



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

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1. SUMMARY OF TRADE ACTIVITY IN July 2016

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

Table 1: Operational Status/Day

Crossing	Karem Abu Salem (KS) cargo	Rafah pedestrian	Previous Month (KS)	COMMENTS
Working	19	3	21	
Weekend	10	0	8	
Closed	2	28	1	

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>)	8,938
Basic construction materials for projects implemented by international organizations (not only ABC)	118
Fuel (All types of fuel)	952
Total truckloads entering Gaza through Karem Abu Salem	10,008
<i>Rafah</i>	
Total truckloads entering Gaza through Rafah	167
Total truckloads entering the Gaza Strip	10,175

Table 3: Fuel and Gas imports through Karem Abu Salem

Fuel and Gas imports through Karam Abu Salem	Truckloads
Fuel entered Gaza	521
Industrial fuel for the power plan	154
Cooking gas entered Gaza	277

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

Goods Entering Gaza by Category	Truckloads
Total truckloads of humanitarian goods	772
Total truckloads of commercial goods	8,284
Total truckloads of food items	1,840.5
Total truckloads of non-food items	7,215.5
Total truckloads of Fuel	952

Table 5: Exit of Goods through Karem Abu Salem

Exit of Goods through Karem Abu Salem	Truckloads
Exports to international markets	2
Exports to Israel	47
Transfer of Goods to West Bank	108

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 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

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.

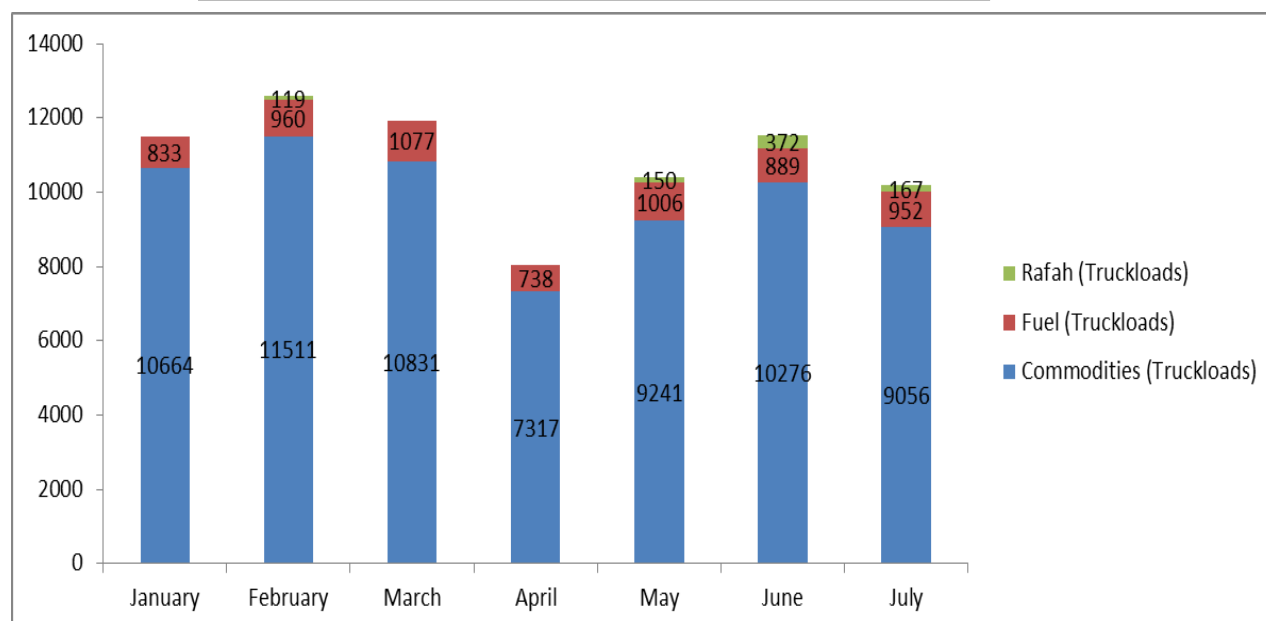
Israel to deal with the shortage due to the current Shmita year as well as to significant export activity to the West Bank, regional markets such as Jordan and the gulf states.

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 July 2016, KS crossing was operational for 19 days out of the 21 days that is scheduled for operations.⁶ A total of **9,056** truckloads entered the GS during July 2016 through KS including 952 truckloads of fuel. At the same time some 167 TL destined to the PS entered the GS through Rafah crossing in an exceptional three days opening. Figure 1 below shows total imports to Gaza during 2016.

Figure 1: Total Imports to Gaza in 2016



Out of the 10,175 truckloads that entered the GS in July, 118 truckloads entered through KS and consisted of basic construction materials for projects implemented by international organizations, of which 15 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 of types of commodities by category.⁸ The total number of truckloads that entered the GS during July is approximately 18% less than the monthly average of truckloads that entered the GS

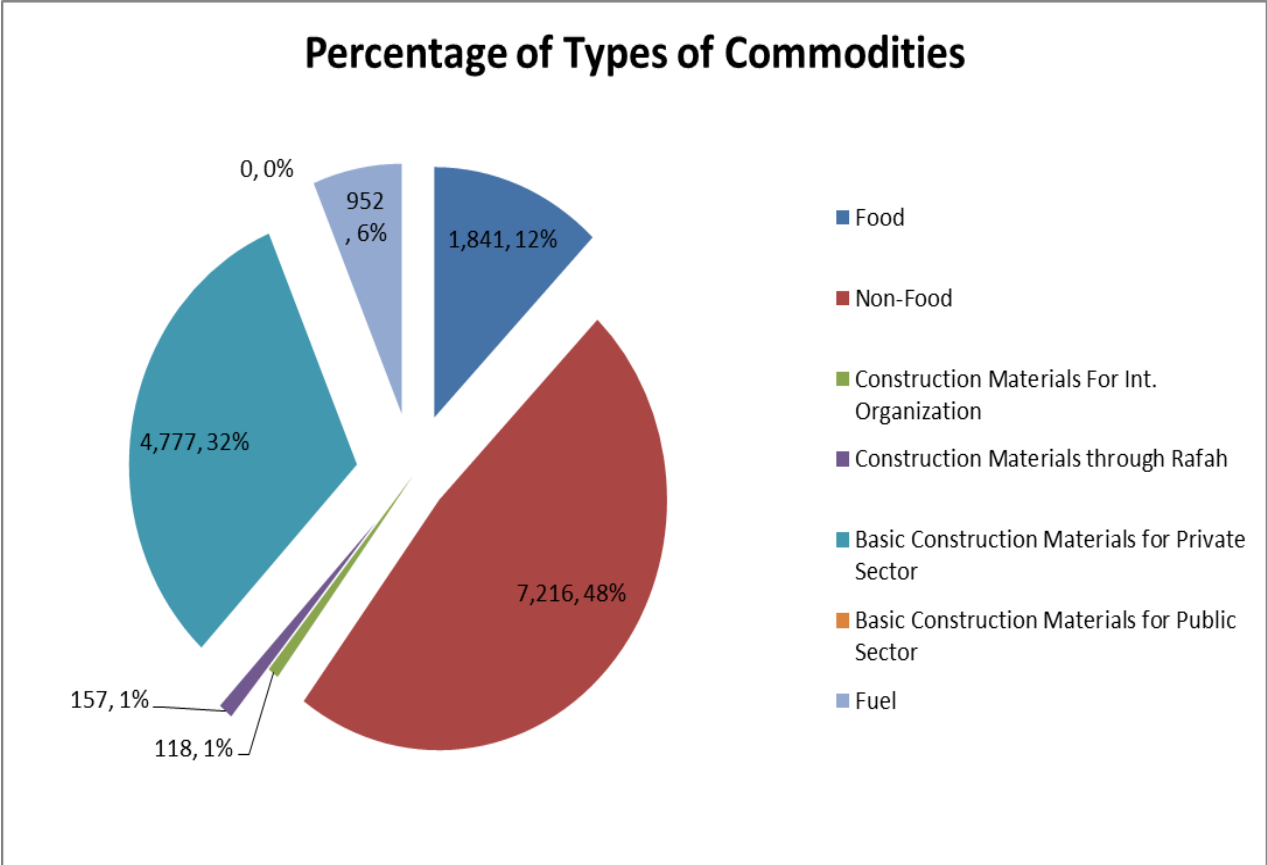
⁶ Crossings are scheduled to close on Fridays, Saturdays and holidays.

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.

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

before the imposition of the blockade in 2007 (approximately 12,350 truckloads) and %17 more than the monthly average of truckloads that entered the GS in 2015 (8692 truckloads). In contrast, it's also %43 more than the number of truckloads that entered the GS during the same month in 2015.

Figure 2: Percentage of types of commodities – July 2016



The volume of goods that entered the GS through KS is 13% 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 (14) is approximately 44% less than the 25 truckloads that entered during the previous month of June, 99% less than the monthly average of 1300 truckloads that entered in 2015 and 99% less than the 1456 truckloads during July 2015.

The 8,284 truckloads of goods that entered the GS through KS and were destined for the private sector represent approximately 91% of the total truckloads of goods that entered GS through KS. This volume of goods is 18% more than the number of truckloads of goods that entered to private sector through KS in the month of June, and is 46% 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.

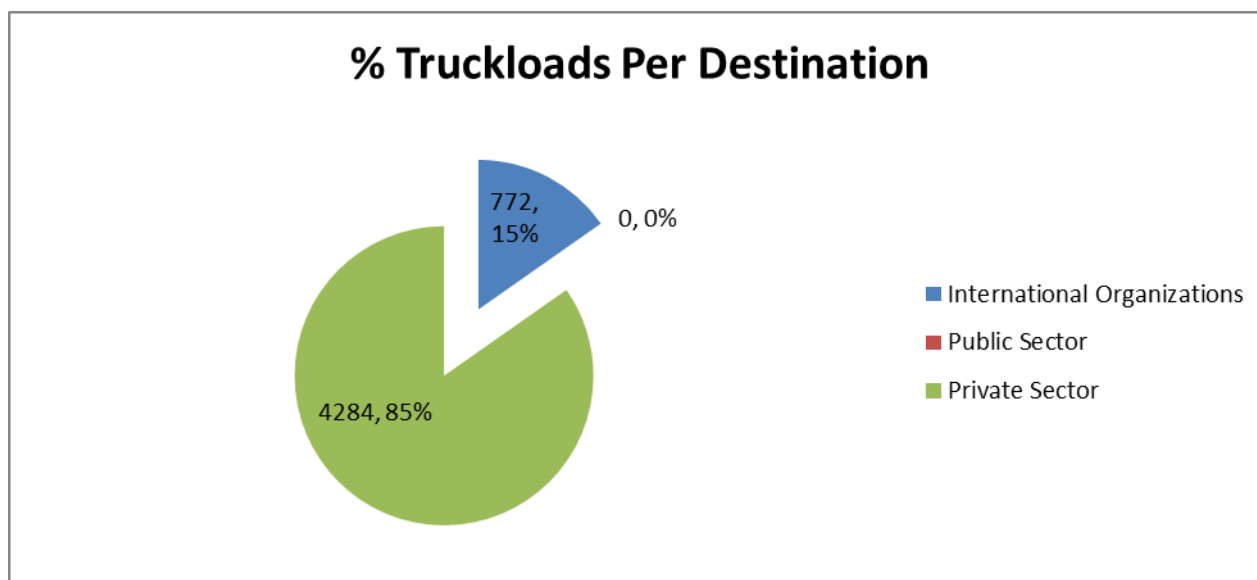


Figure 3: Percentage of Truckloads as per destination for the month of July

Of the total number of goods that entered the GS, 772 truckloads (9%) 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)

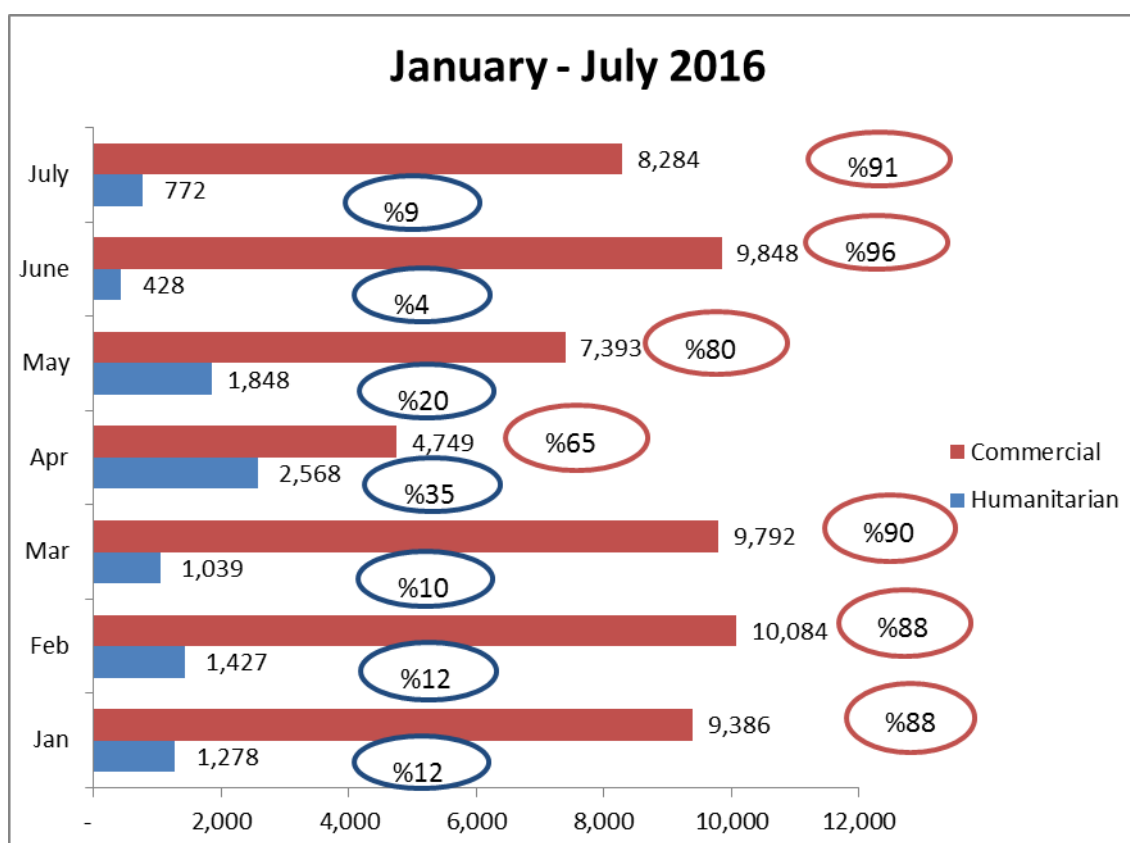


Figure 4: Percentage of humanitarian and commercial truckloads entering Gaza July

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 4774 truckloads of basic construction materials including 1491 truckloads of cement, 3066 truckloads of aggregates, 217 truckloads of steel bars under the Gaza Reconstruction Mechanism⁹ compared to 5317 entered during the previous month. Also, 103 truckloads of basic construction materials designated for the international organization's projects were allowed to enter; and 15 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 July, 157 truckloads of goods exited Gaza, of which 108 truckloads were destined to the West Bank: 100 truckloads of agricultural produce, 4 truckloads of furniture; 2 truckloads of clothes, and 2 truckloads of stationery. In addition to that 2 truckloads of vegetable produce were allowed to exit for international markets. A total of 47 truckloads were allowed to Exit to Israel during this month of which 24 truckloads of tomatoes, 7 truckloads of Aluminum scrap, and 16 truckloads of iron scrap. Comparatively, During June, 141 truckloads of goods exited Gaza, of which 62 truckloads were destined to the West Bank: 46 truckloads of agricultural produce, 1 truckload of fish, 5 truckloads of furniture; 1 truckload of mats, 4 truckloads of clothes, 4 truckloads of cows leather and 1 truckload of stationery. In addition to that 21 truckloads of vegetable produce were allowed to exit for international markets. A total of 58 truckloads were allowed to Exit to Israel during this month of which 17 truckloads of tomatoes, 4 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 July 2016.

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

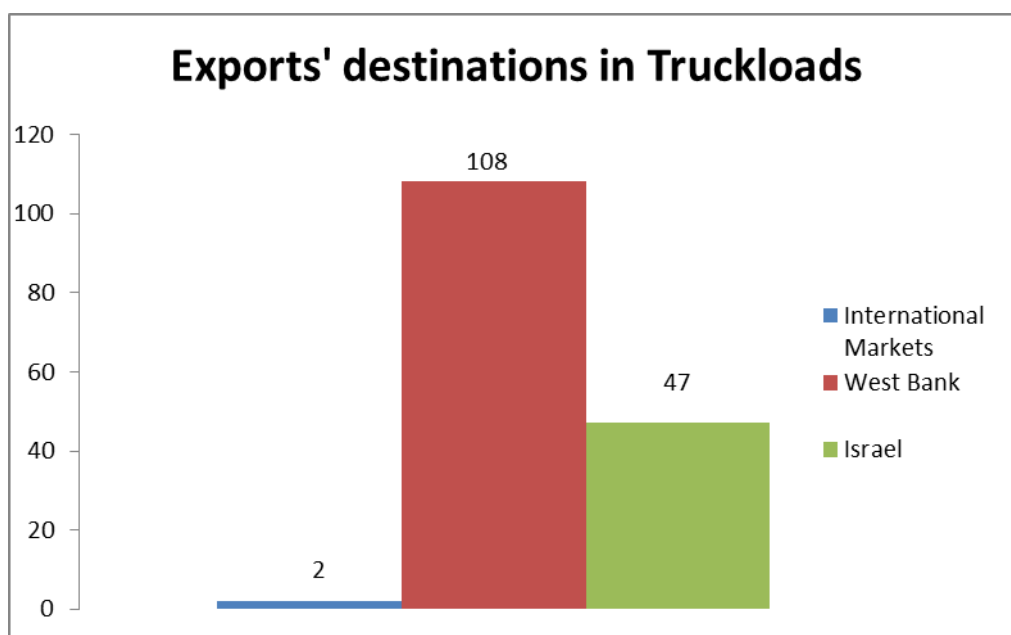


Figure 5: Exports' destinations in truckloads

5. FUEL

Israel hasn't allowed to entry Qatari fuel during this Month. 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 July 2016 some 5 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 19 million liters of fuel entered the GS from Israel, including 4 million liters of petrol and 14 million liters of diesel fuel.

The Gaza Strip imported 5,512 tons of cooking gas from Israel this month, compared to 5,772 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.

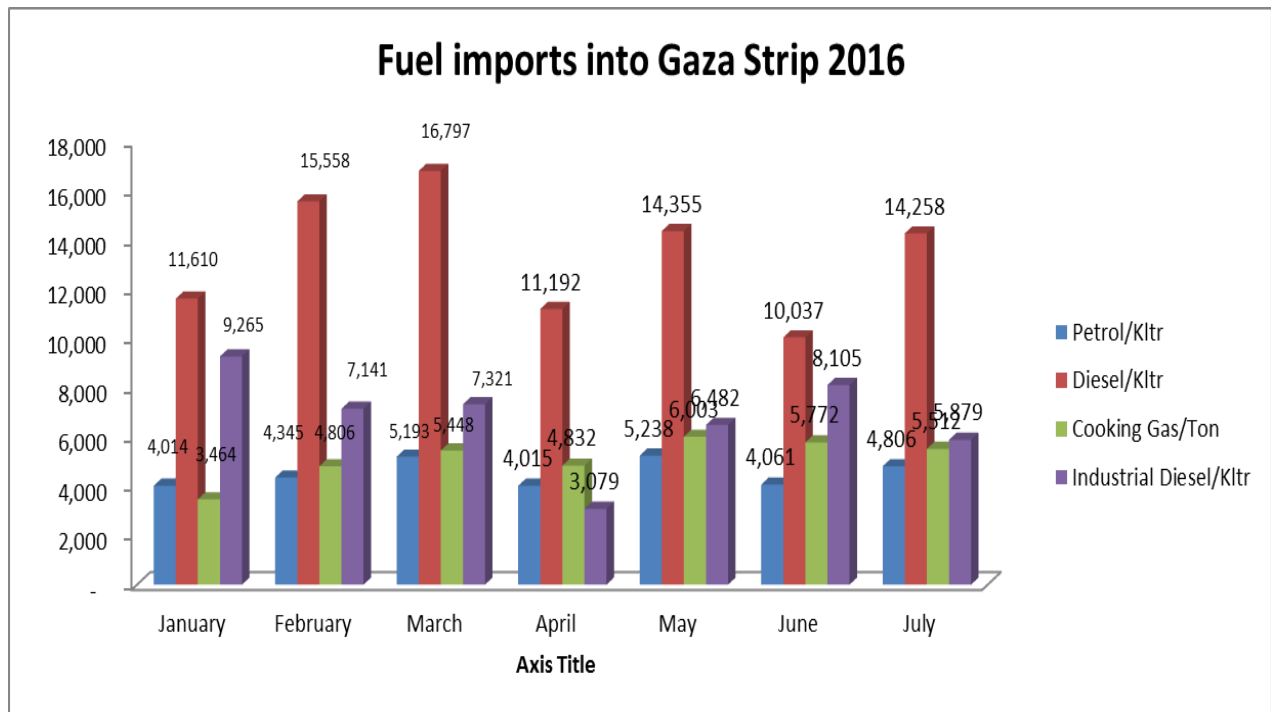


Figure 6: Fuel into Gaza Strip – 2016

6. Annexes

Annex: I

#	Type	Consignee	Truckloads
1	Cement	UNRWA	65
2	White Cement	UNRWA	1
3	Cement Silo	UNRWA	13
4	Steel Bars	UNRWA	17
6	Cement	UNDP	7
7	Steel Bars	UNDP	1
8	Aggregates	Qatari projects	14
9	Cement	private sector	1421
10	Steel Bars	private sector	217
11	Aggregates	private sector	3066
12	Cement Silo	private sector	70
13	Quartz "small gravel used for making tiles"	private sector	3
14	Cement	private sector (Rafah)	157
Total trucks			5,052

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	68890	472	733
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	

