

*WFP Food Security and Market Monitoring Report provides up-to-date information on access and availability of basic food commodities in the occupied Palestinian territory (oPt). This report examines food security and markets analysis determinants in the occupied Palestinian territory (oPt), addressing: (i) the market in terms of price fluctuations and differentials (ii) economic access to food by the poorest households and food availability in rural and urban areas; (iii) areas and populations most affected by food insecurity; and, (iv) recent food security studies.*

*This information, coupled with other socio-economic indicators, will enable WFP and other key actors to monitor trends and changes regarding the food security sector, and contribute in strengthening the targeting process of the most food insecure geographical areas and population.*

*The Food Security and Market Monitoring Report aims to support WFP and other key actors to monitor trends and changes in the food security sector, and to strengthen food assistance targeting to prioritize the most food insecure areas and target groups.*

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This report focuses on the food security situation in the Gaza Strip as of 22 January 2008.

#### 1. Recent developments in West Bank and Gaza Strip:

In light of the drought emergency affecting rain fed farmers, livestock keepers and Bedouin communities in the southern and eastern parts of Hebron and parts of Bethlehem, and as part of the interagency response coordinated by OCHA, WFP is in the process of delivering emergency assistance to approximately 410 non refugees households.

Seasonal frost in West Bank and Gaza Strip has reduced availability of vegetables (fava beans, tomatoes, cucumbers and squash) and led to price increase.

The shortage of fuel and power- cuts in the Gaza Strip which peaked in the past week, are causing widespread distress to the Gaza population. Anecdotal evidence suggests that approximately 50% of bakeries have closed down as a consequence of the fuel shortage as they can no longer operate their ovens and are experiencing depleted wheat flour stocks- due to the closures. The few operating bakeries are facing problems in meeting the increased demand leading to long queues. Approximately 90% of petrol stations (180) are out of petrol. Cooking gas has been out of stock for the past 4 days.

After 4 days of total closure (18-21st January) the Nahal Oz pipeline and Kerem Shalom goods crossing re-opened for urgent fuel and very limited humanitarian supplies- no commercial goods (see OCHA daily report 22/01/08).

The amount of imported commercial and humanitarian foods entering the Gaza Strip totaled 43% of basic needs during the reporting period 10 December 2007-20 January 2008 **with imports as low as 31% against requirements** in the week 14-20 January 2008.

Despite the re-opening of Sufa crossing in the first week of 2008 for humanitarian dispatches (mainly WFP and UNRWA), the closure regime imposed on the crossing, the type of commodities allowed in and the unpredictability of the opening hours/days are structural obstacles contributing to maintaining the prices of basic commodities at high levels as clearly indicated in the market graphs herein. All crossings have been closed since 17 January 2008 for both humanitarian and commercial imports.



*WFP Photo 1 Gazans lining-up at a bakery on 20 January 2008*

## 2. Economic access to food in West Bank and Gaza Strip:

Official PCBS data shows a substantial rise in the yearly average food CPI during the course of 2007 with increases of upto 6.3% in the Gaza Strip (second only to the beverages and tobacco CPI, +9%, heavily affected by the imports restrictions) and by 5.8% in the West Bank compared to the average in 2006. This increase is particularly worrisome as it comes in conjunction with a reduction in real daily wages as reported in the Labour Force Q3; Gaza Strip decreased to 10.47\$ (-6% compared to Labour force Q1) and 18.40\$ (-2% compared to Labour force Q1) in West Bank. Furthermore, there was a rise in the unemployment rate (relaxed definition) which reached 37.6% in the Gaza Strip in July-Sept 2007 compared to 35.4% in Jan-Mar 2007 and 25.2% in the West Bank compared to 24.3% in the 1<sup>st</sup> quarter. As a result of the past years recession, the economic dependency ratio increased in the West Bank from 4.3 to 4.9 (+14.0%), and increased sharply in the Gaza Strip from 5.9 to 7.4 (+25.4%) between the 3<sup>rd</sup> quarter 2000 and 3<sup>rd</sup> quarter 2007.

### 2.1 Stocks versus requirements of basic food supplies in the Gaza Strip:

To date, the Gaza Strip's economic survival has been challenged by 7 months of prolonged import restrictions and a complete export freeze (with the exception of strawberries./ carnations in December 07). The continuation

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of the economic blockade is being felt on the availability of the most basic food items, with low/depleted stock levels for basic commodities such as wheat flour, fresh meat and frozen goods. Localized shortages of dairy products have been registered also due to the depleting stock of live cattle.

#### **Wheat stocks:**

Table 1 (below) shows the remaining stock at mills in Gaza Strip.

**Table 1 Stocks at Gaza Strip Mills as of 21<sup>st</sup> January:**

<b>Gaza Strip Mills</b>	<b>Quantity In Stock(MT)</b>	<b>Milling Capacity/Day</b>
Al Falastenia mills	2500 MT	250 MT
Al Bader mills	600 MT	0
Al Huda Mills	200 MT	20MT
Al Faiyhaa Mills	600 MT	40-50 MT

Given that commercial wheat requirements in the Gaza Strip amount to 450 Mt of wheat flour per day, the above stocks will last approximately **9 days** assuming there is fuel to operate the machines. Al Salaam and Al Eman mills –who supply UNRWA and a portion of WFP daily requirements- are not included in the table as they do not have commercial stock available. As a result of the fuel shortage, the mills have either reduced their daily milling activities or are not operating (Al Bader, Al Salaam). Al Falastenia and Al Faiyhaa mills' fuel supplies will last for 4 more days only as of 21<sup>st</sup> January (it is not yet clear if any fuel that entered on the 22<sup>nd</sup> January reached the mills).

#### **2.1.1 Shortages of basic commodities in the market**

Market visits in the past days have shown unavailability of fresh meat and wheat flour. It is expected that more food commodities (milk powder, bananas) will run short or disappear from the shelves in the coming days as a result of both low imports and lack of fuel for transportation. Moreover, the life shelf of perishable food items as well as the safety of frozen goods (vegetables, fish and meat) is put at risk due to frequent power cuts and breaks in the cold chain.

Local production of fresh milk virtually ceased due to the suspension of cattle imports (since mid December) and reduction in feed quality and quantity (linked to import restrictions and inflated fodder costs).

To recap, the following commodities were found to be unavailable or in shortage as of 21<sup>st</sup> January (based on WFP market observation):

- **Wheat flour and grain, unavailable in most shops throughout the Gaza Strip.**
- **Fresh red meat, unavailable in most shops throughout the Gaza Strip. No cattle imports reached Gaza Strip since mid December.**
- **Dairy products**
- **Frozen vegetables, fish and meat**

### **3. Food Imports**

As mentioned in the previous Food Security and Market Report, WFP and UNRWA need 553 Mt of food per day combined (16,590 Mt/month) to meet beneficiary food needs (WFP provides 100% of basic daily food needs whereas UNRWA provides a partial ration representing 61% of daily needs). The remaining basic daily food

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needs of the Gaza population are 21,000 Mt per month or 700 Mt of commercial basic commodities (wheat flour, sugar, rice, oil and beans). Imports of both WFP and UNRWA included in this report have been checked and confirmed by the respective agencies.

During the past 6 weeks, only 43% of humanitarian and commercial food import needs were met, compared to records of 88% and 84% of imports against needs during weeks in July and August 2007 respectively. This data highlights that the potential import levels are not even being neared and marks the fact that the functionality and import capacity of the crossings is still insufficient so that imports never even get close to the minimum needs level required to cater for the Gazan population thus leading to depleted stocks and inflated market prices. WFP is particularly concerned by the complete closure witnessed from 18-22<sup>nd</sup> January as despite a 1-day humanitarian corridor on the 22<sup>nd</sup> January, no commercial goods entered Gaza.

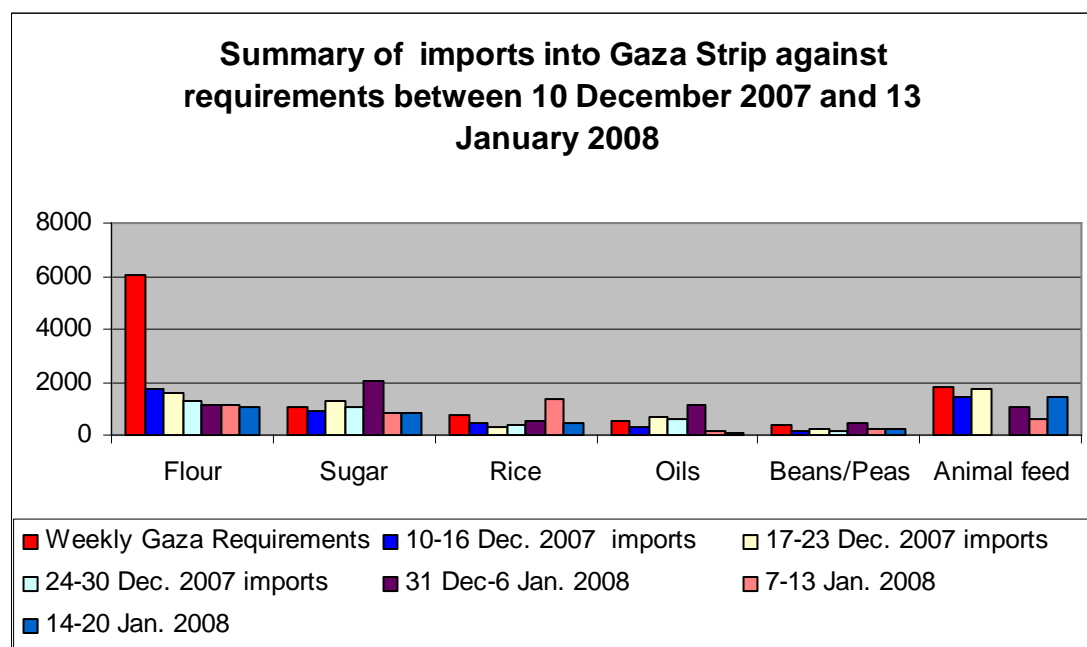
Table 2

Quantities imported in Gaza during the week 14-20 Jan.2008

Commodity	Total imports (Mt) both commercial and humanitarian	Weekly Gaza Requirements	% of imports against requirements
Flour*	1089	6069	18%
Sugar	832	1071	78%
Rice	433	770	56%
Oils	108	525	21%
Beans/Peas	216	343	63%
<b>Total</b>	<b>2678</b>	<b>8778</b>	<b>31%</b>

\*including 1,280 mt grain crossing Karni (conversion rate grain to wheat is 0.75)

Bar chart 1

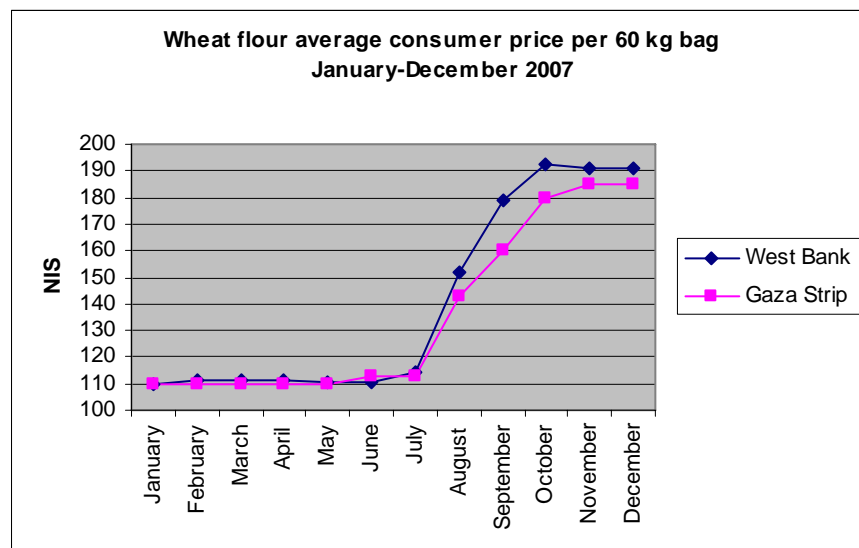


The Bar Chart 1 above depicts Gaza's weekly basic commodity food imports versus needs over the past six weeks up to 20 January. All commodities' imports were well below requirements in the reporting weeks -except for sugar. The bar chart also underlines the rapidly dwindling availability of wheat flour whose imports are consistently well below requirements.

#### 4. Market analysis, comparison between 2006 and 2007

Due to the concurrence of high international prices, record freight prices and increasing unavailability of food commodities, market prices in the Gaza Strip and West Bank have reached unsustainably high figures during the course of 2007. Global cereal prices are expected to remain at high levels in 2008 due largely to problems in the production in several major exporting countries and very low world stocks, fuelling domestic food inflation as marked by the increase in food CPI. The market graphs below show the time series of nominal prices for selected food commodities between January-December in 2007 in oPt. The graphs also offer an easy to read comparison between price trends in Gaza Strip and West Bank.

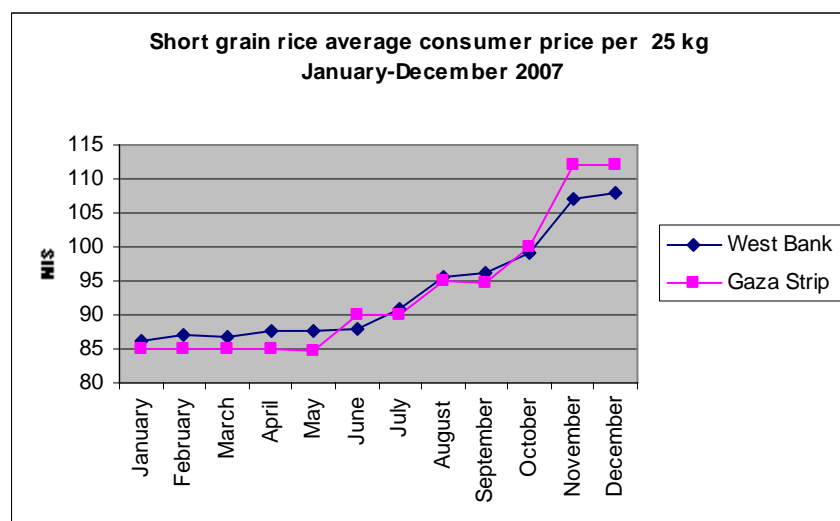
Graph 1



The graph 1 shows the time series of what flour price in oPt during the year 2007. The trend clearly highlights that international market prices are the main inflationary factor to push prices up as both West Bank and Gaza Strip prices soared at a common pace (+68% in Gaza Strip and + 73% in West Bank between January and December 2007). Nevertheless, the impact of high wheat flour prices is particularly felt in the

Gaza Strip due to lower purchasing capacity as a result of the livelihoods crisis since June 2007.

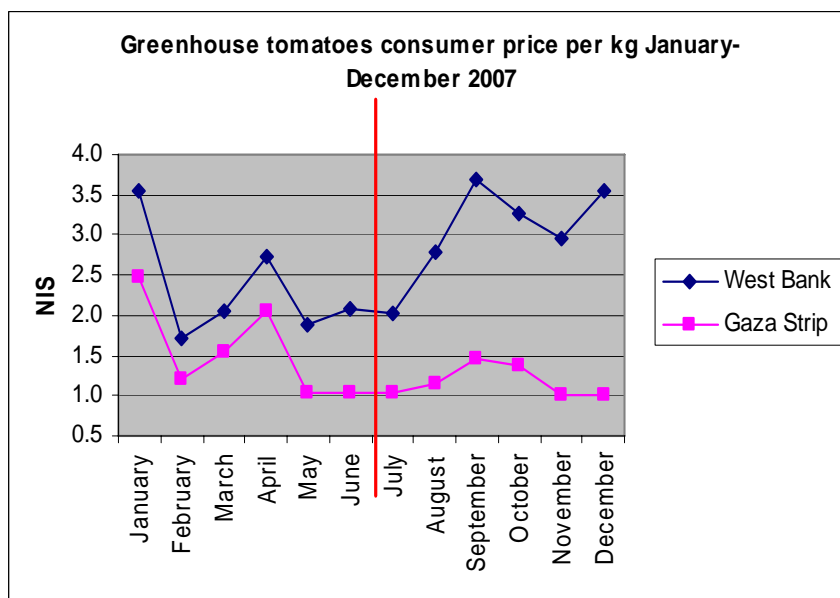
Graph 2



Accordingly, graph 2 provides a snapshot of rice prices over the same time period. The pace of the increase is more evenly spread out across the year in accordance with the international commodities' economy trend however, in the last three months of the year, the increase is steeper in the Gaza Strip probably due to the combined effect of the prolonged siege.

Rice prices increased by 32% in Gaza Strip and by 26% in West Bank over 2007.

Graph 3

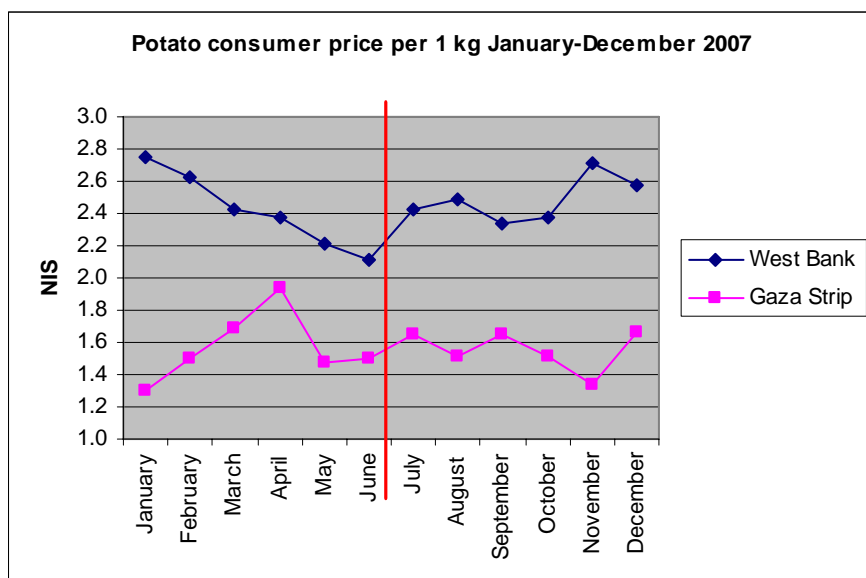


Graph 3 and 4 offer an easy-to-read way of visualizing the impact of the June events on the prices of specific commodities which are part of the productive economy of both the West Bank and the Gaza Strip.

In particular, the red bar on the graphs marks the moment in time when the Gaza Strip and West Bank price time series started to diverge as a result of the June 2007 events and hence it is relatively accurate to attribute the vegetable price

deflation in the Strip to the export freeze.

Graph 4



## 5. Recommended actions

- Immediately restart the import of fuel to avert an acute humanitarian crisis
- Allow unhindered opening of crossings 5 days/week - minimum
- Immediately revamp the import of wheat flour (to replenish stocks) and live animals especially cattle

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