



***"Facilitating Trade Flows
Between WBGs and Israel Project"***

**Al Montar / Karni Terminal Movement Monitoring
Monthly Report- June 2007**

**Prepared by Palestine Trade Center - PalTrade
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1- Introduction

As the National Trade Development Organization, PalTrade is the private sector institution with a direct mandate in trade development. As such, PalTrade has been a member of the Gaza withdrawal technical committees, and made important contributions to the reports to the AHLC on trade development and facilitation and other related forums. 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. PalTrade was also the only private sector institution to participate in negotiations on movement and access during and following the Israeli withdrawal from Gaza.

As part of the World Bank project "Facilitating Trade Flows between WBGs and Israel" and previous projects, PalTrade has maintained a physical presence at AIMontar/ Karni since August 24th, 2005 until present, PalTrade's scope is to monitor and collect statistics for AIMontar terminal operations, monitor queuing duration and exported cargo volumes. AIMontar terminal statistics have been collected in full collaboration with AIMontar authorities; mainly representative offices of Border & Passage General Dept., Ministry of Civil Affairs and Ministry of National Economy.



AIMontar 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.

2- Technical Observation (Cargo Flow)

The statistics presented in this monthly report are the result of observations at AIMontar/Karni covering 25 available operating days from June 1st to 30th, 2007. In the month of June 2007, the terminal fully operated for only nine days and closed from June 12th till June 27th when the terminal was occasionally opened on June, 28th and 29th to allow the crossing of wheat into Gaza.

IMPORTS: A total of 4,185 truckloads of goods were imported into the Gaza Strip. The highest volume of imports was aggregates (48%), followed by food-including basic commodities (9%), full containers (8%), and mixed cement-silo (5%).

Most of the goods imported were processed through cells and silo cement hoppers. The containers terminal (area 34) was open for empty and full containers, including aggregates. Based on Al Montar Terminal Authority estimates, the pallet scanners operated with a 3% capacity during the operating days of the month of June for Imports (they are only used for imports from the West Bank)

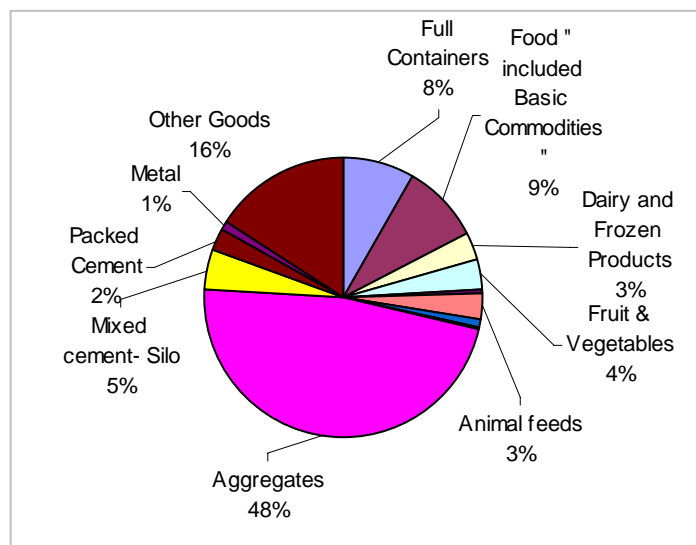


Figure (1): Imported truckloads movement through AIMontar Terminal, classified by Cargo type- June 2007

EXPORTS

A total of 315 truckloads of exports were reported during the study period. All exports were processed through pallet scanners and cells. The highest volume of exports was furniture (20%), followed by garment (18%) and vegetables (13%). An additional 17 truckloads of empty boxes and crates and 453 empty containers were processed through the terminal from Gaza to Israel.

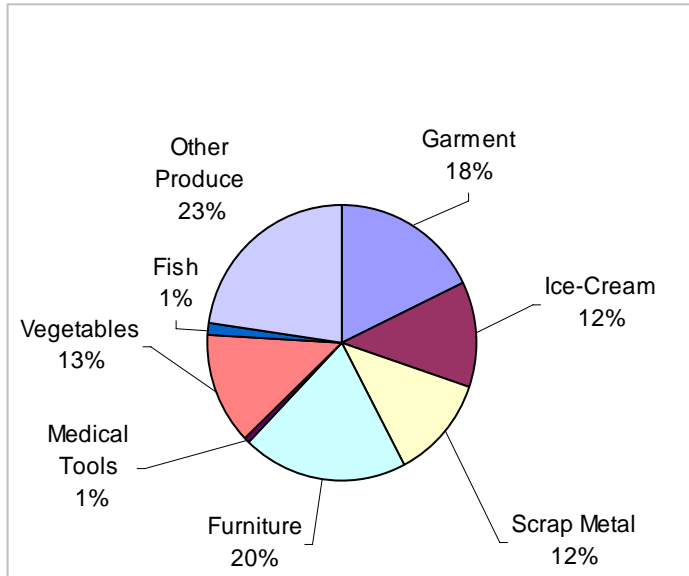


Figure (2): Exported truckloads movement through AlMontar Terminal, classified by Cargo type- June 2007

3- Operation Performance

The terminal fully operated (imports & exports) for 9 working days (36% of total available working days in the study period), and partially operated (limited imports only) for two days. The terminal operated normally from June 1st until June 11th of the same month whereby the terminal closed totally for security reasons till June 27th when the terminal partially re-opened for limited imports only.

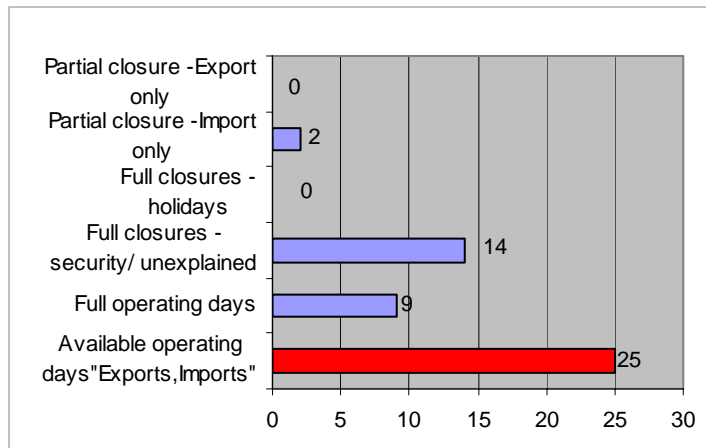


Figure (3): Operation and closures at AlMontar / Karni during June, 2007

The highest daily **working hours** were observed on June 10th, where the terminal operated for 11 hours, which is 79% of the daily working hours previously recorded (i.e. prior to February 2006; 14 working hours). The average daily working hours during June were only 3 hours, with the shortest working day observed at only 2 hours on June 28th and 29th.

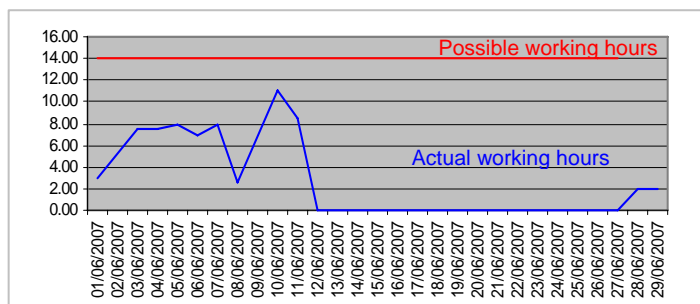


Figure (4): AlMontar / Karni Terminal opening hours during – June, 2007

The highest daily **import volumes** were observed on June 7th where 610 truckloads were processed, while the lowest daily import volumes were observed on June 29th with only 9 truckloads crossing into Gaza.

The average daily import volume during the study period was estimated at 167 truckloads per day.

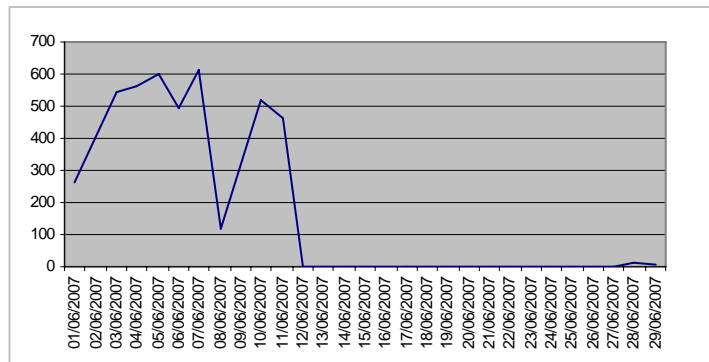


Figure (5): Imported truckloads movement through Al Montar Terminal-June, 2007

The highest daily **export volumes** were observed on June 3rd where 51 truckloads were processed, while the lowest daily export volumes were observed on June 8th with only 10 truckloads crossing out.

The average daily export volumes during the study period was estimated at 35 truckloads per day excluding closure and partially opening days, Including closure days, the average drops to 13 truckloads per day, which is estimated at 20% of previously observed daily average (prior to February 2006, where the average daily import volume was estimated at 65 truckloads).

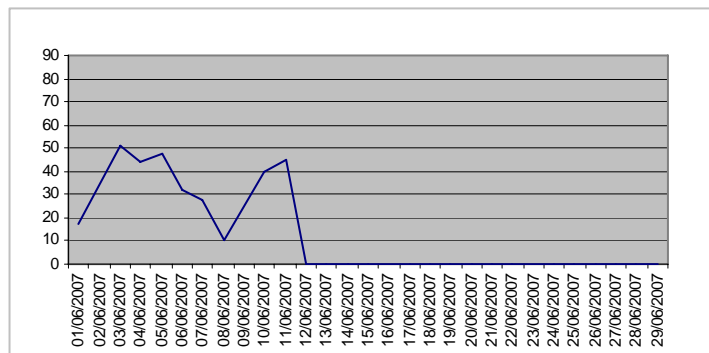


Figure (6): Exported truckloads movement through Al Montar Terminal-June, 2007

PERFORMANCE CONCLUSION

The performance analysis of AlMontar/Karni terminal in June can be divided into two periods; the first period being the first third of the month, specifically from June 1st to 11th when the terminal operated similarly to the previous month in terms of operation hours, daily import average, and daily export average. The second period being the rest of the month starting from June 12th which is considered the turning point of the month whereby the terminal closed for security reasons until the end of the month, excluding the occasional opening for wheat only on June 28th and 29th (only for two hours in each day). The long lasting closure makes the overall month of June the worst month since September 2006.

4- Cargo Movement Trends – June (2001-2007)

The cargo **import** movement average of June 2007 is the lowest average of the recent years (2001-2006). This month's **export** average is considered worse than previous years' averages (but better than last year's average).

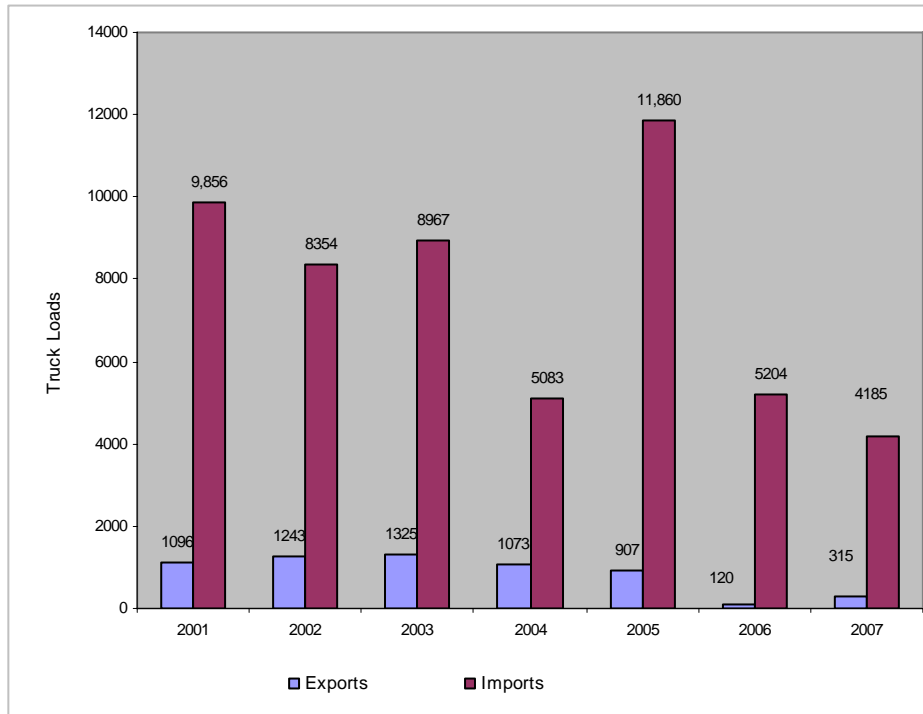


Figure (7): June truckloads movement (imports and exports) for the period (2001-2007)

5- Terminal Performance Trends – (July, 2006 – June, 2007)

Statistical trends of the months from July 2006 to June 2007 show that the export levels were slightly increasing until the month of January, but the trend declined until the month of April where it improved (due to the official extension of opening hours), nevertheless it declined once again in May and dramatically declined in June. With regard to import levels, it's a fluctuating trend. In terms of operational days, the number of closures due to security reasons has greatly decreased in the period between September 2006 and April 2007 returning to increase in the month of May and increasing even more in June.

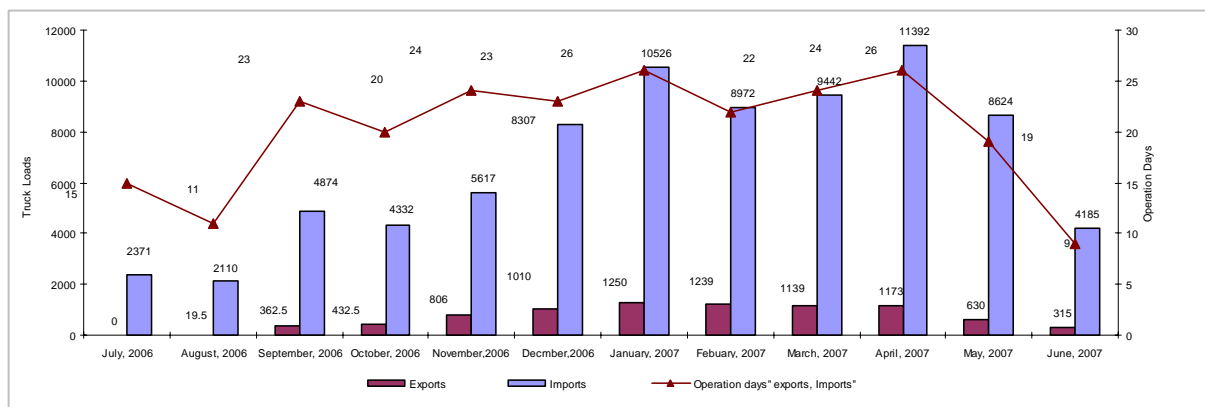


Figure (8): July 2006 – June 2007 truckloads movement (imports, exports & operation days).

6- EXPORT SECTORS PERFORMANCE (Pilot Observation)

Furniture Sector:

Based on the export record of the Wood Industries Union (WIU), which is the sector representative association responsible for the export queuing procedure, this May the total furniture export demand was 276 truckloads, however, 34% of the total demand was scheduled for exports based on the terminal's observed capacity, but only 68% of the scheduled exports (or 23% of the sector export demand) were actually exported. In comparison with the previous month, the total actual exports decreased and the percentage of actual exports vs. demand is quite similar.

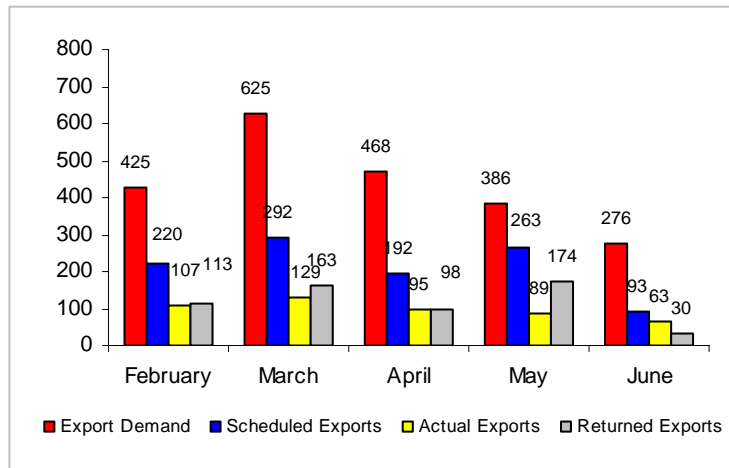


Figure (9): Furniture Sector Demand vs. Actual Exports in February - June 2007

Garment Sector:

Based on the export information gathered by the Sewing Factory Owners Union (SFOU), which is the sector representative association, This June the total garment export demand was 247 truckloads, however, 30% of the total demand was scheduled for exports based on the terminal's observed capacity, but only 77% of the scheduled exports (or 23% of the sector export demand) were actually exported. In comparison with the previous month, the total actual export dramatically decreased due to the long closure, where the percentage of actual vs. demand decreased from 44% to 23%

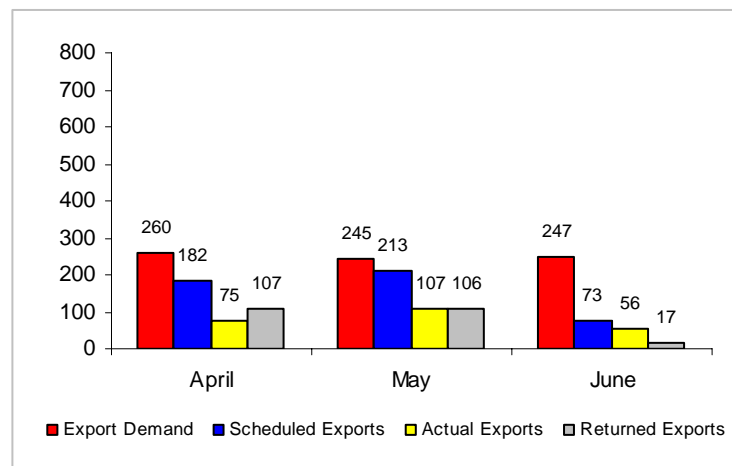


Figure (10): Garment Sector Demand Vs. Actual Exports in April -June 2007

June Crisis: AID NOT TRADE!!!

Due to the current unstable political environment Almontar/ Karni terminal was closed starting from June 12th (noting that it opened for limited imports of wheat for 2 days on June 28th and 29th), for the rest of the month the other terminals which are Sufa and Karem Abu Salem/Kerem Shalom were opened for the imports of humanitarian and a few commercial goods. Nevertheless no raw materials were imported and no goods were exported through these terminals.

Noting that these terminals have low capacities and are not equipped and not prepared for the Gaza Strip import and export needs. Sufa terminal was already used previously for the imports of animal feeds and construction materials, and Karem Abu Salem/Kerem Shalom was supposed to be used for imports but has only operated previously for humanitarian aids.

‘Sufa’ and ‘Karem Abu Salem’ June Statistics and Operational procedures:

A daily average of 25 truckloads were processed through both these terminals, processed items are summarized as follows:

- Humanitarian medical supplies and basic commodities (flour, sugar, cooking oil, rice, and salt),
- Commercial commodities (flour, sugar, cooking oil, rice, and salt), dairy products, frozen food, animal and chicken feeds, fertilized eggs, flower seeds, seedlings, olive oil, and fruits.

The procedure used for importing through these terminals was as follows:

1. The coordination is done between the traders on both sides (Israeli and Palestinian),
2. The approval is provided at Erez terminal Coordination Office (tu'um),
3. The Palestinian trader informs the Palestinian transportation company (that holds a permit to enter the terminals) in order for the drivers at the Palestinian side to go to the terminal and receive the goods,

No official Palestinian body is on the ground at the Karem Abu Salem Terminal.

Private Sector Dilemma:

- A daily average of 42 truckloads was actually exported via AlMontar/ Karni during the past five months, and they barely met the main sectors export demand.
- A daily average of 357 truckloads was imported via AlMontar/ Karni during the past five months, including basic commodities, consumer goods, and raw materials,
- The currently used terminals Sufa and Karem Abu Salem are not ready to accommodate the private sector needs.
- The current imports are mainly consumable goods that does not serve the industrial and export sectors.
- The maximum observed crossing capacity through Sufa & Karem Abu Salem is estimated at 250 truckloads per day, which is far below the demand.

- *The Palestinian productive sectors are highly dependant on accessibility of raw materials and products, and therefore without import and export activities, the productive sectors cannot function!*
- *The only solution is the re-opening of AlMontar/Karni Terminal for both exports and imports, in addition to other available trade terminals...*

ANNEX 1

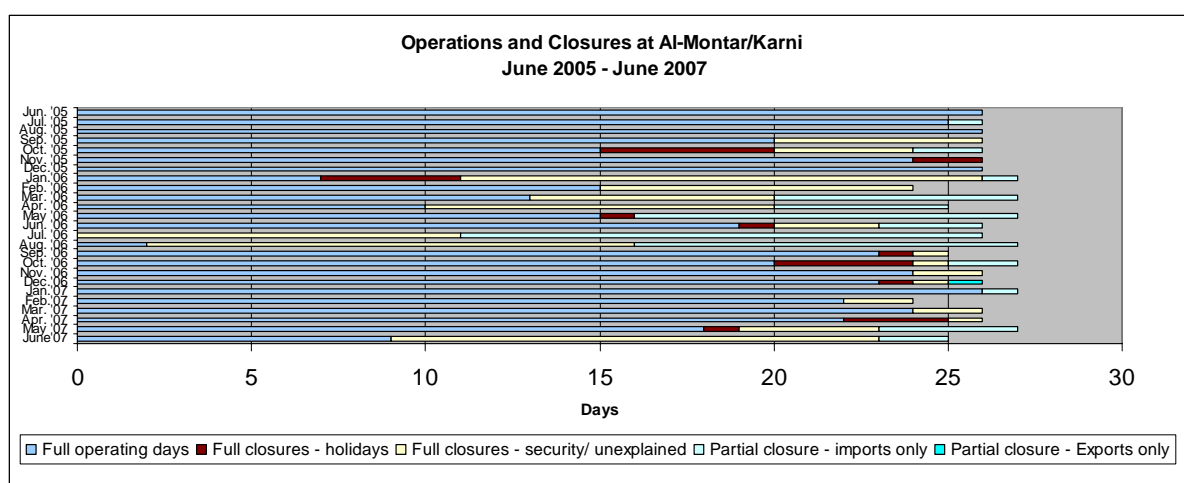
AlMontar/Karni Cargo Movement Statistics - June 2007

| Day | Date | Exported Trucks | Imported Trucks | Terminal Opening Hours | Empty Crates (truck) | Empty Containers | Notes |
|-----------|--------------|-----------------|-----------------|------------------------|----------------------|------------------|--|
| Friday | 01-Jun-07 | 17 | 262 | 3.0 | 0 | 22 | Full operating days |
| Sunday | 03-Jun-07 | 51 | 541 | 7.5 | 4 | 87 | Full operating days |
| Monday | 04-Jun-07 | 44 | 560 | 7.5 | 3 | 76 | Full operating days |
| Tuesday | 05-Jun-07 | 48 | 600 | 8.0 | 4 | 82 | Full operating days |
| Wednesday | 06-Jun-07 | 32 | 494 | 7.0 | 3 | 72 | Full operating days |
| Thursday | 07-Jun-07 | 28 | 610 | 8.0 | 3 | 81 | Full operating days |
| Friday | 08-Jun-07 | 10 | 118 | 2.5 | 0 | 33 | Full operating days |
| Sunday | 10-Jun-07 | 40 | 520 | 11.0 | 0 | 0 | Full operating days |
| Monday | 11-Jun-07 | 45 | 460 | 8.5 | 0 | 0 | Full operating days |
| Tuesday | 12-Jun-07 | 0 | 0 | 0 | 0 | 0 | Full closures - security/ unexplained |
| Wednesday | 13-Jun-07 | 0 | 0 | 0 | 0 | 0 | Full closures - security/ unexplained |
| Thursday | 14-Jun-07 | 0 | 0 | 0 | 0 | 0 | Full closures - security/ unexplained |
| Friday | 15-Jun-07 | 0 | 0 | 0 | 0 | 0 | Full closures - security/ unexplained |
| Sunday | 17-Jun-07 | 0 | 0 | 0 | 0 | 0 | Full closures - security/ unexplained |
| Monday | 18-Jun-07 | 0 | 0 | 0 | 0 | 0 | Full closures - security/ unexplained |
| Tuesday | 19-Jun-07 | 0 | 0 | 0 | 0 | 0 | Full closures - security/ unexplained |
| Wednesday | 20-Jun-07 | 0 | 0 | 0 | 0 | 0 | Full closures - security/ unexplained |
| Thursday | 21-Jun-07 | 0 | 0 | 0 | 0 | 0 | Full closures - security/ unexplained |
| Friday | 22-Jun-07 | 0 | 0 | 0 | 0 | 0 | Full closures - security/ unexplained |
| Sunday | 24-Jun-07 | 0 | 0 | 0 | 0 | 0 | Full closures - security/ unexplained |
| Monday | 25-Jun-07 | 0 | 0 | 0 | 0 | 0 | Full closures - security/ unexplained |
| Tuesday | 26-Jun-07 | 0 | 0 | 0 | 0 | 0 | Full closures - security/ unexplained |
| Wednesday | 27-Jun-07 | 0 | 0 | 0 | 0 | 0 | Full closures - security/ unexplained |
| Thursday | 28-Jun-07 | 0 | 11 | 2 | 0 | 0 | Partial Opening – limited imports |
| Friday | 29-Jun-07 | 0 | 9 | 2 | 0 | 0 | Partial Opening – limited imports |
| | Total | 315 | 4185 | 67.00 | 17 | 453 | |

ANNEX 2

Operations and Closures at AlMontar / Karni June 2005 - June 2007

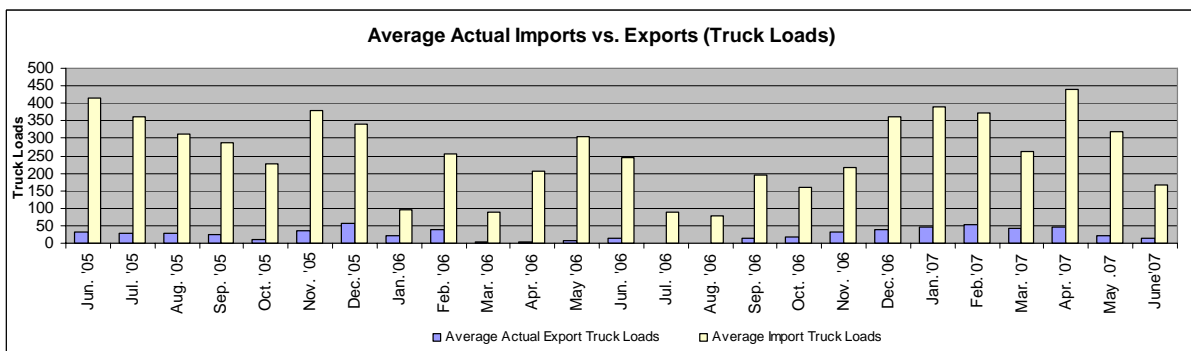
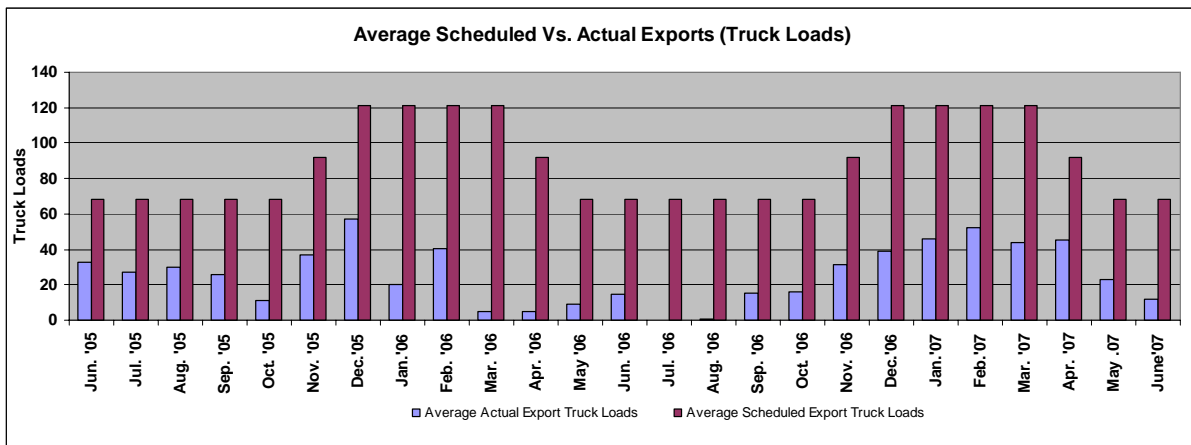
| Monthly Closures | Available operating days | Full operating days | Full closures - holidays | Full closures - security/ unexplained | Partial closure - imports only | Partial closure - Exports only |
|------------------|--------------------------|---------------------|--------------------------|---------------------------------------|--------------------------------|--------------------------------|
| Jun. '05 | 26 | 26 | 0 | 0 | 0 | 0 |
| Jul. '05 | 26 | 25 | 0 | 0 | 1 | 0 |
| Aug. '05 | 26 | 26 | 0 | 0 | 0 | 0 |
| Sep. '05 | 26 | 20 | 0 | 6 | 0 | 0 |
| Oct. '05 | 26 | 15 | 5 | 4 | 2 | 0 |
| Nov. '05 | 26 | 24 | 2 | 0 | 0 | 0 |
| Dec. '05 | 26 | 26 | 0 | 0 | 0 | 0 |
| Jan. '06 | 27 | 7 | 4 | 15 | 1 | 0 |
| Feb. '06 | 24 | 15 | 0 | 9 | 0 | 0 |
| Mar. '06 | 27 | 13 | 0 | 7 | 7 | 0 |
| Apr. '06 | 25 | 10 | 0 | 10 | 5 | 0 |
| May '06 | 27 | 15 | 1 | 0 | 11 | 0 |
| Jun. '06 | 26 | 19 | 1 | 3 | 3 | 0 |
| Jul. '06 | 26 | 0 | 0 | 11 | 15 | 0 |
| Aug. '06 | 27 | 2 | 0 | 14 | 11 | 0 |
| Sep. '06 | 25 | 23 | 1 | 1 | 0 | 0 |
| Oct. '06 | 27 | 20 | 4 | 1 | 2 | 0 |
| Nov. '06 | 26 | 24 | 0 | 2 | 0 | 0 |
| Dec. '06 | 26 | 23 | 1 | 1 | 0 | 1 |
| Jan. '07 | 27 | 26 | 0 | 0 | 1 | 0 |
| Feb. '07 | 24 | 22 | 0 | 2 | 0 | 0 |
| Mar. '07 | 26 | 24 | 0 | 2 | 0 | 0 |
| Apr. '07 | 26 | 22 | 3 | 1 | 0 | 0 |
| May. '07 | 27 | 18 | 1 | 4 | 4 | 0 |
| Jun. '07 | 25 | 9 | 0 | 14 | 2 | 0 |



ANNEX 3

Average Daily Number of Scheduled and Actual Export Truckloads

| Month | Average Actual Export Truck Loads | Average Scheduled Export Truck Loads | Average Import Truck Loads |
|----------|-----------------------------------|--------------------------------------|----------------------------|
| Jun. '05 | 33 | 68 | 416 |
| Jul. '05 | 27 | 68 | 362 |
| Aug. '05 | 30 | 68 | 311 |
| Sep. '05 | 26 | 68 | 286 |
| Oct. '05 | 11 | 68 | 227 |
| Nov. '05 | 37 | 92 | 381 |
| Dec.'05 | 57 | 121 | 341 |
| Jan.'06 | 20 | 121 | 94 |
| Feb. '06 | 40 | 121 | 257 |
| Mar. '06 | 5 | 121 | 87 |
| Apr. '06 | 5 | 92 | 206 |
| May '06 | 9 | 68 | 307 |
| Jun. '06 | 15 | 68 | 244 |
| Jul. '06 | 0 | 68 | 88 |
| Aug. '06 | 1 | 68 | 78 |
| Sep. '06 | 15 | 68 | 195 |
| Oct. '06 | 16 | 68 | 160 |
| Nov. '06 | 31 | 92 | 216 |
| Dec.'06 | 39 | 121 | 361 |
| Jan.'07 | 46 | 121 | 390 |
| Feb.'07 | 52 | 121 | 374 |
| Mar. '07 | 44 | 121 | 263 |
| Apr. '07 | 45 | 92 | 438 |
| May .07 | 23 | 68 | 319 |
| Jun. '07 | 13 | 68 | 167 |



ANNEX 4

Actual Vs. Planned Working Hours Exporting Pallet Scanners "Bays" and "Cells"

| Month | Pallet Scanners "Bays" | | | Cells | | |
|----------|------------------------------------|-------------------------------------|--|------------------------------------|-------------------------------------|---|
| | Actual Daily Working Hours (cargo) | Planned Daily Working Hours (cargo) | Pallet Scanners "Bays" Ratio of Actual vs. Planned Working Hours | Actual Daily Working Hours (cargo) | Planned Daily Working Hours (cargo) | Cells Ratio of Actual vs. Planned Working Hours |
| Jun. '05 | 26 | 91 | 29% | 13 | 65 | 20% |
| Jul. '05 | 27 | 91 | 30% | 10 | 65 | 16% |
| Aug. '05 | 30 | 91 | 33% | 13 | 65 | 20% |
| Sep. '05 | 33 | 91 | 36% | 10 | 65 | 15% |
| Oct. '05 | 14 | 91 | 15% | 3 | 65 | 5% |
| Nov. '05 | 33 | 91 | 36% | 16 | 65 | 24% |
| Dec.'05 | 41 | 91 | 45% | 25 | 65 | 38% |
| Jan.'06 | 45 | 91 | 49% | 13 | 65 | 20% |
| Feb. '06 | 39 | 91 | 43% | 26 | 65 | 40% |
| Mar. '06 | 25 | 91 | 27% | 15 | 65 | 23% |
| Apr. '06 | 23 | 91 | 25% | 9 | 65 | 14% |
| May '06 | 28 | 91 | 31% | 9 | 65 | 14% |
| Jun. '06 | 20 | 91 | 22% | 8 | 65 | 12% |
| Jul. '06 | 0 | 91 | 0% | 0 | 65 | 0% |
| Aug. '06 | 0 | 91 | 0% | 0 | 65 | 0% |
| Sep. '06 | 11 | 91 | 12% | 5 | 65 | 8% |
| Oct. '06 | 16 | 91 | 18% | 9 | 65 | 14% |
| Nov. '06 | 21 | 91 | 23% | 11 | 65 | 17% |
| Dec.'06 | 29 | 91 | 32% | 14 | 65 | 22% |
| Jan.'07 | 32 | 91 | 35% | 16 | 65 | 25% |
| Feb.'07 | 30 | 91 | 33% | 23 | 65 | 35% |
| Mar. '07 | 31 | 91 | 34% | 20 | 65 | 31% |
| Apr. '07 | 38 | 91 | 42% | 24 | 65 | 37% |
| May '07 | 23 | 91 | 25% | 17 | 65 | 26% |
| Jun. '07 | 10 | 91 | 11% | 11 | 65 | 17% |

