

## **Palestinian Workers in Settlements**

### **Who Profits' Position Paper**

Israeli and international companies that face criticism owing to their activities in the occupied West Bank often attempt to legitimize their businesses in settlements by claiming that they provide labor to Palestinian workers. These claims are blatant attempts to distract public attention from the Israeli occupation and the daily hardships suffered by Palestinians, who are compelled to seek their livelihood in Israeli industries, usually in settlements.

Who Profits, a research project of the Coalition of Women for Peace<sup>1</sup>, is dedicated to exposing corporate involvement in the Israeli occupation<sup>2</sup>. In the course of our research efforts, we frequently encounter this claim; we also witness the reality that undermines it.

### **Working Conditions in the Settlements**

In 2011, 26,831 Palestinians worked in Israeli settlements in the West Bank with work permits. 10,000 more Palestinians worked in settlements without permits, most of them in the Jordan Valley during the olive harvest and date picking season, including children aged 12 and above<sup>3</sup>. 93% of Palestinian workers in settlements have no union or committee to represent them<sup>4</sup>. Their vast majority, including experienced and skilled workers, earn less than the Israeli minimum wage, many of them earning less than half the minimum wage. Their wages are often withheld, their social rights are denied and they are exposed to danger in the workplace<sup>5</sup>.

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<sup>1</sup> Founded in 2000, CWP today is a leading voice against the occupation, committed to feminist principles of organization and Jewish-Palestinian partnership in a relentless struggle for a just peace. For more information, please visit: <http://www.coalitionofwomen.org>.

<sup>2</sup> See: <http://whoprofits.org/>.

<sup>3</sup> Kav LaOved, *Employment of Palestinians in Israel and the Settlements: Restrictive Policies and Abuse of Rights*, August 2012, 37. Unpublished.

<sup>4</sup> Majid Sbeih, *Palestinian Wage Workers in Israeli Settlements in the West Bank – Characteristics and Work circumstances*, The Democracy and Workers' Rights Center in Palestine in cooperation with the Palestinian Ministry of Labor, 2011. Unpublished.

<sup>5</sup> According to Dr. Majid Sbeih (Ibid.), 32% of Palestinian workers in settlements are exposed to psychological violence and the same percentage are exposed to the threat of confiscation of their work permit; 27% of Palestinian workers in settlements are exposed to persecution on the basis of markers and 7% are subjected to physical violence. In addition, 56% of the Palestinian workers that were exposed to work injuries in the settlements had to cover the costs of medical treatment themselves. See also: Kav LaOved 2012, 39.

In order to work in settlements, Palestinians must obtain work permits from the Israeli Civil Administration, which also entails the approval of the Israeli internal security service (the Shin Bet). This permit can be annulled at any time, especially when workers demand their rights or try to unionize, or if they (or one of their family members) engage in any kind of political activity. This situation exposes Palestinian workers to extortion by the Israeli internal security service<sup>6</sup>. Other gross violations of labor rights in the West Bank are also possible because the Israeli labor regulations, which apply to these businesses, are rarely enforced in the Occupied Territories, and the workers cannot demand these rights for fear of losing their permits. Furthermore, Israeli employers frequently hire workers through Palestinian labor contractors, which render the workers more vulnerable to rights violations<sup>7</sup>.

### **The Settlement Industry and Sweatshops - Speaking in the Name of the Workers**

A business that operates illegitimately cannot demand legitimacy on behalf of the workers and at their expense. The case of sweatshops is a useful example for illegitimate corporate activity that cannot be justified by providing work for those in need. As is the case with settlement companies, sweatshop operators manufacture their products in low-wage societies, seeking lower production costs<sup>8</sup>.

Israeli employers of Palestinians in settlements have a clear economic interest in maintaining the occupation of Palestinian land and the exploitation of resources. Companies establish factories in the occupied West Bank mainly in order to enjoy the economic benefits provided by the Israeli government, as well as to have access to cheap Palestinian labor and the indirect benefits of operating in industrial zones with low safety and environmental standards and with very lax monitoring and enforcement<sup>9</sup>.

Just like in the occupied Palestinian territories, sweatshop operators claim that they improve the immediate conditions for workers in third world countries<sup>10</sup>. However, these claims were not accepted by international associations such as the United Nations, human rights organizations and

<sup>6</sup> Nasouh Nazzal, Call to Stop Israeli Manipulation, *Gulf News*, October 10, 2012, <http://www.gulfnews.com>. See also: Nadia Shabana, West Bank Workers Choked by Israeli Stranglehold, *Equal Times*, November 20, 2012, <http://www.equaltimes.org>.

<sup>7</sup> Kav LaOved, 2012, 41.

<sup>8</sup> James Heintz, Low-wage manufacturing and global commodity chains: a model in the unequal exchange tradition, *Cambridge Journal of Economics*, 2006, 30, 507–520, [http://relooney.fatcow.com/00\\_New\\_717.pdf](http://relooney.fatcow.com/00_New_717.pdf)

<sup>9</sup> B'Tselem, *By Hook and by Crook: Israeli Settlement Policy in the West Bank*, July 2010, 37-49.

<sup>10</sup> Nicholas Kristof, "Inviting All Democrats," *New York Times*, January 14, 2004, <http://www.nytimes.com/>.

trade unions, which held major companies – including The Walt Disney Company, Nike and Wall Mart – accountable for their actions<sup>11</sup>.

### **The Position of Palestinian Workers regarding the Settlement Industry**

Considering the harsh economic situation in the occupied Palestinian territories, working in settlements may seem like a reasonable or at least bearable option to some Palestinian workers. Yet, according to a study conducted by Dr. Majid Sbeih from Al-Quds University for the Democracy and Workers' Rights Center in Palestine, 82% of Palestinian workers have the desire and willingness to leave their jobs in the settlements, provided that a suitable alternative is available. However, suitable alternatives will not be found as long as the Palestinian economy is under occupation.

Settlement companies are responsible for their conduct and should be held accountable. These employers cannot claim to represent the interests and the position of Palestinian workers in any way. In fact, all of the Palestinian trade unions and labor unions and almost all Palestinian civil society organizations, including political parties, support the Palestinian call for boycott, divestment and sanctions (BDS) as articulated by the BDS National Committee (BNC)<sup>12</sup>.

### **No Free Choice: The Palestinian Market after 45 Years of Occupation**

The political reality of the occupation does not allow Palestinian workers to make a free and informed choice regarding their livelihoods. Most Palestinians are compelled to work in settlements, since their economy is in ruins after 45 years of Israeli military occupation. Israeli authorities publicly admitted their oppressive policy regarding the Palestinian market. After the First Intifada, Israeli Defense Minister Moshe Arens appointed a committee charged with "examining means to develop the economy of the Gaza Strip". The Sadan Committee, as it was called, articulated one of the most revealing statements about Israel's policy towards the Palestinian economy:

No priority was given to the promotion of local entrepreneurship and the business sector in the Gaza Strip. Moreover, the authorities discouraged such initiatives whenever they threatened to

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<sup>11</sup> Human Rights Watch, *Discounting Rights: Wal-Mart's Violation of US Workers' Right to Freedom of Association*, May 2007, <http://www.hrw.org/reports/2007/us0507/index.htm>

<sup>12</sup> See: <http://www.bdsmovement.net>.

compete in the Israeli market with existing Israeli firms<sup>13</sup>.

International financial institutions, including the World Bank, described the Palestinian economy as unsustainable. In a report published on September 2012, the World Bank stated that the Palestinian economy's heavy reliance on foreign aid makes its recent growth unsustainable. It further noted that Israeli restrictions remain the greatest impediment to investing in Palestine, creating high uncertainty and risk<sup>14</sup>. The World Bank's analysis illustrates how the current system of restrictions, both physical and administrative, hinders or prevents Palestinian private investment<sup>15</sup>.

The document that manifested the structural tourniquets imposed on the Palestinian economy is the Paris Protocol – the economic annex to the Oslo Accords. The Paris Protocol places Israel and the occupied Palestinian territories under a joint taxation envelope, the same currency (New Israeli Shekel), and imposes severe restrictions on manufacturing, exporting and importing goods to and from the Occupied Territories. This trade agreement does not truly promote free trade, but instead seeks to protect Israeli and multinational corporations from competition by local industries. Moreover, this situation blocks the development of an independent Palestinian economy and keeps it as a captive market for Israeli and international companies. The Palestinians that cannot work in Israel or the settlements are therefore deprived of earning their livelihood in the Palestinian market<sup>16</sup>. In the second quarter of 2012, the unemployment rates in the West Bank were 17.1% and 28.4% in Gaza<sup>17</sup>.

Palestinian workers lost their land and livelihood to the Israeli occupation. 11% of Palestinian workers in settlements work on confiscated lands originally owned by their families or one of their relatives<sup>18</sup>. Providing Palestinians with jobs on their own stolen land is another humiliating insult that they are forced to bear in order to provide for their families. The settlement industry's revenues are a direct result of shameless exploitation of Palestinian land, labor and resources. The industry's existence on occupied land enables, deepens and perpetuates the Israeli occupation.

<sup>13</sup> *Report of the Sadan Committee on the Gaza Area*, 1991, 11, quoted in Arnon and Weinblatt, *Sovereignty and Economic Development: The Case of Israel and Palestine*, *The Economic Journal* 111, June 2001, 295. Quote translated from Hebrew by the authors of the article.

<sup>14</sup> World Bank, *Fiscal Crisis, Economic Prospects: The Imperative for Economic Cohesion in the Palestinian Territories*, September 2012, 4.

<sup>15</sup> Ibid.

<sup>16</sup> Palestinian Central Bureau of Statistics, *Labor Force Survey October-December 2011*, February 22, 2012, 18, <http://www.pcbs.gov.ps/>.

<sup>17</sup> World Bank 2012, 6.

<sup>18</sup> Sbeih 2011.