

International Trade and Transport Facilitation for Palestine

By: **Dr. Ali Shaath, Deputy Minister of Transport**
Mr. Mohamad Hamdan, Director General of Land Transport

Introduction:

Given the strategic location of Palestine east of the Mediterranean, there is potential for increased Palestinian trade with its neighboring countries and with the international community. Palestine has direct borders with Jordan and Egypt; Palestine benefits from a number of trade agreements including that with the EU, USA, Jordan and Egypt; Arab League agreements also provide opportunities for Palestinian products to access the members markets as part of the political support to Palestine. Still, Palestine is in a State-Building stage with many constraints imposed by the stagnation in the Peace Process. Therefore, many of the challenges facing trade and transport will only be resolved when a sovereign Palestinian State is established.

Main Trade Routes

1. Palestine's main trade routes are via Rafah Land Border Crossing, giving access to Egypt seaports and Al Arish Airport and Cairo Airport and by land to the Arab Gulf countries (GCC Countries) and North Africa; and via the Allenby Bridge across the Jordan River, giving access to Aqaba seaport and Queen Alia Airport in Amman and by land to the Arab Gulf countries and Iraq, and via Ashdod and Haifa seaports in Israel, to USA, Europe and Latin America.

A Regional Cross-Border Trade Facilitation and Infrastructure Project for Mashreq Countries. This project is supported by the World Bank in order to facilitate trade and institute infrastructure among (Iraq, Jordan, Lebanon, Syria, Palestine)

- The **Objective:** is to lay the ground for increased trade within the region and between the region and the rest of the world.

The **Outcome** will be improved transport infrastructure, harmonized regional procedures, more efficient and fluid logistic chains leading to increased trade potential at reduced transaction cost.

2. This proposed project will be part of the first phase of a two phase regional program.

A. Institutional arrangements and regional trade framework improvements

3. Palestine will benefit from those institutional arrangements that are of a local nature but would also be essential for regional connectivity with its neighboring Mashreq countries and beyond.

Technical assistance to the customs agency

4. Palestine faces many challenges in accessing regional and international markets some of which can be addressed through technical and physical interventions. Some of these interventions would be of institutional and capacity building nature others more into improving the road networks between key trading centers in the West Bank and the border terminals along the Jordan River. UNCTAD is already providing technical assistance to the Customs Department towards implementing the Asycuda World system while the European Commission on the other hand is helping in transport organization and markets diversification in addition to seed funds to businesses through Paltrade. Furthermore, USAID is already contributing to trade facilitation through helping prepare a new Customs Broker's legislation, capacity building in Customs and VAT, Custom's internal procedures, enforcement, standard operating

procedures, training in customs administration. Future programs are likely to include risk management, Asycuda link with Jordan, interface between Palestine and Israel.

Reform of customs brokers

5. Palestinian customs brokers have a limited role considering their limited access to Israeli systems and often are middlemen for Israeli brokers. Training in the use of Asycuda World and other e-document systems will be much needed for Palestinian brokers. The project will provide for a review of the functioning of the current system and for the implementation of any agreed modifications that are needed to bring its performance compatible with regional best practices.

Reform of the Trucking Industry

6. The Palestinian trucking industry is currently fragmented and inefficient. In addition, some industries operate their own trucks while tap individually owned trucks when needed. A review of the current system and main challenges will be carried out and an introduction of key reform measures will be essential for the improvement of this sector.

B. Phase I Infrastructure improvements

7. The project includes rehabilitation and upgrading of an existing road in the northern West Bank and Eastern Gaza Strip that are considered of regional trade importance. The improved road would link main communities in the north with the commercial border crossing terminal (Damieh) and the King Hussein Border Crossing. A section of this road is already funded through USAID and being rehabilitated.

8. A logistics centers in Jericho and Rafah, near the main border crossing at King Hussein Border Crossing and Rafah Border Crossing would further facilitate improved export. Once constructed, equipped and operated, this facility is expected to provide services to different types of traders and enable them to send their shipments across the borders in a more organized and coordinated way.

Border crossing at King Hussein (Allenby)

9. This border crossing is the main crossing for passengers but with the recent closure of the commercial border crossing at Damieh about 30 kilometers north of this crossing, trucks and passengers are crossing through to Jordan. The border crossing is currently under full Israeli control and the Palestinians would like to develop it further in anticipation for an increasing role and presence. But in the mean time, improving the process of clearance could be undertaken through the introduction of containers scanners. The current process is based on smaller scanners which could cater only for pallets that are 1.6 meters of height, a process that is requires the off-loading, scanning and on loading on backs of different trucks on its way further into Jordan. Furthermore, the current setup at this terminal has insufficient parking space for the amounts of goods that could go in or out. The project will provide for a first truck scanner at this facility.

C. Preparation of Phase 2 investments

10. This component of the Project includes feasibility study and detailed design for the improving of the M60 north-south main road that links the northern West Bank with its southern parts. A prefeasibility study and conceptual design for a rail connection between northern and southern West Bank will also be financed. Detailed design for the Gaza – West Bank territorial link is also expected to be financed by this project.

WEST BANK AND GAZA

- SELECTED CITIES AND TOWNS
- RIVERS
- MAIN ROADS
- RAILROAD
- ARMISTICE DEMARCATION LINES, 1949
- NO-MAN'S LAND AREAS,
ARMISTICE DEMARCATION LINE, 1949
- JERUSALEM CITY LIMIT, UNILATERALLY
EXPANDED BY ISRAEL JUNE 1967;
THEN ANNEXED JULY 30, 1980
- GOVERNORATE BOUNDARIES
- - - ADMINISTRATIVE BOUNDARY
- · - INTERNATIONAL BOUNDARIES

This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.



JUNE 2007