

PSC Newsletter

September 2007



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Message from the PSC Chairperson

Mrs. Maha Abu Shusheh

In view of the competitiveness of the global economy and the deterioration of the local economy, the activities of the Council have been focused on issues faced by shippers on shipping and port related matters. The Council is performing a leading role in resolving problems and serving as the focal point where various shipping and port related matters are brought up and discussed. In addition, the Council actively works closely with the Palestinian Authority on logistical and borders related matters. The positive progress and development of the Council, (elaborated in the achievements section), enhanced the awareness of its members and helped to abolish some of the hidden logistical costs. The PSC wishes also to offer new shippers an opportunity to join the council in order to benefit from these services.

The election of the first Board of Directors (BOD) was challenging to us and it maintained the transparency image that was exerted by the preparatory committee (PrepCom). Therefore, I would like to thank my colleagues at the PrepCom and the management team for exerting much of their valuable time and efforts to support this project.

The Board of Directors shall perform some of the following major functions:

- (a) Advise on the design of the Council's annual work plan, and supervise its implementation.
- (b) Propose to the General Assembly financial and administrative internal rules and procedures.
- (c) Prepare and submit to the General Assembly an annual report, budget and financial statements.
- (d) Examine and approve applications for new memberships, and advise the General Assembly of any application not approved.
- (e) Ensure proper follow up of observations and comments by relevant Palestinian Authority institutions regarding the Council activities.

PSC hopes 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, help to facilitate and protect the interest of its members. 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 behind a collective approach.

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 delays they regularly experience in the clearance process), negotiating cost reductions associated with renting storage areas at Karni (the main commercial crossing between Israel and the Gaza Strip).

Bearing in mind the outstanding results that were achieved over the past period; we need to continue the good and hard work in order to be sustainable, self-sufficient institution in the coming crucial years.





Achievements

Final activities of the PrepCom:

The PrepCom held a meeting on 24th March, during which the timing and agenda of the first annual General Assembly (GA) were decided. A second meeting was held on the 19th of April 2007 and discussed preparations for the GA meeting; UNCTAD financial report for the year 2006 and 2007 budget and membership fees.

Board of Directors "BOD" meetings:

The BOD members held their first meeting on 2/7/2007, in which they were introduced to MR. Mahmoud Elkhafif, UNCTAD representative and Mr. Stefan Szepesi, EU representative. The BOD discussed several issues concerning the council's future. Another meeting was held on 12/7/2007 in which the BOD discussed international tours, PSC's management and staff and PSC's Workplan beyond 2007. During this meeting, Mr. Mohammad Telbani, BOD's member in Gaza resigned from the council for personal reasons.

Membership:

PSC's membership grew from 290 to 341 members, representing various economic sectors and regions.

PSC General Assembly (GA) Meeting:

Following the constitution of the General Assembly; and based on the democratic elections of the first GA meeting held on 24/3/2007; the elections were postponed and a second meeting was held on 25/6/2007 in Best Eastern Hotel, Ramallah and Grand Palace Hotel, Gaza, with videoconference links. 122 members participated in the meeting, thereby forming a quorum. The meeting was also attended by representatives of relative private and public sector institutions, including the Ministry of National Economy and the Ministry of Interior Affairs.

GA members approved the administrative and financial report submitted by UNCTAD as well as the bylaws which incorporated the changes suggested during the first meeting. The GA also approved the first BOD that was elected by acclamation and accepted the resignation of the PrepCom. The newly elected BOD brings together 13 members, including 8 from the West Bank and 5 from Gaza (a brief on each member is mentioned on page 7). The new BOD will establish its own internal rules and regulations, review and adopt the proposed 2007-8 business plan, and set membership fees. Meanwhile, and pursuant to GA decisions, a legal adviser and an auditor will be recruited in the coming weeks. These will not form part of PSC regular staff and their services will be called upon as and when needed.

Collective negotiations

PSC played a leading role in ensuring the continued operations at Karni border crossing. Reacting to Israel's decision to close the border for Palestinian traders in Gaza, the PSC pooled efforts with the Palestinian Businessmen Association in Gaza and sent a joint letter to the Palestinian Authority including the President's office, Prime minister's office, the Head of the Negotiating Team and the international community, requesting the re-opening of Karni.



GA Meeting on June 25th, 2007

The PSC, through its efforts, has contributed to obtaining the following temporary measures for Gaza-based importers:

1. Humanitarian aid is allowed to enter Gaza, including medical equipment, medicine,..etc. imported by the private sector.
2. Cargo destined to international & foreign organizations are allowed to enter Gaza.
3. Importers are allowed to send cargo to West Bank if the customs report (Richimon) is changed from Gaza to West Bank. Full loaded containers are allowed to pass through "Sharefraym" border crossing (Taybeh), while pallets are allowed to pass through: "Sharefraym", "Beitunia" and "Jalameh".

Outreach

- The Palestinian Private Sector Co-ordination Council Policy enforces partnership perspective with the PSC through forming a valid basis for cooperation, information dissemination to PSC's members and providing international trainings and exhibitions with the goal of improving business conditions. As a member of the PSCC, PSC assists in the preparation and implementation of joint programs in the field, foreign & local trade support and affairs. In addition, PSCC & PSC build solid foundations for further economic integration based on the adoption and implementation of economic and trade-related rules and regulations with the potential to enhance trade, investment and growth. Furthermore, they help to devise and implement policies and measures to promote economic growth employment and social cohesion. Some of PSC members participated in the following activities:
 - a. Second Arabic – Chinese conference for Businessmen, held in Jordan.
 - b. Qatar's Economic Forum held in Qatar.
 - c. Qatar's second international exhibition for investment and real estate, held in Qatar.
 - d. The tenth Arabic - German Economic Forum, held in Berlin.

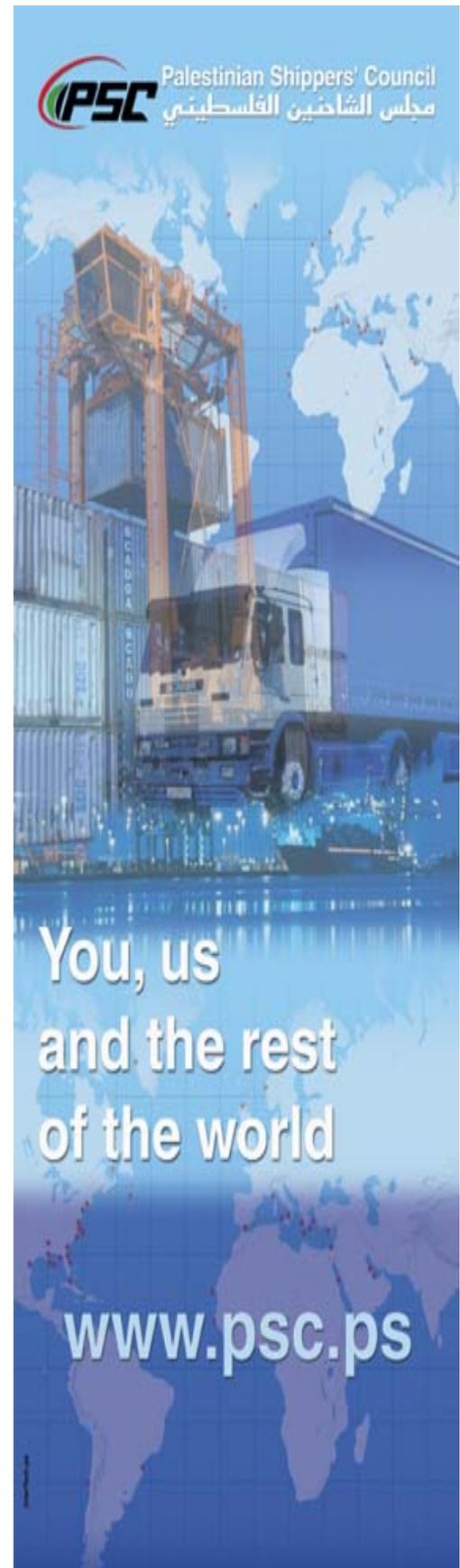
Moreover, PSC requested from the PSCC to represent them in the steering border committee since it contributes directly to Palestinian economic development and trade expansion. The PSCC is transmitting to its members all relevant information and activities related to PSC, which is further promoting PSC as an active council that is orientating its work towards integrated logistic solutions for trading companies.

• Meetings

PSC held several meetings over the past three months to establish working relations with relevant institutions and obtain feedback from PSC members. Below is a list of the meetings:

- The World bank
- Israeli Federation of Freight forwarding and Customs Clearance Agent. (IFFCCA)
- European Commission.
- Palestinian Ministry of National Economy,
- Palestinian Private Sector Co-ordination Council.
- The Palestinian customs represented by Mr. Hatem Youssef.
- Palestinian Agro Business Partnership Activity.
- Palestinian Private Sector Co-ordination Council.
- Wasel. (Palestinian Distribution & logistics Services).
- Coca Cola – the EU visited a Palestinian importer who imports through Allenby Bridge.

The meetings explored extending PSC's strategic alliances. They have strengthened PSC's lobbying powers and provided the Council with a wider range of contacts which will enhance PSC's outreach and avenues.



Capacity building

Workshops:

The PSC has kept its members updated with the latest developments in the area of trade facilitation, including suggestions and solutions that addresses the collective interest of shippers.

The Council organized a workshop on import and export procedures on the 12th & 13th of June 2007 in Tel Aviv. 30 members participated and the council arranged an overnight stay for the participants. Several subjects were discussed including: INCOTERM 2000 and import, export and custom procedures. The workshop included a field visit to the customs office at Ashdod port, during which participants were briefed on the Israeli customs and clearance procedures. Participants also visited the customs scanner.

Work in progress

Workshops and local field visits to enhance the technical capacity of PSC staff and familiarise PSC members and the shipping community with the different aspects of trade facilitation and the role of the PSC therein.

The PSC will also organize visits to regional ports, airports, and main border crossing points. A study tour to Dubai and Egypt are set for the month of October and November, respectively.

Design a plan of action to facilitate trade and increase Palestinian transit trade and strengthen cooperation with institutions and facilities in Egypt and Jordan,

Enhance the current network of dissemination of information on port and border crossing regulations, activities, charges and conditions for PSC members.

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.

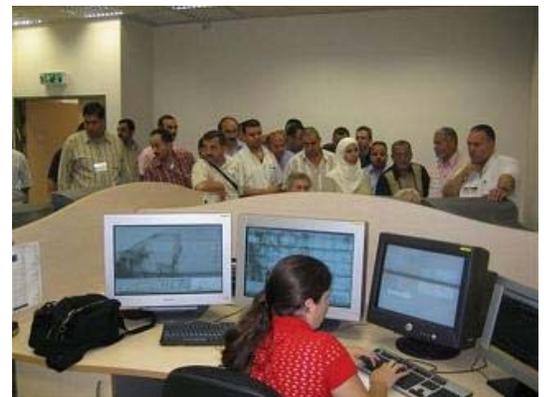
Services provided to members:

Based on the recommendation of the BOD, members should pay the registration fees of \$50 and membership fees of \$150.

PSC will have to provide a set of services for all its members who have paid the full membership fees; other services will be priced as per the member requirements. The fees will cover all publications, advisory services, website access and some funded workshops. Members will enjoy a discount on workshops and training courses.

Full members will benefit from the followings:

- a. Discounts offered to PSC from ports, storage, shipping lines, freight forwarders, custom agents...etc.
- b. Discounts on specific courses or qualifications offered by PSC on import/export.
- c. Publications and regular updates.



Tel Aviv workshop, June 12th – 13th, 2007

- d. Advisory Services on certain standard issues.
- e. Discount cost to international visits.
- f. Full voting and candidacy rights at the General Assembly meetings.

For Associate Members - Will benefit from (b) at a discounted rate, (c), (d), (e) and (f) only.

Palestinian trade facilitation efforts:

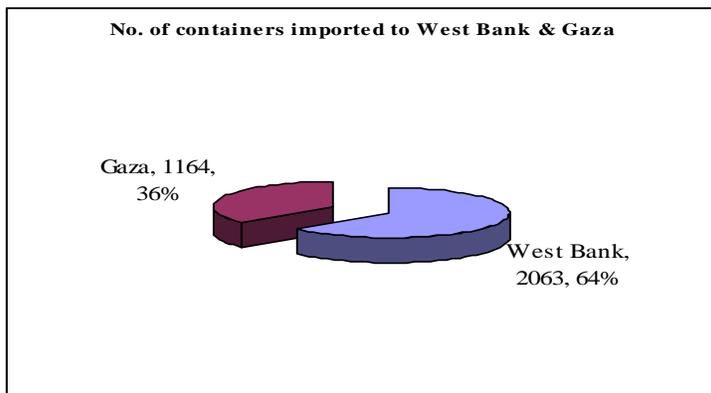
Gaza importers.....this suffering until when...

PSC Study: Estimated importers loss of \$3 million dollar

Lately, the Israeli Customs Authority instructed customs agents to stop clearing any containers that are destined to Gaza, whether they are already custom cleared or are about to arrive to any Israeli port or the containers that are already in Gaza and are unable to leave. This decision constitutes yet another measure of Israel's policy of effectively isolating Gaza economically, diplomatically and militarily. Further aggravating the problem is Israel's restrictive overland and transport measures and the blockage of Karni "Al-Montar" border, which inflated transporting costs and undermined the selling prices of products. Gaza's high poverty (79% of households are living under the poverty line) and unemployment (60%) levels have sharply limited households' ability to buy supplies, fuel and water. These all factors have affected the operation and production of the private sector enterprises. Moreover, this policy is destroying the business sector, creating a new welfare regime in Gaza, and turning growing numbers of Gaza residents into dependents on international welfare agencies and religious charities.

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Normally around 3228 containers are imported to the West Bank & Gaza; around 1164 containers are destined to Gaza (one third of the total number) and 2063 containers are destined to West Bank, see (graph 1).



Graph 1: No. of containers imported to West Bank & Gaza

PSC distributed a questionnaire among its 104 members in Gaza to determine their estimated loss due to the imposed Israeli arbitrary decision of blocking the transfer of commercial goods to Gaza. The study was conducted on the 4th of July 2007 estimating the number and value of containers that PSC's members have at Israeli ports and are expected to arrive by the second week of July 2007. The questionnaire also highlighted the names of the most frequent used ports for import activities and the names of storage warehouses facilities "Bonded". Furthermore, members were requested to state their anticipations of desired services that are expected to be fulfilled by PSC.

Findings:

The closure of the crossings has serious implications on the Palestinian importers who have to absorb tens of millions of dollars in losses and carry further costs of storage fees to the ports and delay fees to the shipping companies. By the second week of July 2007, the volume of extra expenses of storage and demurrage fees was estimated at around \$3 million dollars. The study also indicated that more than 1600 containers worth over \$130 million dollars are presently held up at the freight terminals and warehouses in the ports. Whereas, the number of members' blocked containers at Israeli ports on the 4th of July 2007 was around 850 containers, with the value of \$65 million dollars, while the number of containers that were expected to arrive by the second week of July, were around 450 containers with the value of \$35 million dollars. Indeed, these figures are on the increase if the crossings remain closed.

It was also noted that more than 50% of importers in Gaza use Israeli warehousing facilities "Bonded" to store their goods. The most frequent bonded used are: Overseas, Ashdod Bonded, Ashkol, Yaleem and Tembo. Importers are forced to store at bonded areas for various reasons including; a long delay in the clearing/security procedures is expected; a product needs to be inspected by the Standard Institute; customs duty can only be paid when the goods are sold/placed in the market (i.e., cars and cigarettes); and closures of borders as in the case of Karni. Storage companies refused to negotiate prices due to the situation. They have even increased the price of storing under the excuse of lack of space.

The study also showed that more than 80% of members in Gaza use mainly Ashdod port for both direct and indirect imports for marketing and distributing inside the Gaza or for using them as raw materials in domestic industries. The remaining 20% use both Haifa port and Ben Gorion airport.

To cater the needs of the Palestinian shippers' community; importers suggested the following services to be developed by PSC:

1. Entering imported goods into Gaza.
2. Facilitating the clearance procedures at the Israeli ports.
3. Obtaining competitive rates and favorable conditions and achieve savings for Palestinian shippers from the service providers.
4. Obtaining longer free demurrage period (containers) from shipping lines.
5. Translating, summarizing and disseminating to members on an immediate basis all notifications received by PSC on port operating conditions, regulations and specifications
6. Obtaining low prices on transportation of containers from ports & west bank.
7. Appointing a steering committee to follow up the implications of Gaza borders.
8. Appointing a committee to follow up technical issues at the crossings.
9. Obtaining compensation for the loss incurred from all concerned parties.
10. Recruiting and consulting international and national lawyers.
11. Providing warehousing facilities similar to the Israeli bonded with low prices.

PSC had also tested members' feedback in regards of recruiting and consulting international lawyers on the legality of withholding the containers and imposing the demurrage; the results of the study showed that approximately 56% of the members are even willing to pay the costs of these legal advisors.

Consequently, and with the absence of authorities, the Palestinian foreign trade is captive to the Israeli economic policies. The closures prevented the importers from bringing their goods to their warehouses, and thereby would store in Israeli warehouses or "bonded" in order to avoid the high storage costs at ports. Yet this policy backfired on Israeli importers. The later are troubled by the consequences of the continued closure of the crossings, especially because of the fear it will undermine the service given to the importers. Furthermore, the need to store hundreds of containers designated for Gaza, creating heavy congestion that is interfering with Israel's foreign trade. Normally it takes a container an average of three weeks to go from Israel to Gaza and that is too much. Now the situation is even worse because of the backlog that the closure is creating and the long waiting delay at Karni if it opens again.

The study indicated that more than 1600 containers worth over \$130 million dollars are presently held up at the freight terminals and warehouses in the ports.

Members of the PSC's first Board of Directors

Ms. Maha Abu Shusheh, Chairperson - Ramallah

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, of the Palestinian Businessmen Association, of Khalil Al-Sakakini Cultural Center, of 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



Mr. Khaled Saad El Wadia, Deputy Chairman - Gaza

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. and of Hanover for Real-estate Investments. He is also a shareholder in the Palestine Insurance Co. He is a member of the Board of Directors of:

1. Palestinian Businessmen, Responsible for Economics and Development file;
2. Paltrade;
3. the Food Manufactured Union;

the Coordination Council for Private Sectors Institutions; Baytuna Organization



Hani Emile Kort, Treasurer - Jerusalem

Mr Kort holds a Bachelor degree in Civil Engineering & Architecture and a Masters of Science degree in Management from USA. He is the managing Director of Development and Reconstruction Bureau (DARB), a supply and management company mainly in Infrastructure Sector. Mr Kort developed a reputable Network of relationships internationally in the form of manufactures and suppliers through establishing the sole agency of SAINT GOBAIN - PAM France, KERAM/STEINZEUG – Germany and MARUBENI Corporation- Japan. He is a partner / share holder in several local companies such as Zayt and he is the General Manager of Ustura Films..



Mr. Maher Abu Jaba - Gaza

Mr. Abu Jaba is the owner of "Ateya Abu Jaba & sons" company for general trading & is the chairman of the board of directors. Abu jaba company is considered one of the biggest companies in the field of importing, exporting and marketing of construction materials. The company is widely engaged in construction and entrepreneurs operations.



Youssef Kamal Hassouneh - Hebron

Mr. Hassouneh holds a BA in Business Administration from Jordan University and is currently studying masters in Political Science in Alhurra university in Holand. He owns “Alhusam Company” that imports construction and raw materials. Mr. Hassouneh is a members in the board of directors of Alsharq factory, He participated in several courses specialized in management, media and managing crises.



Mr. Youssef Jum'a Alsafadi - Gaza

Mr. Alsafadi is manager of “Mixed Cigarettes” company and is the chairman of the board of directors; the company imports all types of cigarettes and distribute them in west bank & Gaza. He’s also the deputy chairman in the board of directors o “Jar” company for trading and manufacturing and Alsafadi company for construction materials. Mr. Alsafadi is also the deputy chairman in “Alsafadi Abna Am” company.



Mr. Fathi Ibrahim Sulaiman Breeka - Gaza

Mr. Breeka is a businessman and is the chairman of board of directors of “Breeka Abna Am” company. The company has trading operations with: Egypt, Turkey, Brazil, China, Jordan, Dubai, Germany, Italy and Spain. The company imports and distributes a wide range of food consumptions.



Ms. Lina El-Hadweh. - Ramallah

Ms .El-hadweh is the Internal Control & Systems Development Director in the Arab Palestinian Investment Co. (APIC) . She handled several managerial positions as Deputy General Manager at Medical Supplies & Services Co. (MSS), Materials & Customer Service Manager at Jericho Natural Mineral Water Co., Materials & HR Manager T Unipal GTC. Ms. El-Hadweh is a member of the Arab Economist Association. She a hold a BA in Business Administration from Bethlehem University.



Mr. Majed Hirbawi - Hebron

Mr. Hirbawi is the General Manager of Hirbawi Investment & Int'l Trade Company– Hitco since 1996 till present. He’s also a shareholder in Paper Industries Company Ltd. Mr. Hirbawi is also a shareholder and a member of the Board of Directors at K.A.R., Company for Macaroni & Food Stuff MFG. and in the Board of Directors at Hirbawi Investment & Int'l Trade Company -Hitco.

He’s a member at Hebron Businessmen Forum.and the Arab Businessmen’s Council. He’s a founding member of the Palestinian Shipper Council.

He hold a Diploma in Computer Science from the Palestine Polytechnic University.



Mr. Tareq Saef Alheit - Aggad's Co. – Nablus

Mr. Saef Alheit is the owner of “Alhuda Fabric Industry”; he’s the import consultant for “Al-aggad institution” and the owner of “High top for consulting and services in import & export”. Mr. Saef Alheit is also the manager of an engineering office. He’s a member at Paltrade, the Chamber of Commerce & Industry of Nablus, Workers’ policies’ Committee and at the Union of Fabric industries.



Mr. Khalil Kharaz - Ramallah

Khalil Kharaz is the General Manager and head of the Board of Directors of Al-Mashreq Trading in Ramallah and the General Manager and head of The Board of Directors of Kharraz Industrial Cooperation in Amman /Jordan. Also, he is the General Manager of Universal Leasing Company in Jerusalem and member of the Board of Directors of the National Company for Agro-Industries in Ramallah. Mr. Kharraz holds a BSc degree Civil Engineering from Birmingham University/UK and an MA in Management from Birmingham University/UK.



Mr. Tawfeeq Nasar, Secretariat - Nablus

Tawfiq nassar is the owner and General Manager of AN-Nassar Aluminum Company, which is specialized in trading and fabrication of Aluminum systems. Mr. Nassar holds a double master in electronic engineering and business administration. He is also a consultant in microfinance and financial management.



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