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PALTRADE
PALESTINE TRADE CENTER

Gaza Terminals Movement Monitoring Monthly Report

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"Cargo Movement and Access Monitoring and Reporting" Project

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OUTLINE

SECTION 1: GAZA TERMINALS PERFORMANCE

A. PERFORMANCE SUMMARY

As a result of the closure imposed on the Gaza Strip starting June 12, 2007: ***AlMontar / Karni Terminal*** was officially closed for both imports and exports. However the terminal re-opened on June 28, 2007 for limited imports of goods such as wheat and animals feed. Since then, ***Sufa*** *and* ***Karem Abu Salem / Kerem Shalom Terminals*** are used as alternative terminals for the limited imports of goods classified as humanitarian needs, which consist of basic food (e.g. wheat flour, rice, pulses, cooking oil), animal feed and medical equipment, in addition to humanitarian aids delivered by UNWRA, the World Food Program (WFP), Red Cross, WHO, and others. These commodities are distributed to pre-identified beneficiaries of these organizations. ***Beit Hanoun/ Erez Terminal*** is rarely used for entry of medical supplies (humanitarian aids). ***Rafah*** commercial operations were completely halted.

This month ***AlMontar / Karni Terminal*** was opened for 10 days to allow the crossing of 1222 truckloads of aggregates, silo cement, grains and animals feed which were transferred via a conveyer belt. ***Sufa*** was closed during October as it has been closed since September 14 despite the truce that started last June. ***Karem Abu Salem /Kerem Shalom crossing*** was opened for 21 days to allow the crossing of 1357 truckloads of imports. ***Nahal Oz Entry Point*** was opened for imports of liquid fuels, however this month, insufficient quantities of fuel were entered, where fuel supplies (benzene and diesel – excluding industrial gasoline) are about 64% below the current estimated need*, and the cooking gas supply is also about 59% below the current estimated need.

Despite the announcement of the truce "hudna" that was agreed upon on June 19, 2008 and took effect on June 22, 2008, new commercial goods were allowed to enter Gaza Strip including aggregates, cement, construction metal (only 3 truckloads during the truce period), wood, car tires, clothes, shoes, and juice. The quantities of imported goods are very limited that fall below the minimum estimated needs. Important enough, the categories and combinations of items allowed to enter are not conducive to most industrial operations.

*Reference: Petroleum & Gas Station Owners Association-Gaza Strip.

B. TERMINALS OPERATION

AlMontar/Karni was opened for only 10 days, Sufa terminal was closed , and Karem Abu Salem/ Kerem Shalom crossing was opened for only 21 days, the table below shows the performance of the three terminals in terms of operation times and cargo movement capacity during September and October 2008.

Terminal	AlMontar / Karni		Sufa		Karem Abu Salem /Kerem Shalom	
Indicators / Month	Sept	Oct	Sept	Oct	Sept	Oct
Available opening days	26	27	26	27	26	27
Actual opening days	16	10	10	0	16	21
Closure days	10	17	16	27	10	6
Total imports (truckloads)	1151	1222	711	0	844	1357
Daily average of imports of opened days	71	122	71	0	52	65
Daily average of imports of available days	44	45	27	0	32	52

C. EXPORT PERFORMANCE*

Approximately 8,500 truckloads used to be exported every year through AlMontar/Karni terminal, since June 12, 2007 only124 truckloads of agricultural crops were exported through Karem Abu Salem/Kerem Shalom crossing. The last exported shipment from the Gaza Strip was on January 17, 2008 and included cut flowers, and since then all export operations were halted.

* Export term is used for shipments that cross out of the Gaza Strip through any of the official trade terminal, regardless of destination.

D. IMPORT PERFORMANCE *

A total of 2,579 truckloads were entered into the Gaza Strip, the imported goods were foodstuff including basic commodities (24%), aggregates (22%), animals feed(13%), fruit and vegetables (9%), and dairy and frozen products (8%). About 4% were humanitarian aids and 96% were commercial goods that are classified as humanitarian needs for the people in Gaza Strip.

Terminal	Imports (Truckload)	Percentage
AlMontar / Karni	1222	47%
Sufa	0	0%
Karem Abu Salem / Kerem Shalom	1357	53%
Total Imports	2579	100%

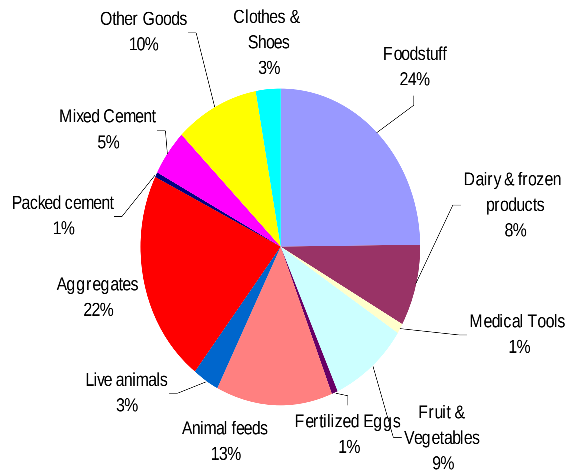


Figure (1): Imported goods through all terminals in October 2008

Following the announcement of the truce, limited types of consumption and industrial goods have been allowed to enter Gaza Strip for the forth consecutive month. The types of newly allowed industrial goods are very limited in terms of types and quantities where most of these goods are construction materials including aggregates, and cement which are considered insufficient to prompt the halted construction activities. For instance this month, 558 truckloads of aggregates and 142 truckloads of cement were imported while the terminals didn't witness any movement of construction metal. Other types of goods such as auto parts were formally allowed to enter Gaza Strip, but yet none has entered for unknown reasons.

The table below shows the newly allowed goods and their quantities in October 2008:

New Types	Truckloads	Volume (ton)
Wood	1	67
Car tires	0	0
Cement	20	918
Mixed cement	122	3152
Aggregates (Gravels)	558	20650
Construction metal	0	0
Clothes and shoes	66	1125
Juices	3	35

* Import term is used for shipments that cross into the Gaza Strip through any of the official trade terminals regardless of their origin.

E. TERMINALS PERFORMANCE TRENDS

E.1- AlMontar/Karni Terminal

Statistical trend for the months from May 2007 to October 2008 shows that *May 2007* was considered as the best month regarding **export** levels, started to decline in June 2007 and totally halted in July onwards. The ***import*** levels were fluctuating, steeply declined in June 2007, drastically declined from July 2007 to June 2008, and finally decreased during October by about 43% in comparison with September 2008. In terms of ***operation days***, the trend sharply dropped from June 2007 to June 2008, increased in July 2008-after the truce took effect-until present.

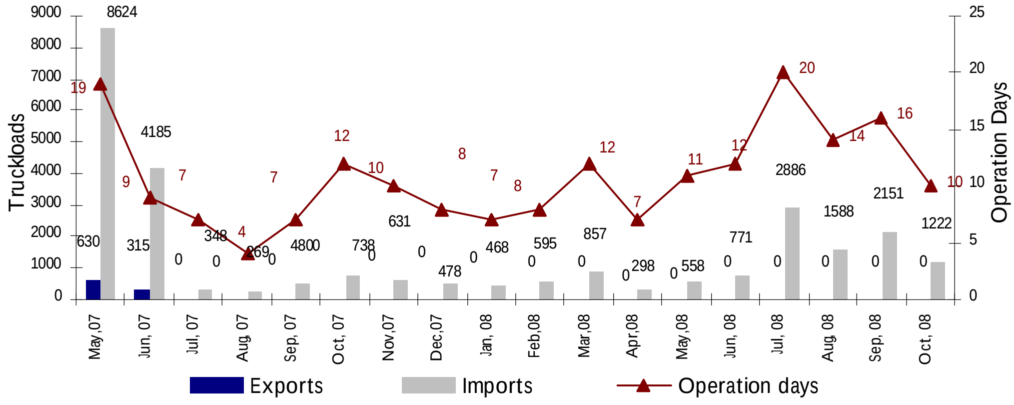


Figure (2): Trade activity and operation days at AlMontar/Karni terminal (May 2007- October 2008)

E.2- Sufa Terminal

Between June 2007 and October 2008, the ***import*** levels were fluctuating, drastically decreased from September 2007 to January 2008, slightly improved from February to June 2008, and noticeably increased in July and gradually declined in August and September until it totally halted in October 2008. With regard to ***operation days***, the trend was slightly fluctuating from June 2007 to January 2008, improved February to August 2008 and drastically declined in September 2008 and totally halted in October 2008..

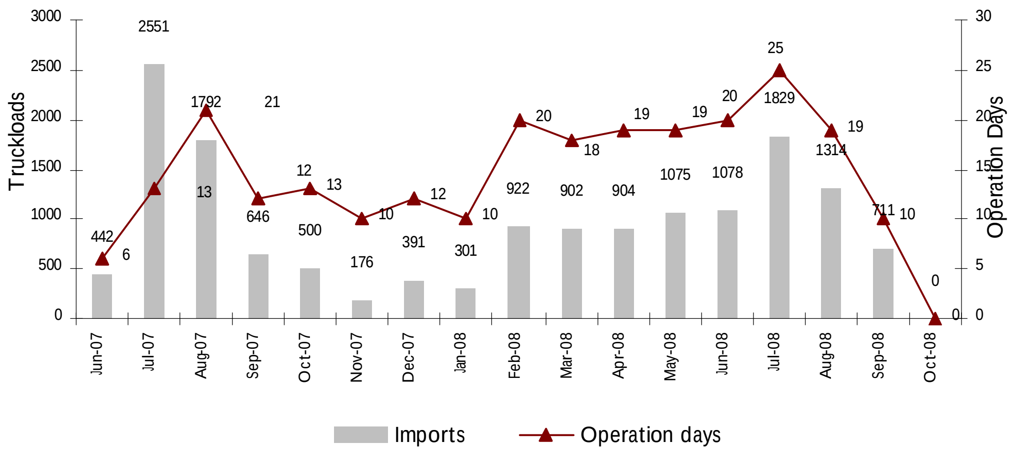
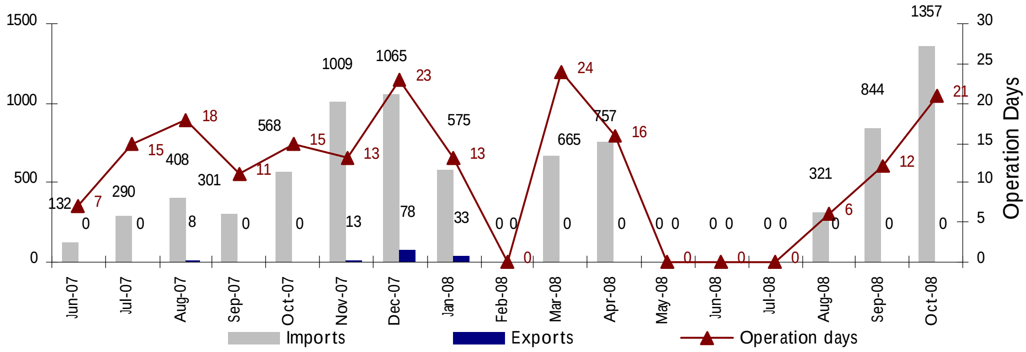


Figure (3) : Trade activity and operation days at Sufa terminal (June 2007- October 2008)

E.3-Karem Abu Salem/ Kerem Shalom Crossing

During the study period from June 2007 to October 2008, the ***imports*** trend was increasing until December 2007, drastically dropped in January 2008, totally halted in February 2008, and improved in March and April 2008, and totally halted from May to July and then the crossing resumed limited operations in the last three months . With regard to ***exports***, 8 truckloads of potatoes were exported in August 2007, 13 truckloads of cash crops (strawberries and flowers) were exported in November, 78 truckloads were exported in December 2007, and 33 truckloads were exported in January. Since January17, 2008, no export activities were reported . With regard to ***operation days***, the trend was fluctuating, improved in December 2007, dropped in January, halted in February, increased in March , and halted again in May until it resumed operations in August and September, and improved in October. The improvement this month could be attributed to the full closure of Sufa terminal during October 2008.



Figure(4): Trade activity and operation days trend at Karem Abu Salem/Kerem Shalom (June 2007 October 2008).

E.4– Trend of Imports Through All Terminals

The trend of imports drastically dropped by about 50% of its monthly average in June 2007, and continued to decrease steadily from July onwards, where the trend stabilized around an average of 20% of the monthly imports average of the previous two years (June2005– May2007), then the trend increased in July to reach 50% (22.5% if the aggregates excluded), dropped to 34% in August due to the frequent terminals' closure, slightly improved in September 2008 and dropped to 27% in October.

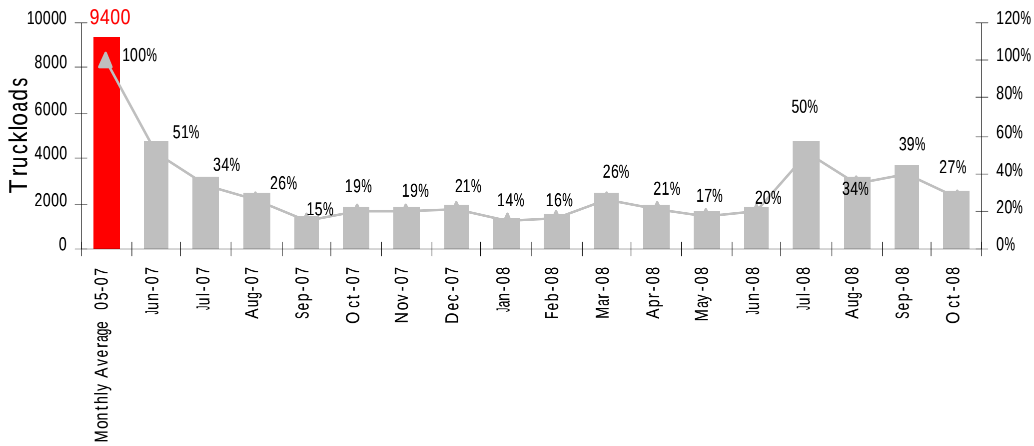


Figure (5): Imported truckloads through all terminals in the period from June 2007 October 2008 .

F- Nahal Oz Entry Point Performance

F.1– Terminal Operation (Days & Hours)

Nahal Oz	Operating Days	Imported Truckloads	Notes
Industrial gasoline only	14	248	Working hours From 8:00 am to 4:00 pm
Diesel	11	95	
Benzene	6	13	
White gasoline	0	0	
Cooking gas	14	137	

F.2– Imports

A total of 14,294,840 liter of fuel, and 3,260,960 Kg of gas were imported to Gaza Strip through Nahal Oz entry point; about 70% of the imported fuel was industrial gasoline needed for the power generation station, 26% diesel, and 4% benzene95 (petrol).

F.3– Terminal Trends

During June 2007 - October 2008, the import levels of the ***fuel*** were fluctuating around its average until October 2007 and then it decreased below the average from November onwards. The fuel imports dropped by about 25% of its average in November 2007, 14% in December, 20% in January 2008, 38% in February, 25% in March, 57% in April, 37% in May, 22% in June, and 10% in July. The fuel imports were around the normal average (approximately 18 million liters) in August and September 2008 due to the increase in the industrial gasoline, and dropped in October by about 21% in comparison with the normal average.

The import levels of the ***gas*** dropped in December 2007 to its lowest level causing a shortage in the gas supply in Gaza Strip but the gas supply increased in the first three months of this year to reach its average level while drastically dropped by about 51% in April of its normal average (approximately 4,520,000)*, 34% in May, 33 % in June, 9% in July, 8% in August and September, and 28% in October 2008 .

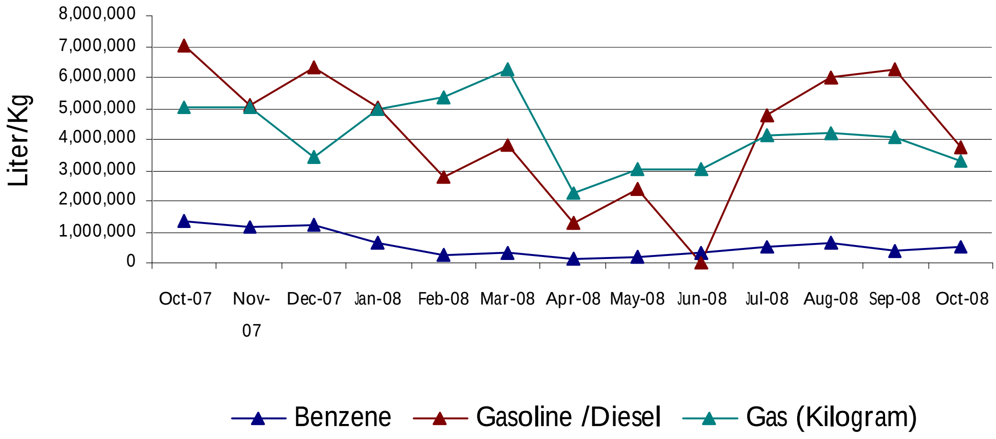


Figure (6): Benzene, gasoline/diesel, and cooking gas supplies in the period from June 2007- October 2008 .

*The fuel and gas normal averages are calculated for the period from January -October2007.

Fuel & Gas Imports

Despite a slight improvement in the last four months following the announcement of the truce, the fuel and gas supplies are still way below the minimum needs. The current needs of fuel are estimated to be over the normal monthly averages due to the accumulation of monthly deficit for more than 9 months. The imports of benzene, gasoline, and cooking gas are below current needs by 69%, 62%, and 59% respectively .

Type	Monthly Current Needs	Sept-08	Oct-08	Changes in October	Current Deficit Rate
Benzene	1700000	402020	523980	30%	69%
Diesel	10000000	6280640	3770050	- 40%	62%
Cooking Gas	8000000	4044900	3260960	-19%	59%

The reduction of fuel supplies has started at the end of October 2007, as part of the sanctions imposed on Gaza Strip by the Government of Israel, and has been accelerating since January 2008 until present. The insufficient fuel and gas supply has caused major problems and negative effects on many aspects of the life in Gaza Strip in the past months. This month October 2008, undetermined fuel supply (benzene and diesel) and cooking gas have entered Gaza Strip through the tunnels (between Gaza and Egypt and used for the illegal transfer of miscellaneous goods, commonly spread after the closure) which somewhat made up the deficit of fuel that entered through Nahal Oz entry point.

SECTION 2: SECTORS PERFORMANCE

A– Closure Impact On Key Sectors

According to the related Industrial Associations, and despite the entry of limited quantities of garments and wood, most of import and all export operations were halted for industrial products since the mid of June 2007 and this in turn resulted in a suspension of 95% of industrial sector operations, and laying off about 33,000 workers. The chart below illustrates the impact of the closure on the ***industrial sector***:

Figure (7): The impact of the closure on the industrial sector .

B– Terminals Closure Impact on Furniture Sector:

According to the Wood Industries Union (WIU), and as a result of the closure, the furniture sector suffered considerable losses of about $30 million as direct export sales losses, and about 90% of establishments were temporarily closed due to the continued absence of raw materials. The remaining establishments (approximately 10%) partially resumed operations despite lacking the complementary materials after allowing the entry of limited quantities of wood in August 2008. Recently three companies have relocated to West Bank.

	June 2005	Currently
Number of working establishments	600	60
Number of working employees	5500	400
Relocated establishments	0	3
Export sales losses (US million dollar)	NA	30
Export (truckloads)	168	0

C – Terminals Closure Impact on Garment Sector:

According to the Sewing Factories Owners' Unions (SFOU), and as a result of the closure, the garment sector is paralyzed. Recently 5 companies have relocated to West Bank and Jordan, and about 50 companies have partially resumed operations for the local market after allowing the entry of some materials such as fabrics and some cloths accessories . The sector losses are estimated at US$26 million as direct export sales losses.

Indicator	June-2005	Currently
Number of working establishments	960	50
Number of working employees	16000	500
Relocated establishments	0	5
Export sales losses(US million dollar)	NA	26
Export (truckloads)	172	0

D – Terminals Closure Impact on Cash Crops Sector:

According to the Agricultural Associations, the direct losses incurred in 2007-2008 season are estimated at $15 million, and about 7500 workers were laid off. The preparations for the up-coming cash crops season have started already in April despite lacking of seedlings, pesticides, sterilization gas, and other cultivation and raw (packing) materials. Farmers fear that the closure may persist till the end of the season, in which the sector will suffer huge losses for the second consecutive season, hence, the sector will be overburdened to cope with such a situation or pursue growing in the future. The table below shows the planted areas and the expected harvest of each type of cash crops for 2008-2009 season:

	Strawberry	Carnation flowers	Cherry tomatoes
Planted Area (dunum)	1500	400	200
Expected Production	1200 Ton	56 million flower	110 Ton

F – Terminals Closure Impact on Construction Sector

As a result of the closure, all the construction and development projects estimated at US$240 million, including those for UNDP and UNRWA which are valued at more than US$116 million, were halted due to the absence of construction materials such as cement, metal, and aggregates, in addition to the infrastructure projects. Moreover, the construction-related industries such as tiles, blocks, ready-mix concrete, infrastructure, etc. were also halted, leading to shutting down about 120 establishments, and laying off about 42 thousand employees.

The construction materials quantities that were allowed to enter Gaza Strip this month are deemed trivial when compared to the quantities that were entering Gaza Strip during various periods. The following table illustrates the variation of the construction materials quantities that entered Gaza Strip from December 2005 to September 2008:

Period	Month	Cement		Aggregates / Gravel		Metal	
		Truckloads	Tons	Truckloads	Tons	Truckloads	Tons
After AMA	Dec-05	1496	256065	6905	241675	88	3344
Before Crisis	May-07	930	35064	4710	164850	73	2834
During Crisis	Jun-07 to Jun-08	0	0	0	0	0	0
Truce	Jul-08	123	5213	2122	78530	1	40
	Aug-08	145	4798	757	28000	2	80
	Sep-08	179	5180	1359	50260	0	0
	Oct-08	122	4070	558	20650	0	0

SECTION 3: TERMINALS UPDATES FOLLOWING THE TRUCE

Following the announcement of the truce "hudna" on June 19, 2008 and took effect on June 22, a slight improvement occurred in terms of terminals operation times, types of goods, and truckloads volume that allowed to enter Gaza Strip. The following table summarizes a comparison between quantities of vital goods imported after truce with quantities of the same goods that used to be imported during the closure and before the closure :

Indicators	Before closure Jan-Jun12, 2007	Before Truce Jun12,2007 -Jun 22,2008	After Truce Jun 22-Oct31, 2008
Total monthly average imports through all terminals (truckloads)	9,400	1,930	3,555
Total monthly average exports through all terminals (truckloads)	1,440	0*	0
Total Monthly average aggregates imports (truckloads)	4,500	0	1,200
Total Monthly average cement imports (truckloads)	1,000	0	147
Total Monthly average metal imports (truckloads)	80	0	1
Total Monthly average cooking gas supply (Kg)	5,000,000	4,525,000	3,897,346
Total Monthly average diesel supply (liter)	8,500,000	4,138,000	5,211,420
Total Monthly average benzene supply (liter)	1,500,000	1,463,000	529,778

* During the closure, only 124 truckloads of cash crops were allowed to cross out from the Gaza Strip, as a result of winning a court case at the Israeli courts, called by the Palestinian agricultural cooperatives to allow the exports of the crops.

ANNEX 1

Gaza Terminals Overview

There are six trade terminals at the Gaza strip borderlines, these terminals are utilized for the crossing in and out of imported commodities and exported goods. Four of the terminals are controlled by the Israeli government, while Rafah terminal is partially controlled by the Palestinian Authority and under the European supervision. The newly considered Karem Abu Salem /Kerem Shalom crossing is a temporary trade

AlMontar/ Karni Terminal:

AlMontar/ Karni 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. Based on the November 2005 AMA, the number of export trucks per day to be processed through Karni should be 150, and should reach 400 by end-2006; however the average daily exports reached only 70 trucks before June 12th 2007.

Sufa Terminal:

Sufa terminal is located in the south of the Gaza Strip (east of Rafah City) used for the imports of construction materials only and in case of the closure of AlMontar/ Karni terminal, Sufa is used for the imports of some goods.

Karem Abu Salem/Kerem Shalom Crossing:

Karem Abu Salem/Kerem Shalom crossing is located in the south east of Gaza strip, it's 3.6 Km away from Rafah Terminal. Karem Abu Salem/Kerem Shalom is a temporary trade terminal "as classified in the AMA", the terminal is ought to be utilized for the crossing of imports coming from or through Egypt.

Nahal Oz Entry Point:

Nahal Oz Entry Point is located east of Gaza Strip and is considered a transit terminal restricted for the imports of Liquid Fuels and Gas, only from Israel. The point consists of storage petrol tanks and Gas tanks linked directly with pipelines, with the Israeli side.

Beit Hanoun/ Erez Terminal:

Beit Hanoun/ Erez terminal is located in the north of Gaza Strip; it is the border crossing between Gaza Strip and Israel/West Bank. It primarily serves civilians, (diplomats, businessmen, international organizations staff, laborers, medical cases) with permits in and out of Gaza Strip. The terminal is also used for the imports of cars.

Rafah Border Terminal:

Rafah Border terminal is located in the south of Gaza Strip (south of Rafah City); it is the border crossing between Gaza Strip and Egypt. It serves travelers in and out of Gaza Strip, and was also used as a cargo crossing point for imports from Egypt (until 2005), mainly 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 2

Project Overview

As the National Trade Development Organization, PalTrade is the private sector institution with a direct mandate in 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 terminals. PalTrade is also a private sector representative in the Terminals' Steering Committee which was formed by the president 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 AlMontar/ Karni since August 24th, 2005. As such, PalTrade is the only independent source of trade terminals information which is used by the Quartet, the World Bank, the US Security Coordinator, UN OCHA and others to report on terminal operations. The scope of operations including the monitoring, collection and analysis of statistics for Gaza trade terminals operations.

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. In the second year, financing was through a Post Conflict Fund grant which was closed in September 2007.

Financing for the **"Cargo Movement and Access Monitoring and Reporting" Project** from October 2007—October 2008**,** is provided by the Norwegian Consultant Trust Fund under the supervision of the World Bank (MNSED Finance and Private Sector Unit).

ANNEX 3

Imports Movement Through AlMontar/Karni, Sufa, and Karem Abu Salem/ Kerem Shalom in October 2008.

Day	Date	AlMontar/Karni	Sufa	Karem Abu Salem/ Kerem Shalom
Wednesday	01-Oct-08	0	0	0
Thursday	02-Oct-08	0	0	62
Friday	03-Oct-08	0	0	53
Sunday	05-Oct-08	178	0	71
Monday	06-Oct-08	100	0	75
Tuesday	07-Oct-08	111	0	77
Wednesday	08-Oct-08	0	0	0
Thursday	09-Oct-08	0	0	0
Friday	10-Oct-08	0	0	53
Sunday	12-Oct-08	0	0	77
Monday	13-Oct-08	0	0	54
Tuesday	14-Oct-08	0	0	0
Wednesday	15-Oct-08	117	0	71
Thursday	16-Oct-08	95	0	76
Friday	17-Oct-08	0	0	68
Sunday	19-Oct-08	73	0	52
Monday	20-Oct-08	0	0	57
Tuesday	21-Oct-08	0	0	0
Wednesday	22-Oct-08	0	0	0
Thursday	23-Oct-08	240	0	78
Friday	24-Oct-08	0	0	58
Sunday	26-Oct-08	168	0	79
Monday	27-Oct-08	0	0	81
Tuesday	28-Oct-08	0	0	70
Wednesday	29-Oct-08	107	0	71
Thursday	30-Oct-08	33	0	24
Friday	31-Oct-08	0	0	50
	Total	**1222**	**0**	**1357**

ANNEX 4

Fuel Imports Through Nahal Oz Entry Point-October 2008

Day	Date	Benzene 95	Benzene 96	Gasoline (Diesel)	Industrial Gasoline	White Gasoline	Gas
		Liter	Liter	Liter	Liter	Liter	Kilograms
Wednesday	01-Oct-08	0	0	0	0	0	0
Thursday	02-Oct-08	0	0	0	0	0	0
Friday	03-Oct-08	0	0	0	0	0	0
Sunday	05-Oct-08	90,000	0	625,400	1,451,320	0	265,500
Monday	06-Oct-08	0	0	354,000	609,220	0	279,970
Tuesday	07-Oct-08	38,010	0	568,400	337,810	0	238,690
Wednesday	08-Oct-08	0	0	0	0	0	0
Thursday	09-Oct-08	0	0	0	0	0	0
Friday	10-Oct-08	0	0	0	0	0	0
Sunday	12-Oct-08	0	0	83,000	914,210	0	248,850
Monday	13-Oct-08	106,000	0	0	535,830	0	134,870
Tuesday	14-Oct-08	0	0	0	0	0	0
Wednesday	15-Oct-08	0	0	0	733,810	0	156,570
Thursday	16-Oct-08	0	0	0	336,420	0	94,080
Friday	17-Oct-08	0	0	0	0	0	0
Sunday	19-Oct-08	0	0	174,430	284,410	0	186,210
Monday	20-Oct-08	0	0	208,410	353,410	0	182,560
Tuesday	21-Oct-08	0	0	0	0	0	0
Wednesday	22-Oct-08	0	0	0	0	0	0
Thursday	23-Oct-08	0	0	307,400	687,820	0	307,920
Friday	24-Oct-08	0	0	0	0	0	0
Sunday	26-Oct-08	168,070	0	627,800	1,261,410	0	310,440
Monday	27-Oct-08	72,000	0	600,200	1,218,130	0	285,980
Tuesday	28-Oct-08	0	0	199,000	1,088,610	0	238,780
Wednesday	29-Oct-08	49,900	0	22,010	188,400	0	247,200
Thursday	30-Oct-08	0	0	0	0	0	83,340
Friday	31-Oct-08	0	0	0	0		0
	Total	**523,980**	**0**	**3,770,050**	**10,000,810**	**0**	**3,260,960**

References & Sources:

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- The Sewing Factory Owners Union (SFOU)
- Informal sources
- The Palestinian General Petroleum Company (PGPC)
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