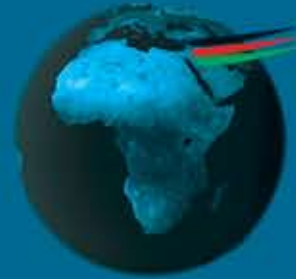




متطلبات استخدام معبر رفح كبوابة للعالم



Pre-requisites for Rafah Crossing as a Gateway to the World



مشروع تسهيل التجارة عبر الممرات التجارية

Trade Corridors' Facilitation Project

تشرين أول، 2009

هذا المشروع بتمويل من الاتحاد الأوروبي

This Project is Funded by the European Union

October, 2009

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Palestine Trade Center (PalTrade)

Al-Watanieh Towers Bldg., 5th fl., Al-Bireh
P.O.Box 883, Ramallah, Palestine
Tel: + 970(or 2) – 2- 240 8383
Fax: + 970(or 2) – 2- 240 8370
www.paltrade.org



Palestinian Shippers Council (PSC)

Fouad Center, Jerusalem Street
Ramallah, Palestine
Tel: + 970(or 2) – 2- 297 6286
Fax: + 970(or 2) – 2- 297 6287
www.psc.ps



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Pre-requisites for Rafah Crossing as a Gateway to the World

Executive Summary

The Gaza Strip is an isolated enclave as a result of the closure of its terminals. Only 35 varieties of food and emergency goods and aid truckloads are allowed to enter. Today this blocked situation is not satisfactory and the AMA is not respected.

Reopening the Rafah Crossing to and from Egypt is necessary to improve the situation in Gaza, and to fulfill the AMA, but some issues must be addressed: the re-opening of Rafah Crossing, the rehabilitation of Rafah Crossing commercial terminal to/from/ via Egypt, the authorization for imported containers to be palletized when in transit through Suez Canal Container Terminal, the revision of the AMA, the adoption of a door-to-door system instead of the back to back system, the reduction of the customs and security escort for Palestinian cargo in transit and the construction of a logistics center for packing and re-packing goods on the Egyptian side of the Rafah Crossing.

List of Acronyms

AMA	Agreement on Movement Access
EU	European Union
EUBAM	European Union Border Assistance Mission
UNRWA	United Nations Relief and Works Agency
PNA	Palestinian National Authority
PLO	Palestinian Liberation Organization
APRC	Agreed Principles for Rafah Crossing
ID	identification card
SCCT	Suez Canal Container Terminal
KHB	King Hussein Bridge

1. Historical Background

1.1. Location of Rafah Crossing

The Rafah Crossing is located in the Middle East, bordering the Mediterranean Sea, and between Egypt and Palestine occupied territories.

1.2. Historical Background

1967 – 1982



After the war in 1967, the Israeli army declared the Gaza Strip a “closed military zone”. Crossing any of its borders required approval by the Israeli district commander. This continued until Rafah Crossing was built by the Israeli and Egyptian Governments after the 1979 Israel-Egypt Peace Treaty, and Israel completely withdrew from the Sinai Peninsula in 1982.

1982 – 1994

The Rafah Crossing was managed by the Israeli Airports Authority until 1994, while the Cairo agreement was being signed, marking the first stage in carrying out the Oslo Agreement. It called for joint Israeli-Palestinian control of the Rafah Crossing, but *de facto*, as Israel held full security responsibility, including the power to deny passage to any Palestinians who did not hold an identity card.

Figure 1. Regional map

1994 – 2000

After the Oslo Accords were signed in 1994, the Rafah Crossing began serving as an import terminal into the Gaza Strip from Egypt. Thousands of travelers moved daily through the Rafah Crossing, and hundreds of truckloads of goods entered the Gaza Strip every month, carrying raw materials for construction, foodstuff, clothing, medicine, electrical appliances and other goods from various countries.

2000 – 2005

The crossing continued to operate until the outbreak of the second Intifada in September, 2000, when the Israeli authorities began to periodically close the passenger terminal. The cargo terminal was also shut down for more than 70% of its allocated time, and the number of truckloads passing through the Rafah Crossing dropped from 5,112 per month in the year 2000, to only 405 in 2001.

In January, 2001, Israel took over the Crossing completely, prohibiting entry of Palestinian border terminals staff, and reducing the operating time from 24 hours a day to just seven hours per day. The passage of vehicles through the terminal was also prohibited, and only pedestrian traffic was allowed.

Movement of people: For undisclosed security reasons, thousands of residents in the Gaza strip were denied permission to travel abroad through the Rafah Crossing. Israel imposed collective restrictions on movement, basing them on age and marital status. People between the ages of 16 and 35 were denied passage, while those who were over the age of 35 and were married were allowed to travel.

On the other side of the Rafah Crossing, Egypt began to impose restrictions on Palestinians entering Egyptian territory, and residents of the Gaza Strip were required to obtain an entry visa in advance. These visas were issued by the Egyptian Representative's office in Gaza, and systematically granted to females, families and men under the age of 40. Young men (under 40 years old) were required to follow special procedures. Consequently, the total number of people traveling in both directions dropped from 1,100 in the year 2001 to 590 in 2004.

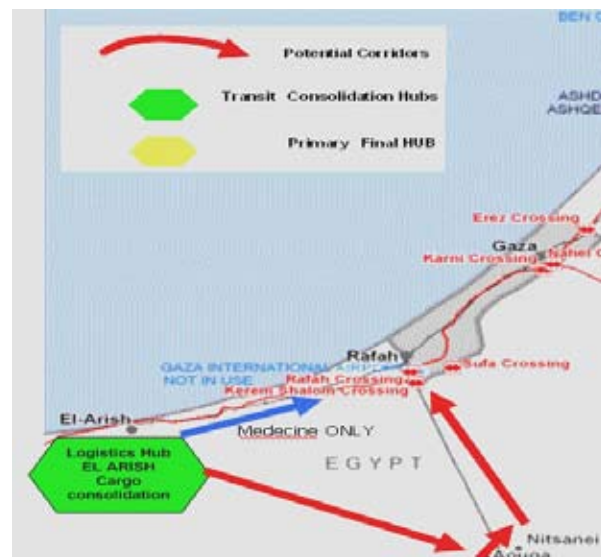


Figure 2. Regional map

2005 – 2006

Israeli authorities operated the Rafah Crossing without the participation of Palestine. In September of 2005, Rafah was totally evacuated as part of Israel's unilateral disengagement plan. The terminal remained closed for two and a half months. Finally, in November of 2005, the Israel and the Palestinian authorities signed the Agreement on Movement and Access (AMA) mediated by the EU and the US, along with the approval of Egypt.

The Agreement on Movement and Access (AMA) mediated by Condoleezza Rice in November, 2005, gave Palestine direct access to the outside world for the first time, by authorizing the Palestinians and Egyptians to operate Rafah with no direct Israeli control. On the other hand, the agreement also included free movement of passengers, exports, and imports. It also presented articles on a range of issues, which included the opening of a seaport in Gaza and a designated transit corridor for goods and passengers between Gaza and the West Bank. A third party presence by EUBAM was required, as well as Israeli surveillance cameras that monitored all passenger movements.

2006 – Present

In June 2007, Hamas took over control of the Gaza Strip, completely stopping any further progress of the AMA. As a result of the closure of its terminals to the outside world, the Gaza Strip has become an isolated enclave. The living conditions of its population have deteriorated; basic productive sectors, especially agriculture and industry, are paralyzed; prices have risen; and basic foodstuffs and consumer goods such as flour, milk and sugar products, and medicines are lacking. Goods began to be smuggled through the tunnels, and the Israeli side has allowed a flowing of 35 varieties of food and emergency goods through its borders. In addition, UNRWA still supplies basic foods to refugees and life in Gaza Strip continue without change.

2. the Current Situation (2007 – Present)

Israel: opposes the opening of the border because an unmonitored entrance and exit from the Gaza Strip is not in accordance with the clauses of the AMA.

Egypt: has announced its position that it could not open the Rafah Crossing in the absence of legitimate government representative of the Palestinian Liberation Organization, which is a part of the AMA.

EUBAM: has announced suspension of its activity because of the EU policy prohibiting contact with Hamas.

Palestinian National Authority: demands the restoration of the situation to how it was in 2005 after the AMA, and supports all efforts to reopen the Rafah Crossing.

2.1. Underground Tunnels

As a result of the closure imposed on the Gaza Strip since June 2007, most Gaza merchants have invested their capital in tunnels trade. An average of 120 aid truckloads per day is entering Gaza, compared to 475 truckloads prior to the closure. Analysts estimate that at least two-third of goods sold across the Gaza Strip come through the tunnels. The number of tunnels is estimated at 900, most of them equipped with electric lighting, electric pulleys and telephone lines. Some have cement walls, and are tall enough for tunnel workers to walk upright inside them. These tunnels are spread along 3 kilometers under the Philadelphia Corridor, which is the buffer zone between the Gaza Strip and Egypt. It can be up to 30 meters deep and 800 meters long. Despite its classification as unsecured work environment, there are approximately 7000 workers employed in these tunnels. They are supervised by the Hamas government, which gives operation licenses to each tunnel, and collects fees and taxes for digging, operation, and maintenance.

The tunnels have been used as a vital economic lifeline, for smuggling food, medicine, fuel, cigarettes, power generators, motorcycles, livestock, and finally cars which started to enter recently; each vehicle was divided into 3 to 4 parts and then reassembled in workshops in Gaza. Many traders and tunnel workers admit that the trade activity has slowed recently, after the Gaza War, because of the sporadic air strikes, but their work will continue as long as the closure remains.

Despite the apparent advantages of the tunnels' trade, it also involves serious risks. For example, in a single week spanning late July and early August, 12 Palestinians died in tunnel accidents.[1] In addition, smuggled products through tunnels are neither monitored nor controlled and thus foodstuffs will certainly involve sanitation risks. For instance, expiration dates, ingredients, and quality which are vital to insure human safety can never be monitored and thus create major concerns in terms of sanitation and suitability for human use.

2.2. Other

Egypt, for different reasons, has allowed the Rafah Crossing to open periodically, but only for brief period and in direct coordination with Israel's agreement and knowledge (and on the other hand with Hamas). Those who have managed to leave the Gaza Strip have no way of knowing when they will be allowed re-entry. The Egyptian government allows the following categories to pass through Rafah:

- medical patients
- students
- those with passports containing valid visas or holding residence in other countries.

Shipping goods from Egypt, including donations from Arab countries, is not allowed via the Rafah Crossing. All goods passing through Egypt must be transferred to Israel through the Nitzana Crossing, while goods from Israel to the Gaza Strip are taken through Kerem Shalom.

Cargo activity

Imports

Export movements do not involve security concerns for Israel as the movement takes place between the Gaza Strip and Egypt. The AMA stipulates that Palestinians must export according to the international standard but there have been several successful attempts to pass through Rafah Crossing.

Exports

Under the AMA, the Israeli government and the PNA agreed to forbid the entry of merchandise into the Gaza strip through Rafah. As mentioned above, it must go through Kerem Shalom.

3. Trade Agreements

Great Arab Free Trade Area

This agreement gave the Palestinian private sector an opportunity to gain a competitive advantage in Arab countries markets through:

- Allowing import of the Palestinian goods and products without restrictions on quantity or quality.
- Exempting Palestinian goods and products from customs duties.

<http://www.met.gov.ps/agreements.aspx?lng=2&tabindex=100&m=0>
<http://www.paltrade.org/en/about-palestine/agreements/GAFTA.pdf>

Road Transport Agreement

This Agreement was signed in January 1994 between Egypt and the PLO

- This Agreement granted access to the external market through Egypt, and can be considered a first draft for an effective trade corridor agreement.

Convention on Economic and Trade Cooperation with Egypt

- This Convention complemented the Road Transport Agreement, and is considered the second draft of a trade corridor agreement.

(<http://www.met.gov.ps/MneModules/agreements/Eegypt.pdf>)

4. Agreement on movement and access

This agreement was mediated by Condoleezza Rice in November, 2005, and addressed several issues related to operational procedures at Rafah Crossing, Gaza crossing points, links between Gaza and the West Bank, movement within the West Bank, seaports, and the airport. In particular, the Agreed Principles for Rafah Crossing (APRC), attached to the AMA, addressed, among other things, the following:

- Rafah will be operated by the Palestinian Authority and Egypt in accordance with international standards, Palestinian law, and the terms of the APRC.
- Use of the Rafah crossing will be restricted to Palestinian ID card holders and others with the exception of agreed categories with prior notification to the Israeli side and the approval of the Palestinian side.
- Rafah will also be used for export of goods to Egypt.

5. Proposal

5.1. Option 1: Opening according to international standards

Rafah commercial crossing will need to apply the following in the future:

- development of the technical capacity of the crossing – on both sides – is needed to operate the expected flow of movement; namely in the areas of infrastructure, personnel, systems, and security equipment;
- reform/modify the current “back-to-back” approach, thus improving cargo transfer methods with the aim of minimizing processing time, delays, material handling and damage;
- parties must agree to use containerized transport as an option due to its many advantages which include reduction in costs, time, losses, and damages.

5.2. Option 2: Opening on the basis of the AMA with adjustments

The Rafah Crossing must be re-opened in accordance with the AMA with the addition of some minor amendments which would include:

- EUBAM must have access to the Rafah Crossing
- installation of modern scanning
- it is essential that the Rafah Crossing is operating 24 hours per day
- a logistics center must be constructed at Rafah Crossing. This will require a separate entrance for goods and passengers

6. Conclusion

It is essential for any rehabilitation process of the Palestinian economy to take into consideration the following initial requirements:

- Rafah Crossing must be re-opened for trade to, from and via Egypt
- the Agreement on Movement and Access must be revised and implemented immediately

Upon the re-opening of Rafah Crossing, the following issues will need to be addressed regarding the usage of Egyptian gateways:

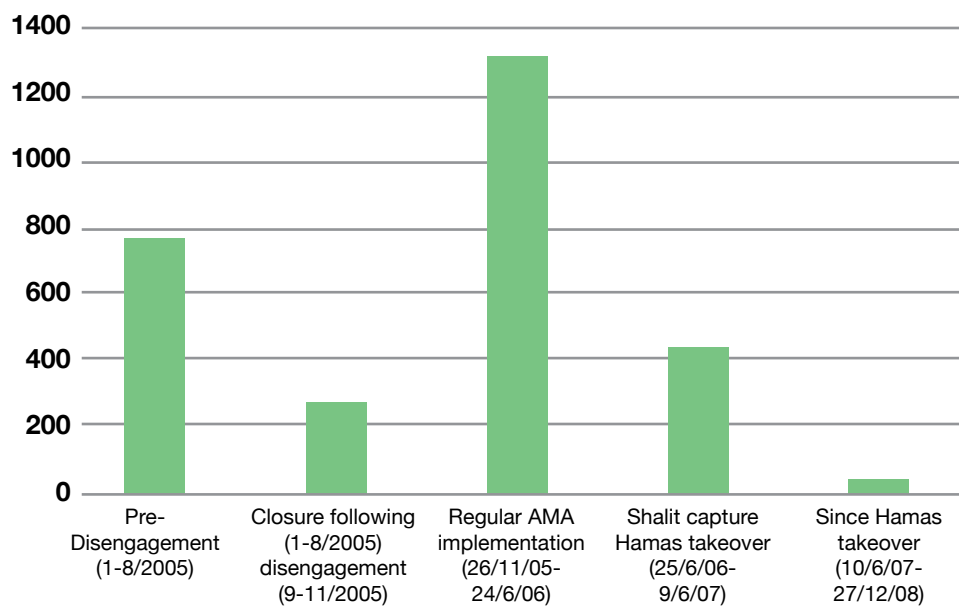
- imported containers must be permitted to be palletized when in transit to Rafah or Oga through the Suez Canal Container Terminal (SCCT)
- the door to door system must be adopted at Rafah Crossing to replace the back to back
- the customs and security escort for Palestinian cargo in transit must be reduced or completely waived
- A logistics center must be constructed for packing and re-packing goods on the Egyptian side of the Rafah Crossing. These are keeping with requirements regarding facilitation of trade flow through KHB.

ANNEXES

Statistical Data Regarding Trade and Passengers through Rafah:

A. Movement of Passengers through the Rafah Crossing

2005 - 2008



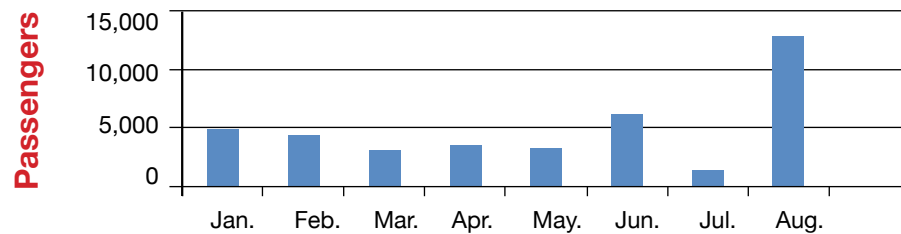
Daily traffic of passenger through Rafah Crossing

Source: OCHA, UN office for the coordination of humanitarian affair

Jan – Aug, 2009

Rafah Crossing was completely and officially closed, with the exception of students, holidays, and those with special permission.

Monthly Average of Passengers



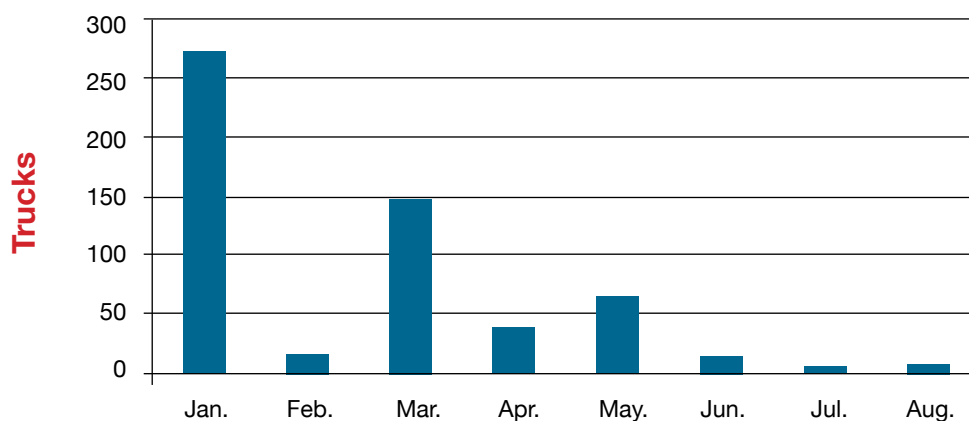
Source: united nation

B. Humanitarian Aid

Medicines and medical aid materials were allowed to enter through the Rafah Crossing into Gaza immediately. These included humanitarian aid from other Arab countries, and international campaigns.

Palestinian trucks cross to Egyptian side and all logistics process occurs at Egyptian side thereafter the Palestinian trucks returns back to Gaza with goods.

Monthly Average of Humanitarian Truckloads



Main Source: united nation

II. Agreement on Movement and Access (AMA)

III. Citations and Sources

Agreement on Movement and Access

To promote peaceful economic development and improve the humanitarian situation on the ground, the following agreement has been reached. It represents the commitments of the Government of Israel (GoI) and the Palestinian Authority (PA). Its implementation and further elaboration will be assisted by the Quartet Special Envoy for Disengagement and his staff and/or the United States Security Coordinator (USSC) and his staff.

1. Rafah

The parties have agreed to the attached statement of principles. Rafah will be opened as soon as it is ready to operate at an international standard in accordance with the specifications of this agreement and as soon as the 3rd party is on site, with a target date of November 25.

2. Crossing Points

The parties have agreed that:

The passages will operate continuously. On an urgent basis, Israel will permit the export of all agricultural products from Gaza during this 2005 harvest season.

The new and additional scanner will be installed and fully operational by December 31. At that time, the number of export trucks per day to be processed through Karni will reach 150, and 400 by end-2006. A common management system will be adopted by both parties.

In addition to the number of trucks above, Israel will permit export of agricultural produce from Gaza and will facilitate its speedy exit and onward movement so that quality and freshness can be maintained. Israel will ensure the continued opportunity to export.

To enhance operation, the parties agree that:

- When a new generation of x-ray equipment able to scan trailers as well as containers becomes available it will be used. Once it arrives in the country, testing will also be carried out with the assistance of the Quartet Special Envoy.
- The USSC will ensure continuing consultation, with unresolved implementation issues to be discussed as needed with the parties.
- The PA will ensure that the passages will be protected on the Palestinian side of the border and will train and upgrade the management of all crossings to ensure

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efficiency and effectiveness. The PA will establish, without delay, a unified system of border management.

- The management system that has been developed for Karni should, with suitable local variations, be adapted to the passages at Erez and Kerem Shalom. Israel also undertakes to put in place similar arrangements as appropriate that will make West Bank passages fully operational as soon as possible. A bilateral committee, with participation as needed of the Quartet Special Envoy and/or the USSC, will develop operational procedures for those passages.

3. Link between Gaza and the West Bank

Israel will allow the passage of convoys to facilitate the movements of goods and persons. Specifically:

- Establish bus convoys by December 15.
- Establish truck convoys by January 15.
- Work out detailed implementation arrangements in a bilateral committee of the GoI and PA with participation as needed from the Quartet team and the USSC.

It is understood that security is a prime and continuing concern for Israel and that appropriate arrangements to ensure security will be adopted.

4. Movement within the West Bank

Consistent with Israel's security needs, to facilitate movement of people and goods within the West Bank and to minimize disruption to Palestinian lives, the ongoing work between Israel and the U.S. to establish an agreed list of obstacles to movement and develop a plan to reduce them to the maximum extent possible will be accelerated so that the work can be completed by December 31.

5. Gaza Seaport

Construction of a seaport can commence. The GoI will undertake to assure donors that it will not interfere with operation of the port. The parties will establish a U.S.-led tripartite committee to develop security and other relevant arrangements for the port prior to its opening. The 3rd party model to be used at Rafah will provide the basis for this work.

6. Airport

The parties agree on the importance of the airport. Discussions will continue on the issues of security arrangements, construction, and operation.