



PALTRADE

PALESTINE TRADE CENTER

Gaza Strip

Crossings
Monitoring 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 a quarter of their pre-closure levels (i.e., before June 2007). This month a total of 2,450 truckloads of commercial and humanitarian freight entered into Gaza. 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 11 days (about 40% of the schedule days of operation) and processed imports of 643 commercial truckloads of wheat and animal feed.

Karem Abu Salem Crossing was open for 22 days and processed imports of 1,807 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 processed imports of 9.5 million liters of industrial gasoline and 2.6 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 26 Scheduled Days of Operation for this month, Al Montar and Karem Abu Salem Crossings were open for 11 and 22 days respectively. Table 1 below presents the operating days and cargo movements during June 2009 .

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

	Al Montar	Karem Abu	Total
Scheduled days for operations	26	26	-
Scheduled closure days ¹	4	4	
Unscheduled closure days ²	15	4	
Actual days for operation	11	22	-
Total exports (truckloads)	0	0	0
Total imports (truckloads)	643	1,807	2,450
Humanitarian imports (%)	0	26%	-
Commercial imports (%)	100%	74%	-
Daily average of imports of opened days (truckloads)	58	82	-
Daily average of imports of days scheduled for operations (truckloads)	25	70	-

¹ Crossings were closed on Saturdays (June 6, 13, 20 and 27) and security reasons (June 9,10,11 and 23)

² Al Montar was closed for unknown reasons

SECTION 1: PERFORMANCE at the CROSSINGS continued

B CARGO ACTIVITY

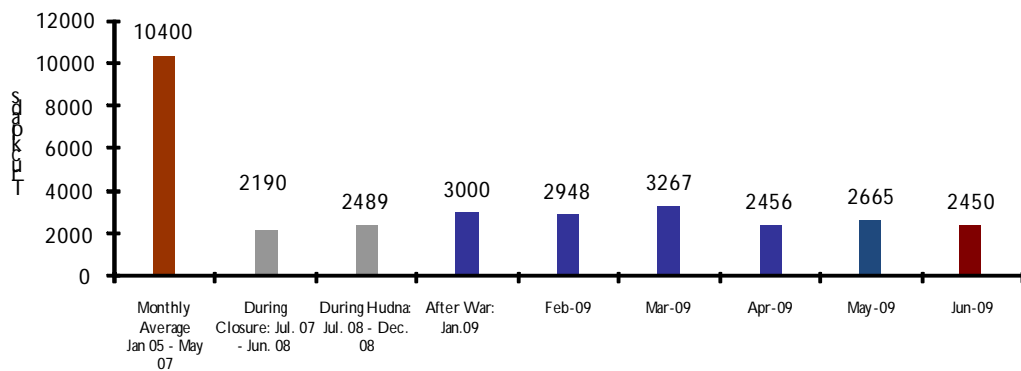
B.1- Export Activity

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

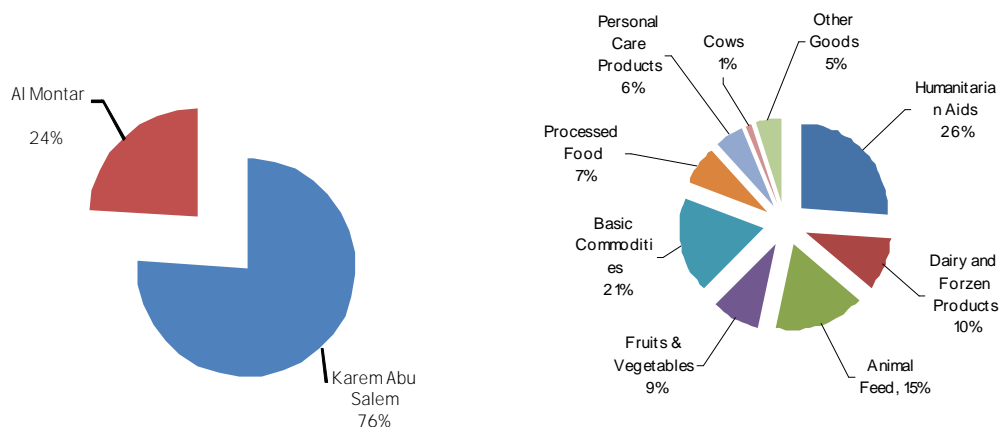
A total of 2,665 truckloads entered into the Gaza Strip in June 2009. Since June 2007, import volumes have been between a fourth and a third of pre-closure levels, see Figure 1. The dire economic and humanitarian implications of this are obvious.

Figure (1): Imports into Gaza in June 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 June 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. The already severe shortages were exacerbated by a decrease in June supplies of cooking gas.

Except through special arrangements by the United Nations Relief and Works Agency (UNRWA) and Ministry of Health (MOH), 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 June 2009 compared with the current needs

Type	June 2009 Imports	Estimated monthly needs ¹	Imports as percent of estimated needs
Petrol (liter)	30,000 (for UNRWA)	1,700,000	2%
Diesel (liter)	300,400 (for MOH)	10,000,000	3%
Industrial Gasoline (liter)	9,502,050	11,000,000	86%
Cooking Gas (kg)	2,631,000	8,000,000	33%

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

Undetermined amounts of fuel were smuggled into Gaza via the tunnels from Egypt. The smuggling primarily involved benzene and diesel, but also included some cooking gas.

SECTION 2: ISSUE OF THE MONTH

GAZA STRIP TWO YEARS THROUGH SIEGE !!

June 14, 2009 marks the second year of closure of the Gaza Strip for movement of both people and goods. The large majority of these movements are classified under the humanitarian functions with only limited quantities of exports mainly cash crops. This in turn has materialized in high unemployment specifically in the industrial sector, complete or partial closure of industrial establishments as well as tremendous increase in obtaining production inputs through the tunnels.

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, as well as outbound movement of finished products into local and external markets. The opening of the crossings is not yet occurring.

In short, the Palestinian private sector in Gaza has lost its competitive edge in the local and external markets which has become more difficult and costly to reverse. Most Gaza industries are export-oriented and used to have purchase and supply contracts with Israeli and other firms.

Before closure, Gaza manufacturers imported 95% of their inputs. About 76% of their furniture products, 90% of their garments and 20% of their food products were exported to Israel, and some to the West Bank.

Key Highlights

- è Almost no exports have been allowed—A total of for 138 truckloads were exported during the two year closure period vis-à-vis 70 exported truckloads per day before closure (January 2005 - May 2007)
- è Current imports are around a quarter (25%) of their pre closure levels (i.e., before June 2007). Before closure, average number of daily imports was 630 truckloads; of which 52% was construction materials.
- è Average percent of humanitarian imports reached 27% of total imports vis-à-vis 5% before the siege.
- è The percentage of imports from the West Bank dropped from 19% to 3% of the total imports volume.
- è Only 35 types of goods are allowed to enter Gaza Strip (under humanitarian causes) vis-à-vis 4,000 types had been imported before the siege.
- è No construction materials or any raw materials have been allowed into Gaza since June 14, 2006. Except for limited quantity of construction materials during the 6 months truce period, were a total of 5371 truckloads of disintegrated types were allowed (i.e 89% were aggregates)
- è No commercial petrol nor diesel have been allowed into the Gaza Strip since November 2008.
- è US\$10 million is the estimated total loss as a result of banning the clearance of 1700 containers that are stuck at Israeli ports and their final destination is Gaza.
- è 95% of industrial establishments (i.e. 3750 establishments) are closed and/or destroyed (236 establishments were destroyed), and 94% of their workers (i.e. 40 thousands) are jobless.
- è Capacity utilization barely reached 20-50% of total capacity in the working establishments (5%).
- è Around 70% of construction materials factories were heavily hit and damaged by the two-year siege and by the 23-day war in Gaza (20 out of 29 available factories).
- è Sufa Crossing has been closed since September 12, 2008 , and Karem

A SPECIAL REPORT highlighting the status of the Gaza Crossings during the two years closure period and those several sub-periods vis-à-vis the period before the closure, can be found at PalTrade website: <http://www.paltrade.org/en/publications.php>



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 aids 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 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 June. 31, 2009

Post War Period

No improvements were witnessed on the crossings performance, where statistics illustrates that only 11,795 of truckloads of commercial goods (mostly food) and humanitarian aids entered into Gaza, as well as the minimal exports of 14 truckloads of carnation flowers

ANNEX 4: REFERENCES AND SOURCES

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