



## **Economic Report**

**“Impact of Coronavirus Pandemic on the economic sectors in Bethlehem Governorate”**

**31.03.2020 – 05.03.2020**



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## Introduction

After the announcement of The Palestinian Ministry of Health about the emergence of 7 cases infected with the Coronavirus in of Beit Jala city in Bethlehem governorate at the 5<sup>th</sup> of March 2020, the Emergency Case was declared accordingly in the Palestinian Territories by President Mahmoud for a period of 30 days, followed by the declaration of the Prime Minister Muhammad Shtayyah for its implementation procedures. Consequently, an emergency plan for Bethlehem Governorate was announced by the Governor of Bethlehem Kamil Hmaid, 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 and suspending working hours until further notice, canceling all reservations for tourists in hotels, announcing the closure of the Nativity Church and avoiding the entry of tourists for a whole month.

Subsequently, Bethlehem Chamber of Commerce and Industry took a vital part in facing this pandemic by being a member in the High Emergency Committee, the Attribution Committee and other local supporting committees in the Governorate in order to follow up the pandemic details and its economic developments and effects.

Following up on the economic developments in light of the current conditions and the negative effects resulting from the outbreak and spread of the Coronavirus in the Palestinian territories, this preliminary report was prepared for the period of time between 5/3/2020 to 3/31/2020.

Afterwards, this report examines the extent of the pandemic impact on the various economic sectors in the governorate (industry, trade, tourism, services, contracting, etc.), which reveals the significant decrease and losses in the economic situation in Bethlehem governorate, as well as the high percentage of losses that many citizens are suffering from due to their losses in their main source of daily income, increasing the numbers of the unemployed people.



## Economic Downtime indicators for Bethlehem Governorate included:

- Business contraction and shrinking of all commercial movements inside Bethlehem Governorate.
- Companies Production and exporting was stopped, as well as external trade.
- Governorate Unemployment rate reached very high percentages due to the running down of all local merchandisers and traders to inter occupied territories, which was estimated of 24% before the pandemic.
- The tourism sector which is considered one of the most important economic pillars of the Bethlehem Governorate has completely stopped working.
- All production and supporting sectors ceased their operation in the governorate.
- Complete cessation of the banking sector.

## Economy and demographics:

Palestinian Central Bureau of Statistics indicate that the estimated population in Bethlehem governorate is 229,884. Population census and the closing period of economic sectors related to the most affected areas during March 2020 as mentioned below:

#	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

## Bethlehem Chamber of Commerce and Industry



7	Duheisheh Camp	8,805	22/03/2020 – 31/03/2020	10
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### Number of workers in Bethlehem Governorate

According to the Palestinian Labor Directorate – Bethlehem Area, the number of Palestinian workers holding permits to work inside the occupied and displaced Palestinian territories in 1948 & 1967 are 8834–regardless the informal number whom are not registered. All of them were under quarantine

	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

decision announced lately, this led to increase the unemployment rate in the Governorate.

### Total Number of Economic Facilities inside Bethlehem Governorate:

Palestinian Central Bureau of Statistics 2018 indicate that total number of working facilities in Bethlehem Governorate are 9456. Below mentioned the highest sectors:

### Part 2: Highlights of the Economic Sectors in Bethlehem governorate affected by 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	Fuels 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

"PMA Index for the Business Cycle" results for March 2020 indicate a clear decline in the overall index due to the Palestinian government 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 all the comments mentioned in this report, it is possible to come up with a set of preliminary recommendations that would contribute to addressing the losses incurred by the various economic sectors in Bethlehem Governorate as a result of the spread of Coronavirus Pandemic, as follows:

### Recommendations addressed to the Palestinian Government:

- Exempting all economic sectors from 2020 income tax, professions and crafts licenses' fees.
- Exempting tourism sector and economic sector facilities whom are affected from this pandemic from their annual license fees (either the 2020 fees for those who have not yet paid them, or 2021 fees for those who have paid for this year).
- Exempting landlords from the property tax.
- Establishing a special economic fund in Bethlehem governorate to address the problems after the end of the virus crisis, in order to maintain the continuity of work, especially small and medium enterprises, to restore their operational capacity.
- Focusing on supporting national products, reducing imports, raising awareness among citizens and encouraging them to use national products.



- Reducing fuel taxes, especially diesel and gasoline, whose consumption has decreased by more than two thirds.
- Allowing the operation of the main factories working in the field of basic materials and stone factories at 30% – 40% of their production capacity.
- We recommend the government and especially the Ministry of Social Development to pay attention to the category of daily self-employed workers, including street vendors and others, to enter this category in the unemployment sector.
- The necessity for the Monetary Authority to facilitate banking services and provide concessional loans to facilities at lowest interest rates.

## **General Recommendations:**

Contribution of at least 10% of the large corporations' and companies' profits (as a social responsibility) to contribute to the support Bethlehem Governorate.

Rescheduling employees' financial dues after the emergency case.

Commitment to the prices of different commodities, materials and products.

Reducing the prices of the main services– water, sewage and electricity by the providers and main companies, as well as scheduling bills.

Cooperation between landlords and tenants.

Reducing the fees for public and taxi parking's by the municipalities.

## **Part 4: Conclusion**

This preliminary report on the economic situation in Bethlehem Governorate during March 2020 indicators' show the negative impact of the Coronavirus pandemic on the economy and the increase in unemployment rates, which was also associated with the stoppage of various educational and services institutions and sectors.

Thus, all these pointers indicate an increase in consumption and the use of savings to meet the daily needs of families in the governorate. The continuation of this situation will lead to the deepening of the poverty and unemployment situation in the governorate for a very long time and foreshadow catastrophic results.



**End of Report**