



The Egypt-Gaza Border and its Effect on Israeli-Egyptian Relations

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Summary

Since Israel unilaterally dismantled its settlements and withdrew its troops from the Gaza Strip in August 2005, it has repeatedly expressed concern over the security of the Egypt-Gaza border. Israel claims that ongoing smuggling of sophisticated weaponry into the Gaza Strip could dramatically strengthen the military capabilities of Hamas, which seized control of the Gaza Strip in 2007. Israel also charges that Egypt is not adequately sealing its side of the border, citing the recent breakthrough of hundreds of thousands of Palestinians who rushed into Egypt on January 23, 2008 and remained for several days.

Egypt claims that Israel has not only exaggerated the threat posed by weapons smuggling, but is deliberately acting to “sabotage” U.S.-Egyptian relations by demanding that the United States condition its annual \$1.3 billion in military assistance on Egypt’s efforts to thwart smuggling. Section 690 of P.L. 110-161, the Consolidated Appropriations Act, 2008, withholds the obligation of \$100 million in Foreign Military Financing for Egypt until the Secretary of State certifies, among other things, that Egypt has taken concrete steps to “detect and destroy the smuggling network and tunnels that lead from Egypt to Gaza.”

The United States, which occasionally is thrust into the middle of disputes between Israel and Egypt, has attempted to broker a solution to the smuggling problem which is amenable to all parties. The U.S. government has offered to allocate \$23 million of Egypt’s annual military aid toward the procurement of more advanced detection equipment, such as sensors and remote-controlled robotic devices. Although both Israel and Egypt have, at times, tried to downplay recent tensions over the border, there is some concern that Hamas’s takeover of Gaza will have negative long-term repercussions for the Israeli-Egyptian relationship, a relationship that has been largely considered a success for U.S. Middle Eastern diplomacy for over three decades.

This report will be updated as events warrant. For more information on Israel, Egypt, and Hamas, see CRS Report RL33476, *Israel: Background and Relations with the United States*; CRS Report RL33530, *Israeli-Arab Negotiations: Background, Conflicts, and U.S. Policy*; and CRS Report RL33003, *Egypt: Background and U.S. Relations*.

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Issue Overview

Since Israel unilaterally dismantled its settlements and withdrew its troops from the Gaza Strip in August 2005, it has repeatedly expressed concern over the security of the Egypt-Gaza border. Israel claims that ongoing smuggling of sophisticated weaponry into the Gaza Strip could presumably shift the balance of power in Hamas's favor. Israel also asserts that Egypt is not adequately sealing its side of the border, citing the recent breakthrough of hundreds of thousands of Palestinians who rushed into Egypt on January 23, 2008.

After Hamas's takeover of the Gaza Strip in June 2007, Israeli officials adamantly asserted that Egypt's security presence along the "Philadelphi Route," an 8.2-mile strip of land in Egypt immediately adjacent to the Gaza Strip, was inadequate and was allowing smugglers to bring advanced weaponry into the Gaza Strip and thereby threaten Israeli national security. Israel has claimed that smuggling tunnels, which have been used for over two decades to bring arms, commercial goods, and people from Egypt into Gaza, are now being used to ship anti-tank weapons, Katyusha rockets, and shoulder-held anti-aircraft missiles, weapons that Lebanese Hezbollah used in what it considers its successful military campaign against Israel in the summer of 2006.

Egypt claims that Israel has not only exaggerated the threat posed by weapons smuggling, but is deliberately acting to "sabotage" U.S.-Egyptian relations by demanding that the United States condition its annual \$1.3 billion in military assistance on Egypt's efforts to thwart smuggling. Section 690 of P.L. 110-161, the Consolidated Appropriations Act, 2008, withholds the obligation of \$100 million in Foreign Military Financing until the Secretary of State certifies, among other things, that Egypt has taken concrete steps to "detect and destroy the smuggling network and tunnels that lead from Egypt to Gaza." This withholding of FMF represents the first time that Congress has successfully placed conditions on U.S. military assistance to Egypt.¹

The United States, which occasionally is thrust into the middle of disputes between Israel and Egypt, has attempted to broker a solution to the smuggling problem which is amenable to all parties. In the fall of 2007, a Department of Defense delegation toured the Gaza-Egypt border, and the U.S. Army Corps of Engineers drafted a geological assessment of the underground smuggling tunnels. As a result, the U.S. government has offered to allocate \$23 million of Egypt's annual Foreign Military Financing (FMF) toward the procurement of more advanced detection equipment, such as sensors and remote-controlled robotic devices. It is uncertain when this new equipment will be purchased and delivered.

¹ Since 2004, there have been six other attempts in Congress to cut or reallocate U.S. economic or military aid to Egypt; only one was enacted. On February 15, 2007, Congress passed H.J.Res. 20, the FY2007 Revised Continuing Appropriations Resolution (P.L. 110-5). Section 20405 of the act rescinds \$200 million in previously appropriated economic assistance to Egypt.

The Smuggling Tunnels: 1982-Present

The divided border city of Rafah has been the epicenter of smuggling for decades.² Rafah was divided under the terms of the 1979 Israel-Egypt Peace Treaty, which placed the more densely populated Rafah City in the then Israeli-occupied Gaza Strip and a much smaller town in Egyptian controlled territory. In 1982, as Israel was in the midst of its phased withdrawal from the Sinai under the terms of the peace treaty with Egypt, former Israeli Prime Minister and then Defense Minister Ariel Sharon reportedly requested that Egypt make alterations to its international border with Israel to keep Rafah whole and under Israel's control. Sharon asserted that, if divided, Rafah could become a focal point for terrorist infiltration and arms smuggling.³ Egypt refused.

Figure I. The Egypt-Gaza Border



Source: Adapted by CRS. (1/2008)

Palestinian families divided by the partition of Rafah in 1982 appear to have been the first to construct underground tunnels linking Gaza and Egypt to foster communication amongst extended family members. Over time, Rafah residents developed an economic rationale for

² Observers note while smuggling between Gaza and Egypt has received the bulk of recent international scrutiny, there is a flourishing illegal trade in arms, drugs, prostitutes, and foreign workers over the Israel-Egypt border as well. According to one account, "In 2002 alone, signs of over 400 incidents of smuggling were detected along the Israeli-Egyptian border. Approximately 3,000 people (mainly from Eastern Europe) crossed into Israel illegally, and over fifty tons of narcotics, mainly locally produced marijuana and hashish, entered Israel from the Sinai Peninsula." See, Doron Almog, "Tunnel-Vision in Gaza," *Middle East Quarterly*, Summer 2004.

³ "Israelis Ask to Redraw Border a Bit," *New York Times*, January 19, 1982.

tunneling, as smugglers could resell subsidized Egyptian gasoline at a high profit in Gaza. Other smuggled items included U.S. dollars for money changers, wedding dowries, mail, cartons of cigarettes, drugs (marijuana and heroin), gold, and spare car parts.

Israel became aware of the security dimension of smuggling tunnels during the first Palestinian *intifadah* (uprising), which began in 1987. After a series of attacks by Palestinians along the Gaza-Egypt border in the late 1980s and early 1990s, Israeli officials began to consider that Palestinian militants were using the tunnels to both smuggle weapons and their own fighters out of Gaza to allude capture. With the creation of the Palestinian Authority (PA) in 1994 under the terms of the Oslo peace process, Israeli concerns that PA police, who were responsible for uncovering arms smuggling, were either, at best, ineffective or, at worst, complicit with the tunneling activities of their co-nationalists, became more strident.

During the second, more violent, Palestinian *intifadah* beginning in September 2000, the demand for weapons skyrocketed and tunneling activity increased. Israeli, Egyptian, and PA forces confiscated dozens of rocket-propelled grenade launchers, explosives, thousands of Kalashnikov rifles, and tons of ammunition. Israel also constructed a 25-foot concrete or iron wall along the border that extended 10 feet underground. It used sonar to detect tunnels, occasionally setting off charges in the ground to collapse the tunnels. Nevertheless, the economic and strategic incentives for smuggling grew substantially. According to one report:

“The profits are huge. A Kalashnikov sells for \$200 on the Egyptian side, but fetches \$2,000 on the Gaza black market. A good night’s delivery is 1,200 Kalashnikovs—a profit of more than \$2 million. Bullets—50 cents in Egypt, \$8 wholesale in Gaza—are even more profitable. A standard one-night delivery returns a profit of \$750,000.”⁴

The Mechanics of the Tunnels

The mechanics of smuggling arms into Gaza have been documented widely. At any one time, there are between 10 and 30 main tunnel shafts underneath the border.⁵ Wealthy families in Rafah, called “snakeheads,” finance tunnel openings to these main shafts in either their private homes or rented properties.⁶ The “snakeheads” then rent their tunnel openings to independent gunrunners or members of Hamas, Palestinian Islamic Jihad, and Fatah-affiliated militias, who are then responsible for moving guns and goods from Egypt into Gaza. When a tunnel is completed, the primary investor and his/her relatives are entitled to a percentage on every shipment passing through it. Packages of arms and ammunition are pulled by cables and electric motors through the tunnels, which in some places reportedly reach depths of between 50 and 60 feet in order to avoid detection.⁷ Although there is no definitive proof as to the origins of the small arms, Egypt and Israel believe that many of the weapons are from Yemen, Sudan (Darfur), Egypt (Sinai), and Israel proper.

⁴ “Into the Underworld,” *The Sunday Times* (UK), July 17, 2005.

⁵ CRS interview with Egyptian Military Officials at the Rafah Border Terminal, January 8, 2008.

⁶ Over the years, as the security situation in Gaza has worsened, the number of smugglers has dramatically increased. Nevertheless, several families in Rafah are said to have smuggled arms including the *Dogmush*, *Astal*, and *Sha’ir* families.

⁷ “One Booming Business in Gaza: Tunneling for the Gunrunners,” *New York Times*, January 24, 2006.

Israeli Countermeasures

Prior to Israel's unilateral withdrawal from Gaza, the Israel Defense Forces (IDF) carried out several operations to stem the flow of weapons. However, due to Rafah's urban terrain, Israeli military operations there drew widespread international and Israeli left-wing condemnation because of the destruction of homes and loss of civilian life. During Operation Rainbow in 2004, in which Israel used Caterpillar D9 armored bulldozers to destroy homes suspected of concealing tunnels, dozens of Palestinian protestors were killed and several hundred homes were demolished. One aim of Operation Rainbow, which was launched after 11 Israeli soldiers were killed in several attacks, was to create a buffer zone adjacent to the Philadelphi Route to protect Israeli soldiers and prevent Palestinians from digging underground tunnels. In 2004, the Israeli army reportedly planned on digging a ditch or moat 49 to 82 feet deep to prevent digging.⁸ The moat plan was abandoned due to humanitarian reasons. A water-filled moat could have further contaminated the Gaza water table with seawater.

When Israel unilaterally dismantled its settlements and withdrew its troops from the Gaza Strip in August 2005, it negotiated a new security arrangement with Egypt to bolster efforts to secure the Egyptian side of Rafah. After extensive Israeli-Egyptian talks, Egypt deployed 750 border guards to secure the Philadelphi Route. The memorandum of understanding between Israel and Egypt delineated the type of equipment the Egyptians may use (small arms and jeeps, no heavy armor) and the length of the patrol area (14km on the ground and 3 km into the sea).⁹

Israeli-Egyptian Tensions Over Smuggling

Hamas's subsequent takeover of the Gaza Strip, first through its victory in the 2006 PA legislative election and then through internecine fighting with Fatah, appears to have caused significant tension in Israeli-Egyptian relations. With IDF forces no longer posted on the Gaza side of the border and with the demand for weapons skyrocketing due to both intra-Palestinian fighting and a resumption in Israeli-Palestinian violence, smuggling activity underneath the Gaza-Egypt border is said to have reached an all-time high.¹⁰ The allure of smuggling has been further abetted by rising poverty rates among Gazans due to both the international aid boycott of the Palestinian Authority that followed the formation of a Hamas-led government in 2006 and Israel's 2007 closure of the Gaza Strip following the Hamas takeover.

Israel's Accusations

Some Israeli lawmakers and intelligence officials blame Egypt for the increased tunnel traffic. In September 2006, the director of the Shin Bet (Israel's counter-intelligence and internal security

⁸ "Israel Issues Tender for Moat on Philadelphi Route," *Ha'aretz*, June 18, 2004.

⁹ For the details on the 2005 MOU, see Brooke Neuman, "A New Reality on the Egypt-Gaza Border (Part I): Contents of the New Israel-Egypt Agreement," *PeaceWatch* #518, Washington Institute for Near East Policy, September 19, 2005.

¹⁰ According to one 2007 report, "As new vendors and their wares proliferated, street prices plummeted. A standard Kalashnikov-style assault rifle that sold for about \$2,800 in Gaza a little more than two years ago now sells for about \$1,400, dealers say. So merchants who once had a lock on this market now smuggle and sell even more weapons to maintain their revenues." See, "Lethal Trade: As Guns Flood Gaza Strip, Palestinian Citizens Stock Up," *Wall Street Journal*, June 19, 2007.

service), Yuval Diskin, reportedly stated that “the Egyptians know who the smugglers are and don’t deal with them.... They received intelligence on this from us and didn’t use it.”¹¹ After the 2006 Israel-Hezbollah war, Israel began claiming that Palestinian terrorist groups were smuggling advanced weaponry, such as Katyusha rockets, shoulder-fired antiaircraft missiles, and anti-tank guided missiles, through the tunnels. Miri Eisin, the spokeswoman for Prime Minister Ehud Olmert, was quoted saying “What’s happened now is that they’re trying to smuggle in more advanced weapons. We mean anti-tank weapons of the sort which were used against us in Lebanon, some of them Russian-made and some of them Iranian-made, and also anti-aircraft weapons, which we’ve been worried [about] in the past, but now it’s much more concrete.”¹²

One Israeli lawmaker, Yuval Steinitz, a member of the opposition Likud party and a former chairman of the Knesset’s Foreign Affairs and Defense Committee, has accused Egypt of, among other things, allowing Hamas to obtain 20,000 rifles, 6,000 anti-tank missiles, 100 tons of explosives and several dozen Katyusha rockets and shoulder-held anti-aircraft missiles.¹³ In November 2007, Steinitz wrote letters to Members of Congress asking them to support proposals to freeze U.S. military aid to Egypt. In his letters, Steinitz stated that “It is almost ridiculous for the Egyptians to focus on finding the tunnels, since it would be much easier for them to intercept the smugglers before they get anywhere near the border.” Also in November 2007, Israeli Public Security Minister Avi Dichter asserted that “Egypt could deploy to stop the smuggling within an hour.... What we previously perceived as weakness or inability to act may be Egyptian policy.”¹⁴

In December 2007, Israeli accusations against Egypt reached a crescendo. Israeli Foreign Minister Tzipi Livni stated in her testimony before a Knesset committee that the Egyptian failure to secure the border with Gaza “is terrible, problematic and damages the ability to make progress in the peace process.” Following her statement, the *New York Times* reported that Israeli officials had sent videotapes to U.S. officials showing Egyptian border guards not only ignoring smuggling, but, in at least one case, aiding it.¹⁵ However, an unnamed Israeli security official stated that the accusations about Egyptian collaboration with arms smuggling were meant to sabotage an upcoming meeting between Israeli Defense Minister Ehud Barak and Egyptian President Hosni Mubarak.¹⁶

Egypt’s Reaction

Foreign Minister Livni’s comments, when coupled with the withholding of U.S. military aid to Egypt in the FY2008 Consolidated Appropriations Act (P.L. 110-161), brought a strong and harsh reaction from Egypt. In one interview, President Hosni Mubarak remarked that “Tzipi Livni crossed a red line with me.... It’s very easy to sit in an office and criticize our performance on the ground.... This works to dampen the atmosphere. Relations with Israel are very important to me—do not ruin them....If you disapprove of the way we handle arms smuggling, you’re welcome to

¹¹ “Shin Bet Chief Accuses Egypt of Allowing Weapons Smuggling into Gaza Strip, *Ha’aretz*, September 27, 2006.

¹² “Trouble Sealing Egypt-Gaza Border,” *Christian Science Monitor*, October 27, 2006.

¹³ “Israel Urges Egypt to Act Against Hamas,” *New York Times*, November 9, 2007.

¹⁴ “Egypt Reacts to Israeli Criticism of Anti-Smuggling Efforts,” OSC Feature - Egypt, Open Source Center, Document ID# FEA20071113408226, November 28, 2007.

¹⁵ “Israel and Egypt Spar Over Weapons Smuggling,” *New York Times*, December 26, 2007.

¹⁶ “Israeli Defense Minister Visits Egypt,” OSC Feature - Israel-Egypt, Open Source Center, Document ID# FEA20071226470867, December 24-26, 2007.

do the job yourselves.”¹⁷ Egyptian leaders also have accused some Israeli officials of using the smuggling issue to sabotage U.S.-Egyptian relations. Egyptian Foreign Minister Ahmed Aboul Gheit warned the Israelis when he stated that “If they continue to push and try to affect Egypt’s relationship with the U.S. and harm Egyptian interests, Egypt will certainly respond and will try to damage their interests.”¹⁸

Table I. Number of Tunnel Openings Discovered by Egypt 2004-2007

2004	20
2005	25
2006	73
2007	119

Source: Egyptian Ministry of Defense

Egyptian officials argue that while they are doing the best they can, their border forces lack the adequate resources and manpower to effectively patrol the Gaza/Sinai border. Egypt’s 2005 Memorandum of Understanding (MOU) with Israel specifies, in great detail, the precise numbers of troops and equipment that can be deployed on their side of the border. The Egyptian Defense Ministry claims that, at any one time, up to a third of their 750-troop regiment is off-duty or is on leave, leaving fewer troops to protect the border and stop smuggling. Egypt also claims that while Israel has provided it with intelligence on known smugglers, the information is often imprecise and not actionable.¹⁹ Egypt reportedly has asked Israel to renegotiate either the 2005 MOU or the Camp David peace treaty itself to allow for the deployment of additional 1-2 regiments in Rafah. Israeli leaders have responded by insisting that rather than send more Egyptian troops to the border, Egypt should make better use of the soldiers already on patrol. However, on January 31, 2008, the *Jerusalem Post* reported that Israel and Egypt are in advanced talks over possible deployment of additional Egyptian troops in Sinai in an effort to seal the border with Gaza.²⁰

Tensions abated somewhat after Israeli Defense Minister Ehud Barak’s trip to Egypt in late December 2007. After his meetings, Barak stated that “peace with Egypt is a strategic asset to both sides and as in the past when there have been disputes they had to be worked out.” Prime Minister Ehud Olmert followed these conciliatory remarks stating that “Egypt has a peace agreement with us, and I think that with all the difficulties in the relations, they are very satisfied with the agreement and want to preserve it.... That’s not to say that everything they don’t do, or do, is to our liking; and I imagine they have some criticism of us. But there is a continuing dialogue.”²¹

¹⁷ “Mubarak Says Israeli FM Crossed Red Line in Criticizing Egypt,” *Agence France Presse*, December 27, 2007.

¹⁸ “Egypt Warns Israel of Diplomatic Reprisals,” *Reuters News*, December 31, 2007.

¹⁹ CRS interview with Egyptian Ministry of Defense, January 8, 2008.

²⁰ “Israel May Let Egypt Deploy More Troops to Seal Gaza Border,” The Jerusalem Post website, Jerusalem, in English, January 31, 2008, published by *BBC Monitoring Middle East*.

²¹ “Israel: ‘Egypt Working Against Us for Years,’” *Jerusalem Post*, January 2, 2008.

U.S. Role

In order to diffuse tensions on both sides, the U.S. government sent Deputy Assistant Secretary of State Robert Danin and Deputy Assistant Secretary of Defense Mark Kimmitt to Egypt in November to assess the smuggling problem. According to an Israeli media report, the two U.S. officials recommended that:

- the United States provide Egypt with sophisticated tunnel-detection and demolition equipment, such as unmanned ground vehicles and acoustic sensors, to improve Egypt's tunnel detection capability;
- Egypt construct a canal along the border; an idea that Israel had proposed two years earlier;
- new physical barriers be erected with piles driven deep into the earth, and
- the United States, Egypt, and Israel establish a trilateral security commission that would deal with all the issues related to the Gaza-Egypt border - weapons smuggling, border crossings by terrorists, and border control. Israel, however, opposes such a commission.²²

A second team from the U.S. Army Corps of Engineers also traveled to Egypt in December 2007 and offered to assist Egypt by providing technical advice and training. According to U.S. Secretary of State Condoleezza Rice, "We think that Egypt has to do more. Those tunnels need to be dealt with.... The Egyptians have said that they want some, perhaps, technical help. We're prepared obviously, to give that, but it's also—you know, the will to do it is very important here."²³ U.S. Representative Steve Israel, who visited Rafah, Egypt in January 2008 reportedly remarked that "With the Army Corps equipment, with the sustained U.S. technical advice, this should make a big difference in closing these tunnels, and take the tunnels off the table in future appropriations debates."²⁴

The Rafah Terminal Crossing

The Rafah crossing point is the only non-Israeli army-controlled access point for Palestinians to leave Gaza. When Israel unilaterally withdrew from the Gaza Strip in 2005, Secretary of State Rice helped broker an agreement ("The Agreement on Movement and Access") between Israel, Egypt, and the Palestinian Authority to provide Gazans access through the Rafah terminal. Israel agreed to allow the European Union to maintain a Border Assistance Mission (EUBAM) to monitor the Rafah crossing. Without a physical presence on the border, Israel monitored the checkpoint using closed-circuit cameras. Most importantly, Israel retained the power to open and close the crossing based on its assessment of the security situation.

After Hamas took over the Gaza Strip in June 2007, Egypt worked with Israel to close the Rafah crossing. According to the last EUBAM factsheet, "Since Corporal Gilad Shalit was captured [by

²² "U.S. Weighs Plan to Help Egypt Block Arms Smuggling to Gaza," *Ha'aretz*, December 17, 2007.

²³ U.S. Department of State, Print Roundtable with Secretary Condoleezza Rice, January 7, 2008.

²⁴ "Egypt to Bolster Gaza Border; U.S. Aid Will Help in Detecting Tunnels, Congressman Says," *Washington Post*, January 7, 2008.

Hamas] on 25 June 2006, the Rafah Crossing Point (RCP) has been closed for normal operations and open on an exceptional basis only. Considerable efforts were made to mediate the resumption of normal operations, and to at least ensure that the crossing was open as often as possible. EUBAM efforts resulted in RCP being open for 83 days between 25 June 2006 and 13 June 2007, allowing nearly 165,000 people to cross.²⁵

There have been some notable exceptions to Rafah's total closure. In January 2008, Egypt allowed approximately 2,200 Palestinians, several of whom were Hamas leaders, to exit and reenter Gaza for the annual Haj pilgrimage to Mecca, Saudi Arabia. Both Israel and Palestinian Authority President Mahmud Abbas had expressed frustration with Egypt's decision, charging that it had undermined the PA's authority.²⁶ Egypt reportedly permitted about 85 Hamas members and other militants wanted by Israel to enter Gaza via Rafah in October 2007 in exchange for a wanted Al Qaeda militant.²⁷ Several months earlier, prior to the Hamas takeover of Gaza, Israel and Egypt had permitted 500 Fatah loyalists to cross into Gaza from Egypt, where they reportedly had received U.S. training.²⁸

January 23 Gaza Breach

After a week-long Israeli-imposed total closure of Gaza, which was put in place to compel Hamas to halt its rocket attacks into Israel, Hamas supporters blew several holes in the border fence on the Palestinian side of Rafah allowing perhaps as many as 200,000 Gazans to enter Egypt. Reportedly, the breach had been carefully planned by Hamas for over a month, as militants used blowtorches to weaken the structural integrity of the corrugated-iron fence. Since 2005, there have been several other Hamas-planned breaches of the border. According to initial reports, the outpouring of individuals into Egypt overwhelmed Egypt's forces and, with the exception of some arrests, the Egyptian Border Guard Force did not use force against the crowds. President Mubarak remarked that "I told them to let them come in and eat and buy food and then return them later as long as they were not carrying weapons."²⁹ Palestinians were seen buying livestock electronics equipment, mattresses, cement bags, motorcycles, generators, gasoline cans, and canned food. Israeli defense officials expressed concern that, in addition to civilians, Palestinian terrorists also crossed the border into Egypt.

Questions for Congress

Could the Gaza-Egypt border be completely re-sealed?

In the days following Hamas's breach of the border, many observers have begun to question whether the Gaza-Egypt border will ever be completely re-sealed. While as of late January 2008, the flow of Palestinians streaming into the Sinai Peninsula had been considerably reduced,

²⁵ Available online at <http://consilium.europa.eu/uedocs/cmsUpload/071211-Factsheet.pdf>.

²⁶ "Israel Lashes Out at Egypt Over Gaza Crossing," *Reuters News*, January 3, 2008.

²⁷ "Hamas 'Handed Al Qaeda Fugitive to Egypt' in Exchange for Border Opening," *Daily Star* (Beirut), October 2, 2007.

²⁸ "Israel, US, and Egypt Back Fatah's Fight Against Hamas," *Christian Science Monitor*, May 25, 2007.

²⁹ "Gaza Breach Puts Mubarak on Spot," *Wall Street Journal*, January 24, 2008.

nevertheless thousands of Palestinians remained in Egypt proper and two border crossings remained open. Egypt has deployed thousands of police in the Sinai Peninsula to keep Palestinians from reaching Cairo and other areas further inside Egypt. On January 30, 2008, one senior Israeli security official remarked that “There has been dramatic progress made with the Egyptians with regards to sealing the open border in Rafah.”³⁰ In an ironic twist of fate, smugglers have been quoted in the press indicating that the open border has cut into their profits. One smuggler interviewed by *Reuters* stated that “People bought all they needed by crossing the border in daylight and for free. We have had no business for a week.... If Rafah crossing would open properly for trade, I may quit tunnelling.”³¹

The Egyptian government is seeking to restore the Palestinian Authority’s presence (along with European Union monitors) along the border. So far, Hamas has appeared unwilling to relinquish its presence there. Many analysts believe that even if the PA were to regulate the border, Hamas’s control of the Gaza Strip would allow it to retain influence along the border. An Israeli newspaper featured a quote from one senior Israeli political source stating that “Anyone who thought that an addition of 750 Egyptian Border Policemen would solve the problem now realizes that this will not help. A much broader solution is needed, and Israel has to formulate a new strategy.”³²

Are advanced weapons being smuggled through the tunnels?

Israel claims that anti-tank weapons, Katyusha rockets, and shoulder-held anti-aircraft missiles are being smuggled into Gaza. On January 3, 2008, Hamas or Palestinian Islamic Jihad (PIJ) fired a standard Russian-made 122-mm Grad-series ‘Katyusha’ into Israel. The rocket achieved a range of 10.8 miles. Qassam rockets, which are manufactured in Gazan metal shops, have a maximum range of 6 miles. According to *Jane’s Defence Weekly*, Israeli intelligence had warned in 2005 that the PIJ had received a shipment of 20 Grad-series rockets, which were smuggled into the Gaza Strip from Egypt.³³ However, the Israeli newspaper *Yediot Aharonot* quoted an unnamed Israeli security official who claimed that the rocket fired on January 3 was produced in Iran and had been smuggled into Gaza from Egypt by sea.³⁴ Overall, while most experts agree that advanced weapons could easily find their way to Palestinian terrorist groups in the Gaza Strip, there is no real consensus concerning the scale of smuggled advanced weaponry. In addition, many analysts believe that Egypt has under-reported the amount of arms coming into Gaza, while Israel has exaggerated the threat these arms pose to its overall security. Some observers state that Hamas’s arsenal is not as sophisticated as Hezbollah’s in Lebanon. Nevertheless, Israeli military officials appear to have concluded that Hamas is gradually adopting Hezbollah’s military doctrine. One report suggests that Hamas has “organized along the lines of a conventional army, with companies and battalions assigned to defense of specific sectors, a fixed chain of command, and teams attempting to stage ambushes of Israeli forces as they enter and leave the Strip.”³⁵

³⁰ “Israeli Official: ‘Dramatic Progress’ With Egypt on Sealing Open Border in Rafah,” Tel Aviv Ynetnews, Open Source Center, Document ID#GMP20080130740003, January 30, 2008.

³¹ “Smashed Border Fence Costs Gaza’s Smugglers,” *Reuters*, January 29, 2008.

³² Cited in Americans for Peace Now: *Middle East Peace Report*, Vol. 9, Issue 21, January 28, 2008.

³³ “Palestinian Rocket Achieves Record Range,” *Jane’s Defence Weekly*, January 23, 2008.

³⁴ “A New Type of Katyusha Alarms Israelis,” *International Herald Tribune*, January 7, 2008.

³⁵ “Hamas Fighters Strengthening Border Defense,” *Washington Times*, November 2, 2007.

Is Egypt's physical presence on the border sufficient?

Israel and Egypt differ fundamentally over the size of Egypt's Border Guard Force. Egypt has repeatedly requested that Israel amend their agreement to allow for an additional regiment to deploy in Rafah, raising the total number of soldiers to 1,500. Israel has responded that Egypt lacks the political will to stop smuggling or stop Palestinians from breaching the border. However, as previously mentioned, Israel may now be seriously considering an Egyptian proposal to allow the deployment of additional forces along the Egyptian Gaza border. While the smuggling issue has worsened in recent years, at no time has any one government, Israeli, Egyptian, or Palestinian (PA), been able to fully stop the movement of goods and arms under the border. While Egypt has uncovered numerous tunnel openings on its side of the border, it reportedly lacked the capacity or the will to destroy the tunnel shafts that remain open even when an entrance is sealed. Furthermore, as long as tunnels remain open on the Palestinian side, the Egyptians have not been able to fully destroy them. With the recent U.S. pledge to reallocate \$23 million in FMF for new equipment and training, Egypt's record on destroying tunnels may improve.

Moreover, the Border Guard Force's rules of engagement against Palestinians crossing the border are deliberately ambiguous. Due to domestic popular sensitivities in Egypt, its leaders seek to avoid the appearance of harming Palestinian civilians. Based on the events of January 23rd, Egypt is clearly not going to shoot either Hamas members or civilians who breach the border fence unless it is in self-defense. Hamas deftly exploits this situation to the detriment of Egypt's military. According to Mouin Rabbani, an analyst at the International Crisis Group think tank in Jordan, "Egypt is confronted with what for them is a nasty dilemma—put in the position of being co-jailer of Gaza Palestinians."³⁶

Is the conflict over the border damaging Israeli-Egyptian relations?

Although both Israel and Egypt have, at times, tried to downplay recent tensions over the border, there is some concern that Hamas's takeover of Gaza will have negative long term repercussions for the Israeli-Egyptian relationship, a relationship that has been largely considered a success for U.S. Middle Eastern diplomacy for over three decades. While many experts agree that ultimately both sides are committed to upholding the Camp David agreement, further public disagreements over managing the Gaza border run the risk of poisoning relations and negatively affecting cooperation on issues of critical importance to U.S. national security, such as countering Islamist extremism and fostering Israeli-Palestinian peace. Indeed, at a time when the Administration has committed itself to reaching a peace deal by the end of 2008, the current Israeli-Egyptian dispute could prove to be an unwelcome distraction to follow-up negotiations after the Annapolis peace conference.

Looking ahead, Israeli-Egyptian tensions over border security are likely to continue. One day after the border breach, Israeli Deputy Defense Minister Matan Vilnai stated that "We need to understand that when Gaza is open to the other side we lose responsibility for it.... So we want to disconnect from it." Hamas itself has expressed a desire to see the border reopened and managed by the Palestinian Authority. Ironically, both of these positions pose challenges for Egypt, which wants to keep Hamas isolated, but not be held solely responsible for failing to do so by either

³⁶ "Gaza Border Crisis Roils Israeli-Egypt Relationship," *Associated Press*, January 23, 2008.

Israel or the United States. Nevertheless, as violence between Israel and Hamas and other Palestinian factions in the Gaza Strip continues, these issues will continue to fester. With Hamas showing no indication that it is ready to renounce its stated goal of Israel's destruction, all parties would appear to be a long way from seeing the Gaza-Egypt-Israeli region at peace.

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