



Impact Of The Israel Palestine Conflict

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Abstract: This study has been undertaken to investigate the impact of the Israel-Palestine conflict. The variables included are oil prices, history, and geographics. All the countries that have been impacted because of this are listed.

I. INTRODUCTION

INTRO:

The Israel and Palestine conflict has far-reaching implications for all nations involved. However, it is the countries in the Middle East that are most significantly impacted by this conflict, as Israel and Palestine have historically held the most power and influence in the region. The conflict between these two nations has shaped the political landscape of the Middle East for decades, with no clear resolution in sight.

II. WHAT TRIGGERED IT:

The starting point for many people is the United Nations' vote in 1947 to partition land in the British mandate of Palestine into two states – one Jewish, one Arab – following the destruction of much of European Jewry in the Holocaust. Neither the Palestinians nor the neighboring Arab countries accepted the founding of modern Israel. Fighting between Jewish armed groups, some of which the British regarded as terrorist organizations, and Palestinians escalated until the armies of Egypt, Iraq, Transjordan and Syria invaded after Israel declared independence in May 1948. With Israel's new army gaining ground, an armistice agreement in 1949 saw new borders that gave the fledgling Jewish state considerably more territory than it was awarded under the UN partition plan. The second event that triggered this conflict was at the entrance to Jerusalem's Old City at the Damascus Gate. Damascus Gate is a social hub for many of the Old City's Palestinian residents, a platform for civic and cultural gatherings and events. Palestinian youth saw the placement of metal barriers as a harassment and launched what became nightly protests; these were not linked to political groups or any other wider agenda. Within days, ultra-nationalist Jews responded by marching through central Jerusalem toward Damascus Gate, chanting "death to Arabs". The outrage these marches caused among Palestinians spilled over into the adjacent West Bank and neighboring Jordan, while militant groups in Gaza fired dozens of rockets into Israel. Palestinians filmed attacks on Jews and posted them to social media to seek sympathy and support, while ultra-nationalist Israeli Jews roamed Jerusalem's streets attacking Arabs. Following twelve days of violent confrontation in East Jerusalem, Israeli authorities took down the barricades on 25 April.

Israel:

Israel, a country rich in history and diversity, is characterized by a lengthy coastal plain, highlands in the north and central regions, and the vast Negev desert in the South. Despite its small size, Israel holds great significance as the historic homeland of the Jewish people, with a legacy dating back to ancient times. For over 1,000 years, Jews exercised sovereignty over this land until the devastating destruction of Jerusalem by Ancient Rome in 70 C.E. Jerusalem is the capital of Israel and the holiest city to the religions Christianity, Judaism, and Islam. While some people stayed in Israel, others fled the country to Italy and Egypt. Despite this tragedy, a strong Jewish community continued to inhabit the region, maintaining a steadfast longing to return to their ancestral homeland. It was not until the late 1880s that this dream began to materialize, as Jews started returning to Israel in increasing numbers and laying the groundwork for future statehood. After enduring centuries of persecution, including the horrors of the Holocaust, the Jewish people's desires for a homeland were finally fulfilled with the establishment of Israel in 1948 following the acceptance of an UN-sponsored partition plan. However, this momentous occasion was spoiled by conflict, as neighboring Arab countries refused to recognize Israel's legitimacy and launched attacks against the apprentice nation. This turbulent period led up to a brief war in 1967, during which Israel gained control of strategic territories such as the West Bank, East Jerusalem, the Sinai Peninsula, the Gaza Strip, and the Golan Heights. Despite facing loyal opposition from Palestinian Arabs and neighboring Arab nations, Israel persevered and made significant strides towards peace and stability in the region. The Yom Kippur War of 1973 and subsequent events, such as the withdrawal from the Sinai Peninsula in 1982 and agreements for limited self-rule in Palestinian territories in 1993, deepened Israel's ongoing commitment to fostering peaceful coexistence with its neighbors. In 2005, Israel further demonstrated its dedication to peace by withdrawing from the Gaza Strip, showcasing its willingness to make concessions for the greater good of the region.

Palestine:

Palestine is a region in the Middle East, located on the eastern coast of the Mediterranean Sea. It shares borders with Israel, Jordan, and Egypt. The geography of Palestine is diverse, with coastal plains, mountains, and the Jordan Valley. The Dead Sea, one of the saltiest bodies of water in the world, is also located in the same region as Palestine. Many Palestinian Arabs have lived in the region for centuries, establishing deep roots in the land. Jerusalem holds a special place in the hearts of Palestinians as the third holiest city in Islam. This significance is further amplified by the fact that most Palestinians are Muslim, adding to the city's cultural and religious importance for them. The broken promise of self-rule by the British after World War I left a bitter taste in the mouths of the Palestinian Arabs, who had hoped for freedom in their own land. The rejection of the UN partition plan by the Arabs only fueled the fire of discontent, leading to further turmoil and conflict in the region. Despite the establishment of the state of Israel by the Zionists, the Palestinian Arabs found themselves displaced and marginalized, with many forced to seek refuge in neighboring countries. The struggle for self-determination continues to this day, with Palestinians feeling disenfranchised and marginalized in their own homeland.

The legacy of Palestinian Arabs in the region runs deep, with their presence dating back centuries. Jerusalem, being the third holiest city in Islam, holds great significance for the Palestinian people, who have a strong connection to the land. The betrayal of the promise of self-rule by the British following World War I left a lasting impact on the Palestinian Arabs, leading to further distrust and resentment towards foreign powers. The rejection of the UN partition plan by the Arabs only intensified the conflict, pushing the region further into chaos and instability. The establishment of the state of Israel by the Zionists added fuel to the fire, resulting in the displacement and marginalization of many Palestinian Arabs. The lack of fair treatment and denial of self-determination by Israel has only served to deepen the divide between the two sides, leading to ongoing tensions and conflicts in the region. The presence of Israeli settlements in the West Bank and Gaza continues to be a point of contention, with Palestinians viewing them as a violation of international law and a barrier to the creation of a feasible Palestinian state.

III. ECONOMY:

The economy is likely to shrink by 12 percent, with losses of \$2.5 billion and more than 660,000 people pushed into poverty, if the conflict stretches into a third month, the report projects. The graph below shows that over time Israel's economy has been struggling because of the current conflict occurring. The prolonged conflict would not only result in economic instability but also social unrest, as more and more people are forced into poverty and desperation. The Middle East is one of the major sources of global oil supply, and the Palestinian-Israeli conflict could lead to a disruption of oil production in the region. This could then cause the reduction of global oil supply, potentially leading to a rise in oil prices and an increase in the global cost of energy. There has also been a delay in deliveries because of the Houthi attacks occurring. The Houthi attacks have threatened the security and stability of these strategic waterways and have caused significant delays, diversions, and costs for shippers and customers. Some economic consequences of the war include huge financial losses in the agricultural sector through considerable land confiscations and the destruction of agricultural assets like infrastructure and water resources. These consequences impact those who have a career in the agriculture field as their resources are being taken away from them. Alongside, this also impacts the consumers globally as they are not able to get their items or are having to pay extra for those that are grown there.

Israeli shekel to U.S. dollar exchange rate

Daily; Oct. 23, 2018, to Oct. 23, 2023



IV. HUMANITARIAN DISASTER:

Trouble escalates:

The increase in global oil prices will lead to an increase in the cost of fuel imports for Indonesia. Indonesia's crude oil and fuel imports amount to 26 billion dollars in 2022. If the price of oil rises to \$100 to 120 per barrel, Indonesia's burden of fuel imports will increase significantly. The United States is also affected by this conflict. The escalation of the war between Israel and the West Bank, and the possibility of it turning into a regional conflict, could send gas prices over \$5 per gallon, increase inflation, and push the US economy into recession.



The world in trouble?

World economic growth is projected to slow by around 0.1-1% if the conflict escalates, and global inflation would rise by around 0.1-0.2 percentage points. There have also been the Houthi attacks that have impacted the global supply chain by threatening the security and stability of these strategic waterways and have caused significant delays, diversions, and costs for shippers and customers. The Houthis have supported Palestine ever since the conflict began and have been attacking Israel. In the beginning, they fired rockets, drones, and loitering munitions. However, in November of 2023, Houthi forces hijacked the Israeli cargo ship, also known as Galaxy Leader, using a helicopter. They have claimed to only target those ships with a relation to Israel, however many of their victims have either been European or Asian ships and have nothing to do with Israel or their allies. While these attacks have not been fatal, they have caused an alarm and disruption in the shipping industry. Because of these attacks, commercial traffic through the Suez Canal is low. Many companies found a different route to get their items shipped. The only issue found is that it adds an extra 5,530 miles to the trip and can take 2 extra weeks to complete. This route is known as the Cape of Good Hope. The Cape of Good Hope is a route many companies such as Tesla and Volvo do not want to follow, so they put a forced suspension in their European manufacturing plants.

V. WORLDWIDE IMPACT:

A return to violence in the Israeli-Palestinian conflict would not only have devastating humanitarian consequences but also severe economic impacts on both sides. According to projections, per capita gross domestic product in the West Bank and Gaza would drop by 46 percent, while Israel would experience a 10 percent decline by 2024. The effects of such a scenario would not be confined to the region; the global economy would also suffer. If the conflict were to escalate, world economic growth is expected to slow down by 0.1-1%, with global inflation rising by approximately 0.1-1.2 percentage points. This would have a ripple effect on countries like Indonesia, where the increase in global oil prices would lead to a significant rise in

the cost of importing fuel. In 2022, Indonesia spent \$26 billion on importing crude oil and fuel, and if oil prices were to soar to \$100-120 per barrel, the burden on Indonesia's economy would increase substantially. The impact would not be limited to Indonesia; the United States could also feel the consequence. If the Israel-Palestine conflict were to escalate and potentially spread to other countries in the region, gas prices in the U.S. could surpass \$5 a gallon. This spike in prices, combined with an overall surge in inflation, could push the U.S. economy into a recession, as warned by economists and oil industry analysts.

VI. SOLUTIONS:

Some ways that countries have used to end wars in history are staying neutral and seeing who wins it, supporting a side, and supporting the parties in reaching a negotiated agreement. These can also be used to end the Israel- Palestine war.

Solution 1:

What most countries are currently doing is watching the war occur through their eyes and not doing anything to stop it. These countries have decided to remain neutral and not side with any country. Some of these countries can include Sweden, Switzerland, Canada, etc. Sweden has no stance in this war because they have been maintaining a historical neutral stance between every conflict that has ever occurred between Israel and Palestine. Switzerland, however, has always been neutral as they never side with anyone during any conflict that has occurred in history. Finally, Canada has expressed no stance in this conflict as it is a close ally of Israel and has been involved in efforts to promote peace and stability in the region.

Solution 2:

Another thing that countries have done in history is supporting one side of the war. In a war like this, countries such as Algeria, Russia, and Qatar have been supporting Palestine throughout the whole war. Algeria supports Palestine because Algeria, unlike other states, stands with Palestine from the very beginning of their colonization by Israel and constantly provides them with financial help, military training, weapons, mediatic help, food, clothes and so on. Countries such as Russia are aiding Palestine only to maintain good relations with the Middle East. Qatar is the only Arab country that has been supporting Palestine since 2012. They have been supporting Palestine as Qatar is a key financial backer and ally of the Palestinian militant organization Hamas.

Solution 3:

Finally, the last solution is to have a third party intervene and create a negotiation that both parties agree upon. This third party is the UN (United Nations) that recently passed a resolution for immediate humanitarian truce. The resolution calls for an "immediate ceasefire for the month of Ramadan respected by all parties leading to a lasting, sustainable ceasefire". The result of the ceasefire ended in 120 countries voting for the truce, 14 against the truce including Israel and the United States, while 45 countries had no comment on this calling. This truce has "paused" the war until after April 9th, when Ramadan ends. This was agreed by both countries and both parties are currently not attacking the opponent.

VII. CONCLUSION:

The Israeli-Palestinian conflict has far-reaching implications, not only in terms of humanitarian consequences but also significant economic impacts, both in the region and globally. A return to violence would lead to a decrease in GDP and an increase in poverty, with projections of significant declines in per capita income in the West Bank, Gaza, and Israel. Furthermore, the conflict could have a ripple effect on the global economy, causing a slowdown in economic growth and a rise in inflation, which would particularly impact countries heavily reliant on importing fuel, such as Indonesia. Additionally, the United States could face consequences, such as high gas prices and a potential economic decline, if the conflict escalates and spreads to other countries in the region.