

Jerusalem Arab development or merging in the Israeli economy

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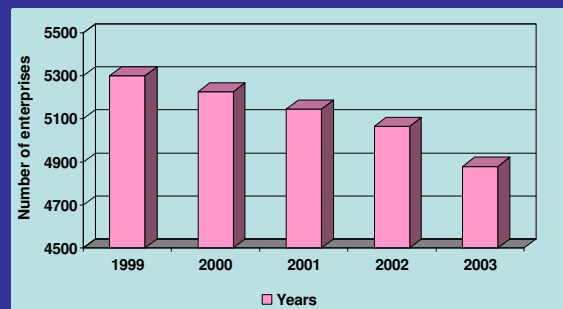
Jerusalem : A Brief Economic Preview

- City Population : 250 000
- Governorate Population : 360 000
- Unemployment (2003) rate : 24%
- 60% of Manpower works in Jerusalem or Palestinian territories
- 40% of Manpower works in Israel

A Brief Economic Preview (cont.)

- Economic Sectors
 - Tourism 40% (Almost complete halt)
 - Trade 25%
 - Services 25%
 - Industry 9%
 - Agriculture 1%
- All sectors suffered a decrease in performance since the Intifada started

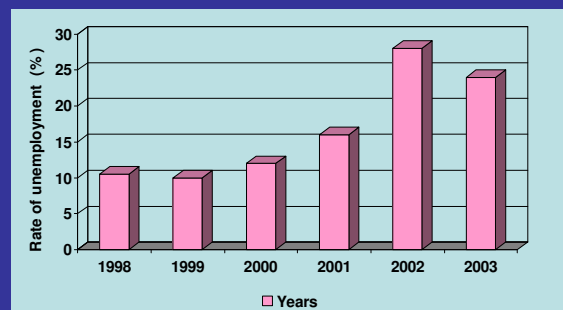
Number of Economic Enterprises in East Jerusalem



Manpower in Jerusalem

- Total Labor Force 91,000
- 10,500 enter the labor market every year
 - 65% of them will go towards the private sector
 - 60% will go into the Palestinian market
 - 40% will look for jobs in Israel
- Israeli labor market started decreasing its dependence on Arab workers

Unemployment Rate



Economic Indicators in East Jerusalem

- **No. of Enterprises:**
 - Constantly decreasing
 - Decrease in the number of employed
- **Tourism:**
 - Almost in complete halt
 - Unexpected to recover over the next 2 years
 - Unable to absorb new employment
- **Political situation:**
 - Frozen
 - Economy is connected to politics
- **Personal income:**
 - Decreasing
 - Insufficient surplus for investment
- **No strategic plan for investment is available**

The “ Wall ”

- Isolated Jerusalem from the rest of the Palestinian territories.
- Left East Jerusalem open only towards Israel.
- Sharply weakened the Arab Jerusalem economy.
- Reduced number of Jerusalemites employed in Palestinian territories.
- Increased unemployment.
- Increase demand on houses inside Jerusalem.
- Projected to keep ¼ of Jerusalem residents outside the wall.

Results

- Economic situation is very bad.
- The light at the end of the tunnel is not see
- Under the current situation:
- No chances for creating new jobs as creating new jobs needs investment & Political atmosphere is not encouraging.

Facts

- Every economic depression is followed by recovery period
- Cost of investment in the depression period is less than the revival period
- investments needs 3 years for implementation (period expected to get out of the current situation)
- Financial aid available for Jerusalem is limited
- Foreign aid is directed towards humanitarian help
- The Wall created new immigration from the suburbs of Jerusalem to center
- Private sectors is the only entity capable of working inside Jerusalem

Needs

- New investments are needed for developing Jerusalem & creating jobs.
- Part of financial aid must be directed towards long term & labor intensive employment investments.
- The best employment absorbing sector is construction.
- There is continuous need for apartments (at least 1000/year)
- There is a need to renovate Jerusalem Hotels.
- There is a need to create new tourism attraction sites.
- There is a need for community services (Schools & Hospitals) for Jerusalem areas outside the wall.
- There is a need for an industrial zone in Jerusalem.

Choices

- Either we plan & control the Arab Socio- Economic development in East Jerusalem.
- Or leave it for Israelis to implement their plans of merging the Arab Jerusalem society in the Israeli economy .
- Same as they did in Jaffa.

The Main Questions ?

- Are we looking at investment in Jerusalem from the view of profit and loss per say ?
- Is investment in Jerusalem a national duty?
- Can we merge the two views ?

Recommendations

- Encouraging investment in Jerusalem:
 - Housing projects.
 - New Hotels (4 licenses are available)
- Facilitate loans to private sector to renovate infrastructure of tourism entities.
- Creating an insurance fund to guarantee investment in Jerusalem, which will encourage the private sector to invest.
- Building an industrial zone.

Recommendations/cont.

- Acceleration implementation of agreed projects (Jerusalem Cinema, Souq Al Kattanien) or new projects (Jerusalem theatre compound)
- Increasing funds to renovate Old City buildings and expanding the project to other historical buildings outside the old city.
- Building new schools & hospitals in the areas where the wall will isolate from city center.

Investment Requirement

• New hotels	\$ 30,000,000
• Hotels renovations	\$ 20,000,000
• Housing Sector	\$ 30,000,000
• New tourists attraction sites	\$ 5,000,000
• Old city buildings renovation	\$ 10,000,000
• New schools & hospitals	\$ 20,000,000
• New projects	\$ 20,000,000

Total Required Investment in USD _____ **\$ 135,000,000**

Who Leads ?

- Jerusalem is under Israeli control.
- Adverse legal authority works against the benefit of Arab citizens in Jerusalem.
- Only the private sector can work within current laws and regulations.
- Some registered NGO's can work in Jerusalem.

END