

Marubeni Washington Report**Trump Proposes U.S. Ownership of Gaza****Testing Established Norms of Peacemaking in the Middle East**

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- Trump's proposal to remove Gaza from the future Palestinian state—and possibly relocate its entire population—represents a significant break from the longstanding two-state approach. By advocating a U.S. "ownership" model for Gaza, the plan would upend core assumptions underlying the Oslo Accords and other diplomatic efforts aimed at establishing both Israeli security and Palestinian statehood.
 - Any move to "clear" Gaza of Hamas, relocate the civilian population, and then rebuild under a U.S.-led or investor-driven administration would require staggering amounts of funding (estimated at \$1–2 trillion), extended military operations, and far-reaching political agreements. Opposition from regional powers, questions of international law, and potential Congressional pushback in the United States underscore the complexity of implementing such a plan.
 - While Trump's statements may outline a new strategy for the Middle East, they could also be part of a broader communication tactic designed to overwhelm public discourse. Observers remain unsure whether the proposal is a genuine blueprint or simply a provocative message to shape negotiations and media coverage in the coming weeks and months.
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Israeli Prime Minister Benjamin Netanyahu's February 4th visit to the White House marked the first meeting between a foreign leader and President Donald Trump since his return to office. The visit set the stage for a series of startling statements from Trump regarding U.S. policy in the Middle East—statements that, while shocking, demand serious consideration.

One of the most controversial remarks Trump made was his assertion that "the United States will take over the Gaza Strip," suggesting the forced removal of Palestinians with no right of return, direct U.S. involvement in clearing unexploded ordnance, and a long-term commitment to rebuilding Gaza into what he called the "Riviera of the Middle East." This was not an offhand comment. For weeks, Trump had floated the idea of relocating Palestinians from Gaza, making his formal endorsement of the concept less surprising than the specifics of his vision—one that suggested sustained U.S. involvement and a form of de facto control over the region. In fact, one report¹ suggests that in July 2024, a professor from the George Washington University submitted to Trump staffers a copy of his proposal

¹ Times of Israel, February 7, 2025, The man with the plan: DC prof sent Trump study on Gaza relocation, development in July, ([link](#))

titled “An Economic Plan for Rebuilding Gaza: A BOT Approach”² advocating for a Build-Operate-Transfer (BOT) model for reconstruction. For a president who has campaigned on ending forever wars and rejecting nation-building, such a proposal would mark a stunning reversal.

The administration quickly attempted to clarify Trump’s statements. The White House press secretary walked back the remarks, insisting that the president did not mean U.S. troops would be deployed, nor that American taxpayers would finance the effort, nor that Palestinians would be forcibly displaced. Later, Steve Witkoff, Trump’s special envoy to the Middle East, reassured Republican senators that the president had no intention of committing U.S. troops or funds to the plan.

Trump’s remarks on Gaza were not the only signals of a potentially dramatic shift in U.S. Middle East policy. In response to a reporter’s question regarding a possible Israeli annexation of the West Bank, Trump stated that a decision would be forthcoming, saying, “People do like the idea, but we haven’t taken a position on it yet...We’ll be making an announcement probably on that very specific topic over the next four weeks.”

Though many of Trump’s pronouncements were abrupt and, at times, contradictory, they provide the first indications of his administration’s direction in the Middle East. The task now is to analyze these statements, gauge reactions from key stakeholders, and attempt to discern whether a coherent policy is emerging—or whether these remarks signal a volatile and unpredictable approach to one of the world’s most complex geopolitical regions. This paper examines the implication of Trump’s recent statements on Gaza and broader shifts in U.S. Middle East policy.

1 . What Does Trump Want?

Trump’s proposal to relocate Gaza’s population to an unspecified location and transform the area into the “Riviera of the Middle East” may sound outlandish, but as a statement from a U.S. president, it warrants serious attention. However, Washington observers are struggling to discern his true intentions. Experts from organizations, including the UN, outright dismiss the idea as “ethnic cleansing,” a charge that contradicts longstanding U.S. position based on Israel living alongside a Palestinian state. On the other hand, the idea has certainly gained traction not only with the Israeli right but also with the war-torn Israeli public. According to a recent poll conducted by Channel 13, 72% of Israelis support Trump’s proposal. And yet, the proposal appears to have upended the fragile ceasefire that the majority of Israelis support and Trump himself took credit for. Hamas has now suspended further hostage releases. In turn, Trump demanded the release of “all” hostages by noon on February 15, an ultimatum supported by the Israeli security cabinet. The return to combat operations is a very real prospect in the near term.

² Joseph Peltzman, “An Economic Plan for Rebuilding Gaza: A BOT Approach,” ([link](#))

Others suggest that by proposing such a drastic measure, Trump may be signaling to regional powers, particularly Egypt, Jordan, and Saudi Arabia to take a more active role in resolving the Palestinian issue. Specifically, the plan appears to encourage these nations to accept Palestinian refugees and financially support Gaza's redevelopment. According to the National Security Advisor, this was a strategic move to push Arab leaders toward considering a workable solution—a "brilliant ploy," in his view. But condemnation from the Arab world came swift. Egypt and Jordan have outright rejected accepting Palestinians. In response, Trump said that he could withhold security assistance to both countries if they refused. Saudi Arabia reiterated their longstanding position that there will be no normalization with Israel without the creation of a Palestinian state.

2. How We Got Here

It may be worthwhile putting Trump's latest proposal into context. During his first term, Trump made significant concessions to Israel, including recognizing Jerusalem as its "eternal capital" (June 2017), acknowledging Israeli sovereignty over the Golan Heights (March 2019), and altering U.S. policy to no longer view West Bank settlements as inherently inconsistent with international law (November 2019).

Trump's Middle East peace efforts culminated in the "Deal of the Century" (January 2020) that envisioned conditional Israeli annexation of parts of the West Bank, but only as part of a broader agreement with Palestinians in order to gain buy-in by Sunni monarchs, mainly Saudi Arabia and the UAE. This was consistent with longstanding U.S. policy of supporting a "two state" solution. Notably, the plan outlined a vision for the Gaza Strip involving substantial economic investments aimed at transforming it into a modern metropolitan area, drawing parallels to cities like Singapore. This vision aligns with Trump's recent proposal to redevelop Gaza. Kushner reiterated this perspective last year, stating that "Gaza's waterfront property could be very valuable."

However, at the White House event to officially announce the deal, with the Emirati ambassador to the U.S. in attendance, Netanyahu announced plans to unilaterally and almost immediately annex the Jordan Valley and settlements, (purposefully or not) interpreting Trump's plan as a green light for annexation without needing Palestinian consent. This blindsided Trump and Jared Kushner, his son-in-law and senior advisor, who had carefully framed the proposal to keep UAE and Saudi Arabia on board.³

Naturally, the UAE was furious at Netanyahu's annexation push, as it ignored Arab input altogether. To salvage the proposal, Kushner and the Emirati ambassador worked behind the scenes to offer Israel a deal: if Netanyahu agreed to freeze annexation, the UAE would normalize relations with Israel, delivering a legacy making diplomatic victory to the Israeli

³ A detailed account is recounted in Jared Kushner's memoir *"Breaking History: A White House Memoir"*. (New York: Broadside Books, 2022)

prime minister. Netanyahu agreed (though he later hinted annexation was just postponed, not canceled), which allowed the UAE to present normalization as a win for the Palestinians (by halting annexation) while deepening its strategic ties with Israel.

This was a deeply embarrassing moment for Trump. He later vented about Netanyahu in interviews, saying, "Bibi never wanted peace"⁴. Trump's relationship with Netanyahu has soured since. Following Netanyahu's congratulatory call to Joe Biden after the 2020 U.S. presidential election, Trump felt betrayed leading to a period of estrangement between the two leaders.

After the 2020 U.S. presidential election, the Biden administration sought to build upon the foundation laid by the Abraham Accords. While significant differences remained, each party was motivated by its own strategic interests. For Netanyahu, normalization with Saudi Arabia would mark a historic achievement—securing recognition of the State of Israel by the most influential leader in the Arab world. For Saudi Crown Prince Mohammed bin Salman (MBS), normalization presented an opportunity to diversify Saudi Arabia's economy, establish a commercial partnership with Israel, a major technological and economic power, and secure U.S. security guarantees and nuclear cooperation while keeping open the pathway to Palestinian statehood. For the United States, brokering Israel-Saudi normalization would create a regional security framework, enabling Middle Eastern partners to take greater responsibility for their own security. This would reduce the burden on the U.S. military, allowing Washington to shift its strategic focus toward global competition, particularly with China. Negotiations appeared to be making significant progress, until Hamas attacked Israel on October 7, 2023, effectively stalling negotiations.

Following Trump's victory in the 2024 U.S. presidential election, his relationship with Netanyahu appears to be improving. Netanyahu visited Trump at Mar-a-Lago after the election, and more recently, he became the first foreign leader to visit the White House since Trump's inauguration. Their discussions have focused on the Gaza ceasefire, countering Iran, and expanding the Abraham Accords.

3. Contours of Trump's Plan

The ongoing struggle between factions benefiting from conflict and those seeking resolution is not new. Historically, when peace appears imminent, some exploit the situation for personal or political gain. For instance, the 1995 assassination of Israeli Prime Minister Yitzhak Rabin by a right-wing Israeli extremist was deliberately timed to disrupt the Oslo Accords. Similarly, the October 7 Hamas attack on Israel aimed to derail the Biden administration's efforts to normalize relations between Saudi Arabia and Israel. Notably, it has been widely documented that Netanyahu, whose career has focused on preventing Palestinian statehood, has implicitly supported Hamas to weaken the Palestinian Authority.

⁴ Axios, December 13, 2021, Trump says Netanyahu "never wanted peace" with the Palestinians, ([link](#)).

Reflecting on these events, as well as his personal experience with Netanyahu, it can be inferred that Trump may have gained a clearer perspective on the complexities of Middle East peace deals. However, it's important to note that no official plans have been announced regarding the second Trump administration's Middle East strategy. Therefore, any assumptions are based on past actions and statements from key figures.

To understand Trump's approach to the Middle East, we can consider two key assumptions:

(1) The Middle East as a Priority for His Legacy and Personal Interests

Even before his inauguration, Trump claimed credit for brokering a ceasefire between Israel and Hamas, signaling his intent to personally engage in Middle Eastern affairs. He appointed real estate developer Steve Witkoff as the U.S. Special Envoy to the Middle East, indicating a preference for direct involvement over traditional diplomatic channels.

The Middle East, particularly countries like Saudi Arabia, Qatar, the UAE, and Israel, holds significant importance for Trump's personal and familial business interests⁵. During his time away from office, the region became a focal point for the Trump family's international ventures, including new real estate branding deals, partnerships with LIV Golf—a professional league financed by Saudi Arabia's sovereign wealth fund—and Kushner's business activities through his private equity firm, Affinity Partners⁶. Arguably, no other region holds the level of personal investment, and the associated risks, for Trump and his family.

Gulf countries are poised to invest heavily into the U.S. during Trump's second term. In a phone call with Trump, MBS promised to invest \$600 billion over the next four years⁷. A day later Trump while welcoming the advance called on MBS to "round out" the figure to \$1 trillion. UAE investment firm MGX is partnering with OpenAI, SoftBank, Oracle to invest \$500 billion in U.S. data center infrastructure. The Qatari Investment Authority is reportedly interested in exploring similar opportunities. Clearly, the fortunes of the second Trump administration is tied with Gulf financing.

(2) Trump Is Testing a New Approach to the Palestinian Issue

Traditionally, resolving the Israeli-Palestinian conflict involves two core elements: ensuring Israeli security and establishing Palestinian statehood. While Trump and Kushner adhered to this framework in designing their "Deal of the Century," Netanyahu's actions undermined

⁵ The New York Times, February 5, 2025, "What to Know About the Trump Family's Deals in the Middle East", ([link](#))

⁶ The New York Times, April 10, 2022, "Before Giving Billions to Jared Kushner, Saudi Investment Fund Had Big Doubts", ([link](#))

⁷ The Associated Press, January 24, 2025, "Saudi crown prince says kingdom intends to invest \$600 billion in US during call with Trump", ([link](#))

the initiative. Additionally, the resurgence of violence following the Biden administration's efforts to broker normalization between Israel and Saudi Arabia may have led Trump to conclude that the traditional peace framework is ineffective and requires a comprehensive reevaluation.

Trump believes Gaza provides a chance to test a new theory. Because Gaza is basically uninhabitable, it will require major overhaul. Reasoning that with an active Hamas insurgency reconstruction becomes impossible, Trump is suggesting clearing it out entirely. That would require a very complex mission consisting of a combat operation to wipe out Hamas and mass relocation of the Gaza population. From a humanitarian perspective, this will likely result in thousands more in civilian deaths, including the Israeli hostages. From a traditionalist's perspective, this is a wild departure from the two-state framework because the US would be annexing parts of what would eventually form a future Palestinian state. From an international community standpoint, the act of removing an entire population is the very definition of "ethnic cleansing" and flies in the face of international norms. From Trump's perspective, however, this is fresh new thinking to solve the issue once and for all.

Within MAGA, Trump's reasoning is further explored. According to one account⁸, Trump believes that as long as you have a large population jammed inside a small area like Gaza, and most of them are working with Hamas or other terrorist organizations, you will never have peace nor stability. By making the removal of the population of Gaza permanent, he is signifying that we are not going back to the failed status quo.

He is also challenging the Arab countries (and by some accounts, majority Islamic countries like Indonesia and Albania) to accept the Palestinians. In other words, Trump's proposal may be intended to test the depth of Arab nations' commitment to the Palestinian cause. If they really care about the Palestinians, with enough economic incentives from the U.S., he believes, they will accept the Palestinians into their territories. If they refuse, it will expose that their support for Palestinians has been more symbolic to shore up their legitimacy.

Based on these assumptions, we begin to see the contours of an entirely new approach under the second Trump administration.

4. Arab Flexibility in a Changing Geopolitical Context

Gulf Cooperation Council (GCC) countries, particularly Saudi Arabia, are actively pursuing economic diversification to reduce their dependence on oil revenues. Collaborations with technologically advanced nations like Israel are viewed as pivotal to this strategy. Saudi Arabia's "Vision 2030," championed by MBS, exemplifies this commitment to economic transformation.

⁸ Sam Faddis, retired CIA officer explains Trump's logic in Steve Bannon's War Room podcast.

However, for Sunni Arab monarchies in Saudi Arabia, the UAE, and other Gulf states, this transition presents challenges. Their legitimacy is rooted not only in providing economic stability and social welfare but also in religious, tribal, historical, and political foundations. A significant aspect of their legitimacy has been advocating for Palestinian statehood and withholding recognition of Israel.

While the UAE and Bahrain have normalized relations with Israel under the Abraham Accords, they continue to emphasize the importance of establishing a Palestinian state. For these monarchies, abandoning the Palestinian cause could erode their domestic legitimacy. This concern is particularly pronounced for Saudi Arabia, the principal sponsor of the 2002 Arab Peace Initiative, which conditioned normalization with Israel on the creation of a Palestinian state.

Yet, it is widely understood that young Arab leaders, such as MBS and the UAE's President, Mohammed bin Zayed, prioritize economic development over the Palestinian issue. Some speculate that after Saudi King Salman's passing, MBS may have more flexibility to pursue normalization with Israel. This flexibility may provide the political space necessary to negotiate – to entertain Trump's new ideas.

5. Key Questions Remain

While Trump's new approach signifies a departure from the traditional framework, big questions remain. The most glaring and obvious question is the definition of "Palestinian Statehood". Since the Oslo Accords and UNSC resolutions on the matter were established, it was generally understood that a future Palestinian state would consist of Gaza, the West Bank, with East Jerusalem often envisioned as its capital. Trump's proposal will remove Gaza from that framework, and by definition will upend core assumptions under the Oslo process. Arguably, however, it would still preserve room for other solutions. For example, parties could agree to a "West Bank-only" Palestinian state. A potential push for a confederation model with Jordan, or a reversion to a one-state solution, where Palestinian rights within Israel become the focus rather than statehood, could also be possibilities.

Then there are the details concerning "U.S. ownership of Gaza" that have to be worked out. The removal of Hamas will likely mean extended combat operations by the IDF with massive U.S. financial, security, and logistical support that the Trump administration must be prepared to undertake. If Trump successfully convinces the Arab world to host the population of Gaza, relocating the entire population of Gaza, which Trump estimated at 1.8 million people would also require massive financial and logistical resources. Finally, the resources required to clear out the rubble and unexploded ordinances, and then to rebuild would be a massive undertaking. The study cited at the beginning of this report envisions a group of investors operating under a 50-year lease of Gaza from the Israeli government. During that period, civil administration would be managed by investors, focusing on establishing a robust legal system based on common law principles, such as the rule of law as applied to property, contracts, and other legal areas. The estimated cost, according to

the study, ranges between \$1-\$2 trillion, with a projected timeline of 5 to 10 years for completion. The overarching goal is to establish a self-sustaining demilitarized, and prosperous Gaza. This, of course, depends on whether the parties can overcome core ethnic, humanitarian, and political considerations. Trump has said financing would be provided by the countries in the region, but if any of this involves U.S. funding, pushback from Congress is expected.

Then of course, this proposal could be a distraction. New policy proposals and developments coming from the new administration has been coming at a dizzying pace. Many have reported on the Trump administration's use of the "flooding the zone" strategy, which refers to a communication strategy aimed at overwhelming the public with a barrage of information, distractions, or directives to dominate the media landscape and control the narrative. This approach can lead to confusion, fatigue, and difficulty in discerning important information from noise. His Gaza proposal could also be just noise. Nevertheless, given the importance of the Middle East, particularly to his personal and familial fortunes, it will be worth watching how the possibilities laid above will be explored in the coming weeks and months.

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