

Foreign Investment in Israel Plummets by Half Since Gaza Massacre

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Foreign investment in Israel plummeted almost 50 percent in 2014, a fact attributed to last summer's assault on Gaza and the growing impact of boycotts.

This week the UN's trade and development agency UNCTAD released its annual [World Investment Report](#) on foreign direct investment (FDI) – a measure of money that investors from overseas put into a country to invest in businesses, build factories or start other economic projects.

[According to the report](#), FDI into Israel in 2014 plummeted to just \$6.4 billion from almost \$12 billion in 2013.

The 2014 figure appears to be the lowest in more than a decade. Foreign direct investment into Israel averaged around \$9 billion per year from 2005 to 2012.

“We believe that what led to the drop in investment in Israel are Operation Protective Edge and the boycotts Israel is facing,” Roni Manos, an Israeli economist who co-authored the report, [told Israel's Ynet](#).

“Operation Protective Edge” is the name Israel gave its 51-day assault last summer that devastated much of Gaza and killed more than 2,200 Palestinians, including 551 children.

In line with global trends, [FDI fell in other regional countries](#), but nowhere near as sharply as in Israel. FDI fell 1.7 percent in Turkey, 6.8 percent in Iraq, 4 percent in the United Arab Emirates and 9.6 percent in Saudi Arabia. But it actually rose by 6.6 percent in Lebanon.

Iran, which has been under brutal international sanctions, saw inward investment [decline by about a third](#) to just over \$2 billion.

“The tourists have stopped coming”

The news that investors are fleeing is only the latest economic blow to Israel as a result of its attack on Gaza.

In May, *Ynet* revealed a dramatic plunge in visits to the country in an article headlined [“Tourists have stopped coming to Israel.”](#)

During the Gaza assault, Palestinian resistance organizations considered it a significant

strategic achievement that they managed to force a shutdown of Israel's main international airport for several days, dealing Israel a severe economic and reputational blow.

But it appears the damage may have lasted far longer than the airport shutdown.

"Despite the hopes for a recovery two or three months after last summer's operation in Gaza, it seems the crisis is only getting worse," *Ynet* reported, "the number of tourists is dropping, the number of hotel stays is declining and the number of organized tours has been significantly cut."

Ynet cited figures from the Israel Hotel Association for the first quarter of this year pointing to a 28 percent drop in tourist stays, with some areas including the Red Sea resort of Eilat - heavily marketed as a seaside destination for Europeans - seeing a 51 percent decline.

The report quoted one tour operator saying he didn't expect matters to improve next year. "We are only left with the pilgrims and Jewish tourists," the tour operator complained, adding that Christian religious tourists spent most of their time in the Palestinian city of Bethlehem in the occupied West Bank.

Economic damage

This week, the UN Human Rights Council [issued its independent report](#) into the Gaza assault, and on Israel's simultaneous violent crackdown in the occupied West Bank, finding evidence of numerous war crimes likely authorized at the "highest level" of the Israeli government.

The UN inquiry, citing Bank of Israel figures, also noted that "Operation Protective Edge caused a contraction of output in the tourism and manufacturing sectors" in Israel of about \$900 million and caused "indirect damage" of another \$440 million.

The economic damage Israel is doing to itself by continuing its regime of occupation, apartheid, siege and massacres of Palestinians may be mounting faster than previously thought.

This might also help explain why Israel is [dramatically escalating its efforts](#) to try to halt the momentum of the growing [BDS](#) - boycott, divestment and sanctions - movement.

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