



Gaza Strip

Crossings
Monitoring Report

MONTHLY REPORT



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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

After two years of closure, punctuated by the Gaza War, there has been no improvement at the crossings. The ability to rebuild Gaza and revitalize its economy is 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 around 19% of their pre-closure levels (i.e., before June 2007). This month a total of 2,012 truckloads of commercial and humanitarian freight entered into Gaza - *the lowest volume since the January 2009 war*. The large majority of these movements were food and animal feed. A virtual ban on **Exports** from Gaza continues, with only limited quantities of carnations allowed out of Gaza in 2009. This month there were no recorded exports. (The last shipment of carnations was allowed out on 27 April 2009.)

Al Montar Crossing Conveyor Belt was open for 8 days (about 30% of the schedule days of operation) and processed imports of 486 commercial truckloads of wheat and animal feed.

Karem Abu Salem Crossing was open for 24 days and processed imports of 1,526 truckloads, primarily of food. **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, for the first time since 2 November 2008, 40,000 liters of petrol and 22,000 liters of diesel allocated for private use were allowed entry from Israel to Gaza on July 27. In addition, 9.7 million liters of industrial gasoline and 4.7 million kg of cooking gas were processed into Gaza Strip, 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 27 Scheduled Days of Operation for this month, Al Montar and Karem Abu Salem Crossings were open for 8 and 24 days, respectively. Table 1 below presents the operating days and cargo movements during July 2009.

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

| | Al Montar | Karem Abu Salem | Total |
|--|-----------|-----------------|-------|
| Scheduled days for operations | 27 | 27 | - |
| Scheduled closure days | 4 | 4 | |
| Unscheduled closure days ² | 19 | 3 | |
| Actual days for operation | 8 | 24 | - |
| Total exports (truckloads) | 0 | 0 | 0 |
| Total imports (truckloads) | 486 | 1,526 | 2,012 |
| Humanitarian imports (%) | 0 | 20% | - |
| Commercial imports (%) | 100% | 80% | - |
| Daily average of imports of opened days (truckloads) | 61 | 64 | - |
| Daily average of imports of days scheduled for operations (truckloads) | 18 | 57 | - |

¹ Crossings were closed on Saturdays (July 4, 11, 18 and 25)

² Karem Abu Salem was closed for security reasons on (July 10, 24 and 31) and Al Montar was closed for unknown reasons

SECTION 1: PERFORMANCE at the CROSSINGS continued

B CARGO ACTIVITY

B.1- Export Activity

No export activity was recorded in this month. During the period from February – April 2009, only (684,000) flowers of carnations were exported through Karem Abu Salem Crossing representing only 1.7% of the produce planned to be exported this season (Nov. 2008– May 2009). It should be noted that monthly average exports in the period before the crisis was 1,380 truckloads per month (70 truckloads per day), composed of furniture, garment, cash crops, vegetables, processed food, metal products, handicrafts, and other types.

B.2- Import Activity

A total of 2,012 truckloads entered into the Gaza Strip in July 2009 – the lowest since the January 2009 war. Since June 2007, import volumes have been between 19% and 31% of pre-closure levels, see Figure 1. The dire economic and humanitarian implications of this are obvious. The distributions of imports across crossings and by cargo type are presented in Figure 2.

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

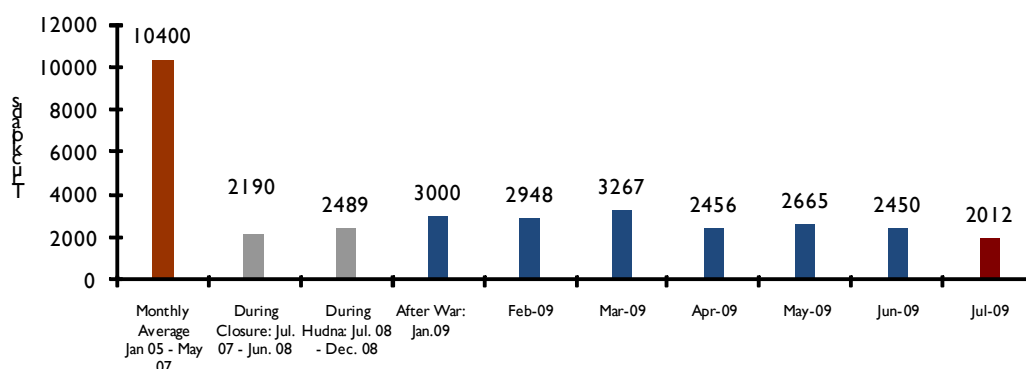
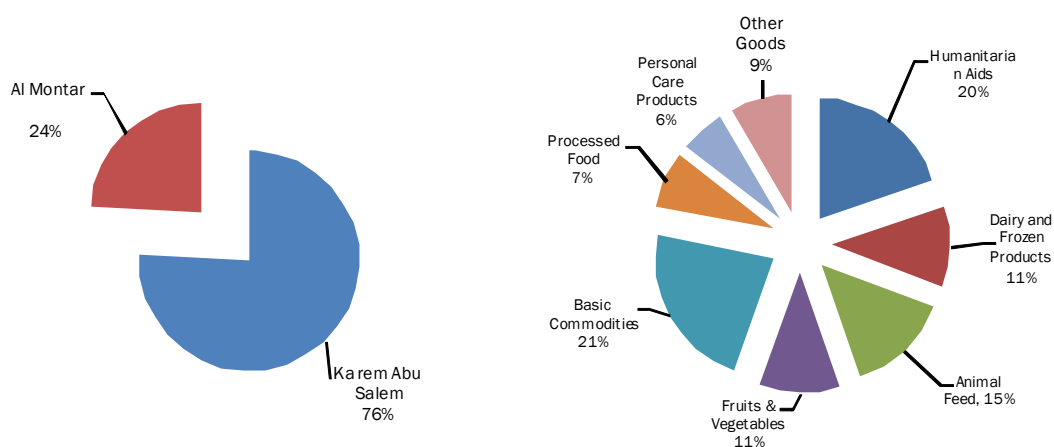


Figure (2): Imported goods through all crossings in July 2009



SECTION 1: PERFORMANCE at the CROSSINGS continued

C FUEL IMPORTS PERFORMANCE

For the first time since 2 November 2008, 40,000 liters of petrol and 22,000 liters of diesel allocated for private use were allowed entry from Israel to Gaza on 27 July, via Nahal Oz fuel pipelines. The Petroleum and Gas Stations Owner Association (PGSOA) indicated that the fuel entered at the request of local companies to test demand for Israeli fuel in a market saturated with fuel entering through pipelines of the tunnels under the Gaza-Egyptian border. According to the PGSOA, although Israel is willing to allow 75,000 liters of petrol and 800,000 liters of diesel per week, the fuel is not likely to be bought by local Gaza companies, as the price of Israeli petrol is more than twice the price of Egyptian petrol (5.90NIS/lit price of Israeli petrol vs. 2.70NIS/lit for the Egyptian petrol).*

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

| Type | July 2009 Imports for private sector | July 2009 Imports for Humanitarian | Estimated monthly needs ¹ | Imports as percent of estimated needs |
|-----------------------------|--------------------------------------|------------------------------------|--------------------------------------|---------------------------------------|
| Petrol (liter) | 40,000 | 50,000 | 1,700,000 | 0.5% |
| Diesel (liter) | 22,000 | 550,410 | 10,000,000 | 6% |
| Industrial Gasoline (liter) | - | 9,695,630 | 11,000,000 | 88% |
| Cooking Gas (kg) | 4,658,630 | - | 7,500,000 | 62% |

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

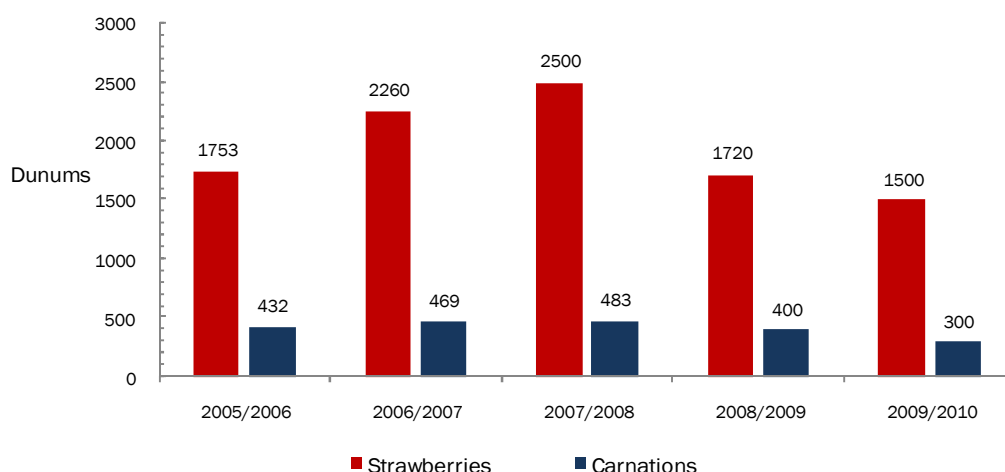
*Protection of Civilians: 22-28 July 2009 UN OCHA oPt

SECTION 2: ISSUE OF THE MONTH

After Two Years of Siege and Accumulative Losses, Cash Crop Farmers Hope to Have a Better Season

With great efforts exerted by Netherlands Representative Office (NRO) in Ramallah, and despite some delay, the Agricultural Development association (PARC) in the Gaza Strip was able (in the second half of July 2009) to import agricultural inputs needed for planting carnations and strawberries for this season 2009-2010. The imported inputs included: flower seedlings (5.5 million), fumigants, and part of fertilizers and pesticides (7 truckloads), the remaining quantities (19 truckloads) are scheduled to be imported afterwards.

All of the imported inputs are fully funded by the NRO through “Enhancing and Improving the Cash Crops Sector in Gaza Strip Project”, with a total grant of US\$2.36 million aiming to benefit 56 carnation farmers to plant 300 dunums with an expected harvest of about 36 million flowers, and 130 strawberry farmers to plant 500 dunums with an expected production of about 1500 tons including 500 tons for export. Figure 3 below illustrates the planted dunums during the previous seasons in comparison with this season.



The project was renewed for the third consecutive year during which the cash crops sector, as the rest of the economic sectors in Gaza, has been suffering from a disastrous prolonged closure which was imposed in mid June 2007 and resulted in an almost total ban on exports. Negligible quantities of carnations were exceptionally allowed to be exported during the period from Feb-Apr 2009 through Karem Abu Salem crossing, which came after considerable pressure by NRO on the Israeli side to allow exports of any possible quantities of carnations to avoid the cancellation of the quota for the Palestinian carnations in the EU market. None of strawberries produced was exported last season 2008-2009, and negligible quantities of the produce were exported in 2007-2008 season through Karem Abu Salem crossing before the farmers decided to stop exporting due to the extended waiting time and poor handling of unloading and loading at the crossing and the resulting damage. The Gaza cash crops sector is export-oriented; about 90% of the carnations and strawberries produced are marketed in the Israeli and European markets, generating sales profit, in the normal times, of \$20-25 million per year, which significantly contributes to raising the modest level of GDP. Free access and movement has become a major and permanent challenge to this sector, as the planting process totally depends on the imported input materials including seedlings, fumigants, pesticides, fertilizers, nylon for green houses, packing materials, etc, and marketing these products is totally dependent on the status of Gaza crossings.

Source: Agricultural Development Association (PARC)/ Cash Crops Sector Enhancing and Improving Project (www.cashcrops.ps)

SECTION 2: ISSUE OF THE MONTH

Noting that most of the strawberries and carnations cannot be marketed in the local market due to the high volumes of the products, only a small proportion are sold locally at about 10-15% of export sale prices, this in turn has led to a reduction in planting area and the number of cash crops farmers.

Allowing the entry of the flowers seedlings and other inputs has renewed the hope of farmers for a better season enabling them to pay off their debts resulting from the losses of the previous two seasons. Unfortunately, this will not be possible unless the movement restrictions, in particular on exports, are lifted and eased!!!

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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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 160 truckloads, and the **Karem Abu Salem / Kerem Shalom** crossing was used for the crossing of humanitarian aid that comes from or through Egypt with an average of 20 truckloads. The **Beit Hanoun/Erez** crossing was used occasionally for imports of medical supplies.

June 14, 2007- June 18, 2008

Closure Period

Beginning June 14, 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 animal 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 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 import of humanitarian supplies.

Jan. 19, 2009 - July. 31, 2009

Post War Period

No improvements were witnessed on the crossings performance, where statistics illustrate that only 13,807 truckloads of commercial goods (mostly food) and humanitarian aid entered into Gaza, as well as the minimal exports of 14 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)