



Intelligence and Terrorism
Information Center
at the Israel Intelligence Heritage &
Commemoration Center

October 28, 2008

Hamas has lately regulated the flourishing tunnel industry in the Gaza Strip. Hamas is sending a message to the media that smuggling goods from Egypt is a way of lifting the Israeli “blockade,” ignoring the continued smuggling of weapons and terrorist operatives.



Laying telephone lines in the tunnels (Hamas's PALDF Forum, October 23).

Overview

1. Hamas has recently **regulated the operation** of its hundreds of smuggling tunnels. The move was instituted to increase Hamas supervision of the flourishing tunnel industry, enlarge the profits made from it, increase worker safety (the tunnels often collapse and kill workers), and above all to the ability to provide for its military needs and to supply the necessities of

the Gaza Strip population. All that is done while circumventing the Israel and Egyptian supervision of the Gaza Strip crossings.

2. The tunnel industry is the result of the basic desire of Hamas and the other terrorist organizations to import weapons, foodstuffs and fuel from Egypt. The lull arrangement, which brought about the cessation of IDF activity in the Gaza Strip and the continued closure of the Rafah crossing, helped the industry flourish, become regulated and turn into an integral and important part of the Gazan economy. At the same time the Egyptian security forces have increased their activity and from time to time manage to expose tunnels, confiscate the smuggled goods and detain smugglers. However, their activity is **not sufficiently effective** and cannot close down the tunnel industry or even reduce its dimensions, despite the fact that Hamas does not make much of an effort to hide its existence.

3. Hamas recently permitted two British newspapers, the Guardian and the Independent, to write local color stories on the tunnel industry. The articles deal with the smuggling of food, fuel and other civilian commodities. They include interviews with the mayor of Rafah and workers who dig the tunnels. Hamas's message, as sent by the articles, is that the tunnels are a way of circumventing Israel's "blockade" of the Gaza Strip (which implies they are justified). It almost completely disregards (and sometimes even denies) that weapons are being smuggled into the Gaza Strip on an large scale, as are terrorist operatives, and that the tunnels are central to the military buildup of Hamas and the other terrorist organizations.¹



The Independent article headline



The Guardian article headline

¹ See the article by Toni O'Loughlin in the Guardian, October 22, and the one by Donald Macintyre in the Independent, October 25.

The Tunnel Industry – Updated to October 28, 2008

3. For many years an extended tunnel industry has been established in the Gaza Strip. Through the tunnels Hamas smuggles weapons, money, terrorist operatives, foodstuffs, fuel and civilian and military equipment into the Gaza Strip from Egypt. **Hamas** oversees and to a great extent controls the industry. In our assessment, there are several hundred tunnels running under the Philadelphi route, i.e., the Gaza-Egypt border. Rafah mayor Issa al-Nashar told both the Guardian and the Independent that there are about **400 tunnels**, most of which are located in Rafah. Other sources, according to the Guardian, estimate the number as closer to **600**.



Smuggling activities in the tunnels (Hamas's PALDF Forum, October 23).

4. Hamas propaganda is trying to represent the tunnels as a result of the so-called Israeli "siege." The Independent quoted a UN report according to which the tunnel network was a "vital lifeline" and "the direct result" of the "siege," with no mention of arms smuggling.² Mayor al-Nashar called the tunnels the "painful inevitability imposed by the siege," and claimed they would be dismantled as soon as the crossings were opened. According to the Guardian, smuggling has become "a lucrative and entrenched part of the [Gazan] economy." Omar Shaban, a Gaza economist, estimated that smuggling comprised about 90% of market activity in the area and is worth around \$30-\$40 million a month. The tunnels, he said, were "integrated into the economy. We have a new economic structure now, a new business community."

5. The tunnel industry is an **important source of employment for Rafah residents as well as a source of income for Hamas and the tunnel contractors.** It is estimated that thousands of workers and terrorist operatives are employed in digging the tunnels, operating them and smuggling. According to the Independent, there are an estimated 6,000 workers in the industry. The profit from each tunnel is estimated at \$30-\$50,000 a month. The cost of digging a tunnel is estimated at \$60-\$70,000. Half of the amount is paid to the owners of the houses under which the tunnel openings are hidden and the other half buys digging equipment and pays the salaries of the engineer who designed it and of the diggers. An operational tunnel, according to the Independent, can be bought or sold for up to \$150,000.

6. One of the smugglers told the Independent about building the tunnels and explained the difficulties involved caused by the need to escape the attention of the Egyptian security forces. He said they used Google Earth to plan the tunnels. They had to find "a hidden place, a deserted house or something like that," and kept "in constant touch with by mobile phone with an Egyptian worker." The Egyptian contact helped the Palestinians find a suitable place for the tunnel and for which he was "well-paid for risking a prison sentence if...discovered."

7. Hamas uses the tunnels for the non-stop smuggling of weapons, terrorist operatives and large amounts of cash from Egypt into the Gaza Strip. Sometimes the traffic goes the other way, for example, sending terrorists to carry out attacks against Israel through the Israeli-Egyptian border.³ In addition, foodstuffs, animals, electrical appliances, spare parts for cars,

² According to the Independent, "Israel is convinced that Hamas – through more discreet tunnels controlled by the faction [sic] – has been bringing weaponry into Gaza, but Karim [a tunnel-owner interviewed for the article] says he does not to expect to be asked to smuggle arms. 'There is no market for them,' he insists. 'There is a truce with Israel, there isn't fighting between Hamas and Fatah, and there are enough weapons in Gaza already.'" **His statement is incorrect and based on Hamas propaganda, and is intended to turn the spotlight away from the extensive smuggling of weapons.**

³ According to an Israel Security Agency report, on September 21, 2008 the Israeli security forces detained Jamal Abu Duabe, a Rafah resident, who had infiltrated into Israel. During interrogation he said that he had been sent by Hamas in the Gaza Strip to enter Israel and abduct IDF soldiers. He admitted having left the Gaza Strip for Egypt

cigarettes, fuel, Palestinian civilians (including those who received medical treatment in Egypt), etc. are all smuggled in through the tunnels. The owner of one tunnel, located about 200 meters (about 220 yards) from an Egyptian watchtower and operating 24 hours a day, told the Guardian that he "imported" "everything you can imagine." Fuel is particularly sought after and about 15,000 liters (almost 4,000 gallons) of diesel fuel are smuggled into the Gaza Strip daily. The animal trade is also flourishing, especially in view of the holiday of Eid al-Adha (the Muslim feast of the sacrifice) which is expected to fall on December 10 this year.



Smuggling sheep and cows through the tunnels (Pal-today website).

8. The existence of the tunnel network enables a steady flow of large amounts of money and foodstuff into the Gaza Strip. As a result, as opposed to Hamas propaganda, there had recently been no lack of food in the Gaza Strip, and there is even a surplus of some items. The Hamas newspaper Al-Risala published an article about the improvement in Gaza's economic situation resulting from the wide variety of cheap products smuggled in through the tunnels, and Gazans are able to stock up on items previously hard to acquire. According to the article, the tunnels solved the problem of the lack of fuel after pipes were laid in some of them to bring gas into the Gaza Strip from Egypt (Al-Risala, October 16). Thus, recently, **the markets in the Gaza Strip have been flooded with fuel from Egypt (including cooking gas), lowering their cost below the official price.**

using a tunnel under the Philadelphi route and that the abducted soldiers were supposed to have been smuggled into the Gaza Strip the same way.



Smuggling foodstuffs through tunnels (Hamás's PALDF Forum, October 23).

Regulating the Smuggling Industry

9. **The entire tunnel industry is overseen and controlled by Hamas.** According to the Guardian, Hamas security forces patrol the tunnels. The tunnels enable Hamas to continue its military buildup,⁴ improve the economic situation and deepen its political control over the Gaza Strip. It is all done by circumventing the Israeli and Egyptian restrictions placed on the Gaza Strip crossings.

10. During the past month Hamas has undertaken a major step to regulate tunnel activity, although publicly it does not admit to doing so.⁵ The mayor of Rafah told the Independent that so far "the new tunnel rules drawn up by Hamas have already resulted in the 'registration' of – and levies on – about half of the 400 tunnels." To increase oversight of the goods smuggled in and to regulate the tunnels' activity the following have been done so far:

i) **There is a registration fee and electricity must be paid for:** Hamas's interior ministry has demanded that every tunnel be registered. The fees are 150,000 shekels (almost \$43,000) for a new tunnel and 50,000 (about \$14,300) for an existing one. Registration entitles the owner to receive electricity for his tunnel from the Palestinian electric company (Al-Kawfieh, October 7). Both Hamas and the Rafah municipality charge an annual licensing fee of 10,000 shekels (about \$2,800) to operate the tunnels (Guardian, Independent).

ii) **The relationship between the Rafah municipality and the tunnel owners has been formalized:** According to the Guardian, the fees constitute 20% of the Rafah municipality's revenues, and it has set up a committee to collect them. The municipality also

⁴ For further information see our April 9, 2008 Bulletin entitled "Hamás's military buildup in the Gaza Strip (Updated April 2008)" at http://www.terrorism-info.org.il/malam_multimedia/English/eng_n/pdf/hamas_080408.pdf.

⁵ **Ziyad al-Zaza**, national economic minister for the Hamas administration, denied that Hamas was charging tax on the merchandise smuggled in through the tunnels. However, he defended the tunnels by saying it was the Palestinian citizen's right to look for a way out of the siege (Filastin al-Yawm, October 25).

requires tunnel owners to pay a monthly fee for electricity and exerts pressure on them to arrange payments to the families of workers who were killed.

iii) **Safety improvements:** Following several instances of worker deaths (43 in 2008⁶) Hamas demanded the tunnel owners institute safety measures. Every tunnel receives a “stamp of approval.” Workers must be at least 20 years old, a demand made in view of the large number of adolescent workers killed. The Hamas interior ministry has demanded that tunnel owners pay reparations to the families of those killed and wounded in the tunnels. According to the Guardian, the Rafah municipality is pressuring tunnel owners to sign contracts promising to pay up to \$40,000 to the families of tunnel workers killed on the job. Hamas officials have already begun overseeing the reparations payments.

iv) **Regulation of the smuggling of fuel (cooking gas, diesel fuel and gasoline) from Egypt:** Pipes were laid in the tunnels through which fuel is pumped from Egypt to the Gaza Strip. According to the Guardian, many tunnels have been fitted with plastic pipes for the passage of Egypt’s heavily subsidized fuel into the Gaza Strip. One gas station owner told the Guardian that during the first 19 days of October he “imported” 313,000 liters (almost 83,000 gallons) of diesel fuel and 161,500 liters (more than 42,500 gallons) of gasoline through the pipes in his tunnel. “Every day,” he said, “I send my truck to Rafah,” adding that he was earning 3.5 shekels (about one dollar) on every liter of Egyptian fuel compared with half a shekel on same amount of Israeli fuel.

11. Following the regulation the tunnel industry has become more visible. According to the Guardian, hundreds of tents have appeared over tunnel openings on the Palestinian side of Rafah. The tunnels currently being dug are large enough to transport livestock and “industrial air conditioners.” According to the Independent, the tents protect the tunnel openings from the weather. However, in our assessment, some of the tunnel openings are still located inside permanent structures (houses and abandoned buildings) to hide them from Israeli and Egypt security force eyes.

⁶ According to the Guardian, 40 Palestinians were killed while building tunnels. The Palestinian media reported the deaths of three more on the morning of October 25 when a tunnel collapsed.



Tunnel opening inside a cinder-block structure



Tunnel opening visible under a tent