

Article 18 of the Mandate stipulated that no preference in trade should be given to the mandatory state (i.e., the United Kingdom)³⁵ but also that there should be “no discrimination” against any state that is a member of the League of Nations. However, this condition was also curiously applied to all other states that had commercial treaties with the United Kingdom.³⁶ In effect, this meant the granting of most-favored-nation status to all the countries with whom Palestine traded.

In practice, this has meant that Palestine had no rights to negotiate reciprocity trade agreements or respond with tariff retaliation against other countries when warranted.³⁷ This meant that several countries had an open market in Palestine without necessarily importing anything of significance from her. An example of such a country was Japan, which in 1936-1939 exported £P 1,560,000 worth of goods to Palestine, while importing only £P 48,000 from her.³⁸

Thus, in the 1930s, when the output and export of citrus were rapidly increasing, that was also a time of increasing economic protectionism that included tariffs, quotas, currency exchange restrictions, and unsuitable barter agreements. So, when Palestine was faced with those trade barriers, and incapable to retaliate,

³⁵See Smith, 20-5, on a discussion of how the United Kingdom evaded that stipulation.

³⁶*Survey I*, 441; *Survey II*, 967.

³⁷Smith, 25; Nathan et al., 210-1; Gurevich, *Handbook*, 124; Horowitz and Hinden, 71.

³⁸Sawwaf, “Trade,” 441; Nathan et al., 319.