



***"Facilitating Trade Flows
Between WBGS and Israel Project"***

**Al Montar / Karni Terminal Movement Monitoring
Monthly Report- August 2007**

**Prepared by Palestine Trade Center - PalTrade
September 17, 2007**



**The project is Funded by the World Bank
Post Conflict Fund (PCF)
Development Grant Facility (DGF)**

July 1st, 2006 – September 30th, 2007

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1- Introduction

As the National Trade Development Organization, PalTrade is the private sector institution with a direct mandate in trade development. As such, PalTrade has been a member of the Gaza withdrawal technical committees, and made important contributions to the reports to the AHLC on trade development and facilitation and other related forums. 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. PalTrade was also the only private sector institution to participate in negotiations on movement and access during and following the Israeli withdrawal from Gaza.

As part of the World Bank project "Facilitating Trade Flows between WBGs and Israel" and previous projects, PalTrade has maintained a physical presence at AIMontar/ Karni since August 24th, 2005 until present, PalTrade's scope is to monitor and collect statistics for AIMontar terminal operations, monitor queuing duration and exported cargo volumes. AIMontar terminal statistics have been collected in full collaboration with AIMontar authorities; mainly representative offices of Border & Passage General Dept., Ministry of Civil Affairs and Ministry of National Economy.



AIMontar Terminal is considered the major commercial terminal of Gaza Strip, where it connects the Gaza Strip with the West Bank, Israel and the rest of the world, the terminal is located at the east of Gaza City and deemed the lifeline for the inhabitants of the Gaza Strip, but is marred by inefficiency and insecurity.

2- Technical Observation and Operation Performance (Cargo Flow)

In the month of August, 2007, AIMontar/ Karni continued to be closed due the severe closure which has been imposed on Gaza since June 12th, 2007 the terminal partially operated (imports only) for four days only (on the 6th, 14th, 27th, and 30th) and in a limited manner (for grains only and for a total of 16 hours during the month).

A total of 269 truckloads of grains were imported into the Gaza Strip. Most of the imported grains were wheat (63%) and animal feeds (37%), and were processed through the conveyer belt which is used usually for aggregates (area 34).

As a result of the rigorous continual closure, no exports have been observed this month, noting that the export activities have been halted since June 12th, 2007. The terminal has not operated for crossing out empty boxes and crates or empty containers either.

3- Cargo Movement Trends – August (2001-2007)

The cargo **import** movement average of August 2007 is the lowest average of the recent years (2001-2007). This August is considered the worst month in the past 6 years in terms of export, whereby nothing has been exported via AIMontar/Karni during the month.

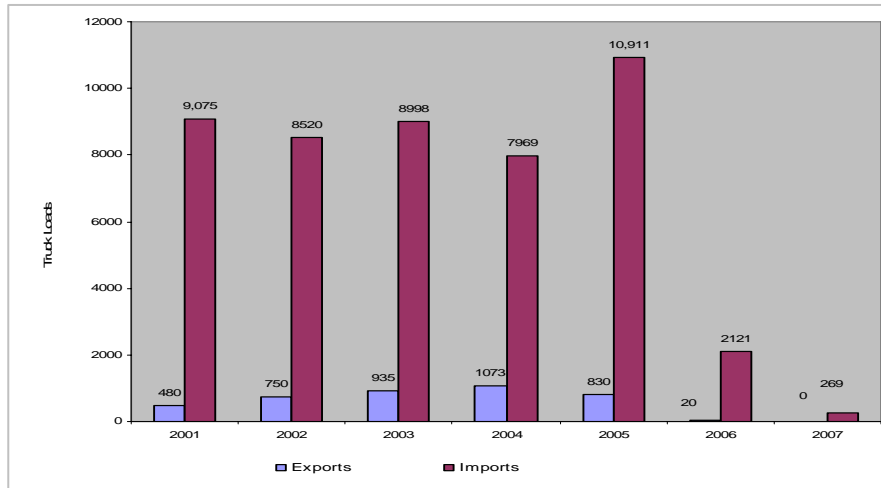


Figure (1): August truckloads movement (imports and exports) for the period (2001-2007)

4- Terminal Performance Trends – (July, 2006 – August, 2007)

Statistical trends of the months from July 2006 to August 2007 show that the export levels were slightly increasing until the month of January, but the trend declined until the month of April where it improved (due to the official extension of opening hours), nevertheless it started to decline once again in May and totally halted in July and August. With regard to import level, it's a fluctuating trend, but it has witnessed a drastic decline in the months of June, July, and August. In terms of operational days, it has slightly increased in the period between September 2006 and April 2007, sharply decreased in the month of May, and significantly dropped in June, July, and August.

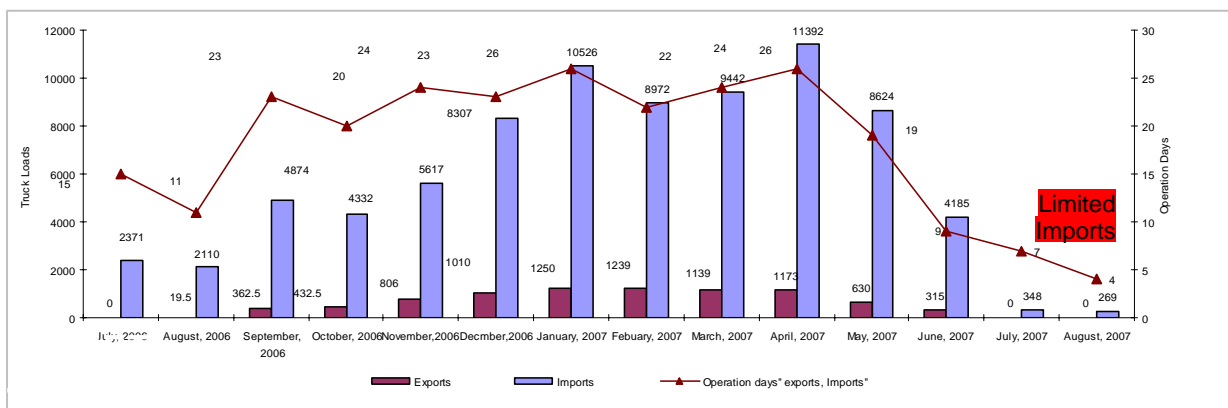


Figure (2): July 2006 – August 2007 truckloads movement (imports, exports & operation days).

5-Export Sector Performance (Pilot Observation)

Furniture Sector:

Based on the Wood Industries Union (WIU), which is the sector representative association responsible for the export queuing procedure, this August the total furniture export demand was 400 truckloads, but as the last month, July 2007, there were no exports this month, intuitively, July and August are considered the worst months compared to the last 5 months of the study period.

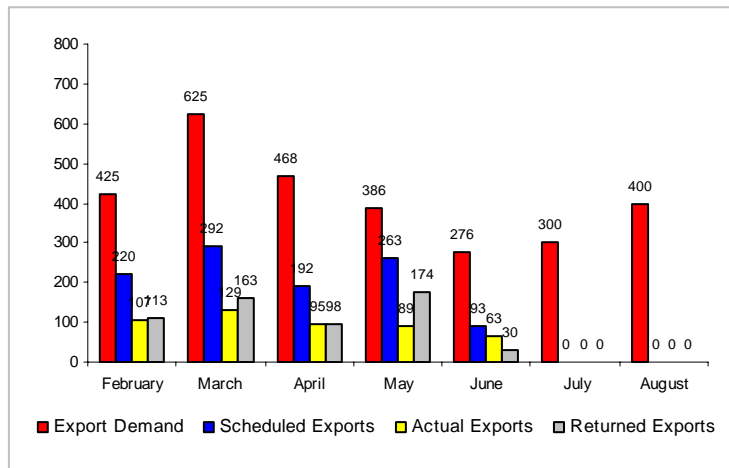


Figure (3): Furniture Sector Demand Vs. Actual Exports in February - August 2007

Garment Sector:

Based on the information gathered by the Sewing Factory Owners Union (SFOU), which is the sector representative association, this August the total garment export demand was 350 truckloads, however, there were no exports due to the closure. Making the month of August as the month of July the worst two months among the recent 5 months.

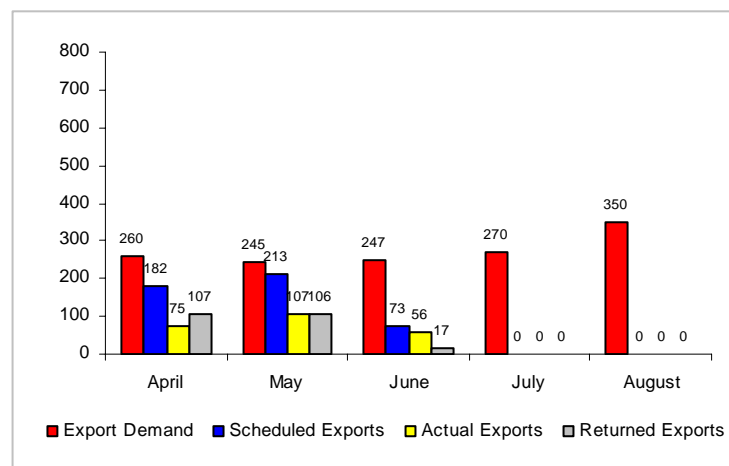


Figure (4): Garment Sector Demand Vs. Actual Exports in April -August 2007

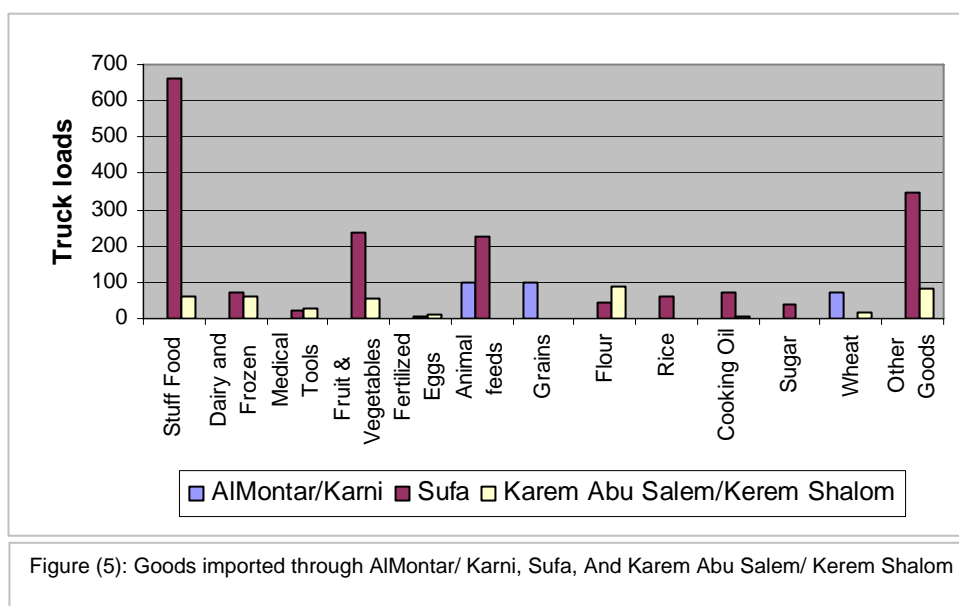
6- Trade Movement Analysis Sufa and Karem Abu Salem/Kerem Shalom Terminals Movement Analysis

The Israeli side has declared in mid- June 2007, that for technical and security reasons, Sufa and Karem Abu Salem/Kerem Shalom terminals will be used currently as minor alternatives to AIMontar/Karni and for the imports only(limited). All of the imported goods through both Sufa and Karem Abu Salem/Kerem Shalom terminals are classified as of humanitarian nature in order to avert humanitarian crisis.

Sufa terminal partially operated for 21 days out of 27 days available during August for import only, while Karem Abu Salem/Kerem Shalom operated for 18 days only, 17 days for import only and for one (on August 27th) one day the **terminal exceptionally opened for both imports and exports to allow 7 truckloads of potatoes to cross into Israel.**

All terminals statistical analysis (Imports only):*

Terminals	Sufa	Karem Abu Salem/Kerem Shalom	AIMontar/Karni
Total truckloads	1792	408	269
Available operating days	27	27	27
Limited operating days	21	18	4
Closure days	6	9	23
Average truckloads on all days	66.4	15.1	8.7
Minimum truckloads on any given day	0.0	0.0	0.0
Maximum truckloads on any given day	111.0	38.0	74.0



This August, about 72% of imported goods have entered Gaza in August through Sufa terminal,

* Source: the raw data have been obtained from OCHA and informal bodies.

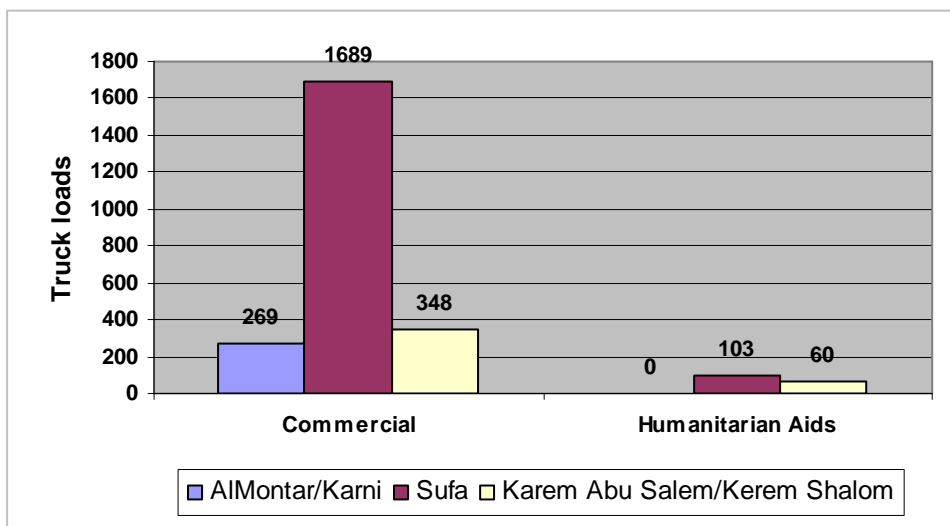


Figure (6): Imported Commercial goods Vs humanitarian aids. August 2007

The essential raw materials needed for the various industrial sectors haven't been allowed to enter Gaza yet, nearly all the commodities that have crossed into Gaza through the three terminals are consumptive goods which can be divided into two sub-categories;

A- Commercial commodities which include basic foods (e.g. wheat flour), other food stuff (e.g. frozen meats, fresh dairy), and daily essential inedible products (i.e. soap, diapers, school equipment), all imported by the private sector. These commodities are distributed through commercial outlets.

B- Humanitarian supplies consist of basic foods (e.g. wheat flour, rice, pulses, cooking oil), Animal feed and medical supplies are delivered by UNWRA, the World Food Program(WFP), Red Cross, UNRWA, WHO, and others. These commodities are distributed to Pre-identified beneficiaries of these organizations.

Closure Effects on Gaza Strip Private Sector:

- Most of the 3,900 businesses in the Gaza Strip are manufacturers that have 95% dependency on imported raw materials, and in addition, there is 80% dependency on the import of machinery and maintenance parts. As a result of the present situation, 85% of manufacturing businesses have suspended production lines or temporarily shut down, and the remaining establishments are operating at 50% capacity.
- Over 35,000 workers from the manufacturing industry have been temporarily laid-off, as well as many workers from the trade / services sectors, resulting in a total unemployment of 75,000 workers in the private sectors.



- As a result, total direct and indirect potential losses are estimated at US \$51 million, including: US \$12 million for the furniture sector, US \$20 million for the garment and textile sector and US \$3 million for the processed food sector. The agriculture sector – which is 95% export-oriented – also expects major losses, in the amount of the anticipated loss of export sales of US \$16 million. The sector is dependent on imports of fertilizers, pesticides, sterilization gas, seeds, seedlings, packaging materials, and more, meaning that the effects of the current situation are being felt at both ends.
- Due to the lack of necessary raw materials, 95% of construction projects have been halted. The value of these construction projects is estimated at US \$160 million.
- There are currently more than 750 unreleased containers at the Israeli freight terminals and warehouses. As a result, an estimated total of US \$3 million is owed in demurrage and other fees. Moreover, there are 500 empty containers in Gaza which currently cannot be returned to the shipping companies. These containers have accumulated more than US \$1 million in demurrage fees.

ANNEX 1

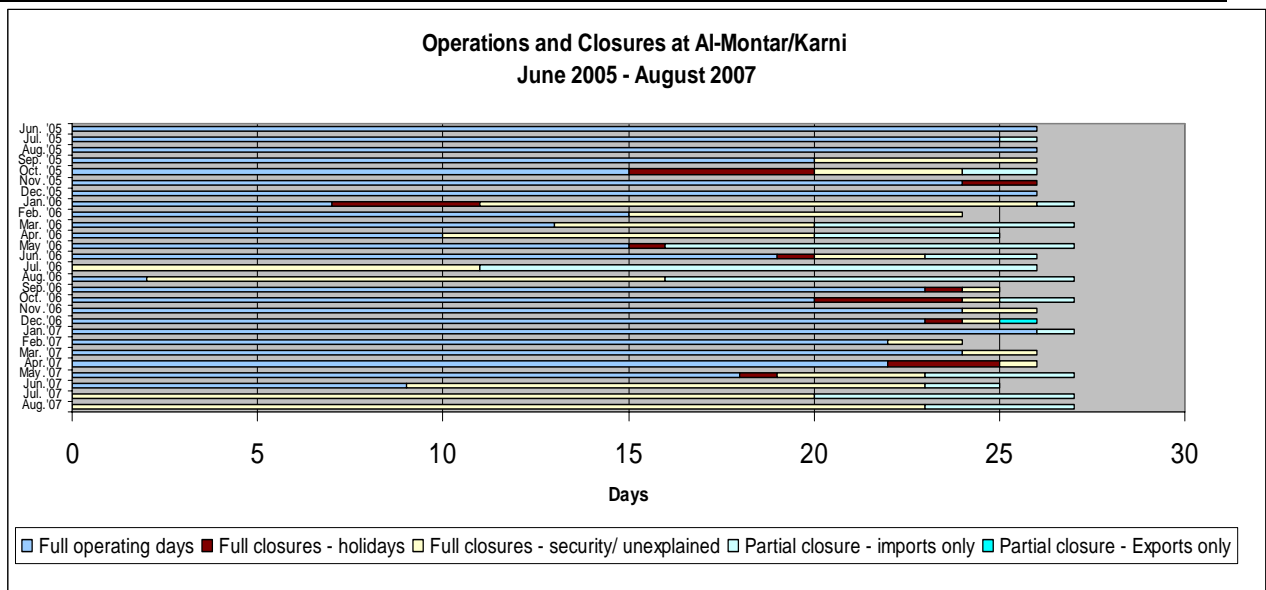
AlMontar/Karni Cargo Movement Statistics -August 2007

Day	Date	Exported Trucks	Imported Trucks	Terminal Opening Hours	Empty Crates (truck)	Empty Containers	Notes
Wednesday	01-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Thursday	02-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Friday	03-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Sunday	05-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Monday	06-Aug-07	0	64	4	0	0	Partial closure -Limited Import only
Tuesday	07-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Wednesday	08-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Thursday	09-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Friday	10-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Sunday	12-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Monday	13-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Tuesday	14-Aug-07	0	61	5	0	0	Partial closure -Limited Import only
Wednesday	15-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Thursday	16-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Friday	17-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Sunday	19-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Monday	20-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Tuesday	21-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Wednesday	22-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Thursday	23-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Friday	24-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Sunday	26-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Monday	27-Aug-07	0	70	7	0	0	Partial closure -Limited Import only
Tuesday	28-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Wednesday	29-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Thursday	30-Aug-07	0	74	7	0	0	Partial closure -Limited Import only
Friday	31-Aug-07	0	0	0	0	0	Full closures - security/unexplained
Total		0	269	23	0	0	

ANNEX 2

Operations and Closures at AlMontar / Karni June 2005 – August 2007

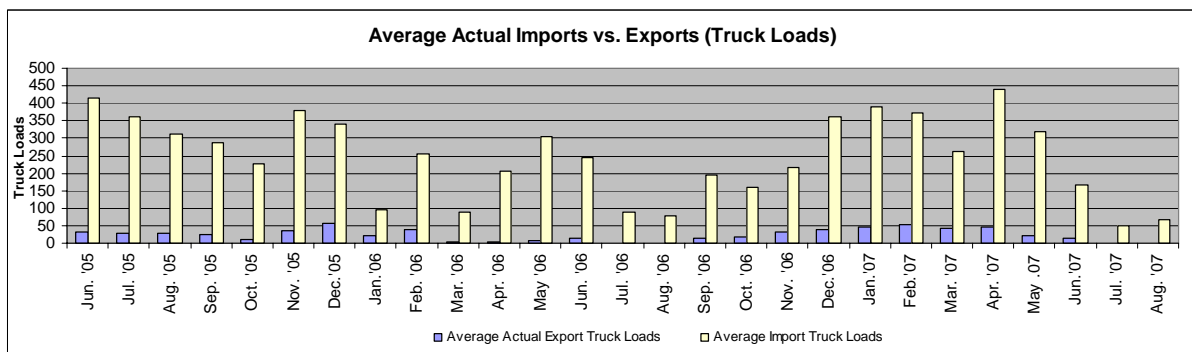
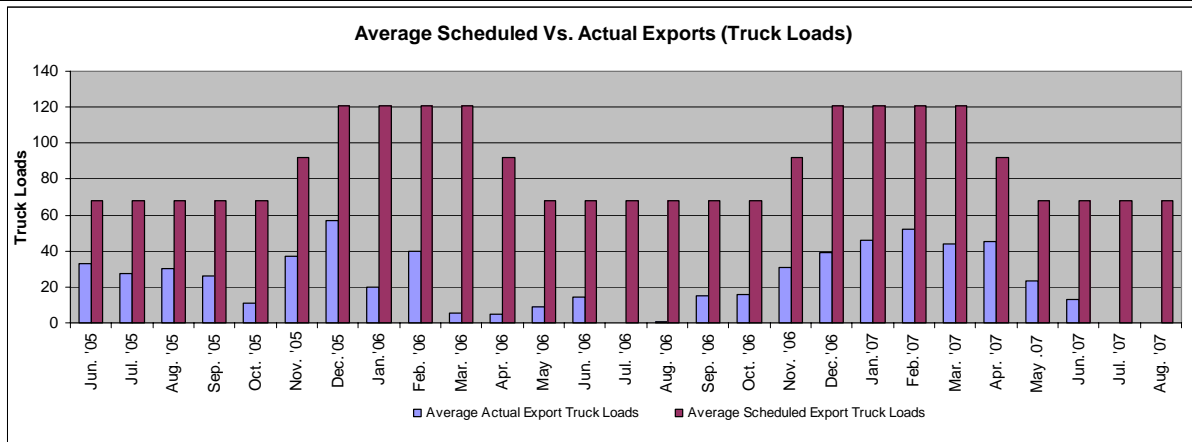
Monthly Closures	Available operating days	Full operating days	Full closures - holidays	Full closures - security/ unexplained	Partial closure - imports only	Partial closure - Exports only
Jun. '05	26	26	0	0	0	0
Jul. '05	26	25	0	0	1	0
Aug. '05	26	26	0	0	0	0
Sep. '05	26	20	0	6	0	0
Oct. '05	26	15	5	4	2	0
Nov. '05	26	24	2	0	0	0
Dec.'05	26	26	0	0	0	0
Jan.'06	27	7	4	15	1	0
Feb. '06	24	15	0	9	0	0
Mar. '06	27	13	0	7	7	0
Apr. '06	25	10	0	10	5	0
May '06	27	15	1	0	11	0
Jun. '06	26	19	1	3	3	0
Jul. '06	26	0	0	11	15	0
Aug. '06	27	2	0	14	11	0
Sep. '06	25	23	1	1	0	0
Oct. '06	27	20	4	1	2	0
Nov. '06	26	24	0	2	0	0
Dec.'06	26	23	1	1	0	1
Jan.'07	27	26	0	0	1	0
Feb.'07	24	22	0	2	0	0
Mar. '07	26	24	0	2	0	0
Apr. '07	26	22	3	1	0	0
May '07	27	18	1	4	4	0
Jun.'07	25	9	0	14	2	0
Jul. '07	27	0	0	20	7	0
Aug. '07	27	0	0	23	4	0



ANNEX 3

Average Daily Number of Scheduled and Actual Export Truckloads– August 2007

Month	Average Actual Export Truckloads	Average Scheduled Export Truckloads	Average Import Truckloads
Jun. '05	33	68	416
Jul. '05	27	68	362
Aug. '05	30	68	311
Sep. '05	26	68	286
Oct. '05	11	68	227
Nov. '05	37	92	381
Dec. '05	57	121	341
Jan. '06	20	121	94
Feb. '06	40	121	257
Mar. '06	5	121	87
Apr. '06	5	92	206
May '06	9	68	307
Jun. '06	15	68	244
Jul. '06	0	68	88
Aug. '06	1	68	78
Sep. '06	15	68	195
Oct. '06	16	68	160
Nov. '06	31	92	216
Dec. '06	39	121	361
Jan. '07	46	121	390
Feb. '07	52	121	374
Mar. '07	44	121	263
Apr. '07	45	92	438
May '07	23	68	319
Jun. '07	13	68	167
Jul. '07	0	68	13
Aug. '07	0	68	10



ANNEX 4

Actual Vs Planned Working Hours Exporting Pallet Scanners "Bays" "Cells". August 2007

Month	Pallet Scanners "Bays"			Cells		
	Actual Daily Working Hours (cargo)	Planned Daily Working Hours (cargo)	Pallet Scanners "Bays" Ratio of Actual vs. Planned Working Hours	Actual Daily Working Hours (cargo)	Planned Daily Working Hours (cargo)	Cells Ratio of Actual vs. Planned Working Hours
Jun. '05	26	91	29%	13	65	20%
Jul. '05	27	91	30%	10	65	16%
Aug. '05	30	91	33%	13	65	20%
Sep. '05	33	91	36%	10	65	15%
Oct. '05	14	91	15%	3	65	5%
Nov. '05	33	91	36%	16	65	24%
Dec.'05	41	91	45%	25	65	38%
Jan.'06	45	91	49%	13	65	20%
Feb. '06	39	91	43%	26	65	40%
Mar. '06	25	91	27%	15	65	23%
Apr. '06	23	91	25%	9	65	14%
May '06	28	91	31%	9	65	14%
Jun. '06	20	91	22%	8	65	12%
Jul. '06	0	91	0%	0	65	0%
Aug. '06	0	91	0%	0	65	0%
Sep. '06	11	91	12%	5	65	8%
Oct. '06	16	91	18%	9	65	14%
Nov. '06	21	91	23%	11	65	17%
Dec.'06	29	91	32%	14	65	22%
Jan.'07	32	91	35%	16	65	25%
Feb.'07	30	91	33%	23	65	35%
Mar. '07	31	91	24%	20	65	31%
Apr. '07	38	91	42%	24	65	37%
May '07	23	91	25%	17	65	26%
Jun.'07	10	91	25%	11	65	17%
Jul. '07	0	91	0%	0	65	0%
Aug. '07	0	91	0%	0	65	0%

