The Economic Impact of Constructing a Gaza Seaport: Evidence from a Computable General Equilibrium model

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The role of infrastructure as a catalyst of economic development is accepted. Among the different types of transport infrastructure, seaports are considered as especially strategic due to the increasing importance of maritime transport in deciding transport costs and international trade in the age of globalization. We analyze the economic impacts of constructing a Gaza Seaport. We use a computable general equilibrium model of the Palestinian economy to simulate the effects on the Palestinian economy brought about by the planned construction of a Gaza Seaport. According to the model's estimates, GDP will increase by 3.90 percent, household income by 3.11 percent, private consumption by 7.73 percent, imports by 12.93 percent, and exports by 27.42 percent and labor income will increase by 3.19 percent.

Introduction

The role of infrastructure as a catalyst of economic development is accepted. Among the different types of transport infrastructure, seaports are considered as especially strategic due to the increasing importance of maritime transport in determining transport costs and international trade in the age of globalization. Improvement in transportation and communication has increased mobility of goods and services, and economies in the world are quickly integrated into one global economy as a result. The oceans and seas, as a main international trade route, offer low cost and important transport means. Maritime cargo, measured in tonnes grew to about 8.7 billion tonnes in 2011 according to UNCTAD, while only 43 million tonnes were transported by air in 2011 (Boeing, 2012). Maritime transport handles over 80 percent of international trade as measured in weight (UNCTAD, 2012). Seaports have a crucial role in integrating national economies into the international economy. Seaports have been designed to assist local

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