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Israeli state

The Settlement industry

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For Israeli settlements in the West Bank, exploiting Palestinian life is a billion dollar industry. Israel's settlements in the occupied West Bank are becoming a liability. Even officials in the United States have started to question Israeli settlement activity, inviting backlash from Zionists in Israel and the United States.

Earlier this year, US ambassador to Israel Daniel Shapiro, hardly an anti-Zionist, [touched a nerve](#) when he pointed out the obvious "Israeli settlements in illegally occupied Palestine have expanded; Israeli vigilantes murder Palestinians without fear of investigation or reprisal; and, in the occupied areas, Israelis enjoy civilian legal protections while Palestinians live under military rule.

The response from Israeli state officials was swift and forceful. Prime Minister Benjamin Netanyahu called Shapiro's comments unacceptable; the Israeli minister of defense [demanded](#) that he recant his statement; and a former Netanyahu aide [referred](#) to the ambassador using a Hebrew slur "and [right-wing buzzword](#)" popular among Israeli Zionists who regard their American counterparts as weak or unprincipled.

But there was nothing outrageous about Shapiro's comments, even by diplomatic standards. The overwhelming international consensus is that Israel's settlement activity is illegal and should be halted.

In January, the foreign affairs council of the European Union [adopted](#) a strongly worded resolution calling the settlements "an obstacle to peace." Brazil [rejected](#) Israel's newly appointed ambassador late last year because of his ties to the settlements.

Unsurprisingly, Israel promptly reassigned him to a diplomatic position in the United States, where, despite Shapiro's cautious criticism, the political establishment still tolerates the settlements.

In his remarks about the West Bank, Shapiro posed a simple question to Israeli administrators: "Why?" Recalling Israel's supposed commitment to a "[two-state solution](#)" and pointing out that the settlements interfere with that goal he [asked](#), "What is Israel's strategy?"

Israel's strategy is clear: it's not about securing the conditions for peace "it's about extracting profits and preventing the emergence of a Palestinian state.

Money To Be Made

Occupation is big business for Israel, as a recent Human Rights Watch (HRW) [report](#) makes clear.

The Israeli establishment characterizes the settlements as harmless residential enclaves, suburban oases embedded in an otherwise-unoccupied desert, where young Jewish couples can raise families away from expensive and overcrowded city centers.

But this is more propaganda than truth.

While residential settlements proliferate in the West Bank, encroaching on Palestinian land and violating international law, this is only part of the story.

Far more essential to the settlement project are the “settlement industrial zones” — business districts where Israeli factories and farming enterprises exploit Palestinian land and labor to produce billions of dollars of goods each year.

Israel operates about twenty such zones in the occupied West Bank. Officially called “industrial zones under Israeli administration,” these areas encompass 1,365 hectares in Area C, a vitally important stretch of land.

The World Bank [calls](#) Area C “the key to economic cohesion” in Palestine because it contains most of the area’s arable land, water, and other resources.

Israeli’s occupation of this land is illegal according to international law. Most of it belongs to “absentee” Palestinians — that is, Palestinians who were driven from their land by Israeli expansion, and who were neither consulted nor compensated prior to settlement construction.

And part of at least one settlement industrial zone sits on the property of a non-absentee Palestinian landowner, in violation of Israel’s own laws.

In addition to the 1,365 hectares containing factories — which manufacture everything from metal to plastics to textiles — there are an additional 9,300 hectares for farming conglomerates. The land controlled by industrial and agricultural enterprises is almost double that occupied by settler residences, which account for only 6,000 hectares.

Although Israeli officials can be tight-lipped about the settlement industrial zones, it seems clear that business interests, perhaps more than anything else, are driving Israeli expansion in the West Bank.

Development for Whom?

As Israeli firms pump millions of dollars into the Occupied Territories each year, some observers have the audacity to suggest that this investment benefits Palestinians.

It doesn’t.

The World Bank estimates that Israeli activities in Area C — including land restrictions and water siphoning — cost the Palestinian economy about \$3.4 billion a year, or about 35 percent of its GDP.

One Palestinian leader quoted in the HRW investigation reported that his village’s livestock had decreased from ten thousand animals to only one hundred after the construction of an Israeli settlement severely reduced their grazing area.

By disrupting Palestinian livelihoods, Israel increases unemployment and depresses wages, providing a captive workforce for Israeli employers.

Dispossessed of their land and prevented from establishing their own businesses by restrictive Israeli permit laws, Palestinians often have little choice but to accept jobs working for Israeli manufacturers, where they are grossly underpaid and subject to state-facilitated abuse from their employers.

Israeli authorities justify the settlement industrial zones by claiming they exist to provide employment to Israeli settlers. But the numbers show that Palestinians overwhelmingly make up the labor force in these industrial areas.

In 2013, only 6.8 percent of settlers worked in manufacturing or mining jobs, despite the proliferation of Israeli factories and rock quarries in the settlements. And less than 1 percent of settlers worked on the 10,000 hectares of

agricultural land that Israeli firms cultivate. In fact, of the seventeen thousand people formally working in the settlements in 2009, eleven thousand were Palestinian.

Unsurprisingly, Palestinian workers are treated poorly compared to their Israeli counterparts.

Palestinian workers often earn about 8 shekels (or two dollars) an hour, one-third of the Israeli minimum wage. A 2007 Supreme Court case ruled that Israeli labor laws apply equally to Palestinian and Israeli workers, but the Israeli government has refused to implement this ruling. It claims it can neither investigate labor practices in the West Bank nor enforce compliance with labor standards.

To make matters worse, Palestinian [workers](#) rely on work permits issued by the Israeli military to seek and hold down jobs in the settlements, making them uniquely vulnerable to retaliation by hostile employers.

The settlement industrial zones don't empower Palestinians — they exploit them. According to the HRW report, to claim otherwise amounts to nothing more than "a poor excuse for labor abuses." But that doesn't stop some settlers from trying.

Whitewashing Occupation

Despite all the evidence to the contrary, some Israeli settlers still maintain that settlement businesses are a vital source of employment for jobless Palestinians in the Occupied Territories. Some even go so far as to describe settler entrepreneurs as multicultural bridge-builders, connecting Israelis and Palestinians through shared labor.

Ron Nahman — founder of the largest settlement industrial zone and mayor of Ariel, one of the West Bank's oldest settlements — responded to criticism in 2000 by saying, "I have a better shared development plan with the Arabs in the area than any of the leftist administrations, and I pursue peace exactly like all the leftists."

Nahman's "shared development plan," it seems, consists of exploiting cheap Palestinian labor while maintaining Israeli control over vital natural resources.

Israeli authorities echo Nahman's claim. Former minister of economy Naftali Bennett called the settlement industrial zones "economic bridges of peace," and current president Reuven Rivlin [described](#) Barkan — one of the largest settlement industrial zones — as a "hub of coexistence."

Nevermind that until recently Barkan housed a company that Palestinian employees sued for wage theft and discrimination. As usual, facts don't get in the way of Zionists' spirited defense of occupation and exploitation.

This kind of rhetoric also appears in US news outlets like the New York Times. Last year, the paper [celebrated](#) the illegal establishment of an Israeli grocery store in the West Bank — calling it "a symbol of coexistence" because it employed both Israeli and Palestinian cashiers.

The characterization of settlement industrial zones as hubs of cooperation is transparent and disingenuous, deflecting attention from the real dynamic of dispossession and exploitation that defines the relationship between settlers and Palestinian workers.

Many of the goods produced in the settlements are exported to foreign trading partners, most significantly in the European Union. Many are labeled "Made in Israel," despite international laws specifically prohibiting that practice.

In 2012, Israel reported to the World Bank that exports from settlement industrial zones to the European Union totaled \$300 million in value annually.

The World Bank [put](#) this figure much higher — suggesting a figure of \$5.4 billion a year — because Israeli

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companies often transfer raw materials and manufactured components across the border into internationally recognized Israel before export.

In fact, producers in the Occupied Territories are so dependent on foreign consumers that Barkan administrators estimate that the zone sends about 80 percent of its goods out of the region.

Israel's need to sell its goods in foreign markets highlights the [strategic importance](#) of the [boycott, divestment, and sanctions \(BDS\) movement](#) , which calls on international consumers to boycott Israeli products, particularly those produced in the Occupied Territories.

The illegal production of food, metal resources, and manufactured goods in the occupied West Bank is a tremendously productive and profitable arm of the Israeli economy. But it does nothing to benefit Palestinians. Instead, it reproduces the conditions of their destitution.

Opposing Israeli settlements in the West Bank isn't about calling for reconciliation or coexistence, and it certainly isn't just about ensuring the conditions for a two-state solution, as Shapiro seemed to suggest.

Settlement is an economic project, premised on the seizure of Palestinian resources and the exploitation of Palestinian labor.

Demanding an end to Israeli occupation is about demanding an end to the oppression of Palestine.

[Jacobin](#)