Central Wholesale Markets in the West Bank
Study summary

1. Introduction

Central wholesale markets for agricultural products are available throughout the governorates of the West Bank; reaching up to 11 markets, except for those of Jerusalem and Salfit. Central wholesale markets are considered main pillars in the marketing process of agricultural products, which starts with the farmer and ends with the consumer. The markets provide a variety of fresh vegetable, fruit and field crop products for the local consumers. Most of the Palestinian wholesale traders and middlemen sell the agro-products through the wholesale central markets. Despite their importance, central wholesale markets have been suffering from major challenges and obstacles in recent years. Those include the administrative problems represented in the lack of organization and monitoring by the authorities in charge of markets' management and the Israeli occupation's continuous policies that aim at weakening the competitive advantage of Palestinian products, and others.

2. Objectives

The Applied Research Institute – Jerusalem (ARIJ) has conducted a field survey of central wholesale markets as part of its project "Food Production-Consumption Assessment to Improve Sustainable Agriculture and Food Security in the West Bank – Palestine", which is conducted in partnership with the Ministry of Agriculture and the Ministry of National Economy, and is funded by the International Development Research Centre (IDRC). The project survey of central wholesale markets was conducted during the months of August and September 2014 through field visits to all central wholesale markets (Map 1), conducting interviews with workers, traders and administrative authorities. The project survey has covered the agricultural year set by Ministry of Agriculture (October 2013- September 2014). The survey aims at generating knowledge on:

- The infrastructure of central wholesale markets, operating mechanisms, and the administrative authorities.
- Workers in central wholesale markets, including their numbers and specializations.
- The adopted internal systems and mechanisms used to calculate fee rates on incoming products.
- The adopted mechanism for the disposal of damaged or spoiled products in the central wholesale market.
- The main customers of the central wholesale market.

- The size of commercial trading activities that take place in central wholesale markets, in terms of both quantities and prices of fruits and vegetables entering the markets, in addition to the number of traders.
- The marketing value and supply chain of agricultural products.

In addition, the survey aims at analyzing the current situation in order to foresee future possibilities. This is done through conducting a SWOT analysis under which the strengths, weaknesses, opportunities and threats are identified.

3. Methodology

In order to achieve the previously stated objectives, the research team has done the following:

- Conducted field and desk reviews, in order to identify main indicators needed to develop the survey tools.
- Developed research tools targeting central wholesale markets on one hand, and wholesalers and retailers within central wholesale markets on the other.
- Conducted field surveys and visits to central wholesale markets, and observed at first hand the mechanisms used for commercial trading, products' movement, and other processes.
- Conducted interviews with managers at municipality and market level, collectors, traders, and workers. The team has conducted 3-5 interviews in each central wholesale market.

4. Research Challenges

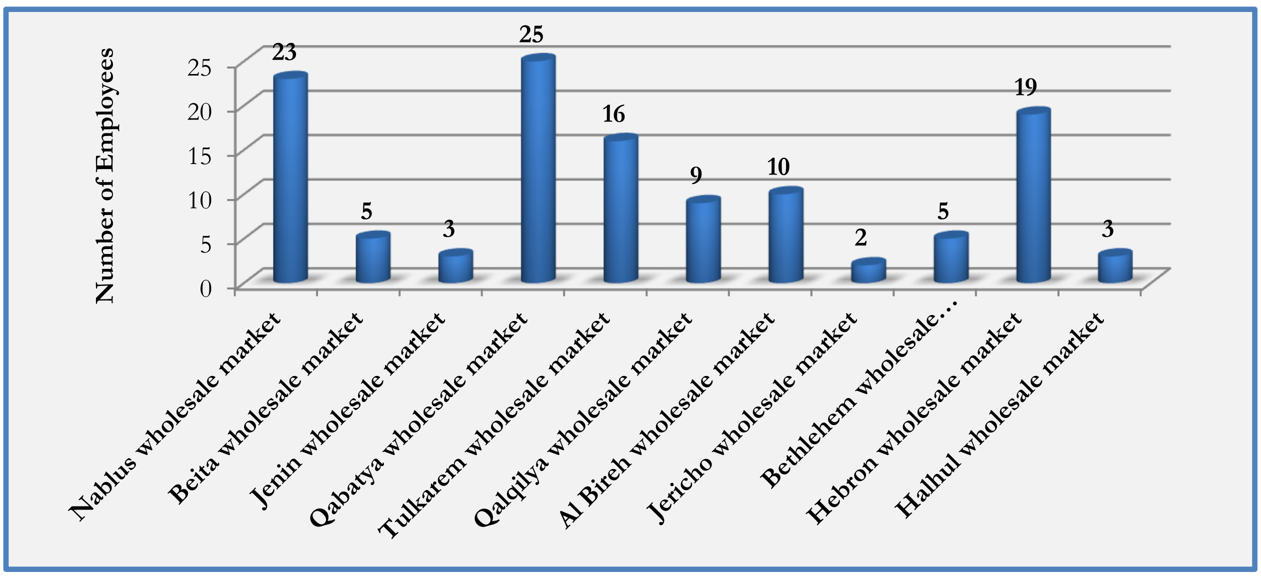
The major challenges that have faced the research team of ARIJ during their field surveys of central wholesale markets in the West Bank can be summarized as follows:

- Difficulty in reaching the personnel in charge of the central wholesale market's administration.
- Postponing field visit dates multiple times due to the busy schedule of targeted interviewees.
- Difficulty in commuting between governorates, due to the Israeli checkpoints, closures and escalation of the political conflict took place in July-August 2014.
- Lack of registration systems that keep track of the quantities, prices, and sources of incoming agricultural products at central wholesale market. This has resulted in collecting estimated quantities.
- Unwillingness to share specific and accurate information by some traders and market workers, as in the cases of Beita and Tulkarem central wholesale markets.
- The absence of a clear role for the Ministry of Agriculture and the Ministry of National Economy in monitoring the operations of central wholesale markets, resulting in weak administrative and organizational monitoring, which led to the unavailability of information on the quantities and quality of incoming agricultural products to the markets.

Map (1): Locations of central wholesale markets in the West Bank

5. Overview

- ✓ Central wholesale markets have been established in order to ensure the provision of a set of services for farmers, traders, and middlemen. The main service of these is the provision of a space in which they can trade agricultural products. In addition, and since central wholesale markets should be running under the supervision of municipalities, they serve as a source of revenue that finances the provision of offered services, that extend to include other members of the community like households, and institutions. Field survey results indicate that the majority of central wholesale markets in the West Bank have been established during the years of 1956 and 1986, except for those in Beita and Qabatya that have been established after the year 2000 as a response to the political situation mainly the continuous closures by the Israeli occupation during the second Intifada.
- ✓ The total number of workers in the central wholesale market of the West Bank is estimated at 119. The average number of workers per market varies according to the administrative mechanism and the size of commercial trading activities. Jenin central wholesale market has the least number of employees with 3 workers, while Qabatya has the highest number with 25 employees. (Graph 1)



Graph (1): Number of employees per central wholesale market

- ✓ Central wholesale markets also vary in the area on which they are established. The average area is estimated at 7,500 square meters. Qalqilya central wholesale market was the smallest among all others, with an area of 400 square meters, while Hebron's market is the largest with an area of 27,000 square meters. It is worth mentioning that a new bigger market has been established in Qalqiliya; instead of the old one (2,960 square meters) but it is still undergoing preparations; before the initiation of operations. Furthermore, central wholesale markets offer a total of 416 shops, with an average of 37 shops per market. Only 313 of these are currently occupied and operating, while 103 are closed due to the poor demand on shops in some central wholesale markets. According to results, Jenin central wholesale market has the highest number of non-operating shops (reaching up to 66 shops). (Table 1)

Central wholesale market	Area (m^2)	Number of shops		
		Operating	Not operating	Total
Nablus central wholesale market	9,000	67	25	92
Beita central wholesale market	9,000	24	0	24
Jenin central wholesale market	5,000	9	66	75
Qabatya central wholesale market	8,000	21	1	22
Tulkarem central wholesale market	6,000	18	0	18
Qalqilya central wholesale market	400	40	0	40
Al Bireh central wholesale market	2,500	22	0	22
Jericho central wholesale market	1,000	10	11	21
Bethlehem central wholesale market	8,000	14	0	14
Hebron central wholesale market	27,000	62	0	62
Halhul central wholesale market	7,000	26	0	26

Table (1): The area and number of shops in each central wholesale market



6. Administrative and Regulatory Issues

✓ Survey results show that all central wholesale markets are under the provision of the local authorities as stated by the bylaw of central wholesale markets for vegetables and fruits. Some of these local authorities directly supervise and administer the market operations as in the case of Nablus, Qabatya, Hebron, Qalqilya, Bethlehem, and Al Bireh, while others lease the market on annual basis to a third party who is then responsible for the collection of fees as in the case of Tulkarem, Beita, Jenin, Jericho, and Halhul.

- ✓ Local authorities provide the central wholesale markets with a set of services that include: cleaning, security, and monitoring. But, some local authorities offer more services like the provision of refrigerator storehouses to store production surplus.
- ✓ The majority of central wholesale markets do not have a registration system to record incoming quantities, except Nablus and Hebron central wholesale market.
- ✓ The percentage of fees collected on incoming and sold products varies from one market to another, depending on the administrative bylaw and system used. But, the majority of the markets do not exceed the maximum 4% fee specified by the Palestinian bylaw for central wholesale markets for vegetables and fruits, except for Jericho central wholesale market that has its own system, and charges 0.60 NIS on each package paid in half by the farmer and trader. Overall, fee charges range between 2%-4% , except for the case of Beita market where a fee of 20-30 NIS is charged on each incoming vehicle depending on its size and Al Bireh market where a 7% fee if collected of the value of sold products. (Table 2)

Central wholesale market	Collected fees
Nablus central wholesale market	3% of the value of sold or displayed products
Beita central wholesale market	10 – 30 NIS on each vehicle
Jenin central wholesale market	4% of the value of sold or displayed products
Qabatya central wholesale market	3% of the value of sold or displayed products
Tulkarem central wholesale market	4% of the value of sold or displayed products
Qalqilya central wholesale market	3.6% on incoming packages from the governorate, and 0.45 NIS on packages coming from other governorates
Al Bireh central wholesale market	7% of the value of sold or displayed products
Jericho central wholesale market	0.60 NIS on each incoming package
Bethlehem central wholesale market	2% of the value of sold or displayed products
Hebron central wholesale market	4% of the value of sold or displayed products
Halhul central wholesale market	4% of the value of sold or displayed products

Table (2): Fee collection system in each central wholesale market

- ✓ Field survey results indicate that the quantity of spoiled products is estimated at 1% of total quantity, and it sometimes reaches 2% as in the cases of Bethlehem and Halhul central wholesale markets. Those spoiled products are either disposed in solid waste containers (80% of the quantity), or sold at cheap prices. Qalqilya central wholesale market sells part of its spoiled products to the zoo located in the city.
- ✓ Central wholesale markets in West Bank governorates work all year long, except for Jericho's and Halhul's whose operations depend on the seasonality of agricultural production. And while some markets open on a 24-hour basis, others have more specific working hours. Most markets are off once a week but the day varies from one market to another. For example, Nablus and Bethlehem markets do not work on Fridays, while Jericho and Tulkarem markets official holiday is on Thursdays.

7. Commercial Trading Activities

- ✓ Agricultural products at central wholesale markets are either imported from local farmers, from the Israeli market. Overall, 82% of vegetables imported to the market come from local sources, whereas 71% of fruits come from the Israeli market. For field crops, almost have of the received quantities (49%) are locally produced, while the rest is imported from Israel. (Table 3)

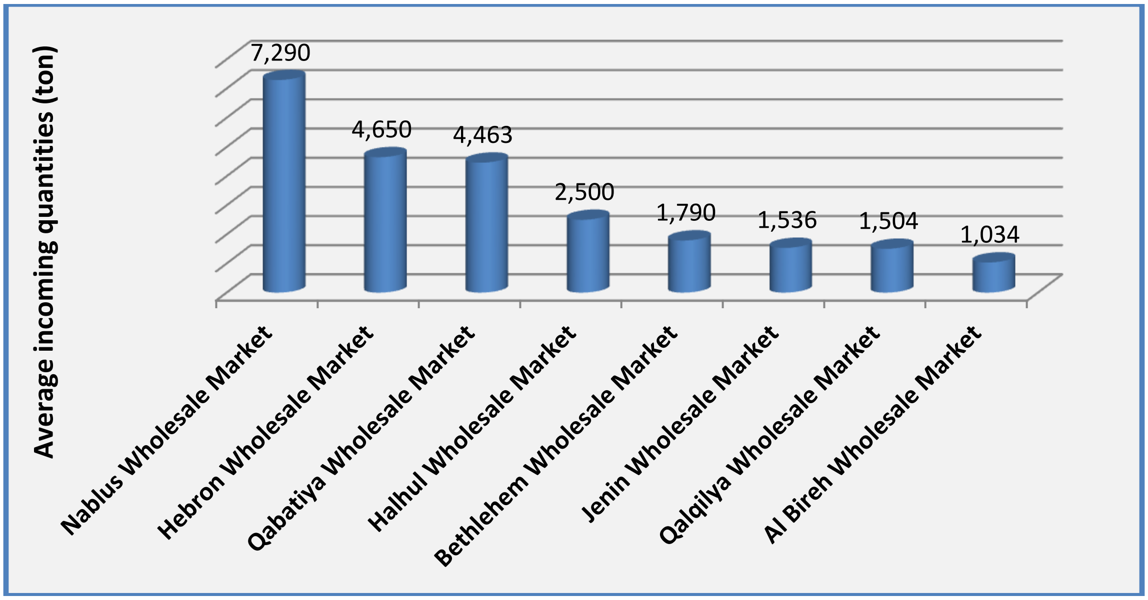
Central wholesale market	Agricultural product	Local market	Israeli market
Nablus central wholesale market	Vegetables	82%	18%
	Fruits	20%	80%
	Field crops	3%	97%
Beita central wholesale market	Vegetables	***[1]	***
	Fruits	***	***
	Field crops	***	***
Jenin central wholesale market	Vegetables	100%	0%
	Fruits	10%	90%
	Field crops	36%	64%
Qabatya central wholesale market	Vegetables	100%	0%
	Fruits	10%	90%

[1] Data is unavailable

	Field crops	42%	58%
Tulkarem central wholesale market Tulkarem central wholesale market	Vegetables	100%	0%
	Agricultural product	**Local market**	**Israeli market**
	Fruits	10%	90%
	Field crops	42%	58%
Qalqilya central wholesale market	Vegetables	93%	7%
	Fruits	20%	80%
	Field crops	65%	35%
Al Bireh central wholesale market	Vegetables	70%	30%
	Fruits	15%	85%
	Field crops	9%	91%
Jericho central wholesale market	Vegetables	100%	0%
	Fruits	5%	95%
	Field crops	25%	75%
Bethlehem central wholesale market	Vegetables	90%	10%
	Fruits	20%	80%
	Field crops	28%	72%
Hebron central wholesale market	Vegetables	32%	68%
	Fruits	17%	83%
	Field crops	28%	72%
Halhul central wholesale market	Vegetables	70%	30%
	Fruits	30%	70%
	Field crops	30%	70%

Table (3): Sources of imported agricultural products for each central wholesale market

- ✓ Field survey results reflect that the monthly average quantity of incoming agricultural products is 2,964 tons per market. This quantity varies based on the size of agricultural production available in each governorate, and the demand on these products by residents.[2] Nablus central wholesale market is the highest in terms of the size of trading commercial activities with 7,290 tons of products incoming to the market each month, followed by Hebron central market with an average of 4,650 tons/month. (Graph 2)



Graph (2): Size of commercial trading activities by central wholesale market[3]

8. Challenges and Recommendations

Field survey results reflect a number of challenges that face central wholesale markets in the West Bank. Those are summarized as follows:

- **The legal framework**

Central wholesale markets are governed by an originally Jordanian bylaw that has modified by the Palestinian Ministry of Local Government in 2012. This bylaw outlines a framework for the operating mechanism of central wholesale market, and specifies the percentage of fees to be collected on sold products. Despite the availability of this bylaw, some local authorities collect lower fees than those stated by the bylaw as in the case of Beita, Bethelehm and Qalqilya. Therefore, there is an urgent need for the creation of a legal body whose main task would be to supervise operations in central wholesale markets, and unify the percentage of collected fees in all central wholesale markets.

[2] It is worth mentioning that the administration at some central wholesale markets refused to provide the research team with data related to incoming quantities.
[3] No data is available on the wholesale markets of Beita, Jericho, and Tulkarem, because administrative authorities refused to provide the research team with this data, for financial privacy reasons.

➢ Internal and administrative systems

Central wholesale markets suffer from administrative problems. In cases where the market was administered by the local authority, a lack of employees was noticed. In addition, employees who already work in the markets are not specialized in marketing, or agricultural production. In the cases where markets are leased, the absence of supervision from the local authority was obvious. Therefore, there is a necessity to reinforce the supervisory role of local authorities, and reconsider the leasing of markets, in addition to hiring adequate and specialized staff that can maintain and manage the market's operation in an efficient and effective manner.

Furthermore, the majority of central wholesale markets do not have registration systems. Even in Hebron and Nablus where such systems are available, they still lack the registration of sources and prices of incoming products. Therefore, efforts are encouraged in order to develop electronic registration systems that would be used to build a database on all trade activities in central wholesale markets. Such data would be essential for setting strategic development plans for food and agriculture sectors in the West Bank.

Some central wholesale markets host both wholesalers and retailers, although this is prohibited under the bylaw which states that central wholesale markets are specifically established for wholesalers. Thus, it is recommended that that local authorities provide a different space for retailers in order to better regulate the market operations and control the types of incoming and traded products.

➢ Wholesale Market Infrastructure

Some central wholesale markets suffer from the lack of infrastructure, such as the lack of lighting, internal streets, parking spaces, administrative offices, and electronic scales. One of the major infrastructure needs is the provision of refrigerator storehouses, through which traders can store production surplus and avoid its spoilage due to heat and overstocking. Field survey results indicate that the previously mentioned infrastructure needs are either absent or poorly provided. Therefore, local authorities and in collaboration with donor agencies are recommended to work on the provision of such needs, in order to encourage more traders to move their operations to central wholesale markets.

➢ Competition of Israeli products

The Israeli agricultural production is a main competitor for the Palestinian local production. This competition increases when there is a surplus in agricultural products in the Israeli market, and is then imported to the Palestinian market.

This competition directly affects prices, lower market returns, and leads to an overstocking of Palestinian local production that sometimes leads to spoilage. This competition reduces demand for local agricultural production, and affects the profitability of Palestinian farmers. As the results of the field survey indicate that this competition is highest for the following products: tomatoes, zucchini, paprika, grapes, citrus fruits, ripe dates, potato and onion. It is worth noting that in this case the Israeli product is usually sold in lower prices than the Palestinian product.

Therefore, steps must be undertaken in order to protect the Palestinian local product from competition. This could be done by limiting the amounts of imported quantities from the Israeli market, and only allowing those needed in order to cove for the market demand. In addition, more monitoring is required on the quality of imported agricultural products from the Israeli market, especially that the survey results show that majority of those are of class B and C in terms of quality.

- **Packaging of agricultural products**

Most central wholesale markets lack packaging facilities; since most traders depend on the basic packaging taking place at farm level. There are some cases when traders conduct packaging to agricultural products, but mainly when exporting to the Israeli market or markets abroad. But, since some agricultural products are exported, it would be necessary to provide packaging and labeling facilities in central wholesale markets. This would increase the competitive advantage of local production in the international market, and have an added value for farmers and traders.

- **Direct marketing techniques used by farmers**

Some farmers prefer to use direct marketing techniques from farmer to trader or processor. This affects the size of commercial trading activities at central wholesale markets, as in the cases of Tulkarem central market that only receives 20% of the local production, and Hebron that only gets 8% of the local production. The Ministry of Agriculture is recommended to identify the benefits of marketing products through the central wholesale market to local farmers, through awareness workshops and campaigns. It is worth mentioning that the majority of Palestinian farmers market their products directly to exporters either to the Israeli or neighboring markets such as Jordan, and this reduces product availability of domestic consumption.