



Palestine Economic Policy Research Institute (MAS)

# **Local Marketing of Irrigated Cash Crops in Palestine**

Fathi Srouji

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- ♦ Providing a forum for free, open and democratic public debate among all stakeholders on the socio-economic policy-making process.
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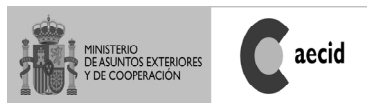
### **Local Marketing of Irrigated Cash Crops in Palestine**

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**Funding:** This study was funded by The Spanish Cooperation (AECID) through Asamblea de Cooperación Por la Paz (ACPP).



Palestine Economic Policy Research Institute (MAS)  
Jerusalem and Ramallah

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## Foreword

The Palestine Economic Policy Research Institute (MAS) is pleased to present the following research paper to all those with an interest in Palestinian economic development and to concerned policy makers and researchers in particular. This research paper is the tenth in a series of studies published by MAS which tackle the problems and challenges associated with food security in the Occupied Palestinian Territory (OPT). This paper focuses on the marketing of Palestinian irrigated cash crops in local markets. It aims to diagnose the obstacles that prevent the effective marketing of agricultural produce from the time that cash crops leave their point of production, to the time that they are purchased by consumers. The ultimate purpose of this study is the provision of policy recommendations designed to help policy makers, farmers and other relevant stakeholders overcome the obstacles and problems that currently prevent effective marketing.

It is well known that the policies associated with the Israeli occupation have a detrimental impact upon all aspects of Palestinian marketing activity, especially the marketing of agricultural crops. Israeli closure policies, which involve hundreds of road blocks and other impediments, are the primary obstacles to the smooth and efficient movement of crops from farms to consumers. Closure policies further impede access to land and water resources in area C, which remains under the jurisdiction of the Israeli occupation authorities, and to areas isolated following the construction of the Wall and further settlement expansions. The Israeli authorities continue to restrict infrastructure development in the OPT, especially in regards to agricultural roads. As a consequence, the transportation of crops is both inefficient and expensive. Furthermore, the Israeli authorities encourage and facilitate the free flow of Israeli agricultural produce into Palestinian markets, restrict the market share of Palestinian farmers and decrease price levels; all of which negatively affect Palestinian farmers who do not have access to any other markets where they could sell their produce.

The following study focuses mainly on impediments originating from domestic factors. It details the problems Palestinian farmers face when transporting, storing, and selling their produce in wholesale markets. It is widely recognized that these activities are not regulated, and thus, farmers and other actors involved in the marketing process are frequently unaware

of their rights and obligations. Additionally, these processes are far from transparent. This often allows for the abuse of weaker players by larger players which tends to generate a distribution of agricultural income favorable to larger wholesalers.

By way of conclusion, the paper offers a list of recommendations. It is hoped that these will attract the attention of policy makers, especially those recommendations related to problems which could be quickly and easily tackled, such as the rate of commission prices at wholesale markets and the lack of a clear regulatory framework for the transportation sector. It is also possible to address those issues related to the quantities of Israeli crops flowing into Palestinian markets.

Finally, I would like to thank all those who contributed to the successful completion of this paper, especially the lead researcher, the data collection team, those farmers who provided relevant information and those experts who reviewed and discussed it. These efforts helped enrich the research that was conducted, the conclusions that were reached and the policy recommendations that this study offers.

I would like to thank the Spanish Cooperation Agency (AECID) and the Spanish Cooperation Organization for Peace (ACPP), our partner in the Development of Food Security in the OPT, for their support for this study and for their continued support for Palestinian development.

**Samir Abdullah**  
**Director General**

## Executive Summary

This study aims to analyse the marketing of irrigated agricultural cash crops in the West Bank. The study explores the problems facing this sector and offers some policies that may contribute to solving them, and in turn, lead to further growth and development in the sector. Solving such problems and improving agricultural marketing practices, may enhance food security situation both at the farmer's family level and at the national level.

The study concentrates on irrigated cash crops due to their significance in terms of productivity. Indeed, one irrigated dunum is approximately 28 times more productive than a rain-fed dunum.

In view of the current Israeli siege of the Gaza Strip, which has created agricultural problems in Gaza distinct from those in the West Bank, this study will examine the marketing of cash crops in the West Bank only.

To achieve the objectives of the study, a sample of agricultural holdings from West Bank governorates, characterized by irrigated agriculture, were chosen. These governorates are Jericho, Jenin, Tubas, Tulkarm, Nablus, Qalqilia and Hebron. The sample has been chosen according to the relative importance of each of the governorates to the total irrigated agricultural land within them. 388 questionnaires were distributed as follows: 131 in Jericho, 60 in Jenin, 58 in Tubas, 48 in Tulkarm, and 30 in each of Nablus, Qalqilia, and Hebron. The study analysed only 355 completed questionnaires as some questionnaires were not returned and some were invalid due to missing data.

The results of the analysis indicate that most of the land tenures analysed are located in area 'A' which fall under the jurisdiction of the PNA. The number of holdings located in area 'A' accounted for 49% of the total tenures of the sample, while the number of holdings located in area 'B' which fall under the PNA civil affairs jurisdiction constituted 16% and the those located in area 'C' which fall under the Israeli occupation full jurisdiction 35% of the sample tenures.

The distance between the land tenure and the tenant's residence ranges between zero (living on the farm) to 20 km (living in a different town). Most of the tenants, however, are closely located to their land tenures with an average of 2.1 km between them. Close proximity to the farm tenure

may enhance the tenant's management operations in terms of planning, monitoring, controlling, marketing, and follow-up. It may also reduce costs, especially those related to mobility and transportation expenses.

Mixed agriculture, the raising of livestock alongside plant production, is widespread amongst farmers. In fact, 52% of the farmers in the sample raise different types of livestock. Results show that 25% of them use such production for family consumption, while 24% sell produce produced in this way at the market. The remaining 51% divide their livestock production between family consumption and sale.

All of the respondents to the questionnaire were male, due to the low proportion of female tenants, the inability to reach them and the lack of cooperation from those who could be reached. Among these males, 95% are married, placing a heavier burden on the tenant in sustaining himself and his dependents.

84% of the respondents are in the over-40 age group which gives an indication about the high level of experience of the tenants. Actually, 71% of the sample members had over 20 years of experience. Nevertheless, this high level of experience may have a dual effect; on the one hand, it may lead to an increase in productivity and marketing capacity, but it may also engender a technological stagnation, especially when a reliance on experience overcomes a tendency to keep up with technological advancements.

With regard to the level of the tenants education, the results show that 55% are below the secondary level while 45% are holders of general secondary certificates or higher. High levels of education could lead to rapid acquisition and better utilization of technology.

Approximately half of the respondents grade their produce before transferring it to the market. The propensity to grade is low in farms located in area 'A' compared to those located in areas 'B' or 'C'. Results show that only 30% of the farmers in the sample whose farms are located in area 'A' practise crop grading, while this proportion exceeds two thirds in the cases of area 'B' and 'C'.

The two main reasons for the use of grading are, firstly, to meet the Israeli measures and standards for produce exported to Israeli markets, and secondly, the expectations of farmers that they will receive higher prices, and thus higher returns, for their graded produce.



The results demonstrate that the most common method of marketing is through a dealer who buys the products and sells them in the local central vegetable market (82%) or in Israeli vegetable markets (54%). Another method is the selling of produce to truck drivers who transport products to local markets (56%). About 37% of farmers in the sample rent a truck to transfer their produce to local vegetable markets, while 29% of them own private vehicles to transfer their produce. The proportion that directly sells to the final consumer is 19%. There are other less popular methods of marketing such as selling to local food manufacturers, or to dealers who export to neighbouring Arab countries and to European markets.

Farmers in the sample faced many problems when marketing their crops. The most prominent of which is the high fees of central vegetable markets. In fact, 79% of them declared that this is a real problem for them. Other major problems include high transportation costs (58%), competition from Israeli products (51%), the large number of middlemen (40%), the absence of legislation that regulates central markets (21%), Israeli military barriers (18%), a lack of export companies in nearby areas (18%) and the absence of a clear governmental agricultural policy (18%).

In addition to these problems farmers also face poor quality agricultural roads, a lack of classification and grading companies, and a lack of suitable means of transportation.

The results show that the proportion of tenants that enrol in cooperatives is quite low (29%). Tenants in area 'A' tend to work in cooperatives more than those in areas 'B' or 'C'. With the exception of two cases, the cooperatives that the sampled tenants were engaged in were not related to marketing.

Most of tenants are not actively participating in training programs, lectures and exhibitions that governmental and non-governmental agencies hold in different parts of the country. Among these different activities, tenants participated in four activities related to marketing activities.

Finally, many of the results support the idea that says: improving agricultural practices enhances food security situation. At the farmer level, we can mention some important results that support the idea. Close residency from the farm give the farmer more power to control both production and marketing practices. Mixed agriculture produces more food to the farmer and generates additional income for him. Higher education level and longer years of farming experience lead to enhance farmer's productivity and his marketing practices. Removing the Israeli barriers will

enable farmers to reach markets easily. Grading products enable farmers to obtain higher prices and hence more income. At the national level, increasing farmers' income and increasing the availability of food in the market will enhance food security at the national level.

In light of these results, the study proposes a number of recommendations, the most important of which are:

- ✧ To conduct more research in the field of marketing agricultural products; the marketing of olives and olive oils, the marketing of livestock products, marketing problems specific to the Gaza Strip and following up produce from the farm gate to the final consumer in order to calculate farmer's share in consumer expenditure on agricultural products.
- ✧ To prepare data on agricultural product prices with a standard unit of measurement by the Palestinian Central Bureau of Statistics. This will enable researchers to calculate marketing margins and farmer's share in consumer's expenditure.
- ✧ To draft legislation regarding central vegetable markets; farmers suffer from high fees imposed on them by these markets.
- ✧ To encourage farmers to practice grading and classification of their crops; farmers practicing this process believed that they got higher prices for their graded products.
- ✧ To control the entry of Israeli agricultural products into Palestinian markets; farmers in the sample viewed this as market dumping which lowers the prices of their products. Moreover, sometimes these products might be of low quality and do not meet the Israeli measures themselves.
- ✧ To establish special arrangements with the Israelis so that vehicles that transport agricultural produce between major Palestinian cities and governorates are able to pass through check points easily.
- ✧ To encourage farmers to engage in training programs held by government and non-government agencies. The topics that are addressed should be in the interests of farmers. Additionally, some topics should be related to marketing and not just operations or agricultural techniques.
- ✧ To encourage farmers to engage in cooperative activities including the establishment of new marketing cooperatives or opening additional branches of existing cooperatives. Such cooperative action may help farmers to find better means of marketing their produce.
- ✧ To activate extension services: not only in regards to production activities, but also in the field of marketing activities.

- ✧ To disseminate information regarding existing corporations that deal in marketing and the grading and classification of agricultural produce.
- ✧ To establish a national corporation with the participation of the government for the grading, classification and export of agricultural produce; other countries have been successful in similar endeavours.
- ✧ To establish centres for the grading and classification of agricultural products: these centres should be located across the various regions that produce cash crops.
- ✧ To establish an agricultural marketing insurance fund; the government should contribute 50% of the required funds and farmers should contribute the remaining 50%.