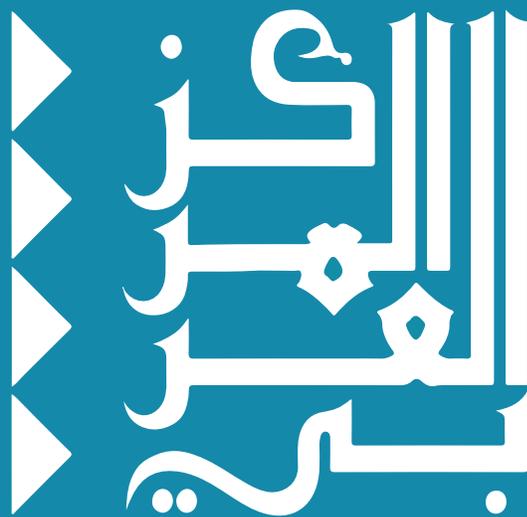


# The Gaza Crisis and the Politics of the Light Switch

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The Gaza Strip is under unprecedented pressure. The situation on the ground has reached a climax over the past few months, making it ripe for either an implosion or an explosion. Players on all sides are hoping to exploit the conditions produced by a human-made disaster for their political ends, and all this is coinciding with regional tensions that might reshape alliances.

In the context of the 10-year siege on the Gaza Strip, what roles have the political players had? What is the impact of these policies on development and infrastructure? And what are the political implications of the most recent pressures?

### **An Already Enervated Strip**

Since 1948, the pressure cooker that is the Gaza Strip has only come under greater tension. First, after the Nakba, it became home to hundreds of thousands of fleeing refugees denied repatriation to their homes by the State of Israel. These refugees make up approximately 70 percent of Gaza's population of 1.9 million people. The 1967 occupation brought a new level of difficulty under Israeli military rule with its harsh repression through large military campaigns that regularly featured collective punishment. In 2005, Israel pulled out its settlers and retained control of Gaza from the outside, entering its land, air, and water as they pleased, much as they do with Area A of the West Bank. Then, in 2006, the Change and Reform list of Hamas candidates running in the Palestinian Legislative Council elections won

enough seats to govern. This result – despite the fact that democratic elections that included Hamas's participation were encouraged by Washington – was followed by sanctions from the United States on the Palestinian Authority (PA), throwing the political structures of the so-called "peace process" into chaos. In 2007, Hamas took control of the Gaza Strip, routing Fateh forces they believed were plotting a Washington-backed coup. What followed were even tighter restrictions on the Gaza Strip, debilitating its economy.

During Israel's 2005 pullout from Gaza, an advisor to then Israeli Prime Minister Ariel Sharon stated that the rationale of the withdrawal was to freeze the peace process and make any progress essentially impossible by giving the Israelis excuses to justify their position. The failed state in Gaza, whose degraded status Israel would ensure through policy, is often used by Israelis as an example for why they cannot permit Palestinian sovereignty in the West Bank. When Hamas inevitably took control of Gaza, Mahmoud Abbas also had a shared interest with Israel in ensuring that political rival Hamas, which rejected collaboration with Israel, could not establish a successful state-building project in Gaza. Israel and Abbas were on the same page: Hamas governance of Gaza had to fail.

Israel then began to seal off entry and exit ports, which had a very significant effect on the Strip. The one border Gaza did have with Egypt was designed for the transit of people, not goods. The crossings through which truckloads of

Gaza's imports and exports passed were all controlled by Israel. Even Gaza's territorial waters were blockaded by the Israeli navy. While Gaza had historically been a crossing point for trade in the region, its economy and infrastructure became tied to the rest of Palestine since Israel's occupation and control of the Strip.

For his part, Abbas called on Fateh party loyalists, including many who had been civil servants in Gaza, not to continue working with the new Hamas administration. Those who refused to work with Hamas would remain on the Ramallah-based Palestinian Authority's payroll—even though they were not actually working.

These policies produced severe economic stagnation and led to the immediate collapse of several industries in Gaza. Factories closed down, produce became nearly impossible to export, and due to the naval blockade and the routine shooting of Palestinian fishermen, the land-farmed fish market overtook that of sea-caught fish, thus debilitating a historic industry in the coastal enclave.

During a 2006 attack, Israel targeted Gaza's only power plant and never permitted its reconstruction to pre-attack capacity. This was the start of an electricity crisis that worsened continuously for the past decade and has brought Gaza to the brink of collapse.

## The Current Electricity Crisis

The Gaza strip has one power plant that runs on diesel fuel. It is both inefficient and expensive. Even when it runs at maximum output it is capable of producing only a fraction of the energy needed to provide power to the entire population. Additional electricity comes into Gaza from Israel and, to a lesser extent, Egypt. This means Gaza is entirely dependent on outside providers for its energy needs.

Israel does not provide electricity to Gaza for free. It charges the Ramallah-based Palestinian Authority for the power as it has no relations with the Gaza-based authority (Hamas). Israel deducts these funds from an import tax that belongs to the PA but collected by Israel. In the past, the Israelis have withheld and threatened to withhold these revenues to pressure the PA. As the PA has tightened its budget in recent years, it has also increasingly fought with Hamas over paying for the electricity. The Ramallah-based authority wants Gaza to pay for its own electricity while it cooperates with the Israelis in policies that ensure Gaza remains impoverished.

For its part, the Gaza Electricity Distribution Company, which is in charge of power distribution and revenue collection in the Strip, says it will collect only about 40 percent of the bills from Gaza's highly impoverished population. Donated fuel from foreign countries, including Qatar and Turkey, has helped ease the burden in recent months, allowing the power plant to operate at partial

capacity. But this option became more difficult when the PA significantly raised import taxes on fuel. Even though the fuel is donated to Gaza, the PA and its functional allies in Egypt and Israel control entry ports, meaning import taxes have to be paid even on donated goods, before they can enter. This led to a significant increase in the cost of the kilowatt hour, which the electricity company already had difficulty collecting from an impoverished population. Higher taxes would mean higher costs passed on to the consumer. Once the quantity of fuel donated by Qatar and Turkey ran out in April 2017, the authorities in Gaza said they could not afford to bring in additional fuel due to the taxes—leading to a shutdown of the power plant in April and leaving Gaza almost entirely dependent on the limited power it gets from Israel.

Along with the tax hike in April, Mahmoud Abbas also made a significant decision that had an important impact on the economy in Gaza. He began to slash the salaries of the Fateh affiliated employees without work, whom he had been paying for nearly a decade. These salaries had contributed positively to purchasing power in what has become little more than a captive consumer economy in Gaza. Abbas's readiness to cut salaries to his own people, to whom he had remained committed for a decade, showcased a new degree of willingness to squeeze Gaza into submission. This card is a dangerous one for Abbas to play and it speaks to just how many levers of pressure he has already used. If his goal is to ultimately press Hamas to relinquish

control of the administration of Gaza to Ramallah, he would need loyalists in Gaza to help carry that ambition forward. Cutting their salaries, therefore, makes the political situation risky for him.

### **The GCC Crisis and the Dahlan Scheme**

In recent weeks, Israel, which had become the last remaining source of electricity in the Gaza Strip, cut back its supply at the request of Abbas because of his dispute with Hamas over pay. This has left Gaza in a situation where its population is receiving only about two hours of electricity a day. Israel can further turn down the dial at Abbas's request. All these steps—the tax increase, the slashing of salaries, and the request for Israel to cut electricity further—have come within mere weeks of each other. This rapid pace suggests a sense of urgency and haste to foment change in Gaza. It also coincides largely with an unfolding crisis between GCC states.

When the UAE and Saudi Arabia initially announced their actions against Qatar, various other states quickly began to follow suit. Bahrain and Egypt cut relations with Qatar within days or took further steps, while others, like Jordan, degraded them. The Abbas-led Palestinian Authority in Ramallah, however, despite being a political rival of Hamas in Gaza, where Qatar has provided assistance, stayed out of the fray. This may well be due to a PA policy of nonintervention in intra-Arab affairs, the product of the costly lesson of the PLO's backing of Saddam Hussein in the first Gulf

war. Abbas, however, surely came under pressure to take a stance on the side of the blockading nations, but he refused anyway. It is worth recalling that in recent years, these same nations had been pressuring Mahmoud Abbas to permit exiled political rival Mohammed Dahlan back into Palestinian politics ahead of the Fateh conference in November 2016. Abbas refused, considering it an unwelcome intervention in his domestic affairs.

Dahlan enjoys considerable backing from Abu Dhabi, where he resides and advises the leadership on security matters. He has played an increasing role in Egypt, supporting the Sisi effort to push back against the Muslim Brotherhood there. He is seen by many, in both Hamas and Fateh, as a key reason for why Gaza went down this difficult path, although each for their own reasons.

Dahlan has earned the reputation of a strong man with strong connections to the West, one who will happily crack down on Islamist dissenters. It seems that this is the model of leadership the UAE would like to see in various places around the Arab world. For this reason, it was thought that if Dahlan were to gain a path back into Palestinian politics, it would be through the West Bank and not Gaza, where Hamas is in control. But Abbas closed that door. Now, wittingly or not, it seems Abbas's pressure on Gaza may have opened a previously unthinkable door for Dahlan.

Hamas had been reportedly discussing options with Egypt to bring fuel into the Gaza Strip,

brokered by Dahlan. A million liters of Egyptian fuel entered Gaza on June 21. This deal also interestingly coincides with a wrinkle in the GCC crisis. When the long-awaited demands of the blockading states were finally published, it was interesting to note that Qatar severing ties with Hamas was not among them—even though Saudi Foreign Minister Adel al-Jubeir had specifically named the group. Could this reflect an opportunity for a UAE-Hamas rapprochement, or at least give UAE-backed Dahlan an opportunity to play out his options for a Gaza return?

But it is clear that this is not a sustainable scenario, as fuel from Egypt, even in large supply, is not sufficient for Gaza. Israeli power is still the biggest source of Gaza's electricity needs. Further, if the deal between Hamas and Egypt does foreshadow a pathway for Dahlan's return, it would mean he and Hamas would have to coexist in the same political space in Gaza—a truly unlikely outcome. Dahlan would enter Gaza far weaker than he was on the ground in 2007, when forces loyal to him were routed by Hamas; today, Hamas exercises far more control over Gaza than it did then. Accepting such an agreement would require an unreasonable leap of faith for Dahlan to have in a bitter enemy. It would also mean that a UAE-backed operator would be bestowing legitimacy on political Islamists by cutting a deal that would amount to a stunning reversal in policy for Abu Dhabi. It is also hard to believe that any such arrangement could happen without Israel's approval, and many signs point to the possibility that the UAE and Saudi Arabia are

leading the way toward normalization with Israel. Abbas's position has been that a peace agreement must come first. If the UAE and Saudi Arabia grow tired of waiting, they might back a Hamas-Dahlan deal that could give Dahlan a foothold from which he could attempt to overtake Abbas and pave the way for normalization.

This entire scheme is very far-fetched and would sow tremendous discord into already dysfunctional Palestinian politics. Yet, various players are forcing Gaza down this perilous path. As the current scenario plays out, the people of Gaza continue to wait for the few hours a day when they can turn on the lights.

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