

SOUTH GAZA PORT – A CATALYST TO THE PEACE PROCESS

Present System. Gaze Port has been a key symbol of national independence for the Palestinians and a critical engine for economic development. **Israel has repeatedly agreed to support a port for Gaza** in Oslo Accord (1993), Sharm el-Sheikh Memorandum (1999) and Agreement on Movement and Access (2005). The Palestinian Authority (PA) even began constructing a port adjacent to Gaza City financed by European donations, but the port site was demolished by Israel during the Second Intifada (2000) and never been rebuilt. Presently, all Gazan import-export traffic moves through the Israeli Port of Ashdod, from which it is trucked 90 km to Kerem Shalom Border Crossing with Gaza. At Kerem Shalom, Israel constructed vast and sophisticated installations, where Gazan goods undergo extensive security inspection. Nevertheless, thanks to the close cooperation between Israel, the PA and Hamas in Kerem Shalom, the operation is quite efficient, moving about 1,000 trucks daily. Still, the overall, Ashdod/Kerem-Shalom/Gaza process is costly due to the high fees of the Israeli port and the long and expensive land trip by Israeli trucks.

Alternative Plans. There are 8 generic alternative plans for a Gazan port (see Figure 1, except for Cyprus Plan):

1. **Ashdod/Kerem Shalom (Existing)** – Continue with the present system;
2. **Ashdod/Palestinian Pier** – Same as (1), but use a designated Palestinian pier in Ashdod;
3. **Gaza City (Hamas Plan)** – Construct a small port adjacent to Gaza City;
4. **Gaza Island (Katz² Plan)** – Construct a major port on an artificial island 4.5 km offshore Gaza, connected to the mainland by a bridge with checkpoints for inspection;
5. **Cyprus/Gaza Fishing Pier** – Discharge the Palestinian cargo at the Cypriot Port of Larnaca, inspect it there and re-load it onto smaller ships sailing under Israeli Navy escort to Gaza City's Fishing Pier;
6. **El-Arish/Kerem Shalom** – Construct a Palestinian autonomous pier as part of the planned expansion of the Egyptian El-Arish Port and truck the Gazan goods from El-Arish to Kerem Shalom;
7. **South Gaza/Kerem Shalom** – Construct a Palestinian autonomous port in Egypt adjacent to Gaza's southern border and truck the Gazan goods to Kerem Shalom; and
8. **North Gaza/Zikim** – Construct a Palestinian autonomous port in Israel adjacent to Gaza's northern border, including an adjacent inspection and border crossing terminal in Zikim.

Plans' Assessment. The Ashdod/Palestinian Pier plans (1&2) are operationally costly and unacceptable to the PA, perceiving them as failing to meet the minimum national aspirations. Hamas' Plan (3) is unacceptable to Israel on security grounds. In addition, the proposed port site is small and surrounded by congested refugee camps. The highly-publicized Island Port Plan (4) also has a major security problem due to the **Island's location inside Gaza's territorial water**, precluding cargo inspection by Israeli inspectors on land, and ship inspection by the Israeli navy on water. In addition, constructing a massive, 8 sq-km Island in open, unsheltered 30-m deep sea, is estimated by us to cost \$10 billion, take 10 years, and likely to result in substantial beach erosion. The Cyprus Plan (5) may allow Israeli inspectors in Larnaca, but involves multiple cargo handlings and costly escorting by Israeli Navy, rendering it prohibitively expensive. Likewise, Gaza's Fishing Pier, located within Gaza City, has very limited capacity and expansion space. The two Egyptian plans (6&7) follow a common worldwide practice, whereby shore-dwelling countries provide landlocked neighbors with autonomous ports via long-term (99 years) land lease, e.g. Tanzania/Zambia, Peru/Bolivia, and Uruguay/ Paraguay. The El-Arish Plan (6) involves Palestinian

¹ The paper is based on a study by the **Gaza Port Group of Experts**, 11 US, UK and Israeli experts in ports, shipping, logistics, engineering, security and Middle East affairs. The group founder is Dr. Asaf Ashar, Professor-Research (emeritus), University of New Orleans's National Ports & Waterways Inst., USA. See: www.asafashar.com

² Mr. Yisrael Katz is Israel's Minister of Transportation and Intelligence Affairs.

presence 45-km deep inside Egypt, including Palestinian labor at the port and Palestinian trucks transporting goods on Egyptian roads, which Egypt is likely to reject. Also, there is no indication when (and whether) Egypt will expand El-Arish port, estimated by Egypt to cost \$1.3 billion. North Gaza Plan (8) mandates constructing a large, Kerem-Shalom like installation adjacent to the port near Zikim. However, the area available there, both on the Israeli and Gazan side, is small, barring the development of port-related industries. In conclusion, South Gaza Plan (7) is the most technically, economically and operationally viable among the 8 port plans. Moreover, the Plan builds on Kerem Shalom's already-established cooperation between Israel, the PA and Hamas; the proposed port is, in essence, an extension to the sea for Kerem Shalom.

South Gaza Plan. The South Gaza Port Plan (Figure 2) involves:

- Retaining the present and well-proven system of **processing all Gazan cargoes through Kerem Shalom**;
- Adding port-related storage facilities at **Kerem Shalom**, transforming it into an **Inland (Dry) Port**;
- Constructing a **Palestinian autonomous seaport** on Egyptian land leased to the PA; and
- Constructing a 10-km, **dedicated road connecting the seaport and inland port**, using the 0.5-km wide Egyptian security zone along Gaza's southern border.

The envisioned seaport is a small, general-cargo port, designed to meet the **specific needs of Gaza**: imports of construction materials, basic foods, fuels, and autos, and exports of fresh produce, furniture, textile, etc. The Gazan imports goods will not be stored on Egyptian land at the seaport, but **trucked immediately upon discharge from shipside to Kerem Shalom Inland Port** (and vice versa for exports). The proposed seaport/inland-port arrangement reduces the requirements for Egyptian land to about 1-km of a narrow strip of shoreline; it also reduces the construction cost of the seaport to about \$200-250 million, and the construction time to 2–3 years (for Phase I: 3 berth, 650-m dock with 12-m of water depth alongside and throughput capacity of 3 million tons/year, maximum ship size 35,000 dwt, 2,500 TEUs). Having the Gazan market captive, South Gaza Port would be **profitable** and therefore attractive to **private investors**. While not a fully-sovereign Palestinian port, South Gaza autonomous port is the closest conceivable substitute.

Future Kerem Shalom. Gaza Strip is densely populated. Kerem Shalom is located at Gaza's widest and least populated region, where industrial land is still available, and where Israel is likely to provide additional land as part of the future land-exchange with Palestine. Kerem Shalom can be expanded, becoming the logistic/industrial hub of Gaza, focusing on export/import-related activities. Also, due to its strategical location at the meeting point of the borders of Gaza, Egypt and Israel, Kerem Shalom could be declared a **tri-state Free Trade Zone (FTZ)/special Economic Zone (ECZ)**. A future peace agreement is likely to diffuse the security concern and enhances Kerem Shalom's FTZ/ECZ industrial activities, as well as the trade-flows between Gaza, Israel and Egypt through it. Kerem Shalom also will be connected to the Israeli rail system which, in turn, will be extended to the West Bank, and to the Egyptian one. In addition, the present Nitzana Border Crossing will be relocated to Kerem Shalom and the nearby airport at Dahaniya re-constructed, turning Kerem Shalom into **transportation hub**, with superior **road, rail, sea and air connectivity**.

Immediate Implementation. The South Gaza Port plan requires **Egypt's consent**. Since the proposed Port remains under full Egyptian sovereignty, with the leased land limited to a small sliver of uninhabited, remote border area, such consent seems attainable. In addition, the Port and, especially, the FTZ/ECZ, will generate income to the Egyptian government and employment to North Sinai's Egyptian residents. The actual port concession could be given to a **Global Port Operator** who, in turn, will contract with the PA. Egypt's major ports, much like Israel's, are already operated by Global Operators under long-term concession agreements. Finally, since South Gaza Plan requires no change in the political situation, preparations (environmental studies, planning & design, sourcing of construction materials, etc.) can **begin immediately**.

Figure 1 Alternative Port Plans

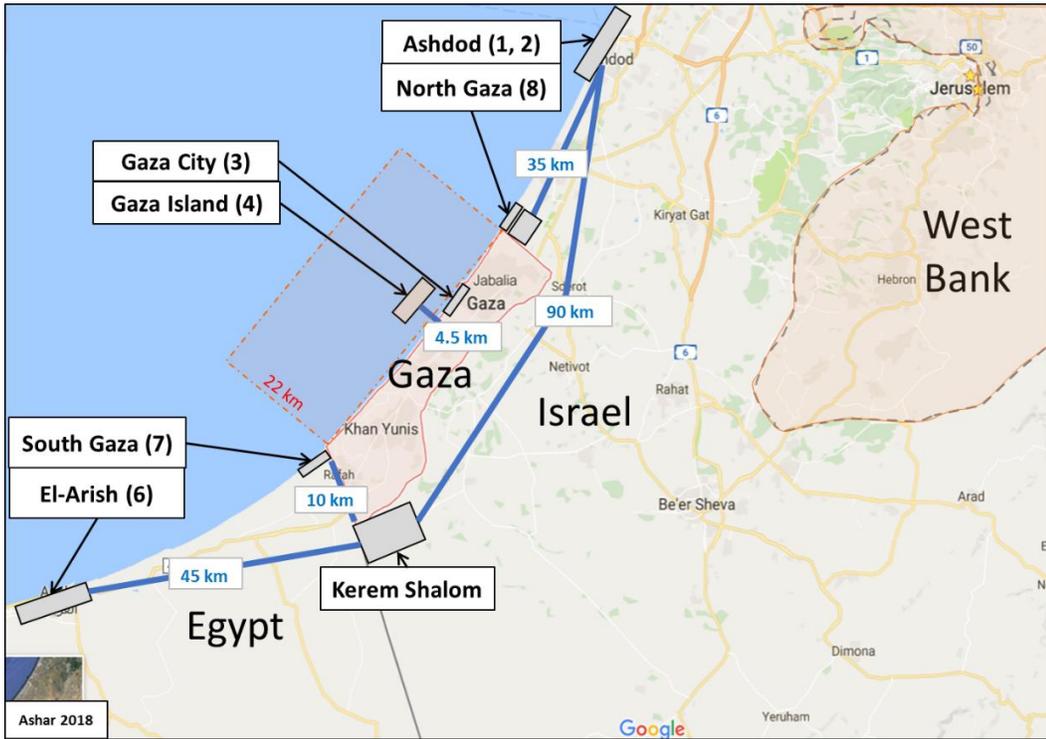


Figure 2 South Gaza Port Plan

