

Borders' Enforcement against the Palestinian Traders

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Contents

Introduction	3 – 4
Findings	4 – 6
<i>Figure 1</i>	<i>4</i>
<i>Figure 2</i>	<i>6</i>
Conclusion	6 - 7
Trade Corridors project	7
Annex 1: Hours of Operations & Holidays	8
Annex 2: Map highlighting Commercial Borders in the West Bank	9
Annex 3: Procedures as specified by the Israeli Authorities	10
Annex 2: Brief on Palestinian Shippers' Council	10

Border enforcement against the Palestinian Traders

Introduction

Commercial crossing points /borders* in the West Bank & Gaza are a key factor behind today's economic crisis in the area. The fragmentation of Palestinian land combined with the policy of closure has eroded the economic viability of the Palestinian private sector. The commercial borders' system has become steadily more sophisticated and has increasingly channeled Palestinian traffic onto smaller, limited roads for the passage of cargo and residents. The Palestinian-Israeli border, like many other borders, shapes the relations of production by regulating the flow of commodities into and out of the Palestinian cities; accordingly, a combination of checkpoints, physical obstacles and a permit system has cut the West Bank into distinct areas – in addition to East Jerusalem; isolating Palestinians and restricting their access to active commerce. Consequently, restriction on the movement of goods to and from the West Bank is at the heart of the Palestinian economic decline. Certain roads are, for the most part, off limits to Palestinians, requiring them to take longer routes to reach their destinations. The end result is a shrinking economy that has become more localized, as sections of the West Bank get cut off from each other.

The Palestinian Shippers' Council (PSC) continues to exert all needed efforts to change the procedures at the commercial borders in the West Bank and Gaza and to alleviate the pressure upon Palestinian shippers. In this context, and in the first event of its kind, representatives from the Palestinian and Israeli private sector and officials from both communities met on the 13th December 2007 in a seminar in Jerusalem to explore ways of improving trading relations. Financed by the European Union, and co-hosted by the European Commission Technical Assistance Office, the Palestinian Shippers Council, the Peres Center for Peace and Paltrade brought together senior officials from the Palestinian Authority and a number of Israeli Ministries, including representatives from the Customs department and the Ministries of Transport, Trade and Foreign Affairs. Representatives from both Israeli and Palestinian Chambers of Commerce were also present, as well as delegates from private business associations. The Standards Institutes of both Israel and the PA also took part.

According to the 2006 Palestinian Customs records, there are an estimated 4000 importers/exporters in Palestine. They import an average of 3228 containers per month. The PSC holds 345 full members, importer/exporter, and 18 associates, service providers. In this way, the PSC offers a sector-wide overview which can reveal vital information about the Palestinian trading environment. In order to better understand the problems incurred at the commercial borders, the PSC is undertaking a series of research projects. For example, the PSC carried out a survey upon its members of the private sector, including both importers and exporters, in order to examine the functioning of commercial borders and the procedural mechanisms in place. Responses were obtained from PSC members throughout the West Bank in

December 2007. The survey included 15 questions regarding information about the most frequent commercial borders used to transfer goods among cities; the procedures applied; working hours; needed documentations; obstacles and the experiences of Palestinian traders. It is well known that the Israeli authorities claim that the crossing points and the closure regime are to protect its citizens from terrorist attacks. However, these actions have also divided the sections of the West Bank from each other and both importers and exporters struggle to pass through an increasing array of obstacles just to transfer their goods from one city to another. The following findings expose aspects of the day to day operations at the commercial borders.

Findings

The following graph indicates the most frequent commercial borders used by the Palestinian importers and exporters to transfer goods.

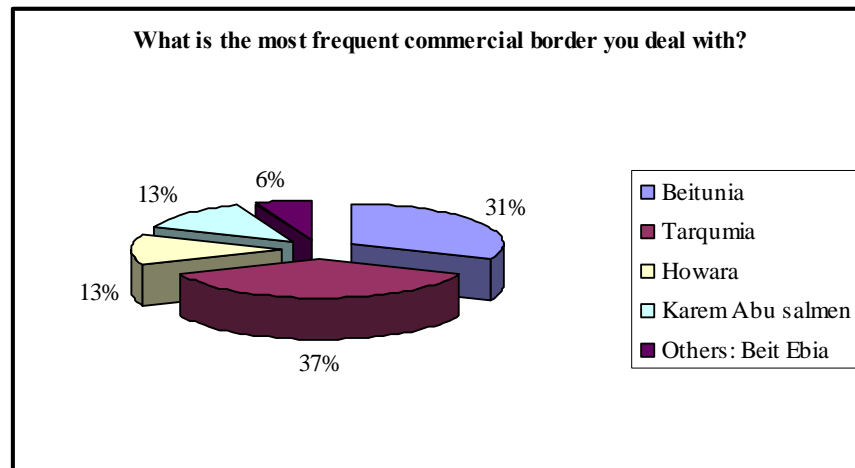


Figure 1

Based on the above chart, the most frequent commercial borders used are Beitunia border which is southern Ramallah and Tarqumia border which is western Hebron. Given the feedback, all respondents face significant physical obstacles at the borders; including problems which completely prevent goods from passing smoothly. Although the severity of the restrictions differs from one commercial border to another and from time to time, almost all commercial borders share the following:

- Commercial vehicles are allowed to cross only if they have special permits;
- Prolonged checks and searches carried out by soldiers although goods were already inspected at ports before clearance;
- Long waiting hours due to congestion and queues;
- Transport time has more than tripled;
- Sudden closures;
- Transporting goods from one truck to another (back to back);

- Rejection of goods entry although all documentations are completed;
- Unloading goods for checking which can take hours;
- The entrance of an Israeli plate truck to Howara border;
- Turn reservation at the commercial border;
- Height of goods/ pallets should not exceed a specific measure to be able to pass into the laser machine;
- At Beitunia border, there are always many requirements and conditions.

This dense network of fixed borders depends mainly on reserving a turn to move goods in or out of cities. The major issues outlined by the respondents in relation to the procedural mechanism on the borders, can be summarized in the following four areas:

- **Mechanism:** mainly, reserving a turn by waiting for hours in the queue line. Security check is conducted by the soldiers and permits are needed for the drivers.
- **Working hours:** mainly, from 8.00am till 4.00pm; which is not enough as ascribed by respondents.
- **Lead time:** The average time needed to bring products from the port till their final destination within the west bank, ranges between four hours to one day.
- **Needed documentations:**
 - Certificate from the Agricultural Ministry
 - Certificate from the Ministry of Health
 - Invoice
 - Delivery Order
 - Customs report "Richimon"
 - Almaqasa invoice

The PSC has gathered information from the "Israeli Ministry of Defense – Crossing points Administration" in regards of the working hours and holidays of the borders – Annex 1.

The respondents indicated various obstacles at the commercial borders due to the closure system. One key factor is the way the West Bank is isolated from Gaza Strip and from East Jerusalem. Consequently, traders face losses due to the inability to market their goods in Jerusalem, the Gaza Strip and territories inside the green line. Even more significant is that they are incurring an incremental increase in the transportation expenses. The impact of the transport crisis has raised the cost of doing business and eliminated the predictability required to initiate new business. This is particularly the case in relation to the restriction of routing which limits the options of choosing the least costly routings. All the respondents indicated that they face delays and increased transit times. Consequently, they are not able to fulfill their order commitments with customers; they lose part of the market share; sales drop; an inability to meet contractors commitments' emerge and the production is compromised as a result of a lack of raw material.

These issues are compounded by a constant uncertainty regarding the timed entry of goods as a result of unexpected closures. These closures severely affect traders who export agricultural products; as such goods are particularly vulnerable to waiting periods and inclement weather conditions. Moreover, on occasion, the security check procedures are not integrated with goods handling activities which cause damages and in some cases shortages. In other cases, the need to use Israeli trucks burdens traders with the inconvenient high prices charged by Israeli transporters. The back-to-back procedures impose additional delays and expenses. Further delays are caused by the layout of the terminal in which poor design inhibits the efficient flow of cargo. The very large increase in both travel distances and time is damaging the livelihood of traders.

33% of the respondents indicated that they face monthly damages in their shipments at the commercial borders, see figure 2. They also indicated that shortages happen in very rare cases.

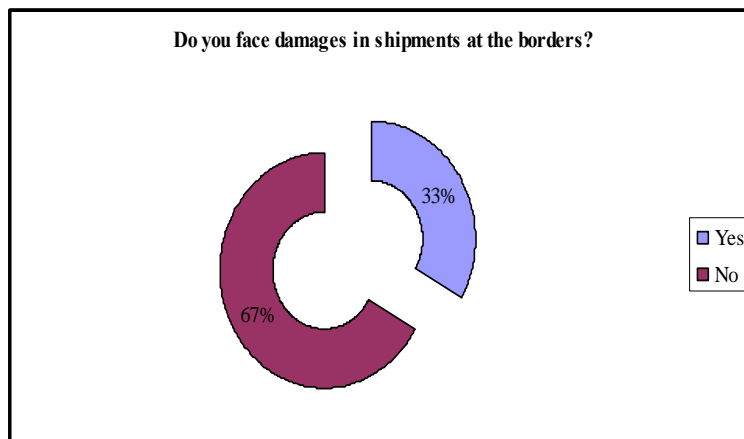


Figure 2

The result of these obstructions to the trading environment is a near breakdown of the economy.. 72.7% of the respondents indicated that they have to go to borders by themselves to enter their shipments; as 58.3% of them evaluate their total dependence on transportation companies to handle their shipments at borders as “Good”. 50% of respondents have to overnight their shipment with an average of two days outside the border until the border is opened or till the shipment reaches its turn. The effects of these delays are self-evident. Moreover, as the closure system becomes more institutionalized it will continue to strangle the Palestinian economy.

Conclusion

The creation of a proper framework for economic, security, and political relations along the West Bank & Gaza with Israeli frontier will promote Palestinian economic growth and independence. Hence, Israel's West Bank separation barrier entails serious violations of human rights and international humanitarian law. Israel's legitimate

concerns for the security of its citizens must be addressed in a manner that is proportionate to the threat and that does not amount to discrimination and collective punishment of entire communities. This security measure is supplemented by the increasing numbers of 'flying' or random checkpoints throughout the West Bank that create unpredictable closures and extensive delays for Palestinians. A key principle of economic development is the free movement of goods and services. Considering this, efforts should be united from all Palestinian, Israeli and international parties to finding practical and technical solutions to borders' management. The Palestinian Shippers' Council will exert maximum efforts to help Palestinian importers and exporters pass their shipments smoothly along borders.

Trade Corridors Project

The European Commission signed an agreement on the 13th of December 2006 with the Palestine Trade Centre (PalTrade) and the Palestinian Shippers' Council (PSC), to help promote Palestinian trade with neighbouring Arab countries and improve market access for Palestinian products. The project, which is worth EUR 432,614, will last for 17 months. The first phase of the project will involve comprehensive research, to assess the capacity of, and identify improvements for, existing trade corridors into Egypt and Jordan. The private sector will be heavily involved in this research phase, providing in-depth analysis of the current situation and suggesting recommendations for the future.

The second component of the project will focus on engaging the Palestinian and Israeli public sectors, as well as officials in third countries (Jordan, Egypt), to promote policies and measures that will help to facilitate trade. The project will also produce an Export Information Guide on trade logistics for the use of Palestinian exporters. In addition, it will provide logistical cost analysis on importing from Egypt and Jordan.

This new project builds on existing efforts by the European Union to help facilitate Palestinian trade. This includes the establishment of the Palestinian Shippers' Council, and the recently signed agreement with the Palestinian Customs Authority to carry out a significant modernisation of the Customs system. The project was launched in Jerusalem, on the occasion of an EU-funded seminar on Promoting Euro-Mediterranean Trade Facilitation.

Annex 1: Hours of Operations & Holidays

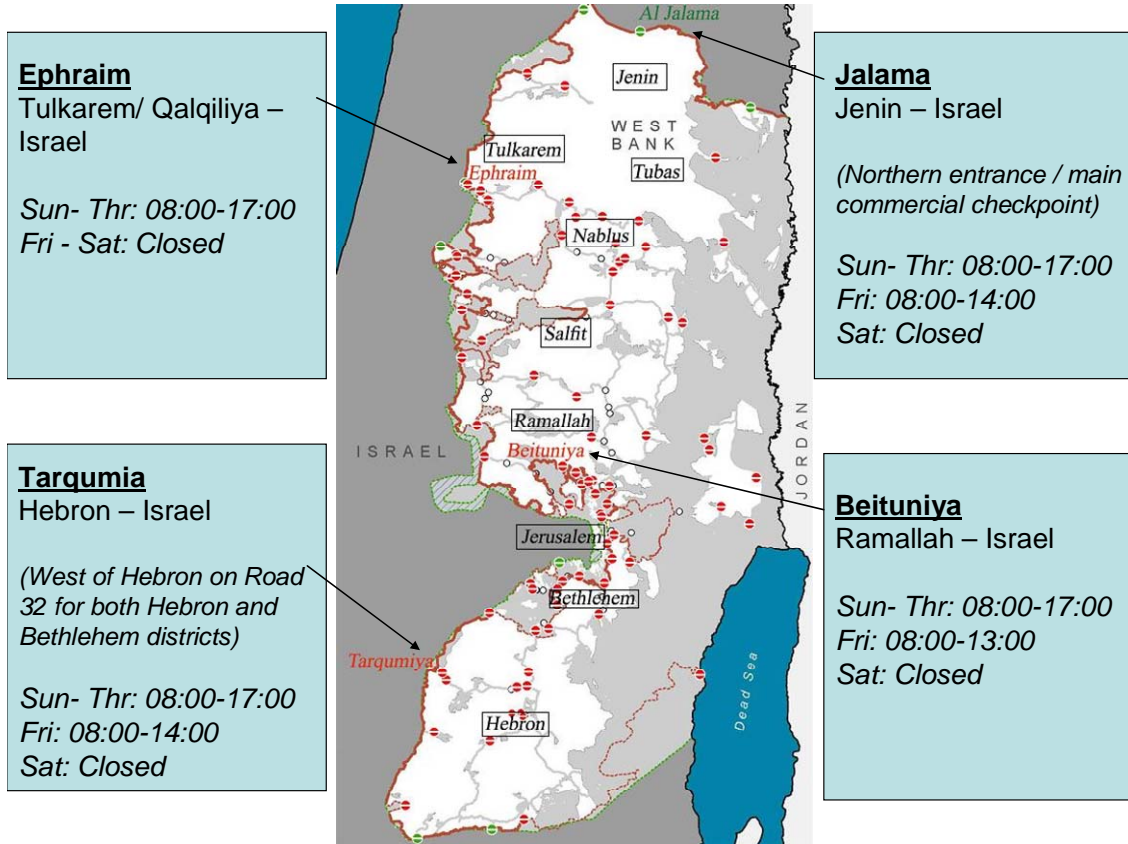
Routine hours of operation

The crossings	Sunday-Thursday	Friday	Saturday
Jalame	8am-5pm	8am-2pm	Closed
Shaar Ephraim	8am-5pm	close	Closed
Tarqumia	8am-5pm	8am-2pm	Closed
Beitunia	7am-4.30pm	7am-12pm	Closed
Husam (Jordan Valley)	10am-6pm	Closed	Closed

Holidays 2008

Month	Dates	Holiday	Status
April	19-25	Passover	routine
May	7	Memorial day	8am-2pm
	8	Independence Day	Closed. In case of market demand, Shaar Ephraim will be opened on Friday 9 May.
June	8	Shavuot	8am-2pm
	9		closed
September	29	Rosh Hashanah eve	8am-2pm
	30	Rosh Hashanah	closed
October	1		
	1-2	Eid Al-Fiter	closed
	3	Eid Al-Fiter	Routine, 8am-2pm, including Shaar Ephraim
	8-9	Yom Kippur	Closed, Shaar Ephraim will be open on Friday 10 October
	13	Sukkot Eve	8am-2pm
	14	Sukkot	closed
	20	Simchat Torah eve	8am-2pm
	21	Simchat Torah	closed
December	19-22	Eid Al Adha	Closed, dates subject to changes.

Annex 2: Map highlighting Commercial Borders in the West Bank



Annex 3: Procedures as specified by the Israeli Authorities

1. All cargo arriving at the crossing terminals, should be organized as follows:
 - Cargo should be carried on an intact Pallet surface (unbroken). The Pallet heights should be up to 1.6m. The Pallet surface area could be wood (preferably plastic).
 - Each Pallet Load should include one type of product only; for instance, pallet load of tomatoes, cucumbers and so on.
 - During rainy days, cargo should be covered with plastic cover.
2. Circulated Trailers cannot be exchanged on commercial Terminals.
3. Ramssot could be exchanged at the Commercial Crossing.
4. Traders are advised to use commercial Vehicles (trucks) and not to use private vehicles in order to minimize waiting time.

Annex4: Brief about Palestinian Shippers' Council

Palestinian Shippers' Council (PSC) was established with the aim to protect and promote the interests of all Palestinian shippers. On behalf of its members, the PSC undertakes advocacy activities and represents the interests of Palestinian Shippers whether they were importers, exporters or industries that are end user of any form of shipping, transport and freight activities (maritime, air, land and railway). The Council strives to positively contribute to the Palestinian Economic development, trade facilitation and expansion through well studied measures and actions that will enhance the promotion of trade efficiency and facilitation all through the supply and logistics chains. The PSC remains in its embryonic phase, yet it has already established itself as the voice of Palestinian shippers and has outperformed its own expectations. In a short period of time, the PSC has grown from an original membership of 17 to a group of almost 345, representing various sectors and regions. The PSC has also strengthened its negotiating stance and skills, particularly vis a vis shipping lines, freight forwarders and port authorities. Shippers are also benefiting from the PSC's wide range of services and its ability to offer strategic, informed advice on daily problems. Its achievements during the past year are only a small token of the PSC's foreseeable future. Next year will witness more achievements and the launching of new services to develop the shippers' capacities and reduce transport costs. The PSC will also expand its network of national, regional and international partners. These developments will serve to further enhance the Palestinian economy and the development of Palestinian society.