

## Palestinian International Port in El Arish – Concept Paper

**Background:** The establishment of a seaport for Gaza was included in both the 1993 Oslo Accord and the 1999 Sharm el-Sheikh Memorandum. The construction of a small port began in mid-2000, but the site was bombed and destroyed by the Israeli army later this year during the Second Intifada. The 2005 Agreement on Movement and Access, following the Israel's withdrawal from Gaza, re-announced the start of the port construction, but due to the hostility between Israel and the Hamas, it has not been resumed.

**Katz Plan:** Recently, Israel's Minister of Transport, Yisrael Katz, proposed the construction of an artificial island, 3 miles (4.5 km) offshore Gaza, adjacent but **outside the territorial waters**, to accommodate a seaport and an airport (**Figure 1**). The island will be connected to the mainland by bridges with checkpoints manned by international inspectors to prevent smuggling. The bridges could be bombed in case of resumed hostility. The cost of the island is estimated by Katz at \$5 billion; others suggested \$7 - 12 billion. Construction time may extend 5 - 8 years.

Katz's plan is both hugely expensive and operationally impractical:

- **Area** -- The proposed area of the island port is way too small for accommodating the modern port required to serve the 4.7 million Palestinians living in Gaza and the West Bank; moreover, such port is usually supported by a large import/export-related industrial zone adjacent to it. Security inspection, as currently performed in the Kerem Shalom Complex, cannot be located on the bridge-located checkpoints.
- **Road Access** -- A modern port requires highway access to heavy trucks, which cannot be provided through the congested streets of Gaza City.
- **Rail Access** -- Serving the West Bank requires rail connection and large railyards, which cannot be provided in the congested Gaza City area.
- **Territorial Waters** -- The width of territorial waters has long been extended from 3 to 12 nautical miles (22 km), requiring much longer bridges and reclamation in deeper-water, resulting in much higher construction costs.
- **Sovereignty** -- Countries are not allowed to create land in international waters, outside their territorial waters (e.g., the crises in South China Sea).
- **Ecology** -- The island may obstruct the littoral (coastal) current, resulting in beach pollution and erosion in Gaza and Israel.
- **Security** -- Past experience suggests that international inspectors are ineffective and expensive. In case of hostility, there is no need to bomb bridges; Israel could simply blockade ship traffic to/from the port, as is the current practice with Gaza's fishing boats.

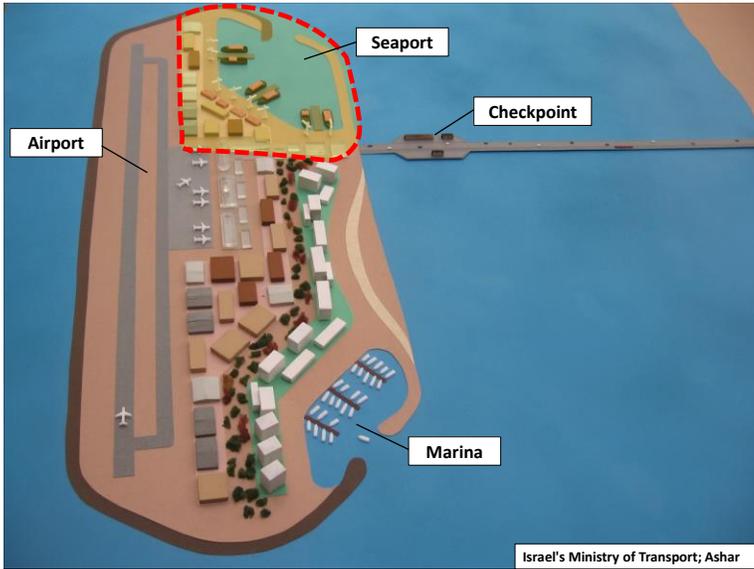
**Ashar Plan:** Gaza International Port should be part of the expansion plan of the Egyptian Port of El-Arish, located near Gaza's southern border with Egypt. It is common practice for countries to provide neighboring countries with autonomous ports via **long-term leases** (99 years + extension): Tanzania/Zambia; Peru/Bolivia; and Uruguay/ Paraguay. The total cost of the shore-based port complex in El-Arish would probably be \$300 - 500 million and would take 2 - 3 years to construct. In fact, it seems that El-Arish construction has already begun but not continued. Egypt's El-Arish, population of 160,000, does not generate sufficient traffic to justify a major port. Hence, the Egyptians need the Palestinian traffic as much as the Palestinians need the port. The Palestinians will be given about one third of the expanded El-Arish Port (**Figure 2**) in long-term concession (not sovereignty), with their investment amounting to \$100 - 150 million. Based on worldwide experience, the **Palestinian terminal in El-Arish is expected to be profitable**.

The truck (or in the future rail) traffic between the Palestinian Terminal in El-Arish and Gaza will pass through the **existing border-crossing complex in Kerem Shalom**, allaying Israel's security concern. The Kerem Shalom Complex would

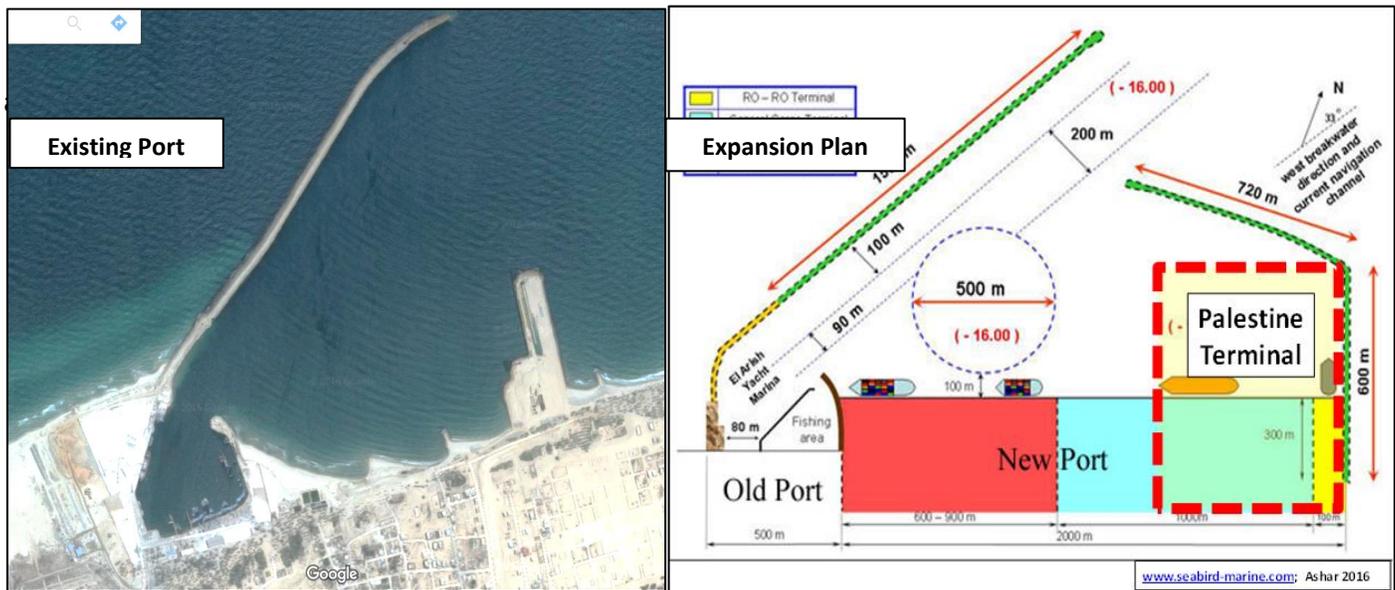
be expanded to become a “**dry port**”, with Customs (already existing there), Free Trade Zone, Industrial Park and **railyard**, using the Israeli rail system to transfer freight to/from the West Bank. The rail also can be used for **intra-Palestinian traffic**, between Gaza and the West Bank (**Figure 3**).

The expanded El-Arish Port, consisting of Egyptian and Palestinian terminals, will create substantial **regional economic benefits to Gaza and Egypt's Northern Sinai**; both are presently stricken by poverty and insecurity.

**Figure 1 Gaza Island Port (Katz)**



**Figure 2 El-Arish Present and Planned Port (Ashar)**



**Figure 3 El-Arish - Gaza - West Bank Traffic Flow**

