

# Palestinian Authority Minister of Economy Tied to Hamas?

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## ABOUT THE AUTHORS



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## Brief Analysis

On February 24, 2005, the Palestinian Legislative Council (PLC) approved the new cabinet proposed by Prime Minister Ahmed Qurei. Often described as technocratic and progressive, the cabinet is widely seen as fitting the Bush administration's requirement of being "untainted by terror." Indeed, Secretary of State Condoleezza Rice highlighted the new cabinet as one of the "important steps" the Palestinian Authority (PA) had taken toward reform and described this week's London conference, held in support of the PA, as an opportunity to express "international support for their extremely important reform movement." Yet, one cabinet appointment gives reason for concern: the new minister of economy, Mazen Sunuqrut, has close, longstanding ties to Hamas.

## Background

Officially, Sunuqrut heads the Palestinian Ministry of National Economy. The ministry's precise powers remain unclear, though it may—now or in the future—be given responsibility for economic regulation, permits, and the oversight of development projects. Each of these areas is susceptible to potential abuse, raising significant concerns in light of Sunuqrut's connections to entities that have been used to launder funds for Hamas.

According to the ministry's website, its purpose is to "provide a wide range of high-quality services responsive to private sector needs, create with the private sector a national consensus on economic policy, and help expand global trade relations." The ministry is charged with providing such business services as issuing and renewing industrial licenses; registering foreign and domestic companies; registering changes in legal status for existing companies or certificates for new companies; providing preliminary approval on registration of a trademark; and approving renewal of trademarks.

Shortly after his appointment, Sunuqrut met with the heads of industrial federations and representatives of the private-sector Coordination Council to discuss the ministry's role in removing obstacles that impede trade activities and the movement of materials to and from Gaza. He also discussed the ministry's efforts to increase the number of permits granted to traders, as well as issues affecting traders attempting to cross the border into Israel.

Sunuqrut appears to have been a third-tier choice for the job. The candidate whom President Mahmoud Abbas reportedly favored was Saad Alkrunz, who served as minister of transportation in Abbas's cabinet when he served as prime minister in 2003. Prime Minister Qurei, however, preferred Muhammad Samhour, economic advisor to the

foreign minister, and it was Samhuri's name that Qurei submitted to the PLC. According to the Palestine News Network, three of the appointments proposed by the prime minister at the PLC meeting "were not accepted and therefore changed mid-meeting," including that of Samhuri. Qurei then chose Sunuqrut to replace Samhuri as the new nominee. The new cabinet, including Sunuqrut, was then approved by a vote of fifty-four to ten, with four abstentions.

#### Financial Ties to Hamas

Far more disturbing than the politicking and horse-trading that led to Sunuqrut's appointment are the minister's ties to Hamas. Palestinian, Israeli, and U.S. intelligence agencies have all linked Sunuqrut to Hamas, primarily through a family company in which he is part owner and a bank whose board of directors he led. According to an undated Palestinian General Intelligence report seized by Israeli forces in 2002, Palestinian security officials determined that the Ramallah/al-Bireh Zakat Committee laundered funds raised abroad through local banks, money changers, and businesses with ties to Hamas ([read the full text \(http://www.intelligence.org.il/eng/sib/12\\_04/images/dec15\\_04.pdf\)](http://www.intelligence.org.il/eng/sib/12_04/images/dec15_04.pdf) of this and related documents online). The report listed the committee's "active members" and stated, "All the aforementioned are considered Hamas activists, and we [Palestinian General Intelligence] have files on them." One of two companies highlighted in the report was the so-called "Sunuqrut company" (a reference to Sunuqrut Global Group), which the report described as "among the most important companies the [Ramallah/al-Bireh Zakat] Committee works with." According to Israeli authorities, "Sunuqrut is a company one of whose owners, Mazen Sunuqrut, is a Hamas activist."

The Palestinian intelligence report also noted that "the committee works with a number of banks in Ramallah, particularly the Arab [Bank] of Jordan and Beit al-Mal." As it happens, Sunuqrut served as president of the board of directors for Beit al-Mal. According to the U.S. Treasury Department, which designated both Beit al-Mal and the affiliated al-Aqsa Bank as terrorist entities in December 2001, "The majority of [Beit el-Mal's] founders, shareholders, and employees are associated with Hamas. Persons identified with Hamas hold a majority of the company's stock, and it has invested in projects in Gaza and the West Bank that are owned or managed by Hamas activists." Moreover, U.S. investigators found that "Beit el-Mal transfers money to and raises funds for associations that the Palestinian Authority itself has identified as belonging to Hamas, and to known Hamas activists and convicts who are members of Hamas." Israel shut down Beit al-Mal operations on its soil in 1998, citing the bank's extensive ties to Hamas and briefly detaining several of its officials.

#### Undermining Financial Reform

Placing a man with close ties to Hamas in charge of the Palestinian economy does not bode well for the prospects of increased financial transparency and reform in the PA. Sunuqrut's ministry was one of several institutions that participated in a "technical task force" to prepare for the London conference. British prime minister Tony Blair, the conference host, stated that the event would "allow the Palestinian Authority to show that it is a credible partner for peace." Similarly, the sixteen-page statement produced at the conference, endorsed by twenty-three nations and six international organizations, specifically cited the new "sense of promise offered by a strengthened Palestinian Authority under a reinvigorated leadership." It also called on the PA to "take further action to combat corruption, including increased transparency." Sunuqrut's appointment undermines this new sense of promise and suggests that the new Palestinian leadership may not be as reinvigorated as the conference participants had hoped.

Following the London conference, Palestinian finance minister Salem Fayad announced to the media that donor nations (primarily the United States and European countries) had pledged \$1.2 billion to help the PA recover from its monthly \$40 million deficit. Fayad expressed hope that Arab states would soon follow up with as much as \$500 million more in pledges at an aid conference to be held within a few weeks. With the international community seeking new pledges of support for the PA, Sunuqrut's appointment raises a disturbing question: can a ministry

charged with overseeing the economy and headed by a Hamas supporter be trusted to emulate the tradition of transparency and accountability established by Fayad?

## Conclusion

As highlighted by the London conference, the United States and Europe share a common desire to reform and strengthen the Palestinian leadership, reinforce the ceasefire, and facilitate a return to peace negotiations. But the February 26 suicide bombing in Tel Aviv is clear evidence of the need to isolate, not co-opt, extremist elements like Hamas and Palestinian Islamic Jihad, which are bent on undermining efforts to secure a peaceful, two-state solution. Placing a man described as a “Hamas activist,” someone with a record of laundering funds for the organization, in charge of the Palestinian Ministry of National Economy is a step in the wrong direction.

Matthew Levitt, a senior fellow and director of the Terrorism Studies Program at The Washington Institute, is author of *Exposing Hamas: Funding Terror under the Cover of Charity* (Yale University Press, forthcoming in spring 2006). ❖

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