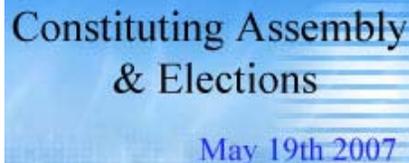


April 2007



Constituting Assembly
 & Elections
 May 19th 2007

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Message from the PSC Chairperson

Mrs. Maha Abu Shusheh

Although still in the embryonic phase, the Palestinian Shippers' Council (PSC) has already established itself as the voice of Palestinian shippers, with a growing membership. Such an outstanding performance record would have been impossible without the support of ECATO that has provided the seed funds for establishing the PSC; UNCTAD's technical support and expert advice; PalTrade hosting services during the first ten months; the Ministry of National Economy's committed support and our members' contribution.

I am grateful to my colleagues at the Preparatory Committee for their dedication, valuable insights and positive spirit. I am also proud of the management team who has shown exemplary professionalism in building a vibrant institution from scratch, while attending to the shippers' needs and prevailing over an adverse environment.

Indeed, the PSC has outperformed our expectations. It grew from just 17 preparatory committee members to almost 320, representing various sectors and regions. In so doing, the PSC has strengthened its negotiating stance, particularly vis a vis shipping lines, forwarders and port authorities. Shippers are also benefiting from the PSC's wide range of services, and advice on daily problems. The achievements listed during the past year are only a small token of the PSC's future. Next year will witness more achievements and the launching of new services to develop the shippers' capacities and reduce transport costs. . We will be expanding our network of national, regional and international partners, and exhaust all possibilities to achieve these objectives.

We count on our members' continuous support and contributions to capitalize on our achievements and ensure responsiveness to the shipping community's needs.

PSC from an international technical cooperation project to a national Palestinian council

Mahmoud A.T. Elkhafif, Officer-in-Charge, UNCTAD Assistance to the Palestinian People

On 24 March 2007, the PSC achieved another milestone when more than 190 leading Palestinian exporters and importers gathered in Ramallah and Gaza to hold the PSC "Constituting Assembly (CA)". With no doubt, the turn-out and energetic participation of the members throughout the meeting was evident and proved the success of the PSC. The meeting reflected the seriousness of the members and their expectations of the Council. For this I would like to convey UNCTAD's appreciation and sincere gratitude for all the hard work that Ms. Maha Abu Shusheh, Chairperson, and all the members of the PSC Preparatory Committee, have voluntarily devoted and for the significant accomplishments they have successfully achieved since the very first steps of the formation of the PSC early 2006.



The deliberations of the Constituting Assembly have revealed that some members are not quite familiar with the present and future nature of the PSC. I thought that the PSC newsletter is the appropriate forum to try to highlight certain issues raised during the Constituting Assembly.

The Palestinian Shippers' Council is an association of "Palestinian exporters and importers" in the making. At present the Council is at the mid-point between an international technical cooperation project and a fully functional, self-sustained and national council of Palestinian exporters and importers.

The ultimate objective of the project is that by early 2008 the Palestinian exporters and importers will have a fully functional council that they control and that serves to protect their interests.

To elaborate further, at present the PSC is an international cooperation project fully funded by the European Commission (EC) and implemented by UNCTAD over a two-year cycle (2006-2007). The ultimate objective of the project is that by early 2008 the Palestinian exporters and importers will have a fully functional council that they control and that serves to protect their interests.

The original idea and project document evolved over a period of 2 years from 2004-2005 stemming from UNCTAD's international experience in the area of trade facilitation. To reflect national ownership, the project document was drafted in close collaboration and full coordination with the Palestinian Authority's Ministry of National Economy and PALTRADE.

The project document details the objectives, components, administrative and financial procedures and institutional set-up *as an international cooperation project*. This means that in the course of 2006-2007, all the project components, expenditures, schedule of implementation as well as the PSC managerial set-up should reflect what is stated in the project document and the contractual agreement between UNCTAD and EC (the donor). In 2006, PSC operating expenses were solely drawn from the project's fund independently of its members and sponsors, as per the implementing agenda. Moreover, all project expenditures were and will be disbursed directly from the project trust fund in Geneva according to UNCTAD/UNDP financial rules and regulations and consistent with the grant agreement between UNCTAD and EC. A noteworthy implication of the PSC's present status is that as long as the project is being implemented as per the original project document and achieving its targets, project activities cannot deviate from the existing institutional/management set-up or from the project budget.

However, I would like to highlight the fact that the implementation agenda emphasises on full national ownership and sustainability of the PSC at the end of the project cycle. In this regards, the Constituting Assembly could be considered as first tangible step towards the full national ownership of the Council. This assembly should elect the PSC's first Board of Directors and convene a Constituting Assembly, which should take place in early 2008. At this time, and until election of the Board of Directors, the PSC does not have the full legal status of a Constituting Assembly.

It is, therefore, time to embark on the process of achieving independence and sustainability and proceed to elections of the PSC's first Board of Directors in the next follow-up Constituting Assembly meeting. I am confident that with an elected Board of Directors, that supervises and oversees the implementation of the remaining project components, a fully functional, self-sustained and national PSC will be in place by early next year.

Achievements

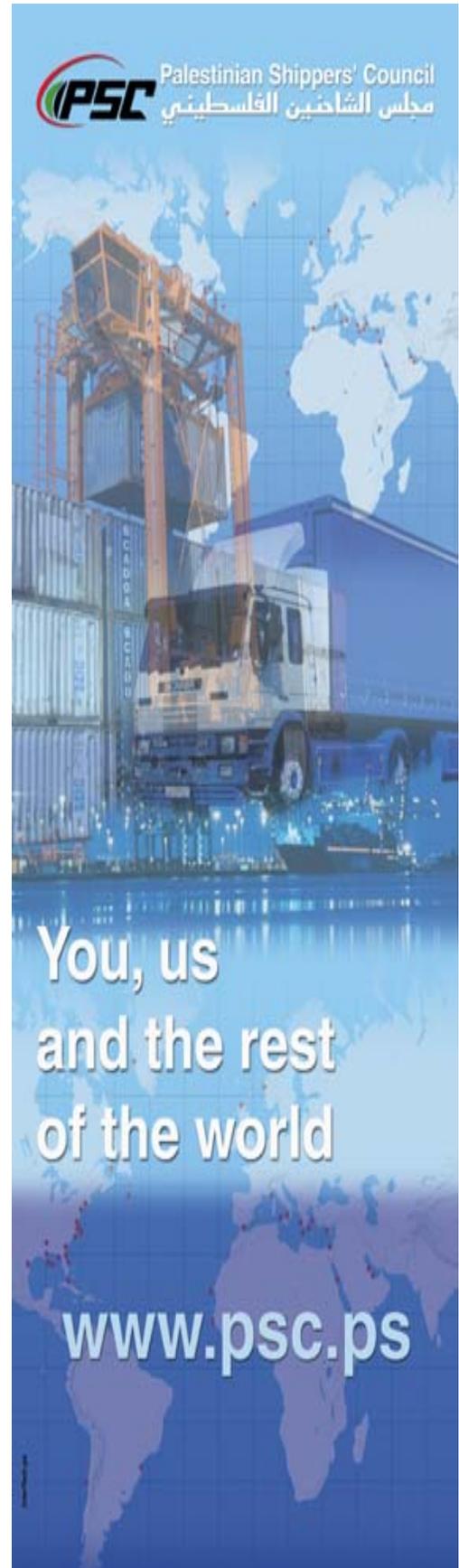
PSC's Achievements to-date includes:

- **Prep Com activities:** The Prep Com held several meetings on 14th December 2006, 15th January 2006, and 26th February 2006 where the final draft of the bylaws and election law was approved.
- **Membership:** A new 115 members have joined the PSC since November 2006. They represent various exporters and importers from a wide range of sectors across the occupied Palestinian territory.
- **Development of services for shippers:** PSC is adopting a demand-driven approach to services development to ensure responsiveness to the Palestinian shipping community's needs. New services will be launched over the course of 2007, based on an in-depth assessment of the sectors' immediate and long term needs using membership application forms as a tool for ascertaining the problems facing shippers at Israeli borders.
- **Workshops and activities:** The PSC has initiated several activities and workshops, which aimed to gain the maximum amount of participation by the PSC's members and succeeded in covering most of the Palestinian territories from West Bank to Gaza. Furthermore; PSC had guaranteed to keep its members posted and updated with the latest news, suggestions and solutions that combine the interests of shippers' with their benefits. PSC has assured its members with a continuously nonstop work and efforts by a high qualified team of management & staff.
- **Database, website public outreach:** The PSC's institutional website (www.psc.ps) is regularly updated with the Council's activities and up-to-date information relevant to the Palestinian shipping community. The total number of visits approached 9881 since creation of website, with the month of February registering the largest number of visits (over 1029 visits, equivalent to 36 visits per day).
- **Expanding the working hours and the capacity at Karni crossing:** Following extensive meetings of PSC with relevant parties and the pressure from other institutions, public and private; a decision has been taken to extend the working hours of the crossing until 23:00 pm. Currently the crossing management is in the process of recruiting and training new staff for this purpose. The new opening hours are expected to be implemented during April 2007.

Outreach

PSC developed cooperative relations with external stakeholders through participating in conferences and holding meetings, as follows:

1. PSC participated at the International logistical Conference and Exhibition (ILC) where 25 PSC's members from Gaza and West Bank attended the first day of the ILC held on 13 February 2006 in Tel Aviv where there were 3 sessions covering several related issues of regional transportation infrastructure, Ports (visions and reality) and Air cargo operations. PSC's General Manager, briefed the participants on the huge level of problems facing Palestinian Shippers in particularly the very high cost of transport and logistical problems at Karni terminal.



2. Meetings were held with Director General of Israeli Ministry of Transport where it was agreed to jointly follow up all related issues.
3. Gaza Regional Manager attended several meetings;
 - a. 21 November meeting with the World Bank to discuss issues related to the Palestinian Transport Policy in cooperation with Ministry of Transport.
 - b. 26 November meeting with Mr. Nael Tounisi, Manager of Trade Facilitation at the Palestinian Ministry of National Economy.
 - c. 2 December 2006 workshop in cooperation with Palestinian Legislative Council about problems facing traders on crossing points.
 - d. 4 December meeting with Mr. Alladein Araj, Palesstinian Minister of National Economy.
 - e. 11 December meeting with Mr. Saleem Abu Safia, Director General of Crossing Security
 - f. 13 December meeting in the Chamber Commerce with group of shippers to discuss updates issues of Al Montar terminal.
 - g. 9 January 2007 Workshop organized by World Bank in cooperation with Paltrade.
 - h. 21 February 2007 Seminar with IMG/EC Customs Consultant

Capacity building

A. PSC First Annual Technical Conference:

Consolidating the accomplishments of its first year of operation, the PSC's first Annual Technical Conference brought together 185 Palestinian shippers and representatives of relevant governmental and non-governmental institutions for a one-day interactive dialogue with national and international experts on solutions to the complex Palestinian trade facilitation problems. The Conference was held on Saturday, 20 January 2007 in Best Eastern Hotel, Ramallah and Grand Palace Hotel, Gaza, with videoconference links.

The Conference sought to achieve the following objectives:

1. Identify the major problems facing Palestinian shippers.
2. Identify possible solutions to remedy or reduce the impact of the problems.
3. Discuss shipping related policies and regulations that can be implemented under the current conditions.
4. Guide the PSC's technical work programme for 2007 to contribute to advanced solutions, and inform policies and regulations bearing on Palestinian shippers.
5. Inform the PSC list of services in the following twelve months.

The Conference concluded within the following recommendations to the PSC:

1. Enhance the efficiency and professionalism of the Palestinian shippers' community through training activities that promote international best practices and familiarize shippers with shipping procedures, rules and regulations.



Technical Conference- Ramallah, January 20th 2007



Technical Conference- Ramallah, January 20th 2007



Technical Conference- Gaza, January 20th 2007



Technical Conference- Gaza, January 20th 2007

2. Represent the Palestinian shippers' best interests at the national and international levels concerning trade facilitation in general, and overland transport procedures and regulations at main border crossing points.
3. Monitor procedures at main border crossing points and suggest proper solutions, with a special focus on Al-Karameh border crossing with Jordan (Allenby Bridge).
4. Build a network of relations with local and international institutions and with the International Chambers of Commerce (ICC) to facilitate Palestinian trade and develop the trade sector.
5. Consider the possibility of creating storage areas (Bonded) within Palestine.
6. Coordinate efforts with Palestinian Authority to ensure the PSC's active participation in policy decision making processes dealing with trade facilitation, the design of principles and standards for the Palestinian trade and commerce industry and bilateral and international trade-related agreements.
7. Publish information notes and a trade directory to inform shippers on trade related procedures and regulations.

B. First Constituting Assembly Meeting:

1. Since PSC is legally registered and abides Palestinian Law; it held its first Constituting Assembly meeting on 24/3/2007 in Ramallah and Gaza through video conference. PSC's members, several national and international experts and institutions attended this event.

2. According to the approved Bylaws and Election Law an election monitoring committee was formed in Gaza and in Ramallah. This committee constituted of a Representative from Ministry of Interior, Ministry of national Economy, Private Coordinating Sector and Union Charitable Societies.

3. Mrs Maha Abu Shusheh (Chairperson), Khaled El Wadiah (Vice Chairman), Mr. John Kjaer (European Commission Representative) and Mr. Mahmoud Elkhafif (Officer in Charge APPU, UNCTAD) thanked all parties involved in such a successful project and expressed their appreciation to its progress.

4. PSC General Manager, Majdi Haj Khalil, presented PSC's achievements during the past year and its plans for the years to come. He also gave a brief financial explanation.

5. The Constituting Assembly should elect 13 eligible members to the Board of Directors (BoD), 8 from West Bank and 5 from Gaza.

6. CA voted not to elect a BoD until further financial explanation is submitted. Elections were postponed until May 19th 2007.

7. Given this democratic outcome; members should bear in mind that the nomination and voting for elections to the Council had been closed on March 24th, 2007 as per the decision of the Constituting Assembly, and thus after that date, any member who pays the outstanding fees would not be entitled to participate in the first elections of the BoD, but is entitled to benefit from all services supplied by the Council during this year.



Constituting Assembly meeting on March 24th, 2007



Constituting Assembly meeting on March 24th, 2007



Constituting Assembly meeting on March 24th, 2007



PSC Members @ The International logistics & Transportation Conference & Exhibition in Israel

Work in progress

This year will witness more achievements and the launching of new services to develop the shippers' capacities and reduce transport costs. PSC will be expanding its network of national, regional and international partners, and exhaust all possibilities to achieve these objectives. The upcoming activities include the following:

1. Convene the CA meeting on May 19th, 2007 to elect the Board of Directors (BoD). The latter will assume the functions of the Project Advisory Committee (PAC) and the Prepcom. The first Constituting Assembly meeting will mark the creation of the Council's first Constituting Assembly of full (voting) members (shippers) and associate (non-voting) members (forwarders, transporters, trade-promotion and industrial or professional associations etc).
2. Six Workshops and several study tours will be held including a visit to Egypt, Jordan and Dubai in order to promote export/import through Allenby Bridge and Rafah Crossing border. In addition, visits will be held to Israeli and regional ports, airports, and main border crossing points to enhance the technical capacity of PSC staff; and familiarize PSC members and the shipping community with the different aspects of trade facilitation and the role of the PSC therein.
3. Extend public outreach: In addition to the institutional website and quarterly newsletter, establish practical and operational channels for representing Palestinian shippers' interests at national and international levels.
4. Continue in designing an information and dissemination network on port and border crossing regulations, activity, charges and conditions for PSC members.
5. Extend the design of database on customs tariff duties and regulations integrated into the PSC information and dissemination network.

Palestinian trade facilitation efforts

Trade facilitation came rushing to the foreground of PSC's issues as it plays an important role in the development of the Palestinian economy; it enhances the competitiveness of shippers allowing them to trade goods and services on time and with low transaction costs. Accordingly, PSC is being engaged in extensive preparatory work to negotiating commitments on trade facilitation with the Israeli side.

There's a wide range of activities involved in the movement of goods in international trade such as import and export procedures (e.g. customs or licensing procedures); transport formalities; and payments, insurance, and other financial requirements, of which trade facilitation efforts are needed to reduce cost.

PSC held its first Annual Technical Conference which brought together Palestinian shippers and relevant governmental and non-governmental institutions for an interactive dialogue with national and international experts on "Facilitating Palestinian Trade", and did focus on solutions to the complex Palestinian trade facilitation problems.

The Technical Conference discussed a deepen understanding of the needs of the Palestinians Shippers' Community; as PSC is enthusiastic to negotiate multilateral agreements of trade facilitation.

The technical conference had focused on the following subjects:

- PSC– Achievements and future plans
- Integrating Palestinian shippers with international markets
- Export/Import shipping operations: a needs assessment and major problems with a special focus on INCOTERMS
- Karni problems and Monitoring.
- Customs modernization and operations at Rafah
- The importance of Stats to Trade facilitation
- Gaza and West Bank border crossing and over land transport: Post Gaza Disengagement and the Agreement on Movement and Access. .
- Proposals to facilitate Palestinian trade at border crossing points.
- Public-private partnership for Palestinian border crossing development. Palestinian Private Coordinating Sector.

PSC is offering significant technical assistance and capacity building in conjunction with negotiation to reduce costs and thus to benefit the private sector to remedy part of its losses during the economic crisis that we are currently facing.

Border Crossing: Rafah Assessment

On a quick assessment to Rafah Crossing PSC noted the following:

1. There is no equipment for loading and unloading.
2. The customs officials lack experience in dealing with export and import documents and requirements.
3. There is no information management system however; ASYCUDA can help if fully implemented.
4. There is no specialized Freight Forwarders or Custom Agents.
5. The distance to the center of Gaza city is about 35km which costs around NIS 600 per truck.
6. There is a very modernized and big fleet of road trucks capable to handle different types of shipment containerized, palletized or loose.

After the Israeli withdrawal from Gaza, the commercial crossing at Rafah managed to export one shipment only for an Exhibition in Cairo in March 2006. There has been extreme effort to operate the crossing but without success.

Karni, what's the solution?

The current operational mechanism of Karni has several gates allowing for either containerized, pallets or loose cargo to be checked in different procedure and passed on. The main obstacle is the limitation of operation scale, the queuing and prioritizing system. What is needed in this regard besides extending the operational hours and ad hoc uses of Sofa Terminal are the following:

1. Determining one sole entity office at the Palestinian side to organize the order and distribute the flow of shipments itemized in term of trucks. All traders who have ready shipment at a particular origin or pending shipments due to be cleared from the port and arrive in exact date shall submit all relevant documents to this office whereby they all put in order of time submitted. All the applications are then classified and itemized according to nature of the product, volume and value of the product for each trader. All of these criterias should be matched with the national demand list submitted by the Palestinian Ministry of National Economy to determine priority for each product in volume at the time on daily or weekly basis. Some items may be granted priority at all times or for certain period of time such as (raw materials and/or products from West Bank). **Part of this mechanism is already applied to the export out of Gaza.**
2. The office after coordination with the Israeli side at Karni terminal and getting the final approval, shall issue a gate pass for the trader's shipment with a serial number showing the allowed date, time and gate number for collection by drivers to be presented at the Palestinian side of the terminal.
3. This office shall also have direct contact with all ports authority (or representatives for the office at the ports) to verify and coordinate flow of shipments destined to Karni terminal in order not to have a long queue at the terminal which increase the cost of transportation. This process should reduce the cost of land transportation from various origins to Karni.
4. Tailor made software can be designed to help smoothing the process. ASYCUDA version can be used for this at a later stage.

The result of such a proposal would be to decrease transportation cost and smoothing up the movement of goods into Gaza according to national demand. It will also provide accurate supervision for customs which in return will increase the income for the PA.

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