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The Next Ibiza?



Environmentalists and business leaders rage against a back-door deal to sell the Giftun Island protectorate to an Italian developer
By Hadia Mostafa

Kevin G. Haigh / Red Sea Images

EGYPTIAN ENVIRONMENTAL activists blew their tops early last month when state television news bluntly announced Prime Minister Atef Ebeid was about to ink the largest foreign-direct investment deal his government has landed in years.

For once, even conservatives in the business community who frequently dismiss environmentalists as starry-eyed dreamers conceded the point: Ebeid wasnt about to land a microchip manufacturer or natural gas deal. Instead, he announced the government was about to sell the Red Seas Giftun Island one of the worlds premiere dive sites and a protected natural area under Egyptian law to an Italian developer for \$2 billion in cash and future investment.

And so it was that Egypt marked its largest-ever World Earth Day celebration on 22 April in Hurghada as the areas residents were locked in what they said was the fight of their lives to save the island that stands at the very core of their livelihoods.

Between 11:00am and 1:00pm that day, more than 100 dive boats gathered near the shore of Giftun the second-largest of the Red Seas 22 protected islands as over 2,000 protesters clad in Save Our Giftun T-shirts, with Not For Sale printed on their backs, delivered a stark message: Keep away!

And they were not alone: At least one high-profile Egyptian business leader and the military governor of the Red Sea are on their side. So too, sources say, may be the Ministry of Defense.

The flap began in the first week of April, when state televisions Channel One Evening News announced that Ebeid and Minister of Tourism Mamdouh El-Beltagui were about to close a deal to sell Giftun Island to Ernesto Preatoni Immobiliare (EPI), a prominent Italian real estate and design firm.

The next days Al-Ahram newspaper confirmed the news in a front page photo showing a clearly pleased Ebeid shaking hands with the Italian real estate magnate Ernesto Preatoni, the principal player in EPI, who has offered to invest \$2 billion over 10 years to develop the 24 million square meter island, which was declared a nature preserve in 1995.

EPI releases little corporate information, but appears to be a powerhouse in the specialty tourism industry, operating resorts, lodges, villa estates and other developments in Egypt, Kenya, Italy, Estonia and Lithuania. According to its commercial website, its holdings in Egypt include the Sheikh Coast Resort in Sharm El-Sheikh and the Domina Coral Bay, in addition to properties in Nuweiba and Marsa Alam.

Divers, Red Sea investors and environmental activists to say nothing of foreign diving magazines including Germanys Taucher, the largest publication of its kind in Europe, and Greenpeace Germany have declared an unofficial state of emergency in the area ever since.

Were going to hit them with everything we have, says Amr Ali, managing director of the USAID-backed Hurghada Environmental Protection and Conservation Association (HEPCA), who has spearheaded the campaign to stop the project in its tracks.

While the public has welcomed most environmental campaigns in recent years with gaping yawns, Ali and campaign co-chair Karim Helal, who heads the Red Sea Association for Diving and Watersports, have found a receptive audience this time around at home and abroad.

No one will be able to resist the international uproar were planning to unleash if we dont receive word soon that the idea has been abandoned once and for all, Ali adds.



(Egypt Today Archives)
Karim Helal says the Giftun Islands are to the Red Sea what the Pyramids are to Giza.

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At the core of the urgency is a growing awareness among tourists and business leaders that over-development now threatens the very thing that makes the Red Sea Coast billed by the government in high-profile international television advertisements as the Red Sea Riviera so special: Its pristine nature, particularly of the underwater variety.

In the past 20 years, roughly 3 million cubic meters of sea have been filled in on the coastline between Hurghada and Marsa Alam.

The satellite images of the area are distressing, says Mahmoud El-Kaissouni, chairman of the eco-tourism committee at the Egyptian Federation of Tourist Chambers. We have been blessed with nearly 1,000 kilometers of coral reefs on these shores. But a large portion has been smothered and killed because of construction. The Tourist Development Authority used to allocate plots of land to investors who buy the property on paper. But when the investors actually went to visit the sites, many found they were located directly on coral reefs with no beach space available to them.



Courtesy HEPCA

The solution was to either fill in the reef with sand at night when no one was looking or to disintegrate the corals with explosives, El-Kaissouni alleges. Both tactics were regularly used.

Moreover, El-Kaissouni says, the decision to sell Giftun goes against the Ministry of Tourism's ban on new construction in Hurghada and Sharm El-Sheikh. In 2003, Beltagui told Business Today Egypt, owned by Egypt Today's parent company, that no new building licenses would be issued at either location because we do not want to put pressure on the natural or cultural resources; we need to have sustainable development.



courtesy of Red Sea Images

The fact that the idea of further damaging the environment in this manner is even being entertained is shameful, says Helal, who owns diving centers in both Hurghada and Sharm. We're talking about the most important dive site on the Red Sea. Taking Giftun away from the Red Sea is like taking the Pyramids away from Giza.

I believe it's a desperate attempt on the part of a government that has failed to attract any sizable foreign investment in any sector, he alleges. Now, they want to give away our national parks.

These ideas have been brought up in one way or another before, says El-Kaissouni who has run the eco-tourism side of the Federation of Tourist Chambers for the past seven years. I have repeatedly seen first-hand examples that illustrate that the government knows nothing about the environment.

Most recently we have heard that building licenses have been granted inside Wadi El-Gemal/Hamata [in Sinai], which was officially declared a protectorate in January of last year. It appears that we will be having hotels there now. Not eco-lodges, but concrete, marble, and glass structures, he adds.

It's a clear-cut violation of the nation's environmental and conservation laws, El-Kaissouni alleges.

The facts

There are very few places like Giftun. A 40-minute boat ride from Hurghada transports visitors to the clear waters and virgin beaches of an island without a hint of concrete, noise or pollution.

The coral reefs and marine vegetation near the island are astounding, says Ali, who says that 40 percent of Hurghada's dive sites are off the island's shores. With 196 types of hard and soft corals representing more than 80 percent of the biodiversity of coral formations in the Red Sea, Giftun is one of the top dive sites in the world.

A total of 794 marine species, many of which are visible to the naked eye from the deck of a boat, are also on hand; five types of rare sea turtles inhabit the island itself.

We know for a fact that Giftun is now the main nesting ground for the Green Turtle. Any tampering with that habitat will contribute to this endangered species' eventual extinction, says El-Kaissouni.

What's more, Ali adds, six of the 11 primary species of migratory birds that fly through Africa each year go through Giftun.

The island's tremendous biodiversity was why it was declared a protected area in the first place. The only sign of civilization on its shores is a small, eco-friendly tourist camp called Mahmeya (protectorate in Arabic). Six or seven boats shuttle tourists to and from the camp each day for a nominal fee, where they can enjoy basics including a small restaurant and bathrooms. The unobtrusive site was built with local materials and uses environmentally friendly methods of water supply, sewage and drainage systems.

Giftun's maximum carrying capacity is strictly limited to 100 guests. By sunset, everyone has to clear out; overnight visitors are strictly prohibited.



(Al-Ahram Archives)
Environment Minister Mamdouh Riadh says he will look into the story behind the sale.

According to El-Kaissouni, a total of 1 million visitors (both divers and beach goers) visit Giftun each year.

The protectorate has generated LE 5 million in direct revenue for the Ministry of Environment over the past two years and an overall revenue of \$107 million for the Red Sea governorate. Tourists come for the protectorates. Nature is our treasure, but for some reason the government doesn't get it. They are dead set on building wherever they find an inch of space, he alleges.

The proposal

According to Ali, the Ernesto Preatoni Immobiliare is interested in buying Giftun in its entirety.

There was even talk of him wanting to build an airport and a bridge to connect the island to Hurghada, laughs Ali, who with the Red Sea Association has attended a series of meetings with government officials who have tried to justify the projects economic and environmental viability.

TDA [Tourism Development Authority] officials claim the area would be developed according to strict environmental guidelines. They want to sell the heart of the Red Sea, and they're talking about environmental guidelines? says Ali. Any building they allow on that island would be a complete catastrophe.

EPIs plans remain unclear, with some saying the group is looking to build an elite resort for Italian retirees and others claiming Ibiza, the Spanish coastal resort infamous for its popularity with partying twenty-somethings, is the model.

Also in question is exactly where the project stands. Red Sea Governor Gen. Saad Abu Rida has gone public with his opposition to the project, a move Ali says has slowed the project somewhat.

But the fact that Preatoni has gone as far as presenting the Ministry of Tourism with a master plan for the island, which he intends to develop as an elite resort for, according to Beltagui, Italian retirees, is very troublesome. This is obviously something that has been given a great deal of thought he didn't just decide to invest in Giftun on a whim, says Ali.

According to El-Kaissouni, the Ministry of Defense is one of the few agencies in the country that has the authority to quash the project, particularly if it deems it a threat to national security.

Reliable sources [in the Ministry of Defense] have revealed that the armed forces are opposed to such large-scale development in the midst of international waters, El-Kaissouni alleges. If the ministry says No, then it's a no.

The Defense Ministry has so far been quiet on both the sale of Giftun and just how far within Egypt's territorial waters it considers the island to be. Until there's a clear response to the project from the Prime Ministers office, from Minister of Defense Field Marshall Mohammed Tantawi or from President Hosni Mubarak the campaign to save Giftun is on.

The EEAA

Regardless of how the campaign turns out, the threat of selling Giftun could well signal the beginning of the end for the beleaguered Ministry of State for Environmental Affairs.

At a ceremony in Cairo last month to commemorate USAID's cooperation with environmental NGOs including HEPCA and the Red Sea Association, activists organized an impromptu change of program. Instead of the usual speeches and handshakes recognizing USAID's environment work as the agency phases out of that particular area of development, the NGOs ambushed Minister of State for Environmental Affairs Mamdouh Riyadh.

Riyadh was clearly taken by surprise with what he called a conspiratorial demonstration against him. Before the official program got underway, Helal and Ali sat face-to-face with Riyadh to explain their position on Giftun. His response was a meek denial that the sale was even being considered.

I promise you that we will come to the Red Sea to look into the matter further, Riyadh said in the presence of Egypt Today. I ask that you present me with a brief of all you have heard and witnessed. Maybe your facts are wrong. Giftun is a beautiful protectorate; selling it is not an option, he added, ending by thanking the NGOs for their concern and commending their level of environmental awareness.

While Helal and Ali were happy to have the Ministers words on the record, they say their previous experiences with the ministry's Environmental Affairs Authority (EEAA) have taught them to be wary of empty promises.

The EEAA is a very static entity, Ali claims. The illegal hunting and construction that they have allowed over the years is enough to discredit them irredeemably. We do not really expect them to take a firm stance on [Giftun].

What's really protecting the environment these days are the local activists whose livelihood depends on the well-being of the environment, El-Kaissouni says. Organizations like HEPCA and the Divers Association are really the ones who have the most at stake if Giftun is sold.

El-Kaissouni notes that the Ministry of Environment is actually a ministry of state, making it a third-class ministry in the Cabinet's hierarchy. It is a ministry in name only, he says, a beautiful idea that is really not there, not an authority that is respected. Every day the environment law is being broken and the number-one violator of that law is the government.

If they sell Giftun, the EEAA is finished forever, Ali adds. We will shut down every single environmental NGO in the area. I have already made our position clear to USAID officials, who have been working in the area for the

past 20 years. All the investment the US government has made will have gone completely down the drain.

How could I possibly go and fine a boat \$500 for not using mooring buoys and anchoring on a reef when I'm selling my natural heritage?

The fight

At press time, an online petition asking the government to save Giftun had accumulated over 6,300 signatures, the majority of them from outside Egypt. The Earth Day protest on Giftun's shores won an even wider audience, with coverage from National Geographic television, Greenpeace and Taucher, among others.

We are focusing our campaign on the international community, says Hisham Tomoum, a board member of the Red Sea Association. Let's face it, 98 percent of Egyptians don't know what Giftun is, and those who have heard of it may not be aware that it's a protectorate. Even those who know that it's a protectorate don't fully realize what that entails.

While the public is generally apathetic about environmental issues, daily complaints about Cairo's air quality notwithstanding, the local press has given Giftun significant coverage. A series of opinion pieces written by El-Kaissouni and others speaking out against the proposed sale have appeared in Al-Ahram, the largest of the state-run dailies.

And the business community is involved, too. Samih Sawiris, a leading hotel and tourism developer and brother of telecoms magnate Naguib and construction titan Nassef, wrote Al-Ahram a letter to the editor condemning the sale. Although he was chairman of HEPCA from 1996-1999, Sawiris protested the sale not on environmental but on business grounds, saying the Ebeid government cannot even consider a project of such magnitude without an international tender giving every qualified company that might be interested a chance to bid.

Samih is on our side even though he is not approaching the matter from an environmental point of view, says Helal. He does, however, bring up the important point of why the government is bending over backwards and making the laws so lax for this particular investor, while similar proposals in the past have been immediately shot down, says Helal.

One thing that we really have going for us right now is the strength and dedication of our respective boards [HEPCA and Red Sea Association], says Ali. Their collective investments in the Red Sea are sizeable, so we're hoping this will help us pressure the authorities. We are appealing to all interested parties: businessmen, hotels, travel agencies, dive centers, you name it inside and outside the country to take action. We are fully prepared to take the fight to the bitter end.

According to Tomoum, two urgent parliamentary hearings on the subject have thus far been requested to no avail, but we will keep trying.

There is no shortage of land to build on. Why Giftun? What precedent are we going to set if we let this happen? asks Helal. If we don't put a stop to it, is Ras Mohammad next? *et*

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