

# Hiding the State: Egypt, Israel, and the Palestinian Authority

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There is a paradox at the heart of recent news stories from Egypt, Israel, and the Palestinian Authority concerning various natural gas and land “business deals.” For in this day of seemingly unsurpassed state power there is a tendency to downplay its true extent. It is frequently proclaimed that the exigencies of international power structures limit state agency. Often, the aim is to shield the state and / or the true holders of power in the state from the consequences of rapacious behavior toward citizens and resources. This is accomplished by subordinating political issues and political space to private economic entities. The latter are presented as imposing their own supra-national legitimacy and agenda dissociated completely from the political sphere of the state and thus, (conveniently) circumscribing and directing the actions of the state itself.

The “political” space includes the questions of poverty; access and influence over the direction of government; historical national rights and their protection; distribution of benefits from national resources; adherence to and application of national and international laws; and so forth. Many times, the “political” imposes limits on the state even when it is dictatorial as is the case in the Arab world.

To counteract these limits, economic supra-national structures and the ideology of free market capitalism, liberalization, globalization, and privatization are used by the state as rationalizations. Thus, the state can: a) escape its responsibilities to its citizens; b) usurp the “national interest” in the sense of distributive benefits to the widest number possible; c) eliminate the threats of legal sanctions imposed on states by international legal norms; and d) derive even greater control and exploitation of national resources for the benefit of the holders of state power. Increasingly, private companies are the favored vehicle through which these aims are achieved.

This phenomenon exists equally in ostensibly “democratic” Israel where it is used in an even more pernicious way. Non-state structures are used to hide the true machinations and aims of the state from the potentialities of legal or public condemnation. In fact, their power has been extended well beyond what is traditionally within the purview of the state in order to usurp what historically and politically pre-existed the state, such as Palestinian national, cultural, and territorial rights.

Israel, Egypt and the Palestinian Authority proto-state are engaged in this dance of hide and seek.

Arguably, the recent push by the United States for Arab states to “normalize” relations with Israel prior to any negotiations or compromises or concessions by the latter, may be

indicative of the extent to which the divestment movement has succeeded. Importantly, it is also a strategy by which the political is avoided and subordinated to super-imposed “solutions.”

### **The “Private” Economic Façade Hides the “Political” State: Exploiting Land and Natural Gas**

The following examples will illustrate how these governments hide behind companies that serve as tools of economic theft, of usurpation of political rights, and of escaping international laws.

The Israeli Supreme Court is currently looking at a case whereby the World Zionist Organization (WZO) is accused of acting as an agent of the Israeli government when it “took” private land in the West Bank, and “sold” it to Jewish settlers. What makes this noteworthy is that earlier similar actions usually involved smaller “outposts” whereas this one involves the massive settlement of 3000 Jews in Ofra north of Jerusalem. Notably, the Israeli state itself had declared that the property is off-limits to settlement. And even though the “state” had issued demolition orders against construction at the site, the Defense Ministry “froze” demolition and the settlers hastened to complete construction. They even got a special dispensation from the Ofra rabbi to work on the Sabbath. (Amy Teibel, “Lawsuit throws light on murky West Bank real estate deals for Israeli settlers,” Breaking News 24/7, June 20, 2009)

This is but one in a long history of similar actions. Israel has settled almost 500,000 Jews on internationally recognized occupied lands. Since 1967, Israel has used the WZO to avoid international laws prohibiting “settling” on occupied land by creating a special settlement division which is ostensibly not part of the government, but is wholly funded by it. Land deals are usually secret and confidential, with the settlers claiming to be protecting Palestinians who “sold” their land.

In a similar vein, the Knesset formulated a “land reform” bill allowing the “sale” of refugees’ property in public auction. The Israeli government again used a private front for its essentially political usurpation of Palestinian rights. It forged a deal between the Jewish National Fund (Keren Kayemeth Lelsrael (KKL)) and the Israel Land Authority (a state entity) in order to “transfer” control from the latter in preparation for auction. Again, this action has historical precedent, since the Israel Land Authority has been “selling” Palestinian refugee land for the last two years to the Antiquities Authority. According to the British survey of 1945, only 6% of land in Palestine was Jewish owned. The remainder was 50% Palestinian private property and 45% public land. (Zuheir Andraus, “Knesset formulates a bill allowing the sale of Palestinian refugee property,” Al-Quds al-‘Arabi, 7/8/2009)

By so doing, the state of Israel is trying to escape the limitations of its own Absentee land law that had frozen the properties of refugees until there is a “solution.” It also contravenes UN Resolution 194 and other international laws, but escapes the consequences of its actions by hiding behind “private” non-state actors. Thus, it discards its responsibilities to its Palestinian citizens by substituting a private organization (KKL) that exists for the sole benefit of Jewish population in Israel. According to KM Jamal Zahalqah, those disaffected are not just Palestinian refugees but also Palestinian citizens of Israel.

In the above two examples, talk of privatization is basically an avoidance of confronting the

central (political) issues of who owns the land, of the historical rights and struggles of Palestinians, and of national and cultural rights. Hiding behind economic rationalizations and entities constitutes a theft of the widest scope possible all over again.

The following examples also show how by hiding itself, the state (specifically those who hold true power) eliminates political space and therefore any form of resistance or check on its actions. All is subordinated to economic formulae completely independent from society and politics (and sometimes, reality).

The Egyptian East Mediterranean Gas Company (EMG) first signed a deal to supply (private Israeli) Dorad Energy in 2007 with natural gas. EMG already had a deal to supply state-owned Israeli Electrical Corporation (IEC) under a 20 year agreement signed by then Minister of Petroleum Sameh Fahmi in 2005. Although the terms were secret, it was widely reported that natural gas was being “sold” to Israel at \$2 per cubic foot when the market price is \$14 a cubic foot. (1)

Needless to say, these deals were and are controversial in Egypt. Not only for their political implications in supplying a precious resource to what most Egyptians still see as an “enemy” state. But also for the obvious “discount” involved. The flow was not stopped even during the Israeli war on Gaza this winter. And to add insult to injury, the CEO of Dorad is Reserve General ‘Amos Yaron who was indicted by a Belgian court in 2003 for his involvement in the Sabra and Shatila massacres in 1982.

A lawsuit was filed to ban the export of natural gas to Israel. The courts ruled in favor of the petitioners. But this earlier ruling was overturned following a petition by the Egyptian Prime Minister, Finance Minister, and Minister of Petroleum. (Media Line Staff, “New Egypt-Israel Gas Deal Signed,’ Allheadlinenews.com, 7/28/2009) Again, hiding behind “private” economic structures, they argued that this is solely under the jurisdiction of the state and not the courts nor the State Council. But in a practical legerdemain, the state itself could not act to prevent this deal because it was an agreement signed by an Egyptian private company. Minister of Petroleum Sameh Fahmi hid behind the ideology of privatization and free markets saying it is a private-stock company “established under investment law” and “we can’t ask this company to sell gas to some countries and not to others.” (2)

Disingenuously, EMG was granted a monopoly to export natural gas to the eastern Mediterranean without having to even submit a tender. (And unlike Israel, Jordan and Syria are charged market rates.) EMG is “owned” by Hussein Salem who is widely believed to be a front man for Mubarak. His investment vehicle is called Masaka Group. (Salem was formerly in Egyptian intelligence.) (“Egypt: Middle East oil refineries, (Midor),” Entrepreneur.com, 1/7/2008)

The “deal” has been rejected by most Egyptians. A week ago, Egyptian ambassador Ibrahim Yusri has filed another lawsuit to stop the export of natural gas to Israel. He questioned the authority by which a national resource could be taken and “sold.” And he further asked that considering Egypt’s large and growing needs, does Egypt have any “surplus” gas to export? (Khaled al-Shami and Zuheir Andraus, “Egyptian ambassador Ibrahim Yusri: New deal to export gas to Israel means Egypt is now a private estate,” Al-Quds el-‘Arabi, 7/30/2009) This follows on the heels of Muslim Brotherhood objections last year to the start of pumping natural gas to Israel. (Adam Morrow and Khaled Moussa al-Omrani, “Egypt: Opposition Slams Gas Sale to Israel,” IPS News, 2/25/ 2008) Wafdists likewise questioned the validity of the deal because it contravened Article 51 of the

Constitution which stipulates that a strategic agreement must be presented, discussed, and approved in the Peoples' Assembly. (Gamal Essam el-Din, "Sales Strategies," Al-Ahram Weekly, 2/26 -3/4, 2009)

Despite opposition, this deal signals to the US that Egypt cooperates with Israel economically. And the economic "exchange" is maintained by hiding behind private entities, thereby negating any political element that might interfere with supra-national agendas.

Israel has forced a cut for itself from the exploitation and development of natural resources in countries that surround it. Very blatantly, this happened in 1999 when British Petroleum (now BP Group - BG) discovered deposits of natural gas 10 - 15 nautical miles off the coast of Gaza. Initially, BG drafted an agreement to share them with the Palestinian Authority and Egypt. But under pressure from Tony Blair, BG added Israel to the consortium. That agreement was signed by 'Arafat and gave BG 90% and Athens-based Palestinian Consolidated Contractors Company (connected with the PLO) the remaining 10%. Once again, a private business entity was used to "deal" national resources.

Despite the facts that international maritime law allows a 12 nautical mile corridor of national sovereignty and that the Oslo Accord allowed for 20 nautical miles, Israel (lethally) harasses anyone that ventures beyond 2 nautical miles off the coast (if that). There is speculation that the latest war on Gaza was launched because Israel wants to control that resource. (Between June 2008 and through October of 2008, Israeli PM Olmert contacted BG to reopen negotiations over the deal. Israel Corporation negotiated with BG in November of 2008 to buy BG's holdings in Gaza Marine natural gas. (Avi Bar-Eli, "Israel Corp. looks at BG's Share of Gaza natural gas," Haaretz, 5/11/2008) And then on 11/18/2008, the Egyptian Administrative Court banned the export of natural gas to Israel. Thus, the potential cutoff of gas gave Israel more incentive to invade Gaza. Israel is also questioning the validity of the PA's deal with BG by arguing that the PA did not have the authority to grant BP a franchise.

The subordination of the state to private interests is detrimental to both the rights and the entire political space inside of which "citizens" may act. (More accurately, they are subjects in most of the Arab world. Even in "democratic" Israel, Palestinians are either an Occupied and subject population or, at best, qualified citizens within the state.) Hiding the state behind supra-national and non-state actors detracts from the very same state power, whose "aims" holders of power are assiduously trying to protect. Specifically, the examples of the second usurpation of Palestinian land via the "private" vehicles of the World Zionist Fund and the KKL, show how hiding the state undermines and puts the final nails in the coffin of the two state "solution" that Israel is supposedly pursuing in an effort to preserve its "Jewish" character. For by stealing Palestinians' land — the essence of their political, historical, and national rights — Israel is eliminating the very basis of that second state, even in its nascent and still incomplete form.

And that may not be a bad thing.

#### Notes

(1) After much controversy, the deal was "re-negotiated," but the terms of the agreement remain secret from official Egyptian sources. But Israeli newspapers estimate that gas prices are to increase between 10 -30%. That is still significantly below international prices. (MEES, "Egypt raises gas supplies to Israel after reaching new price agreement,"

Zawya.com, 6/22/2009)

(2) These arguments are selectively used by the holders of power in the Egyptian state. In contrast to the EMG deal, Egyptian businessman Wajih Sijaj had all his assets in Egypt seized by the Egyptian government for concluding a land deal with Israel to develop land in Taba for tourism. It is widely assumed that the double standard is because he did not pay those holding power in the state their "due" in the deal. In other words, he actually acted as an independent economic agent as opposed to an economic instrument by which the "state" can conclude politically and economically dubious agreements. (Khalid al-Shami, "Paris unfreezes the assets of Bank Misr, and the Egyptian government seizes the assets of Sijaj," Al-Jazeera, 8/1/2009)

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