

Germany Supporting the Palestinian Economy

PALESTINE



By Oliver Owczar,
Head of the German
Representative Office

Against all odds, the Palestinian economy, with 4 percent growth rates, is surprisingly robust. Yes, there are obvious problems. The overall political situation puts significant curbs on economic development. Time-consuming security inspections and high storage fees make imports and exports expensive. This results in high costs and reduces competitiveness on regional and international markets. The lack of fiscal and currency control of the Palestinian Authority as well as the lack of proper domestic reforms strains the budget and limits the possibility of public investment. Also, reliable electricity and water supply remains a challenge in large parts of the West Bank and Gaza. All of this has led to a high unemployment rate of around 25 percent and a lack of sustainable value chains.

However, that is only part of the picture. Apart from all these challenges, there are many opportunities. Palestine has a young population. There are many skilled workers in much-sought-after branches. More than 20,000 IT engineers work in Palestine. International tech companies are starting to set up offices. Tourism, manufacturing, and agriculture have good growth perspectives. There are excellent conditions for renewable energies. And maybe most impressive of all: There is a great entrepreneurial spirit. You can meet food manufacturers who started as small one-person shops some years ago and who now employ hundreds of people. You can talk to young



Representative Office
of the Federal Republic of Germany
Ramallah

professionals about to create their own startups. Or you can exchange ideas with business students fluent in several languages and with great ambitions.

There is a lot of potential. The European Union (EU) and Germany are committed to supporting Palestine on its way to reach this potential. It is true that long-lasting and sustainable economic development will only be possible through a political solution to the Middle East conflict. But there are many levers that can contribute to more growth and economic development

in technical and vocational training. In cooperation with GIZ, Al-Quds University and Palestine Polytechnic University in Hebron have set up vocational dual-study programs that combine university teaching with practical training in a company. At the same time, Germany supports the development of the Palestinian private sector, with projects ranging from ISO certification to microcredits. And in September, a new green economy program will be launched in the framework of a Team Europe Initiative.



in the short run. Private investment needs good governance and the rule of law. Germany and the EU therefore support national reforms, anti-corruption efforts, effective public administration, strong and dynamic municipalities, and digitalization.

Also on a practical level, we have long been supporting an environment that is conducive to private investment and business opportunities. Together with European partners, Germany facilitates a credit program for small and medium-sized enterprises (SMEs). Moreover, Germany is a long-standing partner

All this demonstrates that there are also business opportunities and success stories in Palestine. At the EU-Palestine Business Forum in Bethlehem on October 24, companies from Europe and Palestine will have the chance to discover them, network, and come together.

SCAN
TO SHARE

