

Economic Report

Impact of Coronavirus Pandemic on the Economic Sectors in Bethlehem Governorate

31.03.2020 – 05.03.2020



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After the Palestinian Ministry of Health’s announcement on March 5, 2020 about the emergence of 7 cases of Coronavirus in the city of Beit Jala, in the Bethlehem governorate, a 30-day “State of Emergency” was declared across the Palestinian Territory by President Mahmoud Abbas, followed by the declaration of the Prime Minister Mohammad Shtayyeh for its implementation procedures. Consequently, an emergency plan for the Bethlehem Governorate was announced by the Governor of Bethlehem, which included segregation and closure of the governorate, its cities, villages, and camps; restricting the movement of citizens and merchants; disrupting permanence in all official institutions; deploying security barriers in order to reduce peoples’ movement; evacuating universities and schools; suspending work hours until further notice; canceling all hotel reservations; and closing religious sites.

Subsequently, the Bethlehem Chamber of Commerce and Industry took on a vital role in facing the pandemic head on by becoming a member of the High Emergency Committee, the Attribution Committee and other local supporting committees across the Governorate in order to keep abreast of developments related to the pandemic and its economic impacts.

This preliminary report has been prepared to provide information about the economic impacts of the Coronavirus pandemic in the Palestinian Territory during the period of 5/3/2020 to 3/31/2020.

The report examines the extent to which the pandemic has affected various economic sectors across the governorate (e.g. industry, trade, tourism, services, contracting, etc.), revealing the significant economic downturn that the Bethlehem Governorate now finds itself in, as well as the high percentage of economic loss that many citizens are experiencing—namely as a result of the sudden increase in unemployment due to closure.



1. Economic Downturn Indicators for Bethlehem Governorate:

- Business contraction and shrinking of all commercial movements inside the Bethlehem Governorate.
- Regular production, product exports and external trade was halted.
- Industrial Production has been partially halted.
- Governorate Unemployment rate (estimated at 24% before the pandemic), significantly increased due to the lockdown of all local merchants and traders.
- The tourism sector, considered one of the most important economic pillars of the Bethlehem Governorate, has completely been brought to a halt.
- All production and support sectors ceased operations across the Governorate.
- Complete cessation of the banking sector.

2. Economy and demographics:

The Palestinian Central Bureau of Statistics indicates that the estimated population in the Bethlehem Governorate is approximately 229,884. The table below outlines individual city/town populations at the time of closure, as reported by the census.

#	Area	Total Population	Closure Period	Total # of Closure Days
1	Bethlehem	28,591	05/03/2020 – 31/03/2020	27
2	BeitJala	13,484	05/03/2020 – 31/03/2020	27
3	BeitSahour	13,281	17/03/2020 – 31/03/2020	15
4	Al-Doha	12,752	05/03/2020 – 31/03/2020	27
5	Aida Camp	2,824	05/03/2020 – 31/03/2020	27
6	BeitJibren Camp	1,523	05/03/2020 – 31/03/2020	27
7	Duheisheh Camp	8,805	22/03/2020 – 31/03/2020	10



2.1 Number of Workers in Bethlehem Governorate

According to the Palestinian central Bureau of Statistics the total Number of Palestinian workers working inside the occupied and displaced Palestinian Territory are 133,300 ,in which 8,834 workers are from Bethlehem Governorate. All of these workers were lost their jobs as a result of the most recent quarantine directives, which has led to an increase in the Governorate’s unemployment rate.

2.2 Total Number of Economic Facilities inside Bethlehem Governorate:

The 2018 Palestinian Central Bureau of Statistics indicates that total number of working facilities in the Bethlehem Governorate are 9,456. Below are the highest sectors:

	Economic Sector	# of Active Facilities
1	Commercial Sector – Wholesale and Retail	4,212
2	Industrial Sector – Transformative Manufacturing Field	1,466
3	Tourism Sector – Services and Accommodation	536

Part 2: Highlights of the Economic Sectors in Bethlehem Governorate Affected by the Coronavirus Pandemic

#	Economic Sector	Impact/ Damage Ratio
1	Industrial Sector	85%
2	Commercial Sector	90-95%
3	Agricultural Sector	50%
4	Tourism Sector	100%
5	Services sector (Banks and Insurance Companies)	70%
6	Fuel Sector	-
7	Public Transportation	100%
8	Contracting Sector	95%
9	Textile and Sewing Sector	100%
10	Automotive Trading Sector	100%
11	Garage and Auto Repair Services	90%



Part 3: Recommendations

The "PMA Index for the Business Cycle" results for March 2020 indicate a clear decline in the overall index due to the PNA's "State of Emergency" declaration. The overall index fell to its lowest level in nearly five months, recording about -16.5 points, compared to nearly -9.8 points in February, while it is much lower than its level in the corresponding month of 2019, which is about 2.9 points.

Based on the statistics mentioned in this report, the Bethlehem Chamber of Commerce and Industry has outlined a set of preliminary recommendations that would contribute to addressing the losses incurred by the various economic sectors in the Bethlehem Governorate as a result of the Coronavirus Pandemic. The recommendations are as follows:

Recommendations Addressed to the Palestinian Government:

- Exempt all economic sectors from 2020 income tax, professions and crafts licenses' fees.
- Exempt the tourism sector and economic sector facilities who are affected by this pandemic from paying their annual license fees (either the 2020 fees for those who have not yet paid for this year, or the 2021 fees for those who have already paid for this year).
- Exempt landlords from the property tax.
- Establish a special economic fund in the Bethlehem Governorate to address the many anticipated problems that will arise once the pandemic ends. This will help to maintain the continuity of work, especially in an effort to restore the operational capacity of small and medium enterprises.
- Focus on the promotion of national products by reducing imports and by encouraging citizens to use national products.
- Reduce fuel taxes, especially taxes on diesel and gasoline, whose consumption has decreased by more than two thirds.
- Re-establish operation to 30% – 40% of production capacity at key factories working in the fields of basic materials and stone
- We recommend the government, and especially the Ministry of Social Development, to pay attention to the situation of daily self-employed workers, including street vendors and others; they



should be considered as a category of sectors significantly impacted by unemployment, and should be protected as such.

- The Monetary Authority should facilitate banking services and provide concessional loans to facilities at the lowest interest rate possible.

General Recommendations:

- Require a contribution of at least 10% from the large corporations' and companies' profits (as a social responsibility), which will contribute to the support of the Bethlehem Governorate.
- Postpone employees' financial dues until after the pandemic
- Commit to the prices of different commodities, materials and products.
- Reduce the cost of key services—water, sewage and electricity—and require providers to schedule bill payments.
- Ensure cooperation between landlords and tenants so that housing security remains stable.
- Reduce municipality fees for public and private (taxi) parking.

Part 4: Conclusion

This preliminary report on the economic situation across the Bethlehem Governorate during March 2020 indicates the negative impact of the Coronavirus pandemic on the economy, and outlines the significant increase in unemployment rates associated with the closure of services institutions and sectors. Our research indicates that citizens across the Governorate are having trouble meeting the daily needs of their families, and in many cases, are watching their savings and security net dwindle. If the situation continues as it has been, unemployment will take its toll, and many families will be forced into poverty. This could place the governorate in a very precarious economic situation for a long time to come, with potentially catastrophic future results.

End of Report