THE STATE OF PALESTINE
NATIONAL EXPORT STRATEGY
FUNCTIONAL STRATEGIES
TRADE LOGISTICS
AND FACILITATION
2014-2018
This publication has been produced with the assistance of the European Union. The contents of this publication can in no way be taken to reflect the views of the European Union.

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This document represents the ambitions of the private and public stakeholders who dedicated long hours to define the enhancements and future orientations for the sector to increase its export performance and growth (full list of stakeholders in Appendix 1).

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ACRONYMS

ACAD  Arab Center for Agricultural Development
AFD  French Agency for Development
ALV  Aqaba Logistics Village
CC  Commercial Crossing
CIDA  Canadian International Development Agency
CIF  Cost, Insurance and Freight
CoC  Cambers of commerce
COO  Certificate of Origin
EFTA  European Free Trade Agreement
EU  European Union
FOB  Free On Board
IFFCCA  Israeli Federation of Forwarders Customs Clearing Agents
KHB  King Hussein Bridge
MAS  Palestine Economic Policy Research Institute
MoA  Ministry of Agriculture
MoF  Ministry of Finance
MoH  Ministry of Health
MoNE  Ministry of National Economy
MoT  Ministry of Transport
NES  National Export Strategy
NTM  Non-Tariff Measures
OECD  Organisation for Economic Co-operation and Development
OSS  One stop shop
PBA  Palestinian Businessmen Association
PCBS  Palestinian Central Bureau of Statistics
PCC  Palestinian Coordinating Council
PEC  Palestinian Export Council
PFCCIA  Palestinian Federation of Chambers of Commerce, Industry and Agriculture
PFI  Palestine Federation of Industries
PFIA  Palestinian Food Industries Association
PIEFZA  Palestinian Industrial Estate and Free Zone Authority
PIPA  Palestine Investment Promotion Agency
PLC  Palestinian Legislative Council
PMA  Palestine Monetary Authority
PNA  Palestinian National Authority
PSC  Palestinian Shippers’ Council
PSCC  Private Sector Coordination Council
PSI  Palestine Standards Institution
TFL  Trade Facilitation and Logistics
TSI  Trade Support Institution
TSN  Trade Support Network
UNCTAD  United Nations Conference on Trade and Development

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EXECUTIVE SUMMARY

The efficiency of the trade facilitation and logistics infrastructure in the State of Palestine will determine, to a great extent, the performance of the key priority sectors of the NES. A strong trade logistics and trade facilitation infrastructure is a prerequisite for assisting Palestinian exporters in developing their trade competitiveness. Indeed, the importance of trade facilitation and logistics in the State of Palestine is underscored by the contribution of trade to the economy’s GDP. Approximately 85% of the economy’s GDP is generated by trade, of which 20% are exports and 80% are imports.

CURRENT STATE OF PALESTINIAN TRADE FACILITATION AND LOGISTICS

The current trade facilitation and logistics environment is challenging for Palestinian exporters. The trade landscape remains dominated by Israeli procedures and controls, and the Palestinian government has little influence on matters of trade facilitation and logistics, let alone trade policy. The majority of Palestinian private sector external trade is controlled and logistically managed by the State of Israel because of its control over borders, roads, railways, ports and airports. Internal Palestinian trade between the West Bank and the Gaza Strip goes through routes which are also controlled by Israel.

For internal transport within the West Bank, increased security measures such as checkpoints, roadblocks and closures, together with the advancement of new constructions, create complicated logistical operations. Enterprises find it difficult to navigate through an ever more complex landscape of isolated zones that make it difficult for them to scale up their operations and increase operational speed.

Export-oriented Palestinian enterprises have three options for moving their goods to foreign markets. They can make use of Israeli ports and airports, move their goods to Jordan and make use of Jordanian ports and airports, or send products through Israel on to Egypt. Despite increased security measures, Israel generally provides the best and most economical services and therefore most trade goes through Israeli ports and Ben Gurion airport. It is expected, though, that the Jordanian route will become more attractive as facilities at Queen Alia Airport and the Port of Aqaba are improved. It should be noted that the latter option is expensive and therefore not competitive unless Egypt is the destination market.

Trade routes in Gaza remain limited and severely constricted due to the partial economic embargo on this governorate. All major crossings remain restricted except for the Kerem Shalom crossing and the throughput at the crossing remains low due to a combination of high extent of security checks in place and poor infrastructure.

Complicated trade facilitation and logistics not only has resulted in elevated costs, but the inability to predict closures has increased transit times and decreased the ability of exporters to commit to specific delivery dates; thereby diminishing their ability to respond with flexibility and consistency in delivery to the market needs in order to maintain sound and continued export relationships.

COMPETITIVENESS CONSTRAINTS

Despite a number of efforts to improve efficiency of the trade facilitation and logistics function, Palestinian exporters still face significant restrictions at nearly all the stages of the export value chain. These restrictions include a number of constraints such as the back-to-back system, the absence of container size scanners at crossings, confiscation of security deposits incurred by traders, high demurrage costs, unpredictability at border crossings, high storage costs for Palestinian goods held for clearance at Israeli ports, and the limited operating hours at King Hussein Bridge. In addition to the above issues occurring mainly at crossing points, there are additional limitations to the performance of the function such as the impossibility of pre-shipment inspections, infrastructure gaps in transportation services and storage, complex and redundant administrative requirements, lack of a Palestinian customs presence at any commercial border,
paucity of logistics-based and procedural information, lack of coordination between Palestinian and Israeli officials as well as with private sector, the non-recognition of trade agreements by Israel and the absence of a ‘known trader system’.

The above mentioned policy and institutional challenges are aggravated by enterprise-level issues such as the absence of dedicated units within enterprises capable of managing the evolving and challenging logistics environment and well as a general poor understanding of trade procedures and requirements.

CHOICES FOR FUTURE DEVELOPMENT

Improvements within the trade facilitation and logistics function constitute a critical prerequisite for unlocking The State of Palestine’s export competitiveness. Keeping this in perspective, the following vision has been developed for the function:

“A responsive trade facilitation and logistics function powering Palestinian export growth”

The following will constitute key features of the future shape of the TFL function, underlying the above vision. These critical elements are all addressed through the activities of the cross-sector’s strategic plan of action:

1. Strengthened dialogue between all concerned parties (private, public, Israel, Jordan) to increase coordination and fulfilment of expectations on various fronts.
2. Development of a national single window to provide exporters with relevant and updated information on export procedures, regulations, operations and changes, and in the process reduce expenditure of time, money and effort for Palestinian exporters.
3. Improved human capital and strengthened organizational set-up within enterprises, so as to formalize and develop expertise in the trade logistics function, and also develop efficiency gains through reduced delays and costs.
4. Streamlined administrative procedures (documentation, charges, processes and elimination of domestic obstacles) through the introduction of comprehensive e-government initiatives that are implemented at all ministries and based on best practices followed globally.
5. Development of innovative solutions through rigorous research conducted at the cross-sector level, focusing on identification of new export routes and transport mechanisms which would result in efficiency gains for exporters.

ROADMAP FOR STRATEGY IMPLEMENTATION

The vision and the key features for the function will be achieved through the implementation of the strategy’s Plan of Action (PoA) that revolves around the following three strategic objectives, each spelling out specific sets of activities intended to address both challenges and opportunities of the trade facilitation and logistic function in Palestine:

- build the capacity of national institutions so that they are enabled to respond better to the trade facilitation and logistics needs of exporters.
- develop the information collection, dissemination and coordination capabilities of the State of Palestine so as to ensure access to comprehensive information in a timely and reliable manner.
- identify new (and rationalizing existing) export processes and routes for exporters.

The achievement of these objectives will require continuous and coordinated efforts from all relevant private and public stakeholders as well as support from key financial and technical partners, donors and investors alike. Several institutions are designated to play a leading role in the implementation of the strategy’s PoA and bear the overall responsibility for successful execution of the strategy. They will be assisted by a range of support institutions that are active in the trade facilitation and logistics function. Each institution mandated to support the export development of the function is clearly identified in the strategy PoA. Moreover, the proposed Palestinian Export Council (PEC) and its Executive Secretariat will play a coordinating and monitoring role in the implementation of the strategy within the overall framework of the National Export Strategy. In particular, the PEC will be tasked with coordinating the implementation of activities in order to optimise the allocation of both resources and efforts across the wide spectrum of stakeholders.
Box 1: Building blocks for the trade facilitation and logistics (TFL) cross-sector strategy

The following analytical components are the building blocks for the trade facilitation and logistics cross-sector strategy:

Current state of Palestinian trade facilitation and logistics
This section discusses the relevance of trade facilitation and logistics for Palestinian export development, and provides an overview of the national framework. This overview serves as a base for a broader analysis of the performance and efficiency of trade facilitation and logistics in the State of Palestine.

Competitiveness constraints
The effectiveness and efficiency of trade facilitation and logistics is currently restricted because of a host of constraints both at the institutional (supply side) and enterprise (demand side) levels. These wide-ranging constraints have resulted in restricted access to international markets for Palestinian exporters. The Competitiveness constraints section discusses these important challenges and their impact on current and potential exporters.

Trade Support Network (TSN) analysis
Trade support institutions (TSIs) are organizations that have a bearing on the development and delivery of trade facilitation and logistics services in the State of Palestine. An analysis of the effectiveness and capacity gaps affecting these TSIs is important to ascertain the efficiency of the entire TFL framework.

The TSN analysis section assesses individual TSIs on their capacities in areas such as coordination, financial sustainability, human capital, and advocacy. Analysis is also conducted to assess the TSIs based on their level of influence versus their capacity to respond to client needs. A composite picture is developed of the strengths and weaknesses of the cross-sector’s TSN.

Analysis of development activity for Palestinian trade facilitation and logistics
Gaining an understanding of the development activity in the cross-sector is relevant because it helps to identify the main thrusts of the various development actors and their initiatives, while also identifying gaps that need to be addressed. This section analyses current levels of development activity for trade facilitation and logistics.

How we get there
The roadmap section highlights the key elements of the strategy for the trade facilitation and logistics cross-sector function and discusses the way forward. This includes the vision for the cross-sector, the strategic objectives, and the implementation management framework.

The analyses and recommendations are based on national level consultations supported by external analytical research. Once endorsed by the government of the State of Palestine, the trade facilitation and logistics strategy will serve as the main roadmap for private and public stakeholders to improve trade facilitation and logistics.
INTRODUCTION

The trade facilitation and logistics strategy presented in this document constitutes an integral part of the National Export Strategy (NES) of the State of Palestine. The efficiency of the trade facilitation and logistics infrastructure in the State of Palestine will determine, to a great extent, the performance of the key priority sectors of the NES. Despite significant development interventions related to trade facilitation and logistics, important hurdles remain.

This document presents the expectations and strategic objectives of the private and public sector for the enhancement of trade facilitation and logistics in the State of Palestine. Without concerted efforts to address critical issues, the State of Palestine’s export sector will remain constricted. There is significant scope and potential for alleviating current challenges through wide-ranging interventions at the institutional and enterprise levels in the State of Palestine.

The analysis and recommendations of the document focus on key technical challenges that can be resolved in the State of Palestine rather than focusing on political externalities.

WHERE WE ARE NOW

CURRENT STATE OF PALESTINIAN TRADE FACILITATION AND LOGISTICS

Driven by necessity as well as opportunity, Palestinian enterprises are increasingly looking towards exports as a means of sustaining and growing their businesses. On one hand, increased competition from exporters such as China in the already small domestic market has forced enterprises to develop or expand their strategy vis-à-vis the export value chain. Competition among Palestinian enterprises is also on the rise, and rising production costs in the West Bank and Gaza have further diminished the viability of depending on the local market alone.1 On the other hand, significant opportunities exist for Palestinian enterprises in international target markets. The relatively high access of Palestinian goods to Arab, European Union (EU), and North American markets through free trade agreements is one such example. Additionally, certain sector products possess characteristics that can serve as comparative advantages when making inroads into target markets.2

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1. Especially true for sectors such as ‘Textiles and Garments’ and ‘Leather and Footwear’
2. For instance, the availability of Palestinian stone in multiple colours and textures has served to increase the demand in target markets. Similarly, the craftsmanship and handmade design capabilities in the textiles/garments and footwear sectors has helped to build a certain degree of brand recognition. The association with the holy land has the potential to drive growth in the tourism sector.
Box 2: Defining trade facilitation and logistics in the context of export competitiveness

The World Trade Organization defines trade facilitation as the simplification and harmonization of international trade procedures, where trade procedures are the ‘activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade’. It includes all procedures required for an enterprise to bring its product to (or import from) a foreign market, and includes such topics as logistics and administrative and customs procedures. Efficient trade facilitation policies can therefore contribute to lowering costs, diminish both real and perceived risks of doing business, and reduce the time it takes for products to reach their final destination, all of which can enhance a country’s competitiveness.

Efficient trade facilitation policies can also help facilitate a healthy sourcing market by allowing enterprises to import raw materials at lower prices. Such inputs can eventually allow firms to offer more competitive products and/or increase profit margins.

While the business case in favour of developing trade competitiveness is strong, a strong trade logistics and trade facilitation infrastructure is a prerequisite for assisting Palestinian exporters in developing these capabilities. Indeed, the importance of trade facilitation and logistics in the State of Palestine is underscored by the contribution of trade to the economy’s GDP. Approximately 85% of the economy’s GDP is comprised of trade flows, of which 20% are exports and 80% are imports.

The current trade facilitation and logistics environment remains challenging for Palestinian exporters. The trade landscape is dominated by Israeli procedures and controls, and the Palestinian government has little influence in matters of trade facilitation and logistics. The majority of Palestinian private sector external trade (both exports and imports) is controlled and logistically managed by the State of Israel because of its control over ports and airports. Internal Palestinian trade between the West Bank and the Gaza Strip goes through routes which are also controlled by Israel. As discussed below, transport, security, and customs clearance are all subject to stringent regulations and processes.

TRADE ROUTES LINKING THE WEST BANK

The State of Palestine is a small, fragmented, and mostly landlocked territory under Israeli control, which makes it a particularly challenging place for trade and the physical movement of goods.

Export-oriented Palestinian enterprises have three options for moving their goods to foreign markets. They can make use of Israeli ports and airports, move their goods to Jordan and make use of Jordanian ports and airports, or send products across Israel and into Egypt. It should be noted, however, that the latter option is expensive and therefore not competitive unless Egypt is the destination market.

Despite increased security measures, Israel generally provides the best and most economical services and therefore most trade goes through Israeli ports and Ben Gurion airport. It is expected, though, that the Jordanian route will become more attractive as facilities at Queen Alia Airport and the Port of Aqaba are improved.

The procedure for enterprises wishing to bring their goods to the foreign market involves:

- Clearing internal administrative and regulatory requirements;
- Internal transport to the commercial crossings;
- Clearance through the commercial crossings;
- Transport to the desired port or airport, and transport to the final destination.

Figure 1 identifies the main crossing points available for Palestinian exporters from the West Bank, and also summarizes the major routes for goods out of the State of Palestine.
INTERNAL TRANSPORT TO COMMERCIAL CROSSINGS

For internal transport within the West Bank, increased security measures such as checkpoints, roadblocks and closures, together with the advancement of new constructions, create complicated logistical operations. Enterprises find it difficult to navigate through an ever more complex landscape of isolated zones that make it difficult for them to scale up their operations. Not only has this resulted in elevated costs, but the inability to predict closures has increased transit times and decreased the ability of exporters to commit to specific delivery dates, thereby diminishing their ability to respond with flexibility and consistency in delivery to the market in order to maintain healthy export relationships. The impact of restrictions on trade, both domestically and internationally, is evidenced by the World Bank’s 2006 Investment Climate Assessment, which found that in 2006 only 40% of sales were made outside an enterprise’s home city, down from 60% in 2000.

The internal logistics fleet is composed largely of 6-wheel and 18-wheel trucks. Transport costs are quite high, especially in comparison to those of neighbouring Jordan. The least and most expensive costs per kilometre for the principal trade routes and vehicles in the West Bank are US$0.51 (4-wheel trucks) and US$2.69 (18-wheel trucks), while the average cost for an 18-wheel truck in Jordan is US$0.74 per km. The reasons for this are numerous, and include both higher fuel costs and the underutilization of vehicles. Inefficient road networks and problems caused by transport restrictions and delays lead to utilization rates that are well below capacity, increasing the cost per kilometre. As an example, 18-wheel trucks in Jordan have a usage of 100,000 km per year, while the same trucks in the West Bank have 37,600 km per year.

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8. Ibid.
9. Ibid.
10. Ibid.
11. Ibid. for figures in this paragraph.
12. Ibid., pp. 5-6
Box 3: Export procedures at West Bank commercial crossings

- Upon arrival at the terminal the truck driver is requested to register his name at the entrance, and is requested to wait until the Israeli driver is available on the other side of the terminal.
- The driver is subjected to a physical security check which lasts for at least 15 minutes. Then the driver is requested to open the four doors of the truck and the truck cover (if it has one), and switch off the engine.
- The truck goes through the truck scanning machine, where three to five trucks (depending on truck size) are allowed to enter and exit the scanner collectively. Betunia is run by the Israeli Defense Forces and does not have scanners. All cargo is subject to manual inspection by soldiers, and in some cases dogs are used.
- In addition to the scanning process the cargo may have to undergo a second phase of manual inspection. Depending on the crossing and type of cargo, between 15% and 60% of cargo is manually inspected. When shipments consist of different materials (example: clothes on plastic hangers), the goods are required to be off-loaded at the manual inspection rooms.
- The shipment is loaded on the Israeli truck and resumes its journey on the other side of the crossing.


CLEARANCE PROCESSES AT COMMERCIAL CROSSINGS

After being transported through the West Bank, goods must then pass through a commercial crossing in order to reach either Israel or Jordan. At the border crossings goods are subject to security checks, which can involve a manual scanner, a physical check, or a canine check. There is currently no Palestinian customs presence at the border, so all communication with regards to inquiries and coordination is conducted through Israeli personnel.

After being cleared, palletized goods are then transferred from the Palestinian vehicle to an Israeli vehicle, a process known as a back-to-back transfer. Although specific procedures may vary slightly depending on the checkpoint, the average time to cross the border was estimated to be one hour and 58 minutes.

Since the 2005 closure of the Damya Bridge, exporters wishing to move their goods into Jordan have used the King Hussein Bridge (KHB). It is currently the only route to Jordan, and is also the West Bank’s sole international border. The processes for a border crossing are similar to those used to send goods to Israel: palletized goods are subjected to security checks, after which they undergo a back-to-back transfer via forklift. The current infrastructure is not adequate for handling containers, and there are a number of restrictions that limit the composition and size of pallets. With the exception of one small warehouse, storage and cooling facilities are also unavailable at the crossing. Despite the difficulties associated with this crossing, its use has been increasing in recent years. In 2010 more than 14,000 trucks were processed (for both import and export), while that number was roughly 9,000 in 2004.

As demonstrated in figure 2, the majority of exporters use Israeli transport points to get their goods across. The Taybeh/Sh’aar Ephraim, Tarqumia, Betunia, and Jalameh crossings constitute the commercial crossings with Israel, while the KHB crossing constitutes the commercial border crossing with Jordan.

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13. Under the terms of the Paris Protocol, Palestinian customs personnel should be allowed access and representation at border crossings; however, this representation was suspended at the outset of the second intifada and subsequent unrest.
16. Ibid. and PaTrade monitoring estimates.
17. Palestinian Shippers’ Council (2012). Capacity Development for Facilitating Palestinian Trade: A Study on the Proposed Mobile Scanner at King Hussein Bridge. UNCTAD.
18. Ibid.
19. Ibid.
20. Ibid.
21. Ibid.
GETTING GOODS TO MARKET (TRANSPORT TO THE DESIRED PORT OR AIRPORT, AND TRANSPORT TO THE FINAL DESTINATION)

Once goods have crossed either the Israeli or Jordanian commercial crossings, they make their way to the main ports and airports. Despite the higher costs associated with security measures, exporters prefer Israeli ports for shipping goods to Europe and North America because of the faster delivery time, more frequent departures, and lower shipping costs. However, Palestinian goods are subject to additional security checks before reaching ports. These checks often take a number of days and Palestinian goods are required to arrive at port significantly earlier than their Israeli counterparts, which normally leads to higher demurrage costs for exporters. Even shipments to Asia can be less expensive departing from Israel but, because of its geography, the Jordanian port of Aqaba offers a quicker alternative for transfers to the Asian and Arab worlds.22

With regards to air transport, both Ben Gurion (Israel) and Queen Alia (Jordan) airports offer quality services.23 Although freight charges are lower in Israel, the lower security and transport costs to Queen Alia make it a slightly more economical alternative.24 Palestinian goods are subject to a number of additional restrictions when using Israeli airports as well. For example, they are not allowed to be placed on passenger planes, which severely limits transport options and frequency.

23. Ibid.
24. Ibid.
The following diagrams map the routes and time requirements for goods travelling through to Israel and Jordan

### West Bank to Israel:

<table>
<thead>
<tr>
<th>Time</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2 hours</td>
<td>Transporting pallets or containers from exporter’s warehouse to CC.</td>
</tr>
<tr>
<td>2-4 hours</td>
<td>Average time spent at CC either waiting a turn or going through the rigorous security checks. Back-to-back.</td>
</tr>
<tr>
<td>2-3 days</td>
<td>Transporting goods to either port or airport, depending on distance, port and other factors.</td>
</tr>
<tr>
<td>7-ave 40 days</td>
<td>Goods have to be in port in order to perform unloading from trucks and loading into containers, security checks, etc. Shipping goods to final destinations. The time to final destination can vary depending on ship flow and distance.</td>
</tr>
</tbody>
</table>

### West Bank to Jordan:

<table>
<thead>
<tr>
<th>Time</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2 hours</td>
<td>Transporting pallets from Exporter’s warehouse to Allenby Bridge.</td>
</tr>
<tr>
<td>1-2 hours</td>
<td>Average time spent at KHB- Israeli side either waiting a turn or coordinating between the trucks. No security checks. Back-to-back. An average 2 minutes per pallet.</td>
</tr>
<tr>
<td>1-2 hours</td>
<td>Average time spent at KHB for Jordan Customs to perform checks and issue transit documents to transfer goods either to port or Airport.</td>
</tr>
<tr>
<td>4-6 hours</td>
<td>Unloading from trucks and loading into containers, Packing, security checks, waiting for ship etc. at the ALV.</td>
</tr>
<tr>
<td>1-3 days</td>
<td>Transporting goods to Aqaba Logistics Village (ALV).</td>
</tr>
<tr>
<td>7-ave 40 days</td>
<td>Shipping goods to final destinations. The time to final destination can vary depending on ship flow and distance.</td>
</tr>
</tbody>
</table>

Source: Majdi Khalil

* The number of days to final destination depends on the ship frequency and number of trans-shipments and stops. Time also depends on the level of truck coordination between Palestinian and Israeli sides. Time spent on back-to-back transfers depends on the type of goods, size, weight, etc. Each station time was based on exporters’ own experience and personal research and observation.

A healthy trade environment could play an important role in Palestinian export competitiveness. Increased efficiency would lower both costs and the time it takes for enterprises to bring their goods to markets. Not only would this result in products that are less expensive and more competitive, but the ability to avoid unnecessary and unforeseen delays would allow exporters to develop and strengthen long-term relationships with more desirable buyers.

According to the World Bank’s Doing Business Report 2013 for the West Bank and Gaza, the State of Palestine’s business environment ranked 135 out of 185 economies, notably lower than the Middle East and North Africa average of 98. This rank is unchanged from 2012, and reflects a number of structural weaknesses that are pertinent for the efficient functioning of the private sector. While some of the topics highlighted are more relevant to the general ease with which one may operate a business, others have a direct impact on export competitiveness. Regardless, however, of just how correlated each issue is with trade facilitation, all of them contribute to either diminishing or stimulating the growth, investment, and sales potential of private enterprise.

The trade facilitation area is covered as part of the rankings through the ‘trading across borders’ indicator. It measures the ease with which companies can trade across borders. Regulatory requirements, burdensome procedures, inefficient port operations, and high costs all lead to decreased competitiveness for domestic exporters.

The State of Palestine ranks 114 for this indicator, far lower than the regional average of 79. Although more efficient processes at customs points made trading easier in the West Bank in 2011, the cost to import (2009) and export (2011) one container increased by several hundred dollars. Six documents are required to export or import, while the time to export and import is 23 days and 38 days respectively. This is significantly more than the time required for both regional neighbours (19 days and 22 days) and OECD high income countries (10 days for both procedures). Moreover, the cost to export and import is roughly US$200 higher than in developed countries, while being a little higher than the Middle East and North Africa regional average.


TRADE ROUTES LINKING GAZA

Trade routes in Gaza remain limited and severely constricted due to the partial economic embargo on this governorate. The general ban on exports from Gaza continues, as confirmed by the following statistics:

In July 2012 only a single truckload of garments (2,070 woollen shirts) intended for the United Kingdom of Great Britain and Northern Ireland exited Gaza via the Kerem Shalom crossing.

Since the beginning of 2012, a total of 151 truckloads of authorized goods were allowed to exit Gaza: this includes 13 truckloads of date bars to the West Bank and 134 truckloads of cash crops, four truckloads of garments and two truckloads of furniture to the world via Israel.

During 2011, a total of 269 truckloads of authorized agricultural crops were allowed to exit Gaza, compared with over 5,700 truckloads of a wider range of exports which exited the West Bank during 2007.

All major crossings remain restricted except for the Kerem Shalom crossing as indicated in figure 4. However, the throughput at the crossing remains low due to a combination of the high level of security checks in place and poor infrastructure.

25. In addition to the severe restrictions related to inadequate infrastructure, gathering data and organizing consultations with representation from Gaza-based stakeholders proved challenging throughout the strategy design process. Therefore, the remainder of the analysis, as well as the strategic plans of action for this cross-sector, are primarily focused on the West Bank.
Figure 4: Main Gaza crossings and their current status

<table>
<thead>
<tr>
<th>Crossing</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kerem Shalom crossing</td>
<td>is currently the only open crossing, and not functioning at its full potential</td>
</tr>
<tr>
<td>Sufa crossing</td>
<td>closed since 20 April 2011</td>
</tr>
<tr>
<td>Nahal Oz</td>
<td>closed since the beginning of 2010</td>
</tr>
<tr>
<td>Rafah border crossing</td>
<td>not considered for commercial cargo crossing</td>
</tr>
<tr>
<td>Karni crossing</td>
<td>closed since 11 June 07</td>
</tr>
<tr>
<td>Karni grain conveyor</td>
<td>closed since March 2011</td>
</tr>
<tr>
<td>Karni cement lane</td>
<td>completely closed since 29 October 2008</td>
</tr>
</tbody>
</table>

Source: © myahya.

THE INSTITUTIONAL PERSPECTIVE

The trade support institutions (TSIs) which provide important services to the Palestinian trade facilitation and logistics cross-sector function can be categorized in the following support areas:

- Policy support network
- Trade services network
- Business services network
- Civil society network

Tables 1-4 identify the main TSIs whose service delivery affects trade facilitation and logistics in the State of Palestine. An assessment of the TSIs in four key dimensions – coordination, human capital, financial sustainability, and advocacy – is provided. The ranking (high/medium/low) for each TSI was selected in the context of the service delivery of the TSI relative to trade facilitation and logistics. In other words, the assessment was conducted based on evaluation of TSIs by stakeholders from the perspective of how well they serve the trade facilitation and logistics function.

POLICY SUPPORT NETWORK

These institutions represent ministries and competent authorities responsible for influencing or implementing policies and regulations in the State of Palestine.
### Table 1: Palestinian policy support network

<table>
<thead>
<tr>
<th>Name</th>
<th>Function/Role</th>
<th>Coordination*</th>
<th>HR/Human capital**</th>
<th>Financial sustainability</th>
<th>Advocacy ***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of National Economy (MoNE)</td>
<td>The Ministry of National Economy is responsible within the TFL function for:</td>
<td>M</td>
<td>M</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td></td>
<td>• Dealing with Foreign Trade Cards</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Import licenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Solving crossing point problems</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Foreign company registration</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Certification of a Certificate of Origin</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Re-exporting transactions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Certified Exporter certificates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry of Planning and Development</td>
<td>The responsibility of this ministry is to ensure that a realistic and Palestinian-owned development agenda is effectively implemented through a coordinated donor response working in tandem with well-managed and accountable Palestinian National Authority (PNA) institutions. In order to achieve this, the ministry coordinates the strategic planning process, conducts studies when necessary, and ensures the participation of as many public, private and nongovernmental actors as possible in the formulation of national plans.</td>
<td>M</td>
<td>H</td>
<td>H</td>
<td>M</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>The Ministry of Finance is in charge of managing customs, border authorities and the collection of taxes on imports and exports, if they apply.</td>
<td>M</td>
<td>M</td>
<td>L</td>
<td>M</td>
</tr>
<tr>
<td>Palestine Standards Institution (PSI)</td>
<td>This institution provides free advice to industry and service providers on conformity to market entry requirements into the State of Palestine, or for Palestinian exporters targeting worldwide markets.</td>
<td>M</td>
<td>M</td>
<td>L</td>
<td>L</td>
</tr>
<tr>
<td>Ministry of Agriculture</td>
<td>Implementation of state policy with regard to agricultural and rural development supports the planning, development, and organization of the whole value chain of plant and animal products, and supports post-harvest handling of agricultural products and food industry.</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>L</td>
</tr>
<tr>
<td>Ministry of Transport (MoT)</td>
<td>MoT is responsible for the implementation of policies and actions in support of transport development in the State of Palestine.</td>
<td>M</td>
<td>M</td>
<td>L</td>
<td>M</td>
</tr>
<tr>
<td>Ministry of Health (MoH)</td>
<td>MoH has the mandate to ensure good governance of the health sector; leadership in policy making and regulation of the health system; the promotion of better health; and the provision of accessible, quality health services in both the public and private sectors. For the export sector, it maintains the quality standards for food and issues certificates of health.</td>
<td>M</td>
<td>M</td>
<td>L</td>
<td>L</td>
</tr>
</tbody>
</table>

*Coordination* with other TSIis: measures the strength of this institution’s linkages with other institutions as well as the beneficiaries of their services (in particular, the private sector) in terms of collaboration and information sharing.

**HR/Human Capital Assessment: assesses the general level of capability of this institution’s staff in terms of their training, and responsiveness to the sector stakeholders.

***Financial Resources Assessment: Assesses the financial resources/capacity available to the institution to provide service delivery in an efficient manner.

****Advocacy: The efficacy of this institution’s advocacy mechanisms, and how well/frequently this institution disseminates important information to the sector.
TRADE SERVICES NETWORK

These institutions or agencies provide a wide range of trade-related services to both government and enterprises. These institutions support specific aspects of trade and are concerned with the actual delivery of trade and export solutions to both public and private sectors.

Table 2: Palestinian trade services network

<table>
<thead>
<tr>
<th>Name</th>
<th>Function/Role</th>
<th>Coordination</th>
<th>HR/Human capital</th>
<th>Financial sustainability</th>
<th>Advocacy</th>
</tr>
</thead>
</table>
| Palestinian Central Bureau of Statistics (PCBS) | PCBS is responsible within the TFL function for:  
• Establishing a comprehensive and unified statistical system to serve Palestinian authorities as an instrument of guidance for diagnosing problems and evaluating progress made;  
• Participating effectively in building administrative records and central registers to meet the administrative and statistical needs of Palestinian society;  
• Publishing a statistical yearbook annually.                                                                                                          | H            | H                | H                         | H        |
| Palestine Federation of Industries (PFI)   | The PFI facilitates industrial development as the basis for economic performance. PFI’s representational role is to educate, advocate, and communicate the value of a developed, socially responsible and globally competitive industry. For TFL, it serves as a key institution to guide exporters through the various procedures. | M            | M                | H                         | L        |
| Palestinian Federation of Chambers of Commerce, Industry and Agriculture (PFCCIA) | The Federation’s main task is to help local chambers of commerce meet the requirements of the global business environment. It aims to ensure that the private sector operates freely and has a voice in policy formulation at the national level. The Federation also strives to create strong regional and international links to global markets and works with small and medium enterprises to improve their performance, focusing on market access, quality, costing and financial management. The PFCCIA is a lobbying and advocacy institution for the private sector. | M            | H                | H                         | L        |
| Palestine Trade Centre (PalTrade)         | PalTrade is the trade promotion organization of the State of Palestine with the mandate to develop exports. PalTrade’s mission in TFL is to advocate for a competitive, business-enabling environment; improve trade competitiveness through trade promotion and capacity building; foster international business practices and standards among professionals, firms and business organizations; and provide trade-enabling knowledge. | M            | H                | H                         | M        |
## Trade services network

<table>
<thead>
<tr>
<th>Name</th>
<th>Function/Role</th>
<th>Coordination</th>
<th>HR/Human capital</th>
<th>Financial sustainability</th>
<th>Advocacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palestinian Investment Promotion Agency (PIPA)</td>
<td>PIPA’s role is to be proactive in promoting the State of Palestine’s advantages to investors while keeping a close eye on legal developments and their impact on the private sector. In the TFL function PIPA can play an important role in mobilizing the necessary support to modernize infrastructures.</td>
<td>M</td>
<td>H</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td>Palestine Standards Institution (PSI)</td>
<td>PSI provides free advice to industry and service providers on conformity to market entry requirements into the State of Palestine, or for Palestinian exporters targeting worldwide markets.</td>
<td>L</td>
<td>M</td>
<td>M</td>
<td>L</td>
</tr>
<tr>
<td>Palestinian Businessmen Association (PBA)</td>
<td>PBA defends the interests of its members and the private sector at large in order to improve the business climate in the West Bank and Gaza. Similarly to PFCCIA, PBA is a lobbying and advocacy institution for the private sector.</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>M</td>
</tr>
</tbody>
</table>

## Box 5: Freight forwarders and customs brokers in the State of Palestine

**Dealing with freight forwarders and customs brokers**

Freight forwarders are intermediaries between companies that deal in international import and export and the various transportation services. They negotiate for their clients the best possible price to move goods, along with the most economical route based on their experience; the best mode of transport (air, sea, road, or rail); customs requirements; packing; insurance; security issues; and the myriad of regulations that apply in both the country of destination and the country of origin.

**Principles of freight forwarding**

The freight forwarder makes every effort to ensure the success of the transportation process from beginning to end: in the most appropriate timeframe, at the lowest cost, and with quality service. Using a forwarder can cut costs because they arrange for the transport of huge numbers of consignments; they can consolidate loads going to a single destination to keep freight charges down for individual traders.

Unfortunately, as a result of the Palestinian political situation, this area of business is dominated by Israeli companies due to the absence of licensed Palestinian freight forwarders who can conduct such services legally. In order to overcome the situation Palestinian traders use Palestinian intermediary agents who work as local agents or brokers for authorized Israeli freight forwarders, or for an international freight forwarder, to perform the same duties and provide their clients with the same services.
BUSINESS SERVICES NETWORK

These are associations, or major representatives, of commercial service providers used by exporters to effect international trade transactions.

Table 3: Palestinian business services network

<table>
<thead>
<tr>
<th>Business services network</th>
<th>Name</th>
<th>Function/Role</th>
<th>Coordination</th>
<th>HR/Human capital</th>
<th>Financial sustainability</th>
<th>Advocacy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Palestinian Shippers’ Council (PSC)</td>
<td>The Palestinian Shippers’ Council addresses the urgent needs of Palestinian importers and exporters arising from the protracted conflict, and supports the PNA’s reform and long-term trade development efforts. PSC is committed to strengthening Palestinian shippers’ capacities through collective negotiations, cooperative agreements, advisory services, training workshops, study tours, tailor-made services, and providing up-to-date information.</td>
<td>M</td>
<td>L</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td></td>
<td>Palestine Importers &amp; Exporters Association (PIEA)</td>
<td>PIEA represents the interest of its members by lobbying the PNA and institutions for policies and regulations in favour of streamlining.</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>L</td>
</tr>
</tbody>
</table>

Source: © Michael Loadenthal. Complete blog entry about the day at Beit Furik checkpoint:
CIVIL SOCIETY NETWORK

These institutions are not explicitly engaged in trade-related activities. They are often opinion leaders representing interests that have a bearing on the country’s export potential and socioeconomic development.

Table 4: Palestinian civil society network

<table>
<thead>
<tr>
<th>Name</th>
<th>Function/Role</th>
<th>Coordination</th>
<th>HR/Human capital</th>
<th>Financial sustainability</th>
<th>Advocacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palestine Economic Policy Research Institute (MAS)</td>
<td>MAS has a key function to promote knowledge-based policy formulation by conducting economic and social policy research. For TFL it can play a key role in assessing trade agreements or conducting feasibility studies.</td>
<td>H</td>
<td>M</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td>The Al-Mustakbal Foundation</td>
<td>The Al-Mustakbal Foundation for Strategic and Policy Studies serves as an independent, not-for-profit and non-partisan institution that actively addresses pressing economic, legal and regulatory issues facing the State of Palestine. It can act as a lobbying institution for TFL issues.</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>L</td>
</tr>
<tr>
<td>Birzeit University (Continuing Education) &amp; PSC</td>
<td>The University has a training programme to provide comprehensive knowledge in all aspects of managing the importation of goods into, and export of goods from, the State of Palestine, including the national trade regime, governmental requirements and procedures, and management and control of the international flow of goods. It will furthermore introduce fundamentals and best practices of logistics and transport management.</td>
<td>H</td>
<td>M</td>
<td>H</td>
<td>L</td>
</tr>
</tbody>
</table>

The analysis indicates that while some institutions have some capacity for coordination, effective coordination between most Palestinian TSIs linked to trade facilitation and logistics has been limited. This is especially challenging when it comes to interaction between MoNE and other agencies. Limited coordination between MoNE in the State of Palestine and the Ministry of Industry in Israel has widened certain gaps on logistics issues and has affected the capacities of the Palestinian export base. The role of MoNE concerning regulations on import or export rules and procedures at border crossings or at ports/airports remains to be clarified.

The importance of effective coordination between TSIs is especially important when analyses indicate that up to 33% of procedural obstacles faced by exporters are actually located in the State of Palestine. Looking at the above list of institutions, it will be important for national and international technical partners to organise the development of trade facilitation and logistics through coordinated efforts in order to avoid redundancies.
The results of the TSI analysis for trade facilitation and logistics also indicate that numerous organisations have sufficient capacities to implement their mandate within the trade facilitation and logistics function. However, some key institutions such as MoNE, PFI, and PSC appear to require some additional capacity building to effectively support enhancement of trade facilitation and logistics. It also appears that limited knowledge of procedures on the part of TSI staff and exporters translates into higher costs for exporters.
Table 5: Perception of the influence & capabilities of Palestinian trade support institutions in TFL

<table>
<thead>
<tr>
<th>Capacity of institution to respond to sector’s needs</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Level of influence on the sector</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>• MAS</td>
<td>• PalTrade</td>
</tr>
<tr>
<td></td>
<td>• Universities</td>
<td>• PSC</td>
</tr>
<tr>
<td></td>
<td>• PFI</td>
<td>• PBA</td>
</tr>
<tr>
<td></td>
<td>• PFCCIA</td>
<td>• PCBS</td>
</tr>
<tr>
<td>Low</td>
<td>• MoNE</td>
<td>• PIPA</td>
</tr>
<tr>
<td></td>
<td>• MOPAD</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• PSI</td>
<td></td>
</tr>
</tbody>
</table>

Table 6: Donor projects in trade facilitation and logistics

<table>
<thead>
<tr>
<th>Project</th>
<th>Status</th>
<th>Funding agency / lead implementer</th>
<th>Expected areas of intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Facilitation Project</td>
<td>2009-2013</td>
<td>USAID/Chemonics</td>
<td>Agricultural export facilitation</td>
</tr>
<tr>
<td>Trade Facilitation Project</td>
<td>2013-2018</td>
<td>USAID/Deloitte</td>
<td>Fill the gaps that other projects have left or been unable to resolve.</td>
</tr>
<tr>
<td>Trade Corridors – Phase II</td>
<td>2011-2013</td>
<td>EU/PalTrade, PSC</td>
<td>1. Assessment and identification of trade corridors development interventions; and 2. Promotion of trade efficiency and facilitation in all stages of the logistical chain via neighbouring Arab countries.</td>
</tr>
<tr>
<td>Trade Corridors – Phase II</td>
<td>2009-2014</td>
<td>AFD/PIEFZA</td>
<td>1. Promote and develop the industrial sector in Bethlehem and nearby areas; and 2. Develop economic activities and create job opportunities.</td>
</tr>
<tr>
<td>KHB Scanner</td>
<td>2012-2013</td>
<td>Netherlands/Quartet</td>
<td>1. Increasing import/export volume through KHB; and 2. Containerizing KHB to reduce costs and delays incurred by exporters.</td>
</tr>
<tr>
<td>Capacity Development Project for Facilitating Palestinian Trade</td>
<td>2012-2014</td>
<td>CIDA/PSC, UNCTAD</td>
<td>Training Palestinian shippers and improving their capacity within the chain of supply.</td>
</tr>
</tbody>
</table>

PERCEPTION OF PALESTINIAN TRADE SUPPORT INSTITUTIONS IN THE TRADE FACILITATION AND LOGISTICS SECTOR – INFLUENCE VS. CAPABILITY

Table 5 represents a classification of trade support institutions supporting the trade facilitation and logistics function. The classification represents the perception of stakeholders regarding the level of influence and capacity of each institution to respond to exporters’ needs.

PalTrade and PSC are perceived as key institutions involved in trade facilitation and logistics, which may explain why numerous supports are provided to them. Unfortunately, their service ratio vs. members remains low. PSC has been categorized as strong even after its internal reorganization, which somewhat limited its capacity to deliver logistical or technical services to its members.

Normally, most of the institutions identified in the plan of action of the strategy should have the capacities to implement the activities identified as part of their mandates. Nevertheless, it will be important to ensure roles and responsibilities remain clarified for the strategy implementation. For those institutions with capacity limitations or important mandates, it might be necessary to provide additional support through targeted development initiatives.
ANALYSIS OF DEVELOPMENTAL ACTIVITY IN THE CROSS-SECTOR

As noted earlier in this document, the analysis of ongoing development activities in trade facilitation and logistics is relevant insofar as it serves to identify the main thrusts of the various development actors and their initiatives, while also identifying gaps and areas of neglect. The latter is especially important as identified gaps will be further analysed, and will be addressed through specific interventions in the cross-sector’s strategic plan of action.

The main international donors active in Palestinian trade facilitation and logistics are the United States of America, the European Union, Canada, France, the Netherlands, and Japan. The development agencies of these donors have been instrumental in providing funding and project management for important initiatives in the sector.

The projects in table 6 have been important for enhancing the performance of trade facilitation and logistics in the State of Palestine. The Trade Corridor project in its many stages has brought attention to two new routes to market yet to be developed, Jordan and Egypt. Other stages of this project could contribute to building the State of Palestine’s capacities in assuming a greater role in controlling transit through these borders, and advocate for a customs presence for commercial transactions. Containerizing KHB will facilitate the movement of goods as long as containers are used to full capacity, unlike other crossings which allow exporters to fill them to only 80% of capacity due to security checks.

The Jericho Agricultural Industrial Park is a very important project that is expected to provide a range of services for the State of Palestine industries in addition to key trade facilitation and logistics services. This project may require building the capacity of PIPA to effectively attract investors either from the State of Palestine or neighbouring countries to establish operations in the Jericho Agricultural Industrial Park.

The EU project for King Hussein Bridge, namely the installation of a scanner and the development of the bridge, will, if implemented and adhered to by the Israelis, increase the flow of goods by an average of 30% and will reduce transportation, packaging, packing, and storing costs by almost 50%. It could also encourage Jordan and the State of Palestine to establish a jointly administered logistics centre at the bridge.

Development projects for trade facilitation and logistics will remain a key component of the development of logistics support for export development. This strategy, designed jointly by the Palestinian private and public sectors, should serve as a basis for future programming.

Box 6: Economic agreement with Israel (Paris Protocol)

The Paris Protocol is an economic agreement on relations between the government of the State of Israel and the Palestinian Liberation Organization, signed on 9 April, 1994, in Paris. This agreement somewhat resembles a customs union or a joint customs envelope built on three basic principles:

- Free exchange of goods between both parties with no tariff or non-tariff barriers whatsoever;
- Adoption of a unified tariff by both parties with the exception that the PNA has the right of customs determination on a limited list of strategic goods and has the right to determine specifications for lists; and
- Sharing revenues in customs clearance, where Israeli customs are responsible for clearing Palestinian imports on behalf of Palestinian customs (based on the customs envelope), and then transferring the revenues to the PNA.

The Paris Protocol – at least in theory – is built on reciprocity between the Israelis and the Palestinians. However, the agreement is not currently functioning as agreed. After the second intifada and subsequent unrest since 2000, important aspects of the protocol, such as allowing Palestinian representation on commercial crossings, have been put on hiatus by Israeli authorities.

There is an urgent need to create a new formula that best serves the interests of the Israelis and the Palestinians based on the fundamental concept of reciprocity.
Box 7: Overview of institutional issues

- Movement restrictions within the West Bank constrain the ability of enterprises to effectively meet customer requirements.
- Import restrictions on products used as production inputs affect the productivity of Palestinian enterprises.
- High demurrage costs are incurred by enterprises.
- Security deposits incurred by traders are often confiscated or left unclaimed.
- High transportation costs are incurred by Palestinian traders because of unpredictability at border crossings.
- High storage costs for Palestinian goods held for clearance at Israeli ports add to costs and delays.
- Operating hours at King Hussein Bridge are not conducive to trade.
- The back-to-back system and absence of scanners for containers exerts a significant burden on exporters and leads to delays and increased costs.
- Pre-shipment inspections are a potential solution to reduce delays on the border with Israel, but are not implemented due to authorization issues.
- Infrastructure gaps related to transportation services and storage areas drive up costs and delays.
- Complex and redundant administrative requirements imposed by Palestinian ministries on exporters, coupled with lack of official Palestinian and Israeli coordination, frequently result in delays.
- The lack of a Palestinian customs presence at any commercial border crossing acts as a major trade bottleneck.
- Paucity of logistics-based and procedural information has increased dependency and has resulted in a weak Palestinian negotiating position vis-à-vis Israeli logistics providers.
- Palestinian exporters face challenges in sending goods by air transport.
- Lack of coordination between Palestinian and Israeli officials places a high administrative burden on Palestinian exporters and adds to the information gap.
- There is a need to increase the public-private dialogue related to trade facilitation and logistics, as well as negotiation of trade agreements.
- A host of legislative gaps affect trade facilitation.
- Service delivery of TSIs supporting the export sector must be improved.
- Non-recognition of trade agreements by Israel hinders trade facilitation.
- There is no functioning ‘known trader system’ to speed up border crossings.

COMPETITIVENESS CONSTRAINTS

This section presents some of the key performance issues identified during the various consultations on, and analyses of, trade facilitation and logistics. It defines the issues and root causes facing this key function of trade. The analysis served as a basis for the design of activities in the strategy plan of action.

INSTITUTIONAL (SUPPLY SIDE) ISSUES

Movement restrictions within the West Bank constrain the ability of enterprises to effectively meet customer requirements.

Palestinian enterprises face a number of challenges related to movement restrictions within the West Bank. The intricate network of roadblocks and checkpoints has resulted in uncertainty, given that shippers cannot accurately predict the turnaround time for shipping their goods and therefore face difficulties in committing to delivery times. This constitutes a significant competitive disadvantage in terms of meeting requirements in delivery consistency imposed by buyers. The movement restrictions also result in higher trucking costs, as discussed earlier.

IMPORT RESTRICTIONS ON PRODUCTS USED AS PRODUCTION INPUTS AFFECT THE PRODUCTIVITY OF PALESTINIAN ENTERPRISES

The State of Palestine’s economy is also negatively affected by a growing list of ‘dual use’ items. There are limits on the importation of certain goods into the State of Palestine that could be used for non-peaceful purposes. Limits on fertilizer imports have, for example, reduced...
the productivity of Palestinian agriculture and reduced crop yields. Ensuring access to inputs for Palestinian production is essential to improving the State of Palestine's export potential. Dual use restrictions raise the cost of inputs, force companies to use inappropriate inputs, and may oblige companies to stop production. This can lead to difficulties in achieving quality compliance requirements for export.


Box 8: Investment climate report

A 2006 World Bank survey conducted as part of the Investment Climate Assessment lists obstacles that exporting enterprises in the West Bank and Gaza considered either major or severe. Figure 7 captures these impediments.

Movement and access for raw materials (including for imports) and exports were cited as the biggest impediments to trade. For the West Bank, 51.6% of exporting establishments cited movement and access for raw materials as a major/severe obstacle while 50% cited movement and access for export goods as a major obstacle. In the same survey, 83.3% of Gaza-based exporting enterprises cited movement and access for raw materials as a major/severe obstacle while 80.6% cited movement and access for export goods as a major obstacle. Given the almost complete blockade Gaza faces, restrictions on movement of goods, and the impossibility of positioning Palestinian personnel at borders, these percentages may still hold true or be greater than the reported 2006 survey values. These results are consistent with issues identified during NES consultations dealing with import quotas, restrictions on certain imports, and the long clearance procedures at border crossings.

The movement and access restrictions have also contributed to lost revenue in terms of intraterritories trade. A natural consequence of this lost revenue is a decrease in operating and investment capital available to businesses – in turn leading to decreased competitiveness of exporting establishments as well as companies seeking to enter the export value chain.

Figure 7: Main challenges faced by enterprises in the State of Palestine (in percentages)

<table>
<thead>
<tr>
<th>Challenge</th>
<th>WB</th>
<th>GZ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movement and access for raw materials</td>
<td>51.6</td>
<td>83.3</td>
</tr>
<tr>
<td>Movement and access for export goods</td>
<td>50</td>
<td>80.6</td>
</tr>
<tr>
<td>Production capacity to meet order quantities and delivery dates</td>
<td>40.6</td>
<td>36.1</td>
</tr>
<tr>
<td>Difficulty attaining visa and entry issues</td>
<td>33</td>
<td>50</td>
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<tr>
<td>Lack of export financing</td>
<td>31.6</td>
<td>25</td>
</tr>
<tr>
<td>Import regulations and non-tariff barriers in the export markets</td>
<td>29.7</td>
<td>38.2</td>
</tr>
<tr>
<td>Information and contacts in external markets</td>
<td>23.9</td>
<td>31.4</td>
</tr>
<tr>
<td>Price competitiveness in export markets</td>
<td>14.6</td>
<td>13.9</td>
</tr>
<tr>
<td>Meeting export market packaging specifications and requirements</td>
<td>9.6</td>
<td>5.7</td>
</tr>
<tr>
<td>Meeting export market product specifications and requirements</td>
<td>8.2</td>
<td>8.3</td>
</tr>
</tbody>
</table>


HIGH DEMARRAGE COSTS ARE INCURRED BY ENTERPRISES

Palestinian goods take an average of 10 to 14 days to clear from Israeli ports, leading to high demurrage costs due to the delay in clearance. The delay is partly because of the security controls currently in place. Palestinian containers go through rigorous checks, which sometimes exceed the free time allowed by shipping lines. This results in an extra cost to exporters for returning containers past the normally allowed demurrage time of seven days.

In this regard, advocacy and lobbying with international shipping lines (through Palestinian private sector institutions and other public representations) to ease restrictions on containers destined for the State of Palestine is needed, given that Palestinian exporters are generally unable to complete loading processes within the given timeframe. An increase from the current seven day timeframe to 21 days is needed, and could significantly assist enterprises.

However, the onus also lies on exporting enterprises. There is a need for enterprises to become better prepared, with required documents and certifications available to customs agents prior to the shipment arrival in order to start the processes related to clearance. This has the potential to eliminate at least 3-4 days of the delay.

SECURITY DEPOSITS INCURRED BY TRADERS ARE OFTEN CONFISCATED OR LEFT UNCLAIMED

Palestinian traders incur security deposits for hiring containers, and these are sometimes confiscated by customs agents or left unclaimed by the traders. There is a need to increase awareness among traders on how to claim these deposits, and also on the recourses available to them to ensure that deposits are returned to them.

HIGH TRANSPORTATION COSTS ARE INCURRED BY PALESTINIAN TRADERS BECAUSE OF UNPREDICTABILITY AT BORDER CROSSINGS

Palestinian traders incur high transportation costs in getting their export products from warehouses to ports, and vice versa in the case of imports. Because of movement restrictions, Israeli cars are allowed to pick up shipments from the West Bank and deliver them to ports or airports in Israel only through two crossings out of the four.

Frequently, Palestinian vehicles from warehouses to the border crossings (and vice versa), and Israeli vehicles from the border crossings to the port (and vice versa) have to coordinate their arrival at the border crossing in order to perform the back-to-back movement of goods. Additionally, if the vehicles reach border crossings after 16:00, or if the crossing is closed, drivers on either side are liable to double or quadruple their charges.
Unpredictability of border management remains an important reason for the high overages, delays and general hardships faced by exporters in logistical matters. Measures that would help to alleviate these constraints include ensuring that borders operate 24 hours a day and also ensuring that goods which leave the port do not require any additional security checks once they arrive at border crossings (in the case of imports).

HIGH STORAGE COSTS FOR PALESTINIAN GOODS HELD FOR CLEARANCE AT ISRAELI PORTS ADD TO COSTS AND DELAYS

Storage costs at ports/borders are high for Palestinian goods awaiting clearance for a variety of reasons including the following:

- Non-declaration of imported products, or importing raw material that is prohibited;
- Missing documentation and licences, including the Israeli Teken certification;
- Delays due to rigorous inspections. For instance, all hardware goods take longer than usual because of additional inspections conducted by the military.

These constraints result in exporters having to store goods for longer than expected, until the customs authorities either clear or refuse entry. Given the limited space, storage costs at ports usually run almost 20 times higher than the cost of storing goods elsewhere. Additionally, storage space is allocated by Israeli custom agents, with general disregard for the preferences of Palestinian exporters or importers.

Certain facilities – such as bonded warehouses close to Israeli ports and airports – are freely available to Israeli exporters but Palestinian firms face challenges in negotiating good prices. The issue of negotiating rates is left to the contracted Israeli customs agents to decide, which is not advisable because they operate on a commission basis.

In comparison, Israeli companies are able to use their own warehouses as bonded, while Palestinian firms do not have this option. For instance, an Israeli car importer can use their own warehouse or showrooms as a bonded area under the supervision of Israeli customs. This enables them to have better cash flow and not to pay customs until the car is sold. In this regard, Israeli companies have a significant competitive advantage. Lobbying and advocacy for the setting up of bonded areas for Palestinian exporters/importers at ports/borders could contribute to reducing storage costs.

Box 9: King Hussein Bridge

Allenby Bridge, commonly known as the King Hussein Bridge (KHB), became the only major commercial crossing between the State of Palestine and Jordan, and thus the rest of the Arab world, due to the closure of Prince Mohammed Bridge in 2003. The State of Palestine has maintained the flow of goods via KHB in order to ensure that Arab markets remain an option for the majority of the Palestinian products; however, this arrangement poses significant challenges to Palestinian exporters.

The current set up at KHB (Israeli and Jordanian sides) is unable to handle the flow of goods in both directions despite the slight increase in volume over the past few years. Therefore, a major revamp on both sides is necessary to improve efficiency levels and ensure that the route becomes a major one for Palestinian inflow and outflow of goods.

Major challenges related to infrastructure at the bridge include lack of storage and cooling facilities, and the lack of containerized scanning facilities. The crossing lacks the necessary infrastructure to store perishables. There are no cold storage facilities available at the crossing, and the loading and unloading areas are not protected from the weather.30

Procedural constraints affecting Palestinian exports are primarily related to the back-to-back system.

Box 10: Traffic at King Hussein Bridge

Similarly to the commercial crossings in the West Bank, the restricted opening hours and limited capacity of the KHB crossing is a constraint to Palestinian trade. The Israeli side operates only five days a week, closes on Israeli holidays, and can remain open from 08:00 to 18:00 if required. However, since it can take several hours to send cargo across, most shippers try and avoid Thursdays in case they are unable to complete the crossing before it closes. Israeli authorities state that KHB can handle 70 export trucks and 50-60 import trucks per day, but this includes marble exports, which require a cursory inspection in the open area.

Currently, there are on average only about 30 trucks of imports and 30-40 trucks of exports moving through each day. However, this low traffic reflects the difficulty in crossing and not the lack of Palestinian shippers wanting access to world markets. Given the limited capacity, lack of cold storage and protected facilities, risk of damage from inspections on both sides and the uncertainty about crossing times, the KHB is not perceived as a good option by most Palestinian shippers unless their goods are destined for Jordan or the Gulf.


OPERATING HOURS AT KING HUSSEIN BRIDGE ARE NOT CONDUCIVE TO TRADE

Opening and closing times are an issue. The bridge’s working hours on both sides are never coordinated to serve Palestinian traders. For example, Israel returns to winter time at least a month before Jordan and the rest of the world. This causes delays and shorter working hours that affect the flow of goods and increase costs. Opening and closing times for the bridge are also affected during religious and public holidays all through the calendar year. If operating times are extended to 24 hours a day, it is conceivable that this would facilitate the movement of temperature-sensitive products to evenings and nights, when temperatures are cooler. Twenty-four hour shifts might also result in reduced transport costs (less waiting time) and storage times, thereby improving delivery times and associated transport costs.

Delays at commercial crossings make it necessary for goods to arrive early in the day. Goods that arrive at the crossings in the afternoon risk not being able to cross the border before the evening closing.

The clearance process at border crossings involves the back-to-back system in which trucks from either side are not allowed to cross over, and goods from one side of the border are offloaded, inspected (thoroughly, in the case of goods inbound to Israel) and transported to trucks on the other side. This causes significant delays, backlogs, and spoilage in the case of agricultural goods because of cold chain disruption. Risk of damage to furniture goods which cannot be palletized is also high when they are cross-loaded or manually inspected.

The back-to-back loading process is expensive and inefficient. Back-to-back loading, even if performed as efficiently as possible, adds time and costs to the shipping process. A World Bank study found that travel times out of the State of Palestine averaged nearly double the predicted time even if there were no delays. Reducing the amount of back-to-back shipments would reduce the costs of bringing Palestinian goods to market.

31. The border is only open from 08:00 to 17:00, so a shipment has to arrive by 15:00 to have time to cross.


34. Ibid.
In the absence of scanners that can scan containerized shipments (entire containers/trucks), shipments are either scanned pallet by pallet (as in the case of KHB), or go through a canine inspection, as in the case of West Bank–Israel border crossings. The latter results in a transportation loss of 20% as importers are forced to reduce the amount of material per truck (from 20 tons to 16 tons) to accommodate inspections (both human and canine).

Necessary security inspections at the crossings take a substantial amount of time because of the lack of container scanners. As a result, all goods crossing the border must be transported by pallets rather than containers. Container shipping is seen as preferable in many cases because of lower costs and better protection of the goods being shipped.

Pre-shipment inspections are a potential solution to reduce delays on the border with Israel, but are not implemented due to authorization issues.

The information received noted that Israeli standards testing on the border is a challenge because shipments have to wait at a designated area until the test results are out. There is no provision yet for pre-shipment inspections, mainly because current border management regulations do not permit their usage. The setting up of pilot projects of pre-shipments inspections could contribute to reducing some of the delays on the Palestinian side, even if not entirely removing impediments at crossings.

**INFRASTRUCTURE GAPS RELATED TO TRANSPORTATION SERVICES AND STORAGE AREAS DRIVE UP COSTS AND DELAYS**

Weaknesses in specific logistics-based infrastructure in the State of Palestine create significant costs for Palestinian enterprises. For example, there are no major trucking companies in the State of Palestine and fleet sizes are small in most cases. Additionally, capacity in existing companies is quite low, and the high fleet idle time is driven by movement restrictions and delays at checkpoints, which in turn prevent greater numbers of trips per truck per day.

Another constraint is the absence of storage areas such as warehouses and storage depots, especially close to border crossings. This is primarily related to access restrictions imposed on Area C. These infrastructure-based weaknesses also exist for other regions, in line with low investment levels resulting from the prevailing political instability in the region. The setting up in the long term of logistics centres, and extensions of one-stop shops, could ensure Palestinian exporters access to all key services in collective service areas.

**COMPLEX AND REDUNDANT ADMINISTRATIVE REQUIREMENTS IMPOSED BY PALESTINIAN MINISTRIES ON EXPORTERS, COUPLED WITH A LACK OF OFFICIAL PALESTINIAN AND ISRAELI COORDINATION, FREQUENTLY RESULT IN DELAYS**

In the absence of a single window in the State of Palestine for exporters to complete procedures and administrative requirements related to issues such as licensing etc., exporters must fulfill inter-ministry requirements. In the current arrangement, exporters have to coordinate with onerous and often redundant requirements between ministries to fill out important paperwork, often resulting in mistakes and missing details.

There is no point of reference at any of the Palestinian ministries, or a joint office that can assist with administrative aspects. This increases the burden for exporters and results in frequent rejections of paperwork on the Israeli side. Ministries possess limited capacity for advising importers/exporters on the technical needs for certain products, which leaves them in the hands of Israeli freight forwarders.

**LACK OF A PALESTINIAN CUSTOMS PRESENCE AT ANY COMMERCIAL BORDER CROSSING ACTS AS A MAJOR TRADE BOTTLENECK**

There is no Palestinian representation (either private or public) at ports and airports. This leaves the Israeli authorities in complete control of customs and clearance processes, including setting of costs.

Palestinian traders always need an Israeli clearing/customs agents, as Palestinian agents are not allowed to operate inside Israel. The absence of Palestinian customs agents at border crossings complicates communications processes and leads to information asymmetry. This also results in a high reliance on Israeli brokers or companies for transferring or moving goods.

While the Oslo accords called for joint supervision at Israeli/Palestinian borders, the second intifada resulted in the cessation of joint control, the closure of Damya Bridge, and increased security control, consequently increasing delays at the borders.

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The Palestinian National Authority used to have a limited presence at KHB, which could have been expanded to include customs and other logistics-based functions. For instance, due to the lack of a Palestinian presence at KHB, the border crossing remains an Israeli-controlled border despite being intended as an alternative to existing routes through Ashdod, Haifa and other Israeli-controlled borders. The strict and rigid procedures and treatment that Palestinians face at other controlled borders are also an impediment at KHB. A revision of trade agreements, and the possible setting up of a joint framework for Palestinian customs agents to operate up to the Jordanian border, could reduce such challenges to trade facilitation and logistics.

PAUCITY OF LOGISTICS-BASED AND PROCEDURAL INFORMATION HAS INCREASED DEPENDENCY AND HAS RESULTED IN A WEAK PALESTINIAN NEGOTIATING POSITION VIS-À-VIS ISRAELI LOGISTICS PROVIDERS

Palestinian exporters have very limited access to information on ports, airports, set procedures for import/export, documentation requirements etc. This has increased the reliance on Israeli freight forwarders and customs agents. In many cases this dependence has resulted in higher service costs as well as delays, and at the same time weakens the negotiating position of Palestinian exporters. This includes the high variance in exchange rates set by agents.

At present – even with the presence of the Palestinian trade facilitation portal – exporters generally lack the knowledge, experience and practical awareness of all the steps that a certain product or shipment has to go through. Some enterprises do build a knowledge base of procedures and paperwork requirements (both Palestinian and Israeli), but they generally face challenges in keeping this base regularly updated or exhibit a heavy reliance on Israeli counterparts to complete it on their behalf. Moreover, enterprises rely more on research work than practical fact-finding missions to ports, crossings, airports, etc. because of movement restrictions and infrequent assistance from Israeli officials to facilitate such visits. These gaps have a significant impact on costs and delays within the chain of supply.

Palestinian exporters face challenges in sending goods by air transport. Palestinian traders face significant constraints in sending goods by air transport. Goods can only be sent on cargo planes at limited times and dates, whereas Israeli cargo can travel on both cargo and passenger planes. This excludes Palestinian traders from the cheaper rates and better connections offered by passenger planes. If used, these planes can expedite the transportation of goods and reduce the cost for importers and end users, and consequently help Palestinian exporters manage customer commitments.

LACK OF COORDINATION BETWEEN PALESTINIAN AND ISRAELI OFFICIALS PLACES A HIGH ADMINISTRATIVE BURDEN ON PALESTINIAN EXPORTERS AND ADDS TO THE INFORMATION GAP

Political (joint bilateral) meetings, which constituted a part of the peace negotiation process, were halted a long time ago. This has led to an almost complete lack

Source: © helga tawil souri.
of coordination between Palestinian and Israeli ministries. Since Israeli authorities change rules and regulations without necessarily informing or consulting with their Palestinian counterparts, it is important for relevant Palestinian authorities to manage the efficient collection and dissemination of information.

Due to the non-availability of updates, enterprises often have to repeat documentation processes post-submission. Ministries lack access to information and daily updates on importing/exporting procedures that Israel imposes or changes. Therefore, trader’s documents are sometimes exchanged back and forth between Israel and the State of Palestine due to lack of knowledge on the Palestinian side concerning the latest requirements.

The lack of coordination between Palestinian ministries, especially on licensing and ensuring that applications are complete prior to sending them to Israeli ministries for approval and issuance, often results in rejection of the paperwork by the pertinent agency on the Israeli side. The absence of emergency lines between authorities on the Palestinian and Israeli sides, which could immediately solve the problem or assist in finding a solution, exacerbates the challenge for exporters.

**There is a need to increase the public-private dialogue related to trade facilitation and logistics, as well as negotiation of trade agreements**

The lack of dialogue between the public and private sectors has increased the gap between political and economic strategies, ultimately affecting progress on trade facilitation issues. This gap is related to official channels on both the Palestinian and Israeli sides, and also the private sector. Successive governments have neglected to use private sector experience in determining prioritized needs to use in negotiations. For this reason, the private sector was not involved in any of the consultations that led to the negotiating briefs for trade agreements. This has contributed to trade facilitation and logistics challenges faced by enterprises.

A concerted effort involving policy makers, donors and the private sector is required for deliberating on advantages and disadvantages of current and future agreements. A set of national export/import policies with fixed deadlines and result-oriented goals might assist in developing certain industries and protecting others.

Another factor affecting the levels and quality of private-public partnerships is the high turnover rate at both private and public enterprises. The current public/private institutions capacity is worse than five years ago, owing to high personnel turnover. Therefore, an important need exists to bridge the gap and generate synergy between the Private Sector Coordinating Council, which represents 11 of the major private sector institutions, and the government. This would necessarily involve the Council’s role in assessing needs, and evaluating project proposals and on-going projects. Donors can also play an important role in strengthening the public-private partnership by insisting that projects involve strong linkages between the private sector and government institutions.

**A host of legislative gaps affect trade facilitation**

A direct result of the non-functioning nature of the Palestinian Legislative Council is that a number of commercial laws have yet to be decreed. This has resulted in either complete legislative gaps or an amalgamation of Israeli, Jordanian and other laws that are used as de facto legislation.

Additionally, the high turnover rate within ministries (including at the highest levels) has also affected coherence at the legislative level. In the past, frequent personnel changes have resulted in changes to the entire strategy of ministries. There are no mechanisms in place to ensure the sustainability of set policies and strategies.

**Service delivery of TSIs supporting the export sector must be improved**

Service delivery of TSIs supporting the export sector is uncoordinated and often incomplete. Frequently, exporters are left on their own devices to find out important information rather than depending on TSIs mandated for this purpose. Palestinian ministries do not offer a hotline or out-of-hours help desk for beneficiaries who urgently need assistance, such as a last minute Certificate of Origin, sample testing, etc.

Exports licensing is a tedious process for enterprises. Israeli traders can obtain an import or export licence in a few hours in some cases, whereas a Palestinian counterpart would need 4-7 working days and sometimes more. This is an additional burden in terms of delays and costs to the private sector.

Another important requirement is to establish a help desk for Palestinian exporters to liaise with Israeli officials when technical problems arise in terms of paperwork etc. Palestinian traders are left in the hands of Israeli freight forwarders and customs agents to resolve technical problems with Israeli customs, ministries, the army, etc., whereas it is the responsibility of Palestinian ministries to resolve these issues. The setting up of a help desk and a single window system should contribute to an alignment of procedures and better responsiveness by the Palestinian public and private sectors to issues facing exporters.
Box 11: Overview of enterprise issues

- There is an important need to develop trade facilitation and logistics within the organizational structure of exporting Palestinian enterprises.
- A proactive approach is needed to ensure completeness of required documentation.

NON-RECOGNITION OF TRADE AGREEMENTS BY ISRAEL HINDERS TRADE FACILITATION

The Government of Israel does not recognize some of the trade agreements into which the State of Palestine has entered. Among these is the Interim Association Agreement with Europe, which is meant to facilitate zero tariff imports from Europe. These imports, however, are still subject to tariffs by Israeli customs agents when they arrive at the border, thereby hindering the effectiveness of the trade agreement.

THERE IS NO FUNCTIONING ‘KNOWN TRADER SYSTEM’ TO SPEED UP BORDER CROSSINGS

‘Authorized economic operators’ are important stakeholders in the movement of goods across borders in the new global environment of security preoccupations. Such operators are normally authorized by the customs authorities and accredited as compliant with the safety procedures and applicable regulations of the World Customs Organization. The authorized economic operators can thereafter contribute to securing supply chains from supply to market destination.

Such a system was tested on a pilot basis at the Tarqumia crossing, but the pilot was cancelled for unknown reasons. New pilots could be established, based on the lessons learned in the first pilot, in order to build a joint Israeli/Palestinian ‘authorized economic operators’ system.

ENTERPRISE LEVEL (CLIENT SIDE) ISSUES

THERE IS AN IMPORTANT NEED TO DEVELOP TRADE FACILITATION AND LOGISTICS WITHIN THE ORGANIZATIONAL STRUCTURE OF EXPORTING PALESTINIAN ENTERPRISES

In order to identify the most cost-effective and reliable shipping mechanism, exporters have to understand fully the most feasible route for their product. This is particularly relevant in the context of the complicated procedures at border crossings, and the uncertainties that accompany them.

Palestinian enterprises generally do not have personnel who specialize in trade logistics and execute functions such as shopping and negotiating for rates, collecting timely and relevant information related to rules and procedures, and ensuring that Israeli agents contracted by the company are following the correct procedures. When the position does exist it is filled by inexperienced staff. The consequence of this knowledge gap is complicated clearing processes and procedures, as well as a heavy reliance on, and weak bargaining position in relation to, Israeli custom agents. This dependence is also exacerbated by the overall lack of language proficiency among enterprise staff liaising with Israeli agents or exploring other sources of information at shipping lines, ports, and customs authorities.

The presence of one-stop shops, combined with increased knowledge at the enterprise level, should contribute to easing the procedures and challenges faced by enterprises when importing or exporting.

A PROACTIVE APPROACH IS NEEDED TO ENSURE COMPLETENESS OF REQUIRED DOCUMENTATION

A poor understanding of trade procedures and requirements further complicates Palestinian trade facilitation. As the Israeli Government does not disseminate such information, it is up to Palestinian associations to research the latest developments in trade information and costs. Due to lack of information and experience in preparing documentation related to import and export procedural requirements, Palestinian exporters and importers regularly experience delays and increased costs due to paperwork being rejected at border crossings.

Palestinian exporters and importers need to be trained on ensuring that all necessary documentation, such as forms and certifications, is available and with custom agents prior to shipment arrival in order to start the process of clearance. It is estimated that this proactive approach may eliminate at least 3-4 days of delays.

Box 12: Summary of issues

As pointed out in this section, Palestinian exporters face significant restrictions in nearly all the stages of the export value chain. Key hurdles to export development are often related to infrastructure requirements at border crossings, border procedures, the back-to-back system, container content allowance, and administrative arrangements and procedures. Some of these impediments faced by the State of Palestine stem from the non-implementation or non-recognition of certain transit clauses of trade agreements. Also, the absence of an ‘authorized economic operator’ system or any type of risk management system impedes the speedy processing of trucks at crossings.

Complex and time-consuming administrative and security procedures at border crossings are frequently considered a primary constraint to efficient trade facilitation. While Gaza is under an almost complete embargo by Israel, the West Bank technically has access to markets in Israel, Jordan and regional/global economies (primarily through the King Hussein Bridge connecting the West Bank with Jordan).

Regulations and procedures – both in terms of administration and physical movement – are cumbersome and ultimately result in inflated prices for businesses/end customers, while also adversely affecting the ability of exporters to manage customer expectations.

In addition to border issues, there are transportation challenges such as the low utilization rate of trucks and no official dissemination system/body for changes in procedures or crossing requirements. According to a Euromed transport report some of the important issues to be addressed in the Palestinian transport system include an updated database of transport statistics as well as a possible liberalization of the transport system.

In order to increase the regularity, quality and consistency of product flows inside and outside the State of Palestine, such issues and others explored above will necessarily need to be explored through the strategic plan of action.

42. Ibid., p. 8.
WHERE WE WANT TO GO

THE FUTURE PERSPECTIVE: THE WAY FORWARD

As discussed, Palestinian trade facilitation and logistics suffers from significant challenges which are adversely affecting the export value chain. These include challenges at both institutional and enterprise levels.

While the current lack of Palestinian control at the borders is a major barrier to expanding the scope of improvements for this cross-sector, there is a considerable gap even within the sphere of control of Palestinian policymaking and executing agencies. For example, coordination and human capital gaps are widely prevalent in institutions servicing trade facilitation and logistics. As the competitiveness constraints section highlights, enterprises also contribute to weaknesses in the sector. Constraints include inefficient data gathering mechanisms, and a weak organizational set-up with inadequate focus on the logistics side of the business.

Improvements within the trade facilitation and logistics function constitute a critical prerequisite for unlocking the State of Palestine’s export competitiveness. Keeping this in perspective, the following vision has been developed for the trade facilitation and logistics cross-sector function:

A responsive trade facilitation and logistics function powering Palestinian export growth.

The following will constitute key elements of the future state, exemplified through the above vision. These elements are all addressed through the cross-sector’s strategic plan of action:

- Strengthened dialogue between all concerned parties (private, public, Israel, Jordan) to increase coordination and fulfilment of expectations on various fronts.
- Development of a national single window to provide exporters with relevant and updated information on export procedures, regulations, operations and changes, and in the process reduce expenditure of time, money and effort for Palestinian exporters.
- Improved human capital and strengthened organizational set-up within enterprises, so as to formalize and develop expertise in the trade logistics function, and also develop efficiency gains through reduced delays and costs.
- Simplified and rationalized administrative procedures (documentation, charges, processes and elimination of domestic obstacles) through the introduction of comprehensive e-government initiatives that are implemented at all ministries and based on best practices followed globally.
- Development of innovative solutions through rigorous research conducted at the cross-sector level, focusing on identification of new export routes and transport mechanisms which would result in efficiency gains for exporters.
HOW WE GET THERE

STRATEGIC PLAN OF ACTION: THE TOOL TO REALIZE THE VISION

Three strategic objectives, or ultimate goals, are considered necessary for the realization of the sector vision, as discussed below. The strategic objectives are structured around a specific set of activities that are intended to address the wide range of issues confronting trade facilitation and logistics. Independent, yet mutually supporting, activities will bolster specific areas of identified weakness. The coordinated resolution of such weaknesses, however, will serve as the foundation for improved interaction between functional areas. This, in turn, will lead to realization of the strategic objectives and, ultimately, the trade facilitation and logistics vision.

Each of the strategic objectives relies upon a set of operational objectives. The operational objectives are intermediate achievements that must be reached in order for the strategic objectives to be met. On the most basic level, the operational objectives are realized through the implementation of various activities, each of which serves to support a specific priority area within the competency of the relevant operational objective. Ideally, each activity will be translated into a project of its own. To this end, the donor alignment column in the plan of action is provided so that donors may develop projects in line with their own competencies, thereby facilitating the conversion of strategic activities into real-life initiatives.

The first strategic objective aims to build the capacity of national institutions so that they are enabled to respond better to the trade facilitation and logistics needs of exporters.

This goal will be broadly achieved through two operational objectives and related activities aimed at strengthening and formalizing the public-private dialogue on trade facilitation and logistics, and also streamlining existing administrative procedures in order to reduce costs.

The second strategic objective aims at developing the information collection, dissemination and coordination capabilities of the State of Palestine so as to ensure access to comprehensive information in a timely and reliable manner.

This goal will be achieved through the centralization of information related to trade facilitation and logistics (via the establishment of a one-stop stop), encouraging the flow of investment for building trade logistics-based infrastructure, and through trainings aimed at enterprises as well as institutions.

The third objective is aimed at streamlining new (and rationalizing existing) export processes and routes for exporters.

This goal will involve analysis of the current cost structures and options involved in moving goods and services across the border, and rationalizing the options to identify the ones that are the most appropriate and feasible in terms of costs. Specific activities will also involve the private sector as part of official negotiations so as to understand their perspective.
IMPORTANCE OF COORDINATED IMPLEMENTATION

The broad range of activities, together with the complex nature of integrated intervention, requires careful implementation that efficiently directs resources and monitors results at both the micro and macro levels. To this end, the Palestinian Export Council (PEC) will be established in order to facilitate the public-private partnership in refining, coordinating, and implementing the National Export Strategy. In particular, PEC will be tasked with coordinating the implementation of activities in order to optimize the allocation of both resources and efforts across the wide spectrum of stakeholders. Within this framework, the implementation of the trade facilitation and logistics strategy also falls within the purview of PEC.

Such efforts will involve directing donor, private, and public sector organizations towards the various NES priorities in order to avoid duplication and guarantee maximum impact. Responsibilities will also include monitoring the results of activities and outputs, while at the same time recommending policies that could serve to enhance the realization of the strategic objectives. With a 360 degree view of progress, PEC will be best-placed to manage funding and provide regular reports to donors and stakeholders. Moreover, PEC will play a key role in recommending revisions and updates to the strategy so that it continues to evolve in alignment with the State of Palestine’s changing needs.

IMPLEMENTATION PARTNERS – LEADING AND SUPPORTING INSTITUTIONS

A number of institutions will play a key role in the implementation of the plan of action for TFL. These are the institutions which have overall responsibility for successful execution of the project, as well as support institutions that are active partners but not leading institutions.

As the main policymaking body in the State of Palestine, the Ministry of National Economy (MoNE) will take the lead on a number of proposed activities in which a national governmental body is designated to be the most feasible option.

As the main private sector member association comprised of exporting enterprises, PalTrade will occupy a key role in a wide variety of activities, especially those that involve a high amount of coordination between the private sector and other entities. It will be integral to the implementation of activities directly related to trade and enterprise enhancement such as, for example, providing technical training and assistance, gathering market data, and organizing trade missions to target markets.

The Palestinian Shippers’ Council (PSC) will also take the lead in activities that involve technical expertise and the involvement of enterprises and institutions directly involved in providing services in trade facilitation and logistics. Supporting institutions include PalTrade, PSC, PBA, the Palestinian Food Industries Association (PFIA) and other institutions that will play an important role in the overall management and execution of the projects.
THE STATE OF PALESTINE CROSS-SECTOR EXPORT STRATEGIES

PLAN OF ACTION
### Strategic Objective 1: Build capacity of national institutions to respond to exporters’ trade facilitation and logistics needs

<table>
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<th>Operational objectives</th>
<th>Activities</th>
<th>Priority 1=low, 2=medium 3=high</th>
<th>Beneficiaries</th>
<th>Target measures</th>
<th>Means of verification</th>
<th>Leading implementing partners</th>
<th>Supporting implementing partners</th>
<th>Existing programmes or potential support</th>
<th>Estimated costs (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Strengthen and formalize public and private dialogue on trade facilitation and logistics.</td>
<td>1.1.1. Create a public and private (50/50) technical group on TFL mandated to meet regularly to implement a medium to long-term agenda on TFL. The group should have a formalized structure.</td>
<td>3 Private/public sector</td>
<td>Group established and operational meetings at least four times a year</td>
<td>Status of group membership</td>
<td>MoNE</td>
<td>PSC, PalTrade</td>
<td>Public-private sector dialogue</td>
<td>none</td>
<td></td>
</tr>
<tr>
<td>1.1.2. Public and private sector members of the group on TFL to agree on a medium to long term agenda for improving trade facilitation and logistics issues.</td>
<td>3 Private/public sector</td>
<td>Roadmap for TFL defined and agreed</td>
<td>Roadmap documents and endorsement</td>
<td>MoNE, PSC</td>
<td>PalTrade</td>
<td>Public-private sector dialogue</td>
<td></td>
<td>none</td>
<td></td>
</tr>
<tr>
<td>1.1.3. Hold regular meetings of the TFL group to:</td>
<td>3 Exporters</td>
<td>Group meets at least four times a year</td>
<td>Agendas and reports of meeting to followed up</td>
<td>MoNE, PalTrade</td>
<td>Public Trade</td>
<td></td>
<td></td>
<td>none</td>
<td></td>
</tr>
<tr>
<td>1.1.4. On an annual basis, share the TFL agenda with donors to promote joint activities for TFL enhancement.</td>
<td>2 Meeting once a year</td>
<td>Results agreed &amp; approved</td>
<td>MoNE, PSC</td>
<td>PalTrade</td>
<td></td>
<td></td>
<td></td>
<td>none</td>
<td></td>
</tr>
<tr>
<td>1.1.5. Increase coordination through exchange of information, experience and knowledge between Palestinian border authorities and private sector institutions on regulations, rules, and costs to ensure that issues can be tackled as they arise, and that regular information is disseminated to exporters either through weekly newsletters, a portal, or mass emails.</td>
<td>3 MoNE/Exporters</td>
<td>Issue a weekly newsletter</td>
<td>Newsletters, with solid subjects</td>
<td>MoNE, PalTrade</td>
<td>New Trade Facilitation project by USAID/ Deloitte</td>
<td></td>
<td></td>
<td>50-100k for three years</td>
<td></td>
</tr>
<tr>
<td>1.1.6. Private and public sector to collaborate in streamlining procedures such as obtaining a licence, COO, standard certificates, etc. and ensure sustainability of these procedures (electronic documents and electronic applications) in order to speed up processes and reduce unwarranted costs and time wasting.</td>
<td>2 Ministries</td>
<td>Electronically Based Procedures</td>
<td>Issuance Electronically</td>
<td>MoNE, PSC</td>
<td>CIA/PSC</td>
<td></td>
<td></td>
<td>none</td>
<td></td>
</tr>
<tr>
<td>1.2 Streamline administrative procedures and information flows to reduce costs.</td>
<td>1.2.1. Private/public sector (supported by donors) to invest (50/50) in assigning export logistics officers in each office of MoNE (decentralization of service) as a reference point on TFL requirements (licence, certifications, restrictions) and procedures. The officer will advise whether a product requires licensing, standardization, etc. and guide exporters/importers on procedures, as well as ensure they are followed up in a timely manner.</td>
<td>3 MoNE</td>
<td>Qualified TFL Officers Assigned</td>
<td>Name and contact details of officers</td>
<td>MoNE, PalTrade</td>
<td>New Trade Facilitation project by USAID/ Deloitte</td>
<td></td>
<td>150k for three years in total (75k private &amp; 75k donor)</td>
<td></td>
</tr>
<tr>
<td>1.2.2. Establish guidelines on products in relation to final destination, describing all the steps needed, and the costs, routes, regulations and standards at each step of the export value chain.</td>
<td>3 MoNE, exporters</td>
<td>Yearly Export Chain of Supply Guideline (Reference)</td>
<td>Booklet</td>
<td>PalTrade</td>
<td>PSI, PSC</td>
<td>EU Alternative Routes</td>
<td></td>
<td>10-20k if the study includes all products</td>
<td></td>
</tr>
<tr>
<td>1.2.3 Simplify administrative procedures (documentation, charges, processes and eliminating domestic obstacles) by introducing e-government. This process should be implemented at all ministries and ensure that information is exchanged and approved electronically, similar to other countries (i.e. single window).</td>
<td>3 Exporters</td>
<td>Single window steps</td>
<td>Website Access</td>
<td>MoNE</td>
<td>PSC, PalTrade</td>
<td>New Trade Facilitation project by USAID/ Deloitte</td>
<td></td>
<td>Covered above</td>
<td></td>
</tr>
<tr>
<td>1.2.4 Ensure that Customs have the capacity to collect all the necessary documentation rapidly (needed for issuance of COO) in order to speed up issuing of traders’ paperwork that is needed for export. Also ensure that the Customs database is continually updated.</td>
<td>3 Customs</td>
<td>Qualification (study)</td>
<td>Certificate (test)</td>
<td>MoNE</td>
<td>PFCCIA, PSC</td>
<td></td>
<td></td>
<td>none</td>
<td></td>
</tr>
<tr>
<td>Operational objective</td>
<td>Activities</td>
<td>Priority</td>
<td>Target measure</td>
<td>Means of verification</td>
<td>Leading implementing partners</td>
<td>Supporting implementing partners</td>
<td>Existing programmes</td>
<td>Estimated costs</td>
<td></td>
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</tr>
<tr>
<td>Strategic Objective 2: Ensure exporters have the proper information and capacities to export efficiently.</td>
<td>2.1 Improve the information flows on TFL in the State of Palestine. 2.1.1 Establish a reliable system for gathering and disseminating information on TFL. The system needs to ensure rapid translation of updated Hebrew sites, and ensure information on ports, airports, and Israeli and Palestinian ministries is all collated and filtered.</td>
<td>2 Exporters</td>
<td>Centralized Information Center</td>
<td>Access to updated info</td>
<td>PSC, PalTrade</td>
<td>PalTrade portal</td>
<td>10k for updating current system</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.1.2. Centralize communications on TFL issues to be disseminated through one or two institutions. Dedicate institutions to streamlining information through local institutions in order to avoid multi-referenced and confused information.</td>
<td>2 MoNE and others</td>
<td>Centralised information Center</td>
<td>Dissemination to members</td>
<td>PalTrade</td>
<td>PSC, MoNE</td>
<td>none</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.1.3. Through the TFL dissemination centre, provide regularly updated ‘cost vs. time’ reference tables to exporters to ensure the creation of a competitive market where delivery takes place in a short time and at low cost.</td>
<td>2 Exporters</td>
<td>Export Desk</td>
<td>Available to access by all exporters</td>
<td>PalTrade</td>
<td>PSC, PFI, PFFA</td>
<td>Extra 5k to be added to above</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.1.4. Reduce (eliminate) documentation or procedures redundancy by developing a booklet that specifies requirements for major export products.</td>
<td>3 Exporters/ Importers</td>
<td>Simplify documentation</td>
<td>Booklet or Guideline Reports</td>
<td>MoNE, PSC, PalTrade</td>
<td>PFFA</td>
<td>none</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.1.5 Update the current trade facilitation portal to ensure it digitizes and archives all TFL information for future reference to be used by all exporters. This can be used to negotiate better terms, data collection, etc.</td>
<td>2 Shippers</td>
<td>Trade Portal</td>
<td>No of Hits by users</td>
<td>PalTrade</td>
<td>PFI, PSI, PSC</td>
<td>Covered above</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.1.6. Maintain a database and ensure statistics are effectively used to demonstrate that no security breach has taken place by any Palestinian exporter for at least the past ten years. This will help to alter a perception that costs Palestinians a lot of money and hinders the flow of goods.</td>
<td>2 CBS</td>
<td>Database collection</td>
<td>Ranking Exporters</td>
<td>PSC</td>
<td>PalTrade/MoNE</td>
<td>None (already sponsored by other projects but not implemented)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.2 Ensure enterprises can have access to the most relevant export routes for their products. 2.2.1. Expand on the major products/destination routes assessment report to define new products/routes, update information on a monthly basis, and disseminate via a user-friendly platform.</td>
<td>3 Exporters</td>
<td>Create other routes product opportunities</td>
<td>No of New users or (beneficiaries)</td>
<td>PalTrade</td>
<td>PSC, PSCC</td>
<td>Study by PalTrade/PSC</td>
<td>none</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.2.2. Conduct a series of assessments to explore possibilities for reducing time, improving procedures and diminishing costs: - Assess using the Elat port route for the Far East market; - An assessment of Pan-Arab Trade Agreements. Based on assessments, establish an information database of best routes to market and link this to the trade facilitation portal.</td>
<td>Shippers</td>
<td>Study current route options</td>
<td>Collect results and information</td>
<td>PSC</td>
<td>IFFCCA</td>
<td>20k study to complement activities that relate to this issue</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.3. Increase the capacity of export value chain stakeholders to comply with TFL requirements. 2.3.1. Provide regular trainings to enterprises on market and trade facilitation requirements: - Supply chain management; - Standard trade definitions most commonly used in international sales contracts (INCOTERMS 2010); - Trade documentation used in international trade; - Customs and indirect tax system in the State of Palestine; - Customs procedures and rules of origin; - New regulations on dangerous goods and packaging; - Multimode transport systems; - International conventions and agreements governing maritime transport.</td>
<td>3 Exporters/ Importers</td>
<td>Quality people to carry out these tasks</td>
<td>Tests, certification (exam results)</td>
<td>PSC</td>
<td>PalTrade</td>
<td>PSC, CIDA and MoNE latest training project</td>
<td>Sponsored ODA</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.3.2. Provide training on finance and insurance components of TFL: - New insurance rules governing international trade transactions; - New banking structures and modalities for financing international trade.</td>
<td>3 Exporters/ Importers</td>
<td>Professional Training workshops</td>
<td>No of participants (beneficiaries)</td>
<td>Association of banks and insurance companies</td>
<td>PalTrade, PSC</td>
<td>Sponsored CIDA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Strategic Objective 3: Streamline efficiency through developing the most efficient, cost-effective export processes and routes for exporters.

<table>
<thead>
<tr>
<th>Operational objective</th>
<th>Activities</th>
<th>Priority</th>
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<th>Supporting implementing partners</th>
<th>Existing programmes</th>
<th>Estimated costs (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Reduce the costs to exporters of all TFL processes through the establishment of integrated solutions.</td>
<td>3.1.1. Advocate and lobby international shipping lines to ease restrictions on containers destined for the State of Palestine through private sector institutions and other public representations, in order to increase the number of demurrage days from seven to 14-21 days. This might encourage these shipping lines to grant direct agencies to Palestinians.</td>
<td>3</td>
<td>Private sector</td>
<td>Meeting international bodies that represents shipping lines</td>
<td>The total eliminated value</td>
<td>MoT, PalTrade</td>
<td>None</td>
<td>Private Investment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.1.2. Ensure there is an effective competitive policy for transporters to ensure advantageous prices for exporters and avoid monopoly situations.</td>
<td>3</td>
<td>Shippers</td>
<td>Prices comparison</td>
<td>Values reduced or saved and impact</td>
<td>PSC</td>
<td>MoT</td>
<td>none</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.1.3. Establish a framework (bilateral joint ventures or private sector ventures) to allow Palestinian agents to operate up to the Jordanian borders; Jordanian and Palestinian customs to agree on a price range that would protect the interests of both if the export volume is to increase through this route. Join this activity with the clarification of trade agreements.</td>
<td>Shippers</td>
<td>4 – 5 meetings a year to determine progress</td>
<td>Number of qualified or accepted</td>
<td>PSC</td>
<td>MoNE</td>
<td>EU Alternative Routes</td>
<td>USAID new TP will sponsor such activity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.2. Encourage private sector investment for increasing efficiency of trade flows in the State of Palestine.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>3.2.1. The Private Sector Coordinating Council (PCC), as the main representative for the biggest private sector institutions, will play a major role in pressuring governments to facilitate processes through lobbying and advocacy to ministries and government offices.</td>
<td>3</td>
<td>Exporters/ Importers</td>
<td>Meetings, reports and agenda</td>
<td>Collecting reports and change impact</td>
<td>PCC</td>
<td>PBA, PalTrade</td>
<td>none</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.2.2. Complete a feasibility study on establishing collective bonded areas in the State of Palestine (possibly inside the State of Israel) as a means to simplifying trade logistics for exports.</td>
<td>2</td>
<td>Shippers</td>
<td>Procedures for opening a bonded area</td>
<td>Exact cost and size</td>
<td>PSC</td>
<td>PCC</td>
<td>20-30k</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.2.3. Establish, on a pilot basis, a collective Palestinian bonded area, which the private sector can invest in renting and running, to provide services for Palestinian shippers. Based on results, formalize and extend the collective bonded area system to other regions of the State of Palestine. This includes refrigeration, packing, etc.</td>
<td>3</td>
<td>Exporters/ importers</td>
<td>Create Investment Environment</td>
<td>No of Investors or Size of investment</td>
<td>PSC</td>
<td>PCC</td>
<td>Covered by above</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.2.4. Ensure testing labs and equipment are fit to perform any checks by encouraging the installation of new test machines and provision of needed equipment (later to be moved to logistics hubs) to start testing locally, where it will be cheaper and under the shippers’ eyes.</td>
<td>3</td>
<td>Exporters/ importers</td>
<td>Create testing labs</td>
<td>Number of labs opened</td>
<td>PSI</td>
<td>PFI</td>
<td>Unlimited (impossible to determine cost at this time)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.3. Strengthen logistical assistance to exporters at each border crossing.</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>3.3.1. Establish an information service or office that can directly support exporters (provide alternatives) in case of closures or delays at the crossing. The exporters can call a hotline to request alternatives.</td>
<td>2</td>
<td>Shippers</td>
<td>Hotline</td>
<td>No of users</td>
<td>PSC</td>
<td>Private sector, MoNE</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.3.2. Establish service centers at borders, through private-public investment, that can provide a number of basic export services: - Provide overnight storage in some cases through renting areas in and around crossings; - Packaging; - Palletizing products in accordance with international requirements; - Brokerage, freight forwarding; - Transportation. This is a preliminary step toward a logistics hubs (3.3.4.)</td>
<td>3</td>
<td>Shippers</td>
<td>Export Service Center or logistic desk</td>
<td>Number of centers opened</td>
<td>PSCC</td>
<td>PSC, PalTrade, MoNE</td>
<td>Private sector investment</td>
<td></td>
</tr>
</tbody>
</table>
## Strategic Objective 3: Streamline efficiency through developing the most efficient, cost-effective export processes and routes for exporters.

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<th>Supporting implementing partners</th>
<th>Existing programmes</th>
<th>Estimated costs (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3. Strengthen logistical assistance to exporters at each border crossing.</td>
<td>3.3.3. Encourage Palestinians with Israeli identification to become qualified customs agents in order to assist and overcome restrictions related to qualifying Palestinian customs agents.</td>
<td>3</td>
<td>Jerusalem private sector</td>
<td>Qualification by study</td>
<td>Number of graduates</td>
<td>PSC</td>
<td>Customs/MoNE</td>
<td>200-300k for one year, depending on the number of applications</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.3.4. Establish logistics hubs (in multiple locations in the State of Palestine, close to trade zones) to provide the following services:</td>
<td>2</td>
<td>Exporters</td>
<td>Agendas and processes to establish OSS</td>
<td>Regulate by certification, possibly tests</td>
<td>MoNE</td>
<td>PSC, PalTrade</td>
<td>Private investment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Competitive prices for either all chain of supply steps or for individual steps (transportation, shipping, clearing, storing, etc.)</td>
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<tr>
<td></td>
<td>• Provide solutions per product or per final destination. This includes determining the best route, shipping line, needs (e.g., refrigeration), etc.</td>
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<tr>
<td></td>
<td>• Organize flow of goods either by booking or coordinating on both sides of the border</td>
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<tr>
<td></td>
<td>• Provide cold storage facilities for certain products (perishables in particular). The logistics hubs need to be empowered to become key local focal points for all export and import procedures. The OSS will collect and submit to MoNE complete reports concerning issues that require policy, legislative or other actions.</td>
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<tr>
<td></td>
<td>3.3.5. Use the logistics hubs as centres to disseminate relevant best practice information to assist the private and public sectors on borders issues and impediments, based directly on exporters’ experience.</td>
<td>2</td>
<td>Exporters/ importers</td>
<td>Public/Private Feedback</td>
<td>Number of cases</td>
<td>PSC</td>
<td>Any private sector institution</td>
<td>Private investment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.4. Increase advocacy and negotiations to improve trade facilitation and logistics for Palestinian exporters/importers.</td>
<td>3</td>
<td>Shippers</td>
<td>Build advocating steps</td>
<td>Measure change</td>
<td>PSC</td>
<td>Border authorities/ PalTrade</td>
<td>10-20k</td>
<td></td>
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<tr>
<td></td>
<td>3.4.1. Advocate to the international community to request that borders operate 24 hours a day and ensure that goods that leave port require no more security checks once they arrive at the border crossing, in order to eliminate almost 30% of the extra costs and delays.</td>
<td></td>
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<tr>
<td></td>
<td>3.4.2 Organize collective negotiation for special rates for Palestinians on storage areas. This might reduce the cost of normal storage and bonded areas.</td>
<td>3</td>
<td>Shippers</td>
<td>Benefits steps</td>
<td>Number of users or participants</td>
<td>PSC</td>
<td>Private sector</td>
<td>none</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.5. Ensure trade policies, legislation and agreements are geared towards the interests of the State of Palestine.</td>
<td>2</td>
<td>Shippers</td>
<td>Activate or enhance</td>
<td>Number of decisions taken or issues enhanced</td>
<td>PSC</td>
<td>Private sector, MonE</td>
<td>none</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.5.1. The Social &amp; Economical Council has to be active and functional in order to advise the PLC (President) on the most needed negotiations, legislation and policies that impact the exporters’ community and the population in general.</td>
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<tr>
<td></td>
<td>3.5.2. PSC to be involved in directing the public sector towards enhancing, cancelling, or establishing any trade agreement that might impact any of the industries positively or negatively.</td>
<td>2</td>
<td>Shippers</td>
<td>Study agreements</td>
<td>Number of agreements revised</td>
<td>PSC</td>
<td>Private sector, MonE</td>
<td>none</td>
<td></td>
</tr>
</tbody>
</table>
Palestinian Trade Centre PALTRADE

Source: Palestinian trade facilitation portal
## ANNEX 1:
### LIST OF STAKEHOLDERS

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
<th>E-mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basel Aldeek</td>
<td>Ministry of Finance</td>
<td><a href="mailto:aldeekbasel@asycuda.ps">aldeekbasel@asycuda.ps</a></td>
</tr>
<tr>
<td>Ibrahim Ahmad</td>
<td>Ministry of Finance</td>
<td><a href="mailto:i.turk@ymail.com">i.turk@ymail.com</a></td>
</tr>
<tr>
<td>Muhammad Hamed</td>
<td>Palestinian Shippers’ Council</td>
<td><a href="mailto:muhammad.hamed@gmail.com">muhammad.hamed@gmail.com</a></td>
</tr>
<tr>
<td>Abdallah Salameh</td>
<td>PalTrade</td>
<td><a href="mailto:asalameh@PaiTrade.org">asalameh@PaiTrade.org</a></td>
</tr>
<tr>
<td>Amjad Issa</td>
<td>PIPA</td>
<td><a href="mailto:marcom@pipa.gov.ps">marcom@pipa.gov.ps</a></td>
</tr>
<tr>
<td>Saba Barghothi</td>
<td>Carmel Co.</td>
<td><a href="mailto:saba.carmel@hotmail.com">saba.carmel@hotmail.com</a></td>
</tr>
<tr>
<td>Mohammed Atallah</td>
<td>PMA</td>
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ANNEX 2: SCHEMA OF EXPORT PROCEDURES

BIBLIOGRAPHY


Palestinian Shippers’ Council (2012). *Capacity Development for Facilitating Palestinian Trade: A Study on the Proposed Mobile Scanner at King Hussein Bridge*. UNCTAD.


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Eser: Gazze limanı yapım, derinleştirme ve düzenlemesi
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