural Markets

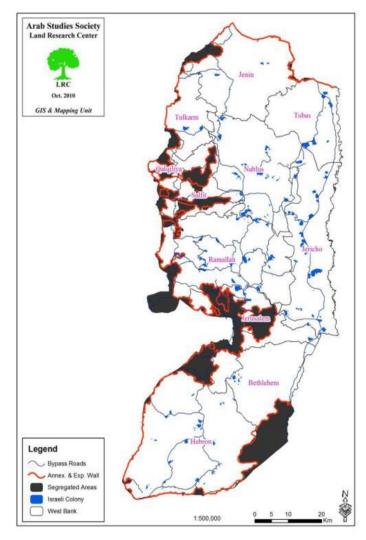
The Israeli occupation and blockade have had a profound, detrimental effect on the agricultural system in the occupied Palestinian territories. The most significant impact has been on the production end, through the confiscation of Palestinian land - in particular farmland - by Israeli forces for illegal settlement construction and other uses, as has been well documented. Settlements are built on 200km²

of land appropriated by the Israeli government; 196km² has been destroyed for the building of settler bypass roads; and 814km² has been taken through the construction of the apartheid wall¹⁰. Because of this, only a small number of Palestinians are able to continue to cultivate their land.

The occupation also severely impacts the ability of Palestinian smallholders to access markets, domestic and foreign. Market access is essential both to the purchase of necessary agricultural inputs, and in order to sell produce and other agricultural goods. This limitation in market access occurs in a number of ways.

Explicit Restriction to Market Access

The Israeli occupation imposes explicit restrictions on Palestinian food producers in the West Bank and Gaza which severely limit access to both local and external markets. In the West Bank, the Israeli government maintains a series of checkpoints and internal closures which



hamper movement for all Palestinians. These closures make the transport of produce from rural to urban areas unnecessarily onerous, often resulting in time delays and subsequent increased cost for transportation, storage and food losses. Palestinians moving agricultural products within the West Bank are also required to obtain permits to do so, a system implemented and enforced by the Israeli military.

Israel has sole control over all external borders in the West Bank, a condition that is reflected and entrenched in the Paris Protocol on Economic Relations, the customs union signed between Israel and the Palestinian Authority (PA) as an annex to the first Oslo Accord in 1994. Though intended as a five-

⁹ ESCWA. 2010. Food Security and Conflict in the Arab Region.

¹⁰ 2010. Land Research Center.

year interim economic framework of preferential trade between the two parties, the policies are still implemented today.

Article VIII of the Protocol focuses specifically on agriculture, articulating conditions of trade between Israelis and Palestinians which superficially appear balanced, including the free and unrestricted movement of produce and access to markets between the two sides, and the explicit acknowledgement of Palestinians' right to export to external markets without restrictions¹¹. However, implementation of the Protocol has shown otherwise.

Since the customs union went into effect, the Palestinian agricultural sector has seen a decline, and dependence on Israeli and Western food products has increased. Despite the balanced language contained in the agreement, Israel has used the unequal power relations between the two parties to maximize the amount of produce it exports to the Palestinian territories, while minimizing the amount it imports. The oPt's trade deficit with Israel has grown substantially since the signing of the Oslo Accords and Paris Protocol, increasing from -\$922 million USD in 1995 to -\$2.840 billion in 2010¹².

Through the Protocol, Israel maintains not only full control of external borders, but also over tax and customs revenue which it collects on behalf of the PA. In trade with third parties, Israel passes on 20% of its import quota to Palestinians, so that the amount of cheap imports is reduced within Israel's recognized borders but increased in the oPt, and shares none of its corresponding export quota with Palestinian¹³ – a raw deal for Palestinian producers looking to export their produce. Palestinians are also required to obtain Israeli approval for all external trade. The cost of importing and exporting for Palestinian producers has been shown to be twice that of Israeli producers, with importing taking four times as long¹⁴. Furthermore, all Palestinian agricultural exports must transit through Ben Gurion airport in Tel Aviv, and products are often damaged because of the long waits at internal borders, multiple inspections, and often intentionally by Israeli officials.

The Paris Protocol is a telling example of how economic treaties and free trade agreements using language of equality and balance can be manipulated by the party which holds greater power over the other, thus undermining the possibility of equal benefit by each.

Israel has maintained an ongoing blockade on Gaza since 2007 (though restrictions have existed since the early 1990s) which as a rule prevents farmers from exporting fresh produce. This includes the imposition of 6 nautical mile limit on the Mediterranean; thus, despite having a 40 km shoreline, the

¹¹ 1994. The Palestinian-Israeli Interim Agreement On The West Bank & The Gaza Strip, ANNEX V – Protocol on Economic Relations, Article VIII: Agriculture.

¹²UNCTAD. 2011. Report on UNCTAD assistance to the Palestinian people: Developments in the economy of the occupied Palestinian territory.

¹³Ahmad, A. 2014. "The Customs Union and Israel's No-State Solution." Al-Shabaka, https://al-shabaka.org/briefs/the-customsunion-and-israels-no-state-solution/

¹⁴ UNCTAD. 2015. *The Besieged Palestinian Agricultural Sector*.

Gaza Strip is de facto land locked, having no access to global trade. Current export numbers are at less than 2% of their pre-blockade levels, with only 148 truckloads of food exports permitted in 2012¹⁵.

Conditions in both the West Bank and Gaza thus highlight the vulnerability of farmers who produce crops specifically for the export market.

Israeli Food and Agricultural Products Flooding Palestinian Markets

Palestinian markets in the West Bank are steadily flooded with Israeli agricultural and industrial food products, due in large part to the biased implementation of the Paris Protocol. Israel heavily subsidizes its own agricultural sector which keeps prices for consumers relatively low, ensuring that the cost of Palestinian produced food is unable to compete with Israeli imports.

The internal restrictions in movement described above also play a role in availability and cost of Palestinian goods. Decline in Palestinian agricultural production due to expropriation of natural resources by Israeli settlers is an added factor in this. Much of the Israeli produce sold in Palestinian West Bank markets is grown illegally on large-scale industrial farms on stolen land in the Jordan Valley, cultivated by Israeli settlers who receive substantial support from the Israeli government¹⁶. Several small-scale Palestinian farms, which do not receive similar support, have been abandoned due to their inability to compete with Israeli agri-business products¹⁷.

Reliance on Donors and International Aid

Palestine, like many countries experiencing protracted crises, relies heavily on donor assistance and international aid. Accepting aid has often meant accepting the terms and recommendations of those offering assistance.

The aid industry in the oPt has been widely criticized and debated for a number of reasons¹⁸. In the agricultural and food sectors, it has been argued that aid "directs Palestinians to consume what they don't produce; and eat only what and when their occupier allows"¹⁹.

As part of NGO projects aimed at helping producers, many Palestinian farmers have been encouraged to produce chemically-intensive, industrial-style²⁰, export-oriented agricultural produce: in Gaza, this has primarily meant flowers, strawberries, and cherry tomatoes; in the West Bank this has been largely the Medjool variety of date. This has contributed substantially to a decline in Palestinian production that supports local food needs.

¹⁵BDS Movement. 2013. Farming Injustice: International trade with Israeli agricultural companies and the destruction of Palestinian farming.

¹⁶Elaydi, H. 2013. Access Through Power: Assessing Mechanisms of Access for Settler-Farmer Agriculture in the Jordan Valley.

¹⁷ Sansour, V. and Tartir, A. 2014. "Palestinian Farmers: A Last Stronghold of Resistance." Al-Shabaka, https://alshabaka.org/briefs/palestinian-farmers-a-last-stronghold-of-resistance/

¹⁸ See for example, Murad, M.L. 2014. "Donor Complicity in Israel's Violations of Palestinian Rights." Al-Shabaka, https://al-shabaka.org/briefs/donor-complicity-in-israels-violations-of-palestinian-rights/

¹⁹ Nakhleh, K. 2014. "Oslo: Replacing Liberation with Economic Neo-Colonialism." Al-Shabaka, https://al-

shabaka.org/commentaries/oslo-replacing-liberation-with-economic-neo-colonialism/

²⁰ Mansour, A. 2012. Impact of Post Oslo Aid Interventions on the Palestinian Agricultural Sector.

Recommendations for farmers to focus on export agriculture has also overlooked the context of occupation, whereby Israeli control over the best agricultural land, access to subsidies, and control over Palestinians' ability to export means that Israeli settlers are significantly better positioned to compete for export markets. Palestinian farmers are thus often forced to sell their land to agribusiness intermediaries at very low cost²¹. Again, this highlights the vulnerability of the local food system due to this push for export-oriented agriculture.

Special Economic Zones

Development of industrial zones (also known as Special Economic Zones – SEZs) in the West Bank began in the 1990s as part of the neo-liberal economic movement implemented by the PA following the Oslo Accords. The SEZ model is promoted by major developed donor countries – West Bank projects are sponsored by a Germany-Turkey partnership (near Jenin), France (in Bethlehem), Japan (in Jericho), and a World Bank-Turkey partnership (near Hebron)²². The PA's rationale for these export-oriented projects include the opportunity to export the "Made in Palestine" label; job creation (as the zones will use all-Palestinian production inputs and raw materials), increased GDP (as the zones will attract investments), and help for Palestinians to retain and cultivate their lands²³.

However, small-scale food producers, who have not been consulted about these zones, have a different perspective. Increasingly, the PA is confiscating land belonging to Palestinian farmers in order to build these zones by claiming 'eminent domain', which allows the government to purchase land at below market value prices to use for 'public good'²⁴. Disturbingly, the Jenin Industrial Zone is being constructed on some of the most fertile land in Palestine. By deliberately stripping food producers of their land, locals are concerned they will be turned from productive farmers into wage laborers.

Far from helping the Palestinian struggle for sovereignty, these zones are also complicit in the occupation of the West Bank, as they have a symbiotic relationship with the existing Israeli settlements, and provide an easy way for other Israeli companies to work within the Palestinian economy²⁵.

Boycott as a Mechanism for Exercising Market Power

Despite the flood of cheap Israeli goods on Palestinian markets and the theft of agricultural land by Israeli colonies in the West Bank, Palestinians have a strong drive to resist this externally-imposed

²¹ Mansour, A. 2012. Impact of Post Oslo Aid Interventions on the Palestinian Agricultural Sector.

²²Bahour, S. 2010. "Economic Prison Zones", MERIP.

²³Tartir, A. 2012. "Jericho Agro-Industrial Park: A Corridor for Peace or Perpetuation of Occupation?" Bisan Centre for Research and Development.

²⁴Sansour, V. and Tartir, A. 2014. "Palestinian Farmers: A Last Stronghold of Resistance." Al-Shabaka, https://alshabaka.org/briefs/palestinian-farmers-a-last-stronghold-of-resistance/

²⁵Tartir, A. 2013. "PA Industrial Zones: Cementing Statehood or Occupation?" Al-Shabaka, https://al-

shabaka.org/commentaries/pa-industrial-zones-cementing-statehood-or-occupation/

system. One form of resistance this takes is boycott, which acts as both a mechanism for exercising market power²⁶ and as a form of political participation.

Boycott is a legitimate form of resistance with a long history of use in the food system. In 1930, as part of a boycott of the colonial British salt monopoly in India, Mohandas Gandhi led a march to the sea to enable people to produce their own salt using traditional methods. International consumer boycotts are also widely used to protest corporate theft of natural resources.

In Palestine, boycott as resistance has always been coupled with increased production of and demand for domestic small-scale food products. During the first intifada (1987-1991) widespread boycott of the occupation meant that the vast majority of Palestinians supported only locally produced food, and many people became food producers themselves, growing their own 'victory gardens'. Communities often found innovative ways to covertly support Palestinian food sovereignty. An example of this occurred in the town of Beit Sahour, where the Agricultural Neighborhood Committee purchased and raised 18 cows in order to provide milk to its population; these cows quickly became the target of an Israeli military campaign, on the grounds that they were a threat to Israeli security²⁷.

The current boycott movement can be seen in part as a reaction to the highly unequal economic relationship between Israelis and Palestinians. In 2010, the PA announced an official ban on goods from the settlements, but this was not enforced²⁸. Many Palestinians are not even aware that much of the produce in local markets originates in Israel or in the settlements. Current initiatives recognize that a large part of supporting the boycott is supporting local producers, and facilitating links between those producers and consumers.

The Sharaka initiative²⁹, founded in 2009, is a non-profit, volunteer organization which seeks to link small-scale food producers and consumers, and to raise awareness of the importance of supporting small-scale farmers. The initiative envisions a food sovereign Palestine, based on sustainable methods, as a form of resistance to the colonial-occupation of Israel. The initiative functions independently, and does not accept politically tied international funding. In addition to advocating the boycott of Israeli produce, Sharaka promotes a return to the production and consumption of 'baladi'³⁰ foods, and encourages activities such as foraging and making preserves. Sharaka has organized a number of activities towards achieving this, including farmers markets featuring local food producers, traditionally cooked bread, local musicians, vegetable seedlings, and meals; weekly produce baskets; nature walks aimed at teaching people how to identify wild plants; 'pick your own' fruit and vegetable outings to local farms; baladi seed exchanges; and underground restaurant meals featuring seasonal baladi food

²⁹ Sharaka – Community Supported Agriculture facebook group.

²⁶ Brennan, T. 1992. "Refusing to Cooperate with Competitors: A Theory of Boycotts," *Journal of Law & Economics*, 35: 247-264.

²⁷See "The Wanted 18" (film), 2014. Directed by Amer Shomali and Paul Cowan.

²⁸Sansour, V. and Tartir, A. 2014. "Palestinian Farmers: A Last Stronghold of Resistance." Al-Shabaka, https://al-shabaka.org/briefs/palestinian-farmers-a-last-stronghold-of-resistance/

https://www.facebook.com/groups/360906177468/?ref=ts&fref=ts

³⁰ Wikipedia: "native, natural, fresh, un-cultivated and un-engineered"

products. Participants of the initiative also actively share locations of other pop-up local Palestinian markets around the West Bank³¹.

With similar objectives, two Palestinian activists, in partnership with an international organization³², undertook research to write "Conscious Choices: A Guide to Ethical Consumerism in Palestine", as a response to the "systematic and institutionalized human rights abuses, belligerent military occupation, and crippling conditional aid"³³ which Palestinians face. The guide, published in both Arabic and English, features short biographies and practical information on a number of small-scale Palestinian food producers. The purpose of the authors was in part to challenge the Orientalist narrative that the West Asia region is naturally barren, water-scarce, and unproductive, and to return to the understanding of agricultural abundance which previous generations experienced.

The boycott of Israeli products also functions internationally, through the Boycott, Divestment and Sanctions (BDS) movement. BDS originated as a call from Palestinian civil society to boycott all Israeli products – not only those coming from settlements on occupied land – until the state of Israel complies fully with its obligations under international law and recognizes Palestinian rights³⁴. The movement identifies the agricultural sector as one of its key campaigns. BDS also pushes for labeling of Israeli settlement products sold in foreign markets so that consumers are aware of where their food comes from, and pressures major supermarket chains to stop the import of settlement products³⁵.

Other Impacts and Potentials of the Boycott Mechanism in Palestine

Support for the Israeli boycott, and boycott-related initiatives, has several impacts beyond the linking of Palestinian smallholders with consumers. The most important of these is the direct resistance to the Israeli occupation, the root cause of nearly all problems facing food producers in the oPt. Boycott reflects a shift away from dependence on an imposed, unstable food supply towards a system of food sovereignty under which Palestinians are in control of the sources of food they consume.

In the oPt, there is also a clear and important link between the boycott of Israeli food products as a mechanism for exercising market power, the active promotion of small-scale food producers as an alternative food source, and access to land. Organizations such as Arab Group for the Protection of Nature (APN) confront Israel's ongoing confiscation of Palestinian farmland and other resources through tree-planting, in response to Israel's systematic uprooting of trees, and through other direct forms of support for food production. Initiatives such as this help maintain access to land, but need to be

³¹ Sharaka – Community Supported Agriculture facebook group.

https://www.facebook.com/groups/360906177468/?ref=ts&fref=ts

³² Heinrich Boell Stiftung, a German political organization affiliated with the Green Party of Germany. The German Green Party actively pushes for labeling of Israeli products from settlements in the occupied West Bank and Golan Heights in the Bundestag (German parliament).

 ³³ Dajani, M. and Isma'il, L. 2014. Conscious Choices: A Guide to Ethical Consumerism in Palestine. Heinrich Boell Stiftung.
³⁴ BDS Movment, 2015. bdsmovement.net

³⁵BDS Movement. 2013. Farming Injustice: International trade with Israeli agricultural companies and the destruction of Palestinian farming.

combined with movements that improve access to markets and consumers to ensure that farmers are able to retain their agricultural livelihoods and remain in rural Palestine.

An added benefit to connecting smallholder farmers to consumers is that it contributes to a popular revival and appreciation within Palestine of traditional baladi foods, challenging the dominant agribusiness model on which food imports are based.

Many internationally funded NGO projects in the oPt seek to help Palestinian farmers achieve pseudonormal production practices within the confines of the occupation, but do not sufficiently challenge the occupation itself. The greatest difference, and greatest potential, of the boycott movement is the direct challenge it poses to Israeli control over Palestinian food producers and consumers. Sustained, widespread boycott of Israeli produce has the potential to result in heightened international awareness of the difficult circumstances of Palestinian small-holders, and will lead to the financial unsustainability of Israeli agricultural settlements in the West Bank.

International Causes, International Solutions

The Palestinian food system faces challenges not only from the Israeli occupation forces, but also from the Palestinian Authority. Since the signing of the Oslo Accords, the PA has promoted the same neoliberal policies and approaches prevalent in much of the developing world from the early 1990s onward. These have been especially harmful in Palestine³⁶, as the context of the occupation and limitations which it brings is not accounted for in conventional economic theory.

Like many developing nations around the world, farming in the oPt is also severely underfunded, with less than 1% of the PA's annual budget going to the agricultural sector; international donors also neglect Palestinian agriculture, with less than 1% of the international aid it receives going to the sector.³⁷ This neglect is incompatible with the need for Palestinians to re-claim stolen lands and natural resources, and to re-establish control over the food system.

Recommendations

In situations of protracted conflict, third parties – including governments, international institutions, and civil society – should commit to two basic principles:

- 1. to abide by international law, and refrain from being complicit in breaches of international law by other parties
- 2. to respect human rights for all, and refrain from being complicit in disregard of human rights by other parties

³⁶ LeVine, M. 2009. *Impossible Peace: Israel/Palestine since 1989*.

³⁷Sansour, V. and Tartir, A. 2014. "Palestinian Farmers: A Last Stronghold of Resistance." Al-Shabaka, https://al-shabaka.org/briefs/palestinian-farmers-a-last-stronghold-of-resistance/

Internationally, this means that countries should end support for all illegal and irresponsible partnerships and investments – including through support of restrictions against Israel as an occupying power. Engaging in trade of Israeli settlement produce from the occupied Palestinian territories has been found to be in breach of obligations under international law³⁸. Such obligations are now reemerging in public debate: the European Union, for example, in 2013 re-affirmed its own pre-existing laws banning cooperation with settlement enterprises.

Several human rights based international policies focusing on the food and agricultural system exist, such as the *Framework for Action for Food Security and Nutrition in Protracted Crises*, and the *Principles for Responsible Agricultural Investment*, both from the Committee on World Food Security, but there is a need to ensure their effective implementation.

Accurate labeling of produce is a further action that the international community must take to ensure that concerned consumers are aware of who and what they are supporting through their purchases. The EU took steps on this issue in November 2015, issuing new mandatory labeling guidelines for fresh fruits and vegetables, wine, honey, olive oil, eggs, poultry, organic products, and cosmetics coming from the West Bank, East Jerusalem, Gaza and the Golan Heights, to differentiate between Palestinian and Israelicolony products³⁹.

Conclusions

Situations of conflict are often characterized by an imbalance of power and disregard for basic human rights and international law. This imbalance and disregard can also been seen in the functioning of the food system.

Solutions to asymmetrical market access should therefore not only focus on the ability of actors to function better within an asymmetrical system, but should also directly challenge the injustices of that system. In all cases of conflict and other protracted crises, cures for the symptoms of the problems must come in tandem with direct solutions to the problems themselves. The boycott mechanism fulfils this mandate by both supporting local producers and holding accountable the parties responsible for violations against smallholders.

The international community has an important role to play in helping food producers in situations of conflict to effectively participate in both local and international markets. Ensuring compliance with international law and guidelines and respect for human rights is both an act of support and solidarity with these farmers and a way to ensure that market power is taken away from those who are committing injustices against these farmers.

³⁸ Al Haq. 2013. Feasting on the Occupation: Illegality of Settlement Produce and the Responsibility of EU Member States under International Law.

³⁹European Union External Access Service. 2015. Indication of Origin Fact Sheet.

http://eeas.europa.eu/delegations/israel/documents/news/20151111_indication_of_origin_fact_sheet_final_en.pdf