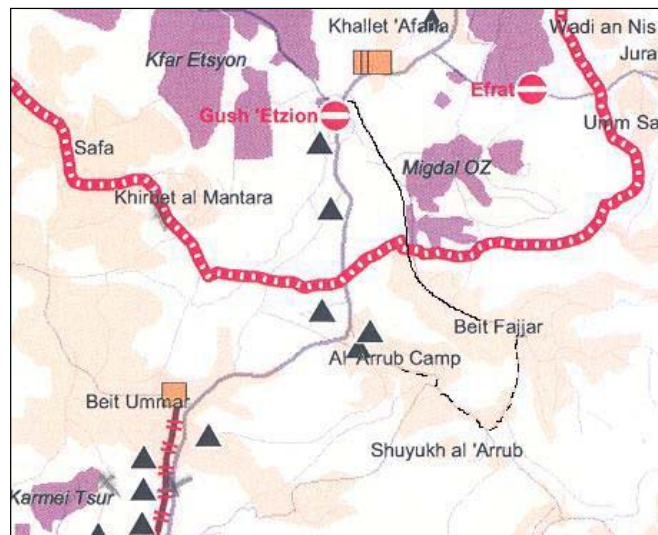




### The Decline of Stone-Cutting Factories in Beit Fajjar and the Impact on Arrub Camp

Beit Fajjar, a village 25 kilometres south of Jerusalem, has a total population of 12,000, among which four to five hundred are refugee families. It is east of Route 60 and according to the latest barrier maps, will be cut-off from that road, which leads to Israel through Gush Etzion checkpoint (via Route 367).

Arrub Camp, four kilometres south of Beit Fajjar, has 9,000 UNRWA-registered refugees and will also be cut off from Route 60; once completed, the barrier will block its main entrance. Access into and out of the camp will be diverted through the back roads of Beit Fajjar in the north (en route to Bethlehem) and Sair in the south (en route to Hebron)



Beit Fajjar's main source of livelihood is its stone-cutting factories, because of its proximity to the major quarries in the West Bank and its easy access to Israel through Gush Etzion checkpoint on Route 60. Unlike the neighbouring villages of Sair and Shuyukh, agriculture in Beit Fajjar is limited to local consumption.

An estimated 150 UNRWA-registered refugees work in the stone-cutting business in Beit Fajjar. The majority commute daily from the camp and some reside in Beit Fajjar. Four stone-cutting factories are owned by UNRWA-registered refugees.

Reportedly, before the *intifada*, Beit Fajjar had more than 150 stone-cutting factories, employing 10 to 50 workers per factory, many of them refugees. In general, most workers are daily paid, their wages varying between NIS 50 and NIS 120, depending on expertise and seniority. Three years after the *intifada* and because of a marked slow-down in the business, factory owners have reduced their work force and have laid off more than 50 percent of their workers, including refugees. However, they have kept 'rosters' and they call upon workers sporadically when an order that requires additional workers is placed.

Of the 150 Beit Fajjar factories, there are only ten that operate on a 'full-time' basis and 50 that open only when an order is placed. Another sign of recession is the factories' working hours: before the *intifada*, they used to work in two shifts, 16 hours a day; now they open for only half a day.

Despite movement restrictions and a decline in demand, the main market for the stone-cutting factories is still Israel. In some cases, as much as 90 percent of the factories' cut stones go to Israel; most factory owners estimate that at least 70 percent of their output is marketed in Israel. Because the West Bank purchasing power and demand for cut-stones are limited, factories depend heavily on orders from Israeli construction companies. Before the *intifada*, there was daily traffic of trucks loaded with stones from Beit Fajjar to various points in Israel. Usually, the owners of the stone-cutting factories rent yellow-plated trucks (i.e. with Israeli registration) to send the merchandise to Israel. This system has worked throughout the *intifada* and is still used, although transportation costs have increased from NIS 700 to NIS 1,500 for the trip between Beit Fajjar cities inside Israel.

Because there are many stone-cutting factories in Beit Fajjar and demand has fallen over the last three years, many factory-owners preferred to lower their prices to stay in business. This has led to a decline in stone prices, which has affected all stone factories in the Beit Fajjar region, further increased their dependency on the Israeli market, and weakened small factories, most of which have gone out of business.

Declining demand from Israeli companies is also tied to the inability of Palestinian workers to reach Israel. Most Israeli construction companies rely on Palestinian workers; when they do not make it into Israel, construction work is disrupted and Israeli companies have a surplus of unused stones, thus decreasing demand. One stone-factory owner said: 'This is a vicious circle. We need them to employ Palestinians but also to buy Palestinian. Otherwise the whole chain is disrupted and we lose.'

Factory owners complain that because of declining demand and higher transportation costs, approximately 70 percent of profits are spent on running costs. Electricity costs are usually very high (up to NIS 30,000 a month) as is water consumption (up to NIS 15,000 a month). In addition, the PA levies VAT according to the total amount of *placed* orders, irrespective of whether the factory owners have been paid by their customers or not. The higher transportation costs are also absorbed by the factory owners, who pay two transportation costs: from the quarries to the factory (price depends on the distance between them) and from the factory to the buyer; since the *intifada*, both costs have increased. Stone-cutting machines are usually imported from Italy and Turkey; importing them to the West Bank adds 30 percent to their initial cost, in commission fees for the Israeli 'middle man' who clears the machines at the port and for transportation costs from the port to Beit Fajjar.

Factory owners and workers are aware that their stones end up being used for the construction of settlements, but they say they have no other choice but to continue selling them to their Israeli customers. 'It is our only source of livelihood,' one explained.

One refugee family from Arrub Camp owns the only factory in Beit Fajjar that deals with granite, marble and stone-cutting. The factory employs 12 refugees from Arrub Camp, and has been in the business for decades. The Janazera family warns their business will not survive if access to Israel through Route 60 is blocked. 'We will go from being at the entrance to being at the back of a dead-end village,' the owner's son says. One stone factory owned by a refugee family has already closed, and two other remain open but have laid off part of their workforce.

Should Beit Fajjar be cut off from Route 60 by the barrier, it would lose access to its main market in Israel. Access from Beit Fajjar to the West Bank would be limited to an unpaved, not all-weather back road that leads to Bethlehem in the north or Hebron in the south. In either direction, the trip, which currently takes less than 15 minutes on Route 60, would take up to one hour and a half and cost twice the amount. One Palestinian stone factory owner complained: 'Being cut-off from the main artery [Route 60] will mean the death of the Palestinian economy in this area. Stone factories

are keeping this area economically viable and the only market we have is Israel. The West Bank and Jordan are no options.'

Reportedly, Beit Fajjar has never been closed or put under curfew because of its importance as a cut-stone provider to Israel; village residents hope that road from Gush Etzion to Beit Fajjar will remain when the barrier is built. Gush Etzion would become the entry point to Beit Fajjar, or at least the 'meeting point' for back-to-back procedures. Should there not be a provision for such an entrance, many factory owners say they will close the business down. Relying on the West Bank market is not viable and would not cover running costs.

The workers from Arrub Camp are afraid that they will not find work if they lose their jobs in the stone-cutting factories. One of them says that: 'The barrier will make it worse for all people and for all businesses, where will we find another job?'