



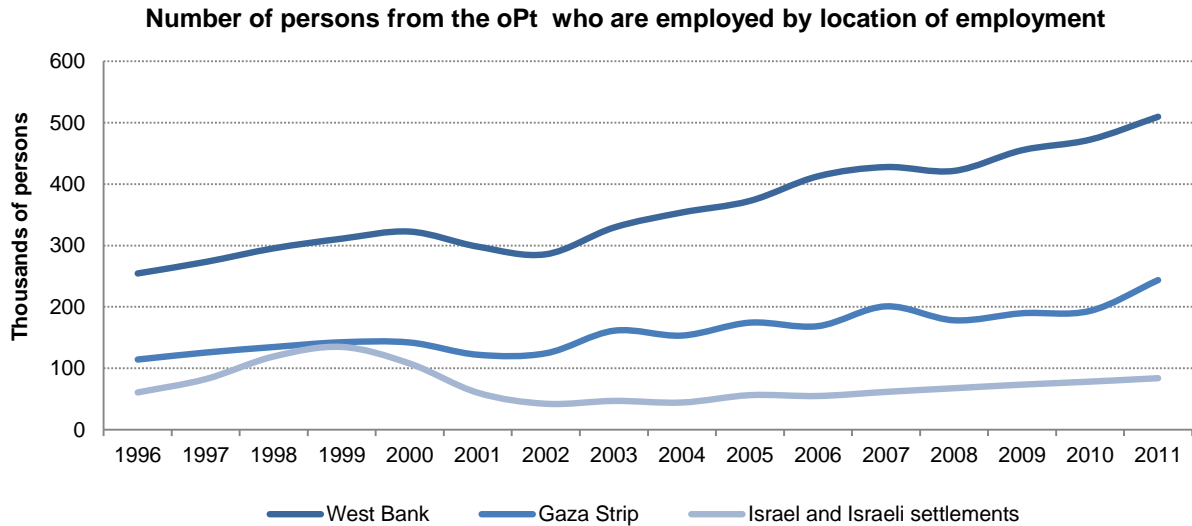
SOCIO-ECONOMIC REPORT

JUNE 2012

Supplement: Employment of oPt workers in the West Bank, Gaza, Israel and Israeli settlements between 1996 and 2011¹

The location of employment of workers from the oPt

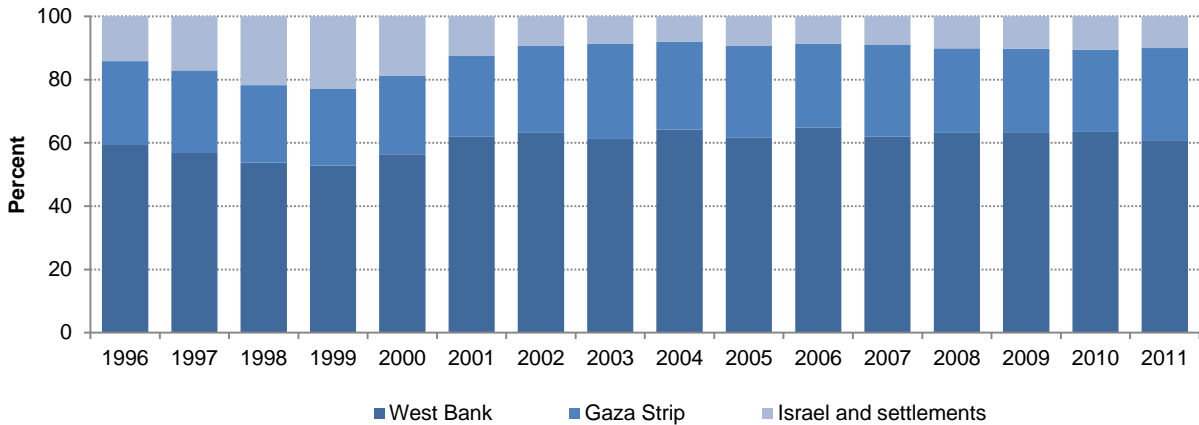
Almost twice as many persons aged 15 years or older from the oPt had a job in 2011 compared to 1996, reaching approximately 837 thousand. During this period, the number of persons working in the West Bank increased by 100% and in the Gaza Strip by 113%. The number of persons from the oPt employed in Israel and Israeli settlements, on the other hand, was only 38% higher in 2011 than it was in 1996. This is explained by a slow recovery after 2002 from a significant contraction of almost two thirds following the outbreak of the *Al Aqsa intifada* in 2000 and the tightening of movement restrictions introduced by Israel on workers from the oPt.



Almost a fourth of employed persons from the oPt worked in Israel and Israeli settlements on the eve of the *intifada*. The tight restrictions imposed by Israel on the movement of people, including workers, brought the proportion of workers with jobs in Israel and Israeli settlements to a low of 8% in 2004. Since then, this proportion has remained relatively stable at around 9-10% of total employed persons from the oPt.

¹ The data in this supplement are from PCBS's Labor Force Survey (various years). Data were not collected from those living in East Jerusalem, but according to PCBS those working in East Jerusalem are included in the West Bank category for location of employment.

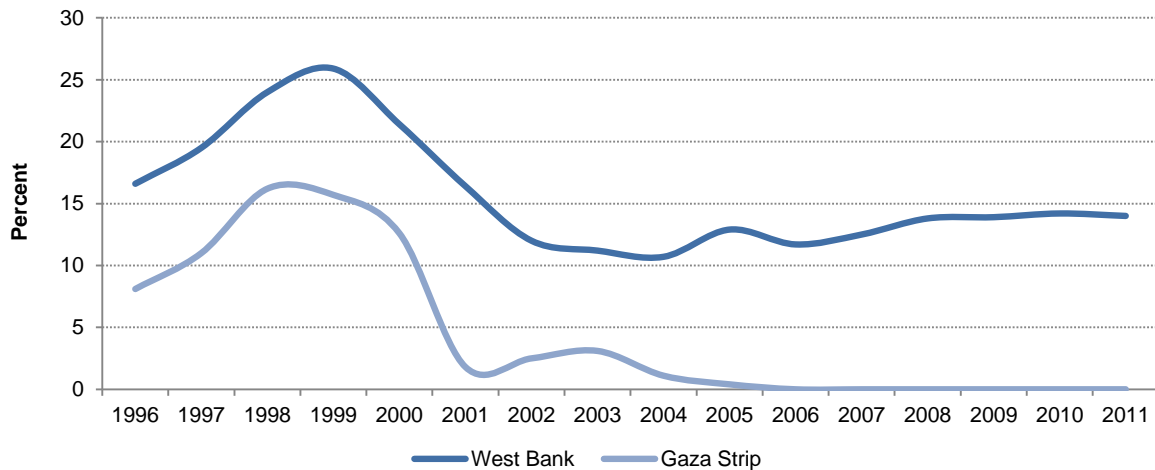
Proportion of persons from the oPt who are employed by location of employment



The proportion of employed persons from the oPt who worked in Israel and Israeli settlements was higher in the case of the West Bank (relative to its employed labor force) than in Gaza during the analysis period. In the peak year of 1999, for example, 26% of people from the West Bank who were employed worked in Israel and Israeli settlements, but only 16% of people from Gaza who were employed worked in that location. With the outbreak of the *intifada* and the Israeli movement restrictions, the unemployment rate in the oPt more than doubled, even as labor force participation decreased. The absolute number of employed persons fell in all locations, but this drop was most dramatic for employment in Israel and Israeli settlements.

Permits for persons from Gaza to work in Israel and Israeli settlements ceased to be issued in 2006. In the case of West Bankers, where a work permit and quota system presently continues to regulate access to the Israeli and settlement labor markets, the proportion working in Israel and Israeli settlements has been stable at around 14% since 2008.²

Proportion of employed persons from West Bank and from Gaza Strip who work in Israel and Israeli settlements



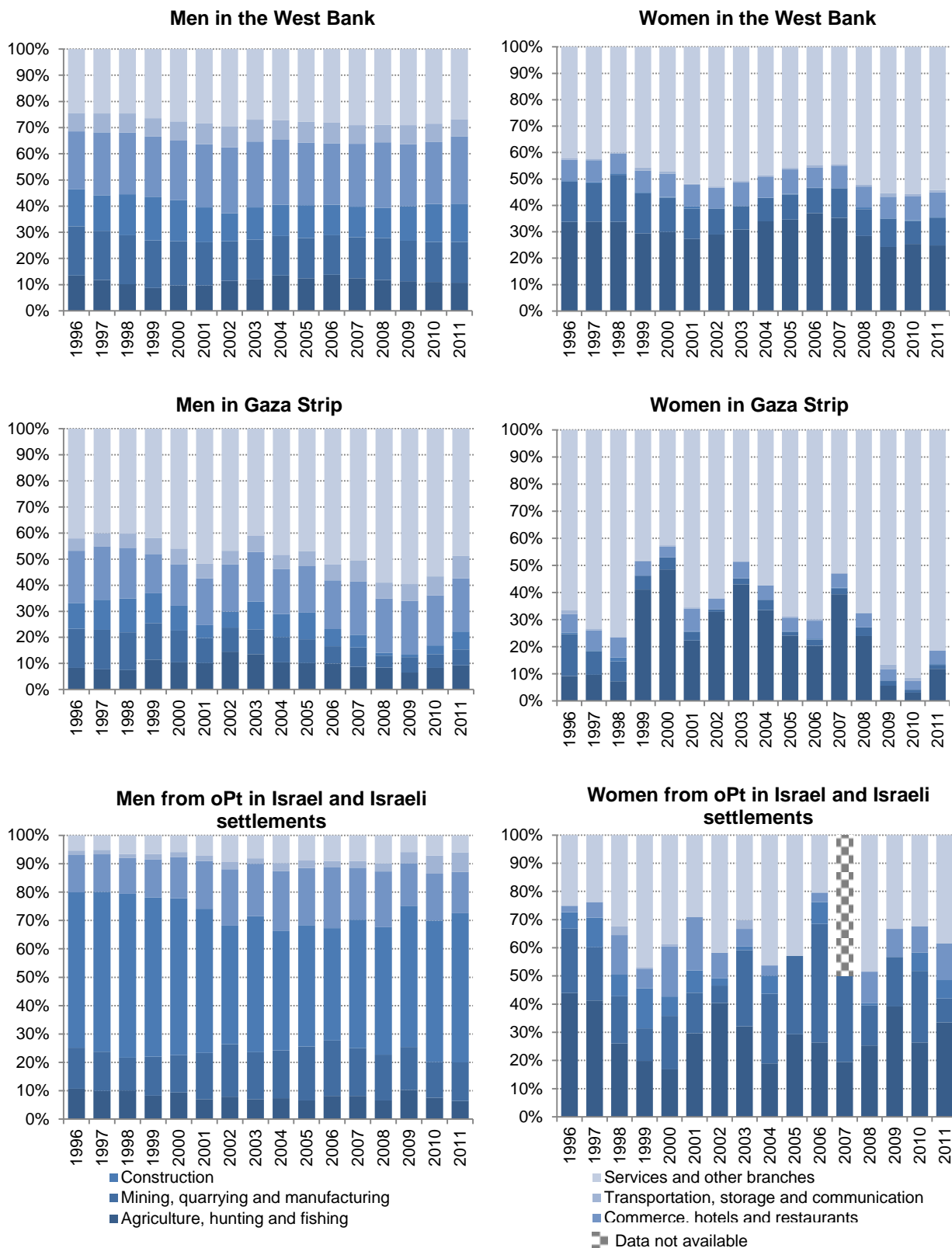
Economic activity

The services sector has traditionally dominated Palestinian employment, proportionately more in Gaza than in the West Bank and for women more than for men. In the case of Israel and Israeli settlements, construction is the dominant sector for employment for males from the oPt, and the relative importance of this sector has been growing since 2008, reaching 53% of all men from the oPt employed in Israel and settlements in 2011. For women from the oPt working in Israel and Israeli

² These estimates include those that work in Israel and Israeli settlements without a permit.

settlements, services is the main sector for employment, with agriculture representing a second important sector.

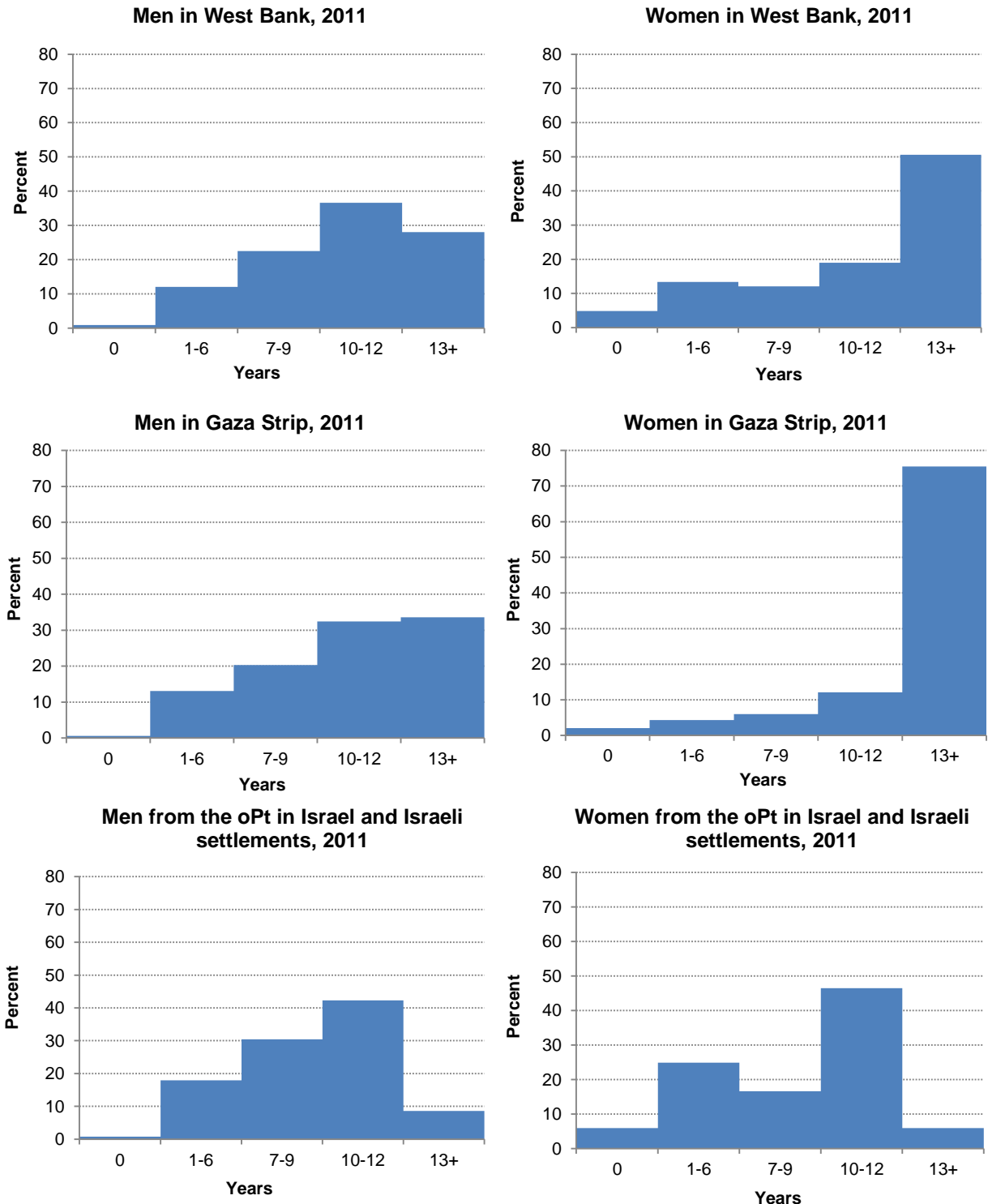
Distribution of persons from the oPt who are employed by economic activity



Skilled and unskilled labor

The Israeli and settlement labor markets have traditionally absorbed mostly unskilled male workers from the oPt. In 2011, 12% of working men from the oPt worked in Israel and settlements, but only 1% of working women did. The lower level of skills of jobs in Israel and Israeli settlements compared to the West Bank and Gaza is reflected in the inferior levels of schooling of those working there. In particular, the proportion of workers from the oPt with 13 or more years of schooling was below 10% in Israel and Israeli settlements in 2011 (and all years since 1996 except 2006 and 2007), but was between 30 and 40% in the West Bank and in Gaza.

Distribution persons from the oPt who are employed by years of schooling



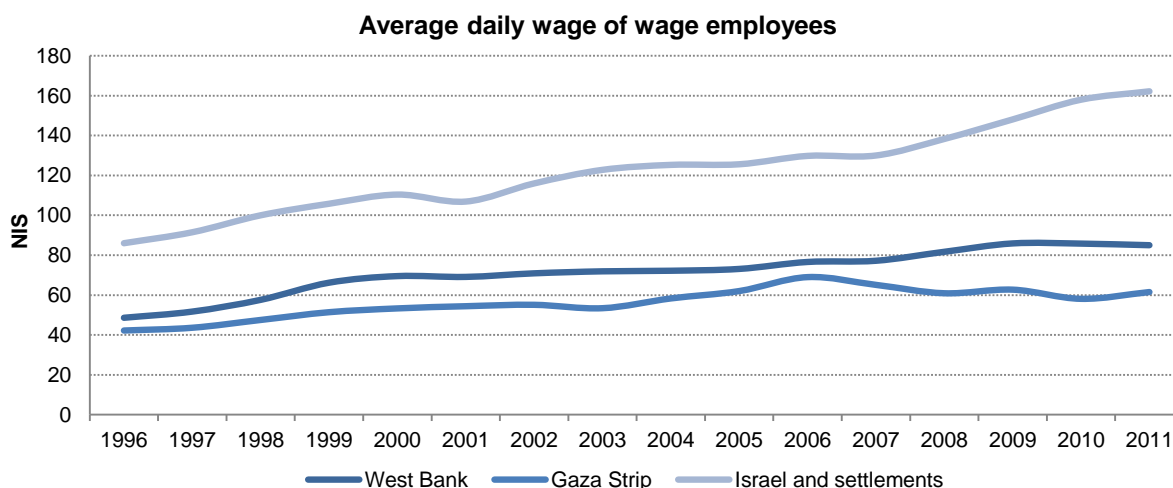
The occupations of oPt workers in Israel and Israeli settlements also reveal the importance of unskilled work. In 2011, 45% of those employed in these locations had elementary occupations, a proportion three times higher than in the West Bank or Gaza. Jobs in the West Bank and Gaza, to the contrary, reflect higher skill levels, with the highest proportion of employed persons working as professionals, technicians, associates and clerks in both regions.

Distribution of persons from the oPt who are employed by location of employment, by occupation, 2011

Occupation	Region		
	West Bank	Gaza Strip	Israel and Israeli settlements
Legislators, senior officials and managers	7	2	1
Professionals, technicians, associates and clerks	25	31	2
Service and sales workers	18	27	6
Skilled agricultural and fishery workers	12	6	1
Craft and related trade workers	16	10	35
Plant and machine operators and assemblers	8	8	10
Elementary occupations	15	16	45

Remuneration

In spite of the higher proportion of unskilled labor, average wages in Israel and Israeli settlements for workers from the oPt are considerably higher than in either the West Bank or Gaza. Average nominal daily wages were NIS162 in Israel and Israeli settlements in 2011, but only NIS85 in the West Bank and NIS62 in Gaza. In addition to being higher, nominal wages have grown faster in Israel and Israeli settlements than in the other locations of employment. While nominal wages rose by 38% in Gaza and by 50% in the West Bank between 1996 and 2011, they doubled in Israel and Israeli settlements.



The wage premium in Israel and settlements is evident in all economic activities.³ Average wages in agriculture and in services (and other branches) were 1.7 times higher in Israel and Israeli settlements than they were in the West Bank in 2011, and the gap is even greater in the other sectors. In construction, which absorbs most of West Bank workers in Israel and settlements, wages were twice as high as in the West Bank. In the case of commerce, average wages were 2.4 times higher. Wages were between 2 and 5 times higher in Israel and Israeli settlements than in Gaza in 2011.

³ These findings are based on a simple comparison of averages, without holding other variables such as age constant.

Average daily wage of wage employees from the oPt by economic activity

