December

2008

PALTRADE

PALESTINE TRADE CENTER

Gaza Terminals Movement Monitoring Monthly Report

Published by PalTrade on: Jan 16, 2009

"Cargo Movement and Access Monitoring and Reporting" Project

October 1st, 2007 – October 30th, 2008

Contract No. 7144585

Financed by:

Norwegian Consultant Trust Fund

Under the supervision of:

The World Bank

(MNSED) Finance and Private Sector Unit

Head Quarter Office
P.O Box 883
Ramallah, Palestine
Tel. +970 2 240 8383
Fax. +970 2 240 8370

Gaza Office
P.O Box 5180
Gaza, Palestine
Tel. +970 8 283 3539
Fax. +970 8 283 3549

info@paltrade.org
www.paltrade.org

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 sporadically for 8 days only to allow the crossing of 260 truckloads of wheat and animals feed which were transferred via a conveyer belt. ***Sufa*** was closed during December as it has been closed since September 14 despite the truce that started last June. ***Karem Abu Salem /Kerem Shalom crossing*** was sporadically opened for12 days to allow the crossing of 612 truckloads of basic food. ***Nahal Oz Entry Point*** was opened for imports of liquid fuels, however this month, insufficient quantities of fuel were entered, where fuel supplies are about 90% below the current estimated need*, resulting in frequent shutdowns of the Gaza Power Generation Plant during this month December 2008 , and the cooking gas supply is also about 95% below the current estimated need.

During the truce "hudna" period that started on June 19, 2008 and ended on 19 of this month December 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 were 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. Most of the private sectors activities are totally paralyzed, and the rest are working at partial capacity depending on raw materials that can be imported through the tunnels (between Gaza and Egypt and used for the illegal transfer of miscellaneous goods, commonly spread after the closure). Despite of using the tunnels, numerous basic humanitarian goods are in short supply and people can not afford the high prices of those goods that are imported through the tunnels.

Due to the ongoing siege on Gaza since June 2007 and the "war on Gaza" that started on 27 December 2008, the terminals have been mainly used for imports of humanitarian goods or for commercial goods that are classified as humanitarian needs for the people in Gaza Strip. Limited types of raw materials and construction materials had been allowed into Gaza in the truce period between June and December 19, 2008. In sum, the private sector in Gaza has been unable to conduct business normally since June 2006. It is fair to assume that the economic situation in Gaza is devastating.

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

B. TERMINALS OPERATION

Out of 26 days available this month December 2008, AlMontar/Karni terminal and Karem Abu Salem/Kerem Shalom crossing were sporadically opened for only 8 and 12 days respectively, Sufa terminal was totally closed , the table below shows the performance of the three terminals in terms of operation times and cargo movement capacity during November and December

Terminal	*AlMontar / Karni*		*Sufa*		*Karem Abu Salem /Kerem Shalom*	
Indicators / Month	***Nov***	***Dec***	***Nov***	***Dec***	***Nov***	***Dec***
Available opening days	25	26	25	26	25	26
Actual opening days	4	8	0	0	7	12
Closure days	21	18	25	26	18	14
Total imports (truckloads)	209	260	0	0	330	612
Daily average of imports of opened days	52	14	0	0	47	51
Daily average of imports of available days	8	10	0	0	13	44

C. EXPORT PERFORMANCE*

Approximately 8,500 truckloads used to be exported every year through AlMontar/Karni terminal, since June 12, 2007 only 124 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 872 truckloads were entered into the Gaza Strip, the imported goods were foodstuff including basic commodities (55%), animals feed(22%), dairy and frozen products (12%), fruit and vegetables (1%),and other goods (8). About 30% were humanitarian aids and 70% were commercial goods that are classified as humanitarian needs for the people in Gaza Strip.

Terminal	Imports Truckload)	Percentage
AlMontar / Karni	260	30%
Sufa	0	0%
Karem Abu Salem / Kerem Shalom	612	70%
Total Imports	872	100%

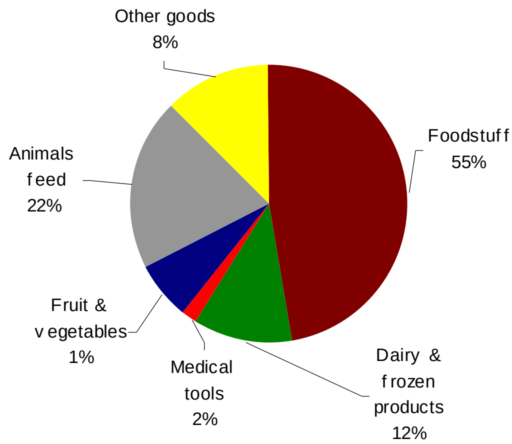


Figure (1): Imported goods through all terminals in December 2008

Following the truce announcement, between June and December-19 2008, limited types of goods and construction materials had been allowed to enter the Gaza Strip. In December 2008, imports of newly allowed goods were completely halted .

* 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 December 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 sharply decreased in November and December, in December decreased by about 88% and 79% in comparison with September and October 2008 respectively. In terms of ***operation days***, the trend sharply dropped from June 2007 to June 2008, increased from July-October 2008 after the truce took effect, and sharply declined in November and December 2008.

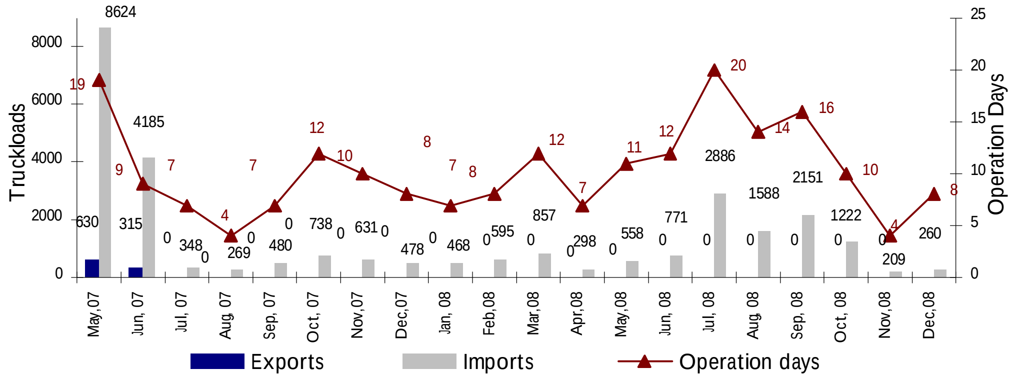


Figure (2): Trade activity and operation days at AlMontar/Karni terminal (May 2007- December 2008)

E.2- Sufa Terminal

Between June 2007 and December 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, November, and December 2008. With regard to ***operation days***, the trend was slightly fluctuating from June 2007 to January 2008, improved from February to August 2008, and drastically declined in September 2008 and totally halted in October , November and December 2008.

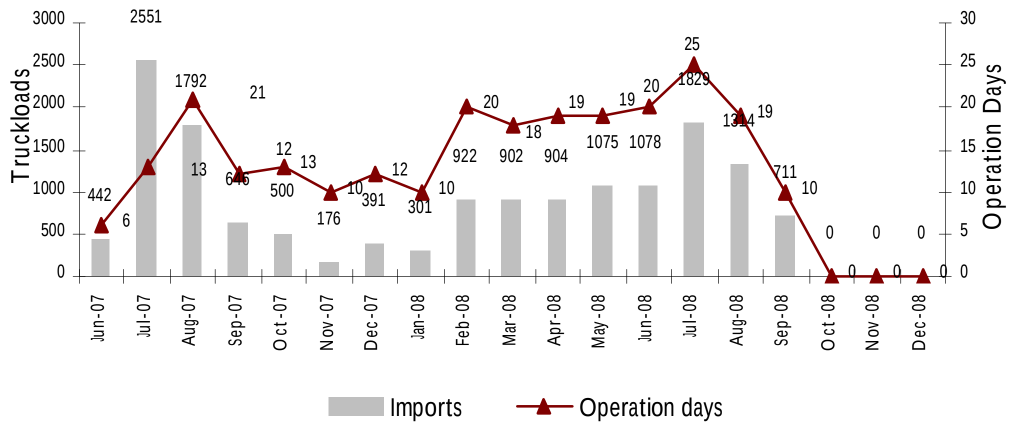
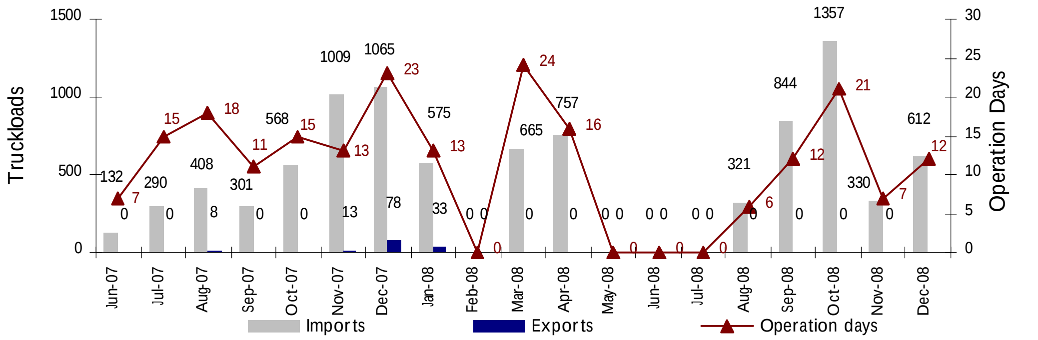


Figure (3) : Trade activity and operation days at Sufa terminal (June 2007- December 2008)

E.3-Karem Abu Salem/ Kerem Shalom Crossing

During the study period from June 2007 to December 2008, the ***exports*** were very limited, 8 truckloads of potatoes were exported in August 2007, 13 truckloads of cash crops (strawberries and flowers) were exported in December, 78 truckloads were exported in December 2007, and 33 truckloads were exported in January. Since January17, 2008, no export activities were reported . 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 five months 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, improved in October and drastically declined in November and December 2008.



Figure(4): Trade activity and operation days trend at Karem Abu Salem/Kerem Shalom (June 2007 December 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 ,dropped to 27% in October and drastically dropped to 6% and 9% in November and December respectively.

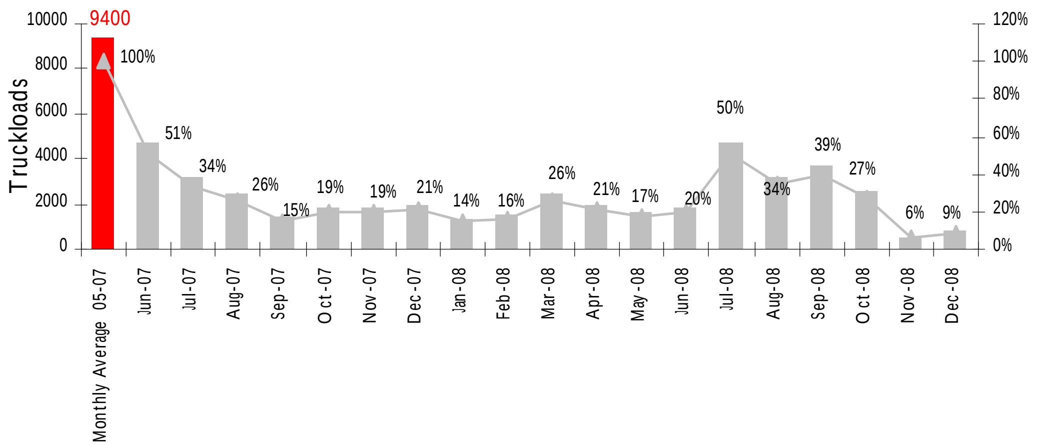


Figure (5): Imported truckloads through all terminals (June 2007– December 2008).

F- Nahal Oz Entry Point Performance

F.1– Terminal Operation (Days & Hours)

Nahal Oz	Operating Days	Imported Quantities	Notes
Industrial gasoline only	7	2,780,550 liter	Working hours From 8:00 am to 4:00 pm
Diesel	1	400,000 liter	
Benzene	2	50,000 liter	
Cooking gas	6	814,800 Kg	

F.2– Terminal Trends

During June 2007 - October 2008, the import levels of ***fuel*** were fluctuating around its average (approximately 18 million liters)* and then it decreased below the average from December onwards. The fuel imports dropped by about 25% of its average in December 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 in August and September 2008 due to the increase in the industrial gasoline, and dropped by about 85% and 89% of the normal average in November and December respectively.

F.3-Fuel & Gas Deficit

Despite a slight improvement in the last five months following the announcement of the truce, the fuel and gas supplies are still way below the minimum needs, In November and December 2008, fuel and cooking gas supplies including the industrial gasoline needed for the Gaza Power Generation Plant reached very low levels in comparison with previous months. The current needs of fuel are estimated to be over the normal monthly averages due to the accumulation of monthly deficit for more than 10 months. The imports of benzene, gasoline, industrial gasoline, and cooking gas are below current needs by 97%, 96%, 75%, and 90% respectively .

Type	Monthly Current Needs	Oct-08	Nov-08	Dec-08	Current Deficit Rate
Benzene	1,700,000	523,980	124,410	50,000	97%
Diesel	10,000,000	3,770,050	262,400	400,000	96%
Industrial Gasoline	11,000,000	10,000,810	2,223,250	2,780,550	75%
Cooking Gas	8,000,000	3,260,960	755,790	814,800	90%

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, particularly the intermittent power supply caused by the frequent shutdowns of the Gaza Power Generation Plant in December 2008, and the severe shortage of cooking gas which compelled the people to use alternative means

This month December 2008, undetermined fuel supply (benzene and diesel) have entered Gaza Strip through the tunnels which made up the deficit of fuel that entered through Nahal Oz entry point, and insufficient quantities of cooking gas have entered in cylinders and sold at over three times more expensive than the original prices.

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

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 94% of establishments were temporarily closed due to the continued absence of raw materials. The remaining establishments (approximately 7%) 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	40
Number of working employees	5500	300
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	40
Number of working employees	16000	400
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. Despite the lack of seedlings, pesticides, sterilization gas, and other cultivation and raw (packing) materials, the cash crops export season have started already in November 2008 while the closure is tightening on Gaza. 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 December 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
	Nov-08	3	144	0	0	0	0
	Dec-08	0	0	0	0	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-Dec 19, 2008
Total monthly average imports through all terminals (truckloads)	9,400	1,930	2,800
Total monthly average exports through all terminals (truckloads)	1,440	0*	0
Total Monthly average aggregates imports (truckloads)	4,500	0	800
Total Monthly average cement imports (truckloads)	1,000	0	95
Total Monthly average metal imports (truckloads)	80	0	1
Total Monthly average cooking gas supply (Kg)	5,000,000	4,525,000	3,170,000
Total Monthly average diesel supply (liter)	8,500,000	4,138,000	4,122,000
Total Monthly average benzene supply (liter)	1,500,000	1,463,000	438,700

* 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 December 2008.

Day	Date	AlMontar/Karni	Sufa	Karem Abu Salem/ Kerem Shalom
Monday	01-Dec-08	0	0	0
Tuesday	02-Dec-08	0	0	0
Wednesday	03-Dec-08	0	0	0
Thursday	04-Dec-08	32	0	32
Friday	06-Dec-08	0	0	0
Sunday	07-Dec-08	0	0	0
Monday	08-Dec-08	0	0	0
Tuesday	09-Dec-08	32	0	40
Wednesday	10-Dec-08	42	0	47
Thursday	11-Dec-08	45	0	49
Friday	12-Dec-08	8	0	43
Sunday	14-Dec-08	0	0	0
Monday	15-Dec-08	43	0	38
Tuesday	16-Dec-08	15	0	33
Wednesday	17-Dec-08	0	0	0
Thursday	18-Dec-08	0	0	0
Friday	19-Dec-08	0	0	0
Sunday	21-Dec-08	0	0	0
Monday	22-Dec-08	0	0	0
Tuesday	23-Dec-08	0	0	0
Wednesday	24-Dec-08	0	0	0
Thursday	25-Dec-08	0	0	0
Friday	26-Dec-08	43	0	53
Sunday	28-Dec-08	0	0	23
Monday	29-Dec-08	0	0	63
Tuesday	30-Dec-08	0	0	98
Wednesday	31-Dec-08	0	0	93
	Total	**260**	**0**	**612**

ANNEX 4

Fuel Imports Through Nahal Oz Entry Point-December 2008

Day	Date	Benzene 95	Benzene 96	Gasoline (Diesel)	Industrial Gasoline	White Gasoline	Gas
		Liter	Liter	Liter	Liter	Liter	Kilograms
Monday	01-Dec-08	0	0	0	0	0	0
Tuesday	02-Dec-08	0	0	0	0	0	0
Wednesday	03-Dec-08	0	0	0	0	0	0
Thursday	04-Dec-08	0	0	0	394,030	0	0
Friday	06-Dec-08	0	0	0	0	0	0
Sunday	07-Dec-08	0	0	0	0	0	0
Monday	08-Dec-08	0	0	299,000	0	0	187,980
Tuesday	09-Dec-08	50,000	0	101,000	443,900	0	190,760
Wednesday	10-Dec-08	0	0	0	422,000	0	214,240
Thursday	11-Dec-08	0	0	0	450,020	0	0
Friday	12-Dec-08	0	0	0	0	0	0
Sunday	14-Dec-08	0	0	0	0	0	0
Monday	15-Dec-08	0	0	0	431,800	0	105,730
Tuesday	16-Dec-08	0	0	0	210,400	0	67,950
Wednesday	17-Dec-08	0	0	0	0	0	0
Thursday	18-Dec-08	0	0	0	0	0	0
Friday	19-Dec-08	0	0	0	0	0	0
Sunday	21-Dec-08	0	0	0	0	0	0
Monday	22-Dec-08	0	0	0	0	0	0
Tuesday	23-Dec-08	0	0	0	0	0	0
Wednesday	24-Dec-08	0	0	0	0	0	0
Thursday	25-Dec-08	0	0	0	0	0	0
Friday	26-Dec-08	0	0	0	428,400	0	48140
Sunday	28-Dec-08	0	0	0	0	0	0
Monday	29-Dec-08	0	0	0	0	0	0
Tuesday	30-Dec-08	0	0	0	0	0	0
Wednesday	31-Dec-08	0	0	0	0	0	0
	Total	**500,00**	**0**	**400,000**	**278,0550**	**0**	**814,800**

References & 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