

## **TI-UP Enquiry – Status of Prospective Gaza Ports / Crossings**

*Briefing note prepared by Steven Paling, Economist, TI-UP (WSP International Management Consulting)*

### **Executive Summary**

#### **Gaza Seaport**

Current status: The proposed Gaza seaport project is currently on hold, awaiting assurances from the Government of Israel of non-interference with the seaport's operation.

The proposed seaport would be built south of Gaza City, not far from the spot the settlement of Netzarim once stood. Plans are for a moderate sized port that would cost between \$70 million and \$80 million, which would provide between 2,000 and 10,000 badly-needed jobs in Gaza.

The construction of the seaport has been a major objective of successive authorities in Palestine. It took six years, from the start of the Oslo Accord process in September 1993, until September 1999, for Israel to consent to allow the Palestinian Authority (PA) to begin construction of a Gaza deep sea port and, even then, the port was not to be functional until there had been an agreement with Israel on a joint protocol regarding its operation.

Construction of a port had begun before the outbreak of the Palestinian uprising in September 2000, with costs being met by Donor States. However, in October 2000 the Israeli air force destroyed both the sea port and Gaza's existing airport near Rafah in response to the killing of two Israeli soldiers in Ramallah. In 2001, the Dutch-French consortium scrapped plans to build a port in the Gaza Strip, citing security problems in the area, which would have been financed by The Hague, Paris and the European Investment Bank.

In 2005, in a climate of improving ties following the death of Palestinian leader, Yasser Arafat, Israeli approval was given for the construction of the port, although Israel would retain control of territorial waters offshore. The port is part of a package of Israeli gestures that includes the gradual handover of West Bank cities to Palestinian forces, and the release of hundreds of Palestinian prisoners. However, there has been no significant progress and the project remains on hold.

In another development, in January 2006 the Palestinian Authority signed an agreement with Turkey on reopening the Erez industrial zone in the northern area of Gaza. According to the agreement, Turkey will invest USD 50 million to renovate the industrial zone, which was closed by Israel before its withdrawal from Gaza.

#### **EUBAM-Rafah**

The European Union Border Assistance Mission for the Rafah Crossing Point (EUBAM Rafah) was set up in 2005, following the Israeli withdrawal from the Gaza Strip, in order to provide a neutral 3rd Party Monitoring Mission tasked with providing assistance and monitoring the custom operations and the security at the Rafah crossing, thereby building confidence between the Parties.

The handover of Rafah to Palestinian control is the only element of the U.S.-brokered November 2005 post-pullout agreement that was ever implemented. The others, such as building a Gaza seaport, repairing its battle-scarred airport and beefing up cargo crossings, were frozen after the Hamas election victory and the kidnapping of an Israeli soldier by Gaza militants last year.

However, Rafah has been closed by Israel 45 percent of the time since November 2005. Since Hamas-linked militants captured Israeli Cpl. Gilad Shalit last June, the terminal has been closed about 80 percent of the time and has been closed since the 9<sup>th</sup> June 2007 (it was

briefly opened in one direction (without prior coordination with Israeli authorities) on 3, 4 and 7 December 2007 for the departure of Palestinian pilgrims, but remained generally closed for all other Palestinians. Despite this, the European Union has decided to maintain EUBAM-Rafah team in a fully operational state.

In terms of other crossing points in Gaza, Kerem Shalom remains the only crossing point open for the import of commercial and humanitarian supplies, and exports are still banned. Karni and Sufa crossings remain closed for the movement of goods to and from Gaza. Only a single-lane conveyor belt/chute at Karni continues to function for the import of wheat grain and animal feed into Gaza. Erez crossing remains closed for all Palestinians except for those with special coordination arrangements with the Israeli District Civil Liaison.

## **Gaza Seaport**

Currently on hold, awaiting Government of Israel assurance of non-interference with seaport operation.

### **Israel continues Palestinian tax fund freeze, Abbas renews calls for Gaza port**

14/06/2007

The Israeli human rights organization HaMoked in its report, "One Big Prison," published following the unilateral Israeli "disengagement" from Gaza in 2005, stated that it took six years "of foot-dragging" from the start of the Oslo Accord process in September 1993, until September 1999, for Israel to consent to allow the Palestinian Authority (PA) to begin construction of a Gaza deep sea port and, even then, the port was not to be functional until there had been an agreement with Israel on a joint protocol regarding its operation.

Then, noted HaMoked: "in the summer of 2000, work began on constructing the infrastructure of the seaport on the coast of Gaza City. The costs were funded by the Donor States. However, in October [2000], the Israeli air force bombed the building site in response to an incident in Ramallah where a Palestinian mob killed two Israeli soldiers. Following this, the Donor States ceased funding the project. The work on the port stopped and has not recommenced."

Thereafter, US Secretary of State Condoleeza Rice famously stayed up all night to help broker a November 15, 2005 agreement between Israel and the Palestinians on movement and access to Gaza, which decided, among other things, that "construction of a seaport can commence."

According to a US state department statement, the agreement stipulated that "the [Israeli government] will undertake to assure donors that it will not interfere with operation of the port. The parties will establish a US-led tripartite committee to develop security and other relevant arrangements for the port prior to its opening. The third-party model to be used at Rafah will provide the basis for this work."

One great advantage of the project for Palestinians would be that, with Gaza having its own deep seaport, import and export activities would not have to pass through Israeli ports, with Israel collecting the customs and VAT revenue, which it can then punitively withhold at its pleasure.

A disadvantage might be the threatened Israeli abrogation of the 1994 Paris Protocol, which theoretically gives Palestinians some favored access to Israeli markets. The Palestinian tax funds were most recently frozen after the March 2006 formation of a Palestinian government led by the Islamist movement Hamas, following its unexpected electoral success in January of the same year.

However, Israel has also withheld Palestinian revenues on previous occasions, even before Hamas' electoral victory, in punishment for the PA's failure to halt anti-Israeli attacks.

<http://www.jerusalemite.org/News%20In%20English/english/2007/June/164.htm>

The seaport currently under consideration would be built south of Gaza City, not far from the spot the settlement of Netzarim once stood. Plans are for a moderate sized port that would cost between \$70 million and \$80 million, according to Gaza economists.

Palestinian engineers and economists plan to use some of the rubble from the settlements as a foundation for what will one day be a deep sea port.

Even if it takes years to build, the port's construction alone would provide necessary jobs to jobless Gazans. The average [annual income](#) of Gazans is about \$600.

Palestinian economists note that a Gaza seaport with its cheap labor and immunity from strikes by union workers (so far there are none) would make it an ideal regional alternative to the Ashdod and Haifa ports one day in the future.

Some Palestinians, said Gaza-based economic analyst Salah Abdel Shafi, see the port as an unnecessary financial burden. It would be far cheaper they say to use the nearby Israeli port of Ashdod.

On the other hand, noted Abdel Shaffi, "not everything is about economic sense. A Gaza seaport is about Palestinian sovereignty, it is about politics."

But when Gaza's foremost engineer Ali Abu Shahla thinks of the Gaza port, he doesn't only envision concrete, steel and a mammoth project worth tens of millions of dollars, but also rats, disease and prostitutes.

"If you ask me whether the freedom to cross our border is essential for our future, I say yes," said Abu Shahla, once the city engineer of Gaza, "If you ask about seaports, I say no."  
[http://www.jewishsf.com/content/2-0-module/displaystory/story\\_id/27620/edition\\_id/528/format/html/displaystory.html](http://www.jewishsf.com/content/2-0-module/displaystory/story_id/27620/edition_id/528/format/html/displaystory.html)

Israel's security and Policy unit has approved construction of a port in the Palestinian-controlled Gaza Strip, although Israel will retain control of territorial waters offshore.  
01 Oct 2005  
[http://www.portstrategy.com/archive/2005/october/news\\_asia\\_and\\_rest\\_of\\_world/gaza](http://www.portstrategy.com/archive/2005/october/news_asia_and_rest_of_world/gaza)

Israel will not allow a seaport to be built in the Gaza Strip unless control of incoming and outgoing shipments established, a junior minister responsible for economic negotiations with the Palestinians told.

"We will not let this port be an open port no matter what. We want to control what comes in and what goes out," Haim Ramon told.

"If we can't reach an agreement on [security arrangements](#), this port will not be built," said the minister from the left-wing Labour party.

Discussions between the Israelis and the Palestinians, brokered by international mediator James Wolfensohn, have yet to yield an agreement on a port, re-opening Gaza's airport and land crossings to Egypt and the West Bank.

In 2001, a Dutch-French consortium scrapped plans to build a port in the Gaza Strip, citing security problems in the area, which would have been financed by The Hague, Paris and the European Investment Bank, the AFP reports.  
(21<sup>st</sup> September 2005)  
<http://newsfromrussia.com/hotspots/2005/09/21/63349.html>

## **Palestinians to rebuild Gaza sea port in latest peace move**

17/02/2005

Palestinians will be allowed to rebuild their sea port in Gaza in a move to create a national symbol and loosen Israel's grip on the territory after the Jewish state withdraws its soldiers and settlers this summer.

Israel has until recently said the opening of such a port would pose it a mortal danger because of the risk of heavy weapons, including tanks, being smuggled in.

But Silvan Shalom, Israel's foreign minister who was visiting London yesterday, said the government had decided to allow the construction of the harbour even though "it is not easy for us".

In a climate of improving ties since the death of the Palestinian leader, Yasser Arafat, diplomatic sources said the decision to build the port was taken at [this month's meeting between Mahmoud Abbas, the new Palestinian president, and Israel's prime minister Ariel Sharon](#).

It is part of a package of Israeli gestures that includes the gradual handover of West Bank cities to Palestinian forces, and the release of hundreds of Palestinian prisoners.

Israel's fears over who would control the port, and inspect the cargo being handled there, have not yet been discussed. But given that it will take three years to build the harbour, the issue is not regarded as urgent.

Palestinians have said that European monitors could be deployed at the port, but Foreign Office officials said no such decisions had been taken.

In the meantime, Mr Shalom said the building project would provide between 2,000 and 10,000 badly-needed jobs in Gaza.

Construction of a port a few miles south of Gaza City had begun before the outbreak of the Palestinian uprising in September 2000. But Israeli forces later destroyed both the sea port and Gaza's existing airport near Rafah.

Afif Safieh, the Palestinian representative in London, said the port would probably be financed by France, Holland and Turkey. The issue would be discussed at a London conference next month.

He said: "We have agreed to begin rebuilding the port, which will take three years. But the Israelis are not allowing us to re-open our airport, which is almost ready and needs just three weeks to put on some fresh Tarmac."

Nevertheless, the port would be a symbol of independence and would provide Gaza with its own outlet. Palestinians have long complained that Gaza would remain a "big prison" after the Jewish settlements were abandoned because its frontiers would still be controlled by Israel.

The Israelis insist that Gaza's land, sea and air borders be firmly controlled - by a trusted third party if not by Israel - to stop it from becoming a terrorist haven.

Israeli officers say that after the withdrawal from Gaza, troops will remain on a narrow corridor on the border between Gaza and Egypt to stop arms smuggling.  
(<http://www.telegraph.co.uk/news/main.jhtml?xml=/news/2005/02/17/wmid17.xml&sSheet=/portal/2005/02/17/ixportal.html>)

## **Other regional developments**

The PA and Turkey signed a January 4, 2006, agreement on reopening the Erez industrial zone in the northern area of Gaza. According to the agreement, Turkey will invest USD 50 million to renovate the industrial zone, which was closed by Israel before its withdrawal from Gaza. The industrial zone will be managed by Turkey's Union of Chambers and Commodity Exchanges and open to investors from all over the world, including Israel. Most of the products of the industrial zone will likely be exported to the European Union and the United States duty-free.

<http://www.state.gov/e/eeb/ifd/2006/62390.htm>

## **EUBAM Rafah**

EUBAM Rafah maintains its full operational capability despite the closure of Rafah Crossing Point since 9 June 2007.

Despite the Rafah Crossing Point (RCP) being closed since the 9th of June, the European Union has decided to maintain the European Union Border Assistance Mission - Rafah (EUBAM) in a fully operational state. The Mission will stay in the region and maintain the operational capacity to deploy at short notice. Due to the prevailing political and security situation, the Mission is currently reassessing its operational strength in order to efficiently respond to the events as they unfold. The HoM is charged with the temporary scaling down of the Mission.

The downsizing will be limited, and will only be whilst waiting for the conditions which will allow the Rafah Terminal to reopen and EUBAM to return to its monitoring tasks and operations. The Mission will retain its full capability, expertise and equipment.

As soon as the conditions allow, the Mission will return to full strength.  
(7<sup>th</sup> July 2007)

The EU Council adopted a joint action extending for a year, until 24 May 2008, the mandate of EUBAM Rafah. The extension is renewable for a further 6 months.

EUBAM Rafah will continue to operate in accordance with the 25 November 2005 Agreement on Movement and Access between the Government of Israel and the Palestinian Authority and with the relevant arrangements made on the basis of agreements between the parties.

The mission was established by the Council on 25 November 2005, and extended for six months on 13 November 2006. The aim of EUBAM Rafah is to provide a third party presence at the Rafah Crossing Point between Gaza and Egypt in order to contribute, in co-operation with the European Community's institution building efforts, to the implementation of the Israeli-Palestinian Agreement on Movement Access, ensuring the opening of the Rafah Crossing Point, and to build up confidence between the parties.

To this end, EUBAM Rafah:

- actively monitors, verifies and evaluates the PA's performance with regard to the implementation of the Framework, Security and Customs Protocols concluded between the parties on the operation of the Rafah terminal;
- contributes, through monitoring, to building up the Palestinian capacity in all aspects of border management at Rafah;
- contributes to the liaison between the Palestinians, Israeli and Egyptian authorities in all aspects regarding the management of the Rafah Crossing Point.

In its initial phase about 75 Police officers from 17 member States have been deployed. In the first year of operation, a total of 98 monitors from member States have worked with EUBAM.

<http://eubam-rafah.eu/portal/en/taxonomy/term/1>

**Report No. 54**  
**Implementation of the Agreement on Movement and Access**  
**(28 November – 11 December 2007)**

The United Nations<sup>1</sup> is submitting the 54<sup>th</sup> bi-weekly report on the implementation of the 15 November 2005 Agreement on Movement and Access (AMA), covering the period 28 November – 11 December 2007.

**Overall Progress:**

No significant progress is reported: Kerem Shalom remains the only crossing point open for the import of commercial and humanitarian supplies, and exports are still banned. Karni and Sufa crossings remain closed for the movement of goods to and from **Gaza**. Only a single-lane conveyor belt/chute at Karni continues to function for the import of wheat grain and animal feed into **Gaza**. Exceptionally, gravel for a waste water treatment project was allowed into **Gaza** via Sufa during this reporting period. Overall, a total of 950 truckloads, including 136 from humanitarian agencies, were allowed into **Gaza** between 28 November and 11 December, compared to 936 truckloads in the previous reporting period. Erez crossing remains closed for all Palestinians except for those with special coordination arrangements with the Israeli District Civil Liaison. Rafah crossing was open in one direction (without prior coordination with Israeli authorities) on 3, 4 and 7 December for the departure of Palestinian pilgrims, but remained generally closed for all other Palestinians (the crossing was last open on 9 June).

**Changes of note since Report No. 53 (27 November):**

- **Rafah** crossing has been generally closed for the movement of people for 185 days (last open 9 June).
- **Karni** crossing has been closed since 12 June for the movement of goods into and out of **Gaza**. One single-lane conveyor belt/chute for wheat grain and animal feed was open on four days (29 November, 3, 5, 10 December) for a total of 26 hours, compared to 36 hours in the previous period. A total of 232 truckloads of grains and animal feed entered **Gaza**, compared to 353 in the previous reporting period.
- **Sufa** crossing remains closed for the import of goods since 28 October. Exceptionally, a total of 129 truckloads carrying 5,381 tonnes of gravel for a waste water treatment project were allowed into **Gaza** via Sufa during this reporting period.
- **Kerem Shalom** crossing was open on 12 days for the entry of commercial and humanitarian goods compared to 10 days during the previous reporting period. An equivalent of 589 truckloads, including 136 from humanitarian agencies, crossed into **Gaza** through Kerem Shalom, compared to 205 truckloads in the previous period.
- **Erez** crossing remains closed since 12 June for all Palestinians, except for a limited number of Palestinian traders, aid workers and medical cases who have been granted special permits. Erez crossing was open 10 out of 14 scheduled days. The crossing has been closed since March 2006 for Palestinian workers. An average of 1 trader per day crossed through Erez into Israel during this reporting period.
- **Obstacles to movement in the West Bank** remained the same as in the previous reporting period (561). Overall, this represents an increase of 185 obstacles (49.2%) over the baseline figure of August 2005.

**No Change since Report No. 52 (13 November):**

*Convoys between the **Gaza** Strip and the West Bank:*

**Truck convoys** Implementation now 22 months overdue (since mid-January 2006).

**Bus convoys** Implementation now 23 months overdue (since mid-December 2005).

*Ports:*

**Seaport** Awaiting Gol assurance of non-interference with seaport operation.

**Airport** Awaiting commencement of discussions since November 2005.

<http://domino.un.org/unispal.nsf/9a798adbf322aff38525617b006d88d7/c8c3958f3f449ebb852573d90068ef13!OpenDocument&Highlight=2,AMA,gaza>

***AP Interview: Europe's general in trenches of Mideast conflict says all sides can do better***

**12/04/2007**

It's an ostensibly modest assignment. However, the handover of Rafah to Palestinian control is the only element of a U.S.-brokered November 2005 post-pullout agreement that was ever implemented. The others, such as building a Gaza seaport, repairing its battle-scarred airport and beefing up cargo crossings, were frozen after the Hamas election victory and the kidnapping of an Israeli soldier by Gaza militants last year.

Rafah is a crucial test case, Pistolese said in a rare interview Wednesday. When allowed to open, the terminal functions well, with stringent checks keeping out contraband, he said, adding that Europe might also deploy observers in the future at Gaza ports and cargo crossings.

However, Rafah has been closed by Israel 45 percent of the time since November 2005. Since Hamas-linked militants captured Israeli Cpl. Gilad Shalit last June, the terminal has been closed about 80 percent of the time.  
(<http://www.iht.com/articles/ap/2007/04/12/africa/ME-GEN-Mideast-Europes-General.php>)

**See also:**

**“Potential Alternatives for Palestinian Trade: Developing the Rafah Trade Corridor”**

World Bank Technical Team, 21<sup>st</sup> March 2007

<http://domino.un.org/unispal.nsf/9a798adbf322aff38525617b006d88d7/bbc475552ab8cf22852572b3004f72ab!OpenDocument&Highlight=2,AMA,gaza>

“Gaza Trade Terminals – Annual Report 2007”

Attached, and:

[http://www.paltrade.org/cms/images/enpublications/Gaza-Trade-Terminals%20\\_2007-Annual\\_Report-%20EnglishVersion.pdf](http://www.paltrade.org/cms/images/enpublications/Gaza-Trade-Terminals%20_2007-Annual_Report-%20EnglishVersion.pdf)