



Economic Recovery in the Gaza Strip:
Promoting Choice, Resilience and Dignity (Phase II)
PalTrade Monthly Update of GAZA CROSSINGS
September 2016

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1. SUMMARY OF TRADE ACTIVITY IN SEPTEMBER 2016

The tables below summarize key data obtained by PalTrade regarding the movement of goods between the West Bank and Gaza Strip during September 2016:

Table 1: Operational Status/Day

Crossing	Karem Abu Salem (KS) cargo	Rafah pedestrian	Previous Month (KS)	COMMENTS
Working	17	3	23	
Weekend	9		8	
Closed	4	27	0	

Table 2: Amount of Goods Entering the Gaza Strip by Crossing

Goods Entering Gaza by Crossing	Truckloads
<i>Karem Abu Salem</i>	
General goods (<i>excluding construction materials for intl org & fuel. It includes construction material for GRM</i>)	8,764
Basic construction materials for projects implemented by international organizations (not only ABC)	130
Fuel (All types of fuel)	837
Total truckloads entering Gaza through Karem Abu Salem	9,731
<i>Rafah</i>	
Total truckloads entering Gaza through Rafah	204
<i>Irez</i>	
Total truckloads entering Gaza through Irez	297
Total truckloads entering the Gaza Strip	10,232

Table 3: Fuel and Gas imports through Karem Abu Salem

Fuel and Gas imports through Karam Abu Salem	Truckloads
Fuel entered Gaza	460
Industrial fuel for the power plan	184
Cooking gas entered Gaza	193

Table 4: Amount of Goods Entering the Gaza Strip by Category

Goods Entering Gaza by Category	Truckloads
Total truckloads of humanitarian goods	543
Total truckloads of commercial goods	8,351
Total truckloads of food items	1,824
Total truckloads of non-food items	7,070
Total truckloads of Fuel	837

Table 5: Exit of Goods through Karem Abu Salem

Exit of Goods through Karem Abu Salem	Truckloads
Exports to international markets	15
Exports to Israel	47
Transfer of Goods to West Bank	110

2. INTRODUCTION

There are a total of three operational terminals connecting the Gaza Strip to adjacent territories. Beit Hanoun/ Erez, and Rafah are passenger crossing connecting Gaza Strip to Israel and Egypt respectively. Karem Abu Salem / Kerem Shalom (KS) is the only operational trade terminal serving the Gaza Strip.

Historically, there were six trade terminals along the Gaza Strip (GS) border that included: Al Montar / Karni, Sufa, Karem Abu Salem / Kerem Shalom (KS), Nahal Oz, Beit Hanoun / Erez, and Rafah. Four of these crossings have been closed to commercial movement; only KS and Beit Hanoun / Erez remain open for cargo and passengers movement to the Gaza Strip through Israel respectively.¹ Rafah is the only Palestinian- Egyptian that mainly acts as a passenger terminal with occasional cargo shipment of construction materials on exceptional basis requiring prior coordination.

The movement of goods into GS² increased by more than %80 in 2015 compared to the preceding year of 2014. This is a significant development by any measurement given the fact that imported commodities dropped by more than 35% in earlier years³ when compared to rates in 2006.⁴

In 2015 an estimated 94,640 trucks entered the GS representing a 83% increase comparing to the same period in 2014 (In 2014, an estimated 51,679 trucks entered the GS). The noted increase is due to higher imports of construction materials needed for reconstruction following recent war in summer of 2014. The general decrease in the movement of goods in recent years is mainly due to Israeli administrative and regulatory restrictions, generally deteriorating economic conditions, as well as the internal political divisions between the GS that have made procedures more complex and costly.⁵

The movement of goods out of the Gaza has seen a very sharp decline over the last decade. In 2014 some 136 truckloads exited Gaza to the outside markets. This volume of exports represents a mere 3% of total exports in 2006 and less than 1% of total exports in the year 2000. In 2015

¹ Closure of crossings: Sufa Crossing has been closed since April 20, 2011; Karni crossing has been closed since June 11, 2007; Karni grain conveyor has been closed since March 2011; Karni cement lane has been closed since 29 October 2008; Nahal Oz has been closed since early 2010; and Erez has been closed since 2005.

² The Palestinian territories are the WB and the GS. The GS constitutes more than 45% of the population.

³ Total imports ranged between 26,838 TL in 2008 up to 65,122 TL in 2013).

⁴ According to the Ministry of National Economy, the estimated number of truckloads imported into the GS in 2006 totaled approximately 81,825 trucks.

⁵ Two different economic references are used in the West Bank and Gaza Strip.

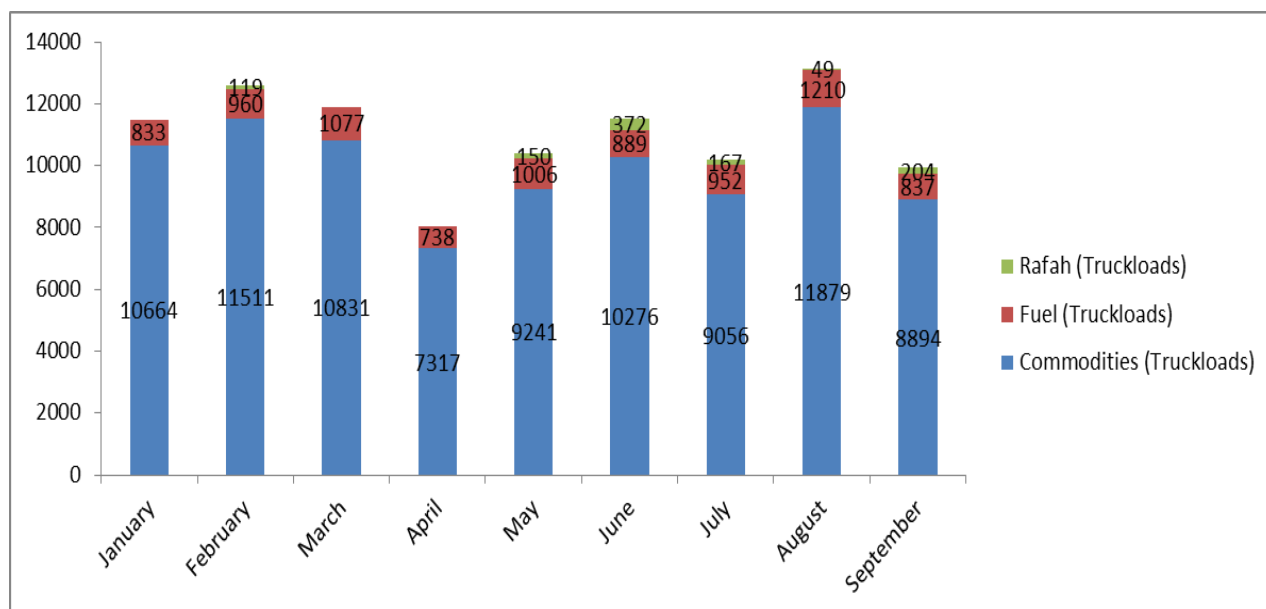
1353 truckloads of exports exited Gaza, representing a 494% increase comparing to the same period in 2014, this is largely due to exceptional resumption of selected vegetable exports to Israel to deal with the shortage due to the current Shmita year as well as to significant export activity to the West Bank, regional markets such as Jordan and the gulf states.

The purpose of this monthly report is to provide information to all relevant stakeholders in the private and public sectors that would enable them to carry out advocacy activities, develop strategies to overcome obstacles to trade, and identify opportunities in different sectors. Ultimately, the report aims to strengthen business relations between the GS and the outside world, increase internal trade flows, and decrease trade costs.

3. IMPORTS & INCOMING TRUCKLOADS

In September 2016, KS crossing was operational for 17 days out of the 21 days that is scheduled for operations.⁶ A total of **8,894** truckloads entered the GS during September 2016 through KS including 837 truckloads of fuel. At the same time some 204 TL destined to the PS entered the GS through Rafah crossing in an exceptional two days opening. Figure 1 below shows total imports to Gaza during 2016.

Figure 1: Total Imports to Gaza in 2016



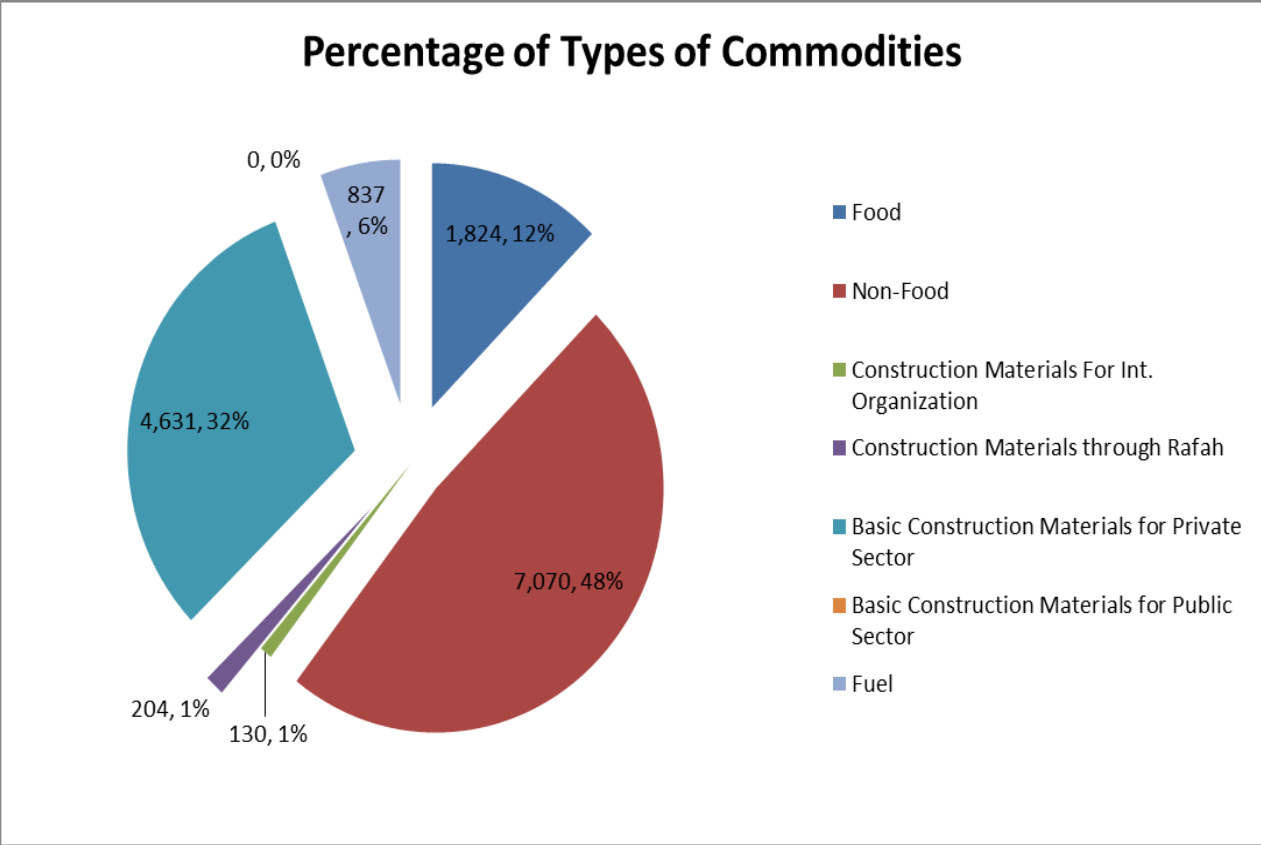
Out of the 10,232 truckloads that entered the GS in September, 130 truckloads entered through KS and consisted of basic construction materials for projects implemented by international organizations, of which 24 truckloads consisted of basic construction materials designated for the Qatari projects.⁷ Please see Annex 1 for more details on the number of truckloads for types of basic construction materials that entered the Gaza Strip. Figure 2 below shows the percentage

⁶ Crossings are scheduled to close on Fridays, Saturdays and holidays.

⁷ In 2015 15896 truckloads of construction materials entered the Gaza strip for the use of Qatari projects (1566 truckloads through KS in addition to 130 truckloads through Rafah), while 3657 truckloads of construction materials entered the Gaza Strip through Rafah for Qatari projects in 2014.

of types of commodities by category.⁸ The total number of truckloads that entered the GS during September is approximately %17 less than the monthly average of truckloads that entered the GS before the imposition of the blockade in 2007 (approximately 12,350 truckloads) and %18 more than the monthly average of truckloads that entered the GS in 2015 (8692 truckloads). In contrast, it's also %23 more than the number of truckloads that entered the GS during the same month in 2015.

Figure 2: Percentage of types of commodities – September 2016



The volume of goods that entered the GS through KS is 11% more than the monthly average of 7900 truckloads that entered the GS in 2015. Also, the volume of basic construction materials designated for the Qatari projects 24 is approximately 85% more than the 13 truckloads that entered during the previous month of August, 98% less than the monthly average of 1300 truckloads that entered in 2015 and 97% less than the 857 truckloads during September 2015.

The 8,351 truckloads of goods that entered the GS through KS and were destined for the private sector represent approximately 94% of the total truckloads of goods that entered GS through KS. This volume of goods is 25% less than the number of truckloads of goods that entered to private sector through KS in the month of August, and is 27% more than the average number of truckload of goods that entered the GS for the Private sector in 2015 (5656 truckloads). Figure 3 below shows the percentage of goods distended to private sector vis a vis other international and public sector.

⁸ The types of commodities were agreed upon by the Ministry of National Economy, OCHA, UNSCO, and Paltrade.

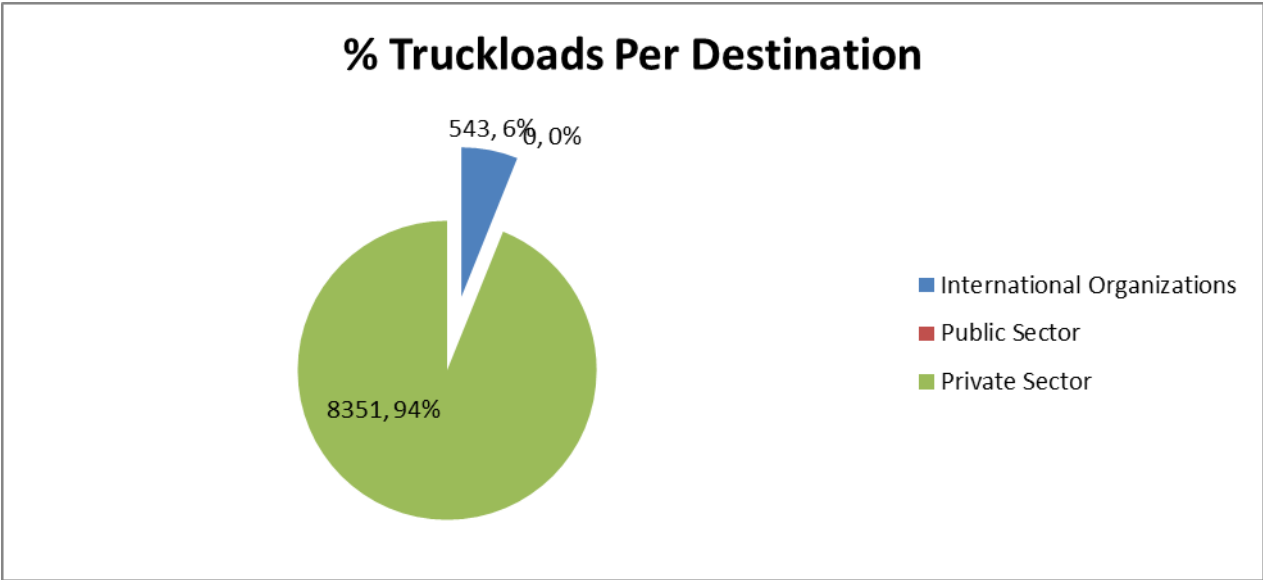
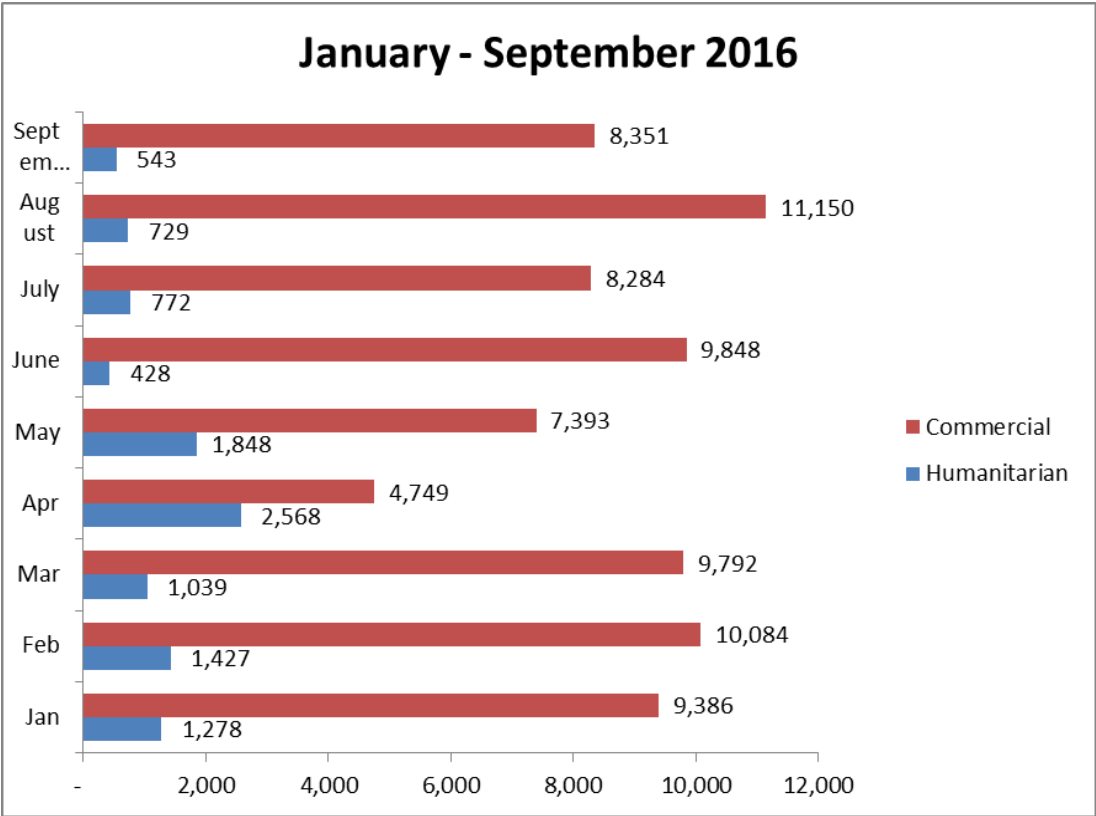


Figure 3: Percentage of Truckloads as per destination for the month of September

Of the total number of goods that entered the GS, 543 truckloads (6%) of humanitarian aid – including food, medical supplies, and construction materials for the Qatari projects and international organizations – crossed into Gaza through the KS. Consumer items continue to make up a significant portion of imported goods; for example, food products represent approximately 18% of total imports. Figure 4 below shows the breakdown of commercial goods vis-à-vis humanitarian aid during 2016. The increasing percentage of commercial goods is mainly due to the rise in number and volume of quantities of construction materials entering the Gaza Strip for reconstruction purposes. This is coupled with a decrease in the amount of construction materials that enter Gaza for the Qatari Projects. (Please see annexes for details)

Figure 4: Percentage of humanitarian and commercial truckloads entering Gaza September



The Government of Israel continues to impose administrative and regulatory restrictions on goods destined for the GS. For instance, there are restrictions on the entry of basic construction materials for the private sector and there is a ban on the entry of imported items listed as dual-use which have undermined the delivery of construction materials, humanitarian goods, and medical equipment, etc. also, the entry of goods in shipping containers has been prohibited since 2007.

However during this month, GoI allowed the entry of 4631 truckloads of basic construction materials including 1507 truckloads of cement, 2821 truckloads of aggregates, 165 truckloads of steel bars under the Gaza Reconstruction Mechanism⁹ compared to 6670 entered during the previous month. Also, 130 truckloads of basic construction materials designated for the international organization's projects were allowed to enter; and 24 truckloads of basic construction materials entered for the Qatari construction projects. According to the Palestinian Federation of Industries, it is estimated that Gaza currently requires up to 8,000 tons of cement per day (200 Truckload).

4. EXPORTS & OUTGOING TRUCKLOADS FROM GAZA

Despite relaxing of measure on Exports from Gaza, the volume of exports remains relatively low in comparison to pre blockade figures. Within the last quarter of the year 2015 Israel has allowed marketing of ironworks, furniture and textile from Gaza in Israel For the first time since 2007. The Government of Israel has allowed the shipment of a limited number of products (agricultural products, furniture and textile) to exit Gaza for the West Bank markets since November 2014, after seven years of ban of exports to WB. In March of 2015, Israel began allowing entrance of tomatoes and eggplants from Gaza to Israeli markets due to the Shmita year. Shipments of agriculture produce out of Gaza to Israeli markets remain restricted to exports of vegetables (tomatoes, and eggplants).

During September, 172 truckloads of goods exited Gaza, of which 110 truckloads were destined to the West Bank: 91 truckloads of agricultural produce, 3 truckloads of furniture, 1 truckload of dates, 3 truckloads of clothes and 12 truckloads of cows leather. In addition to that 15 truckloads of potatoes were allowed to exit for international markets. A total of 47 truckloads were allowed to Exit to Israel during this month of which 17 truckloads of tomatoes, 4 truckloads of Aluminum scrap, and 26 truckloads of iron scrap. Comparatively, During August, 110 truckloads of goods exited Gaza, of which 58 truckloads were destined to the West Bank: 46 truckloads of agricultural produce, 4 truckloads of furniture; 4 truckloads of clothes, 2 truckloads of cows leather and 2 truckloads of stationery. A total of 52 truckloads were allowed to Exit to Israel during this month of which 9 truckloads of tomatoes, 1 truckload of cucumber, 10 truckloads of Aluminum scrap, and 32 truckloads of iron scrap

In the year 2015 a total of 1353 truckloads were allowed to exit Gaza for international markets, Israel and West Bank. In 2007, some 5,007 truckloads of a wider range of goods exited to West Bank, Israel and external world. Figure 5 below shows number of truckloads of exports by destination for the months of September 2016.

⁹ <http://www.unsco.org/Gaza%20Reconstruction%20Mechanism%20Fact%20Sheet%209%20October%202014.pdf>

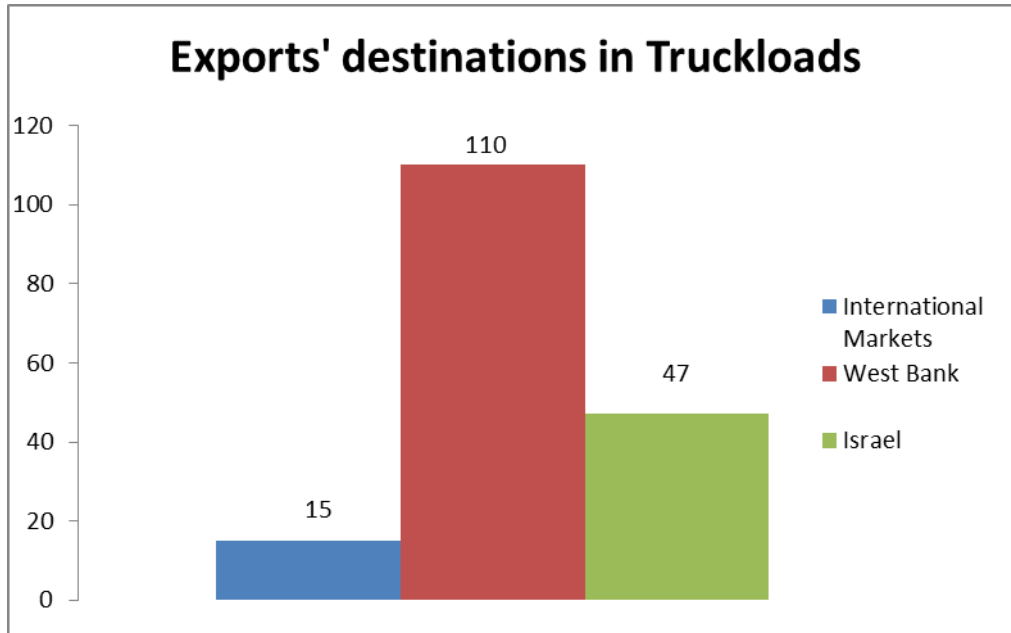


Figure 5: Exports' destinations in truckloads

5. FUEL

Israel hasn't allowed to entry Qatari fuel during this Month, comparatively 1.27 million liter of the Qatari fuel were allowed to enter during month of April. In the month of August 2015, Israel has allowed resumption of imports of Qatari fuel for the first time in 2015. Since June 2013, less than 21 million liters of Qatari fuel have entered the GS, which is less than 70% of the total 30 million liters of fuel donated by the Government of Qatar.

In September 2016 some 7 million liters of diesel fuel from Israel (destined for GPP) entered through KS, which enabled the plant to continue running at a limited capacity. The plant has been partially operational since June 2006 when it received a direct hit during military operations in Gaza Strip. Due to the absence of cheap Egyptian fuel at local markets, purchase of Israeli-supplied fuel has significantly increased. Overall, around 17 million liters of fuel entered the GS from Israel, including 5 million liters of petrol and 12 million liters of diesel fuel.

The Gaza Strip imported 3,724 tons of cooking gas from Israel this month, compared to 6,390 tons imported during the previous month. The Gas Station Owners Association (GSOA) indicates that this amount represents about 80% of the estimated needed amount of Gaza at around 7,500 tons. Please see Figure 6 below for the amount of fuel that has entered Gaza Strip during January 2016.

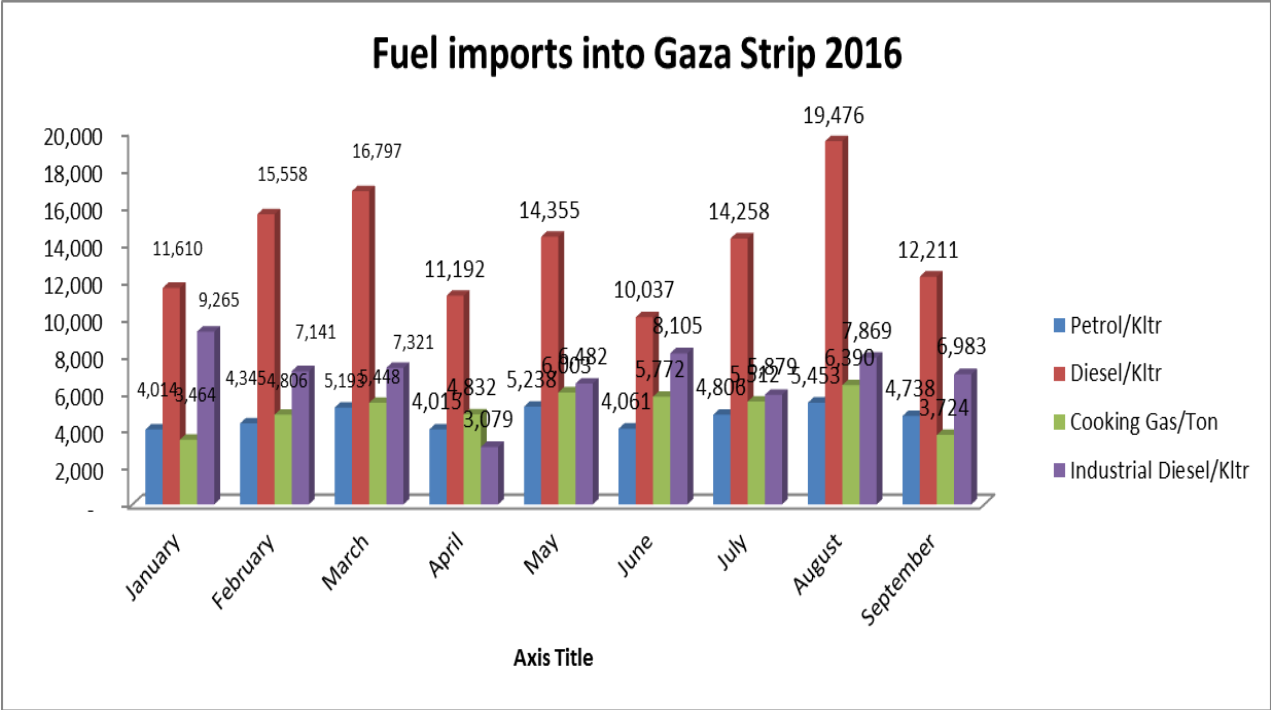


Figure 6: Fuel into Gaza Strip – 2016

6. Annexes

Annex: I

#	Type	Consignee	Truckloads
1	Cement	UNRWA	61
	White Cement	UNRWA	2
3	Cement Silo	UNRWA	24
4	Steel Bars	UNRWA	14
6	Cement	UNDP	4
7	Steel Bars	UNDP	1
8	Aggregates	Qatari projects	24
9	Cement	Private Sector	1342
10	Steel Bars	Private Sector	303
11	Aggregates	Private Sector	2821
12	Cement Silo	Private Sector	165
14	Cement	Private Sector (Rafah)	185
15	Aggregate	Private Sector (Rafah)	19
Total trucks			4,965

Annex: II

Historical Crossings Data	
Average monthly imports 2006	6820
Average monthly exports 2006	440

Volume of Trade by Truckloads			
Year	Imports	Exports	Transfer to WB
2016	89669	586	901
2015	94913	622	731
2014	51679	136	92
2013	65122	182	
2012	57520	254	
2011	49283	268	
2010	39630	215	
2009	31111.5	42	
2008	26838.2	33	
2007	80205.4	5183	
2006	81825	5290	
2005		9319	
2004		7869	
2003		9408	
2002		9679	
2001		15137	
2000		15255	

