



By: TA | AP Insight

Gaza's economy lives on smuggling



The **smuggling of goods** restricted by Israel into the Gaza Strip has boomed, with items from cigarettes and iPhones to fuel and solar panels making their way to desperate residents of the tiny coastal territory devastated by a nearly **three-year war**.

An Associated Press **investigation** — based on an analysis of Israeli court documents and on interviews with traders, merchants, truckers, officials, and Palestinian residents who face skyrocketing prices for everyday essentials — built a picture of the smuggling market and found that soldiers and other middlemen are accused of pocketing millions of dollars in the illicit trade.

Most of AP's sources spoke on condition of anonymity because of their roles in the illegal smuggling business and concerns about their safety in Gaza.

Gaza's government is taking in money on smuggled items

Merchants and one Palestinian official said Gaza's Hamas-run government takes in some profit from goods coming into the enclave.

Merchants refer to it as “taxing” — on both smuggled goods and those brought in legally.

Mohammad Barbakh, of the Palestinian Economy Ministry in Gaza, said the government receives up to 20% of the price of smuggled goods if the merchant reports them to authorities, and that increases to 80% if the items go unreported and authorities discover them.

But he said authorities don't call their cut “taxes” and that they haven't taxed goods entering legally since the war's start.

Up to \$100 million had been collected on smuggled goods since a fragile ceasefire deal

Barbakh and other sources said the

government doesn't engage in commercial smuggling directly or oversee the trade.

Two senior officials in the Hamas administration said — on condition of anonymity because they weren't authorized to speak to journalists — the money collected helps fund social services and pay salaries for Gaza's civil service and police force.

They estimated up to \$100 million had been collected on smuggled goods since a fragile **ceasefire deal**.

Barbakh said the government doesn't have exact figures on smuggled goods “because these operations are conducted clandestinely.”

In response to AP questions, Ismail al-Thawabta of the government's media office said no collected funds go to Hamas' military wing.

Israeli indictments show the scope of smuggling, including military links

Since late 2025, Israeli authorities have broken up several alleged smuggling rings, indicting more than a dozen people, including reserve soldiers operating in Gaza.

The traders, merchants and truckers who spoke to AP say that's a fraction of those involved.

Two Israeli brothers earned some \$2.2 million from smuggling runs from October to December, when they were arrested

In one of the biggest cases, prosecutors accused several people of running a smuggling ring out of the central town of Kiryat Gat.

Indictments show they're accused of bribing reserve soldiers in Gaza, including Bezalel Zini, brother of the head of the Shin Bet, Israel's

powerful domestic security agency.

Court documents assert that millions of dollars are changing hands in smuggling rings.

Two Israeli brothers, Eliran and Avi Algarabli, earned some \$2.2 million from smuggling runs from October to December, when they were arrested, documents say. Other defendants in cases are accused of making \$1 million to \$3 million.

Smuggling fuels Gaza's economy

Smuggling is a major source of income as most of the population “lost their source of living,” a tribal leader said, on condition of anonymity over safety concerns.

Several top merchants estimated that smuggling comprises over half their total operations and can bring in more than 70% of profits.

Baby formula and pet food were also smuggled - Mohamed Abu Taha

Those costs get passed on to residents, for groceries and other needs. Residents say a vehicle battery can go for more than \$2,300, compared with \$140 prewar.

“Baby formula and pet food were also smuggled,” said Mohamed Abu Taha, a Gaza resident and father of one.

Cigarettes rake in the biggest profits

Cigarettes and tobacco products have been banned from entry to Gaza since the war's start.

Perhaps no item is as in demand. Prices per pack, residents say, hit \$140 recently, and over

\$1,000 during Israel's total blockade.

“You could find two or three men sharing one cigarette,” Abu Taha said.

Shipments of thousands of packs have been hidden in Israeli military vehicles, commercial trucks, aid shipments

For smugglers, these products are easy to hide and the potential profit huge.

Shipments of thousands of packs have been hidden in Israeli military vehicles, commercial trucks, aid shipments and even hollowed-out pineapples, according to traders, court documents and Israeli official statements.

COGAT, the military department in charge of coordinating entry of goods into Gaza, didn't reply when asked why cigarettes are banned.

Israel bans many items on the grounds of “dual use”

Beyond cigarettes, smugglers also bring in essential goods, like concrete, vehicle parts, anesthetics and other drugs.

Israel restricts quantities of some goods and bans others outright. The military classifies some 150 broad categories of items as “dual use,” asserting they could be repurposed by Hamas militants for military functions – including asphalt, steel pipes, wooden planks and X-ray machines, according to documents provided by COGAT.



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Besides the U.N. and other **humanitarian groups** bringing in aid, Israel has given 12 senior traders in Gaza permits to import commercial goods.

Shipment contents must be approved by Israeli authorities, a process aid workers and merchants say can be long and opaque, sometimes ending with a “dual use” rejection.

COGAT said it has let in some “dual use” items including generators and X-ray machines, under strict monitoring.

The Israeli military said via email that it takes smuggling “very seriously.” It said cases of suspected involvement by Israeli military personnel are “examined and handled in accordance with the law.”

But military officials didn’t answer a list of detailed questions from AP on the roles of soldiers or Gaza’s government in smuggling.

Residents pay the price, and some question Israel's ban list

Payments along the way go to many players, including drivers and warehouse workers in Israel and Gaza, said one trader.

“You are paying at every step, plus the price of the goods themselves,” he said.

Gaza residents have faced another summer

with limited resources. For example, fans that once cost \$100 can run \$500.

“When we ask the merchants why they don’t import fans, they say the Israeli army refuses to allow them in because they’re dual use,” resident Mohamed Abu Olwan said. “What would they make with them? Rockets?”