

Hamas's Hidden Economy

Jul 3, 2007



Articles & Testimony

Military insurrections cost money. To take over the Gaza Strip last month, Hamas had to pay salaries, procure weapons, manufacture rockets, buy help from local crime families, bribe opponents, print leaflets and banners, produce media propaganda and even order up Hamas hats and bandanas.

How did Hamas fund this Gaza coup? What of the international "economic siege" that Hamas complained of against its government? Wasn't Hamas so strapped for funds that its leaders resorted to smuggling suitcases of Iranian cash into Gaza across the border with Egypt?

Part of the answer lies in -- or rather under -- the city of Rafah, on the Egyptian border. Smuggling tunnels, operated primarily by Gaza clans more interested in profit than ideology, run between houses on either side of the border. Egyptian and Israeli authorities have discovered tunnels dug as deep as 98 feet below ground in an effort to avoid sonar detection. Some tunnels include air ducts, electricity and lighting, and even rails and wagons to help smuggle heavy objects. Even when the mouths to the tunnels are found and sealed, the midsections remain intact and new openings are dug to reconnect them.

For a few thousand dollars, groups like Hamas rent tunnels for a night or more to smuggle in weapons and other material, according to Israeli and Egyptian officials and press reports. Hamas was able to smuggle and pay for the weapons, despite the international sanctions regime, through a variety of means -- in a textbook example of the seamless cooperation between its military, political and charitable wings.

The Hamas political bureau, headquartered in Damascus under the leadership of Khalid Mishal and Mousa Mohammed Abu Marzook, has long raised funds to arm militants in the West Bank and Gaza Strip, according to declassified U.S. intelligence. The bureau has smuggled weapons overland into the West Bank from Jordan, by sea in waterproof barrels dropped off the Gaza shore by ships launched from Syria and Lebanon and underground through the Rafah tunnels. In recent months, Iran has been funding these operations.

According to Israeli authorities, Izzidin Sheikh Khalil, a senior Hamas operative, ran the Rafah weapons smuggling operations out of Damascus until he was killed in an explosion there in 2004. (Israel is presumed to have been behind the assassination but has never claimed responsibility.)

Perhaps most disturbingly overt is the funding Hamas continues to receive through its charitable and social welfare wing. Despite being designated a terrorist group by the United States and the European Union, Hamas, in the face of international sanctions, has successfully transferred funds into the West Bank and Gaza Strip through its charity committees and social service organizations. Mixing funds across its political, charitable and militant wings, Hamas supports its Executive Force militia and Izzidin al-Qassam Brigade terror cells under a veil of political and humanitarian legitimacy.

For example, last month Israeli authorities indicted four members of the A-Ram Charity Committee north of Jerusalem on charges of funding Hamas. According to the indictment, about \$237,000 was transferred to the A-Ram Committee in the last year by the Charity Coalition (also known as the Union of God), described as a Saudi Arabian-

based umbrella organization for groups funding Hamas.

Now that Hamas controls Gaza, it is even more critical to close the two loopholes that enabled the movement to supply and fund its Gaza coup -- the Rafah tunnel smuggling and the funding through the Hamas social service network.

Only Egypt can effectively seal its border with Gaza. Cairo has sidelined Hamas diplomatically and announced its opposition to the emergence of "Islamic warlords" in Gaza. It needs to follow up on this rhetoric with a serious border patrol initiative, focused primarily on the 8-mile-long border with Gaza. It also must police the much longer border between the Sinai and Negev deserts, across which smugglers move weapons for the West Bank.

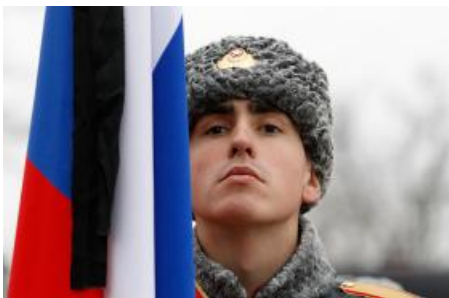
The United States and the European Union must work to avert a humanitarian crisis by helping reliable and transparent international organizations aid the Palestinians. They also should expand their designation of terrorist entities to include the long list of Hamas-controlled entities in the West Bank and Gaza Strip that receive foreign charity. Designating charity committees tied to Hamas would prompt international banks to block such transactions.

As long as its political and social wings are allowed to operate unhindered, Hamas will be able to fully fund all of its activities, including its terrorist attacks against Israelis and Palestinians alike.

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Los Angeles Times

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