



المعهد المصري للدراسات
EGYPTIAN INSTITUTE FOR STUDIES

Public
policy

The IMF and the Egyptian Debt Risks

Mohamed Ahmed Abbas

16 MAY 2019



WWW.EIPSS-EG.ORG

Eipss.EG Eis_EG

TURKEY- ISTANBUL

Bahçelievler, Yenibosna Mh 29 Ekim Cad. No: 7 A2 Blok 3. Plaza D: 64
Tel/Fax: +90 212 227 2262 E-Mail: info@eis-eg.org

June 10, 2019

Sinai and the Deal of the Century: A Reading in the Leaks

Mohamed Ahmed Abbas

In a study published by the Israeli Institute for National Security Studies ([INSS](#)), titled: “Eight Years after the Upheaval: Alternative Approaches to Understanding the Current Middle East” that was Itai Brun, Sarah J. Feuer, and Itay Haiminis suggested likely approaches to understand the Middle East region eight years after eruption of a series of revolutions in many regional countries. The study pointed out that the Middle East region is still unstable and that the changes in the Middle East have weakened the traditional hegemony of Egypt.

In light of the challenges facing the Middle East, and with the imminent announcement or application of the “Deal of the Century”, this report attempts to address a central point that may be considered an essential element of the Deal of the Century: namely, the future of the Sinai Peninsula. While discussing the peace agreement between Egypt and Israel, [Oudi Manor](#), an Israeli writer, suggested that the prospect of Sinai is most likely included in the Deal of the Century as a key axis. He recommended that Sinai should be a model for peaceful agreements, adding that Israel should have withdrawn only to the borders of the city of El-Arish and kept part of the Sinai land away from Egyptian political and military control.

Therefore, there are many leaks that dealt with the so-called terms of the deal century, most notably:

First: US President [Donald Trump](#)’s statement during a meeting with the American Israel Public Affairs Committee (AIPAC) that “the United States and Israel have

June 10, 2019

purchased Sinai from Sisi in order to deport the Palestinians and build a Palestinian state there,” adding that the only place for the establishment of a Palestinian state is half of the Sinai territory (about 30 square kilometres), which can lodge 25 million people while the number of Palestinians is only 9 million.

Second: A report published by Frankfurter Allgemeine Zeitung ([FAZ](#)), a centre-right, liberal-conservative German newspaper, said that the establishment of a Palestinian state in the Sinai Peninsula instead of the West Bank and Gaza Strip is the basis of the “deal of the century”. The report added that there are American-Israeli contacts with Arab parties in this regard.

Third: Ahmad Majdalani, member of the Palestinian Liberation Organization (PLO)’s Executive Committee on 9 January 2018 said that the proposals of the so-called “Deal of the Century” are aimed at eliminating the Palestinian issue through the exchange of land after the expansion of the Gaza Strip at the expense of Sinai and the expansion of “Israel” by annexation of the settlement blocs located in the West Bank and areas of the Jordan Valley. According to Majdalani, the Palestinian state will be as follows: the expanded Gaza Strip including an international port and airport under international supervision, and the West Bank (A, B areas) that will be connected together in a way or another, provided that Israel maintains security guarantees (air, land and sea) in such a way that the expected Palestinian state loses its sovereignty, in the sense of extensive autonomy. According to the plan, Gaza residents will benefit from the construction of a large international port (in the western sector of Greater Gaza), an international airport, 25 kilometers from the border with Israel, and a new city that can absorb at least one million people and a natural growth and development area for

June 10, 2019

the population of Gaza and the West Bank that can accommodate a number of Palestinian refugees living in other countries.

Fourth: Israeli Minister Ayoub Kara said on 14 February 2019 that Prime Minister Benjamin Netanyahu and US President Donald Trump discuss a plan to establish a Palestinian state in Gaza and the Sinai Peninsula and not in the West Bank, reviving an idea long rejected by the international community. Kara said that the two officials would give their support to a proposal reportedly put forward by Egypt's Abdel-Fattah Al-Sisi. the Prime Minister's Office in Jerusalem, December 4, 2016. (Marc Israel Sellem)

"Trump and Netanyahu will adopt the plan of Egypt's Sisi. A Palestinian state in Gaza and Sinai. Instead of Judea and Samaria," Kara wrote on Twitter. "This is how we will pave a path to peace, including with the Sunni coalition."

Fifth: "Israel Hayom" news outlet has published the main points of the "Deal of the Century" from a leaked document, which was circulated by the Israeli Foreign Ministry.

The leaked Israeli document claimed that "Egypt will lease new land to Palestine for the purpose of establishing an airport for the establishment of factories and commerce and for agriculture, other than housing". The document also said the countries that will financially support the implementation of this agreement are: the United States, the European Union and the oil-producing Gulf states. The supporting countries will provide a budget of \$ 30 billion over five years for national projects for the new Palestine. (The cost of evacuating the isolated settlements and their location in the settlement blocs will apply to Israel). The document also indicated that the support

June 10, 2019

provided by the supporting countries will be divided as follows: the USA 20%, the EU 10%, the oil producing Gulf states 70% - that will be divided according to their oil production.

Why Sinai is present in the Century Deal project?

There are many starting points that may be seen by American and Israeli administrations as a justification for the annexation of Sinai to the Gaza Strip, which can be promoted in the international political circles, which seem logical according to Western standards:

1- History and roots

Perhaps the American and Israeli administrations justify the idea of annexing part of Sinai to Gaza relying on the historical dimension, namely that the southern border between Palestine and Egypt, was established in 1906, through an agreement between Britain and the Ottoman Empire at the time, and away from the Palestinian and Egyptian position. And the administrative borders of the Gaza Province during the British occupation reached the Egyptian Qantara area west of the Suez Canal. According to the British division of Palestine, the Gaza Strip included the districts of Beersheba and Gaza extending up to Egypt, sometimes called the Southern Province, the largest province at the time. Also, there are Palestinian tribes living in Palestinian Rafah but have houses and land up to the end of El Arish area.

2- Social dimension

According to sources in the Sinai Peninsula, the population of Palestinian origin is currently about 35,000, the majority of whom are Bedouins. The most nomadic tribes

June 10, 2019

have some origins in the Palestinian town of Beersheba, such as the Abu Amra tribe numbering 10,000. The same family has extensions in Gaza and the Rahat area in Beersheba, south of the occupied Negev.

3- Economic gains

The US administration is trying to convince the Egyptian and Palestinian sides that the “Deal of the Century” offers great economic solutions capable of achieving a qualitative leap in their economies, taking advantage of severe economic vulnerability in Egypt and the ruling Palestinian administrations, whether Hamas in Gaza or Fatah in the West Bank, who are looking for solutions to overcome their stifling financial crises. It is noteworthy that there are studies that talk about Egypt's economic benefits through economic exchange with the Gaza Strip that could reach \$ 2.5 billion, in addition to benefiting from the deposits of customers in the Palestinian banks in Gaza, estimated at about \$ 10 billion. In addition to Egypt's economic gains, unemployment in the Gaza Strip is expected to fall from 80% to 20% within two years of Egyptian-Palestinian economic openness in Sinai.

4- Strategic dimension

The Sinai Peninsula is strategically located in the map of international and regional balances since the early history, given its distinguished position on the map of the Middle East, as it is the only land that divides the Arab region into East and West, and as a result it serves as a link between the two parts under stable regional conditions. This means that the US and Israel do not want this strategic spot to remain in the hands of Egypt, given that the Israeli perspective on the Middle East is based on the fragmentation of major regional states, including Egypt.

June 10, 2019

5- Disruption of the capabilities of the Palestinian resistance

It is clear that the Palestinian resistance in the military strength of the Gaza Strip has escalated and become “painful” to “Israel”, which means that there is a real Israeli desire to weaken the Palestinian resistance force: through directing a major painful military strike followed by achievement of a major economic boom that preoccupying the resistance leaders in the economic and political gains. Thus, there are four likely scenarios in the expansion of Gaza at the expense of Sinai: First, launching a devastating war against Gaza; second, surrendering to the deal of the century and the expansion of Gaza at the expense of Sinai; third, eruption of clashes between the Palestinian resistance and the militants in Sinai; and fourth, distributing political and economic positions among leaders of the Palestinian resistance in the expanded Gaza Strip, which accordingly leads to destroying the capabilities of the Palestinian resistance.

Conclusion

It is clear that the question of the expansion of Gaza to the south at the expense of Sinai has almost become inevitable in the American-Israeli plan even if not explicitly mentioned in the provisions of the deal of the century which is being promoted. In spite of the conflicting points addressed by the leaks, especially the size of the Egyptian territory that will be obtained by the Palestinians, and the lack of clarity on the financial investment allocated to Sinai to absorb the Palestinians. However, there are many points that we can say have become clear, most notably:

1- The deal of the century is not a new plan developed and adopted by the current US administration, but it was also adopted by previous administrations. However, the

June 10, 2019

current US president is the most enthusiastic for putting it into force. The Egyptian-Israeli treaty of Camp David in 1979, the Egyptian President Hosni Mubarak's negligence of Sinai, the US administration's abandonment of Mubarak in the January Revolution (2011), and then the overthrow of former president Morsi after he started to focus on development of Sinai, along with Sisi's recent actions in Sinai – could be within the context of the deal of the century.

2- It difficult to suggest the success or failure of the deal of the century, given the conflicting data on the size of Sinai territory that will be annexed to Gaza and the conflicting figures allocated for investment there.

3- It is not certain that there is a declared Egyptian position on the acceptance of the deal of the century, although it seems that the deal is intended to pass gradually and sequentially over the years.

4- The deal of the century, which appears only in economic development, is unlikely to pass without a fierce war between the Palestinian resistance in Gaza and "Israel", with the possibility of eruption of an Egyptian-American or an Egyptian-Israeli clash in the coming period.

Assuming that the leaks on the deal of the century are correct, we are not in front of a historic deal that offers effective or acceptable solutions to the parties to the conflict with Israel, but we are facing a new attempt to eliminate the Palestinian cause and plunder the wealth of the peoples of the region again, as what happened in Sykes-Picot and San Remo deals. It is therefore not a deal between two parties, but an expression

June 10, 2019

of the arrogance of the American / Israeli power, and an attempt to impose a new equation on the region, which primarily aims to liquidate the Palestinian issue.

