

# **Development Papers series(8)**

## **Jericho Agro – Industrial Park: A Corridor for Peace or Perpetuation of Occupation?**

**Prepared by:**

**Alaa Tartir**

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**Position Paper:  
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Prepared by:

Alaa Tartir

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Translated by: Ahmad Barakat

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Bisan Center for Research and Development

Ramallah – Palestine

Al-Nahdah Building, Al-Masyoun, P.O. Box: 725

Tel: 02-2987839

Fax: 02-2987835

Email: [bisanrd@palnet.com](mailto:bisanrd@palnet.com)

Website: [www.bisan.org](http://www.bisan.org)

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## **Overview**

Joint export-oriented industrial parks are neither a new approach nor a recent tactic; the Palestinian Authority (PA) has adopted this approach since its establishment as an integral part of neoliberal policy conditions, free market requirements and donor recommendations. In line with joint regional industrial zones, these industrial parks have been an important aspect of promoting economic solutions to political problems by generating “peace dividends” to win people’s hearts and minds. Nonetheless, this approach, which has intensified over the past five years and become known as “Fayyadism,” proves its inability and failure every day and in fact perpetuates the occupation and the racist colonial condition directly and indirectly.

Although the experience of industrial parks over the last two decades has not been successful or inspiring, the donor community and PA have recently revived the concept of these parks and planned for new ones. Now we hear of Turkish-German, Japanese and French industrial parks in Jenin, Jericho and Bethlehem respectively as well as others elsewhere, but rarely do we describe them as “Palestinian”. Such industrial parks have become a pillar of the state-building project, bolstering the Palestinian economy and achieving sustainable development from the perspective of PA politicians as well as the bodies and companies undertaking these projects and, of course, their international sponsors. On the other hand, some argue that these parks cement the Oslo approach and neoliberal policies and reinforce and legitimize the occupation, rendering the Palestinian economy more subordinate and distorted.<sup>1</sup>

Clamor and controversy clearly surround the concept and general approach of building industrial parks. The clamor is mainly a result of differing understandings of the development process, economic governance and a lack of political legitimacy. How could one, for example, understand and

1. Bisan Center, Dawood Hammoudeh (2012) “The Jericho Agro-Industrial Park: prospective economic impact,” a series of papers on development, Bisan Center for Research and Development, available online at [http://ar.bisan.org/sites/default/files/lmntq\\_lsn\\_y\\_fy\\_ryh.pdf](http://ar.bisan.org/sites/default/files/lmntq_lsn_y_fy_ryh.pdf)

interpret the enormous gap between portrayals of industrial parks as “a new form of diplomacy geared towards engendering growth and prosperity,” on the one hand, and as “economic prisons” on the other? The Jericho Agro-Industrial Park, commonly known as the JICA project, is only another example demonstrating these differing perspectives and contradictory economic developmental models. Therefore, this policy brief primarily addresses the Jericho Agro-Industrial Park, attempts to briefly point out a set of relevant issues and provides answers to the underlying question of this paper:

**Does the Jericho Agro-Industrial Park entrench and perpetuate the occupation or is it a corridor for peace and prosperity?**

To answer this question, the paper raises other questions and arguments relating to the project’s political dimension, weaknesses, strengths and economic contributions as well as its Japanese funder’s role, history and approach. The questions and arguments also relate to Israel’s cooperation in this project and the extent of its Palestinian ownership. The paper attempts to produce brief conclusions and recommendations that will hopefully reach decision-makers and garner their interest and concern.

This paper’s critical stand towards the Jericho Agro-Industrial Park is based on our call to stakeholders to follow a different development model that responds to public aspirations, respects the specificities of the colonial condition in which Palestinians live and understands the development process as a cumulative, complementary, economic, social and political one that fundamentally seeks to liberate human beings from dependency and humiliation. This process emancipates human beings by freeing them from poverty, inequality, fear and oppression, empowering them to cultivate their lands, and expanding their options, capabilities and potentials in order to ensure their happiness. Therefore, our counter-mainstream approach is not only intended to be different but also to argue that alternative methods and understandings are required in order to maintain a participatory and dialogue-based development process that ultimately leads to the realization of people’s aspirations.

The argument is clear and explicit: the Jericho Agro-Industrial Park stands as yet another example of avoiding the problem and failing to address its roots, meaning that this project was not built to challenge the occupation but rather to impose an economic peace between the colonizer and the colonized. Therefore, by looking at the larger picture rather than focusing solely on profit, loss and economic efficiency and hiding behind engineering reports drafted

in English and technical language as well as impressive economic feasibility studies, we focus on safeguarding human dignity in the development process and adopting an approach towards a sustainable undistorted development process that is in complete harmony with the specificities of the Palestinian condition and enjoys ownership and protection under a Palestinian national agenda responsive to people's aspirations.

### **Crisis of trust and legitimacy vis-à-vis project's economic feasibility**

*“The Jericho Agro-Industrial Park aims to change the policy of fait accompli and enhance the philosophy of steadfastness and defiance ... its economic philosophy is very simple: attract foreign investments to manufacture and then export, creating local job opportunities that will have a major role in improving the Gross Domestic Product (GDP).” (A Palestinian official, the Palestinian Industrial Estate and Free Zone Authority (PIEFZA))*

*“Clearly, the Jericho Agro-Industrial Park may improve agriculture in the project area, but it was also designed to improve exports to the Jordan Valley settlements and improve their status ... it is also clear that the Palestinian Authority and the Japanese financier chose an unfortunate location for the industrial park, in addition to the major shortcomings in the feasibility studies that may render the entire project economically and politically unfeasible.” (Bisan 2012)*

The quotations above clearly show divergent positions regarding the project and blatantly reveal a lack of clarity in articulating project's vision, its packaging and communicating its goals. Substantially, the quotations reflect mistrust among the different parties and express a gap and crisis of legitimacy shaking the Palestinian condition. In regional and global experiences, industrial zones have always been a matter of controversy between governments and economists - or some at least - as governments wish to see quickly materializing and publicly visible projects in order to reap political and popular support and legitimacy and perhaps secure re-election regardless of the economic return of such zones to the governments and the GDP.

In order to entice and appease the people, governments condone the tax revenues of the industrial zones, are indifferent to the lack of national self-sufficiency, do not prioritize workers and labor rights and do not even care for workers' nationalities. This political and economic collision is taking place in

the Occupied Palestinian Territory (OPT) in different shapes and forms. Thus, a thorough understanding of the Jericho project must occur within a broader scope and factor in the multiple facets of the crisis of trust and legitimacy in the Palestinian political arena; the project is not isolated from the PA's policies, development plans, projects for political settlements or even the daily lives of the Palestinians. The danger lies in viewing this project from a narrow perspective that overlooks the general context. The crisis of trust and legitimacy affects all aspects of life including investment decisions and evaluation of projects by practitioners and actors in the field of development.

The crisis of trust and legitimacy aside, another perspective on the economic feasibility and political dimension of the project exists. PIEFZA officials believe that the Jericho Agro-Industrial Park thwarts Oslo's border industrial zones model, which hires Palestinian laborers to work in Israeli factories and companies. According to the official political view, the park is radically different being located deep inside Palestinian land rather than on the border with Israel. However, we ought to pose the question: Isn't it unrealistic to speak of a Palestinian interior in the Jordan Valley and of the border with Israel while we own neither? Aren't the facts on the ground in the Jordan Valley much stronger than all analyses and justifications? Isn't it true that actual industrial parks on the ground are meager and negligible compared with their portrayal in reports, studies and press coverage?

On the economic front, the official perspective sees three major advantages of the Jericho Agro-Industrial Park:

- a) The park provides a golden opportunity to export Palestinian products labeled "Made in Palestine," bringing a Palestinian presence back to the political and economic map of the world.
- b) Production inputs and raw materials will be entirely Palestinian, creating direct and indirect employment and contributing significantly to the GDP by attracting foreign investments that export locally manufactured products.
- c) The project will enhance Palestinians' commitment to holding fast to and cultivating their lands, rendering the most important advantage of this project the ability to funnel international support towards production and manufacturing, moving away from consumption, defying the occupation, and, by extension, changing the policy of *fait accompli*.

The question, however, is: how can we be sure that the experience of the Erez Industrial Zone will not repeat itself and become another story of failure? To which degree are we concerned with “trappings of sovereignty” in the absence of “sovereignty”? Given our limited resources, shouldn’t we pay attention to ensuring self-sufficiency first before turning to exports, at least in terms of basic commodities? How can this project, in a practical sense, empower farmers within their lands when those farmers see their and surrounding lands threatened with confiscation and cannot irrigate their crops due to the lack of water and ban against drilling wells?<sup>2</sup> In other words, is it rational to think of this project in ideal terms and forget the general context? Is it not strange to invest hundreds of millions and later discover that you cannot export? Shouldn’t we address the weaknesses of such a project before starting to implement it?

On the other hand, the unclear role of Israel, Israeli investors and settlements in the project is a major focus of controversy. The Japanese say Israel is a partner in the project, and the Palestinians say Israel’s involvement stems from the signed agreements that govern the relationship between the Palestinians and the Israelis.<sup>3</sup> In both cases, Israel’s involvement in the project is linked to incentives Israel receives and security guarantees for its protection. Israel is not treated as a colonial power that must be challenged and defeated. On the contrary, Israel is begged to facilitate the establishment of the agro-industrial park and assured that the park will improve security and bring peace closer. In contrast, some say the settlers have no incentive to be involved with the agro-industrial zone because it will be subject to Palestinian laws and so they will lose the Israeli incentives. There are also the various technical committees that Israel proficiently uses to mislead the Palestinians. As a Palestinian official puts it, “they’re professionals at misleading us.” The need

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2. During a field visit to the nucleus agro-industrial park, farmers, only a few meters away from the park, showed us demolition notices issued against their lands and slated for execution over the upcoming weeks. We were also informed of the scarcity of irrigation water. The obvious question is: how will the agro-industrial park address these challenges?

3. The “Palestine Documents” reveal that the “Corridor for Peace and Prosperity” initiative prioritizes Israeli interests, such as security, over Palestinian basic needs. Hence, it presents another Oslo-like model/project that upholds “Israel’s security first.” The documents also reveal that the unit on supporting negotiations in 2007 was against what it termed the JICA project because it does not comply with the Oslo Accords, the Paris Protocol or the 2005 Agreement on Movement and Access (Palestine Documents 2112 and 2119). Nonetheless, the negotiations’ ceiling seems to have been lowered once again, overlooking projects that violate agreements and protocols for the sake of money; a natural reflection of the state of financial dependency on donors.

is compelling to remain vigilant and not follow the path of Israeli reactions and offers and the possibility of “laundering” settlement products. Indeed, it is crucial to formulate a Palestinian national vision in this regard that seeks not to deal with the occupying power but rather to isolate and boycott it.

### **Lack of ownership and popular accountability**

*“Knowledgeable Japanese experts must be brought in to make Palestinian cadres more efficient ... I’m telling you they’re experts, meaning experts, experts, experts.” (Palestinian Project Coordinator, JICA)*

*“Reports and project feasibility studies are only in English because of the limited budget and in order to control costs.”(Japanese Official, JICA)*

The lack of Palestinian ownership of the Jericho Area-Industrial Park manifests in several forms. The project speaks only English and Japanese; no feasibility studies, reports or important strategic papers exist in Arabic. Instead, they are fully drafted in English. Is it possible that all Palestinians are able to understand English fluently? Moreover, the project’s website is entirely in English, and it adds to one’s astonishment to find that the signs hanging on the fence of the nucleus agro-industrial park in Jericho are also written in English. Therefore, this situation clearly violates the principles of the Paris Declaration on Aid Effectiveness, which, despite their faults and problems, Japan and the PA strongly promote in their rhetoric. Why then ignore the Arabic language? Does it implicitly suggest that the Japanese are the ones who prepare all reports and plans and that we, the Palestinians, simply implement what Japanese experts decide? Unconvincingly, the Japanese say that they lack enough budget allocations to translate the reports, whereas the Palestinian side sees no problem or harm or is convinced of a statement made by a Palestinian representative to JICA that “Japanese knowledge reaches Arabs and Palestinians, then Arabs and Palestinians ought to translate that knowledge. It is unreasonable to have the Japanese do everything.”

The second principle of the Paris Declaration on Aid Effectiveness of mutual accountability, popular control and disclosure is also being violated. Apart from feasibility studies, criticized by many including project managers as containing inaccurate numbers exaggerated by the Japanese, no clear and transparent financial reports or budgets are available for the purposes of exercising oversight and imposing accountability. It is worth mentioning that neither JICA’s record in disbursing aid nor the PA’s record in receiving and

expending that aid are flawless, and so Palestinian citizens and development experts should not be confident or comfortable that the funds will be employed in an effective and transparent manner. Popular control and accountability is almost nonexistent for this elitist project considering its financier, some of the Palestinian decision-makers and the segment of the private sector involved.

Hence, the participatory development approach, in which development is built from the bottom up rather than imposed from above, is entirely absent, meaning that the frequent talk about strengthening and empowering the average citizen is highly exaggerated and perhaps constitutes a fallacy.

The project also clearly violates the other three principles of the Paris Declaration on Aid Effectiveness. The project violates the principles of harmonization, managing for results and alignment simply because the goals of its stakeholders differ. JICA's goal is to take a step forward on the Corridor for Peace and Prosperity (political goal), while the PA aims to recruit Palestinian laborers and export products (economic goal). JICA and the PA also differ with respect to other goals including operational goals. The project also violates these principles because of the lack of agreement on the third phase of the project; JICA has approved the first and second phases of the project only (the easier part mostly located in Area A), while the more difficult part in Area C will be subject to other considerations related to evaluating the project's success. This contradicts the PA's demands since the third phase is the most important for its own goals. Also, the developer's disapproval of the division of the stages of the project raises a serious question regarding alignment and harmonization. Finally, the lack of coordination is clear between the various industrial zones in the OPT. This is explained with the argument that each of the zones has a unique position and circumstances. However, doesn't economic logic assume, at least, coordination between these industrial zones rather than competition for resources, capital, political decisions, and investors, appeasing the occupying power and paying the price?

Since popular accountability has multiple facets, the need arises to identify the impact of the industrial park on income variation and opportunities as well as its impact on economic and social inequality. Clearly, the industrial park will mainly benefit a certain segment of neo-entrepreneurs who have dramatically flourished since 2007 thanks to enhanced neoliberal economic policies, in addition to some major players in the private sector.<sup>4</sup> Therefore,

4. The developer of the agro-industrial park has received 32 applications and letters of interest mostly from local investors and two or three foreign investors (especially from Jordan). However, the quality of the projects as well as the names and characteristics of investors have remained under wraps so far.

the park does not aim to encourage small investors and the less fortunate to access capital, incentives, assistance and external guarantees. The park has the incentive of U.S. financial guarantees and facilities from international institutions geared towards strengthening the financial solvency and power of a certain elite within the Palestinian society, capable of networking regionally. This project represents the vision of the public and private sectors; a vision that is profit-oriented and focused on the rules of financial effectiveness and economic efficiency. This vision certainly does not pave the way for an alternative private sector role in the development process based on creating a resistance economy that empowers Palestinians on their land, ensures their dignity and works towards achieving sustainable development that primarily seeks to liberate the land and the people.

The lack of Palestinian ownership of the development process in general and the agro-industrial park in particular normally responds to the role and requirements of financiers and their policy prescriptions, whereby the financiers have the final say and control “development” projects. This underlines the problematic role of the international funding industry and its implications both for the development process and for ending/perpetuating the occupation.

### **Investment-flavored development: JICA and its problematic role; from the Japanese people to the Japanese experts**

*“Japan is not concerned with justifying its aid expenditure to the taxpayer, so will invest in projects that could be considered risky.”<sup>5</sup> (JICA’s Deputy Representative to the PA)*

*“We have discovered considerable problems in the work of the Japanese Agency for International Cooperation, which financed a three-year agricultural project in the Palestinian territories but declined to discuss the size of the project’s budget .. to discover later that the budget was \$6 million and the amount spent in the Palestinian territories was only \$700,000, while the rest was disbursed to Japanese experts .. Japanese companies .. or to JICA .. and we didn’t know how it was spent .. meaning that JICA itself consumed 89% of the project’s budget.”<sup>6</sup> (Former PA minister of agriculture)*

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5. “Jericho business park aims to inch Palestine towards sustainability”, The Guardian, 18 June 2012, <http://www.guardian.co.uk/global-development/2012/jun/18/jericho-business-park-palestine-sustainability>

6. Du’eik holds a press conference on a “joint vision for the agricultural sector strategy”, Ma’an News Agency, February 23, 2010, <http://www.maannews.net/arb/ViewDetails.aspx?ID=263773>

The quotations above refer to the complex and problematic role that JICA plays in the OPT. Japan is a major provider of international aid and has significant weight and influence. However, like many financiers, its work raises questions regarding the effectiveness of its aid and its overall role in perpetuating the occupation. The absence of any imperative to justify aid to Japanese taxpayers deprives Japanese citizens of knowing whether their contributions are indeed disbursed towards the development of the Palestinian people or for other purposes. On the other hand, it has been repeatedly proven that JICA is one of the “development/international cooperation agencies” that most often retains its funds for itself or funnels them back to Japan directly and indirectly, as shown in the quote above. We refer to these examples not to slander JICA and other donors, but to argue for the need to further understand the Japanese financier, its history, and modus operandi. It seems to be implementing a Japanese-Japanese investment in the Palestinian market, “with the recognition that neither Japan nor its economy needs Palestine and its market.” The production inputs to this investment are Japanese, and many of its outputs are utilized by the Japanese, meaning that the bulk of Japanese funds remain in the accounts of experts and Japanese companies, and only a small amount remain in the Palestinian market. Hence, the proper description of Japanese funds is investment, rather than aid. To put it more bluntly, one may argue that the funds paid by the Japanese people go to the Japanese experts rather than the Palestinian people. Accordingly, JICA’s modus operandi is problematic and requires extensive clarification and disclosure,<sup>7</sup> given the lack of guarantees to ensure that the agro-industrial park would be an exception to this approach. Indeed, the information available until the time of writing indicates a high level of involvement of Japanese companies and experts in designing and implementing the project.

Thanking the Japanese for their financial support for the project is not enough; they have their shortcomings like other international and regional actors in the political sphere. We should not accept money in exchange for keeping silent and covering up political inability and failure; the duty of all international actors in the OPT should be directly focused on ridding the Palestinians of occupation rather than wasting Palestinians’ precious time and already scarce

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7. The answers provided by the project’s Japanese official were remarkably short; the questions were even longer than his answers. When asked about the current situation of the agro-industrial park and whether the issue of privately owned lands has been settled as well as about coordination with other industrial zones in the West Bank, the identity of investors and the project’s finances, the answer was clear and the same: refer to the Palestinian Industrial Estate and Free Zone Authority for more details on the subject.

resources and distracting them from resisting the occupier and dismantling the colonization in which they live. Economic resistance is certainly a form and a model of resistance that we must seek but the establishment of an agro-industrial park does not serve this purpose. On the contrary, it promotes forced integration and asymmetric containment in the Israeli economy and even facilitates the entry of the Israeli economy into neighboring Arab regional economies, which reflects one hazardous aspect of the project.

Another hazardous aspect of the project is that it favors technical, engineering and technocratic language and pure profit and loss analyses and economic viability over other important – possibly fundamental – considerations such as the political dimension of the project and the associated framework of political economy. Of course, this is consistent with the technical, numerical and mechanical understanding of the development process held by the PA and its partners; an approach that is usually reduced to the realized economic growth rate and figure. This approach fails to look at the development process as a complementary cumulative socio-economic and political process for the people and by the people that seeks to expand their capabilities and freedoms and, by extension, adopt an ideological approach based on a people-centered development process responsive to the public's aspirations.

### **What next and where to: towards bridging the legitimacy gap**

*“As far as I know, Israel does not provide privileges and facilities to the Jericho Agro-Industrial Park .. I also understand that Israel does not need to obtain political and economic incentives ... JICA is an executive agency for international cooperation. We do not aim to achieve political goals .. but hope to contribute through the success of the agro-industrial park to the promotion of regional cooperation through Japan's Corridor for Peace and Prosperity initiative.” (Japanese official, JICA)*

*“When the concept of the Corridor for Peace and Prosperity is materialized, the regional problem will be solved through economic, rather than security or political, ways. We believe that Japan is the only one in a position to achieve this.” (JICA, 2007 - Japanese Foreign Minister)*

In the final analysis, Japan's financing of this agro-industrial park is clearly another investment in the political peace process within the framework and vision of the Oslo Accords and in the name of development, in addition to being an economic project aiming to realize a political goal as the quotations above reveal. Nevertheless, our argument in this regard is straightforward:

any project that avoids addressing the occupation and clearly ending it risks contributing to legitimizing and perpetuating the occupation, which is the danger of the adopted mainstream approach and not only the agro-industrial park per se. The park is the product of a particular model that it reinforces and benefits from, but cannot by any means reverse the trend of de-development or introduce real structural changes in the Palestinian economy. It is a bitter truth that we must acknowledge rather than hiding behind numbers, statistics and scenarios assuming good faith, not as a matter of pessimism, but as a matter of realism.

As noted above, the most urgent task in order to ensure the success of the Jericho Agro-Industrial Park is to bridge the gap of trust and legitimacy between the PA and its policies and the ordinary citizens. This gap has drastically widened and it is imperative to either bridge it or change the key players or the rules of the game. This, of course, is a political decision par excellence and cannot be made through ballot boxes or superficial forms of democratization only, but rather through agreement on a national struggle approach that does not entail competing for power positions and authority but to reclaim the homeland and freedom.

We, as Palestinians, are required more than ever to conclude a national agreement regarding Israel's role in projects such as the agro-industrial park, as it is unreasonable to deal with Israel as both our partner and colonizer. It is time to dismantle the intricate joint network of businesses and relationships and nationally agree, in accordance with a participatory dialogue-based development program, on the role that we want for Israel; do we want to deal with Israel as an occupying colonial power or as a partner and neighbor? The question surely intersects with the need to adopt a different approach to development; one that enables an understanding of development as freedom and liberation, and also with the need to rethink and contribute to changing the existing international aid paradigm to ensure that such aid does not continue to cover up for and pay the cost of occupation.

The brief recommendations above are certainly not exclusive to the agro-industrial park in Jericho but rather concern the development process as a whole. Therefore, we clearly state that the industrial park is part of the overall context and does not stand in isolation. Giving it a unique character as if it is subject to different conditions implies ignorance of the occupation's racist policies over the years and greatly exaggerating the ability of the PA and its bodies to impose their will with their current models and methods, whilst they

remain unable to break free from economic dependence on the occupying power.

Since the industrial park project is a component of institution building within the state-building project, does that mean that the failure of the state-building project entails the automatic failure of the industrial park project? In the end, naive policies that assume neutrality in doing business in occupied Palestine do not fit the existing reality and even perpetuate the status quo, which does not serve Palestinian interests. At worst, these policies perpetuate the occupation and apartheid. Hence, the agro-industrial park in Jericho and all the problems that surround it provide another opportunity for the major actors in the development process in occupied Palestine, including the donor community, the PA, the private sector and civil society to rethink the development methods used for the past two decades and research, develop and adopt new approaches that are essentially centered on achieving the aspirations of the public.

المصيون رام الله فلسطين . ص.ب. 725. هاتف: +970 2 298 7839 فاكس: +970 2 298 7835

E-mail : [bisanrd@palnet.com](mailto:bisanrd@palnet.com) [http:// www.bisan.org](http://www.bisan.org)

Al-Masyoun-Ramallah-Palestine, P. O. Box 725, Tel: +970 2 298 7839 Fax: +970 2 298 7835