

PSC Newsletter

September 2006

Special points of interest

- *PSC is now officially registered with PNA as a Non-Governmental Organization.*
- *A number of outreach and capacity building workshops were held.*
- *PSC has established strategic partnerships with several institutions.*

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Message from the PSC Chairwoman

Maha Abu Shushesh

The past few months have been rather hectic for the PSC, which is now officially registered with the Palestinian National Authority as a Non-Governmental Organisation. The number of registered members has grown from 17 co-founders in January 2006 to 145 in August 2006, representing various sectors and regions that are virtually linked through the Council's website, www.psc.ps.

The Council has successfully solved problems reported by members, with tangible benefits for the shipping community in terms of cost reductions and trade opportunities. PSC has also established strategic partnerships and will be signing memoranda of understanding with relevant institutions to obtain favourable rates and shipping conditions. It will also deliver tailor-made training activities to strengthen the members' institutional capacities.

Of course, all these achievements could not have been materialized without the support of our members. They have provided us with the platform to achieve visibility in a short time, and their views and suggestions have been critical for ensuring responsiveness to the shipping community's needs.

Message from the EU

First Secretary, European Commission Technical Assistance Office (West Bank, Gaza Strip): Mark Gallagher

The European Commission is, through UNCTAD, supporting the establishment of a Palestinian Shippers' Council (PSC). In this way, the European Commission is able to tap into UNCTAD's significant experience in establishing such bodies across the world and offer concrete support to the Palestinian private sector.

The establishment of a single organisation to help all Palestinian importers and exporters will be a major step forward for the Palestinian economy. Palestinian businesses need to trade for the Palestinian economy to thrive and this is one way to help ensure that Palestinian companies can access good advice about transporting their goods to international markets. Sadly, obstacles to movement and access even within the Palestinian territories severely hamper the Palestinian economy, as noted repeatedly by the World Bank, and therefore separately, and together with the rest of the international community, the European Union is also continuing its efforts to ensure easing of the Israeli closure regime and develop border arrangements which allow the Gaza Strip, in particular, to develop.

The main objective of the PSC is to assist Palestinian importing and exporting companies promote their trade with specific advice on shipping their goods to important markets. The PSC will increasingly serve as a key information source for the Palestinian private sector and the Palestinian Authority. It will also be able to assist decision-makers at the regional and international level in negotiations to overcome economic and transport obstacles.



The PSC will also play an important role in raising the Palestinian shipping community's awareness of the efforts of the European Union and other members of the international community in facilitating trade. Its technical experience will support the Palestinian Authority's negotiations with third parties on trade and transport arrangements and other trade-related matters. We hope that the project will also improve relations between Palestinian and Israeli shipping and forwarding organisations, as well as sector organizations such as the Israeli Shippers' Council and port management companies.

Vision

To become a compliant viable shippers' council, serving its members, working towards upgrading the infrastructure needed to handle trade logistics, and promoting a coordinated and coherent voice for Palestinian shippers.

The good news is that the project is not "just talk". UNCTAD has navigated the project through its first six months of implementation at a very difficult time, and the PSC has attracted 92* founder members from across the Palestinian territory. It has developed working relations with relevant local, regional and international organisations, begun disseminating trade related information to its members, and launched its newsletter and website. It has also managed to establish an office in Gaza.

Most importantly, the PSC is actively engaged in addressing shipping related problems reported by its members, such as securing additional free storage days for Palestinian goods at the Israeli ports of Ashdod and Haifa (relieving Palestinian shippers from extra storage costs resulting from the delays they regularly experience in the clearance process), negotiating cost reductions associated with renting storage areas at Al-Montar (Karni) - the main commercial crossing between Israel and the Gaza Strip- and undertaking contacts with the Israeli Ministry of Trade and Industry concerning the annual quota for Palestinian imports of powdered milk.

Preparatory Committee Members

- *Maha Abu Shusheh-Chairwoman*
 - *Khalid Al Wadeya-Deputy*
 - *Nasar Nasar*
 - *Iyad Masrouji*
 - *Omar Haj Abed*
 - *Khalil Kharaz*
 - *Sameh Al Masri*
 - *Samer Al Sab'a*
 - *Hani Qurt*
 - *Ahmad Abu Al Naja*
 - *Mohsen Sonokrot*
 - *Feisal Al Shawwa*
 - *Dina Al Masri*
 - *Mohammad Abu Ramadan*
 - *Tareq Saqaf Al Hait*
 - *Majed Hirbawi*
 - *Basem Khoury*
-

Although to the outsider these may seem small steps, for Palestinian businesses facing both severe restrictions in getting goods to market and a dramatic deterioration in the economy, they should not be underestimated. Both UNCTAD and the European Commission hope that, despite political instability, Israeli closures and the deepening economic crisis, Palestinian traders will increasingly see the PSC as an effective new initiative to promote trade, and in this respect distinct from a number of previous efforts which have had little concrete impact. In addition, the examples of what traders can achieve by working together through the PSC, may, it is hoped, help those who have previously preferred to work individually (and this is especially the case in Gaza which now faces a disastrous economic situation) to see the benefits of a collective approach.

** Figure from July progress report.*



Achievements

PSC's Achievements to-date includes:

- New members have been recruited, increasing the membership to 145 companies.
- The PSC was mandated by the Ministry of National Economy (MoNE) to negotiate with the Israeli Ministry of Trade and Industry for the benefit of restoring the annual milk quota (1,000 tons) for Palestinian importers. The Israeli Ministry granted this quota to the Palestinians, with an agreement to distribute it in accordance with the percentages established last year.
- The PSC has been engaged in reducing the costs associated with renting storage areas at the main borders between Gaza and Israel. The continuous Israeli closure of Al Montar (Karni) commercial crossing point has been inflating costs for Palestinian traders, who are forced to rent storage areas at prohibitive prices. This was, for example, the case of the Gaza-based Balousha Fashion Company that rented a storage area at a warehouse at Ashdod port (Bonded 207) for its forty feet container at a prohibitive fee, equivalent to 15% of the market value of the stored goods. These costs come on top of handling costs, including the unloading of the shipment, demurrage cost, pallets, forklift and storage. The company's owner approached the PSC for assistance after weeks of fruitless attempts through his agent to reduce the storage fees. The PSC succeeded in obtaining a 38% discount following a series of negotiations with the relevant authorities (visit website for detailed reports).
- The PSC's institutional website (www.psc.ps) is updated regularly with the Council's activities, and includes daily updates of the status and cargo movement at Al-Montar (Karni) crossing point and regular updates of vessels schedules.
- Laws, regulations, and procedures applicable to Palestinian imports and exports are being disseminated to members.
- PSC is receiving extensive media coverage in regards of activities and achievements in the main local newspapers, in addition to publications in magazines.
- Meetings were conducted with relevant parties to obtain competitive shipping rates and predictable transport conditions for PSC members.
- Two workshops were held separately; in Hebron and in Tulkarem Chambers of Commerce on PSC's activities & services.
- Members' Database was developed and linked to the website.

Outreach

PSC is now a member of the Palestinian Private Sector Co-ordination Council, and is considered as the focal point for regional coordination in the area of shipping. The Council has been invited to represent Palestinian importers and exporters in several workshops on trade facilitation, has established contact with the Japan Shippers' Council, and met with officials at the Israeli Ministry of Trade to handle several cases related to Beitunia commercial crossing point and the treatment of Palestinian goods during the transfer process at the borders with Israel. PSC has established strategic partnerships with the following institutions:

1. PA Ministry of National Economy.
2. Automated System for Customs Data (ASYCUDA).
3. Palestinian Chambers of Commerce and Industry.
4. Palestinian Integrated Trade Arrangement project (PITA).
5. Haifa and Ashdod Ports.
6. Zim Line Management in Haifa.
7. Peres Center for Peace.



8. Israeli Shippers' Council (ISC).
9. European Shippers' Council (ESC).

Enhancing PSC's outreach and avenues for extending its strategic alliances were also at the core of discussions with the Gaza Businessmen Association, Federation of Palestinian Chambers of Commerce, Industry and Agriculture, Israeli Authorities at Bet El, Globus Packaging Company, the Israeli Chamber of Commerce in Tel Aviv, Israeli Federation of Forwarders and Customs Clearing Agents (IFFCCA) and New Log Company.

Capacity building

A two day workshop was held on 28-29 June 2006 in Tel Aviv, in cooperation with The Peres Center for Peace and the Israel Export International Institute. Some 18 participants attended, representing exporters and importers from the West Bank cities of Hebron, Bethlehem, Nablus and Ramallah. Unfortunately, Gaza-based traders were unable to attend because of the closure. Several subjects were discussed, including: INCOTERM 2000, import, export and custom procedures. In addition, two field visits were organized to EMCO Marine Ltd. & Overseas Company near Ashdod port.

The PSC Chairwoman and General Manager participated in major conferences and workshops in Israel on behalf of the PSC. These workshops were part of the ISC annual conference, One Year to Ports Reform conference, and 66 Years Zim Line conference. The workshops focused on such issues as:

- Problems before and after ports reform,
- Zim Expansion and future plans.
- Saturday as a working day for ports.
- Security and customs regulations.

The Gaza Regional Manager participated in a workshop that was organized by the Gaza Chamber of Commerce and Paltrade. The workshop addressed:

- Export procedures.
- PSC and its establishment.
- Trade International Agreements.

Key issues raised by members

PSC is adopting a demand-driven approach to services development to ensure responsiveness to the Palestinian shipping community's needs. This involves using membership application forms as a tool for ascertaining the problems facing shippers at Israeli borders. Below is a summary of the main problems reported by members:

- Israeli strikes at the borders by the customs, ministries, and port workers causing delays in clearing the goods.
- High charges imposed by the Israeli Standard Institute.
- Security checks, which is an additional cost that also incurs delays on all Palestine destined shipments. The high cost might influence importers not to import again.
- Checkpoints and closures increased delivery costs of shipments by around 30%.
- Unfair charges to the importers by Israeli customer brokers.
- Unfair treatment on container deposits, customs entry payments, etc.
- Palestinians do not control commercial crossing borders.
- Palestinian importers do not have access to Israeli ports, customs and duty areas.
- The import/export procedures imposed by Israel are sometimes ambiguous.



Tel Aviv workshop



EMCO Marine visit



Overseas Bonded visit

Work in progress

PSC is currently working on delivering:

1. Workshops and study tours to enhance the technical capacity of PSC staff and familiarise PSC members and the shippers' community with the different aspects of trade facilitation and the role of the PSC therein.
2. Memoranda of Understanding (MOUs) and agreements with relevant private sector institutions to obtain competitive shipping rates and favourable conditions for Palestinian shippers.
3. An information and dissemination network on port and border crossing regulations, activity, charges and conditions for PSC members.
4. A database on customs tariff duties and regulations will be integrated into the PSC information and dissemination network.
5. Efforts to extend public outreach and establish practical and operational channels for representing Palestinian shippers' interests at national and international levels.

Palestinian trade facilitation efforts

The devastating impact of the Israeli closure policy and mobility restrictions on the Palestinian economy cannot be over-emphasised. In looking at trade facilitation efforts one should bear in mind that:

- the Palestinian market is a main market for Israeli companies;
- the share of trade deficit with Israel, in total Palestinian trade deficit increased from 67 % in 2002 to 72 % in 2005;
- the textiles sector among the sectors that were hard hit;
- the closing of the Al Montar (Karni) Crossing means that merchandise worth tens of millions of shekels is stuck in the Gaza Strip; and
- thousands of Palestinian families are losing their livelihood.

Yet another major consequence of the Israeli policy is shortages in food supplies. This is particularly the case of Gaza, which requires 450 million tons (MT) of wheat per day to maintain bread supplies. The usual 30-60 day wheat stock kept in Gaza is exhausted. Other basic food commodities are in extremely short supply, including dairy products and fruit. Rice and sugar are selling at more than twice their normal price and are also very difficult to find in stores.

Al Montar (Karni) crossing is the only source to import large-scale quantities of wheat and the commercial terminal for imports and exports of goods from Israel. As of today, the crossing has been closed for more than 70% of this year. In comparison, in 2005, it was closed for a total of 18% of the year and 19% of the year in 2004.

Israeli textile companies have also raised concern over the closing of Al Montar (Karni). They state seasonal merchandise (valued at approximately 50 million shekels) contracted to 20 Gazan sewing factories, is stuck at the crossing. Unable to meet contract requirements in Israel and abroad, the fate of the Palestinian enterprises is bleak.



Workshop in Hebron



Workshop in Tulkarem

According to Israeli sources, “Kerem Shalom” a commercial crossing in the southern tip of Gaza has opened as an alternative point of access for imported commercial goods and export products. This crossing point has only a fraction of the capacity of the Al Montar (Karni) and is not at all equipped to handle the approximately 450 MT of wheat needed in Gaza.

The Palestinian Authority has so far refused the offer to use this crossing point, citing its wider political concerns. Meanwhile, the Palestinian-Israeli Agreement on Movement and Access (AMA) is yet to be implemented.



PSC staff

Ramallah Office

Ms. Maha Abu Shusheh, Chairwoman

Ms. Abu Shusheh is the manager of Abu-Shusheh Contracting Co., a road construction contractor, since 1988. She developed the family business by establishing the sole agency of Peugeot automobiles in Palestine. She is the President of the Board of Directors of Riwaq (the Palestinian Association for the Preservation of Architectural Heritage), a member of; Paltrade, the Palestinian Businessmen Association, Khalil Al-Sakakini Cultural Center, the Board of Trustees of Al Quds University and of the Palestinian National Conservatory of Music. Ms. Abu Shusheh was named as one of Forbes Arabia's top 50 influential Arab businesswomen – the only Palestinian woman to make it into the list to-date.



Mr. Majdi Haj Khalil, General Manager

Mr. Khalil has more than 16 years of experience in management, finance, and business administration. He worked as a Financial Director and Management consultant at the UK-based Zaha Hadid Ltd, a leading company in the area of architecture engineering, where he negotiated projects to be implemented in Germany, America, Italy and Spain. Previously, he worked as the Account Manager of the UK-based Credit International Cooperation (CIC), where he was involved in negotiating banking documents and project finance worldwide.



Ms. Manal Sa'ad Ziadeh, Public Relations' Officer

Before joining the PSC, Ms. Ziadeh worked as a Supply Chain Team Manager at Unipal General Trading Company. She managed the purchasing of all products, agreements with suppliers and logistical tasks, including clearing shipments from Israeli borders, in addition to taking part in the Palestinian Standard Committee for developing standards. She also developed a wide communication network with international suppliers. (e.g., Procter & Gamble, Philip Morris, Kraft) as well as Palestinian and Israeli ministries. She holds an MBA in Business Administration from Birzeit University.



Mr. Ayman Tirhi, IT Officer

Mr. Tirhi worked as Networks Engineer, Administrator and Team Leader at the Government Network (GovNet) and Educational Network (EduNet) projects of the Government Computer Center (GCC). After that he worked as an IT Manager at one of the USAID projects in Jerusalem, where he was responsible for all IT-related aspects. During that period he got a chance to continue his studies towards an MSc. in IT and Wireless Communications and to work in Bremen, Germany as a Research Assistant. He conducted several studies in the fields of IT and Wireless Communications, some with new unpublished results in the field of WiMAX. In addition, he worked as a teaching assistant for MSc students.



Gaza Office

Mr. Khaled Saad El Wadia, Deputy Chairman

Mr. El-Wadia is a shareholder and founding member of Saad El Wadia and Sons Company for Trade and Investment. He has created and managed several start-up businesses in the manufacturing and distribution sectors. Founder of Harvest Exporting Co., Hanover for Real-estate Investments and a shareholder in the Palestine Insurance Co. He is also a member of the Board of Directors of:

1. Palestinian Businessmen, Responsible for Economics and Development file;
2. Paltrade;
3. the Food Manufactured Union;
4. the Coordination Council for Private Sectors Institutions;
5. Baytuna Organization



Mr. Yousef Shaath, Regional Manager

Mr. Shaath worked for six years at Palestinian Airlines first as Marketing and Planning Manager (1997-1999), then as Commercial Director (1999–2003). In 2003, he was assigned for two years as Project Director for the Cargo Terminal project funded by the European Commission. He has also worked as a Business Consultant for major investment initiatives in Gaza.



Ms. Reham Owda, Administrative Assistant

Ms. Owda worked with several NGOs as administrative assistant. She started her career as an Executive Secretary at the Palestinian Centre for Micro Project Development, before joining a Francophone forum for professionals, the Palestinian (PNGO) network, and the World Refugees Children Organization.



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