

# NOREF Report

## Salvaging Sinai

Nicolas Pelham

### Executive summary

The August 5th 2012 attack that killed 16 Egyptian soldiers in the nexus where Gaza, Egypt and Israel meet has spurred Egypt's greatest effort to reassert its authority over the Sinai since recovering the territory from Israel in 1982. Nevertheless, armed Bedouin groups backed by jihadi allies continue to confound its efforts. Only the integration of Sinai's Bedouin into Egypt's security, political and economic fabric will restore the buy-in of the indigenous population that is vital for both the success of the country's military campaign and the stabilisation of this strategic corridor linking Asia to Africa – and of post-revolutionary Egypt itself.

The identities of the attackers have yet to be made public. Most were likely Sinai Bedouin, with perhaps some Palestinian support. But the

fact that this attack is not an isolated incident and has been succeeded and preceded by many others suggests that North Sinai has become an environment for the killing of Egyptian soldiers and the destruction of Egyptian installations. This report examines the causes of the prevailing anti-government temperament in North Sinai, which is home to approximately 75% of Sinai's half a million people; tracks the development of quasi self-rule since the fall of Mubarak; and offers a few suggestions for the stabilisation of Sinai within a future regional economic and security framework.

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## Sinai before the Egyptian revolution

North Sinai's population consists of some 160,000 Bedouin, a similar number of Nile Valley internal migrants and 50,000 Palestinians. The government's loss of control over this area pre-dated Egypt's January 2011 "Arab Spring" uprising. Decades of government policies of political, military, economic and social exclusion had provoked a stand-off between the Egyptian state and the population, cementing an official mindset that believed that it was better to subjugate the Bedouin population than to integrate it. This mindset viewed the Bedouin as distinct from the population of the Nile Valley by virtue of their dialect, ethnic origin, nomadic rather than sedentary culture, and history – including 15 years under Israeli occupation ending in 1982. Like Israel in the neighbouring Negev, the government refused to recognise Bedouin titles to their ancestral lands and seized them as its own. To dilute the influence of the indigenous population, it barred Bedouin access to civil service and military posts, and moved in settlers from the Nile Valley. The crony capitalists surrounding the Mubarak family developed the south, building a Red Sea Riviera on its shores, entertaining millions of tourists a year and exploiting its mineral wealth, but sidelining the more populous north.

Prevented under the Camp David Accords that Egypt signed with Israel in 1979 from maintaining an armed military presence in the population centres of North Sinai, the Mubarak regime relied on the menacing presence of State Security, a branch of Egypt's Interior Ministry, to control the region. The state deployed security forces to clear and protect land for construction that was claimed by Bedouin, including tourism projects in the south. Attempts at throwing off Egypt's yoke only intensified the oppression. From 2004 to 2006 Bedouin militants from the north attacked the regime's sources of wealth in the south, bombing hotels and killing 130 people. In the crackdown that followed, thousands were crammed into State Security jails – Bedouin tell of cells with standing room only.

From 2007 to 2011 the Sinai was superficially calm as Bedouin tribes focused on rebuilding their

economic and tribal base. Excluded from formal state enterprises, including the Riviera's mass tourism, the Bedouin turned to the development of their alternative informal economy. They intensified drugs cultivation in the Jabal Halal, the rocky outcrop lying some 80 kilometres south of the coastal plain and extending from the Suez Canal to the Israeli border that had a history of rebellion, including under Israeli occupation. Above all, economic activity focused on smuggling, for which Bedouin had an aptitude, given their nomadic past, their disregard for the boundaries of modern states, and their clan networks extending deep into Israel and Gaza.

The oldest trade routes ran eastwards to Israel. Contraband included drugs and migrants – first East Europeans and then, with the lifting of Israeli visa restrictions on the former Soviet Union, the Horn of Africa. However, with the growing intensity of the international blockade on Gaza in response to Hamas's electoral victory in January 2006, the economic opportunities offered by smuggling goods and people in and out of Gaza soon surpassed the profits from smuggling to Israel. After Israel prohibited the entry of all but seven basics into Gaza following Hamas's military takeover in June 2007, Sinai's Bedouin seized on the opportunity to make up the shortfall. Clans split by the formalisation of the Egypt-Gaza border following Israel's withdrawal in 1982 re-established their ties by digging a labyrinth of underground tunnels. By the end of 2008 there were over 1,000 tunnels through which trade worth \$300-500 million a year passed. Towns near the border, such as Mahdiya, where many of the tunnel owners lived, were full of ornate mansions and garages containing luxury smuggled cars.

Committed to the restoration of the rule of the Palestinian Authority in Gaza and pressured by its foreign allies, particularly the U.S. and Israel, to sever the tunnel lifeline, the Mubarak regime developed a number of schemes to counter the tunnel economy. These included flooding the tunnels and building a U.S.-designed and -funded underground wall. However, as sometime beneficiaries owing to bribes, the state security forces never succeeded in smothering the tunnel economy. Egypt's measures merely spurred the tunnel operators to design tunnels that were deeper, longer and more sophisticated, and by

the end of 2009 Gaza was importing cars, heavy weaponry and almost all its fuel through the tunnels. By the eve of Egypt's 2011 revolution smuggling had become the prime source of North Sinai's livelihood and economic empowerment worth between \$700 and \$1,000 million a year.

## Bedouin self-rule

Unlike the revolution elsewhere in Egypt, Sinai's uprising in January 2011 was armed and violent. Bedouin groups routed government forces using an arsenal in part creamed off from arms supplies smuggled to Gaza and in part hurriedly imported in a reverse-flow through the tunnels from Gaza at a high premium. Bedouin protesters used rocket-propelled grenades to destroy state – particularly security – institutions and machine guns to chase away security personnel, sparing, however, military intelligence, with which they retained close ties. The regional headquarters of State Security in El Arish, North Sinai's provincial capital, and Rafah's passport and permit office – an institution that had restricted Bedouin movement to the tourist resorts in the south – were ransacked. The Interior Ministry apparatus melted away.

In its absence, Bedouin self-rule, which had hitherto been limited to Jabal Halal, spread across the peninsula. Using their tribal coping mechanisms, Sinai's 20-odd tribes established their own security committees to police the peninsula, legal committees (*lijan al-islah*) to adjudicate local disputes – based on a combination of tribal practice and Islamic law – and economic committees to raise revenues by taxing proceeds from smuggling and operating a rudimentary tax regime-cum-protection racket. With a veneer of approval from military intelligence, these committees kept order, protecting public buildings and, says a security committee member in El Arish, the town's church and Christian community.

The collapse of border controls as protesters toppled regimes in Tunisia, Libya and Egypt further facilitated the smuggling enterprise and Bedouin enrichment. Qaddafi's armouries in Libya provided a ready and free source of heavy weaponry both to stock Bedouin armouries and to sell to Gaza. The loot included anti-aircraft

missiles (including SA-24s), multi-barrel rocket launchers, technicals (Toyota trucks fitted with anti-aircraft guns on the back) and luxury cars. The disappearance of border controls facilitated the passage of jihadis as well. Local Bedouin capabilities received a boost from the trickle of militants, often related by tribe, from Saudi Arabia, Yemen and Libya – where they had become battle-hardened during the uprising against the Qaddafi regime. Salafi militants, such as those from a radical Hamas splinter group known as the Jaljalat, also arrived from Gaza, after fleeing the crackdown that the Hamas leadership launched in 2009. Some elements in Hamas may also have encouraged militants to move to Sinai to attack Israel, both ridding Hamas of a troublesome rival and diverting the armed struggle against Israel beyond its area of responsibility. Over time, the combination of Hamas's purchasing power in Sinai and the reach of its armed wing turned northern Sinai into what a Hamas security official called the organisation's "strategic depth".

In addition to this external support, Bedouin armed groups benefited from the storming by revolutionaries of Egypt's prisons and the freeing of the prisoners that they held. Bedouin activists detained in the government dragnet after 2006 and militants affiliated with jihadi groups operating in the Nile Valley both found refuge in Sinai. Some locals even contemplated establishing their own semi-autonomous Bedouin authority, and graffiti reading "Emirate of Sinai" was daubed on village walls.

As their resources increased, Bedouin militants moved to thwart attempts by the Egyptian authorities to regain control. Restricted to light weapons under the terms of the Camp David Accords, government forces in the populous north-east – the epicentre of the revolt – found themselves outgunned. Faced with pressing demands in Egypt's major cities, the regime deployed its weakest and most disposable troops, including those who had been court-martialled and other convicts, to the border; "Egypt's Siberia," one militant in Gaza called it, shocked at the insouciance and lack of professionalism of Egypt's troops. Fearful of attack, soldiers avoided carrying out all but the most cursory inspections at checkpoints and abandoned their positions by night, thus providing free access for contraband.

Some soldiers donned civilian clothes for fear of kidnapping. Preoccupied with retaining its grip on the Nile Valley, the ruling Military Council in Cairo largely turned a blind eye to these events, relying on verbal assurances that translated into little on the ground.

Just as Egypt under Mubarak had exerted pressure on Bedouin trade routes, so the Bedouin targeted Egypt's formal economic activities. Armed and masked tribesmen in the south repeatedly cut the road leading from the Nile Valley to the Riviera, preyed on the roads to kidnap tourists and stormed outlying tourist resorts. Further north they ambushed trucks ferrying goods from Israel to the joint Israeli-Egyptian industrial zones near Suez and on 14 separate occasions blew up the gas pipeline providing 40% of Israel's gas supplies from Egypt and 80% of Jordan's. The base of the Multinational Force and Observers (MFO), the 2,300 strong U.S.-led multinational force monitoring the Camp David restrictions, situated in Al-Goura in the epicentre of the North Sinai revolt, came under repeated attack, sometimes accompanied by demands that Egypt or the MFO withdraw its forces from Sinai.

Some Bedouin cells sought to act beyond Sinai's borders as well. Militant groups seeking recognition and support from international jihadi groups, including al-Qaeda, carried out increasingly audacious attacks against Israel. If the intent was to rupture Israeli-Egyptian relations, they almost succeeded. In August 2011 a group of 20 militants crossed into Israel near Eilat, killing eight and firing anti-aircraft missiles at an Israeli military helicopter for the first time. Israel's subsequent pursuit left five Egyptian soldiers dead and triggered the storming of the Israeli embassy in Cairo by an angry mob, forcing its closure (it has yet to reopen). Grad missile attacks rendered life in Israel's Negev towns almost as unstable as in its towns bordering the Gaza Strip. Moreover, their newly enhanced missile capabilities gave militant groups reach over much of the world's shipping in the Red Sea, the Mediterranean and, above all, through the Suez Canal, through which 8% of the world's sea-borne trade passes. Egypt's military repeatedly claimed to have thwarted attacks on the canal's shipping.

## The failures of Bedouin attempts at self-rule

This situation was not to last. Fearing the mayhem escalating in Sinai, its neighbours increasingly hemmed in the Bedouin. Israel accelerated the construction of its 240-kilometre wall, leading by August 2012 to a 90% decline in migrant trafficking hitherto worth \$30 million per month. And although Egypt largely suspended direct operations against the tunnels, it acted indirectly against the trade by restricting supplies crossing the Suez Canal into Sinai, resulting in severe shortages particularly of petrol in North Sinai. Increasingly, Sinai's Bedouin found themselves under a siege that at times felt like an extension of that imposed on Gaza. At the same time, beginning in July 2010, Israel's relaxation of its border closures affecting Gaza, including of all foodstuffs, reduced Gaza's demand for smuggled goods. By mid-2011 over half the tunnels had suspended operations. Further eroding Bedouin earnings, Gaza's wholesalers sought to cut costs by dealing directly with Nile Valley manufacturers, circumventing Sinai's middlemen.

Indicative of falling earnings, traffickers resorted to more brutal methods to maintain their profit margins. The practice of ransoming migrants for ten times the transit fee of \$3,000 was widely reported. Migrants held in Israeli detention and interviewed by international officials testified that Bedouin subjected them to electrocution, beatings with iron bars and mass rape while calling their families on video phones in order to secure payment. Some died before the money arrived.

Hamas too found the benefits of co-operation with Sinai's Bedouin compromised by its growing rapprochement with the Egyptian authorities. Even under the Mubarak regime, Hamas had sought to formalise its relationship with Egypt: its leaders perceived their ties with the Bedouin as tactical, for leverage, and those with Egypt as strategic. The rise of its parent organisation, the Muslim Brotherhood, in Egypt further increased Hamas's reservations about partnering with Bedouin rebels. In the wake of Mohammed al-Morsi's electoral victory, Hamas leaders proposed formalising access and movement between their two authorities and replacing the informal tunnel

network with formal trade routes above ground. In anticipation, Hamas upgraded its side of the Rafah crossing and cleared land for a free-trade zone.

The August 5th 2012 attack marked at least a temporary setback to these plans. Egyptian officials implicated Gaza, alleging that the tunnels had served as access routes for the perpetrators. In an exercise in damage limitation, Hamas leaders temporarily closed the tunnels and strengthened their security co-ordination with Egyptian authorities. They stood by without protest as Egypt plugged the tunnel mouths east of the Gaza terminal crossing (which Hamas had earlier stated to be inside Israel's buffer zone and therefore not fully under its control). And although Egyptian officials deemed their action insufficient, Hamas officials detained and questioned dozens of Salafi militants and dispersed Salafi gatherings after Friday prayers in Rafah.

Feeling increasingly isolated, Sinai's 20 tribes began to bicker over their diminishing resources, which in turn hampered their efforts to close ranks and form a united leadership that might have spearheaded the pretensions of some to a Sinai emirate. Each tribe formed and armed its own defence committee or militia, and the surfeit of weapons in the peninsula meant that tribes spent as much time fighting one another for dominance over smuggling routes or land as rallying against external challenges. Inter-clan kidnappings and murders were commonplace, while merchants recruited armed guards. (Early reports of Bedouin abuse of migrants only gained credence after Salafis linked to smuggling across the Gaza border quarrelled with traffickers smuggling people to Israel.) When a woman from Sinai's largest tribe, the Sawarka, eloped with a man from the Tarabeen tribe without her brother's permission, Sawarka armed youths barred the Tarabeen en masse from entering El Arish until the woman was handed back and summarily killed.

Rivalries between Islamist and tribal groups further undermined group unity. While both groups opposed Egypt's security state apparatus, once the Mubarak regime had collapsed the disappearance of a common enemy triggered a struggle for control on the ground. Tribal elders

adjudicating *urfi*, or customary, law vied with Salafi sheikhs seeking to implement Islamic sharia law. Compounding the traditionalists' ire, Salafi preachers waged campaigns against Sufi shrines, which were the result of an earlier wave of Islamist revivalism. Salafi groups attacked the peninsula's oldest Sufi shrine, Sheikh Zuwayed, three times and knocked Rafah's Unknown Soldier off his pedestal because they saw it as an affront to the Islamic prohibition on images. In a further attempt to control the public arena, they also proscribed television, hair salons, cafés, cigarettes, music and visible female hair. Tribal leaders, who had traditionally taken a more relaxed approach to organised religion, feared that they had got rid of one cultural imposition only to usher in another.

To emphasise their break with the past, Salafis donned a new dress, replacing traditional white Bedouin costumes with black ones. They wore watches and rings on their right hand, not their left, and reportedly refused to eat meat slaughtered by those outside their religious order. While they called themselves the People of the Book and Sunna, many Bedouin joined the Egyptian government in dubbing them *takfiris*, or excommunicators. Flying black flags – jihadi war ensigns – they repeatedly raided North Sinai's provincial capital, El Arish, and in July 2011 overran its police station, which the authorities had tried to reopen. Further east, in Sheikh Zuwayed and its satellite towns, they established a rudimentary administration, directing the traffic and collecting taxes.

The entry of foreign fighters bolstered Salafi groups, but further exacerbated the traditionalist vs. Salafi divide. Senior Bedouin tribesmen publicly warned Bedouin that they were serving foreign, not Sinai's interests. One was killed for his criticism. Rather than focus solely on establishing Bedouin control in Sinai, militant groups also targeted Israel and its Sinai interests. Increasingly the struggle acquired ideological and global jihadi dimensions. Generally, Bedouin self-rule failed to improve Sinai politically, economically or socially. Terrorised by the mayhem, a sizeable proportion of the Bedouin population increasingly looked to a restoration of central authority to stabilise the peninsula.

## Possible solutions to the Sinai problem

Egypt's initial response to the August 5th 2012 attack smacked of the old order. Military officers vowed revenge and in a statement the then-ruling Military Council blamed "agents in Gaza" for facilitating the attack. But having had two years to build their arsenals and with far greater knowledge of the lie of the land, the Bedouin armed groups presented a formidable guerrilla opposition. In a sign of their readiness for a showdown, the night the army announced the resumption of Operation Eagle intended to regain control in North Sinai, militiamen attacked seven army checkpoints around El Arish, including the airport. Subsequent clashes have resulted in Egyptian military withdrawals in the face of attacks by smaller but better trained and more motivated guerrillas. And with Egypt's economy flagging, militants have continued to threaten the country's prime sources of hard currency – tourism and the Suez Canal.

The use of military force and the accompanying revival of the security state risks not only sparking a backlash, but also closing the gaps between the jihadis and other Bedouin malcontents. Memories of Egypt's past security regime remain fresh – not just among Salafi jihadi groups, but the population as a whole. Just as the Egyptian dragnet and incarceration of thousands in 2006 spurred revenge attacks, so also there are signs that the deployment of tanks is encouraging North Sinai's youth to join the jihadis. Even Bedouin elders interviewed by the author watched impassively as the police station in El Arish came under attack and voiced disapproval at the return of the police to Sheikh Zuwayed under heavy military guard. While jihadi militants are estimated to number some 1,500, their support base is fluid. Any perceived excess could activate tribal loyalties. Tellingly, after a cycle of arrests within days of the military campaign's launch, Bedouin Salafi groups staged open-air rallies and warned the government that they would resort to violence if the security forces did not withdraw their hardware. "After the revolution, we're looking for a new face and new behaviour from the regime. If not it will lead to the repetition of the tragedy", a North Sinai Salafi leader, Asad Khairy Bek, told his followers at a rally in Sheikh Zuwayed. Local Muslim Brotherhood representatives pressed

upon Morsi the need for a political rather than a military campaign. "The Egyptian army, which hasn't fought a war in 30 years, has rushed into an environment that it doesn't understand", said Abdel Rahman al-Shobaji, a local Brotherhood leader and parliamentary deputy of the Brotherhood-affiliated Freedom and Justice Party. "We risk losing to guerrillas and ending up like the Soviets in Afghanistan if we pursue a military solution."

Signalling his own doubts about the success of military action, Morsi dispatched a delegation led by Salafi leaders from the Nile Valley to negotiate with their North Sinai counterparts immediately after wresting power from the Military Council on August 12th 2012. Among the participants was Emad Abdel Ghaffour, leader of the Nour Party at the time of his appointment, which won 27% of the vote in the parliamentary elections. He cited the precedent of the rehabilitation of the Nile Valley jihadi groups that authorised the assassination of President Anwar Sadat in 1981 and the killing of tourists in the mid-1990s, and argued that now, as then, Islamist militants can be persuaded to swap bullets for ballots. In return for a renunciation of violence, he promised Salafi leaders that Egypt would guarantee their full participation in the political process.

After a first round of talks, one Bedouin clan responded positively and undertook to hand over its weapons, but the reaction has been predominantly sceptical. Five successive rounds of mediation appeared to overlook the degree to which local unrest was driven by Bedouin resentment at the policies of state dispossession. Indeed, several Bedouin interviewees maintained that the new Islamist forces from the Nile Valley harboured many of the reservations and prejudices of the old order: their candidates in the Nile Valley campaigned in the parliamentary and presidential elections for the assertion of Egyptian sovereignty in the peninsula. While the realisation of their Nile Valley nationalism is primarily directed at Israel, some fear it might also include the Bedouin. Hazm Abu Ismail, a Salafi presidential candidate and prior to his disqualification a frontrunner, campaigned for accelerated Nile Valley settlement and exploitation of the peninsula's raw minerals. "The state still considers us to be drug dealers and Mossad agents", said one prominent academic in El Arish.

“It’s the same system. Nothing has changed on the ground.” A schoolteacher similarly accused Salafi mediators of overlooking the causes of conflict: “We’re always hearing about terror cells in Sinai bent on destroying the country, but the cause of the violence is state neglect and marginalisation.”

In his statements Morsi has displayed some awareness of local sensibilities. He has visited the territory three times in three months – more than his predecessor had done in 30 years – and in speeches addressed to “the sons of Sinai” during his trips he insisted he would reverse the neglect and uphold international norms when conducting arrests. Amid Salafi protests at Egypt’s “invasion”, Morsi also withdrew scores of tanks on August 29th 2012 (although most observers attributed this to pressure from Israel, which alleged their deployment without its assent constituted a breach of the Camp David Accords). But in the weeks that followed the Morsi regime authorised a second influx of hardware and replaced the governor of North Sinai with another retired military officer, while 14 Bedouin convicted of attacking Egypt’s security forces were sentenced to death. Bedouin tribal leaders have also noted with consternation the continued absence of Bedouin representation in both Morsi’s cabinet and the Constituent Assembly that is drafting Egypt’s new constitution.

With Morsi alternating between military and political options and succeeding at neither, his regime appears in urgent need of a coherent programme to address discontent that threatens to spiral beyond Sinai’s borders and trigger a new regional war. Despite the 33-year-old peace treaty, Israel’s border with Egypt is now volatile, and the violence has also spilled over into Gaza, and embroils the Nile Valley. The Camp David security arrangements, which have prevented a full-scale Arab-Israeli war between states, now hang in the balance.

Critical to the restoration of stability in Sinai under Egypt’s control will be the negotiation and presentation of a government programme for the incorporation of not only the peninsula’s people, but also its land assets. To this end, the Egyptian government should consider an apology for past security force abuses, the prosecution of some of their perpetrators and an amnesty for pre-

revolution sentences passed in absentia. All three steps could go far to allaying the risk of tribal blood vengeance against state representatives for past grievances. Promises to end decades of marginalisation and discrimination also need to be implemented. In 2011 the army opened its military college in Cairo to applications by Sinai’s Bedouin, but Bedouin elders continue to complain of exclusion from most army ranks, including the border forces. In April 2012 the North Sinai governor issued a decree making residence in the Sinai a condition for applying for civil service jobs, and in both North and South Sinai municipal mayors appointed Bedouin deputies. But, as noted, more recent appointments, such as the appointment of the North Sinai governor, suggest that this policy is now on hold. The previous Ganzouri government, too, displayed greater appreciation than Morsi’s of the role government-backed investment can play in reaching out to the indigenous population. It formed the Sinai Development Authority, part-funded by U.S. aid; undertook to complete the long-idle Salam Canal from Bir al-Abd to the Gaza border; and proposed the construction of a \$3 billion bridge to Saudi Arabia via the islands of Tiran and the restoration of Egypt’s train network in the Sinai (the old network was dismantled under the Israeli occupation). Although the Morsi government has also endorsed the principle of land ownership rights, in all areas of potential progress the pace has slowed since his election. The government has repeatedly delayed the launch of the Sinai Development Authority (now headed by a retired intelligence officer).

As critical to the integration of the Bedouin into Egypt’s economic and political order will be the replacement of the current informal trading ties between Sinai and its neighbours with formal trade relationships. The tunnel economy to Gaza and smuggling to Israel, which together form the economic mainstay of North Sinai’s Bedouin, are both the products of the former regime’s cold relations with its neighbours: had Egypt traded openly with Gaza and Israel through the formal crossings, smuggling activity would never have mushroomed to its current proportions.

Israel’s readiness to formalise trade ties with Egypt remains unclear. Its construction of a wall along its Sinai border suggests that security concerns

are paramount, although, paradoxically, plugging the lucrative smuggling routes has fostered a new Bedouin animus against Israel and significantly reduced Israel's leverage in Sinai. By contrast, the tunnel economy has fostered and magnified the economic inter-dependence of Gaza and North Sinai. By moving the trade above ground and ensuring that it is routed through formal channels, Egypt can significantly increase its grip over North Sinai's economy and potentially sever the economic drivers of the Bedouin revolt. Moreover, once the border is opened for trade, Bedouin merchants would be forced to operate under official auspices.

Fortunately, Egypt has a willing partner in Gaza's ruling authorities. Anxious to formalise Gaza's own ties with Egypt and win the recognition inherent in entry to the global economy, Hamas leaders have – as noted – repeatedly expressed their readiness to close the tunnels in return for the opening of formal trade routes above ground. While Egyptian security officials have expressed doubts about their sincerity – would they really stop gunrunning and smuggling Egypt's subsidised fuel and flour? asks a sceptical security officer – the fear that Egypt could again cut Gaza's access to formal trade routes would go far to ensuring Hamas's compliance.

However, initial indications that the plan enjoyed presidential backing – Muhammad Mahsub, an Egyptian government minister in Morsi's government, said that the free trade zone at Rafah would open next year – suffered a setback ahead of Morsi's visit to New York in September 2012 and amid negotiations with the IMF and U.S. for a much-needed influx of finance. Although Egypt's primary aim should be the restoration of stability in Sinai, its concern for its relationship with Western donors and desire for quiet on its border with Israel make it sensitive to Western, Israeli and Palestinian Authority reservations about the risks inherent in a growing alliance between the two Brotherhood regimes in Egypt and Gaza. To reduce, if not altogether allay these concerns, Egypt could demand that Gaza formalise its bilateral security and economic arrangements.

In the wake of the August 5th 2012 attacks leaders from Hamas's military wing publicly stated that the movement would not seek to prosecute its armed

struggle against Israel on Egyptian soil. They also undertook to co-operate with Egypt in its campaign against global jihadi forces by sharing Hamas's extensive intelligence on militants operating in the Sinai. If both commitments were set down as security guarantees and rigorously enforced, Hamas would in effect have extended its truce with Israel – currently applying to the 40-kilometre length of its Gaza border – a further 240 kilometres to Eilat.

Some observers in Gaza and Israel have suggested more far-reaching agreements, including a trilateral security agreement requiring all parties to commit themselves to non-aggression, to field-level co-operation to counter threats to stability and to enhancing formal cross-border trade. Such a deal is not wholly fanciful: Gaza's ruling Islamists have also already shown themselves willing and able to police their border with Israel when the latter holds fire and when their interests dictate. One businessman with political clout in Gaza even suggests extending the Camp David arrangements to include Gaza by extending the provisions for demilitarisation in Sinai's Zone C to Gaza as the practical price for incorporating Gaza into the fold.

While the latter may yet be far-fetched, the dividends for the Sinai, Gaza, and the region of new security and trade arrangements are considerable. By reducing the informal economy, such arrangements would require merchants and middlemen to operate under the auspices of central authority. Stabilising Sinai would yield rapid regional dividends: South Sinai's tourism has previously shown a propensity for rapid recovery and could rebound again, providing Egypt with a much-needed injection of revenue; and it would also have knock-on benefits for regional tourism, from Israel's port of Eilat to the development of Mediterranean coastal resorts in North Sinai and Gaza. Further steps such as connecting Gaza to Sinai's gas pipeline network would have tangible benefits both for Gaza (it would cut its fuel bill by 60% and ensure that its power plant operated to maximum capacity) and for its neighbours: they would ensure that Gaza's rulers had a direct interest in safeguarding the inter-state trade routes and pipelines from sabotage even in the event of a resumption of supplies to Israel and Jordan.



The notion of a triangular security and economic relationship linking Israel, Egypt and Gaza's Islamist rulers still worries many people. Many Egyptian security officials are still used to treating Hamas as a national security threat. American officials, too, are concerned at the prospect of bringing a terrorist organisation directly or indirectly into the regional security architecture. Hamas militants will also likely shrink from any arrangement that hardens their retreat from the armed struggle and could be seen as promoting normalisation.

But with the old policies failing to restore stability to Sinai, an alternative seems to be urgently needed. With Israel, Egypt and Gaza – as well as a plethora of local militias – all massing their forces, the peninsula has the potential to become a proxy battlefield. The MFO, an armed U.S.-led

force of 2,300 peacekeepers, which has helped maintain a 30-year peace, hangs on despite repeated attacks on its personnel and bases. But its civilian monitors have largely suspended patrols and it has updated its contingency plans for a possible withdrawal that would remove another pillar of the fragile peace between Egypt and Israel. The jihadis operating in Sinai have already made considerable progress in their stated aims of rupturing Egypt's 33-year treaty with Israel and precipitating a new cycle of conflict. Israel's foreign minister says Egypt is now a greater threat to Israel than Iran. Repairing the relationship between the Egyptian state and its Bedouin subjects and among the region's security forces, including those of the newly elected Islamist establishment, might yet prevent Sinai from degenerating once again into a battlefield.