

The “Door to Door” Movement of Goods

This note provides an explanation of the concepts of the “back to back” and “door to door” movement of goods from the international perspective, and seeks to define an approach that will work in the local context---both in the near-term and over time.

A. What is “Back to Back”?

1. A back-to-back cargo movement is generally understood as the transfer of loose goods from one truck to another---in its literal form, positioning two trucks with their backs to one another. Primitive variants involve labor-intensive handling and placement of cargo on the ground during the transfer. This process inflicts serious time delays and damage to cargo and is widely avoided in modern transport operations. It is, however, the hallmark of cargo transfer at every crossing between Israel and the Palestinian areas as well as at a number of checkpoints inside the West Bank. Even the new border terminals under development by the Government of Israel envision variants of this type of back to back system.

2. Conversely, *modern and efficient back to back movement can work well for some cargoes*. For example, it is common in modern container transport to consolidate loose cargo from one or more trucks into a container that is then transported on a single trailer. “Cross-docking” is the common technique used to implement this approach. It is more efficient and less damaging than primitive back to back methods because it involves a coordinated transfer across a level platform using mechanized equipment (forklifts and scanners, for example); this limits any direct handling of cargo or the placement of cargo on the ground.

B. What is “Door to Door”?

3. **The term door to door in international transport logistics is commonly understood to mean the movement of a cargo from its point of origin to its destination.** It defines a type of cargo movement which differs from other common transport movements (such as “port-to-port”, “factory-to-warehouse”, or movements during which the cargo changes ownership). Thus door to door may involve a sequence of movements on different modes of transportation, or even temporary storage of the cargo en route. Critically, though, it involves the *intact* movement of a particular cargo---and is often associated with a single transaction in which a logistics service provider assumes responsibility for the cargo for the whole journey. For movements of goods within a single country, door to door normally refers to a single movement of cargo on one mode of transport and without any interim storage.

4. The concept of door to door, as envisioned by the Palestinian Authority, has come to mean something different than the international logistics definition. **For the PA, the concept refers to the movement of a cargo, intact and in a single vehicle, from the cargo’s point of**

origin to its destination.¹ Under this definition, door to door describes the movement of the vehicle *and* its cargo, not simply the cargo—and is akin to what is seen in international agreements as a *right of transit*. The PA advocates this type of movement in order to restore the status quo ante that prevailed prior to the mid-1990s in and out of Gaza, and until the outbreak of the intifada in and out of the West Bank. Given today’s security environment, however, it is unlikely that this type of door to door movement will be restored soon, or even that it represents the most efficient or cost effective means of transport--given the delays that are likely to be incurred in inspecting Palestinian trucks prior to allowing them into Israel (the exception to this applies in the case of the movement of goods between Gaza and the West Bank, initially by convoy and in the medium-term by road)².

5. In the trilateral meeting of June 19 between Ministers Mofaz and Dahlan and the Quartet Special Envoy on Disengagement James Wolfensohn, Minister Mofaz accepted the principle that door to door movement should replace today’s back to back system over time, and agreed that the parties should initiate discussions on how door to door movement can be put in place. Since then, GOI has begun to plan a program of extensive review of the door to door option. It is the Bank’s understanding that this review will take some time.

6. In the interim, though, it is important that ways be found to move beyond today’s deleterious back to back system--in a manner that ensures a high level of security for Israel, and predictability and efficiency in the throughput of Palestinian cargoes.

- The accompanying World Bank Staff Paper, “*Short Term Improvements in Access and Movement*” recommends basic management and system improvements which, if put in place without delay, will result in immediate security and efficiency gains at the crossings---prior to the reconstruction of these facilities or the purchase of sophisticated new scanning technologies.
- **Once scanning equipment arrives, though, the next step should be the widespread adoption of a tractor exchange system, which will ensure that the cargo can be kept intact and will thereby be consistent with the common international definition of door to door movement.**
- As the final step in the process of establishing door to door movement of the type advocated by the PA, it will be necessary for the parties to agree on a right of transit for Palestinian trucks and drivers.

C. Agreements Governing Cross-Border Movements

7. The right of transit is normally embodied in a bilateral transit agreement between sovereign states, or as part of a multilateral agreement among members of a trade community. Such an agreement normally sets out the conditions for cross-border movement, including:

¹ This could in theory be either a Palestinian or an Israeli vehicle. Door-to-door movement from Israeli points of origin/Israeli ports to a Palestinian destination on Israeli trucks has in fact been commonplace in the West Bank context, but is ceasing due to the construction of the Separation Barrier.

² See “*The Gaza/West Bank Link ---Rail vs. Road*”, World Bank, June 19, 2005. At the request of the two parties, the Bank is preparing a more detailed comparative study of the Gaza/West Bank transport options, with a view to helping secure early agreement on a permanent link between the two parts of the Palestinian Territory.

- Driver licensing requirements.
- The approach to certification of the vehicle and trailer.
- Who is liable for the taxes and duty on the cargo (and sometimes the container).
- The location of the crossing points which vehicles can use to enter the other country.
- The routes which vehicles can use while transiting the other country.

Such an agreement may include a list of goods that cannot be moved in transit, and will always prohibit the use of the truck from one country for carrying domestic cargo in the other country. Security provisions applicable at the border are not part of such agreements; other than a prohibition on transporting weapons and other dangerous or prohibited goods.

8. A decade ago, there were no constraints on the movement of Palestinian trucks in Israel. Whereas security concerns initially caused these unfettered movements to be terminated, reestablishing them in a context of emergent Palestinian statehood should take the form of a formal arrangement between two sovereign governments (there are references to transit in the Paris Protocol, but it could not be described as a transit agreement). As is the case with most bilateral arrangements of this kind, it is also likely that Palestinian truckers will face strong and influential commercial opposition from Israeli firms that have become used to controlling transport between destinations in Israel and the Palestinian borders.

9. There are various conventions and innumerable bilateral agreements that can provide a model for a Palestinian/Israeli transit agreement. These include the TIR Convention³, which Israel signed in 1984, which supports the promotion of international trade and provides a mechanism for guaranteeing the payment of taxes and duties on goods moved in transit. Common certification and licensing standards should be relatively easy to agree, given existing arrangements under the Paris Protocol. Part of any transit agreement will be the arrangements agreed for issuing transit permits for vehicles and cargoes crossing the border. Such permits would assist border clearance by permitting pre-registration and advance scheduling. The permits would also provide data for customs and trade purposes. Negotiating any sort of transit agreement can be expected to take time, however.

D. Security Issues

10. In parallel to the transit agreement, it will be necessary to address the border security issues associated with through movement of Palestinian trucks. There is a clear tension between the required security standards on the Israeli side and the free nature of truck movement embodied in the Palestinian wish to establish a right of transit. These security concerns can be addressed through the introduction of processes and procedures which lower the chances of security breaches, along with the proper use of inspection technology. This subject has been covered at some length in a number of World Bank reports and policy notes, and the key elements of a system that will ensure commercial viability in a context of sound security include:

- The separation of cargoes by type.

³ See <http://www.iru.org/TIR/Objectives.E.html> for details.

- A layered inspection strategy⁴.
- The provision of advance information on what is arriving at the border.
- Reducing the complexity and variety of items that are inspected.
- Differentiating goods by channels or locations.
- Introducing transport systems compatible with the inspection technology (such as sealing technology, smart containers, simplified trailer design, articulated trucks, etc.).

11. In addition, if Palestinian trucks are to cross the border, additional information is likely to be required to improve security--including:

- The identity of the driver.
- The physical characteristics of the vehicle and its cargo.
- The owner of the cargo and the truck.
- The points of loading and unloading.
- The history of the activity of the vehicle since its last border crossing.

12. At any border crossing, the complexity of the inspection process will depend on the nature of the cargo as well as on the transportation system. Decreasing complexity speeds up processing. For cargo, homogenous bulk materials (such as aggregates) are the simplest to handle. More diverse products require more complex inspection techniques, but complexity can be reduced by separating types of product by load, and by the adoption of uniform packaging requirements. Inspection procedures should be published in order to assist shippers to comply with the inspection regime.

13. As for the transportation system, the same criterion applies.

- If no part of the transportation system crosses the border with the cargo, the mode of transport is irrelevant.
- As more of the system crosses (with a view to speeding passage, lowering costs and limiting damage), the complexity of inspection will increase. That said, the use of standardized modes, in particular containers, greatly reduces complexity---particularly if proper use is made of inspection technology. The introduction of free-circulating trailers, articulated truck/trailers designed to facilitate scanning and other forms of inspection, and the incorporation of monitoring devices and tamper-proof seals all reduce the complexity of inspection.
- The movement of the cargo, full truck, and driver across the border dictates the most complex inspection regime.

14. Thus the level of necessary security diligence increases as agreed movements become less constrained (progressing from the movement of trailers across borders, to the movement of fixed-body and articulated trucks across borders, to the movement of drivers across borders).

⁴ The development of a layered inspection strategy, in which all cargo goes through a quick inspection, followed by more intrusive inspection for a subset identified as higher risk, followed by a full inspection for a small percentage identified as high risk. This strategy will obviously work best if based on close bilateral security cooperation, to include on-line information sharing.

- The through-movement of trailers requires a combination of intelligence screening, electronic scanning and physical checks---with scanning and inspection addressing both the cargo and the trailer. The question of whether a scanner can detect all anomalies in a conventional trailer will not be easily resolved in today's suspicious environment, and anyway misses the point: no security strategy should rely on a single check, and technology should only be seen as one layer in the inspection hierarchy. The concerns of all but the most adamant security skeptic can be answered with a combination of the monitoring of trailer movements, the use of stripped-down trailers, powerful scanners and back-up physical checks combined in a coherent risk-managed inspection process.
- The movement of rigid body trucks and tractors across the border is more problematic, as no scanning technology yet exists which is capable of inspecting an engine block with complete assurance. This places a high premium on other layers in the security system. In an environment in which trust is lacking, emphasis will be placed on exhaustive and time-costly physical inspections. In a less hostile environment, more emphasis will be placed on pre-clearance checks, information on the movement of specific vehicles and the track-record of the companies that own them. Carriers should also be bonded, obliging them to meet specific informational, trailer design and insurance standards in return for fast "green line" treatment at the borders.

The movement of drivers across the border is relatively easy to accommodate, as this would involve a similar set of security checks to those used for Palestinian laborers crossing into Israel with work permits.

E. The Evolution of a System of Cross-Border Movement for Palestinian Vehicles

15. Given today's environment, it is likely that the movement of Palestinian trucks and drivers into Israel will take time to negotiate. Factors that will ease such a decision include:

- An improved bilateral political and security climate.
- Improvements in detection technology---this is evolving rapidly as demand grows and unit costs decline.
- Improvements in supply chain management as Palestinian firms begin to assume responsibility for ensuring the security of their cargoes prior to arrival at the border.

16. It is difficult to predict the rate of change in these areas, but practical steps can be implemented now to change the behavior of shippers, improve the quality of transportation and increase the effectiveness of border management in ways that will accelerate the process of achieving through-movement of Palestinian trucks..

- First, through movement can be selectively introduced. The criteria for selection can be adjusted over time so that the percentage of these movements increases as confidence is created. Selection could initially be determined on the basis of routing and destination. In the very near term, for example, Palestinian trucks and drivers traveling between Gaza and the West Bank should be allowed to cross as part of an escorted convoy. Following this, new trucks with designs more amenable to scanning technology and equipped with

tracking devices could be allowed to transit individually⁵---or various compatible combinations of cargo and packaging could be allowed to cross in approved conventional trucks. Presuming that this initial phase of through movement progresses well, specific shippers and transporters who meet mandated standards of security and insurance coverage would be allowed to take their trucks across the border to multiple destinations in Israel.

- Second, the procurement of detection equipment and the construction of complementary infrastructure should allow for an expansion of cross-border movement using Palestinian trucks. The purchase of detection equipment should be phased in order to capture improvements in technology.⁶ Existing border crossings would need to be redesigned to allow for the ‘truck flow’ space required to make proper use of the new technology (as demonstrated by Karni, a piecemeal approach to terminal design is likely to produce an unworkable facility)---while new border crossings should be designed in anticipation of modern inspection processes and procedures, not on the basis of today’s back to back system (current design proposals by GOI for the most part lack this perspective, and adjustments are needed before further construction takes place).
- Third, improvements in processes, procedures, technology and infrastructure design should be complimented by improvements in intelligence gathering and processing of information on the trucks, drivers and cargoes crossing the border. Information provided by shippers should be a shared by Palestinian and Israeli security, customs, and border management in order to improve the efficacy of its use.⁷
- Fourth, incentives should be put in place to encourage shippers to use packaging and transport technologies that make detection technologies and inspection processes safer and more efficient. For example, the expeditious clearance of containerized goods will encourage more shippers to consolidate cargoes in this way.⁸ The PA’s Ministry of National Economy, together with industry organizations in Gaza, is already piloting a system of pre-shipment cargo management at Karni. Incentives for shippers should be complemented by incentives and penalties applicable to the management of the border crossings themselves, in order to reorient officials’ behavior towards greater efficiency and productivity.

17. The attached table shows how these efforts might evolve over time. The proposed phases are not entirely sequential, but coordination between them is needed if the Palestinian vision of door to door movement is to be realized. How quickly each phase can be achieved will depend on the status of negotiations between the two parties, the degree of trust they can achieve, the implementation of improved processes and the installation of improved technology and infrastructure.

⁵ A variant of this would be the circulation of a dedicated fleet of Palestinian tractors.

⁶ The Bank would not advise the large-scale, one-time procurement of scanners for all border terminals---particularly not of the types already procured (these are suitable only for lower-risk cargoes). Better technologies are rapidly emerging, and procurement should be phased to take advantage of these improvements.

⁷ As one example, the information provided for transit permits and cargo waybills can serve many purposes, including facilitating the identification and evaluation of cargoes moving across the border in Palestinian trucks. Performance data should also be collected and analyzed in order to identify and eliminate inefficiencies and chokepoints in the supply chain.

⁸ Businesses will only be willing to invest in new shipment procedures (containers, standardized packaging, etc.) if the management of the border crossings is conducted according to agreed processes and procedures and in a less corrupt environment than the one prevailing today.

Phases for Increasing Cross-Border Movements by Palestinian Trucks

Phase	Movements Included	Equipment Needed	Facilities	Information Required	Coordination Process
I	Trucks in convoy	Simple truck scanners	Existing, with minor improvements	Transit document with cargo type, vehicle number, driver name crossing time reports	Joint committee involving security forces
II	Individual containers on trailer	More scanners, tamper-proof seals	Specialized terminals for agriculture and containerized goods	Biometrics, container tracking systems, online reservation systems, labor and equipment productivity reports	Expand committee with representatives of shippers
III	Scanner-friendly trucks with homogeneous cargo and monitored movement	Improved scanners	Multiple/redundant facilities	Pre-clearance document submission, application of risk-management inspection techniques	Expand committee with transport company representatives
IV	Scanner-friendly trucks with mixed cargo	Additional detection technology	Redesigned facilities	Consignment-level information	Management committee with stakeholder representation
V	Preferred shippers and transport companies	Remove detection technology	Inland facilities	Authorized trader system	