



PALTRADE

PALESTINE TRADE CENTER

Gaza Strip

Crossings
Monitoring Report

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For more information please contact PalTrade at:

Headquarter Office
P.O Box 883
Ramallah, Palestine
Tel. +970 2 240 8383
Fax. +970 2 240 8370

Gaza Office
P.O Box 5180
Gaza, Palestine
Tel. +970 8 283 3539
Fax. +970 8 283 3549

info@paltrade.org
www.paltrade.org

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GLOSSARY:

Gaza Crossings: For the names and brief overviews of the Gaza crossings referred to in this report, see Annex 2.

Time Periods: The report refers to time periods associated with policy changes and periods of relative calm or unrest. In some instances, actual time periods are denoted, such as June 2007. In other cases, they are referred to by names associated with major events or conditions, such as Closure or Truce. For a description of these, see Annex 3.

AMA	Agreement on Movement and Access, signed on November 15, 2005 http://www.eubam-rafah.eu/portal/node/11
Basic Commodities	Wheat, flour, rice, sugar, cooking oil, and other non-luxury food supplies.
Closure days , Scheduled	Days during which a crossing is normally scheduled to be closed. This includes official holidays and, in most cases, Saturdays.
Closure days, Unscheduled	Days in which a facility is closed for unusual or unexplained reasons. This includes closures for security reasons.
Conveyer Belt	This refers to a conveyor belt at the Al Montar Crossing which was used before the closure on June 2007 exclusively for transferring aggregates from the Israeli to the Palestinian side. Currently, the conveyer built is the only facility functioning at Al Montar and is used for transferring grains including wheat, pulses, seeds, and animals feed into Gaza.
Commercial Goods	Goods that are imported by commercial establishments in the private sector, and are distributed through commercial outlets in the open market.
Exports	Truckload movements outbound from the Gaza Strip, regardless of destination.
Humanitarian Goods	Basic foods (e.g. rice, cooking oil, etc.), medicines, and other goods brought in by humanitarian agencies.
Imports	Truckload movements inbound to the Gaza Strip, regardless of origin. Includes both commercial and humanitarian goods.
Scheduled days for operations	Total days in a month less Scheduled Closure days
Tunnels	Underground passages between the Gaza Strip and Egypt used for the informal transfer of goods. Use of tunnels increased after the June 2007 closure.

PERFORMANCE SUMMARY

The ability to rebuild Gaza and revitalize its economy is highly dependent on fully opening the commercial crossings to permit inbound movements of industrial inputs, construction materials, and equipment. This is not yet occurring.

Imports are less than a quarter of their pre-closure levels (i.e., before June 2007). This month a total of 2,456 truckloads of commercial and humanitarian freight entered into Gaza. The large majority of these movements were food and animal feed.

Exports are negligible. During the entire month, there were only 5 truckloads of exports, all of which were carnation flowers destined for the Netherlands.

Al Montar Crossing Conveyer Belt was open for 8 days (around a third of the scheduled days) and processed imports of 554 commercial truckloads of wheat and animal feed.

Karem Abu Salem Crossing was open on all scheduled days and processed imports of 1,902 truckloads, primarily of food, and export of 5 truckloads of carnation flowers.

Sufa Crossing was closed during this month, as it has been closed since September 12, 2008. There are indications that the Israelis intend to stop using this facility entirely, see *OCHA Field Update on Gaza from the Humanitarian Coordinator*, Jerusalem, 10 - 16 March 2009.

Nahal Oz Crossing processed imports of 9.22 million liters of industrial gasoline and 3.5 million kg of cooking gas, not including imports for UNRWA. These imports are markedly below estimated needs, see Fuel Import Performance, Page 4 of this report.

SECTION 1: PERFORMANCE of the CROSSINGS

A OPERATIONS at the CROSSINGS

Out of 21 Scheduled Days of Operation for this month, Al Montar and Karem Abu Salem Crossings were open for 8 and 21 days respectively, Sufa crossing has been totally closed since 12 September 2008. Table 1 below presents the operating days and cargo movements during April 2009.

Table (1): Summary of the performance at Crossings during April 2009

	Al Montar	Karem Abu Salem	Total
Scheduled days for operations	21	21	-
Scheduled closure days ¹	9	9	
Unscheduled closure days ²	13	0	
Actual days for operation	8	21	-
Total exports (truckloads)	0	5	5
Total imports (truckloads)	554	1,902	2456
Humanitarian imports (%)	0	26%	-
Commercial imports (%)	100%	74%	-
Daily average of imports of opened days (truckloads)	69	91	-
Daily average of imports of days scheduled for operations (truckloads)	26	91	-

¹ Crossings were closed on Saturdays (April 4, 11, 18 and 25) and Israeli Official Holidays (April 9, 10, 15, 28 and 29)

² Al Montar was closed for unknown reasons

SECTION 1: PERFORMANCE at the CROSSINGS continued

B CARGO ACTIVITY

B.1- Export Activity

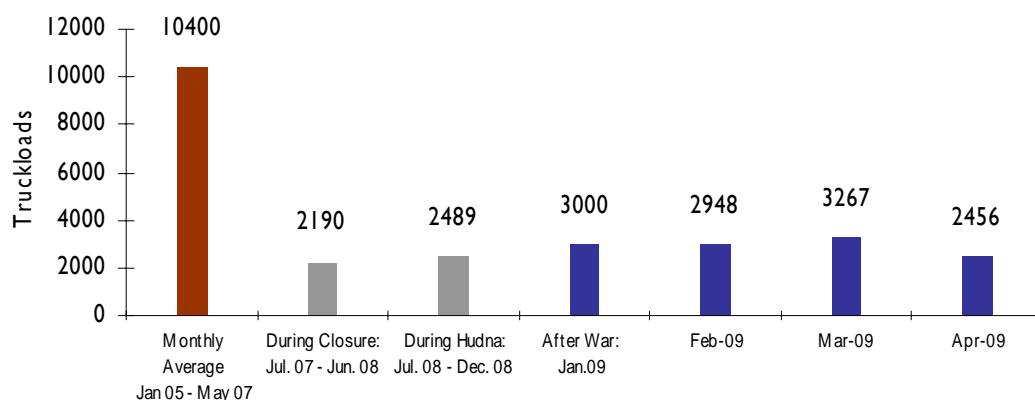
With the assistance of the “Netherlands Representative Office to the PA”, 5 truckloads of carnations were exported through the Karem Abu Salem Crossing to the Netherlands, via Israeli ports. These were the only exports from Gaza for the entire month.

Historically, over 700 truckloads were monthly exported through the Al Montar Crossing. Since the beginning of the closure period, export levels have been negligible. Between June 2007 and January 2008, exports averaged less than 18 truckloads per month. There were no other exports until February 2009, when there was one truckload carrying 55,000 carnations exported, followed by the exports of 9 truckloads carrying 450,00 carnations in March 2009.

B.2- Import Activity

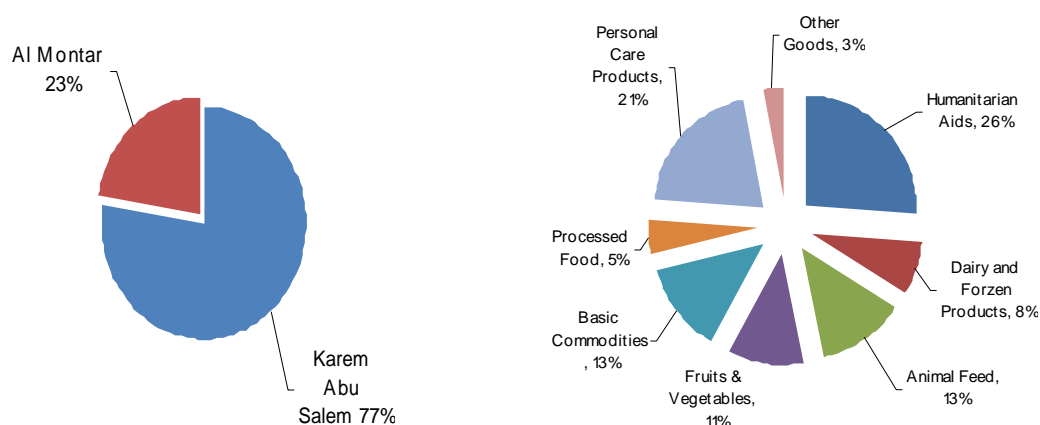
A total of 2,456 truckloads entered into the Gaza Strip in April 2009. Since June 2007, import volumes have been between a fifth and a third of pre-closure levels, see Figure 1. The dire economic and humanitarian implications of this are obvious.

Figure (1): Imports into Gaza in April 2009 monthly averages of different periods.



The distributions of imports across crossings and by cargo type are presented in Figure 2.

Figure (2): Imported goods through all crossings in April 2009



SECTION 1: PERFORMANCE at the CROSSINGS continued

C FUEL IMPORTS PERFORMANCE

Severe shortages in fuel supplies have been experienced since October 2007. The Government of Israel limits supplies of all fuels, including cooking gas for household uses. While there was some increase in April in supplies of cooking gas, shortages remain severe.

Except through special arrangements by the United Nations Relief and Works Agency (UNRWA), diesel and benzene have not been allowed to cross into Gaza since November 2008.

Fuel imports through the Nahal Oz Crossing are presented in Table 2.

Table (2): Summary of fuel and gas imports in April 2009 compared with the current needs

Type	Apr-09 Imports	Estimated monthly needs ¹	Imports as percent of estimated needs
Benzene (liter)	30,010 (for UNRWA)	1,700,000	2%
Diesel (liter)	298,400 (for UNRWA)	10,000,000	3%
Industrial Gasoline (liter)	9,229,370	11,000,000	90%
Cooking Gas (kg)	3,543,230	8,000,000	49%

NOTE: 1. Based on estimates by the Petroleum & Gas Station Owners Association-Gaza.

Undetermined amounts of fuel were smuggled into Gaza via the tunnels to Egypt. The smuggling primarily involved benzene and diesel, but also included some cooking gas. Judging from the high prices observed in the market place, these movement have been not been sufficient to meet reasonable demands.

SECTION 2: PERFORMANCE of KEY SECTORS

OVERVIEW of the PRIVATE SECTOR after the GAZA WAR

Gaza's private sector has suffered greatly from the strict limitations on imports and near total banning of exports since June 2007. This has contributed to the closure of an estimated 95% of industrial establishments (i.e. 3,750 establishments) and reduced operations among virtually all of the remaining 5%. Approximately 94% of the private sector workforce have been laid off, a total of 120,000 workers.

The 23-day war in Gaza (Dec 27, 2008–Jan 19, 2009) further worsened the situation. An estimated 700 private sector establishments were partially or completely destroyed (432 and 368 establishments, respectively). Direct losses from this destruction are estimated at US\$139 million.¹ In addition, the agriculture and fishing sector is estimated to have direct losses of US\$170 million.²

Data on employment, firm numbers, and exports for the furniture, garment, and processed food sectors before the Closure, during the Closure, and since the War are presented in Table (3):

Table (3): Summary of the key sectors situation during three different periods

Industry	Normal Situation 2005			During the closure 2008			After Gaza War April 2009		
	Employment	Establishments	Monthly exports	Employment	Establishments	Monthly exports	Employment	Establishments	Monthly exports
Furniture	6500	600	168	100	30	0	70	26	0
Garment	25000	660	172	500	60	0	110	10	0
Processed Food	2500	100	140	300	30	0	144	16	0

Source: Palestinian Federation of Industries "PFI".

¹ Private Sector Coordination Council-Gaza Governates, Gaza Private Sector- Post War Status and Needs" Gaza City, Palestine, 2009..

² United Nations Development Programme preliminary results for the agricultural sector damages

SECTION 3: ISSUE OF THE MONTH

Highlight on Type of Goods allowed into Gaza Strip

Along with the steep reduction in total imports from about 450 truckloads prior to the closure (12 June 2007) to about 110 truckloads thereafter, the list of allowed imports was significantly reduced from over 400 to only 34 types of goods. Allowable imports through Gaza crossings have been restricted to certain types of consumable and edible goods which are classified under *humanitarian products*. Among the prohibited goods are any types of construction materials, which are obviously essential for re-building, and industrial inputs, including raw materials (wood, plastic, metals, chemical, etc). As a result, the private sector has resorted to expensive informal imports of inputs through the underground tunnels at the Rafah border.

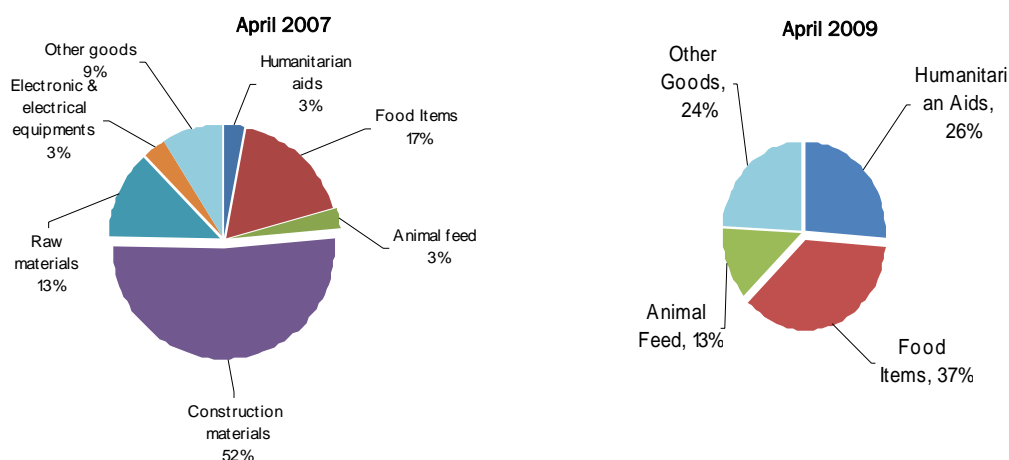
Incomprehensibly, the restrictions are not exclusively imposed on a lengthy list of non-edible goods such as raw materials, construction materials, electronics, appliances, cars, furniture, etc., but also includes the banning of live animals and edible goods such as baby food, tomato paste, tea, beverages, chocolate, biscuits, mineral water, etc. As would be expected, this has resulted in significant increases in food prices. For example, the price of fresh meat has increased by about 50% in the local market since November 2008.

In addition to greatly reducing the types of permitted imports, there have been unexplained changes in restrictions. For example, at various periods the following goods have been added to and then removed from the list of permitted imports: diapers, pasta, tomato paste, and tea.

A comparison of the distributions of the types imports between April 2007 (prior to closure) and April 2009 reveals the effects of the restrictions, see the charts below. Before the Closure, just over half of all imports were construction materials, and 26 % were accounted for by Humanitarian Goods, Food Items, and Animal Feed. By comparison, in April 2009, there were no Construction Material imports and Humanitarian Aid, Food Items, and Animal Feed made up 76% of all imports.

It should be noted that, because total imports less than a quarter of pre-Closure levels, not only have goods, such as Construction Materials disappeared from the import mix, but the total amount of Humanitarian Aid, Food Items, and Animal Feed imports have also been reduced.

Figure (3): A comparison of imported goods through all crossings April 2007 and April 2009



*Gaza Logistics Cluster SITREP Report, 18-24 April 2009.

SECTION 3: ISSUE OF THE MONTH continued

Exceptions:

1- During the six month Truce/ "Hudna" period, limited quantities of specific types of goods were allowed entry, including apparel and shoes (344 truckloads), juice(237 truckloads), utensils (6) truckloads, tires(33 truckloads), wood (65 truckloads), construction materials -mostly aggregates and cement (5,413 truckloads).

2- During periods around Religious holidays some banned goods, such as live animals, chocolate, candies, have sometimes been allowed entry .

Despite the Israeli Cabinet decision, taken on 22 March 2009, allowing the entry of all food items, the list of allowed goods remains unchanged; the criteria of selecting allowed items are still vague.

Table 4, below, itemizes the most recent (March 14, 2009) goods allowed to cross into Gaza through Karem Abu Salem, in addition to wheat and animals feed which is allowed to enter Gaza through Al Montar crossing:

Table 4: List of Goods Allowed to be Imported through Karem Abu Salem*:

Flour	Beans	Animal medicines	Washing liquid
Cooking oil	Lintels	Gas for medical purposes	Shampoo
Sugar	Kidney beans	Empty bags for flour	Soap
Salt	Margarine	Medicines & medical tools	Tooth paste
Macaroni	Diary	Feminine hygiene	Toothbrush
Sweetener	Powdered milk	Diapers	Cleaning products for tile
Chick peas	Frozen meat & fish	Toilet paper	Glass cleaner
Rice	Frozen vegetables	Detergent	Washroom cleaning products

*Source: Palestinian Ministry of National Economy, which is responsible for the goods crossing coordination with the Israeli side.

ANNEX 1: PROJECT OVERVIEW**Commercial Crossings Monitoring Program—Cargo Movement and Access Monitoring and Reporting Program**

Because of its designation as the National Trade Development Organization, PalTrade is the private sector institution with a mandate to promote trade development. PalTrade is a founder and member of the Private Sector Coordinating Council (PSCC), a consortium of all major private sector institutions, and an important partner of industry and service associations. As such, PalTrade has been a member of the Gaza withdrawal technical committees and negotiations team; especially providing the private sector perspectives of the Access and Movement Agreement (AMA) for the cargo movement at the crossings. PalTrade is also a private sector representative in the Crossings' Steering Committee which was formed by the President of the Palestinian Authority to act as the coordination body for the reform and development of the border crossings.

As part of the World Bank project "Facilitating Trade Flows between WBGS and Israel" and the previous "Private Sector Participation in Gaza Withdrawal Coordination Process" project, PalTrade has maintained a physical presence at Al Montar/Karni since August 24th, 2005. As such, PalTrade is the only independent source of crossings information which is used by the Quartet, the World Bank, the US Security Coordinator, UN OCHA and others.

PalTrade's work regarding the Crossings includes monitoring, collection and data analysis.

Financing for the border monitoring activities in the:

- First year; was through a World Bank grant to the PA in association with emergency support during the Gazan disengagement.
- Second year; was through a Post Conflict Fund grant which was closed in September 2007.
- Third and Fourth year; is being provided by the Norwegian Consultant Trust Fund under the supervision of the World Bank (MNSD Finance and Private Sector Unit).



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(MNSD) Finance and Private Sector

ANNEX 2: GAZA CROSSINGS OVERVIEW

There are six crossings at the Gaza strip boundaries to facilitate imports and exports. Four of the crossings are controlled by the Israeli government. The Rafah crossing is under the joint control of the Palestinian Authority and the European Union. The recently constructed Karem Abu Salem/Kerem Shalom crossing is temporarily being employed for movements between Israel and Gaza, but is intended for trade between, on the one hand, Egypt and, on the other hand, Gaza and Israel.

AlMontar/Karni

Al Montar/Karni crossing is considered to be the primary portal for Gaza's imports and exports. Unfortunately, in recent years its operations have been marred by inefficiency and security threats. As a result, its performance through early 2007 was only a small fraction of that projected by the Access and Movement Agreement (AMA). AMA projected that the crossing should have been able to handle 400 exports per day by the end of 2006, but never averaged more than 70 per day.

Sufa

Sufa, located in the south of the Gaza Strip (east of Rafah City), was used for the imports of construction materials and as a standby for other imports in case of the closure of the Al Montar/Karni crossing. The future of this crossing is uncertain given recent indications from Israel that they intend to abandon the facility.

Karem Abu Salem/Kerem Shalom

The Karem Abu Salem/Kerem Shalom crossing is located in the southeast of the Gaza Strip, 3.6 Km from the Rafah Crossing. Karem Abu Salem/Kerem Shalom is a temporarily being used for movements between Israel and Gaza. The facility is intended for trade between, on the one hand, Egypt, and, on the other hand, Gaza and Israel.

Nahal Oz

Nahal Oz is located east of Gaza City and is used exclusively to facilitate imports of Liquid Fuels and Gas from Israel. The facility consists of storage tanks for petrol and gas on the Palestinian side linked to pipelines from Israel.



Beit Hanoun/Erez

The Beit Hanoun/Erez crossing is located in the north of the Gaza Strip. It is employed, primarily, for processing movements between Gaza and the West Bank. In addition to cargos, the crossing processes civilians, diplomats, businessmen, international organization staff, laborers, and others in and out of Gaza Strip. The crossing is also used for the imports of cars.

Rafah

The Rafah Crossing is located south of Rafah City). It is the only operating border crossing between the Gaza Strip and Egypt. It processes both travelers and cargos. The cargos consist, primarily, of aggregates and food items. Jurisdiction over the border crossing was transferred to the Palestinian Authority in November 2005, after Israel's disengagement from the Gaza Strip.

ANNEX 3: GAZA CROSSINGS TIMELINE

Dec. 2005- May. 2007

Before The Closure

The **Al Montar / Karni** crossing was the main crossing of the Gaza Strip for both imports and exports. An average of 450 truckloads a day used to be imported, and an average of 70 truckloads a day were exported. **Sufa** was used exclusively for the imports of construction materials, with an average of about 200 truckloads, and the **Karem Abu Salem / Kerem Shalom** crossing was used for the crossing of humanitarian aids that comes from or through Egypt with an average of 70 truckloads. The **Beit Hanoun/Erez** crossing was used occasionally for imports of medical supplies.

June 12, 2007- June 18, 2008

Closure Period

Beginning June 12, 2007: the **Al Montar/Karni** crossing was officially closed for both imports and exports. The crossing reopened on June 28, 2007 for limited imports of goods such as wheat and animals feed. Since then, **Sufa** and **Karem Abu Salem /Kerem Shalom** crossings have also been used, primarily for imports of humanitarian goods, including basic food commodities (e.g. wheat flour, rice, pulses, cooking oil), animal feed and medical equipment. The **Beit Hanoun/ Erez** crossing was used on rare occasions for imports of medical supplies.

June 19, 2007- Dec.19, 2008

Truce or Hudna Period

During the truce or "hudna" period, that started on June 19, 2008 and ended on December 19, 2008, commercial goods were allowed to enter Gaza Strip including aggregates, cement, construction metal, wood, car tires, clothes, shoes, and fruit juice. The quantities of imported goods were very limited. For example during this six month period, only three truckloads of construction metal were imported. As a result supplies in Gaza continued to dwindle and industrial production to slow. Many firms ceased operations entirely. Many of the others operated at sporadically, dependent upon unreliable deliveries of inputs via the tunnels between Gaza and Egypt. Even basic humanitarian goods were in short supply, despite some legal imports and other movements via the tunnels.

Dec. 27, 2008 Jan. 18, 2009

War Period

The restrictions on trade activities did not change during the 23-day war in Gaza. An average of 90 truckloads a day were imported, about 70% of the imports were humanitarian goods, and 30% were commercial cargos deemed essential to avoid a humanitarian crisis. The Rafah crossing was also used during the war for the imports of humanitarian supplies.

Jan. 19, 2009 Apr. 31, 2009

Post War Period

No improvements were witnessed on the crossings performance, where statistics illustrates that only 6,680 of truckloads of commercial goods (mostly food) and humanitarian aids entered into Gaza, as well as the minimal exports of 15 truckloads of carnation flowers

ANNEX 4: REFERENCES AND SOURCES

- United Nations Office for the Coordination of Humanitarian Affairs (OCHA)
- United Nation Special Coordinator Office (UNSCO)
- The Borders and Passages General Department
- Agricultural Marketing Cooperatives/Associations
- Wood Industries Union (WIU)
- The Sewing Factory Owners Union (SFOU)
- Informal sources
- The Palestinian General Petroleum Company (PGPC)
- Petroleum & Gas Station Owners Association-Gaza
- Joint Humanitarian Coordination
- Private Sector Coordination Council-Gaza Governorates.
- Palestinian Federation of Industries (PFI)