

## Cookie Crackdown

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### Factsheet: Israel's prohibition on exit of processed food from Gaza

Inexplicably, Israel continues to impose a ban on the exit of processed foods from Gaza to markets in the West Bank and Israel, thwarting economic activity and growth in one of Gaza's most promising sectors.

For some, the term "processed food" has a negative connotation as being something less than real food, following a "process" by which it might be canned, frozen, or boxed in a non-natural form. Processed food, however, includes any kind of food that has undergone an adaptation and manufacturing process, including things like date paste, cookies, and potato chips.

A closer look at Israel's policy regarding movement of goods out of Gaza reveals that dates can go to the West Bank but not date paste, and tomatoes can be shipped to Israel but not tomato paste. What's the story?

Before Israel tightened the closure on Gaza, several of Gaza's major industries, including textile, furniture, agriculture, and processed foods, relied on marketing goods outside of the Strip. After Hamas took over Gaza in June 2007, Israel imposed sweeping restrictions on the exit of goods from the Strip. Restrictions that were placed on the marketing of [textile](#), [furniture](#) and some types of [agricultural produce](#) outside the Strip have since been [eased, to some extent](#), while the ban on the exit of processed food products remains, inexplicably, in place.

Israel's comprehensive ban on the sale of goods in Israel and the West Bank was enforced until late 2014 and was one of the major causes of Gaza's [economic stagnation](#). The ongoing ban prohibiting the marketing of processed foods continues to contribute to this stagnation.

In June 2015, the Coordinator of Government Activities in the Territories (COGAT), the Israeli authority that governs movement of people and goods in and out of Gaza, issued a protocol authorizing the export of all types of goods from Gaza abroad, ostensibly lifting the sweeping prohibition imposed by Israel in 2007. In practice, however, even leading Gaza industrialists are unfamiliar with the protocol, and no processed food products are exported abroad. The protocol doesn't reference exit of processed foods to Israel or the West Bank. As far as we know, since the closure was imposed, no Gaza manufacturers have successfully coordinated the exit of processed food from Gaza for sale outside the Strip to any destination.

Before the closure was tightened in June 2007, a monthly average of 1,064 trucks carrying goods from Gaza exited the Strip destined for the West Bank, Israel and abroad. In 2008, the year after the closure was tightened, a total of only 33 truckloads of goods left Gaza throughout the entire year. According to figures released by the Palestinian Federation of Industries, before Israel tightened the closure on the Strip, processed food products accounted for some 33 percent of manufactured goods from Gaza sold in the West Bank.

Food industry workers in Gaza point to Israel's ban on sales in the West Bank and Israel as the greatest impediment to economic development in the sector. Local purchasing power in Gaza is extremely limited. The inability to market processed foods to Gaza's closest and most natural markets in the West Bank and Israel impedes technological development and revenue in the food industry as well as suppressing job growth in a place with alarmingly [high rates of unemployment](#).

According to the [Palestinian Central Bureau of Statistics](#), in 2016, Gaza's processed food industry was comprised of 624 businesses that employed 5,182 people. Between 50 and 60 percent of these businesses are bakeries; the remaining are factories producing canned food, carbonated drinks, juices, pickled items, packaged snacks, [candy](#), and more, all of which now rely solely on the ever-shrinking purchasing power of the local market, with no option of expanding sales to the West Bank and Israel.

Conversations with factory owners in Gaza reveal their considerable motivation to market products in the West Bank and Israel, given that Gaza's food sector has great potential to compete in these markets, and abroad. Nonetheless, ever since the closure was tightened, manufacturers in Gaza have been denied opportunities to attend professional development workshops and business meetings outside the Strip, which are necessary for engaging in trade and keeping informed of market demands and technological advancements.

The Sarayo Al Wadia factory was established in 1985 in the Shujaiya neighborhood in the eastern Gaza Strip. It produces packaged snacks and sweets. In 1988, the company began marketing its products in the West Bank and Israel. Prior to the closure, about 80 percent of its goods were marketed outside the Strip. At its peak, the factory employed 200 full-time staff in Gaza, and 20 more employees in the West Bank, shipping approximately 20 truckloads of goods to the West Bank and Israel every week. Wael Al Wadia, the company's CEO, says his

products are still in high demand in the West Bank. “All we ask for is the option of selling our products outside Gaza, as we had done for nearly twenty years,” says Al Wadia.

Sarayo Al Wadia has faced many adversities in the last decade. During Operation Cast Lead in 2008-2009, the factory was hit during an Israeli air strike. Then, during Operation Protective Edge in 2014, the factory was again hit hard, halting production for two months, until a new factory was built in the Karni industrial estate, amounting to losses estimated at over five million USD. The factory now runs on a limited scale, only employing about 100 part-time workers. Mr. Al Wadia estimates that if he were allowed to resume sales to the West Bank and Israel, he would be able to double the number of employees and increase the factory’s profits by as much as 80 percent.

In addition to the ban on the sale of processed food products made in Gaza outside of the Strip, as well as the travel restrictions Israel places on manufacturers and traders, the [irregular and insufficient power supply](#) in Gaza creates challenges for Gaza’s factory owners; the cost of fuel to run generators when electricity is unavailable significantly increases production costs. Israel also systematically delays, and sometimes prohibits, the [entry of essential items](#) and equipment necessary for the maintenance of factory production lines, further hindering their efficiency.

Thus far, Israel has provided no official reason or explanation for limiting the sale of processed food products from Gaza to the West Bank and Israel. Given Israel’s [comprehensive and ongoing control](#) over life in the Palestinian territory as a whole, it is obligated to allow movement of people and goods. While many in Israel [talk about](#) the importance of enabling economic development Gaza, including for Israel’s own security interests, in practice, Israel imposes arbitrary and sweeping restrictions on movement that thwart economic growth in the Strip without any clear reason.