

Trade Impediments



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Karni: Gaza's Link to the World

Al-Muntar (Karni) commercial passage is the only trade gateway between Israel and the Gaza Strip. Products moving from this passage are not only destined to Israel, but they may also be headed to the West Bank, or to the outside world through Israeli ports and airports. Thus, Karni formulates the lifeline between the Gaza Strip and the rest of the world, especially with the closure and limitations on the movement of commercial traffic through the Rafah Checkpoint into Egypt.

The number of trucks going through Karni, and carrying products (mostly Agricultural products) from Gaza to the outside ranges from 30 to 40 per day, while the number of trucks bringing in products is anywhere from 150 to 200 daily. Most of the incoming shipments (approximately 80%) are Israeli products, while 20% are from the West Bank and other sources.

Products going out of the Gaza Strip through the Karni crossing are off-loaded into special loading areas and then placed on a moving conveyor belt which is secured by cement blocks. The product then moves on the conveyor belt into windows which end in x-ray machines that check the contents, and then is re-loaded onto Israeli trucks that carry it to its destination.

Containerized products which are destined out of Gaza must go through a similar procedure, whereby the truck carrying the container enters Karni from the Palestinian side, and backs into a long cement protected corridor. The container is unloaded by the Israeli side, checked and re-loaded onto Israeli trucks to go to their respective destinations.

Products which are intended for entry through Karni into the Gaza Strip undergo a puzzling process. Trucks must take a turn to enter the crossing depending on the point of origin of the product (Israel, Israeli ports or the West Bank). The waiting time for entry into the crossing point for products of Israeli origin range from one to 3 days, while products coming from Israeli ports destined for Palestinian importers may take up to a week. Products coming from the West Bank to Gaza may take up to 4 weeks of waiting to be allowed to enter into the crossing point, and to enter the security checking procedures prior to entry into Gaza. Products of Israeli origin do not have to undergo security checks, while all other products have to go through strict security procedures, even products coming from Israeli ports, which have just undergone security inspection in these ports.

Dairy products originating in Hebron, for example have to undergo a security inspection at the Tarqoumia checkpoint on the way out of the West Bank towards Gaza because they are going to cross Israeli territory. Upon arrival at the Karni checkpoint, these same products have to wait on the truck for their turn to go through security inspection. The waiting period even for perishable dairy products ranges from 7 to 12 days. On the other hand, similar types of products by Israeli dairy manufacturers enter the same day and do not undergo any type of security inspection. This type of discrimination and selectivity in permission of entry formulates a serious barrier to trade and negatively impacts the competitive capacity of Palestinian products coming from the West Bank as well as directly imported products from other trading partners.

Currently (and for about one month now) there are around 20,000 tons of construction steel at Ashdod port destined for Palestinian



importers in Gaza, which are being stored at the port due to the fact that they cannot get a turn to enter Karni. This type of delay can only result in an increase in the cost of the product to the Palestinian consumer, and a reduction of competitive capacity.

The Israeli side of the Karni Checkpoint charges anywhere from 250 to 450 NIS (\$ 58 - \$105) depending on the size of the truck and the product transported, whether the product is entering or leaving Gaza. The amount charged is then divided 60% to the Israeli side and 40% to the Palestinian side for what is claimed to be crossing operations costs. Transportation costs from Karni into Gaza range between 200 to 250 NIS (\$ 46 - \$ 58) per truck.

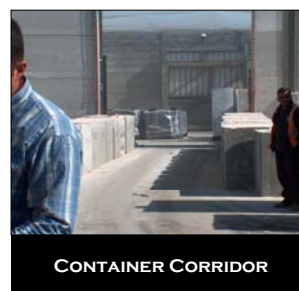
The Karni crossing has no stable opening and closing hours, it is dependent on the mood of Israeli security at the time, but generally it is open from 6 AM to 5 PM.

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X-RAY CHECKING



CONTAINER CORRIDOR



BACK TO BACK

Water: The Agricultural Lifeline

Other than land, water is the most important resource and determinant of agricultural capacity. Irrigation water supply was estimated in 2003 to be 172 million cubic meters (Mcm) per year for approximately 237,000 irrigated dunums (both open field and protected). This corresponds to a per capita irrigation water-share of about 52 cubic meters and 0.066 irrigated dunums, which is the lowest in the region.

Water usage has been artificially constrained by access restrictions imposed through the Israeli occupation which has prevented any significant increase in irrigated water supply since 1967. Using Jordan as a comparator, where irrigated land per capita is 0.14 per dunum, current irrigated dunums should be over 500,000 dunums, more than double the current area.

Estimated Total Irrigation Water Supply (2003)

Districts	Wells (Mcm)	Brackish (Mcm)	Springs (Mcm)	Total (Mcm)	Irrigated area (dunums)*	Water use (m ³ /dunum)
West Bank	40.3	0	49*	89.3	120,818	739
Gaza Strip	40	43	0	83	115,819	717
Total	80.3	43	49.1	172.3	236,637	728

Source: "Assessment of Water Demand Management in Palestine", Assaf, Karen and A. Aliawi. 2nd Regional Conference on Water Demand Management and Pollution Control, ESCWA/UNEP/UNESCO/WHO, Dec 14-17, 2003.

* Note: Spring discharge varies from dry to wet years; this represents an average.

** Note: Irrigated area includes both open field and protected (greenhouse and other) cultivation, which have different levels of water usage.

While the availability of cultivable land in the Gaza Strip is limited (estimated to be 200,000 dunums not including settlement lands, about 80% of which are already cultivated), increased land cultivation is possible in the West Bank due to availability of land and water, particularly in the Jordan Valley. Furthermore, regardless of increased cultivation, irrigated cultivation should be expected to move towards regional levels, such as that in Jordan, which would more than double current irrigation water needs. Projected estimates of national irrigation needs in 2005 are valued at 326 Mcm/year, leaving a deficit of 154 Mcm/year if no new resources are made available.

Potential resources to close this gap are a matter of national importance and planning and are heavily impacted by political developments under permanent status negotiations. Increased access to available groundwater resources and the Jordan Valley surface water resources are the cheapest alternatives. Waste water treatment, desalination plants, and water import are other more costly but potential options.

Pesticides

Stemming from the Paris Protocol, the import of pesticides into Palestine can only take place if these pesticides are registered in Israel, at (1). Ministry of Agriculture, (2). Ministry of Environment and (3). Ministry of Health

The registration process may take anywhere from 2 to 4 years, depending on who is doing the registration and what the product is. The Israeli side, in accordance with the Paris Protocol must issue an immediate import license to these products if they are duly registered. This often is violated by the Israeli side. In 2001 for example, the Israeli side refused to renew the import licenses for Palestinian importers of registered pesticides, thus violating the automatic licensing clause in the agreement when the product is registered, hence some of the products were kept in the port for up to three months, even though these must be used at specific times within the seasonal cycle, thus causing major losses to the importer and the farmer, because of being forced to purchase the higher priced Israeli alternative to meet the seasonal requirements.

Israelis also claim that some of these products may be used in the manufacture of explosive materials and therefore are not to be imported by Palestinians, even though the Palestinian importer can buy the same products and bring them from the Israeli market with no problems. An example of this is the Sulphur which is used extensively for vineyards.

The most difficult process is trying to move pesticides imported by Palestinian firms into Gaza. Permission may take up to two months. This of course means the product will remain in the port, paying storage and demurrage until permission is granted. Israeli importers or producers of similar materials, on the other hand, have priority for entry of their products into Gaza through the Karni checkpoint.

Trucks carrying pesticides must have prior approval by the Israeli authorities, and must carry a permit for both the approved truck and the approved driver. The cost of moving these products from the port to the West Bank is approximately 2000 NIS (500 Dollars) per truck, which is around 3 times what a Palestinian truck used to cost, when bringing the products from the port prior to September 2000. Naturally, pesticides must undergo the same treatment as any other product and incur the same costs when it comes to movement within the West Bank and Gaza Strip checkpoints. Therefore, the added costs, coupled with the delays have resulted in severe hardship for the already suffering Palestinian farmer.

Water usage has been artificially constrained by access restrictions imposed through the Israeli occupation which has prevented any significant increase in irrigated water supply since 1967



Palestinian Irrigation Water - Level is lower than 1/2 of normal flow



Agricultural Lands in the Jordan Valley Area

Checkpoint Watch

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Tulkarm Qalqiliya/Salfit

- **Taybeh**
The checkpoint has been open for commercial trucks using the back-to-back system between 7.30 am and 5pm. Due to construction work in front of the Barrier gate (in preparation for the new industrial zone), all traffic is now forced to take a diversion to enter Tulkarm from this side. The checkpoint remains closed every Saturday.
- **Qalqiliya DCO**
The checkpoint has been un-manned throughout the week. The gate and observation tower have been dismantled, but the rest of the checkpoint structure is still in place. The back-to-back system has not been in use since all trucks have had full access to Qalqiliya City.
- **Anabta**
The gate has been reported closed the entire week, Commuters and commercial trucks have had to use back-to back at the gate.

Nablus: Opening hours: 6am to 6pm.

- **Awarta checkpoint**
Main commercial checkpoint into Nablus since July 2003. Open from 7.30am to 5.30pm, based on the back-to-back system.
- **Beit Iba**
Western entrance, mainly for trade Open for humanitarian organizations and Palestinians over 25 years old, students, teachers and medical doctors. Israeli citizens, Palestinian holders of Jerusalem IDs and holders of international passports are subjected to prior liaison with the ISRAELI ARMY before access can be granted.
- **Hamra**
East, before closure regime main road to Jordan, Tubas, Jenin Closed for Palestinians unless having permits, or coming from these villages: Frush Beit Dajjan, Al Jiftlik, Bardala, Kardala, Ein Shibli, Al Nassaria and Al Aqrabania (from which villagers occasionally are let through). Major delays occurred on 11 March.
- **Zaatara (Tappouah)**
South, main road to Ramallah Permanently manned. Major delays occurred on 12 and 13 March.



Jenin

- **Al Jalama**
Main entrance to Israel Open 24 hours for permit holders. Northern entrance/ main commercial check point. Open from 8am to 4pm. Transit of trucks need liaison with Palestinian DCL.

Tubas

- **Bisan**
Main entrance to Israel Open 24 hours for permit holders.
- **Tayasir Gate**
Gate to the Tubas eastern agricultural lands in the Jordan Valley Closed for Palestinians, except for those residing in these villages: Bardala, Kardala, 'Ein el Beida, Al Farisiya, Al Malih and Khirbet Tell el Himma. No agricultural permits have been issued for Palestinian farmers from Tayasir, Al 'Aqaba and Ath Thaghra to reach their land on the eastern side of the checkpoint since 18 December 2004. Lengthy delays were again experienced throughout the week.

Ramallah/AI Bireh

- **Beituniya**
New back-to-back checkpoint is now in operation. Officially open 7am to 5pm Sunday to Thursday, 7am to 1pm on Fridays and closed Saturdays. Open for commercial goods and a back-to-back system is in operation. Only Palestinians from Kafr 'Aqab and Sameeramees holding Jerusalem IDs and driving Israeli yellow-plated trucks are allowed to pass through this checkpoint without using the back-to back system. This checkpoint is not open for private cars or pedestrians.
- **Qalandiya**
Open daily from 4am to 11.30-12pm for vehicles and 24 hours for pedestrians. Ramallah/AI Bireh residents, Jerusalem ID holders, and foreign passport holders have access without permits. Since 12 February, Palestinians with West Bank permits are allowed to cross without permits. Israelis citizens and Arabs from the Golan are prohibited from crossing into Ramallah. Vehicles with West Bank registrations cannot pass unless they have a special permit. Ambulances and trucks with food products are permitted to cross. On 11 March the ISRAELI ARMY restricted the movement at the checkpoint for several hours in the morning due to a high security alert around Jerusalem.
- **Atara Bridge (partial)**
Open. Delays were reported.

Bethlehem

- **Beit Jala DCO**
Entrance to Beit Jala Open from 7am to 7pm for all traffic. Palestinian public and private vehicles are allowed to pass.

Hebron

- **Tarqumiya**
Entrance for commercial goods (back-to-back), west of Hebron on Road 35 for both Hebron and Bethlehem districts The checkpoint is open for workers and traders with valid permits from 6am to 5pm, every day except Saturday and Jewish holidays. According to Palestinians working on the site of the back-to-back entrance, the entrance of goods is relatively smooth.

Gaza

- **Karni**
Since 7 February, the crossing has been partially reopened. Sufa Sufa crossing remained closed for laborers, but was open for construction materials.
- **Erez**
Since 13 February, the crossing has been open and hundreds of Palestinian workers and traders have been permitted through. Erez Industrial zone The Industrial Zone was closed on 11 and 12 March.



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In an attempt to identify the ongoing impediments to Palestinian Trade, the Palestine Trade Center-PALTRADE has embarked on a pilot 6 month project to produce a monthly bulletin which highlights these impediments.

The bulletin will attempt to inform traders, the Palestinian government and the International community of the impact of impediments caused by closures, checkpoints and security procedures on Palestinian trade.

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Back to Back and Transaction Costs

The back to back system naturally increases the cost of transportation for both finished products and raw materials; this increase in transaction costs manifests itself in two ways:

First, these Israeli measures have forced a diversion from the use of Palestinian trucks to Israeli ones because they are guaranteed easier passage from one town to the other and simpler procedures.

Second, the process of unloading and reloading products has also increased the cost of transportation significantly, thereby rendering locally manufactured Palestinian products uncompetitive even in the Palestinian market.

Prior to September 28, 2000, a Palestinian producer used to pay 100 to 150 Israeli Shekels (NIS) to transport his/her product from Nablus to Ramallah on Palestinian trucks. Now, the same product with the same quantity costs between 600 to 700 NIS to travel the same distance. The added costs of

transport are broken down as follows:

1. the transfer of products from one trailer head to another for construction materials costs about 250 NIS.
2. the transfer of products from one trailer head to another for raw materials costs about 350 to 400 NIS.
3. use of a forklift for unloading and reloading pallets costs about 100 to 200 NIS per truck, which does not include the cost of the forklift operator.
4. Cost of transportation after the checkpoint ranges between 200 to 600 NIS.
5. the cost of waiting in line at the checkpoint and demurrage, as well as delays due to closure and security checks.

Thus, the back to back system has caused major delays in the delivery of products, lost time, as well as an overall increase in the cost of transportation by approximately ten times what it was prior to September 28,

2000.

In the case of bulk materials, the damage is doubled, since the product is off loaded onto the ground, and then reloaded onto another truck with a crane, thereby, damage is incurred to the product and a significant amount is lost in the process as it mixes with the dirt, sand and pebbles which are customarily found at any checkpoint.



Back to Back procedures at the Beytounia Commercial Passage whereby products are moved from one truck to the another increasing time and transaction

Habla Gate

Habla Gate is an electronic gate placed under a bridge that connects settlement roads. This gate divides Qalqilya from 10 important villages in its vicinity. The gate is electronically operated by the inspection tower overlooking the road and can be closed, thereby separating these villages from the main town at any moment, and separating the residents from their



BACK TO BACK AT KARNI