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THE INSTITUTE FOR NATIONAL SECURITY & ZIONIST STRATEGY

A plan for resettlement and final rehabilitation in Egypt of the entire population of Gaza: economic aspects

There is currently a unique and rare opportunity to evacuate the entire Gaza Strip in coordination with the Egyptian government



Cairo and the satellite cities (Google Earth)

Amir Weitman

This document will present a sustainable plan with high economic feasibility, which aligns well with the economic and geopolitical interests of the State of Israel, Egypt, the USA and Saudi Arabia. A summary of **an immediate, realistic and sustainable plan for humanitarian resettlement and rehabilitation of the Arab population**

in the Gaza Strip.

In 2017, it was reported that there are about 10 million vacant housing units in Egypt, of which about half are built and half are under construction. For example, in the two largest satellite cities of Cairo, "The 6th of October" and "The 10th of Ramadan", there is a huge amount of built and empty apartments in government and private ownership and construction areas sufficient to house about 6 million inhabitants. Most of the local population is unable to buy the apartments despite their very low price (between 150 and 300 dollars per square meter only). Although the stock of empty apartments changes over time, it seems to remain very large and available for immediate occupancy by the entire population of Gaza.

The average cost of a 3-room apartment with an area of 95 square meters for an average Gazan family consisting of 5.14 people in one of the two cities mentioned above is about \$19,000, taking into account the currently known size of the entire population living in the Gaza Strip, which ranges from about 1.4 - For about 2.2 million people, **it can be estimated that the total amount that will be required to be transferred to Egypt to finance the project will be on the order of about 5 to 8 billion dollars.** This sum reflects a value of only between one percent and one and a half percent of the GDP of the State of Israel and can easily be financed by the State of Israel, even without any international aid.

As will be explained in the next paragraph, injecting an immediate stimulus of this magnitude into the Egyptian economy would provide a tremendous and immediate benefit to al-Sisi's regime. These sums of money, in relation to the Israeli economy, are minimal. If this helps to move the pill for Egypt, it is also possible to double, triple and even quadruple them in order to solve the issue of the Gaza Strip, which for years has been an obstacle to peace, security and stability not only in the Gaza Strip, but also around the world. Investing individual billions of dollars (even if it is 20 or 30 billion dollars) to solve this difficult issue is an innovative, cheap and sustainable solution. In this context, it is advisable to remember that the State of Israel spent about NIS 200 billion in less than a year to treat the Corona epidemic. There is no reason Assume that we will not be able to afford an immediate payment of 20-30

A billion shekels, which is basically a kind of payment for buying the Gaza Strip, and in which we can in any case add a lot of value over time, so that it is actually a very worthwhile investment for the State of Israel. The land conditions in Gaza, which are similar to the Gush Dan area, will in the future allow many Israeli citizens to live at a high level and in fact will expand the Gush Dan area to the Egyptian border. It will also give a tremendous impetus to settlement in the Negev.

Economic background - Egypt:

On 12/16/2022 the International Monetary Fund approved a rescue loan of 3 billion dollars for Egypt in the face of the worsening economic crisis it experienced (in 01/2023 inflation in Egypt climbed to 26.5%) - but it is conditional on conditions and draconian reforms in the Egyptian economy. While the IMF Recommending a move to a flexible exchange rate, it is expected that this approach will deepen inflation and even worsen the cost of living problems. Since 03/2022

The Egyptian pound lost about half of its value (the official dollar exchange rate increased by 95% - from 15.7 to 30.7 pounds to the dollar, much less than the black market rate), and this depreciation in the value of the currency has already hurt the Egyptian economy by significantly inflating the costs of importing food into the country (about 70% of Egypt's population, who live on an income of a few dollars a day, survives by buying bread and basic products subsidized by the government. The private sector in Egypt is having trouble recovering, and its production has been in constant decline for 26 consecutive months. The loan is also conditional on ending the privileges enjoyed by companies owned by the military, which which could endanger the al-Sisi regime.

In light of these data, the IMF's recommendations are met with strong opposition and at the same time - their implementation seems highly improbable in light of the risk they will pose to the stability of al-Sisi's regime. It appears that the Egyptian government intends to sell its holdings in 35 state-owned companies to strategic investors by the end of 06/2024 when, as of the time of writing these lines, the raising of an amount of about 5 billion dollars has been completed, with an additional 5 billion dollars earmarked for raising.

"If the Egyptian government succeeds in promoting the issuance plan and securing additional financing from the Gulf countries or other partners - the Egyptian central bank will adopt a more flexible exchange rate policy," said economist Hani Abdul-Fathuh to Ahram Online. "The second audit date of the IMF loan was planned to take place in mid-September, but the first date, planned for the month of 03/2023, did not take place at all. These two audits must be carried out before the annual meeting of the IMF and the World Bank Group in Morocco on 08/10-", Fatuh emphasized

Egypt's debt stands at 6% of GDP for the fiscal year 2022-2023. Its debt-to-GDP ratio was estimated in these years at 95.6%, with a GDP of 9.8, or 318.23 billion dollars. The value of the net deficit in Egypt's foreign assets reached 26.34 billion dollars in 07/2023- (The value of the net deficit in foreign assets reflects the net value of foreign assets owned by the state's banks minus their foreign liabilities.) A-Sisi's regime is facing heavy pressure to repay its debts, in the face of low investor confidence. In addition, on 05/10/2023 - Moody's rating agency lowered Egypt's credit rating from 3B to 1Caa, which means that the Egyptian government's debts carry a "significant risk". This is the lowest rating ever given to Egypt.

China is the fourth largest debtor of the Egyptian government, with a debt of 7.8 billion dollars as of 06/2023 - Egypt plans to receive a loan worth about half a billion dollars in bonds consisting mainly of Chinese yuan

help in meeting its obligations. Most of the financing of the "Capital New Egypt" project to move all government offices to a new city under advanced construction processes in the desert east of Cairo and vital to Sisi comes from Chinese loans and fees estimated at \$4 billion, with high returns and huge repayment payments that Egypt is already having trouble meeting. Therefore, China also began to show caution in investing in Egypt in light of the financial challenges that the latter is facing. However, even if China decides to start reducing its investments, it still wants to see the "Capital New Egypt" project and other projects completed. China is currently focused on its relations with the Gulf states while Egypt's economic survival is an important issue for the latter. In a scenario where Egypt will be deeply indebted to China - significant and extensive geopolitical consequences will be created for the region. This is a source of great concern for the US, because Egypt's non-compliance with its obligations to China, and as a result, China's takeover of strategic assets in Egypt, will be a strategic disaster for the US.

Other creditors of Egypt, such as Germany, France and Saudi Arabia, also do not want to witness a total failure of the Egyptian economy, so that they too will have an incentive to keep the Egyptian economy above water, even if through Israeli investment in the rehabilitation of the entire population of Gaza in existing apartments in Egypt. For European countries, and especially Western European countries, the transfer of the entire Gaza population to Egypt and its rehabilitation while significantly reducing the risk of illegal immigration to their territory, is a tremendous advantage. Saudi Arabia is also expected to benefit significantly from the move, because the evacuation of the Gaza Strip means the elimination of a significant ally of Iran and a huge contribution to the stability of the region, and hence providing the possibility of promoting peace with Israel without ceaseless disturbances of local public opinion due to ceaseless, repeated rounds of fighting, which inflame the The fire of hatred against Israel.

Also, there are countries, such as Saudi Arabia, which need skilled personnel in construction like the Gazans. Saudi Arabia is building huge projects and the city of the future Naum, and this could be an intersection of interests on this level as well. It can be assumed that quite a few residents of Gaza would jump at the opportunity to live in a rich and advanced country than to continue living in poverty under the rule of Hamas.

This deal between Egypt and Israel can be reached within a few days after the start of the flow of immigrants from Gaza to Egypt through the Rafah crossing. Already today there are hundreds of thousands of Gazans who wish to leave the Strip. The IDF must create the right conditions for the Gazan population to immigrate to Egypt, with the cooperation of Egypt on the other side of the border (and for an appropriate return). In addition, closing the Gaza issue will ensure a stable and increased supply of Israeli gas to Egypt and its liquefaction, as well as stronger control by the Egyptian companies over the existing gas reserves Opposite the shores of Gaza together with the transfer of Gaza emptied of its inhabitants to the State of Israel. It must be remembered that the total population of Gaza, about 2 million inhabitants, constitutes a total of less than 2% of the total Egyptian population, which today already includes 9 million refugees. A drop in the ocean.

There is no doubt that in order for this plan to come to fruition, many conditions must exist at the same time. Currently, these conditions are met and it is unclear when such an opportunity will arise again, if ever. This is the time to act. now.

appendix A'

Resettlement cost per person / family in Egypt, and total cost to Israel as a percentage of GNP for the fiscal year 2023

maximum value	Minimum value	
2,200,000	1,400,000	The total population in the Gaza Strip
5.14	5.14	Number of people in the family (average)
428,016	272,374	The number of households in the Gaza Strip
\$19,000	\$19,000	Average resettlement cost for an average household
\$8,132,295,720	\$5,175,097,276	The total cost of the project
1.51%	0.96%	The total cost of the project as a percentage of the GDP of the State of Israel

Appendix B'

Average cost per apartment in the resettlement targets, broken down by apartment size

Cost per person [\$]	Apartment cost [\$]	Apartment area [sq.m.]	<u>the number of persons</u> <u>in the family</u>
\$5,000	\$10,000	50	2 souls
\$4,667	\$14,000	70	3 souls
\$4,100	\$16,400	82	4 people 5
\$3,800	\$19,000	95	people 6
\$3,500	\$21,000	105	people

Amir Weitman is an investment manager and visiting researcher at the Meshgav Institute for National Security and Zionist Strategy