

Table (V - 9)

Volume of international trade 1978

(Million Jordan Dinars)

	<u>Exports to</u>	<u>Imports from</u>	<u>Excess of Imports</u>
Israel	27.3	91.1	63.8
Jordan	16.8	1.5	-15.3
Other countries	0.3	12.8	12.5
Total	44.4	105.4	61.0

Source: Derived from Statistical Abstract of Israel 1980, op. cit., p. 685. Exchange rate for 1979 is averaged at IL83.9 per Jordan Dinar.

The consequences of the West Bank's constricted trade relations are pervasive and quite fundamental. Local producers have had to enter into competition with aggressive and better qualified Israeli producers. Expectedly, this has caused major problems for most kinds of business activity, particularly capital intensive enterprises.

In contrast, Israel has suddenly had at its disposal a large, very close, and totally unprotected market which could not have come at a better time. The occupied territories have in fact become such a significant market for Israel that they receive about one fifth of all its exports, ranking next only to the United States and exceeding half of Israel's exports to all EEC countries combined.<sup>1</sup>

Internal trade is similarly faced with numerous problems which have caused a sharp decline in what had been an unusually flourishing sector. Businessmen have to cope with a variety of continuously rising taxes. Most of them are not capable of maintaining sufficiently accurate accounts and there is evidence that this is often taken by customs personnel as a reason to impose unduly high

<sup>1</sup> Derived from trade data in the Statistical Abstract of Israel 1978.

levies. Trade has further deteriorated, as we shall see in the next section, due to a number of problems arising from financial transformations.

The development of West Bank agriculture has a strong bearing on the constraints imposed by existing trading relations with its two neighbours, Jordan and Israel. At present, Palestinians can only expect some limited assistance from Jordan, whereas Israel cannot be expected, as long as it can do so, to forego its valuable trading interests in the occupied territories. Accordingly, Palestinian planners have to relate their strategies to alternative political scenarios with markedly different economic ramifications. This aspect will be explored in a separate section.

#### Agricultural Trade

Traditionally, the West Bank has been a net exporter of agricultural commodities. During Jordanian rule, it was a major supplier of several farm products, notably olive oil, citrus, vegetables, grapes and bananas. Much of its surplus was marketed in the East Bank of Jordan and the Gulf States. On the other hand, the West Bank was self-sufficient in mutton, broiler meat and eggs, but it had to rely heavily on imports for beef, fish and milk powder.

The terms of agricultural trade changed drastically in the post-occupation era. Foremost, the West Bank became open to subsidized Israeli products enjoying all the benefits of scale. Conversely, the flow of Arab produce to Israeli markets was subjected to severe restriction arising from protectionist policies.

Despite radical transformations in the terms of trade during the post-occupation era, the West Bank's agriculture continued to occupy