



Coca-Cola Factory in Gaza

A Path towards a Vibrant Economy

By Imad Hindi



Our journey was not an easy one in a place crippled by challenges and impediments. The fact that the National Beverage Company Coca-Cola/Cappy (NBC) was able to get a franchise from Coca-Cola International and start working locally, in 1998, with clarity of vision and according to international standards, is the best proof that the Palestinian market has promise and is safe for investment despite the sustained state of turmoil imposed on the region.

Empowered with the spirit of leadership and with self-confidence, skill, and talent, NBC has worked with partners on the ground to expand its supply chain from city to city and village to village in the West Bank, with a long-term hope but firm eye on operating in Gaza. This hope has recently begun to materialise as NBC has started to build a new factory in Gaza. In pursuit of this mission, we have considered all the relevant issues and prepared for all possible worst-case scenarios. We are fully aware that the economic situation in Gaza has become more challenging due to the consequences of the continuous siege and blockade, as well as the wars against Gaza, particularly the last onslaught during the summer of 2014.

In addition to unbearable human losses, the latest war on Gaza took an equal toll on the livelihood of Palestinians. The Palestinian Federation of Industries confirmed that a total of 134 factories were destroyed, resulting in the immediate unemployment of thousands of labourers who once worked tirelessly in Gaza's productive factories. The food-and-beverage sector was drastically affected by this interruption of production.



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Gaza had once upon a time enjoyed productive, thriving agricultural and industrial sectors. As a result of the continued siege, however, the situation is becoming more challenging as its industrial base and economic stamina diminish. Industry today in the Gaza Strip no longer contributes to the overall GDP at levels of 2005, which stood at 35 percent, according to the Palestinian Central Bureau of Statistics. The World Bank indicates that the industrial sector's contribution has continued to decline, pushing down economic growth in Gaza from 8 percent in 2007–2010, to 1.9 percent in 2013, reaching a low ebb of -1 percent during the first quarter of 2014.

Today NBC is looking forward to challenging this reality and sparking a sense of hope through making a tangible contribution to the Gaza economy – the establishment of a Gaza-based Coca-Cola factory.

There is an important mission ahead of us. NBC, as a private-sector entity, has a role in stimulating economic growth, creating jobs, and contributing to poverty reduction, which reached 60 percent after the systematic destruction of the Strip's economic and industrial base after this past summer's war on Gaza. NBC has fortunately been able to

break through the siege and curfews to continue to supply Gaza with its high-quality products – soda, soft drinks, and water – and employ tactics to expand its supply chain there. NBC plans to create a new economic reality in Gaza, one that will rise from the midst of the rubble of destroyed factories.

We hope that this new productive operation will eventually create thousands of direct and indirect job opportunities in a community that is plagued by very high unemployment (more than 38.5 percent during the fourth quarter of 2013, to a high of 40.8 percent during the first quarter of 2014, and an even more alarming rate of 45 percent in the second quarter, according to the Palestinian Central Bureau of Statistics).

With the support of its shareholders, NBC rented a building in the industrial area of Gaza two years ago to allow this investment in the production facility to materialise. US\$ 20 million

of investments will be pumped into the plant to allow its completion in three phases, in spite of the arduous process to obtain permission to take required machinery into Gaza.

We are eagerly hoping to initiate the first phase of operation in August 2015, an event that will mark the culmination of the support of all friends and partners who have joined forces to make this possible. At this early stage, the Coca-Cola factory will produce carbonated soft drinks using returnable glass bottling as part of the production line. This environmentally conscious decision will reduce CO2 emissions and save energy, utilising the most environmentally friendly containers, which will hopefully blend with the local environment as we attempt to focus on providing Gaza's people with urgently needed jobs. It is estimated that during this stage, the factory will create 120 direct jobs and approximately 1,200 indirect jobs.

Phase two will witness the introduction of a new production line: the PET Line (polyethylene terephthalate). It will bring to bear added operational efficiency and more optimised production at the new Coca-Cola factory in Gaza. The last phase will see yet another production

line: the canning line. In addition to enhanced operational efficacy, the new lines will also increase the workforce. By the end of phase three, the factory will realise a total of 300 direct jobs and another 3,000 indirect jobs.

We are aware that this is a humble contribution when compared to the huge unemployment reality in Gaza and the absence of basic necessities for a decent life. In spite of this, however, we see the Coca-Cola factory as a precursor to attracting additional local and international investments in Gaza's economy, which will revive hope and change realities for the people of Gaza.

In keeping with its environmental goals, the factory will also add a 5-liter water line. Water is a scarce resource in Gaza. The Strip faces serious hardships, foremost among them is access to clean water. This water line will aim to provide segments of Gaza's population with clean water and will form part of our continuous efforts to support the Gaza community. Community engagement remains high on our agenda. The company has donated \$120,000 to UNRWA as part of its efforts to support displaced Gazans who took shelter at UNRWA schools. Our contribution includes Arwa mineral-

water bottles and other soft drinks.

Our investment in Gaza carries within it the hallmarks of a deep commitment that is more developmental and social than purely commercial. It is a long-term strategy that aims to boost the economy in a place that suffers from continuous aggression, curfews, and siege.

Looking at the world's most developed countries, we noticed the complementary relationship between human development and economic growth and the way all entities work towards the society's general welfare. The UNDP used an index that combined various indicators to measure the well-being of countries, namely, life expectancy, quality schooling and education, and gross national income per capita for the standard of living.

Taking into account these world trends, NBC believes in the essential role of the private sector, governmental institutions, and human efforts in collectively building the economy. NBC is therefore investing not only in physical infrastructure but also in human

NBC started in 1998 with 47 employees and one plant in Ramallah. It now employs over 410 people in its 3 plants and 4 branches in the West Bank and Gaza.

infrastructure by helping to create platforms to educate and empower the young generation. NBC will assume a renewed role in Gaza that is parallel to its role in the implementation of its West Bank programmes in human development.

It is therefore evident that NBC's mission is a mission for life, dignity, and hope. NBC is looking forward to expanding its production in Gaza: offering its product line of clean water, juices, and other non-carbonated products as well as helping to create jobs.

NBC is aware that without investments and business expansion – even in risky and unstable areas – the country's economy would neither grow nor be able to meet its responsibility of creating jobs. Our presence in Gaza is not only proof that the Palestinian market is a free market that is safe for investments, it is also a message to the world that we are here to stay, grow, and develop with all the people of this cherished and peaceful land.

Imad Hindi has been the general manager of the National Beverage Company Coca-Cola/Cappy since 2006. He has held various successful management positions during the past nineteen years and is an active member of many Palestinian organisations, including INJAZ Palestine, the Palestinian American Chamber of Commerce, and Palestine Industrial Investment Company. He is also an effective contributor in the business field and social development.