

Limitations and Obstruction to Development of Markets in Occupied Jerusalem's Old City

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The Old City (less than 1 sq km) in East Jerusalem has been central to Palestinian economic development. In addition to its commercial, social, cultural, and political significance for Palestinians, it also has historic and religious significance for the three monotheistic religions. Its holy sites and the surrounding local markets inside the old city's walls are destinations for local and international tourism.

According to the Palestinian Central Bureau of Statistics (PCBS), Bethlehem and Jerusalem governorates are the main holy destinations for tourists coming to Palestine, during the year 2019, 16% of inbound visitors to the West Bank were in the Jerusalem governorate. 1 The significance of the old city as a tourist attraction not only indicates the centrality of tourism to the economy but also raises questions about the status of the commerce and trade sector in the old city.

In the 1950s, the number of tourists visiting the Old City was limited to only rich people, while in the 1960s, the numbers began to increase and middle-class tourists began to flock from the Gulf, Jordan, Lebanon and other countries bringing businesses to life (Arafeh, 2016). This increase in the number of tourists led to a change in the Old City market's composition where the markets began to expand outside the Old City walls.

In 1987, after the first Intifada, merchants in the Old City began to suffer as a result of the political conditions in the country, which began to form an economic hardship, and businesses started to reduce their working hours on Saturdays and changed their businesses back to retail rather than souvenir shops (Arafeh, 2016).

Further examination of the tourism and trade sector in East Jerusalem is not possible without setting forth the policies and practices that have affected the city since its illegal annexation by the Israeli occupation authorities in 1967, and the continuous Israeli occupation authorities' attempts to impose control over the city. Annexation, in part or in full of a territory, is prohibited under IHL, which is a fundamental principle of customary international law. Moreover, the Israeli annexation of East Jerusalem violates Article 2(4) of the UN Charter, which requires that all Member States "refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any State, or any other manner inconsistent with the purposes of the United Nations."2

Since 1948 and until 1967 East Jerusalem had been under Jordanian rule, during which time tourism in East

²⁾ Annexation under International Law, Palestinian Ministry of Foreign Affairs and Expatriates, January 17, 2021, available at: http://www.mofa.pna.ps/en-us/mediaoffice/israeliviolations/annexation-under-international-law#_ftn3



¹⁾ The Palestinian Central Bureau of Statistics and the Ministry of Tourism and Antiquities issue a press release on the occasion of World Tourism Day, 27/09/2019, available at: https://www.pcbs.gov.ps/site/512/default.aspx?lang=en&ItemID=3555

Jerusalem thrived as it was the strongest sector in East Jerusalem's economy3. By 1966, it cent of the West Bank's GDP and generated many jobs, thus increasing income and improving living standards.4 However, following the illegal annexation in 1967, the Israeli occupation authorities imposed several restrictive and transformative measures that have affected not only the demography and status of the city but also the lives and the economies of Palestinian inhabitants of the city.

Such measures include segregation and isolation of the city from the remainder of the Occupied Palestinian Territories (oPt) while imposing control using discriminatory legislation5; an example of this is declaring Jerusalem as "Israel's united capital" through issuing the Basic Law, passed by the Israeli parliament (Knesset) in 1980, it provides that "Jerusalem, complete and united, is the capital of Israel" in violation of international law.6 The Israeli occupation's practices and illegal measures to change the character, demography, and status of the city have taken place concurrently with its economic separation from the rest of the Palestinian economy.7 This is evident through imposing restrictions on the movement of Palestinian people and goods, specifically during and in the aftermath of the second Intifada in 2002 when closures and punitive measures such as curfews and tax raids were imposed by Israeli occupation authorities on the (oPt), especially Jerusalem, which greatly affected economic development in the oPt and paralyzed economic activity8. The Israeli occupation policies has also impeded East Jerusalem's tourism sector, the strongest sector for the economy in the city.

Moreover, the physical segregation of East Jerusalem through installing the military checkpoints and the construction of the Wall in 2002 further hampered East Jerusalem's development9. According to United Nations Conference on Trade and Development (UNCTAD), the Palestinian National Authority witnessed two worst economic recessions associated with lockdowns; one, politically motivated in the aftermath of the second intifada and the other, precipitated by a once-in-a-century global health crisis; that is during the coronavirus pandemic (2020). In numbers, there was an 11.5 percent contraction in 2020, similar to the recession in 2002 when GDP fell by 12.5 percent10.

Alongside the physical separation of East Jerusalem from the rest of the oPt by constructing the separation wall, the Israeli occupation authorities imposed a permit regime that requires Palestinians living in the West Bank to have a travel permit to be able to cross checkpoints, the wall, and other barriers to enter Jerusalem, which further affected the economy of Jerusalem due to the decrease in the number of Palestinians arriving there from the West Bank .11 As for the Old City in East Jerusalem, further obstructions were imposed on access to the Old City through a heavy military presence in and around the old city at its gates. An example of this is the construction of watchtowers at Damascus gate under security pretext, with an intense military presence to survey and control Palestinians' access to the old city, additionally installing surveillance cameras around the old city12.

All of the above measures have affected local tourism, the accessibility of Palestinians into the local markets in Jerusalem, and the sales in these markets. As a result, businesses in East Jerusalem and the old city have been affected negatively; for instance, the disconnect created by the Separation Wall has led to "a marked reduction in the potential purchasing power of Palestinian consumers from areas adjoining Jerusalem such as Abu Dis, Sawahara al-Sharqiya, and Al-'Azariyah. Many shoppers from these towns used to visit the Old City market and the shopping district on Salah Al-Din Street. After the completion of the Barrier, only 4% of those living beyond the wall have continued to do their shopping in Jerusalem, whereas 18% did so be-

³⁾ Economic Collapse in East Jerusalem: Strategies for Recovery , Nur Arafeh, Al-Shabaka, November 30, 2016, available at: Economic Collapse in East Jerusalem: Strategies for Recovery (al-shabaka.org)

⁴⁾ The Palestinian Economy in East Jerusalem: Enduring annexation, isolation and disintegration, United Nations Conference On Trade And Development (UNCTAD), 2013, available at: http://unctad.org/en/PublicationsLibrary/gdsapp2012d1_en.pdf

⁵⁾ Occupying Jerusalem's Old City: Israeli Policies of Isolation, Intimidation and Transformation, Marya Farah, Al-Haq 2019, available at: https://www.alhaq.org/publications/15212.html

⁶⁾ Knesset Twenty-Fourth Knesset, Second Session, Elections Recess, Basic Laws, July 26, 2022 https://m.knesset.gov.il/en/activity/pages/basiclaws.aspx#:~:text=Basic%20Law%3A%20Human%20Dignity%20and%20Liberty%20(1992),his%20being%20a%20free%20person

⁷⁾ The Palestinian economy in East Jerusalem: Enduring annexation, isolation and disintegration, UNCTAD. Secretariat, New York; Geneva: UN, 2013, p.32, available at: https://digitallibrary.un.org/record/749167

⁸⁾ Economic Collapse in East Jerusalem: Strategies for Recovery , Nur Arafeh, Al-Shabaka, November 30, 2016, available at: Economic Collapse in East Jerusalem: Strategies for Recovery (al-shabaka.org)
9) Ibid.

¹⁰⁾ Report on UNCTAD assistance to the Palestinian people: Developments in the economy of the Occupied Palestinian Territory, United Nations Conference on Trade and Development, 20 September 2021, p.4, available at: https://unctad.org/system/files/official-document/tdbex71d2_en.pdf

¹¹⁾ Occupying Jerusalem's Old City: Israeli Policies of Isolation, Intimidation and Transformation, Marya Farah, Al-Haq 2019.

¹²⁾ Israel completes watchtower at Damascus Gate in Jerusalem, Middle East Monitor, February 19, 2018, available at: https://www.middlee-astmonitor.com/20180219-israel-completes-watchtower-at-damascus-gate-in-jerusalem/



fore"13. At the same time, the Palestinian consumers from outside Jerusalem (from the West Bank) started to shop from other alternative markets in the oPt that are more accessible to them and where they are not required to cross barriers14.

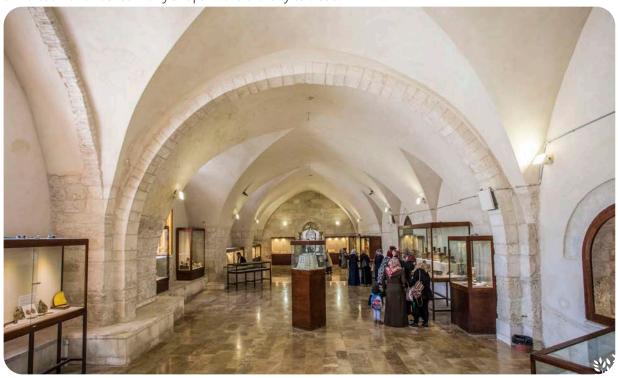
Obstruction of the Palestinians' movement is in fact in violation of international law according to paragraphs (1), (3) and (4) of Article 12 of the ICCPR, which states that,

- "1. Everyone lawfully within the territory of a State shall, within that territory, have the right to liberty of movement and freedom to choose his residence.
- 3. The above-mentioned rights shall not be subject to any restrictions except those which are provided by law, are necessary to protect national security, public order (ordre public), public health or morals, or the rights and freedoms of others, and are consistent with the other rights recognized in the present Covenant
- 4. No one shall be arbitrarily deprived of the right to enter his own country".

Considering the continued restriction on access to Jerusalem for nearly 20 years, and in light of the Israeli occupation authorities' declaring Jerusalem as 'the capital of Israel' through the Israeli legislation in contravention of the international law, Israeli occupation authorities' obstruction of the Palestinian movement does not conform to the exception provided for in Article 12.15

The Israeli occupation's tightening measures and restrictions on movement under the pretext of security have greatly affected the economy in the city, including restrictions on access to the gates and entrances to the old city. More specifically, that measures and restrictions affected locals' access to the city and disrupted tourist traffic into the old city's markets. As a result of stringent security procedures and the political instability in the area, foreign tourists and Palestinians become reluctant to shop in the old city.16

This instability has created an unsafe environment for the Old City's visitors whether foreign tourists, local tourists, or even locals living in Jerusalem. Due to political instability, the imposition of taxes and other fairs on Palestinians has led many shops in the Old City to close.



¹³⁾ Neglect and Suppression in East Jerusalem The Policies behind Widespread Poverty and Unemployment, ACRI, May 2012, available at https://law.acri.org.il/en/wp-content/uploads/2013/03/EastJlem-Poverty-ENG-web.pdf

¹⁶⁾ Feasibility Assessment Research: Islamic and Christian Cultural Heritage "The economic feasibility of Islamic and Christian Waqf in Jerusalem – A research study on two Old City Markets". Premier One Financial Consulting and Trade Services. PalVision, November 2022. The Research was conducted by PalVision in cooperation with 'Premier One Financial Consulting and Trade Services' during the year 2021.



¹⁴⁾ Ibid. ACRI, May 2012. Also see: The Current State of the Markets in the Old City of Jerusalem, Nur Arafeh, Palestine Economic Policy Research Institute, 27 July 2016, p.4, available at: https://yplus.ps/wp-content/uploads/2021/01/Arafeh-N.-The-Current-Status-of-the-Markets-in-the-Old-City-of-Jerusalem.pdf

¹⁵⁾ Occupying Jerusalem's Old City: Israeli Policies of Isolation, Intimidation and Transformation, Marya Farah, Al-Haq 2019, p.14.

16) Feasibility Assessment Research: Islamic and Christian Cultural Heritage "The economic feasibility of Islamic and Christian War.

Tourists constitute the bulk of customers for many of the Old City's merchants, any significant decrease in visits can hurt the local economy

The shrinking of the consumer base (tourists and Palestinian buyers) in the Old City has undermined business activity17. Moreover, the heavy burden of Israel's extortionate tax system and imposition of arbitrary actions against Palestinian merchants, such as issuing fines, by the occupation authorities contribute to restraining development in the commercial market in the Old City. All the tightening restrictions used by the Israeli occupation authorities forced nearly 430 Palestinian commercial shops in Jerusalem's Old City to close down over the past two decades as was reported in 2019.18

Overview of the markets: the case of Soug Al-Khawajat & Lutheran Church Street

The Old City market was built by the Umayyads and later renovated by the Abbasids, the Mamluks, and the Ottomans19. They were structured by placing shops selling the same lines of goods along the same street in the Old City, which gave these markets special names, each corresponding to the line of goods sold there.20 Today there are (6) main markets, each with the name of the products that it used to be famous for, suggesting that "the city had a strong economy with a diversity in traditional industries and trades".21 Souq Al-'Attareen (lit. spices market), Souq Al-Lahameen (lit. butchery market), Souq Al-Qattanin (lit. cotton market), Souq Al-Khawajat (lit. foreign merchants market), Souq Khan El-Zeit (lit. oil market) and Souq Al-Dabbagha (lit. tanning market). This section of the paper briefly looks into the status of two of the markets in the old city based on information provided through recent in-depth field research and a feasibility study into Souq al-Khawajat and Lutheran Church Street.22

Souq al-Khawajat and Lutheran Church Street (shops in front of the Church of the Redeemer- including Souq Al-Dabbagha, the Aftimos Market and part of Swiqet Allun); are two markets of the old city of Jerusalem that are owned by the Islamic and Christian Waqf and have a historic, touristic, and economic significance for Palestinians and visitors of the old city. Al-Khawajat market is located near the two main intersections in the Old City of Jerusalem. This market was famous for selling gold, and it gained its name, Al-Sagha Market and Al-Khawajat Market. The northern part of the market was severely damaged because of the earthquake that hit Jerusalem in 1927.

The two markets are on active sites near the church of the Holy Sepulcher; making them a destination frequently visited by tourists and pilgrims from all over the world. Lutheran Church Street, al-Dabbagha, and Souq al-Khawajat are the three streets that were established to serve pilgrims who came to visit the church of the Holy Sepulcher and the rest of the Old City. Moreover, they have historically reflected the identity of Palestinians of Jerusalem through selling traditional crafts and industries in addition to providing services and goods for both tourists and inhabitants of the city.

Today, the two markets are facing economic hardships and challenges, which is indicated by the decrease in the number of visitors, the deteriorating economic status of shop owners, and the closing of many shops in the two markets. The reasons for the economic deterioration are multifaceted due to the arbitrary procedures imposed by the Israeli occupation authorities in the city of Jerusalem, as well as the effects of the closures during the coronavirus spread as an effect of the pandemic, which eventually forced some shops owners to close their doors.

The impact of the siege imposed on the Old City on the commercial movement within it, in addition to the imposition of exorbitant taxes on commercial shops, and the Israeli occupation authorities have taken great control over receiving tourist delegations coming to Jerusalem and organizing their visit programs in a way that ensures that they do not reach the Palestinian stores in the Old City from Jerusalem, which led to a ma-

¹⁷⁾ According to Al-Haq, between 1 and 23 October 2015, 54 shops were forced to close down in Souq Al-Qatanin (market) in the old city. Please see p.44, https://www.alhaq.org/publications/15212.html

¹⁸⁾ Israel closed 430 Palestinian shops in 20 years in Jerusalem, Middle East Monitor, August 6, 2019, available at: Israel closed 430 Palestinian shops in 20 years in Jerusalem – Middle East Monitor

¹⁹⁾ The Current State of the Markets in the Old City of Jerusalem, Nur Arafeh, Palestine Economic Policy Research Institute, 27 July 2010, p 1, available at: https://yplus.ps/wp-content/uploads/2021/01/Arafeh-N.-The-Current-Status-of-the-Markets-in-the-Old-City-of-Jerusalem.pdf 20) Ibid.

²¹⁾ Ibid.

²²⁾ Feasibility Assessment Research: Islamic and Christian Cultural Heritage "The economic feasibility of Islamic and Christian Waqf in Jerusalem – A research study on two Old City Markets". Premier One Financial Consulting and Trade Services. PalVision, November 2022. The Research was conducted by PalVision in cooperation with 'Premier One Financial Consulting and Trade Services' during the year 2021.



jor economic decline; where the Israeli occupation authorities restricted the access of both Palestinians and foreign tourists to the shops of the Old City in Jerusalem due to its displacement policies.

Total number of shops in the markets

- Souq Al-Khawajat (63)
- Lutheran Church Market (37)

Number of shops closed²³

- Soug Al-Khawajat (55)
- Lutheran Church Market (28)

Products & Status of the Markets

Souq Al-Khawajat

- Textiles and souvenirs were once sold to pilgrims visiting the Holy Sepulcher Church.
- Nowadays, textiles, copper handicrafts, food and refreshments and musical instruments are sold in the market.
- Seven shops in Souq al-Khawajat need renovation.

Lutheran Church Market

- Most tourists visit the area as part of a regular (religious) tour.
- High dependency on foreign tourists.
- Leather products, including clothes, shoes and bags, were commonly sold. The market traders. now sell tourist items and ready-made leather products. ²⁴

About the products of the markets near Lutheran Church Street

The Aftimos Market is one of the markets located within the walls of the Old City of Jerusalem, stretching from north to south. Its northern entrance is made up of three triumphal arcs, and at the center of the market, there is a large, beautiful water fountain. The market is known for selling traditional, heritage, and vintage goods to tourists and for its colorful shops and restaurants. Offers mostly souvenirs and jewelry, in addition to several restaurants and resting areas targeting tourists.

Al Dabbagha Market is located between the Church of the Holy Sepulcher and the Monastery of Saint Savior, and to the north of Aftimos Market. Dating back to the Ottoman era, it was distinguished from other markets in the Old City by the number of craftsmen who worked in the tanning and leather manufacturing field. Currently, the market is one of the most popular markets, especially for tourists. Offering mostly souvenirs and jewelry targeting tourists.

Recommendations & Call to action:

Benefiting from the Waqf properties in the two markets, providing new income-generating opportunities to Jerusalemites, and protecting Palestinian cultural heritage in the Old City requires combined efforts by several parties. Such efforts should be focused on creating demand from both residents of the Old City, local visitors, and tourists in addition to providing Jerusalemites with new and unique business opportunities.

²⁴⁾ Ibid. According to notes of researchers in the Feasibility Assessment Research held by PalVision in cooperation with 'Premier One Financial Consulting and Trade Services' during the year 2021.



²³⁾ Ibid. Some of these shops are open on weekends or used as storage according to notes of researchers in the Feasibility Assessment Research held by PalVision in cooperation with 'Premier One Financial Consulting and Trade Services' during the year 2021.



In this regard, several actions can be taken by the Palestinian Authority (PA), the private sector as well as regional and international donors with the overall aim to:

Develop the tourism sector, develop the local Palestinian product and its ability to compete in the market as well as encourage the flow of local visitors and international tourists to the city. The following are suggestions for achieving this 25:

- 1. Employing effective efforts to attract tourists by implementing a marketing strategy for the Old City as a whole.
- 2. At the local market level, organize regular and seasonal events carefully designed to attract to the importance of monuments and history in the Old City
- 3. Develop an urban branding strategy to promote the two markets and their tourist and cultural sites in a way that strengthens the Palestinian identity
- 4. Involve political and religious figures to sustain community-based planning initiatives.
- 5. Build partnerships and business agreements with tour guides to promote the two markets and their businesses to tourist.
- 6. Creating a special location for Palestinian handicrafts to promote high-quality contemporary crafts where tourists can make, view, and learn about contemporary and traditional Palestinian crafts.
- 7. Expanding product design, diversity, and delivery in the markets.
- 8. Offering support for businesses to develop their business plans and strategies, especially related to pricing, the variety, and quality of items on offer, cash flow management, and encouraging business owners to engage more with digital and social media.
- 9. Creating new touristic programs based on the Palestinian narrative such as educational programs and tours.

²⁵⁾ Ibid. Listed recommendations are part of a list of conclusions and recommendations outlined in a Feasibility Assessment Research held by PalVision and 'Premier One Financial Consulting and Trade Services' on the two markets in the old city.



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