

## The Unfulfilled Potential of Israel's Relations with Arab Countries

*Summary of a conference organized by Mitvim - The Israeli Institute for Regional Foreign Policies and the Leonard Davis Institute for International Relations at the Hebrew University of Jerusalem, 29 May 2018*

June 2018

On 29 May 2018, the Mitvim Institute and the Leonard Davis Institute held a joint conference devoted to the unfulfilled potential of Israel's relations with Arab countries. The conference took place at the Hebrew University of Jerusalem. It focused on mapping existing cooperation between Israel and the Arab world, identifying future potential in these relations and analyzing the link between Israel's regional connections and the status of the Israeli-Palestinian peace process. The conference included a keynote address by Member of Knesset (MK) Isaac Herzog (Opposition leader, Zionist Union), in addition to sessions concerning civil, economic and political cooperation between Israel and Arab countries. The conference is part of a Mitvim Institute project on this same topic, and members of the project's task team presented their conclusions and insights at the conference. This document sums up the main points of the conference.

**MK Isaac Herzog, Opposition leader, Zionist Union:** The security and economic interests that Israel shares with Arab countries contain amazing potential. However, relations with the Arab world are, for the most part, conducted below the surface. In order to move forward and bring them out into the open, it is necessary first and foremost to make progress with the Palestinians. Without such progress – and, as long as Netanyahu and Abbas remain in power, this is not expected to happen – there will be no revolution in Israel's regional relations. In the Middle East, new and promising regional energies are emerging, in particular among the young and impressive leadership of Saudi Arabia and the United Arab Emirates (UAE). In addition, the Arab Peace Initiative signaled for the first time in decades that the Arab world is willing to accept Israel as part of the region. Moderate Arab countries can play the leading role in advancing the Israeli-Palestinian peace process, instead of the super powers. Two years ago, there was an amazing opportunity to do this and to convene a regional summit, in parallel to advancing the peace process. For this purpose, I was willing to enter a unity government with Netanyahu, despite criticism. I met with Arab leaders concerning this and understandings were reached. However, Netanyahu withdrew from them at the last minute and torpedoed the process due to domestic political considerations.

**MK Esawi Frej, Member of the Foreign Affairs and Defense Committee, Meretz:** Since its establishment, the State of Israel has developed great strength. Yet the Jewish population behaves with fear, as though in danger of extinction and as though the Arabs constitute the majority in Israel. The Israelis are afraid of Iran, but how do the Iranians justify their hostility towards Israel? They do so using the Israeli-Palestinian conflict. The moment that this will conflict be resolved, or that Israel will make an effort to resolve it, the Iranians will no longer have an alibi. Israel conducts secret ties with the Arab world, but the stalemate in the Israeli-

Palestinian peace process prevents the Arab countries from drawing closer to Israel openly and publicly. Today, the conditions for achieving regional peace are optimal, but Israel is not making use of this situation. It has yet to respond officially to the Arab Peace Initiative, and instead it is taking steps – for example, concerning the al-Aqsa Mosque – that further distance normalization and increase hostility. Israel does not really need Trump's recognition of Jerusalem as its capital because, indeed, all Arab countries already proposed doing this themselves, upon the implementation of the Arab Peace Initiative. Foreign policy must begin at home. If we achieve true Arab-Jewish coexistence within Israel, it will be much easier to persuade the Israeli public that it is also possible to live in peace with Arabs in neighboring countries. In this context, the Arab minority in Israel constitutes a strategic asset for the country and can play a major role in advancing peace and better relations with the region.

**Dr. Nimrod Goren, Head of the Mitvim Institute:** Recently, the Israeli public and decision makers have identified increasing opportunities in relations with the Middle East. According to the annual surveys conducted by the Mitvim Institute, Israelis view cooperation with Arab countries as both significant and possible; such cooperation has support from both sides of the political map. However, it is often seen in Israel merely through the security lens. The idea of establishing normal regional relations is receiving less traction in Israel than in past decades. Certainly, the relations between Israel and the Arab world are changing. Shared regional interests create new opportunities for cooperation and make the Arab world increasingly willing to relate to Israel more positively. Despite this, Israel's ties with its neighbors in the Middle East remain limited in extent, focusing mainly on security issues (Iran, Daesh, Sinai and Gaza) and secret in nature. However, Israel's relations with the Arab countries also contain significant unfulfilled potential in the fields of politics and diplomacy, economics and the civilian sphere. Currently, Israel stands before exceptional opportunities to fulfill this potential. This is expressed, for example in gas export agreements, business cooperation, visits by delegations, and contacts in the cultural domain, which are already taking place between Israel and Arab countries. However, in order to fulfill this potential, progress in the Israeli-Palestinian peace process is vital. Arab leaders need Israel to show genuine interest and will to promote the two-state solution, in order for a breakthrough in ties to actually happen. The present stalemate in the peace process significantly limits their room for maneuver vis-à-vis Israel, despite the voices in Israel claiming that Arab countries are prepared to make significant progress with Israel even without reference to the Palestinians.

**Dr. Yuval Benziman, The Swiss Center for Conflict Research, Management and Resolution at the Hebrew University:** Prime Minister Netanyahu, unlike his predecessors, believes that it is possible for Israel to change relations with other countries in the region without any alteration in its relations with the Palestinians, due to shared security interests. This perception tries to overturn the Arab Peace Initiative, according to which the conclusion of an agreement between the Israelis and Palestinians will lead to normalized relations between Israel and the Arab world. This perception, which Netanyahu endorses, reflects an Israeli desire rather than the reality on the ground. It is an illusion, not a revolution. Throughout the years of negotiations between Israel and the Arab nations, the latter have demanded progress in the Palestinian channel in order to facilitate a breakthrough. This happened in the past with Egypt and Jordan and, likewise, Arab leaders emphasize it today, among them also Mohammed bin Salman of Saudi Arabia and the Secretary General of the Arab League. On the one hand, Netanyahu is raising expectations regarding a new era in relations with the Arab world, while on the other he is reducing expectations concerning this new era and recognizing that official regional peace will not come about without the Palestinians being on board. The security cooperation which ostensibly exists between Israel and Arab countries will not be able to continue as long as there will be further rounds

of fighting between Israel and the Palestinians; there cannot be regional peace without a solution of the Palestinian issue; and the current Israeli discourse, which already does not aspire to peace agreements but only to a “corridor of change” with the country’s neighbors, will lead to continued conflict management rather than resolution.

**Prof. Elie Podeh, Department of Islamic and Middle Eastern Studies at the Hebrew University and Board Member at the Mitvim Institute:** In opposition to the claims of researchers and decision makers, in the first years following its independence, Israel was not isolated in the Middle East. The perceptions of a “state under siege” and “a people which dwells alone” do not offer an accurate reflection of reality. Israel succeeded in creating a series of connections – most of them covert – with countries and minorities in the area (Jordan, Morocco, Turkey, Iran, Ethiopia, the Maronites in Lebanon, the Kurds in Iraq). Over the years, it managed to expand the number of states in the region with which it has relations. Today, Israel has open diplomatic relations with Egypt, Jordan, South Sudan, Turkey, Ethiopia, and secret relations with other states (Morocco, the Gulf States). There has been a real change in the relations between Israel and its Arab and Muslim neighbors, but in order for these relations to become public and receive legitimacy, and similarly expand to civil areas, progress in the Israeli-Palestinian channel is crucial. This conclusion is based on studies and evidence from the field, but the Israeli government has yet to internalize it. Moreover, it is necessary to enhance the understanding that Israel is part of the Middle East, and advance cooperation with countries in the region that is not based on merely passing interests. We can see, for example, how relations with Jordan and Morocco have persisted – though at different levels – over decades and despite circumstances. These connections have endured because they were not based merely on cooperation against a shared enemy at a given moment, but rather on much more than this.

**Dr. Michal Yaari, Expert on Saudi Arabia, Tel Aviv University and the Open University:** The key reasons motivating the change in relations between Israel and Saudi Arabia, which began in the last few years are the Iranian threat, the recognition of the stalemate in the Israeli-Palestinian negotiations, and decreased American involvement in Middle Eastern conflicts. The significance of the Iranian threat leads Israel and Saudi Arabia to cooperate, albeit behind closed doors. At the same time, it does not affect other fields of cooperation in the economic and political-diplomatic fields. In these domains, cooperation will remain limited and restricted as long as there will be no breakthrough in the Israeli-Palestinian peace process. Considering the present reality, with its lack of a political horizon, normalization between Israel and Saudi Arabia is not expected. Saudi Arabia has leverages of influence by means of which it can pressure the Palestinian leadership to come to the negotiating table, but it cannot force the Palestinian leadership to sign a document which essentially contradicts its demands from Israel. Today, Saudi Arabia tends to talk about a logical solution to the Palestinian issue instead of a just solution, although the chances that the Palestinian leadership will adopt this approach are slight. At the end of the day, although the thawing of relations between Israel and Saudi Arabia contains enormous potential, this cannot come to fruition without a fundamental change in the Israeli-Palestinian conflict.

**Moran Zaga, Department of Geography, Haifa University, and Policy Fellow at the Mitvim Institute:** Every state in the Arab world has a different pattern of civil relations with Israel. The UAE relies on ambiguity, blurring the connection with Israel. The relationship with Morocco is open and warmer, based on the Jewish heritage in that country. Therefore, Israeli tourism to Morocco is flourishing and includes also meetings with public figures. So too, there is a relationship with Iraqis based on the nostalgia for that country’s Jewish heritage, yet without any real possibility of encounter (outside social networks) between citizens.

Despite the Israeli Foreign Ministry's recent initiatives to strengthen relations with Iraqi communities, Iraq officially remains designated in Israel as an enemy state. Bahrain has been drawn closer to Israel by the inter-religious issue and its desire to advance religious tolerance. In the past few years, the atmosphere in the Arab world has become less hostile towards Israel. There has been a positive change in how Arab countries regard hosting Israelis at international events held in their territories and some traditional obstructions have been removed. Likewise, Arab countries are expressing increased willingness to send official representatives to international events in Israel. Despite these encouraging developments, Arab countries desire a solution of the Israeli-Palestinian conflict in order to progress towards normalization with Israel. The Arab world and Israel have an interest in open and broad cooperation in science, academia, medicine, tourism, environmental problems, technology, art, and culture. They will also benefit from freedom of movement between them. However, without a solution to the Palestinian problem, the true potential will not be realized, and the shared interests will not be translated into meaningful cooperation.

**Jacky Hugi, The Arab Affairs Analyst of Israel's Army Radio:** There have been positive developments in Israel's civil relations with Iraq. This is not happening on the government level, rather but between normal people. Journalists, researchers, businessmen and even Shiite religious figures from Iraq are looking for a connection with Israelis. Most of this takes place on social networks, including the Israeli Foreign Ministry's Facebook pages in Arabic. Thousands of Iraqis participate in discussions there, openly and using their genuine names and pictures, discussing various topics relating to Israel. Israeli government elements have begun to show an initial interest in these relations and take a positive view of occasional visits by Iraqis to Israel. The relations with Iraq are reminiscent of those with Morocco, the Arab country with which Israel has the most widespread informal relations. Every year, some 30,000 Israeli tourists visit Morocco. This is a sign of de facto normalization, without embassies and ambassadors. The relations with Iraq and Morocco are completely different than those with Egypt and Jordan: in the latter cases, the civil aspects are highly limited. Vis-à-vis Egypt and Jordan, Israel emphasizes security matters and does not invest sufficiently in advancing civil connections. To bolster these relations, this must change. Only a strategic decision can lead to such a change: the government echelon must decide that civil relations with the country's neighbors constitute an essential element of Israel's national security. Israel must demand that the Arab leaders move forward in this regard. Even Israeli security experts are beginning to understand that it is impossible to separate security and civil cooperation.

**Amb. (ret.) Dr. Haim Koren, Former Israeli Ambassador to Egypt:** Egypt's concept of national security has undergone a change, leading to an improvement in relations with Israel. In contrast to the days of Mubarak, Egypt under al-Sisi currently defines Iran and the Islamic organizations as bitter enemies which must be fought against, viewing Israel as a legitimate partner in this effort. There are many instances of security cooperation between Israel and Egypt, but all attempts to leverage them for economic cooperation have failed. Likewise, there is almost no civilian cooperation between the countries, despite the fact that today the conditions are riper for this. The Egyptian leadership is not interested in initiating a speedy change in relations with Israel and recoils from public cooperation with it. This, in part, results from Egypt's significant bureaucracy, which finds it difficult to digest new ideas and developments – not only in connection with Israel – and to enact changes accordingly. Israel and Egypt share interests in the fields of solar energy, water and natural gas. The Egyptians admit this, but the path to cooperation in civil domains is a long one. It requires a great deal of patience in all aspects of the relationship with Egypt. And yet, after 40 years of relations between Israel and Egypt, these are proving themselves and even have drastic



regional ramifications. For example, the relationship between Israel and Egypt is very helpful in developing connections between Israel and Saudi Arabia and the UAE, which offer potential future economic benefits also for Egypt.

**Adv. Gidon Bromberg, Director of EcoPeace Middle East, Israel:** Political borders are not important in environmental issues. Indeed, cross-border problems and interests necessitate cooperation, as in the cases of water and climate change. No one in the region benefits from environmental damage, destruction and distress. At the organization EcoPeace, we discern that Israelis, Jordanians and Palestinians understand the significance and utility of cooperating with regard to environmental concerns. This understanding is coming from the bottom up, not from the political leadership, and is evident among heads of local councils, social and environmental activists, as well as the youth. Such environmental cooperation advances real national interests and benefits the daily lives of the region's residents. It likewise enables the Arab partners to justify working with Israel in the face of the criticism they receive at home. It is possible to see an expression of this also on the political level. The only agreements which have been signed with the Palestinians in recent times concern water and energy. These are topics on which it is possible to cultivate regional cooperation, responding to the needs of all countries. Yet, in the current political reality it is difficult to advance this on the official levels, between governments, and the initiative must come from civil society elements in Israel and the neighboring countries. Civil society can contribute greatly to advancing regional cooperation, but Israel's conduct is not always right. Some government elements discern the value of this and act accordingly, whilst others endeavor to damage civil society, wrongly depicting it as acting against Israeli interests.

**Yitzhak Gal, Economic and Business Advisor, The Moshe Dayan Center at Tel Aviv University and Researcher at the Mitvim Institute:** The peace agreement with Israel yielded great economic benefit for Jordan, helping the country to overcome one of its most severe economic crises. And yet, the economic cooperation between Israel and Jordan, which focused in the past mainly on the clothing industry and accompanying services, has gradually dissolved over the years. Today Jordan has already forgotten the fruits of peace and in Israel, too, few remember them. Some Israelis continue to consider Jordan an enemy and, in general, both the Israeli public and decision makers are indifferent towards the connection with this country. In Jordan there is great disappointment at the peace, and its opponents control the public debate. Yet, in the broader Arab world, a significant internal change has begun, and the Gulf market has become one of the most important markets in the world. In order to set in motion once again the economic cooperation between Israel and Jordan, for the benefit of both sides, Israel must transform itself from an economic island to an important player in the regional economic system. Jordan can serve as Israel's gateway to the Arab market, in particular the Gulf market (the potential of this market for Israel approaches the volume of Israel's exports to the European market). If the Israeli-Palestinian conflict will be resolved, a very wide gate to the Arab world will open for Israel, offering immense potential. However, even before a resolution is reached, it is possible to advance economic relations with Jordan, although in a far more restricted fashion and at a slower pace. In areas of vital interest, such as natural gas and water, cooperation already exists despite the limitations, and the Jordanian leadership is prepared to pay the political price involved and face the domestic criticism voiced regarding its ties with Israel.

**Imad Telhami, Founder and Director of Babcom Centers:** Economic and business activity can contribute significantly to advancing peace and relations between Israel and Arab countries. In 1993, the Delta company decided to establish production plants in the neighboring countries, developing factories in Jordan and Egypt. These became a focal

point of employment for the local populations and the local authorities considered them important. Mubarak's desire to continue this enterprise was among the factors which prevented him from closing the Israeli embassy in Cairo during security crises. Delta's activities in Egypt and Jordan demonstrated how business that brings benefit to both sides can succeed. However, over the years, such instances of cooperation have dwindled. In industry, political borders were of great importance. When planning a business activity, it was necessary to take into account the difficulties involved in transferring goods and workers across the border. Today, the reality is different, as the Babcom company, which I established in 2008, proves. In the field of technology, it is possible to cooperate with Arab countries without needing to cross borders physically. For example, Israeli companies can now provide telephone services – in Arabic – to citizens all over the Arab world, without any difficulties. Although peace requires a political-diplomatic umbrella, true peaceful relations between people derive from the economy and daily activities based on shared interests.

**Nadav Tamir, Former Diplomat and Senior Policy Advisor to President Shimon Peres:**

In the modern world, there is more room for cooperation in the fields of technology and science, and less need to compete over territory and natural resources. This is evident also in the Middle East and it enables vital interfaces between political peace and peace between peoples. The Arab Spring was at first portrayed in Israel in a negative light, but in the longer term generated many opportunities. Among others, the appearance of radical elements in the Middle East provided increasing motivation for the leaders of Arab countries to pursue contacts with Israel. Likewise, the American retreat from the region – resulting from a decline in US interests in the Middle East – has influenced the dynamics between Israel and the Arab world. Trump's rise to power was welcomed by Israel and many other countries in the Middle East. Israel should aspire to establish a formal defense treaty with the US, and for the deployment of American forces in the Jordan Valley instead of Israeli ones during times of peace. This is preferable to the deployment of Russian or Palestinian troops.

**Gina Cohen, Lecturer at the Technion and Advisor on Natural Gas:** The discoveries of natural gas in the Eastern Mediterranean basin created opportunities to export gas from Israel to Egypt and Jordan, and led to disagreements between Israel and Lebanon regarding the maritime border between the two countries. The US plays a central role in these issues. The Americans mediated an agreement on the sale of gas, which was signed between Israel and Jordan (according to which the Jordanians will buy gas from the Leviathan reservoir for 15 years), and are also trying to arbitrate disputes between Israel and Lebanon. The US was also interested in Israel selling gas to Turkey in order to reduce the Russian influence (as the main supplier of gas to Turkey and Europe). Russia, for its part, has intensified its natural gas involvement in Egypt and Lebanon, regarding it as imperative to prevent the export of Israeli gas to Turkey and Europe (steps which are not likely to happen in any case). The EU is also active on the issue of natural gas, in particular with regard to Cyprus, which is an EU member state. In parallel, Israel succeeded in signing an agreement – albeit very complicated – for the sale of gas to Egypt or the use of the Egyptian market/the Egyptian liquefying facilities located (from which the gas will be transported to other countries). Due to significant discoveries of natural gas on the coasts of the US, gas prices have dropped. This in turn has reduced the potential to use gas as a tool for political change and advancing regional cooperation in the Eastern Mediterranean basin.

**Dr. Galia Press-Barnatan, Department of International Relations, The Hebrew University:** Scholarly discussion of economic peace emphasizes how mutual dependence in the fields of economics and trade can prevent a deterioration to violence. However, there is not necessarily a connection between economic cooperation and peace. The insistence

on drawing such a link makes it difficult to advance economic cooperation. And yet, due to the great disparities between the countries in terms of the economic strength, this potential is limited, apart from certain areas, such as energy. However, it is important for Israel to advance economic cooperation with the region in order to progress towards informal peaceful relations. Political considerations can be overcome when significant economic profit is possible. Cooperation sometimes requires a third party, mainly the US, which sees a value in the idea of trade peace. This is expressed in shared industrial zones (the QIZ with Egypt and Jordan), by means of which the Americans gently forced these countries to trade with Israel. Over time, the US too has understood the limits of this strategy and chose to invest in developing economic markets in the Arab world, as an advance step to increasing mutual economic dependence in the future. This investment is also good for Israel in the long term. The Palestinians share sufficient economic interests with Israel to constitute a basis for cooperation. Yet this idea should not be linked to the concept of economic peace, the use of which is liable to impede the possibility of cooperation.