

The West Bank/Gaza Strip

RISK & COMPLIANCE REPORT

DATE: March 2018

Executive Summary - West Bank / Gaza Strip	
Sanctions:	US/Israel have issued guidelines on transactions with the Palestinian Authority
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	Compliance with FATF 40 + 9 Recommendations Weakness in Government Legislation to combat Money Laundering Not on EU White list equivalent jurisdictions Corruption Index (Transparency International & W.G.I.) World Governance Indicators (Average Score) Failed States Index (Political Issues)(Average Score)
Medium Risk Areas:	US Dept of State Money Laundering assessment
<p>Major Investment Areas:</p> <p>Agriculture - products: olives, citrus fruit, vegetables; beef, dairy products</p> <p>Industries: small-scale manufacturing, quarrying, textiles, soap, olive-wood carvings, and mother-of-pearl souvenirs</p> <p>Exports - commodities: stone, olives, fruit, vegetables, limestone</p> <p>Imports - commodities: food, consumer goods, construction materials, petroleum, chemicals</p>	
<p>Investment Restrictions:</p> <p>The Palestinian economy is small and relatively open, although several large holding companies dominate some sectors. Because of the small size of the local market, access to foreign markets through trade is essential for private sector growth. However, restrictions on the movement and access of goods and people between the West Bank, the Gaza Strip, and external markets imposed by the Government of Israel (GOI) continue to have a deleterious effect on the private sector and limit economic growth.</p>	

Certain investment categories require the Council of Ministers' pre-approval. These include investments involving (1) weapons and ammunition, (2) aviation products and airport construction, (3) electrical power generation/distribution, (4) reprocessing of petroleum and its derivatives, (5) waste and solid waste reprocessing, (6) wired and wireless telecommunication, and (7) radio and television.

Purchase of land by foreigners also requires the approval of the Council of Ministers.

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Section 1 - Background

From the early 16th century through 1917, the area now known as the West Bank fell under Ottoman rule. Following World War I, the Allied powers (France, UK, Russia) allocated the area to the British Mandate of Palestine. After World War II, the UN passed a resolution to establish two states within the Mandate, and designated a territory including what is now known as the West Bank as part of the proposed Arab state. Following the 1948 Arab-Israeli War the area was captured by Transjordan (later renamed Jordan). Jordan annexed the West Bank in 1950. In June 1967, Israel captured the West Bank and East Jerusalem during the 1967 Six-Day War. With the exception of East Jerusalem and the former Israeli-Jordanian border zone, the West Bank has remained under Israeli military control. Under a series of agreements signed between 1994 and 1999, Israel transferred to the Palestinian Authority (PA) security and civilian responsibility for many Palestinian-populated areas of the West Bank as well as the Gaza Strip. Negotiations to determine the permanent status of the West Bank and Gaza Strip stalled after the outbreak of an intifada in mid- 2000. In early 2003, the "Quartet" of the US, EU, UN, and Russia, presented a roadmap to a final peace settlement by 2005, calling for two states - Israel and a democratic Palestine. Following Palestinian leader Yasir ARAFAT's death in late 2004 and the subsequent election of Mahmud ABBAS (head of the Fatah political party) as the PA president, Israel and the PA agreed to move the peace process forward. Israel in late 2005 unilaterally withdrew all of its settlers and soldiers and dismantled its military facilities in the Gaza Strip and redeployed its military from several West Bank settlements but continues to control maritime, airspace, and other access. In early 2006, the Islamic Resistance Movement, HAMAS, won the Palestinian Legislative Council election and took control of the PA government. Attempts to form a unity government failed, and violent clashes between Fatah and HAMAS supporters ensued, culminating in HAMAS's violent seizure of all military and governmental institutions in the Gaza Strip. Fatah and HAMAS in early 2011 agreed to reunify the Gaza Strip and West Bank, but the factions have struggled to implement details on governance and security. The status quo remains with HAMAS in control of the Gaza Strip and the PA governing the West Bank. Since the collapse of direct talks between the Israelis and Palestinians in late 2010, President ABBAS has reaffirmed that he will not resume negotiations until Israel halts all settlement activity in the West Bank and East Jerusalem.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

The West Bank/Gaza Strip is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

A Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards has not yet been undertaken for the West Bank/Gaza Strip.

US Department of State Money Laundering assessment (INCSR)

No longer categorised a Jurisdiction of Primary Concern however the 2017 Report has not yet been published and, therefore, below is the 2016 report

Gaza Strip/West Bank was deemed a Jurisdiction of Primary Concern by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

The Palestinian Authority (PA) is divided into three West Bank administrative areas, A, B and C, plus the Gaza Strip. The PA provides most governance, services, and security in "Area A" zones of the West Bank. The PA provides some governance and services in "Area B," in which Israel retains security control. The PA has limited access to approximately 60 percent of the West Bank designated as "Area C," which remains under full Israeli civil and security control. The PA also has little ability to work in the Gaza Strip, which has been under de facto Hamas control since the 2007 coup, although with the formation of an interim government of independent officials in June 2014 under the Fatah-Hamas reconciliation agreement, ministries based in Gaza are supposed to be under the control of technocrats. Security apparatuses in Gaza remain under the control of Hamas.

The Palestine Monetary Authority (PMA) is an independent agency of the PA and has oversight over Palestinian banks in the West Bank and Gaza. There are 16 banks operating in Palestine, seven local and nine foreign, working through a network of 274 branches and offices in both the West Bank and Gaza. There are also 306 money changers in both the West Bank and Gaza, and nine specialized lending institutions. Hawala networks, both licensed and unlicensed, are widely used for legitimate as well as illicit purposes.

The Palestinian economy is primarily cash-based. There is little data available on the extent of money laundering in the West Bank or Gaza. Minor narcotics trafficking and narcotics-based money laundering are present, principally in Palestinian areas that fall outside of the PA's security control. Within territory located in Area A, narcotics trafficking and use are not major problems. The PA, however, has no effective control outside of Area A in the West Bank, which increases vulnerability to smuggling of consumer goods. Bulk cash smuggling, intellectual property rights violations, and counterfeit currency cases also have been reported. Trade-based money laundering, customs fraud, and other forms of value transfer allow criminal organizations to earn, move, and store supporting funds and illicit proceeds under the guise of legitimate trade. Currently, Palestinian authorities believe trade-based money laundering and customs fraud are among the largest money laundering threats to the PA but are difficult to quantify. A lack of cooperation between PA and Israeli authorities at a variety of stages from banking reserves to customs tracking complicates assessment and enforcement.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:

"All serious crimes" approach or "list" approach to predicate crimes: List approach

Are legal persons covered: criminally: YES **civilly:** YES

KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: Foreign: YES **Domestic:** YES

KYC covered entities: Banks and other depository and lending institutions; money service businesses; financial leasing providers; funds transfer services; payment issuers; financial guarantors; trusts, and trust and company formation and service providers; foreign exchanges; securities and portfolio companies, managers, and intermediaries; insurers and insurance agents; the Future Contracts Trading Exchange Regulation Authority; real estate agents and brokers; dealers in precious metals and stones, high-value goods, and antiquities; attorneys and accountants; nominee shareholders; and entities providing a registered head office or commercial, store, mailing, or administrative address for a partnership or legal entity or arrangement

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 108 in 2015

Number of CTRs received and time frame: 393,276 in 2015

STR covered entities: Banks and other depository and lending institutions; money service businesses; financial leasing providers; funds transfer services; payment issuers; financial guarantors; trusts, and trust and company formation and service providers; foreign exchanges; securities and portfolio companies, managers, and intermediaries; insurers and insurance agents; the Future Contracts Trading Exchange Regulation Authority; real estate agents and brokers; dealers in precious metals and stones, high-value goods, and antiquities;

attorneys and accountants; nominee shareholders; and entities providing a registered head office or commercial, store, mailing, or administrative address for a partnership or legal entity or arrangement

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:

Prosecutions: 98 in 2015

Convictions: 0 in 2015

RECORDS EXCHANGE MECHANISM:

With U.S.: MLAT: NO **Other mechanism:** YES

With other governments/jurisdictions: YES

The PA is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF), a FATF-style regional body. It has not yet undergone a mutual evaluation.

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

The PA became a full member of the MENAFATF in 2015. While it has a very complex patchwork of laws and mechanisms derived from its unique situation, it has some effective laws and regulations to address money laundering, notably the Anti-Monetary Laundering Law #9 of 2007 (AML Law). However, the penal code (which is Jordanian law) is outdated, and most of the predicate offenses for money laundering are not felonies under this law. Over the past year the PA National Committee for Anti-Money Laundering approved a proposal from the PA's financial intelligence unit, the Financial Fraud Unit (FFU), to amend the AML Law to address these deficiencies, and the draft amendment is currently awaiting approval at the Office of the President. On December 29, 2015, the President signed the new decree.

The PA currently has no laws to specifically address terrorism, terrorist acts, or terrorism financing. Currently, cases considered terrorism are investigated and prosecuted under a specific crime and within the existing penal code, for example, crimes against the state, possession of illegal weapons, and conspiracy.

The PA has an effective supervision and regulatory compliance function for banks. The PMA is responsible for supervision and regulatory compliance of banks, microfinance entities, and money service businesses (MSBs). Recently, the PMA implemented controls over licensed MSBs. The Capital Markets Authority (CMA) supervises the stock market and its members, insurance companies, mortgage companies and leasing firms. These entities reportedly are subject to AML/CFT controls. All other designated non-financial businesses and professions (DNFBPs), such as real estate agents, vehicle dealers, jewelers, etc. active in the West Bank are nominally supervised by the Ministry of Economy, but there are no evident AML/CFT supervisory or compliance programs in place.

The banks file both suspicious transaction reports (STRs) and currency transaction reports (CTRs) through a secure electronic system, which also links to a sophisticated database for use by the FFU's trained analysts. The number of filed STRs more than doubled, from 51 in 2014 to 108 in 2015. CTRs also increased. The FFU also has developed an Unusual Transaction Report (UTR), covering transactions that have not been articulated as suspicious but may bear closer scrutiny or recording. Although the FFU has adequate staffing, authority, and

equipment, its full operational effectiveness has not been realized due, in part, to restrictions in the law. Article 31 of AML Law #9 of 2007 restricts information sharing between the FFU and any law enforcement agency, with the exception of the Attorney General's Office (AGO). The restrictions on information sharing have minimized the FFU's function and ability to support law enforcement, although there have been potential avenues opened by secondments among law enforcement, the AGO, and the FFU.

Prosecutors within the AGO are the chief investigators in the PA, with all the powers of an investigative judge. The prosecutors' lack of manpower and financial investigations experience has slowed the successful prosecution of AML cases. The PA has formed a multi-agency task force to address this problem, under which the AGO prosecutors will delegate authority to law enforcement agencies and to the FFU to more thoroughly investigate cases before they are brought before judges. However, the FFU is technically an administrative, not an investigative, FIU, and while law enforcement authorities profess to work complementarily to one another, the degree of financial investigative expertise varies greatly among agencies. Although the task force is intended to increase information sharing between law enforcement agencies and the FFU, only one task force meeting was held during 2015. The situation is even more concerning regarding trade-based money laundering, as customs authorities are unable to get customs or border trade information from their primary counterparts, and therefore reduced to inspections of goods for expiration dates and quality control, instead of conducting investigations. The PA continues to struggle to conclude AML cases primarily due to the limited capacity of police to investigate and document financial crimes appropriately. In 2015, there were 23 acquittals, 37 cases dismissed by the attorney general due to lack of evidence, 10 cases still under investigation, and 28 pending in court.

The PA acceded to the UN Convention Against Corruption in 2014. Although compliant with the UN Convention against Transnational Organized Crime and the 1988 UN Drug Convention, the PA is not a signatory of these conventions. The PA is currently not in compliance with any UN convention related to terrorism, terrorist acts, or terrorism financing, or UN Resolutions 1267 or 1373.

The PA should take steps to supervise for AML/CFT purposes all entities covered under the AML Law, especially the DNFBPs.

EU White list of Equivalent Jurisdictions

The West Bank/Gaza Strip is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

The West Bank/Gaza Strip is not considered to be an Offshore Financial Centre

US State Dept Terrorism Report 2016

Overview: The Palestinian Authority (PA) continued its counterterrorism efforts in the West Bank where Hamas, Palestine Islamic Jihad, and the Popular Front for the Liberation of Palestine remained present. The PA Security Forces (PASF) constrained the ability of those organizations to conduct attacks, including through arrests in February and April of Hamas members in the West Bank who were planning attacks against Israelis. The PA exercised varying degrees of authority over the West Bank due to the Israel Defense Forces' (IDF) continuing presence in certain areas, per Oslo-era agreements. The Israeli Security Forces (ISF) also arrested members of suspected terrorist organizations operating in the West Bank and Jerusalem.

Extremist Palestinians continued to conduct acts of violence and terrorism in the West Bank and Jerusalem. The heightened period of violence that began in October 2015 abated significantly in April 2016. However, sporadic lone offender stabbing, shooting, and vehicular attacks against Israelis continued. A majority of perpetrators did not have any known organizational affiliation. Attacks in 2016 resulted in the deaths of five Israeli citizens, including two dual U.S.-Israeli nationals, and three ISF officers.

Extremist Israelis, including settlers, continued to conduct acts of violence as well as "price tag" attacks (property crimes and violent acts by extremist Jewish individuals and groups in retaliation for activity they deemed anti-settlement) in the West Bank and Jerusalem. In March, Israeli settlers set fire to a Palestinian home south of Bethlehem and spray-painted "Death to Arabs" on the walls. The UN reported 101 incidents of settler violence in 2016, compared to 221 in 2015. Israeli NGO Yesh Din reported 19 incidents of settler violence during the October - November Olive Harvest, compared to 15 in 2015. There were no reports of fatalities.

Hamas continued to maintain security control of Gaza. There is evidence that Hamas continued to prepare for future conflict with Israel. Several Gaza-based terrorist and militant groups continued to launch rockets against Israel from Gaza. Gaza remained a base of operations for several Salafist splinter groups, such as Jaysh Al Islam, and clan-based terrorist groups that engaged in or facilitated terrorist attacks. Hamas confronted Salafists in Gaza by arresting and detaining a number of them this year, but at the same time Hamas likely maintained ties to Salafists in the Sinai. Despite claims of responsibility from individuals or groups in Gaza purporting affiliation with ISIS, there is no definitive link confirming membership on a large scale in Gaza.

The United States continued to assist the PA's counterterrorism efforts by providing training and equipment to the PASF in the West Bank. The United States also assisted the PA criminal justice system to conduct more thorough investigations and prosecutions of terrorist-related activity, among other criminal acts, and to ensure safe incarceration of those held for trial or after conviction for such crimes.

PA President Mahmoud Abbas reiterated his commitment to nonviolence, recognition of the State of Israel, and pursuit of an independent Palestinian state through peaceful means.

President Abbas supported a security program involving disarmament of fugitive militants, arresting members of terrorist organizations, and gradually dismantling armed groups in the West Bank. In July, President Abbas instructed the PASF to intensify measures in the West Bank to ensure the safety and security of people; security services subsequently increased efforts to disrupt criminal activity, including the proliferation of illegal weapons.

Legislation, Law Enforcement, and Border Security: The PA continued to lack legislation specifically tailored to counterterrorism, although existing Palestinian laws criminalize actions that constitute terrorist acts. The PASF were active throughout the year in seizing illegal weapons and closing down weapons manufacturing facilities in the West Bank.

The PA arrested terrorists, including Hamas elements suspected of terrorism, in the West Bank, and the PASF and public prosecutors received training to enable better investigations of terrorism-related crimes. The PA continued to develop its civilian justice institutions (e.g. judiciary, police, prosecutors) to improve both investigative and prosecutorial functions. The United States provided assistance to enable the PA to reduce case backlogs, improve warrant executions, and upgrade forensic services.

The Preventive Security Organization (PSO) is the key PA institution by mandate and law that works to prevent internal terrorist events and investigates security-related criminal conduct. In practice, the General Intelligence Organization and the Military Intelligence Organization also play a critical role in this effort. The PSO conducted investigations in coordination with public prosecutors, but this cooperation could improve, especially the PSO's ability to conduct criminal investigations and gather admissible evidence. The United States assisted the PSO and the Security Forces Justice Commission to help the PA move the prosecution of all civilian cases, including those involving terrorism and security-related offenses, to the exclusive jurisdiction of the civilian courts, and enhance cooperation between security service investigators and public prosecutors.

Per the Oslo-era Accords, Israel controlled border security in the West Bank.

The primary limitation on PA counterterrorism efforts in Gaza remained Hamas' control of the area and the resulting inability of PASF to operate there. Limitations on PA counterterrorism efforts in the West Bank included restrictions on the movement and activities of PASF in and through areas of the West Bank for which the Government of Israel retained responsibility for security under the terms of Oslo-era agreements. Moreover, ISF incursions into Palestinian-controlled Area A at times disrupted ongoing PASF counterterrorism operations.

The PA advanced its forensic capabilities with the official opening of the Palestinian Civilian Police forensic laboratory in November. The laboratory is capable of conducting basic analyses/examinations in firearm and tool mark evidence, document examination, and drug and chemical analysis. The PA already has a basic ability to examine and compare unknown prints to known prints.

Countering the Financing of Terrorism: In 2015, the PA became a full member of the Middle East and North Africa Financial Action Task Force, a Financial Action Task Force (FATF)-style regional body. President Abbas issued Anti-Money Laundering and Terrorist financing Decree No. 20 in December 2015, which criminalizes terrorist financing and defined terrorists, terrorist acts, terrorist organizations, foreign terrorist fighters, and terrorist financing. It also makes

terrorism and terrorist acts predicate money laundering offenses, although the decree does not fully meet international standards as it does not criminalize all forms of material support or the financing of an individual terrorist in the absence of a link to a specific terrorist act. Because the legislature has not convened since 2007, the PA remained unable to make legislative improvements (without decree) required to bring the current law up to international standards.

The Palestinian Financial Follow-Up Unit (FFU) is a fully functional financial intelligence unit with 19 employees and a computer system linking it with 15 banks licensed to operate in the West Bank. Seven banks are local and eight are foreign, operating through a network of 302 branches in the West Bank and Gaza. There are 311 money changers. The banks file suspicious transaction reports (STRs) and currency transaction reports electronically through this system. In 2016, banks filed 113 STRs, compared to 108 in 2015. Although the FFU has adequate staffing, authority, and equipment, restrictions in the law hinder its operational effectiveness. The 2007 Anti-Money Laundering Law No. 7 restricts information sharing between the FFU and any law enforcement agency, with the exception of the Attorney General's Office. While the FFU may pass information to any requesting authority according to the 2015 Decree, the Attorney General's Office is the primary recipient of the FFU's information. Moreover, the PA has no effective control outside of Area A. The absence of PA law enforcement and regulatory power in Areas B and C increased vulnerability.

The US has issued guidelines on transactions with the Palestinian Authority. For further information, please visit the following link: -

<http://www.treasury.gov/resource-centre/sanctions/Programs/Pages/terror.aspx>

17 May 2013 - OFAC issues an amended general license under its three terrorism programs to clarify the definition of the term "Palestinian Authority" in response to the announced resignation of Palestinian Authority Prime Minister Salam Fayyad.

There are also restrictions by Israel of movement within the Palestinian territories and of goods moving in and out.

Arab League

The Arab League (comprising 22 Arab member states), of which this country is a member, has approved imposing sanctions on Syria. These include: -

- * Cutting off transactions with the Syrian central bank
- * Halting funding by Arab governments for projects in Syria
- * A ban on senior Syrian officials travelling to other Arab countries
- * A freeze on assets related to President Bashar al-Assad's government

The declaration also calls on Arab central banks to monitor transfers to Syria, with the exception of remittances from Syrians abroad.

The Arab League has boycotted Israel in a systematic effort to isolate Israel economically in support of the Palestinians, however, the implementation of the boycott has varied over time among member states.

There are three tiers to the boycott. The primary boycott prohibits the importation of Israeli-origin goods and services into boycotting countries. The secondary boycott prohibits individuals, as well as private and public sector firms and organizations, in member countries from engaging in business with any entity that does business in Israel. The Arab League maintains a blacklist of such firms. The tertiary boycott prohibits any entity in a member country from doing business with a company or individual that has business dealings with U.S. or other firms on the Arab League blacklist.

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	N/A
World Governance Indicator – Control of Corruption	52

Corruption - Report by US State Department

The Anti-Graft Law (AGL) of 2005 criminalizes corruption, and the State Audit and Administrative Control Law and Civil Service Law both aim to prevent favoritism, conflict of interest, or exploitation of position for personal gain. The AGL was amended in 2010 to establish a specialized anti-graft court and the Palestinian Anti-Corruption Commission tasked with collecting, investigating, and prosecuting allegations of public corruption. The Anti-Corruption Commission, appointed in 2010, has indicted several high profile PA officials; these cases are now pending before the courts. However, the PLC, which is the legislative body responsible for oversight of the PA's executive branch, has not met since April 2007. In May 2011, the World Bank reported that the PA had made significant progress in establishing a strong governance environment in many critical areas, but highlighted continuing areas of concern, including management of state land assets, transparency in licensing and business rights, and public access to government information. Palestinian civil society and media are active advocates of anti-corruption measures, and there are also international and Palestinian non-governmental organizations that work to raise public awareness and promote anti-corruption initiatives. The most active of these is as the AMAN Coalition for Integrity and Accountability, the Palestinian chapter of Transparency International. In May 2011, the World Bank reported that relatively few Palestinians have actually experienced bribery (less than 2 percent of those surveyed), and Palestinians do not consider corruption to be one of the most serious problems they face. Please see <http://www.aman-palestine.org/eng/index.htm> for further information.

When compared to other countries in the region, Palestinians' experience of bribery in the public sector is very low. There are no reliable means of determining where or to what extent this kind of activity occurs.

Businesses and investors observed that perceived widespread corruption involving political figures and institutions has largely disappeared during the past decade. Private sector businesses agree that the PA has been successful in reducing institutional corruption and local perceptions of line ministries and PA agencies are generally favorable in this regard. PA officials, businesses and representatives of service sectors note, however, that the largely discretionary authority given to Israeli military, police, and civilian officials in administering economic policy in the West Bank – touching on imports, checkpoint crossings, labor permits,

and building licenses, among other things – create regular opportunities for low-level corruption on a range of daily decisions.

Section 3 - Economy

Israeli-Palestinian violence in 2015 exacerbated challenges to economic growth in the West Bank - the larger of the two areas comprising the Palestinian Territories. Increased security restrictions and political instability slowed economic activity, and Israel's four-month withholding of taxes and other fees it collects on the Palestinian Authority's (PA) behalf caused the PA to delay salary payments to its employees, which in turn had broader effects on business activity and consumer demand.

Longstanding Israeli closure policies continue to disrupt labour and trade flows and the territory's industrial capacity, limit imports and exports, and constrain private sector development. The PA for the foreseeable future will continue to rely heavily on donor aid for its budgetary needs and economic activity.

Agriculture - products:

olives, citrus fruit, vegetables; beef, dairy products

Industries:

small-scale manufacturing, quarrying, textiles, soap, olive-wood carvings, and mother-of-pearl souvenirs

Exports - commodities:

stone, olives, fruit, vegetables, limestone

Imports - commodities:

food, consumer goods, construction materials, petroleum, chemicals

Section 4 - Investment Climate

Executive Summary

The Palestinian economy is small and relatively open, with several large holding companies dominating certain sectors. Palestinian businesses have a reputation for professionalism as well as the quality of their products. Large Palestinian enterprises are internationally connected, with partnerships extending to Asia, Europe, the Gulf, and the Americas. Due to the small size of the local market, access to foreign markets through trade is essential for private sector growth.

Since 2007, the West Bank's investment climate has improved significantly – primarily due to security, economic and legal reforms; international donor support, and the easing of some Government of Israel (GOI) restrictions. Many of these reforms, however, were only applicable to business concerns in the roughly 40 percent of the West Bank under the civil control of the Palestinian Authority (PA). Restrictions on the movement and access of goods and people between the West Bank, Gaza, and external markets imposed by the GOI continue to have a deleterious effect on the private sector and limit economic growth.

Opportunities for meaningful foreign direct investment in Gaza are few, due to Hamas's control and Israeli restrictions on the flow of imports and exports. Numerous consumer goods enter Gaza through Israel, but there are restrictions in place that limit the import of a number of dual-use items, including construction materials, which are only allowed to enter with advance coordination and approval from Israel. Likewise, only a few hundred truckloads of exports can exit each year.

Real Gross Domestic Product (GDP) increased by 2.9 percent in 2015: 1.8 percent in the West Bank and 6.5 percent in Gaza, where much of the growth was attributable to increased humanitarian and reconstruction assistance. This GDP growth followed a decline in 2014 that international organizations attributed mainly to that summer's conflict in Gaza, ongoing political disputes with the GOI, uncertainty over the PA's ability to pay salaries, and accumulation of high levels of private sector arrears. In 2015, donor countries provided the PA with USD 709 million to support its budget, about USD 510 million short of the amount needed to cover the PA's recurrent deficit of USD 1.219 billion. The PA covered this financing gap by increasing bank debt and accumulating new private sector and pension fund arrears.

Future economic growth depends on a series of factors: easing Israeli movement and access restrictions, further expanding external trade and private sector growth, improved PA governance on commercial regulation, political stability, the GOI's prompt release of customs and VAT revenues collected on behalf of the PA, and a general recovery of global and regional economic growth. Economic sectors that are not dependent on traditional infrastructure and freedom of movement, such as information and communications technologies (ICT), are able to grow somewhat independent of these factors and therefore have enjoyed greater success in the Palestinian economy during the past decade, although they are still impeded by factors such as GOI control of the electromagnetic spectrum.

According to the PA, the unemployment rate in 2015 was 17.3 percent in the West Bank and 41 percent in Gaza, or 25.9 percent overall. Among women, the overall unemployment rate was 39.2 percent and among youth aged 20-24 it was 36.5 percent (approximately 65 percent in Gaza). The workforce is expected to expand significantly in the coming years, as 50.5 percent of the population is currently below the age of 19. The labor force is relatively well educated, boasting a high literacy rate, with high technology penetration and familiarity with overseas markets. Wages are low relative to Israel but higher than neighboring Arab countries. In January 2013, the PA implemented the first Palestinian minimum wage, at NIS 1,450 (USD 389) per month. Palestinians remain dependent on the public sector, which employs 22.9 percent of the workforce. The PA depends primarily on the transfer of its customs and VAT revenue, which Israel collects on the PA's behalf, to cover its operational expenses, including its wage bill.

Significant sectors highlighted by the Palestinian Investment Promotion Agency (PIPA) and in the National Export Strategy for 2014-2018 include the following:

- Stone and marble
- Tourism
- Agriculture, including olive oil, fresh fruits, vegetables, and herbs

- Food and beverage, including agro-processed meat
- Textiles and garments
- Manufacturing, including furniture and pharmaceuticals
- Information and communication technology (ICT)

This report focuses on investment issues related to areas under the administrative jurisdiction of the PA, except where explicitly stated. Where applicable, this report addresses issues related to investment in the Gaza Strip, although Hamas’s implementation of PA legislation and regulations may differ significantly from the West Bank. In contrast to the West Bank, Gaza was controlled by Egypt rather than Jordan from 1948-1967, while Israel controlled both the West Bank and Gaza from 1967-1993. For issues where PA law is not applicable, Gazan courts typically refer back to Israeli and Egyptian laws; however, the *de facto* Hamas-led government in Gaza does not consistently apply PA, Egyptian, or Israeli laws. In 2014, Fatah (a major political party) and Hamas initiated a reconciliation process; however, at the time of writing the PA does not exercise operational control within Gaza.

Due to the changing circumstances, potential investors are encouraged to contact the PA Ministry of National Economy (www.mne.gov.ps), Palestinian Investment Promotion Agency (<http://www.pipa.gov.ps>), the Palestine Trade Center (www.paltrade.org), and the Palestinian-American Chamber of Commerce (www.pal-am.com); as well as the U.S. Consulate General in Jerusalem (<http://jerusalem.usconsulate.gov>) and the U.S. Commercial Service (<http://export.gov/westbank>) for the latest information.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	N/A	transparency.org/cpi2014/results
World Bank’s Doing Business Report “Ease of Doing Business”	2015	129 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	N/A	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country (\$M USD, stock positions)	2015	N/A	BEA/Host government
World Bank GNI per capita	2014	\$3,060	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Millennium Challenge Corporation Country Scorecard

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, has not produced a scorecard for the West Bank and Gaza.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

The PA continues to rank poorly in the World Bank's Ease of Doing Business report, receiving a ranking of 129 out of 189 in 2016 (compared to 127 in 2015) due to a challenging business environment affecting domestic and foreign investors alike. The 2016 Doing Business Report scored the Palestinian economy particularly low in the categories of Resolving Insolvency (189 of 189), Starting a Business (170 of 189), and Dealing with Construction Permits (162 of 189), while the PA performed relatively better with respect to Paying Taxes (56 of 189) and Getting Electricity (75 of 189). However, there are no significant PA laws or practices discriminating against foreign investors. In 2007, the PA began implementing reforms aimed at stimulating growth through private sector investment as well as consolidating public finances. The current 2014-2016 National Development Plan (NDP), like its predecessor, focuses on four sectors: economic development and employment, governance and institution building, social protection, and infrastructure. Within the economic sector, the NDP actively seeks to encourage private sector and foreign investment, improve Palestinian infrastructure, increase the competitiveness of Palestinian companies, and encourage entrepreneurship in the West Bank and Gaza, among other goals. The NDP caveats that any economic progress is inextricably linked to resolution of the political conflict with Israel, as well as overcoming internal divisions between the West Bank and Gaza. The PA is currently preparing a National Policy Agenda (NPA) to replace the NDP and outline priorities beyond 2016.

Since June of 2010, the PA has not hosted any major investment conference, although it did so in previous years. The 2010 conference attracted over 1,000 potential investors and business representatives. Over 100 projects were presented at the conference. Further information on these and other projects is available at www.pic-palestine.ps.

Beginning in 1995, the PA took steps to facilitate and increase foreign trade by signing free trade agreements with the European Union, the European Free Trade Association (EFTA), Canada, and Turkey. The PA also is eligible for the benefits of the Free Trade Agreement signed between the United States and Israel. The PA has finalized other trade agreements with Russia, Jordan, Egypt, the Gulf States, Morocco, Tunisia, Mercosur, Vietnam, and Germany. On July 31, 2012 Israel and the Palestinian Authority reached an understanding on trade and taxation designed to facilitate the flow of goods between Israel and the PA, reduce smuggling, and increase tax revenues to be shared by both parties. Additionally, the PA is preparing to seek permanent observer status in the World Trade Organization (WTO); it participated in the 2005, 2009, 2011, 2013, and 2015 WTO Ministerial meetings as an ad hoc observer.

Other Investment Policy Reviews

Beginning in 2013, the Office of the Quartet (OQ), an international organization working to support the Palestinian people on economic development, rule of law and improved

movement and access for goods and people, began work on the Initiative for the Palestinian Economy (IPE), a multi-year plan to engage the private sector to drive economic growth and job creation across the Palestinian territories. Based on rigorous analysis of the Palestinian investment climate, the IPE focuses on catalyzing private sector-led growth by leveraging new financing and investment into the Palestinian economy, continued and expanded Israeli easing measures, and increased institutional capacity within the PA. The IPE centers on eight sectors: (1) agriculture; (2) construction; (3) tourism; (4) information and communication technology (ICT); (5) light manufacturing; (6) building materials; (7) energy; and (8) water.

During the current impasse in political negotiations, OQ has continued to work on advancing economic development and application of the rule of law, giving priority to areas where accomplishments are most viable under current conditions. Looking ahead, OQ's forward priorities focus on five strategic pillars that represent the fundamental impact areas that contribute to economic growth and capacity building: (i) movement and trade; (ii) investment promotion; (iii) reliable infrastructure; (iv) unlocking value of land and human capital; and (v) strengthening government. A summary overview of the Initiative for the Palestinian Economy is available at http://blair.3cdn.net/a0302ab9e588825b29_1bm6yhjay.pdf.

The Organization for Economic Cooperation and Development (OECD), the World Trade Organization (WTO), and the United Nations Conference on Trade and Development (UNCTAD) do not provide investment policy reviews for the West Bank and Gaza.

Laws/Regulations on Foreign Direct Investment

Since 2006, there have been no general elections, and the Palestinian Legislative Council (PLC) has not met since April 2007. This means that any new laws or amendments must be issued by presidential decree. In the absence of a renewed political mandate or the endorsement of a legislative body, the PA has been reluctant to issue new laws that it does not view as immediately necessary. For amendments and changes to business regulations, the PA normally engages in a series of consultations involving ministry officials, the private sector, donors, and other stakeholders, resulting in lengthy delays for many key pieces of legislation. The United States Government (USG), through the U.S. Agency for International Development (USAID) and other agencies, is providing technical assistance to the PA to improve the investment climate and strengthen the trade regime through legislative reforms, improved regulations, and capacity building.

The legal framework for foreign investment in the West Bank and Gaza is based on the 1998 Law on the Encouragement of Investment in Palestine (Investment Law) No. 1, which was amended by Presidential Decree in 2011 and subsequently in 2014. All business entities must be registered with PIPA's registry of investments either in the West Bank or in Gaza. There is minimal executive or other interference in the court system. According to existing PA company laws, three different types of companies may be incorporated:

- General Partnership: The liability of each partner in a general partnership is unlimited. All partners are personally responsible for the liabilities of the partnership. The name of at least one of the partners must be included in the title of the General Partnership.

- Limited Partnership: This includes two different types of partners: general and limited. A limited partnership must have at least one general partner who is personally responsible for the liabilities of the company. There is also at least one limited partner whose liability is limited to the amount of the capital.
- Local Companies (Limited Liability Company (LLC) and Public Liability): Most investors prefer to use LLCs for the purposes of conducting commercial affairs.

Business Registration

Foreign companies may register businesses in the West Bank and Gaza according to the Jordanian Companies Law Number 12 of 1964. The Ministry of National Economy (MONE) and the PIPA provide information online about the business registration process at <http://www.mne.gov.ps/compreg.aspx?lng=1&tabindex=100> and <http://www.pipa.ps/page.aspx?id=BMfDyia1843545561aBMfDyi>, but the PA does not offer a business registration website. The PA is working to simplify the process of starting a business, which currently requires an average of nine steps and 44 days to complete, according to the World Bank's 2016 Doing Business Report. This includes two days to register the company, one day to pay registration fees, two days to register for taxes, one day to register with the Chamber of Commerce, and 36 days to obtain the business license from the Municipality. Foreign investors must obtain approval from the MONE and submit the application for registration through a local attorney. The procedures required to register this form of company are as follows:

1. Search for company name and reserve proposed name.
2. Submit company incorporation papers to MONE and sign document pledging to deposit initial capital within three months, if applicable (Jordanian Dinars (JD) 250,000 for a public shareholding company, JD 10,000 for a private shareholding company, or JD 10,000 for a nonprofit; other companies are exempt from this requirement). Obtain certificate of registration from the MONE.
3. Register with the Companies Registry and pay registration fee.
4. Register for income tax and value added tax.
5. Register with the Chamber of Commerce.
6. Obtain business license from the municipality.
7. Obtain approval from fire department.

In addition to applicable fees, public and private companies must submit the following documents to the Companies Registry:

- Articles of Association (3 copies)
- Company Bylaws (3 copies)
- Shareholders Identification (copies)
- Verified company name

- Registration application (3 copies)
- Powers of attorney

Foreign companies may work with PIPA to obtain the investment registration certificate and investment confirmation certificate. In addition, foreign companies seeking to open branches in the West Bank or Gaza must submit registration documents certified by the Palestinian Liberation Organization (PLO) representative in their home country. According to PIPA, the majority of Palestinian companies are small- and medium-sized enterprises (SMEs), and the PA has sought to support SME development and financing. SMEs are categorized according to staff size: small enterprises employ up to nine people, while medium enterprises employ 10-19 people.

Industrial Promotion

The PA's 2014 amendments to Promotion of Investment in Palestine Law No. 1 of 1998 shifted promotional incentives from a focus on those that benefit from industrial projects providing large capital investments to a focus on employment growth, development of human capital, increased exports, and local sourcing of machinery and raw materials. (See "Investment Incentives" below.)

Limits on Foreign Control and Right to Private Ownership and Establishment

Under the Jordanian Company Law of 1966, the foreign investor should own no more than 49 percent of a company, with a local partner holding at least 51 percent. However, foreign investors can readily obtain exceptions to this policy by working with PIPA and the MONE, which issues exceptions promptly. Foreign and domestic private entities may establish and own business enterprises in areas under PA civil control.

Privatization Program

There is no PA privatization program for industries within the Palestinian Territories.

Screening of FDI

Certain investment categories require pre-approval by the Council of Ministers (PA Cabinet). These include investments involving (1) weapons and ammunition, (2) aviation products and airport construction, (3) electrical power generation/distribution, (4) reprocessing of petroleum and its derivatives, (5) waste and solid waste reprocessing, (6) wired and wireless telecommunication, and (7) radio and television. Purchase of land by foreigners also requires approval by the Council of Ministers.

Competition Law

There is no competition law for the Palestinian territories at this time. The PA drafted a law in 2003 that was not enacted, and in 2012 the PA prepared a new draft law that has not yet been issued. Because of the geographic division between businesses in East Jerusalem, the West Bank and Gaza, many firms in disparate geographic locations within the Palestinian territories have little to no competition, causing variations in both pricing and firm productivity between regions and sometimes cities within a region.

2. Conversion and Transfer Policies

Foreign Exchange

The PA does not have its own currency. According to the 1995 Interim Agreement, the Israeli Shekel (NIS/ILS) freely circulates in the Palestinian territories and serves as means of payment for all purposes including official transactions. The exchange of foreign currency for NIS and vice-versa by the Palestinian Monetary Authority (PMA) is carried out through the Bank of Israel Dealing Room, at market exchange rates.

Remittance Policies

The Investment Law guarantees investors the free transfer of all financial resources out of the Palestinian territories, including capital, profits, dividends, wages, salaries, and interest and principal payments on debts. Most remittances under USD 10,000 can be processed within a week. In addition to the Israeli Shekel (ILS), U.S. dollars (USD) and Jordanian dinars (JD) are widely used in business transactions. There are no other PA restrictions governing foreign currency accounts and currency transfer policies. Banks operating in the Palestinian territories, however, are subject to Israeli restrictions on correspondent relations with Israeli banks and the ability to transfer shekels into Israel, which occasionally limit services such as wire transfers and foreign exchange transactions.

3. Expropriation and Compensation

The Investment Law, as amended in 2014, prohibits expropriation and nationalization of approved foreign investments, except in exceptional cases for a public purpose with due process of law, which shall be in return for fair compensation based on market prices and for losses suffered because of such expropriation. The PA must secure a court decision before proceeding with expropriation.

PA sources and independent lawyers say that any Palestinian citizen can file a petition or a lawsuit against the PA. In 2011, the PA established independent, specialized courts for labor, chambers, customs, and anti-corruption. These courts are composed of judges and representatives from the Ministries of National Economy and Finance. While general confidence in the judicial system is improving and businesses are increasingly using the courts and police to enforce contracts and seek redress, alternative means of arbitration are still used to resolve some disputes.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The Investment Law, as amended in 2014, provides for dispute resolution between the investor and official agencies either through binding arbitration or in Palestinian domestic courts. In 2010, the International Chamber of Commerce Palestine began work to establish the Jerusalem Arbitration Center (JAC) to provide a forum to resolve business disputes between Palestinian and Israeli companies; it officially launched in November 2013.

Commercial disputes can be resolved by way of conciliation, mediation, or domestic arbitration. Arbitration in the Palestinian territories is governed by Law No. 3 of 2000. International arbitration is accepted. The law sets out the basis for court recognition and

enforcement of arbitral awards. Generally, every dispute may be referred to arbitration by agreement of the parties, unless prohibited by the law. Article 4 of the law states that certain disputes cannot be referred to arbitration, including those involving marital status, public order issues, and cases where no conciliation is permitted. In the event that parties do not agree on the formation of the arbitration tribunal, each party may choose one arbitrator and arbitrators shall then choose a presiding arbitrator, unless the parties agree to do otherwise.

Judgments made in other countries that need to be enforced in the West Bank/Gaza are honored, according to the prevailing law in the West Bank, mainly Jordanian Law No. 8 of 1952 as amended by the PA in 2005. Gazan courts refer back to Israeli and Egyptian laws, which were in force prior to 1993, for matters not covered by PA law; however, the *de facto* Hamas-led government in Gaza does not consistently apply PA, Egyptian, or Israeli laws. The law covers many issues in relation to the enforcement of foreign judgments.

Bankruptcy

The World Bank's 2016 Doing Business Report did not cite any cases involving a judicial reorganization, judicial liquidation, or debt enforcement procedure (foreclosure) in the previous five years. According to that report, no priority is assigned to post-commencement creditors, and debtors may file for liquidation only. The PA MONE, with the assistance of international donors, is in the process of drafting a number of proposed laws related to bankruptcy, but no bankruptcy reform has been enacted.

Investment Disputes

The Investment Law, as amended in 2014, provides for dispute resolution between the investor and official agencies by binding independent arbitration or in Palestinian courts. It has been reported that some contracts contain clauses referring dispute resolutions to the London Court of Arbitration. The Jerusalem Arbitration Center (JAC) provides a forum to resolve business disputes between Palestinian and Israeli companies. Commercial disputes may be resolved by way of conciliation, mediation, or arbitration.

International Arbitration

International arbitration is permitted and governed by Law No. 3 of 2000. The law sets out the basis for court recognition and enforcement of awards. Generally, every dispute may be referred to arbitration by the agreement of the parties, unless prohibited by the law. Article 4 of the law states that certain disputes cannot be referred to arbitration, including those involving marital status, public order issues, and cases where no conciliation is permitted. In the event that parties do not agree on the formation of the arbitration panel, each party may choose an arbitrator and arbitrators shall choose a casting arbitrator unless the parties agree to proceed otherwise. Arbitral awards made in other countries that need to be enforced in the West Bank/Gaza are honored, according to the prevailing law in the West Bank, mainly Jordanian Law Number 8 of 1952 as amended by the PA in 2005. The law covers many issues in relation to the enforcement of foreign judgments.

ICSID Convention and New York Convention

The PA signed the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention) in January 2015, and the Convention entered into force in

April 2015. The PA is not a member of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention).

Duration of Dispute Resolution – Local Courts

In 2014 the IMF reported an average of 540 days to resolve a standardized commercial dispute through the courts, with 44 separate procedures required for a dispute resolution. Litigants suggested that the decisions at different levels of the courts were inconsistent, prompting more appeals and a larger overall caseload.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

The PA is not a member of the World Trade Organization (WTO), but is actively preparing for eventual permanent observer status, and participated in the 2005, 2009, 2011, 2013, and 2015 WTO Ministerial meetings as an ad hoc observer.

Investment Incentives

In 2014, by presidential decree, PA President Abbas, in order to align the PA's development priorities with the investment incentives provided by Palestinian law, enacted amendments to the Promotion of Investment in Palestine Law No. 1 of 1998, the investment and tax law. These amendments extended tax incentives to small and medium companies, exporters, and agriculture and tourist businesses; and shifted the focus towards incentives on human capital instead of fixed assets. The amendments add tourism and agricultural projects to qualifying industries, and removed real estate development projects from the industries promoted through the incentives. The amendments also gave additional authority to the PIPA to create incentive packages targeted to individual business needs (www.pipa.ps). PIPA expects the changes to create streamlined investment and incentive processes to circumvent some PA bureaucratic red tape to obtain investment project licenses. For example, if any step in the business registration process takes longer than 30 days, PIPA can intervene and issue a business license or registration on its own authority.

The 2014 amendment to Article 23 of the Promotion of Investment in Palestine Law No. 1 of 1998 granted the following incentives and exemptions for projects approved by PIPA:

- Income tax of zero percent for producers of agricultural products whose income is directly generated from land cultivation or livestock.
- Income tax of five percent for a period of five years commencing from the date of realizing profit but not exceeding four years, whichever is earlier.
- Income tax of ten percent for a period of three years commencing from the end of the first phase. It will thereafter be calculated based on the applicable and in-effect percentages and segments.

Projects that may be targeted for taxation incentives and support services include the following:

- Industrial sector projects;

- Tourism sector projects;
- New projects within any sector that employ at least 25 workers during the period of benefit;
- Projects that increase their production exports ratio by more than 40 percent;
- Projects within any sector which use approximately 70 percent locally-sourced machinery and raw materials;
- Any existing project that adds 25 workers to the number of already existing workers;
- Developmental expansions of projects (to be based on percentage of paid-in capital but not land value);
- Projects in which the PIPA Board of Directors provides specific incentive packages that comply with special criteria, meet international environment conditions or alternative energy services, or are projects located within areas of developmental priorities.
- Any project determined by PIPA's Board of Directors to advance the public interest (subject to the nature of a project's activity, geographical location, the extent to which the project contributes to increasing exports, creating job opportunities, advancing development, transferring knowledge, and supporting research and development for the purposes of enhancing the public benefit).

Excluded from the incentives are:

- Commercial projects;
- Insurance companies;
- Banks;
- Money changers;
- Real estate projects;
- Some electricity projects;
- Telecommunication services;
- Commercial services;
- Crushers;
- Quarries;
- Any companies that obtained concessions contracts from the Council of Ministers and operate as monopolistic companies.

Research and Development

U.S. and other foreign firms are able to participate in partnerships with the PA for research and development programs. (Note: Because of the PA's budgetary restrictions, much of the financing for such projects typically comes from donor countries or NGOs and not the PA itself.)

Performance Requirements

The current performance requirements for investment incentives have reduced the focus on a capital investment requirement and now focus on job growth and locally-sourced production.

While the PA does not require foreign nationals working in the West Bank to seek work permits, the GOI does require foreigners to obtain Israeli visas in order to enter the West Bank and Gaza via Israel. Israel generally grants foreign passport holders from countries that have diplomatic relations with Israel three-month tourist visas upon arrival, but longer-term business visas may only be obtained by businesses or organizations with an Israeli presence. Israel often requires foreign passport holders of Palestinian descent to apply for Palestinian ID cards. Israeli authorities may consider as Palestinian anyone who has a Palestinian identification number, was born in the West Bank or Gaza, or was born in the United States (or elsewhere) but has parents or grandparents who were born or lived in the West Bank or Gaza. Any such U.S. citizen may be required to use a Palestinian travel document and enter via the Allenby Bridge crossing on the Jordanian border instead of Ben Gurion Airport in Tel Aviv. If they decide not to obtain a PA travel document, such Americans may be barred from entering or exiting Israel, the West Bank or Gaza, face long delays, or be denied entry at the ports of entry. Palestinian-Americans holding Palestinian IDs and PA exit permits may depart via the Allenby Crossing between Jordan and the West Bank, provided they have valid Jordanian visas in their U.S. passports.

According to the GOI, foreign nationals working in the West Bank should either apply for work visas at Israeli embassies in their countries of origin or seek adjustment of status through the Israeli Coordinator of Government Activities in the Territories (COGAT) after their arrival in the West Bank. This process, however, is opaque, time consuming, and may not result in issuance of a work visa. As a result, many foreign passport holders depart and reenter the West Bank every three months to receive new three-month tourist visas upon re-entry. The GOI has placed a stamp reading "Judea & Samaria Only" on the visas of some U.S. citizens working in the West Bank, thereby prohibiting them from entering Israel or Jerusalem from the West Bank. The United States government continues to press the GOI to cease this policy.

Data Storage

There are no data storage requirements under PA law for IT companies. The PA does not follow a forced localization policy, and there are no requirements for foreign IT providers to turn over source code or provide access to surveillance.

6. Protection of Property Rights

Real Property

The Acquisition Law in the West Bank, which regulates foreign acquisition and the rental or lease of immovable properties, classifies foreigners into three categories:

- Foreigners who formerly possessed Palestinian or Jordanian passports shall have the right to own certain properties sufficient to erect buildings and/or for their agricultural projects.
- Foreigners who hold other Arab passports have the right to own certain property that suffices for their living and business needs only.
- Other foreigners, including Jerusalem ID holders, must receive permission from the PA Cabinet to own buildings or purchase land.

The permission process can be lengthy and includes clearances from the intelligence and preventive security agencies. It is critical that potential purchasers of land or buildings perform a title search to ensure that no outstanding violations or unpaid penalties exist on the properties. Under current law, outstanding violations and penalties are transferred to the new owners.

Title searches can only be obtained from the PA Land Authority (al-Taboh). Land registration is done through the Land Registries in Hebron, Ramallah, Qalqiliya, Tulkarem, Nablus, Bethlehem, Jericho, Jenin, and Gaza City. In order to purchase land in the West Bank or Gaza, an application that includes supporting documents, such as deeds to the property and powers of attorney, should be submitted to the land registry office having jurisdiction over the land.

The issue of land registration in the West Bank is complicated by overlapping, and sometimes conflicting, laws and customs derived from the Ottoman, British Mandate, and Jordanian periods of rule. In addition, there is no comprehensive registry of land ownership for the West Bank, and efforts to complete one are expected to take decades at the current pace. The majority of the land has not been registered; even where land is registered, titles are often more than a generation old, with unresolved rights to numerous inheritors, which affects the mortgage market. The Palestinian Land Authority has been working with support from the Government of Finland and the World Bank on land titling and registration. Israeli administrative control over 60 percent of the West Bank designated as "Area C" adds an additional layer of bureaucracy and restrictions with respect to sale and use of privately held lands in those areas.

Intellectual Property Rights

The West Bank and Gaza do not have modern intellectual property rights (IPR) regimes in place, and IPR legislation originates from a combination of Ottoman era, British Mandate, and pre-1967 Jordanian laws. The PA was indirectly committed to the General Agreement on Tariffs and Trade and the agreement of Trade Related Aspects of Intellectual Property Rights (GATT-TRIPS) when it signed the 1995 Interim Agreement on West Bank/Gaza according to Annex III (Protocol Concerning Civil Affairs), Appendix 1, Article 23.

Currently, intellectual property is governed by the Civil Claims Law of 1933 and the Palestinian Trademark and Patent Laws of 1938 in Gaza, and the Commercial Law No. 19 of 1953 and the Patent Law No. 22 of 1953 in the West Bank. Registration is very similar and, despite different authorizing legislation, there are few substantive differences between IPR laws in the West Bank and Gaza.

To register a trademark, four copies of the proposed trademark must be attached to the application, one of them in color, along with a copy of the company's Certificate of Registration. A foreign company is entitled to register its trademark in the Palestinian territories by giving power of attorney in this regard either to a trademark agent or to a lawyer. Trademarks can be registered unless they fall within the recognized prohibition, such as being similar or identical to an already registered trademark, are likely to lead to deception of the public, or are contrary to public morality. Trademark protection is available for registered trademarks for a period of seven years, which may be extended for additional periods of 14 years. The proprietor of a trademark in the West Bank/Gaza owns the sole right to the use of the trademark in association with the goods with which the trademark is registered. The trademark is open for opposition after being published in the Gazette for a period of three months. The holder of a trademark retains the right to bring civil action against any perpetrator in addition to criminal proceedings.

Trade names are registered by the PA according to specific procedures and conditions that are laid out in the Jordanian Trade Names Registration Law No. 30 of 1953, which is still applicable in the West Bank, and Law No. 1 of 1929 in Gaza.

The Patents and Design Law No. 22 of 1953 is applicable in the West Bank and the Patents Design Law No. 64 of 1947 is applicable in Gaza. A foreign company is entitled to have a patent or design registered by giving power of attorney in this regard to a patent agent or to a lawyer, with the requisite documents. Patent protection is provided for a period of 16 years from the date of filing the patent application.

Copyright in the West Bank and Gaza is governed by the Copyright Laws of 1911 and 1924. The protection lasts for a period of 50 years after the death of the author of the work. The law also deals with infringements, compulsory licenses, and many other procedural issues as well.

The law prescribes imprisonment for a maximum period of one year or a fine not exceeding 100 Jordanian dinars for infringement of a registered mark.

There is minimal enforcement of IPR laws for music and movies in the West Bank/Gaza, while the PA has enforced some of these laws to protect the Palestinian pharmaceutical industry. The PA has drafted a modern law that will encompass IPR, including copyright, patents and designs, trademarks, and merchandise branding, but the law has not yet been adopted in the absence of a functioning legislature. The PA is keen to obtain membership in the different organizations and agreements concerned with intellectual property, such as the World Trade Organization (WTO) and the World Intellectual Property Organization; it has held observer status in the latter since 2005.

Resources for Rights Holders

Contact at American Consulate General in Jerusalem:

NAME: Mary E. Vargas
TITLE: Economic Officer
TELEPHONE NUMBER: +972-2-622-6969
EMAIL ADDRESS: VargasME@state.gov

Country/Economy resources:

NAME: The Palestinian American Chamber of Commerce
ADDRESS: PCS Bldg. 1st Floor, Al Ma'ahed St. Al Masyoun, Ramallah
TELEPHONE NUMBER: +972-2-297-4117
EMAIL ADDRESS: info@amcham.ps
WEBSITE: <http://www.pal-am.com>

7. Transparency of the Regulatory System

The PA has worked to erect a sound legislative framework for business and other economic activity in the areas under its jurisdiction since its creation in 1994; however, implementation and monitoring of implementation needs to be strengthened, according to many observers. The PA MONE, with the assistance of international donors, is in the process of drafting a number of proposed laws related to business and commercial regulation, including licensing, intellectual property rights, business registration regulation of competition, secured lending, bankruptcy, and trademark and copyright. The MONE regularly holds stakeholder meetings for draft commercial legislation to gather input from the private sector, and publishes drafts of the proposed law. Because the Palestinian Legislative Council has not met since 2007, each law must be adopted as a presidential decree, an effort that often delays reform efforts. The proposed laws will likely need to be approved by the PLC, should it reconvene in the future. The PA Ministry of Justice, in cooperation with Birzeit University, publishes online the Official Gazette of all PA legislation since 1994 at <http://muqtafi.birzeit.edu/en/index.aspx>.

The PA budget is publicly available, including on the Ministry of Finance website. A regulatory body governs the insurance sector, and the PA has adopted a telecom law that calls for establishment of an independent regulator. However, establishment of the telecom regulator has stalled due to disagreement over its proposed members and authorities.

8. Efficient Capital Markets and Portfolio Investment

In 2004, the PA enacted the Capital Markets Authority Law and the Securities Commission Law, and created the Capital Market Authority to regulate the stock exchange, insurance, leasing, and mortgage industries. In 2010, a banking law was adopted to bring the Palestinian Monetary Authority's (PMA) regulatory capabilities in line with the Basel Accords, a set of recommendations for regulations in the banking industry. The 2010 law provides a legal framework for the establishment of deposit insurance, management of the Real Time Gross Settlement (RTGS) system, and treatment of weak banks in areas such as merger, liquidation, and guardianship. It also gives the PMA regulatory authority over the microfinance sector. In 2013, the PA passed a commercial leasing law and in 2015 the MONE finalized a registry for moveable assets, intended to facilitate secured transactions, especially for small and medium-sized businesses. The PA is also working to finalize both a Companies Law and a Secured Transactions law, both of which are currently under review by interagency panels. Implementation of these laws would help improve the investment climate and the ease of doing business. The World Bank 2016 Doing Business report assigned the West Bank and Gaza a particularly low score for protecting minority investors, resolving insolvency, and obtaining credit. Founders of new SMEs complain that loan terms from Palestinian creditors are often too short in that they fail to allow the borrower enough time to establish a sustainable business. The new Moveable Assets Registry, coupled with the Commercial Leasing Law, is expected to improve the ranking.

The Palestine Exchange (PEX) was established in 1995 to promote investment in the West Bank and Gaza. Launched as a private shareholding company, it was transformed into a public shareholding company in February 2010. The PEX was fully automated upon establishment – the first fully automated stock exchange in the Arab world, and the only Arab exchange that is publicly traded and fully owned by the private sector. The PEX operates under the supervision of the Palestinian Capital Market Authority. There are 49 listed companies on the PEX, which as of 2016 had a market capitalization of about \$3.339 billion across five main economic sectors: banking and financial services, insurance, investments, industry, and services.

Money and Banking System, Hostile Takeovers

The Palestinian banking sector continues to perform well under the supervision of the PMA. The World Bank's reports to the Ad Hoc Liaison Committee (AHLC) have consistently noted that the PMA is effectively supervising the banking sector. The PMA continues to enhance its institutional capacity and is steadily building many of the capabilities of a central bank. It provides rigorous supervision and regulation of the banking sector, consistent with international practice. An Anti-Money Laundering law that was prepared in line with international standards with technical assistance from the International Monetary Fund (IMF) and USAID came into force in October 2007. In December 2015 the PA President signed the Anti-Money Laundering and Terrorism Financing Decree Law Number 20. Among its many improvements over the 2007 decree was to make terrorist financing a criminal offense and to define terrorists, terrorist acts, terrorist organizations, foreign terrorist fighters, and terrorist financing. It also makes terrorism and terrorist acts predicate money laundering offenses.

Credit is limited by uncertain political and economic conditions and by the limited availability of real estate collateral due to non-registration of most West Bank land. Despite these challenges, the sector's strong loan-to-deposit ratio continues to improve, moving from 56 percent in January 2015 to 59 percent in January 2016. The PMA has achieved this in part by encouraging banks to participate in loan guarantee programs sponsored by the United States and international financial institutions, by supporting a national strategy on microfinance, and by putting in restrictions on foreign placements. The MONE's draft Secured Transactions Law would allow use of moveable assets, such as equipment, as collateral for loans. Non-performing loans are around three percent of total loans, due to credit bureau assessments of borrowers' credit worthiness and a heavy collateral system.

Palestinian banks have remained stable despite the global economic crisis, but have suffered from deteriorated relations with Israeli correspondent banks since the Hamas takeover of Gaza in 2007, at which time Israeli banks cut ties with Gaza branches and gradually restricted cash services provided to West Bank branches. All Palestinian banks were required to move their headquarters to Ramallah in 2008. Israeli restrictions on the movement of cash between West Bank and Gaza branches of Palestinian banks have caused intermittent liquidity crises in Gaza and the West Bank for all major currencies: U.S. dollars, Jordanian dinars, but mainly Israeli shekels (ILS).

The PMA regulates and supervises 15 banks with 260 branches and offices in the West Bank and Gaza, several of which are foreign banks, mostly Jordanian; the top three banks have assets of more than USD 5.8 billion combined. No Palestinian currency exists and, as a result, the PA places no restrictions on foreign currency accounts. The PMA is responsible for bank

regulation in both the West Bank and Gaza. Palestinian banks are some of the most liquid in the region, with net assets of USD 12.4 billion, total deposits of USD 9.7 billion and gross credit of USD 5.8 billion as of the end of January 2016.

9. Competition from State-Owned Enterprises

Although there are no state-owned enterprises (SOEs), some observers have noted that the Palestine Investment Fund (PIF), an investment fund that essentially acts as a sovereign wealth fund for the PA, enjoys a competitive advantage in some sectors, including housing and telecom, due to its close ties with the PA. The import of petroleum products falls solely under the mandate of the Ministry of Finance's General Petroleum Corporation, which then re-sells the products to private distributors at fixed prices.

OECD Guidelines on Corporate Governance of SOEs

Not applicable.

Sovereign Wealth Funds

The PIF acts as a sovereign wealth fund, owned by the Palestinian people. According to PIF's 2014 annual report, its assets that year reached USD 795 million; earnings before taxes were USD 44 million, and net income was USD 36.7 million. PIF's investments in 2014 were concentrated in infrastructure, energy, telecommunications, real estate and hospitality, micro/small/medium enterprises, large caps, and capital market investments. The overwhelming majority of PIF investments are domestic, but excess liquidity is invested in international and regional fixed income and equity markets. In 2014 the fund established the Palestine for Development Foundation, a separate not-for-profit foundation managing PIF's corporate social responsibility initiatives, which are primarily focused on support to Palestinians in the West Bank, Gaza, Jerusalem, and abroad. Since 2003, PIF has transferred over USD 728 million to the PA in annual dividends, but the PIF leadership does not report to the PA per PIF bylaws. International auditing firms conduct both internal and external annual audits of the PIF.

10. Responsible Business Conduct

Most large or multinational businesses in the West Bank include corporate social responsibility (CSR) in their business plans, mainly focusing on philanthropy related to education, health, and youth. Some medium sized enterprises, particularly in healthcare and the food industry, started CSR initiatives to create goodwill for their products. CSR engagement remains relatively low because most companies are small, family-run businesses – over 68 percent of Palestinian companies employ one or two people – and many of these do not have the budgetary resources for CSR.

11. Political Violence

The security environment remains complex in the West Bank, and Gaza. The security situation can change day to day, depending on the political situation, recent events, and geographic area. Potential investors should consult the State Department's latest travel warnings available at <https://travel.state.gov>.

Violent clashes between Israeli security forces, Israeli settlers, and Palestinian residents of the West Bank have resulted in numerous deaths and injuries. Demonstrations and violent incidents can occur without warning, and vehicles are sometimes damaged by rocks, Molotov cocktails, and gunfire on West Bank roads. During periods of unrest, the Israeli government may restrict access to and within the West Bank, and some areas may be placed under curfew. In June 2007, Hamas, a designated Foreign Terrorist Organization (FTO), violently seized control of the Gaza Strip, effectively removing the PA from government facilities. Following the Hamas takeover, the GOI implemented a closure policy that restricted imports to limited humanitarian and commercial shipments and cut off most exports. The economic situation and investment outlook in Gaza have continuously deteriorated since that time, especially following Israeli combat operations there in December 2008-January 2009 (Operation Cast Lead), November 2012 (Operation Pillar of Defense) and July-August 2014 (Operation Protective Edge). Even before the substantial physical damage sustained by the private sector during the military operations, the World Bank estimated as many as 90 percent of private sector businesses had closed. The GOI has from time to time eased its closure policy by lifting some restrictions on goods imported into and exported out of Gaza, but the measures have been largely symbolic and the situation remains unstable. The GOI allows limited exports to overseas markets, Israel and some sales to the West Bank. According to the 2014 World Bank Investment Climate report, political instability and the restrictions on movement and access to resource and markets remain the key obstacles to investment.

12. Corruption

The Anti-Graft Law (AGL) of 2005 criminalizes corruption, and the State Audit and Administrative Control Law and the Civil Service Law both aim to prevent favoritism, conflict of interest, or exploitation of position for personal gain. The AGL was amended in 2010 to establish a specialized anti-graft court and the Palestinian Anti-Corruption Commission, which was tasked with collecting, investigating, and prosecuting allegations of public corruption. The Anti-Corruption Commission, appointed in 2010, has indicted several high-profile PA officials; these cases are now pending before the courts. However, the PLC, which is responsible for oversight of the PA's executive branch, has not met since April 2007. In May 2011, the World Bank reported that the PA had made significant progress in establishing a strong governance environment in many critical areas, but highlighted continuing areas of concern, including management of state land assets, transparency in licensing and business rights, and public access to government information. Palestinian civil society and media are active advocates of anti-corruption measures, and there are international and Palestinian non-governmental organizations that work to raise public awareness and promote anti-corruption initiatives. The most active of these is the AMAN Coalition for Integrity and Accountability, which is the Palestinian chapter of Transparency International. According to the World Bank 2014 Investment Climate Assessment report, Palestinian firms do not consider corruption to be one of the most serious problems they face. Seven percent of the firms surveyed reported having experienced a request from a government official for a bribe. Please see the AMAN website (<http://www.aman-palestine.org/eng/index.htm>) for further information.

During the past decade the perception of corruption involving political figures and institutions, once widespread, has significantly declined. Private sector businesses agree that

the PA has been successful in reducing institutional corruption and local perceptions of line ministries and PA agencies are generally favorable in this regard. PA officials, businesses and representatives of service sectors note, however, that the largely discretionary authority given to Israeli military, police, and civilian officials in administering economic policy in the West Bank – touching on imports, checkpoint crossings, labor permits, and building licenses, among other things – create regular opportunities for low-level corruption on a range of daily decisions.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

In April 2014 the PA acceded to the UN Anticorruption Convention. The PA is not a party to the OECD Convention on Combatting Bribery.

Resources to Report Corruption

Contact at American Consulate General in Jerusalem:

NAME: Mary E. Vargas
TITLE: Economic Officer
TELEPHONE NUMBER: +972-2-622-6969
EMAIL ADDRESS: VargasME@state.gov

Contact at government agency or agencies are responsible for combating corruption:

NAME: Dr. Ahmed Barak
TITLE: Acting Attorney General
ADDRESS: Al-Balua, opp. Foreign Ministry, Al-Bireh
TELEPHONE NUMBER: +972-2-242-8538
EMAIL ADDRESS: ag.office@pgp.ps

The Coalition for Accountability and Integrity - AMAN
TELEPHONE NUMBER: +972-2-298-9506
EMAIL ADDRESS: info@aman-palestine.org
WEBSITE: <http://www.aman-palestine.org>

13. Bilateral Investment Agreements

Bilateral Taxation Treaties

The Palestine Liberation Organization (PLO), on behalf of the PA, has signed international trade agreements, which refer implicitly or explicitly to WTO rules. These include:

1. Paris Protocol Agreement with Israel (1994) – free trade in products between Israel and Palestinian markets
2. Technical and Economic Cooperation Accord with Egypt (1994)
3. Trade Agreement between the PA and Jordan (1995)
4. Duty Free Arrangements with the United States (1996)
5. The EuroMed Interim Association Agreement on Trade and Co-operation (1997)

6. Interim Agreement between European Free Trade Area (EFTA) states and the PLO (1997)
7. Joint Canadian-Palestinian Framework for Economic Cooperation and Trade (1999)
8. Agreement on Commercial Cooperation with Russia – extends MFN status
9. Greater Arab Free Trade Area, to which PA is a party (2001)
10. Free Trade Agreement with Turkey (2004)
11. Trade Agreement with the EU – duty free access for Palestinian agricultural and fishery goods (2011)
12. Free Trade Agreement with Mercosur (2011)
13. Unilateral acts by other Arab trade partners extending preferential treatment to trade with the Palestinians

Since 1996, duty-free treatment has been available for all goods exported from the West Bank and Gaza to the United States, provided they meet qualifying criteria as spelled out in the U.S. - Israel Free Trade Area (FTA) Implementation Act of 1985, as amended. The duty-free benefits accorded under the FTA exceed those benefits which would be provided under the Generalized System of Preferences (GSP). It is worth noting that the benefits for imports provided in all of the trade agreements listed above are subject to application by the GOI, since all goods destined for the West Bank or Gaza must enter through Israeli-controlled crossings or ports. The GOI generally applies duties and tariffs consistent with its trade agreements, not with the PA's trade agreements.

The West Bank and Gaza do not have a bilateral taxation treaty with the United States.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

There are no foreign trade zones or free ports in the West Bank or Gaza.

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

According to the PCBS, the stock of foreign investment in the Palestinian territories at the end of 2014 amounted USD 2.746 billion. This includes foreign direct investment, portfolio investments, and other investments.

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic	2014	12,716	2014	12,737	Host source: PCBS, "Major National Accounts"

Product (GDP) (\$M USD)					International source: World Bank, Worldwide Development Indicators
Foreign Direct Investment	Host Country Statistical source		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	N/A	N/A	N/A	N/A	BEA data unavailable
Host country's FDI in the United States (\$M USD, stock positions)	N/A	N/A	N/A	N/A	BEA data unavailable
Total inbound stock of FDI as % host GDP	2014	19.9%	2014	19.5%	Host Source: PCBS Foreign Investment Survey of Palestinian Enterprises (stocks) at the end of 2014 available at http://www.pcbs.gov.ps/Portals/Rainbow/Documents/e-FIS-annual-2014.htm International Source: IMF Coordinated Direct Investment Survey

Table 3: Sources and Destination of FDI

The largest foreign company in the West Bank/Gaza is the Palestine Development and Investment Company (PADICO), which has invested over USD 250 million in the economy. Key PADICO investors include diaspora Palestinians from Jordan, the United Kingdom, and the Gulf. PADICO has made significant investments in telecommunications, housing, and the establishment of the Palestinian Securities Exchange. The Arab Palestinian Investment Company (APIC), headquartered in Ramallah, is a large foreign investment group with authorized capital of over USD 100 million. There are four private equity funds operating in the West Bank/Gaza, largely comprised of foreign investors: Riyadh, Siraj, Sharakat, and Sadara. Other significant foreign investments include Qatari mobile operator QTel's projected USD 600 million investment in Wataniya Mobile over a 10-year period, and Qatari Diar's projected USD 1 billion investment in Rawabi, a mixed use/affordable housing real estate development. The largest U.S. investment is Coca Cola's 15 percent stake in the local bottler, Palestine National Beverage Company (PNBC), a company valued at USD 70 million. PNBC is currently investing USD 20 million in a bottling facility in Gaza, in addition to its three West Bank-based plants.

Direct Investment from/in Counterpart Economy Data	
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)	
Inward Direct Investment	Outward Direct Investment

Total Inward	2,487	100%	Total Outward		100%
Jordan	1,275	51%	<i>Data unavailable</i>		
Qatar	129	5%			
Egypt	54	2%			
United States	39	2%			
Cyprus	16	1%			
"0" reflects amounts rounded to +/- USD 500,000.					

Table 4: Sources of Portfolio Investment

The Palestinian Economy is not included in the Coordinated Portfolio Investment Survey (CPIS) site; therefore, data is not available for Table 4.

Section 5 - Tax

Exchange control

None, and there are no restrictions on the import or export of capital. Repatriation payments can be made in any currency. Both residents and nonresidents can hold bank accounts in any currency

Treaty and non-treaty withholding tax rates

Information unavailable

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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