

# Congress of the United States

Washington, DC 20515

June 27, 2024

The Honorable Antony Blinken  
Secretary  
U.S. Department of State  
2201 C ST NW  
Washington, DC 20520

Dear Secretary Blinken:

We are writing to express our deep concern about the severe economic situation in the West Bank. The unemployment rate among Palestinians has sharply risen since the beginning of the war, and the Israeli leadership's actions to limit access to funds and threats to limit access to essential banking services for the Palestinian Authority (PA) have exacerbated the crisis. We urge the Biden administration to pressure the Israeli government to reverse its policies that are destabilizing the economy in the West Bank and undermining the PA.

Since the beginning of the war, caused by the October 7th terrorist attacks by Hamas, Palestinians living in the West Bank with jobs in Israel have been denied work permits. This has led to almost 130,000 Palestinians being unemployed virtually overnight<sup>1</sup>. This has been the largest contributor to the surge in West Bank unemployment, which is now nearly 33%.<sup>2</sup> As you are well aware, unemployment at this level is a significant source of civil and political instability.

The Israeli leadership, led by Finance Minister Bezalel Smotrich, has made critical decisions that have put the West Bank on the brink of economic collapse.

Israel has repeatedly suspended the transfer of the PA's tax revenues since the start of the war. Finance Minister Smotrich initially suspended all payments until President Biden helped broker a deal with Norway acting as an intermediary.<sup>3</sup> However, Israel has recently again suspended transferring tax revenues to the PA in response to international efforts to recognize Palestinian statehood and the International Criminal Court's decision to seek arrest warrants for Israeli Prime Minister Benjamin Netanyahu and Defense Minister Yoav Gallant.<sup>4</sup>

By virtue of a 1994 protocol on economic relations annexed to the Oslo Accords, Israel collects these tax revenues on behalf of the Palestinians and transfers them to the PA, which uses them in

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<sup>1</sup><https://thedocs.worldbank.org/en/doc/ce9fed0d3bb295f0363d690224d1cd39-0280012024/original/Palestinian-Econ-Upd-May2024-FINAL-ENGLISH-Only.pdf>

<sup>2</sup> Ibid.

<sup>3</sup> <https://www.axios.com/2024/06/13/blinken-netanyahu-release-frozen-palestinian-tax-funds>

<sup>4</sup> <https://www.nytimes.com/2024/05/22/world/middleeast/israel-reacts-palestinian-finance.html>

part to pay the wages of government employees. These tax revenues constitute nearly two-thirds of the PA's annual budget.<sup>5</sup> As National Security Advisor Jake Sullivan recently stated, withholding funds “undermines the search for security and prosperity for the Palestinian people, which is in Israel’s interests.”<sup>6</sup>

Israel has also threatened not to renew a waiver that allows Israeli correspondent banks to process payments from Palestinian financial institutions, a move that would significantly harm the Palestinian economy. As Treasury Secretary Yellen asserted, “these banking channels are critical for processing transactions that enable almost \$8 billion a year in imports from Israel, including electricity, water, fuel and food, as well as facilitating almost \$2 billion a year in exports on which Palestinian livelihoods depend.”<sup>7</sup>

These measures will severely hamper economic activity in the West Bank and will likely lead to more unrest. A collapse of the PA would threaten regional security and run counter to the aim of achieving a two-state solution in which Israelis and Palestinians coexist peacefully, with mutual security and prosperity. By strengthening the PA, we can enhance its ability to uphold the rule of law, protect civilians, and deter extremist elements in the West Bank.

We commend the Biden administration for its efforts to stabilize the economy in the West Bank and are encouraged by reports that you are seeking a solution with an alternate third country to secure the release of the PA's tax revenues.<sup>8</sup> We urge you to continue working to find a solution to transfer these funds. Additionally, we strongly implore you to exert the necessary pressure on the Israeli government to prevent the PA's economic collapse. We respectfully request that you communicate to Prime Minister Netanyahu and Finance Minister Smotrich that actions intentionally undermining the financial stability of the PA and security in the West Bank, such as refusing to renew banking waivers, are unacceptable to the United States and will be met with an appropriate response by the Biden administration.

Sincerely,

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<sup>5</sup> <https://al-shabaka.org/commentaries/the-pas-revenue-structure-and-israels-containment-strategy/>

<sup>6</sup> <https://www.whitehouse.gov/briefing-room/press-briefings/2024/05/22/press-briefing-by-press-secretary-karine-jean-pierre-and-national-security-advisor-jake-sullivan-17/>

<sup>7</sup> <https://www.timesofisrael.com/us-treasury-chief-troubled-by-smotrichs-threat-to-cut-off-palestinian-banks/>

<sup>8</sup> <https://www.timesofisrael.com/is-the-us-poised-to-sanction-an-israeli-minister-for-the-first-time/>



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Sean Casten  
Member of Congress



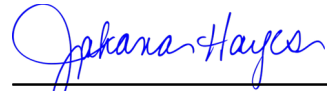
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Rosa L. DeLauro  
Member of Congress



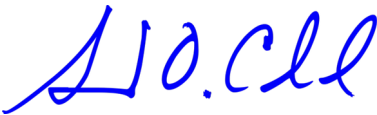
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Seth Magaziner  
Member of Congress



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Jahana Hayes  
Member of Congress



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Salud Carbajal  
Member of Congress



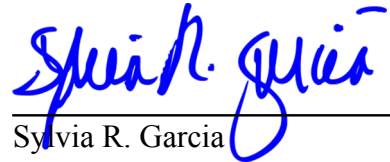
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Pramila Jayapal  
Member of Congress



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Eleanor Holmes Norton  
Member of Congress



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Sylvia R. Garcia  
Member of Congress




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Joaquin Castro  
Member of Congress



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Alexandria Ocasio-Cortez  
Member of Congress



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Becca Balint  
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Jonathan L. Jackson  
Member of Congress



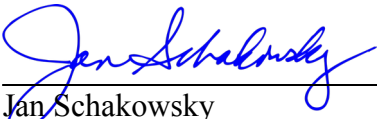
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James P. McGovern  
Member of Congress



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Barbara Lee  
Member of Congress



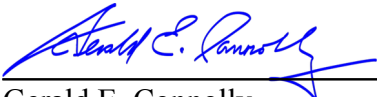
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Jan Schakowsky  
Member of Congress



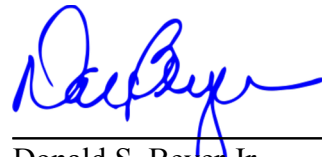
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Eric Swalwell  
Member of Congress



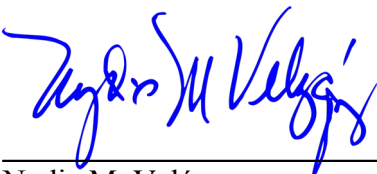
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Gerald E. Connolly  
Member of Congress




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Donald S. Beyer Jr.  
Member of Congress



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Nydia M. Velázquez  
Member of Congress



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Judy Chu  
Member of Congress



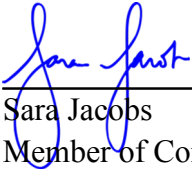
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Mark Pocan  
Member of Congress



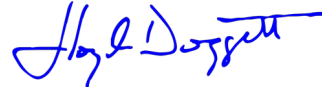
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Scott H. Peters  
Member of Congress



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Sara Jacobs  
Member of Congress



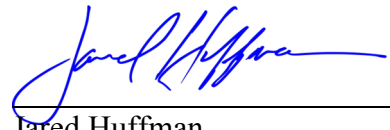
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Lloyd Doggett  
Member of Congress



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Chris Deluzio  
Member of Congress



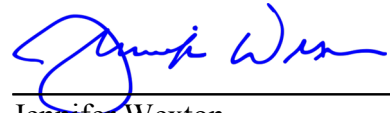
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Jared Huffman  
Member of Congress



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Dwight Evans  
Member of Congress



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Jennifer Wexton  
Member of Congress



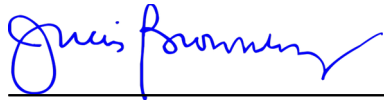
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Henry C. "Hank" Johnson, Jr.  
Member of Congress



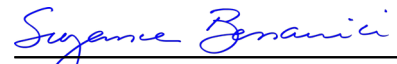
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Al Green  
Member of Congress



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Julia Brownley  
Member of Congress



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Suzanne Bonamici  
Member of Congress



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Veronica Escobar  
Member of Congress



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Chellie Pingree  
Member of Congress



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Daniel T. Kildee  
Member of Congress



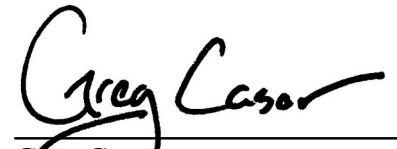
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Betty McCollum  
Member of Congress



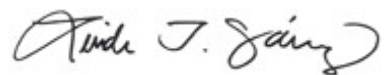
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Mark DeSaulnier  
Member of Congress



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Greg Casar  
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Linda T. Sánchez  
Member of Congress



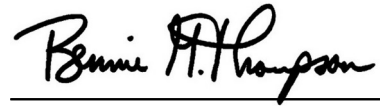
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Mike Quigley  
Member of Congress



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Lori Trahan  
Member of Congress



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Bennie G. Thompson  
Member of Congress



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Bonnie Watson Coleman  
Member of Congress



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Stephen F. Lynch  
Member of Congress



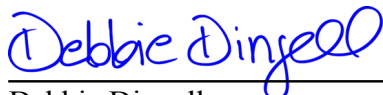
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JM Tokuda  
Member of Congress



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Nikema Williams  
Member of Congress



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Debbie Dingell  
Member of Congress



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Bill Foster  
Member of Congress



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Madeleine Dean  
Member of Congress



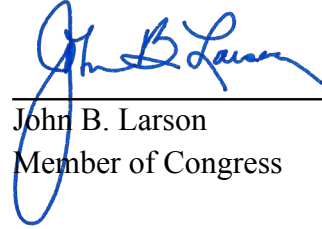
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Maxwell Alejandro Frost  
Member of Congress



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Earl Blumenauer  
Member of Congress



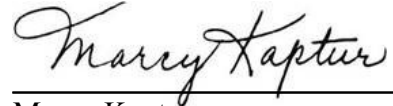
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John B. Larson  
Member of Congress



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MARK TAKANO  
Member of Congress



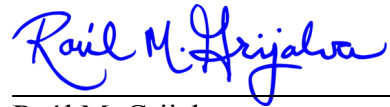
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Marcy Kaptur  
Member of Congress



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Gabe Amo  
Member of Congress



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Raúl M. Grijalva  
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