

### 1. Introduction:

Agriculture is one of the major economic sectors in Palestine, especially in the northern part of the West Bank and Jordan Valley as well. The northern part of the West Bank contributes significantly to Palestine's agricultural economy. The agro-rural areas contain up to 60% of the West Bank population. Agriculture is an important part of the Palestinian culture, history and identity that keeps the Palestinians linked to their land.

Functional and organized Marketing systems and channels in Jericho and Al 'Auja are the key elements for effectively marketing agricultural commodities. Marketing process affects all marketing stakeholders from the farmer to the consumer. Proper marketing systems and marketing channels ensure that the consumer is aware of what product is available at what time and that there is a high demand for that product. While pricing system in Jericho and Al 'Auja is undefined and varies from season to season according to availability of the product and the demand too, in addition to the impact of the middle man in the marketing procedures.

There are three main markets for the Palestinian fresh agriculture products:

1. *Local market:* wholesale markets throughout the West Bank.
2. *Israeli market:* either through Israeli, Arab-Israeli, Palestinian merchants or directly by the farmer.
3. *Export market:* Mainly Arab and European.

### A) Local Markets

Agricultural products are sold to the local markets through different ways:

Farm gate: occurs through merchants who come to the farm and buy the products from the farmer directly and pay him in cash (ARIJ-ACF, Integrated Report, 2008). The farm gate prices are usually lower than the main wholesale market selling prices but it is preferable to the farmer because there are no market fees (paid to the municipality and the middlemen) and no transportation costs. This method is controlled and affected by the prevailed political condition and restrictions imposed by occupation on the movement of people and commodities.

- **Wholesale Markets:** there are many wholesale fruit and vegetable markets in the West Bank. The farmer has to transport his produce to the market and middlemen in the wholesale market sell the farmers' products to merchants in the market and receive a percentage of the total selling price in addition to the municipality fees (ARIJ-ACF, Integrated Report, 2008). This way, the farmer can sell all of his products and can get some money from the middleman to cover the costs of lands preparation for the coming season.
- **Through merchants:** Some merchants buy and collect the farmers' products in a certain place close to the farms (ARIJ-ACF, Integrated Report, 2010). This method saves some of transportation costs, commission,

and saves time on marketing. In some cases the merchant pays the farmer in advance to cover his family and farm expenses which can be more beneficial to the farmer.

- Direct selling to the consumers: some small-scale farmers in the West Bank sell their products directly to the consumers whether onsite at their farms or at the corners of main markets (this is only suitable for small quantities of crops and mainly local varieties). It can take longer to sell, but it has a good economical return for the farmer (ARIJ-ACF, Integrated Report, 2010).
- Contractual marketing: This marketing mechanism only fits with certain crops (processing crops: cucumber for pickling, tomato for tomato paste, eggplant for pickling, etc.) (ARIJ-ACF, Integrated Report, 2010). In this approach a contract is signed between the farmer and the factory to produce a certain quantity of product with certain specifications on certain dates for a certain price. The farmer may get an advance payment to cover part of the production cost.

## B) Israeli Markets

The selling prices for farmers in the Israeli markets are better or equal to the local market prices, but they have difficult standards that must be met amongst other complex restrictions and limitations. The marketed products must be analyzed for pesticide residues and microbial contamination. The farmer of the approved agro-commodity samples

can market this product to an Israeli market, but only with a limited number of boxes according to the area he planted with that crop per day.

## C) Export markets

To export through Israeli companies to Europe, USA and Russia, there are certain procedures and constraints imposed by the Israeli authorities which limit the marketing opportunities. Palestinian export companies were only recently established and they practice direct exportation largely to Arab countries through Jordan.

## 2. Obstacles in marketing the agricultural products to Israel

Farmers have expressed their concerns regarding their difficulties meeting the required grading and packing standards to market their products in Israel or abroad. They are also concerned about the unfair pricing system which makes them unable to compete with Israeli and settlement products. The link to Israeli traders is mainly controlled by strong Palestinian middlemen and/or indirect contacts due to the closed borders and inability of farmers to directly meet Israeli traders. This translates to a weakened bargaining position for Palestinian farmers as they are a captive seller and forced to accept low prices for their goods. Additionally, agricultural gates are controlled by the Israeli army; the back to back transportation systems cause's losses to the transported commodities due to rough handling of the products from one vehicle to another and by

keeping fresh produce exposed to the sun and hot weather for a long period throughout the crossing. Finally, only limited quantities of produce per farm are allowed to pass through the Israeli agricultural gates by the Israeli civil administration and the Israeli Ministry of Agriculture.

#### 4. Obstacles in exporting agricultural products abroad

Based on the farmers answers (*in the second focus group meeting*), the major obstacles of exportation of agriculture products abroad is the lack of trust in existing export companies.

#### 5. Obstacles in agricultural production and marketing activities inside the West Bank

The obstacles that farmers face during the production and marketing process inside the West Bank are solely attributed to the Israeli control mechanisms. They control the entry of all agricultural production inputs (seeds, fertilizers, pesticides, etc) which affects the availability of these inputs, the prices and even quality to a certain extent. This is considered as a high risk by most of the farmers; also, there are restrictions applied by the Israeli Authority on the products that are allowed such as fertilizers and chemicals. On the other hand, there are deeply concerned about unfair competition between the Israeli and the Palestinian production especially inside the West Bank. In addition to the checkpoints procedures which negatively affect the selling prices.

#### 6. Marketing chains at the local level

There are a variety of marketing chains that exist between the farmer and the consumer with varying lengths and actors, such as the following:

- Farmer – consumer
- Farmer –middleman or merchant – consumer
- Farmer – middleman – merchant – consumer
- Farmer – middleman – merchant – factory – merchant – merchant – consumer

#### 7. References

Integrated Report for the Palestinian Agro-Production Calendar and Marketing Potentials for the Local, Israeli, and External Markets. Palestine: ARIJ & ACF, 2008.

Integrated Report for the Palestinian Agro-Production and Marketing system. Palestine: ARIJ & ACF, 2010.