



Israel and Saudi Arabia: On the Way to Normalization?

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The tectonic changes in the Middle East since 2011 have created the foundation for a significant rapprochement between Israel and Saudi Arabia. Alongside their strategic security partnership, cooperation between Israel and Saudi Arabia engenders enormous potential on the political and economic level. Official diplomatic relations between the two countries will reflect on the stability of the region and will also help advance the peace and reconciliation processes with the Palestinians. Economic cooperation including water, technology, energy, and tourism agreements would bring significant benefits to both countries, and certainly to the Israeli economy. These benefits notwithstanding, normalization between the two countries is not expected before the Palestinian demands are met, or at least until there is a breakthrough in the Israeli-Palestinian negotiations. The reasoning behind this is Saudi Arabia's historical commitment to advancing the solution of the Palestinian problem. As a result, the Saudi regime prefers in the meantime to follow the path of quiet diplomacy in order to advance national-strategic goals, rather than publicizing its relations with Israel.

A. Introduction

In April 2018, Barak Ravid, the political correspondent for Channel 10, reported on a meeting of Jewish leaders with the Saudi crown prince. In the meeting, Mohammed bin Salman allegedly attacked Palestinian President Mahmoud Abbas and said that the Palestinian leadership has repeatedly missed opportunities in the past 40 years. The time has come for the Palestinians to accept the proposals and agree to convene at the negotiating table, the prince said, or keep silent and stop complaining.¹ That same month, the crown prince was interviewed by the *Atlantic* magazine and implied that he recognized Israel's right to exist and the right of the Jewish people to a state of their own. Such statements are exceptional and unprecedented in the Arab discourse. Whenever the Arab leadership criticized the Palestinian leadership, it has been said behind closed doors – until now. In a rare interview with the Saudi newspaper *Elaph* in November 2017, Israeli Chief of Staff Gadi Eizenkot said that Israel and Saudi Arabia share many interests and that Israel is prepared to share intelligence with Saudi Arabia if necessary.² This comment followed the extraordinary statements made by Energy Minister and member of the Security Cabinet Yuval Steinitz in an interview with the IDF Radio, according to which Israel's relations with "the moderate Arab world, including Saudi Arabia, is helping us curb Iran."³ Up until that point, senior Israeli

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¹ Barak Ravid, "[Saudi Crown Prince on the Palestinian: let them accept what they are offered or remain silent](#)," *Channel 10 News*, 29 April, 2018.

² Yoav Zeitun and Roi Keis "[The Chief of Staff in a rare interview with a Saudi website: Full agreement on Iran](#)," *Ynet*, 16 November 2017.

³ Yuval Steinitz, "[The President should not be Blamed](#)," *IDF Radio*, 19 November 2017.

officials hinted at the tightening relations between Israel and Arab states that do not have a peace agreement with Israel, but this was the first time they explicitly referred to any existing ties with Saudi Arabia.⁴ Later, the Saudi foreign minister denied the Israeli report.⁵

In light of these and other statements that portray unprecedented cooperation between Israel and the various Arab states, primarily Saudi Arabia, this article seeks to examine the validity of this discourse regarding the Israeli-Saudi relations, in view of the changing regional circumstances. The article will focus on the relations between the two countries while considering the political, security, strategic, and economic dimensions. It will further outline the potential for cooperation between Israel and Saudi Arabia, briefly address existing collaborations, and discuss the relations between Israel and the Palestinians as an influencing factor on the ability to realize this potential.

The challenge of writing this article is twofold: first, because of the absence of formal diplomatic relations, the information about meetings and talks between representatives and citizens of the countries is limited and generally not approved by official bodies. Therefore, everything said in this article will be written with caution to avoid misrepresentation. Second, studies of this kind have a real difficulty in making clear distinction between the researchers' wishful thinking and the actual feasibility of cooperation.

There is sometimes a tendency among researchers to overstate the importance of relations between countries and their contribution to national interests, although the picture portrayed by reality is seemingly different. In light of the above, the article will focus on achievable cooperation given certain circumstances that do not yet exist, primarily a significant advance in the negotiations between Israel and the Palestinians. This is not necessarily a final agreement, but rather a diplomatic breakthrough that will be interpreted by the Saudis as paving the way for formal relations between Riyadh and Jerusalem.

B. Cooperation between Israel and Saudi Arabia

1. Diplomatic cooperation

The tectonic changes in the Middle East since 2011, which included a real increase of the Iranian threat and the extensive activity of Jihadist terrorist organizations, have created the appropriate foundation for a significant rapprochement between Israel and Saudi Arabia. It seems that both countries have shed the traditional way of distinguishing enemies from allies while bringing their security issues to the fore. This signifies that Jerusalem and Riyadh primarily strive to stabilize the Middle East by stopping subversive and radical regional forces, led by Iran and its affiliates. Under these circumstances, the range of possibilities for cooperation expanded in proportion to the size and intensity of the threat. Accordingly, the Saudi policy toward Israel has become more flexible lately. This can be seen, for example, with Saudi approval for Air India to fly over its airspace on its way to and from Israel. In addition, meetings between Saudi officials and Jews over the past year also point to the new spirit in Riyadh. It is not inconceivable that the aim of these moves is to prepare Saudi public

⁴ Prime Minister Benjamin Netanyahu: "What is happening with the Arab states in practice has not happened before, even when we signed peace agreements. In practice, cooperation in different ways, at different levels, does not necessarily always cross the externalization threshold, but under this externalization there is something much greater than any other period in the history of Israel. This is a huge change". Benjamin Netanyahu, "[A toast on the occasion of the New Year at the Foreign Ministry](#)," 6 September 2017.

⁵ Ben Lynfield, "[Saudi foreign minister denies country maintains ties with Israel](#)," *The Jerusalem Post*, 22 November 2017.

opinion for the day when the conditions for normalization with Israel will ripen, and to signal to Iran their close ties with Israel.

Despite this, normalization between the two countries is not expected until the Palestinian demands are met, or at least until a breakthrough in the Israeli-Palestinian negotiations will emerge. This is due to Saudi Arabia's historical commitment to advancing the solution of the Palestinian problem. The extensive Saudi activity on this issue reinforces the status and prestige of the regime, while imposing real limitations on its leeway vis-a-vis Israel. Public contacts between Riyadh and Jerusalem may be portrayed by the kingdom's enemies as a betrayal of the Palestinian interest. Therefore, even if Saudi Arabia is willing to tighten and expand its cooperation with Israel, its ability to do so is limited due to the expected damage to the resilience of the kingdom's ruling authority. As a result, the Saudi regime prefers to follow the path of quiet diplomacy in order to advance national-strategic goals, rather than making its relations with Israel known.

The current Saudi position regards Israel as a potential ally, certainly at the strategic level, which is completely different to the traditional Saudi perception of Israel. In the past, the kingdom perceived Israel as a bitter enemy responsible for the suffering of millions of Palestinians and a people that is foreign to the region. Although the Saudi army did not take an active part in the military actions against Israel, the official Saudi position was anti-Zionist and, in many ways, anti-Jewish.

The continued failures of the Arab armies in their war against Israel led to a dramatic change of perception within the Saudi leadership as to how the conflict should be resolved: not yet another military confrontation, but using diplomacy as a means of bringing about a total Israeli withdrawal from the occupied territories. The peace initiative of Crown Prince Fahd, which presented an ideological vision in which the solution to the conflict with Israel does not lie in bilateral but multilateral peace, saw daylight in 1981. The initiative called for a comprehensive Israeli withdrawal from the territories occupied in 1967 in exchange for a comprehensive regional peace. Although the Saudi initiative earned the approval of the Arab League in 1982, the reality at the time, the initiative was not implemented nor promoted (due to the outbreak of the war in Lebanon), and soon afterwards it was removed from the Middle East agenda.

About twenty years later, the then crown prince, Prince Abdullah, presented another peace initiative that reiterated the same principles, but at the same time introduced some flexibility on the part of the Saudis in order to increase Israel's willingness to come to the negotiating table. This initiative, like its predecessor, also won the support of the Arab League and was repeatedly endorsed also during the events of the Arab Spring. However, despite its exceptional innovation and importance, the Saudi peace initiative (which would later be called the Arab Peace Initiative) has not received an Israeli official response to this day.⁶

Since the Arab Spring that led to the spread of Iranian influence in the Middle East and the strengthening of Jihadist terrorist organizations, the common denominator between Israel

⁶ The main goal of the initiative was apparently to improve the image of Saudi Arabia in the eyes of the American public and the government in particular, following the attack on the Twin Towers in September 2001. Saudi Arabia was concerned that the harsh criticism about the fact that 15 out of the 19 terrorists being Saudi, would seriously damage the relations between the two countries, therefore it launched an initiative intended to portray itself to the world as a peacemaker and as a state having a proactive policy that advances peace in the bloody Middle East. The Saudi leadership apparently assumed that Israel would find it hard to accept the terms of the initiative, however in this initiative it attributed greater importance to appeasing its American ally.

and Saudi Arabia has grown. The relations between Saudi Arabia and Israel became a known secret, although their nature and scope remained confidential.

As argued, the Palestinian issue has been and remains a substantial obstacle to making significant progress towards normalization between the two countries. However, even in the current state-of-affairs there are interactions at various levels and manners. In recent years, there has been a growing number of reports in the international and local media about confidential and public meetings between senior Israeli and Saudi officials. For example, a panel on the future of the Middle East was held in October 2017. Participants included former Mossad chief Efraim Halevi and the prince Turki al-Faisal, former head of Saudi intelligence.⁷ Their presence side by side indicated the dramatic turnaround in the relations between the two countries. Prince Faisal also visited a synagogue in New York and met with former foreign minister Tzipi Livni on the sidelines of the Davos Economic Conference in 2016. Livni tweeted about the meeting on her Twitter account and added a picture of her with Prince Faisal.

This was not the first time that meetings between senior Israeli and Saudi officials had taken place. For example, it was reported that representatives of the Israeli Mossad had held talks with Saudi officials over the years, and in 2007 it was alleged in foreign publications that a secret meeting was held between former Prime Minister Ehud Olmert and Saudi Prince Bandar bin Sultan, who previously served as head of intelligence and head of the National Security Council.⁸ These meetings were not officially confirmed, but a series of statements by the Israeli leadership apparently reflects that the two countries are treading a new path.

In June 2015, a few days before Dore Gold assumed the role of Director-General of the Foreign Ministry, a public meeting was held with Dr. Anwar Eshki, a retired Saudi general and current Chairman of the MeSc Research Institute (Middle East Center for Strategic and Legal Studies). About a year later, Eshki arrived with a Saudi delegation of academics and businessmen to visit Israel, and the delegation met with Israeli government and Knesset members with the intention to promote the Arab peace initiative.⁹ This visit received great attention in the Israeli and foreign media because, although not official, it could not have happened without the green light of the Saudi royal family. In addition, one can discern a change in the public discourse regarding Israel, which is reflected in social networks as well as in the Saudi press. For example, the Saudi newspaper *Eilaf* interviewed a number of senior Israeli officials, including the chief of staff, the defense minister, and the former opposition leader. A few years earlier, in 2014, the Saudi prince Turki al-Faisal published an unusual article in the Ha'aretz newspaper ahead of the peace conference convened by the paper, in which he expressed his hope for peace between the two countries.

In addition to meetings between Israeli and Saudi officials who held or still hold official positions, there are also contacts between the citizens of the two countries, which can be partially attributed to the actions undertaken by civil organizations. The idea to involve civil society is based on the premise that a change of awareness must begin at the leadership level, but it will cease to exist if it is not wrapped by civic engagement. Personal ties are the breeding ground for future peace between Israel and Saudi Arabia, which is founded first and foremost on shared interests. At the same time, its very existence will depend to a great extent on removing the cultural barriers between the two peoples. Official ties between the

⁷ James Reinl, "[Former Saudi and Israeli Spymasters Share NYC Stage](#)," *Al-Jazeera*, 23 October 2017.

⁸ Aluf Benn, "[Israel's Liaison to Its Neighbors: Saudi Prince Bandar](#)," *Haaretz*, 2 March, 2007.

⁹ Barak Ravid, "[A retired Saudi general visited Israel and met with the Director General of the Foreign Ministry](#)," *Haaretz*, 22 July 2016.

two countries will not survive if they are founded only on shared security interests, which may change in the dynamic environment of the Middle East. Therefore, cooperation must also be extended to the civil, economic, and cultural levels.

These changes do not occur in a vacuum but are influenced and nourished by the political ambiance in each of the countries. This is particularly true of Saudi Arabia, a country that has recently undergone changes in its leadership structure and its functioning. This is supposedly an internal matter, but it is quite possible that it will have far-reaching effects on the relations between Jerusalem and Riyadh.

These changes include an intergenerational transition within the ruling leadership, resulting in the younger generation replacing the older one. The ramifications of this process, which culminated in the appointment of the son of King Muhammad bin Salman as first heir to the throne and soon to become the king, resonate not only within the borders of the kingdom, but throughout the entire Middle East. The younger leadership creates new rules that change (sometimes dramatically) the traditional lines of action of Saudi foreign policy in two main ways: first, the foreign policy is becoming more assertive and proactive, as manifested in the decisions of the Saudi royal family to initiate a military operation in Yemen, to impose a boycott on Qatar, to exert massive pressure on Lebanese Prime Minister Hariri to resign, and the adoption of a stronger pushback against Iranian escalation. Second, the young prince's moves indicate that he intends to concentrate most of the power in his hands and in the hands of a group of people loyal to him, unlike in previous years, in which the tendency was to distribute the authorities in order to prevent an insurgency.

From the Israeli point of view, there are many who see Mohammed bin Salman as the right man at the right time. His proactive and uncompromising policy toward Iran and terrorist organizations (led by Hezbollah and Daesh), the emphasis he puts on expanding Saudi influence in the region, and his popularity among young Saudis - who make up about two-thirds of the population - present a unique opportunity for Israel. It should not be casually dismissed that Israel and the most important power in the Arab and Muslim world see eye to eye the immediate need to stabilize the region and stop the common enemies.

In an interview with Tom Friedman published in the New York Times in November 2017, the crown prince expressed some unprecedented idea against Iran and its leaders: "We have learned from Europe that appeasement does not work [...] we do not want the new Hitler in Iran to repeat what happened in Europe in the Middle East". In addition, the prince said he would not agree to a Lebanese government controlled by Shi'ite Hezbollah, referring to the claim that al-Hariri's (temporary) resignation was the result of Saudi pressure.¹⁰

These statements, along with actions undertaken by Saudi Arabia in the region, point to an uncompromising policy of the monarchy against its enemies. During his brief tenure, Bin Salman proved an extraordinary resolve to promote goals that he believed were in keeping with the interests of the kingdom and of the government in particular, even if the path to achieving them was fraught with obstacles. Therefore, it can be assumed that despite the expected harsh criticism, the Prince will make the effort to establish official relations with Israel if he sees them as a clear Saudi interest. Moreover, it is quite possible that he will be able to use the great sympathy he enjoys in order to remove the walls of hostility that the Arab public in general and the Saudi public, in particular, feel toward Israel.

¹⁰ Thomas Friedman, "[Saudi Arabia's Arab Spring at Last](#)," *New York Times*, 23 November 2017.

However, despite the dramatic changes in the way the two countries define each other, no official diplomatic relations are expected to form between them as long as the unresolved conflict between Israel and the Palestinians is hovering above, at least according to the official position of Saudi Arabia. This conclusion can be drawn from the statement to the Egyptian television network CBS made by the Saudi Foreign Minister in November 2017, in response to Steinitz's remarks:

"There are no relations between Saudi Arabia and Israel. There is the Arab Peace Initiative, which shows the road map to reach peace and establish normal relations between Israel and Arab states".¹¹

This clearly indicates that Saudi Arabia's official position is that as long as the Palestinian problem has not been resolved, or at least no real progress in negotiations between the sides has been made, there is slim likelihood for official relations between Riyadh and Jerusalem. Moreover, even if the Palestinian and Israeli policies become more flexible towards the main issues of contention, the road to peace in the Middle East is long and fraught with obstacles. Considerable portions of the Arab and Muslim public view Israel as responsible for the Palestinian suffering because of the occupation policy, and for this reason, every Arab leader that shows a desire to thaw relations with Israel is criticized. A vindication of this hypothesis can be seen in the angry reactions to the relatively weak and moderate statement of the Saudi royal family regarding the American decision to recognize Jerusalem as the capital of Israel.

The Saudi leadership prefers the path of quiet diplomacy that promotes security and other interests rather than exposing itself to harsh public criticism. Although unofficial relations do not fulfill the full potential of the relations between the countries, it is preferable, at least for now, to making them official. However, there are changes on this front too, as evidenced by the unique meeting between the Saudi crown prince and Jewish leaders.

According to the Israeli leadership, normalization with the Arab states may improve the chances of success in the Israeli-Palestinian negotiations. Prime Minister Netanyahu, who holds this approach, said the following:

"They always said that the moment we make progress, a breakthrough in the peace process with the Palestinians, we can also make peace with the entire Arab world. But more and more I think that the process can also move in the opposite direction. That the normalization, or advancement of relations with the Arab world, can help us attain a more realistic and stable peace with the Palestinian".¹²

Although the Prime Minister's remarks did not explicitly refer to Saudi Arabia, the message was clear. Nevertheless, one should not attribute to the Saudis too much influence over the Palestinian leadership. Even if there is significant progress in relations between Israel and Saudi Arabia, within which the royal family will agree to dramatic compromises to resolve the conflict, this does not mean that the Palestinian leadership will agree to this. Saudi Arabia can exert pressure on the Palestinian leadership to come to the negotiating table, but it cannot force it to sign a document that it does not agree with.

¹¹ Lynfield, *ibid.*

¹² Jackie Hogi, "[Analysis: Is Israeli-Saudi Peace a Realistic Proposition?](#)," *The Jerusalem Post*, 27 February 2017.

In addition, in an era of unclear American willingness to intervene in Middle Eastern affairs, especially with regard to Iran, and when the countries of the region show limited ability to deal with the growing threats alone, there is great benefit in bringing together Israeli and Saudi forces against common enemies. Finally, in times of regional crisis (such as the al-Aqsa Mosque crisis), the cooperation between Riyadh and Jerusalem could ease the tension and reduce the expected damage. Saudi Arabia and Israel, as well as Jordan, share the interest that the administration of the holy sites will be done quietly and consensually, in order to prevent flare-ups in one of the most explosive areas in the Middle East.

2. Strategic Security Cooperation

Much has been written about the dramatic change that the relations between Riyadh and Jerusalem has undergone, due to the shared security interests, especially with regard to Iran and Jihadist organizations. The Saudis view Iran as an existential threat to the security of the kingdom and to the regime. Therefore, their actions in the region are decided, first and foremost, through the narrow perspective of the Iranian threat. In their view, this is a zero-sum game, in which every profit of the Islamic Republic is necessarily a Saudi loss. This is especially true when considering the increase in Shiite dominance in Arab countries where there is an ongoing governmental failure (primarily Syria, Lebanon, and Yemen).

The Saudi fear of the neighbor from the Gulf has grown after the signing of the nuclear agreement between Iran and the Western powers. Although it was presented by the US as an achievement, the Saudi assumption is that the agreement cannot defeat Iran's nuclear capabilities, let alone its intentions. Even if there is only slim likelihood that Saudi Arabia will be attacked by its neighbor using unconventional weapons, the Saudis still fear Iran. Moreover, in the opinion of the Saudi leadership, the agreement paves the way for Iran's economic rehabilitation, thereby increasing Iran's support for subversive organizations in the Middle East.

Similarly, in Israel, the Iranian threat is also at the center of the security agenda. In contrast to the Saudi case, the concern in Israel is not the Iranian subversion but rather a significant undermining of the regional status quo, which will lead to intensifying regional wars and to expanding their scope, which will indirectly affect Israel. In addition, Israel shares the Saudi concern about the consequences of the nuclear agreement, which makes a decisive contribution to the rapprochement between Jerusalem and Riyadh.

Along with the inherent danger in the expansion of Iranian influence, the two countries are following the activities of Jihadi organizations throughout the Arab world with great concern. Even if, for now, the expansion of Daesh appears to be stopped, there are still additional terrorist cells (dormant or active) that cast a heavy shadow on the political future of the regimes in the Arab countries (Jordan and Egypt), whose survival is critical to regional stability.

The threat to primary national interests posed by common enemies is underlying the significant rapprochement between Israel and Saudi Arabia. The logic of "the enemy of my enemy is my friend" laid the foundations for strategic security cooperation. The dramatic change in the Saudi understanding of the Middle East also made its contribution and helped it happen. If in the past the kingdom had a binary perception of the countries of the region (against or for Saudi Arabia), in recent years they showed considerable flexibility in the way the kingdom defines enemies and allies. Between these two extremes, a new and wide range of sub-definitions has been created, which significantly increases the scope of action

of the Saudi rulers. This means that in the current reality, the kingdom may find common ground with certain countries in one area (or more), even if they are divided on other issues.

Going back to the Israeli context, until recent years, Saudi Arabia has avoided extensive strategic cooperation with Israel, even if there was obvious benefit to both sides, because of the occupation policy. However, given the increasing security challenges, the Saudi view of Israel has become functional and pragmatic. Not only is Israel no longer the ultimate enemy, as the Saudi crown prince and various newspapers in the Saudi press have occasionally shown, but now Israel became a key player in fighting the enemies of the kingdom. Unlike other countries, including the US, Israel is the only country with military intentions and capabilities to confront Iran and its affiliates, thus its current importance in Saudi politics.

The strategic aspects of the relations between the two countries are the most dominant and significant because the issues at stake are important. The Iranian threat is perceived by both countries as existential and immediate, therefore they both show great willingness to expand and deepen their ties. This means that from a strategic point of view, perhaps more than any other aspect of possible cooperation, the absence of a diplomatic process between Israel and the Palestinians only minimally affects the relations between the two countries.

Notwithstanding, there are still unsurmountable obstacles that limit the ability of Israel and Saudi Arabia to operate freely. Thus, for example, it is reasonable to assume that Saudi Arabia will refuse to participate in joint military exercises with Israel, due to the expected damage to the image of the Saudi leadership as a result thereof. Some argue that maintaining merely covert security coordination, as a result of the continued Israeli-Palestinian conflict, is already a significant progress, since if the peace process moves forward, the parties could openly restructure regional security, which will include mechanisms and multilateral channels of dialogue in the region, with the participation of Europe and the US. Accordingly, some consider the contribution of strategic cooperation to be of reduced significance. The Saudi columnist, Jamal Khashoggi published in September 2016 an article with the headline "Does Saudi Arabia need relations with Israel?" in which he writes:

"Israel cannot do much regarding security threats. It would be a burden while we establish Muslim and Arab alliances. The worst thing Riyadh could do in terms of its public relations in the Muslim world is be allied with Israel against Iran. That would be the long-awaited gift Tehran is waiting for".¹³

Like Saudi Arabia, Israel also imposes restrictions on the strategic cooperation. Thus, for example, Israel will not agree to military cooperation in areas where it has no interest, such as Yemen. In addition, Israel is following with great concern the Saudi declarations about developing nuclear weapons in response to the Iranian nuclear program, which could compromise the IDF's strategic superiority.

From an Israeli perspective, Saudi Arabia has exceptional strategic importance due to its geographical proximity to Iran, as well as its power and status in the region. If there are official relations between the two countries, it is possible that in due course the kingdom will give Israel a green light to use its air and sea space in order to improve the combat systems

¹³ Jamal Khashoggi, "[Does Saudi Arabia Need Relations with Israel?](#)," *Al-Arabiya*, 4 September 2016.

against Iran. In this regard, it was reported in the past that Saudi Arabia agreed to allow Israel to attack Iran through its air space, although no confirmation was given by Saudi/Israeli officials. If there is extensive cooperation between the two countries, Israel will be able to position spy planes and ships to watch the Islamic Republic. However, since it is highly unlikely, it is reasonably safe to assume that Saudi Arabia will at most agree to share with Israel the intelligence collected on its territory.

From the Saudi point of view, Israel's importance does not necessarily lie in its defense industry, since the kingdom is probably equipped with the best defense systems. It is rather Israel's pro-active intelligence capabilities that will diversify and expand the existing knowledge base. There is disagreement among Israeli officials regarding the contribution of Israeli intelligence to Saudi Arabia. Some underestimate its value and claim that it can at most add to the information that the Saudi security services receive from Western intelligence organizations. According to them, Saudi Arabia receives high quality information from various sources, and Israel has no real added value in this sense.

On the other hand, there are those who argue that Israel may have extensive contribution to the kingdom's security for the following reasons: First, no other country in the world (except Saudi Arabia) sees Iran as its greatest threat. This may be indicative of the scope and type of intelligence that Israel provides on this matter. In addition, Israel has a great deal of knowledge of countries where Iran is heavily involved, primarily Syria and Lebanon. Second, the accumulated Israeli experience in counter-terrorism activities and its use of various defense systems is unique and very relevant for Saudi Arabia, especially in view of the terror organizations targeting Saudi Arabia. Third, in Israel there are companies that specialize in cyber warfare, and their joint work with the Saudi government can help curb the increasing cyber-attacks. Fourth, if the two countries decide to cooperate militarily, it will create an important deterrent effect.

In sum, it seems that strategically speaking there is a great willingness on the part of the countries to cooperate despite the political deadlock, as long as the interactions remain hidden and not subject to public criticism.

3. Economic cooperation

The scope of direct economic relations between Israel and Saudi Arabia is apparently insignificant or non-existent in view of the series of prohibitions set by the Saudi government with regard to Israeli produce and manpower. However, an article published in Bloomberg BusinessWeek in 2016 mentioned business contacts between the Saudi government and Israeli companies and individuals, particularly in regard to counter-terrorism and cyber-attacks. For example, Shmuel Bar said in the article that senior Saudi officials approached him a few years ago and maintained contact with him via video calls on Skype regarding a certain project. According to him, the Saudis agreed to maintain economic contacts with him provided that his Israeli identity is disguised. Today, he says, he meets with Saudis and others from the Gulf without any restrictions. In addition, the article claimed that Israeli companies are participating in protecting Saudi security against cyber-attacks, especially since the computers of Saudi Arabia's state-owned oil company were breached in 2012. One of the main forms of cooperation is through incorporation of subsidiaries in the US and in Europe.¹⁴

¹⁴ Jonathan Ferziger and Peter Waldman, "[How Do Israel's Tech Firms Do Business in Saudi Arabia? Very Quietly](#)," *Bloomberg Businessweek*, 2 February 2017.

A source in Riyadh denied the above and said that Saudi Arabia was not working with Israeli companies. These and other denials by Saudi Arabia cast doubt on the veracity of Israeli statements about economic engagements, therefore it is difficult to know for certain whether economic cooperation exists between Israel and Saudi Arabia, and if so, what its nature and extent is. Thus, the discussion of the current economic activity is less important, and the spotlight should be directed to the economic potential of future cooperation between Israel and the Kingdom of Saudi Arabia.

In April 2018, during an interview with *The Atlantic* magazine, the Saudi Crown Prince expressed his great appreciation for the Israeli economy and the potential economic horizon hidden in the relations between the two countries if there is a peace agreement between them.¹⁵ A few months earlier, in June 2017, *The Times* reported that Israel and Saudi Arabia were conducting talks to establish economic ties between them on the way to normalizing their relations. In this context, it was argued that Saudi Arabia is considering the possibility of approving work visas for Israeli Arab citizens and to allow Israeli flights pass through its air space.¹⁶ If this is indeed true, it will be a historic breakthrough; until now, the Saudi royal family refused to allow Israeli workers to work within the kingdom or sell Israeli produce and technology in the Saudi markets. This means that despite the great interest in economic cooperation between the two countries, certainly on the Israeli side, this cooperation could not materialize due to the obstacles imposed by the Saudi leadership. In March 2018, Air India was given permission to fly through Saudi Arabia on its way to Israel. This approval was interpreted by various parties as a signal for a beginning of economic normalization between Saudi Arabia and Israel, although at this stage it is too early to tell whether it would move forward.

There is no dispute that there is a genuine potential for economic engagement between Israel and Saudi Arabia, but its scope, nature, and influence depend to a large extent on Saudi economic policy vis-a-vis Israel. Normalizing the relations between Israel and Saudi Arabia will prepare the groundwork for the implementation of large-scale regional water, agriculture, transportation, or energy projects, which until now have been rejected out of hand. If Saudi Arabia gives it a green light, it will legitimize these projects and remove the fears of the Arab countries in this regard, even those of Jordan and Egypt, with whom Israel already has formal peace agreements. Such projects are important for boosting the economies of the region, but more importantly they are essential for the survival of the Arab rulers.¹⁷ Egypt, which is a strategic asset for Israel and Saudi Arabia, is expected to undergo a real water crisis in the coming years, the consequences of which could be disastrous. If the countries of the region work together to advance the solution to the problem, it would benefit all allies of Saudi Arabia in the region.

Similarly, in April 2017, the Transportation and Intelligence Minister Israel Katz presented a program entitled "Pathways to Regional Peace" in which Israel would connect to Jordan, Saudi Arabia, and the Gulf states through a railway grid. The purpose of the program is to join the efforts to strengthen Jordan while transforming it into a transportation center. In

¹⁵ "Israel is a big economy compared to their size and it's a growing economy, and of course there are a lot of interests we share with Israel and if there is peace, there would be a lot of interest between Israel and the Gulf Cooperation Council countries and countries like Egypt and Jordan", see Jeffrey Goldberg, "[Saudi Crown Prince: Iran's Supreme Leader 'Makes Hitler Look Good'](#)," *The Atlantic*, 2 April 2018.

¹⁶ Michael Binyon and Gregg Carlstrom, "[Trade Talks between Israel and Saudi Arabia Mark a Historic First](#)," *The Times*, 17 June 2017.

¹⁷ There is a claim that the drought in Syria is linked to an uprising against the Assad regime. See: Moshe Tardiman, "[The Environmental Reasons for the Outbreak of the Arab Spring – The Case of Syria](#)," *The Forum for Regional Thinking*, 18 April 2012.

addition, it will connect the Palestinians to the ports of Haifa as well as to the Arab countries and will allow them access to the Mediterranean Sea. The minister claimed that there was significant dialogue with the Arab countries and he was optimistic about the feasibility of the program. This and other initiatives, such as the project to construct the Saudi futuristic city Neom, as well as transferring the Islands of Sanafir and Tiran from Egypt to Saudi Arabia, are designed to prevent humanitarian and economic crises and are based on the common interests of all countries in the region, including Israel. However, although important, there are difficulties in drawing on these interests, due to the ongoing failure of the Israeli-Palestinian negotiations.

In order to create a substantial change in the pattern of economic relations between the countries, the Saudi government is not required to adopt an "affirmative action" toward Israeli produce and manpower, but rather show willingness to relax some of the existing limitations. For example, if the Saudi government removes the prohibition on Israeli involvement in international projects implemented for the Saudi market, this will be an important and significant development for the Israeli economy. Every year, international companies undertake complex and large-scale projects for the Saudi government that are estimated at billions of dollars, such as the construction of a power plant, subways, desalination plants, and more. In order to carry out these projects, there is a need to work with subcontractors and suppliers on a variety of services, including consultants and engineers as well as the purchase of smart security and energy saving systems.

Israel has a clear advantage over other countries because of its geographic proximity to Saudi Arabia and very often because of its advanced knowledge and equipment. Because of the geographic proximity of the two countries, Israel could send service providers and equipment which would replace those from Europe and the US, thereby allowing for significant saving. If Israeli companies will no longer be required to hide their Israeli identity, it would be a golden opportunity that can be translated into billions of shekels every year.

In addition, if the royal family approves the granting of work visas to Israel's Arab citizens and if Israel allows them to work in the Arab countries, everyone will gain from the situation, both economically and politically. Arab citizens of Israel will be able to improve their economic situation by working in the Gulf and at the same time serve as a link between the Israeli and Arab publics. Although Saudi Arabia allows Israel's Arab citizens to cross its borders to observe the Hajj, it still does not allow them to work within its territory.

If the Saudi government allows Israeli companies to compete with international companies on international projects, it is likely to bring about a significant change. However, even if this happens, the potential for establishing official bilateral relations remains unfulfilled. Saudi Arabia could lift the ban on the sale of Israeli produce to Saudi markets. This decision will be revolutionary and has dramatic implications for the Israeli economy. The reason being that unlike the policy change discussed above, this change would entail the direct sale of Israeli produce to Saudi outlets.

These are not just Israeli components that are woven into a larger project, but Israeli produce that would be visible to all. If this change is combined with the railway grid connecting Israel to the Gulf markets, Israel's economic viability would grow significantly. However, in order to translate the potential to real economic success, the Saudi public should be willing to buy Israeli products. Without lifting the public boycott of Israeli produce, it is doubtful whether the high expectations of this move will materialize.

In the opinion of Dr. Yitzhak Gal, an expert on the Gulf economies, if the Saudi government agrees to remove the various economic barriers (the banning of Israeli involvement in international projects, the prohibition to sell Israeli products to the Saudi markets, and the boycott of Israeli products), it would boost the Israeli economy. As mentioned, such measures would not require the Saudi government to actively promote Israeli products, just lift the ban on the sale of Israeli products and approve the hiring of Israeli manpower.

Israel, for its part, could also make a significant contribution to Saudi Arabia in a variety of areas, especially now that the royal family prioritizes the setting up of a pool of young talents that will drive the economy and industry forward. At the top of Saudi Arabia's agenda is the challenge of reducing its dependence on oil and diversifying its economy. After years of being addicted to the black gold, Saudi Arabia works with exceptional intensity and determination, while spearheading revolutionary moves to increase its revenues from other industries and widely integrate its citizens in the private sector.

Saudi Vision 2030, launched in 2016 by Bin Salman, is a clear reflection of the current state of mind in the kingdom. In order to achieve its ambitious goals – primarily a significant increase in the number of workplaces, the development and strengthening of the local economy, and a dramatic reduction in the number of migrant workers – a real change is required in the kingdom's economy. One of the threshold conditions for the success of this ambitious vision is the expansion and nurturing of the local human capital. As a technological and scientific power based on a pool of local skills, Israel can help the Kingdom integrate innovation, entrepreneurship, and criticism into its labor market and education systems, thereby increasing the chances of the Saudi vision to succeed.

Moreover, it seems that the greatest potential for economic cooperation between the two countries is in water purification and desalination projects, as well as in desert agriculture. Although Saudi Arabia is blessed with oil, it is a stagnant economy with no water sources. This reality led its leadership to place great emphasis on desalination plants in search for additional water sources. Incidentally, the world's largest water desalination plant is in Saudi Arabia. There are dozens of Israeli companies specializing in water desalination and in reducing water evaporation, in sewage purification, and in water security. In this sense, the Saudi market may serve as a platform for extensive and diverse Israeli activity.

In addition, there are Israeli companies that specialize in agricultural machinery and irrigation methods that may be relevant to the Saudi market. In addition, it should be remembered that in recent years, Saudi Arabia has allocated huge sums of money for green energy generation, primarily solar and wind energy. Apparently, there are no Israeli companies that can construct a solar field or a wind farm of the required scope and complexity for the Saudi economy, but there are certainly companies that sell complementary know-how and products in these areas.

Alongside selling Israeli produce and integrating Israeli manpower into the Saudi job market, Israel can increase its economic gains by transforming Israel (and the al-Aqsa Mosque in particular) into a tourist destination for Saudi Muslims. This measure could contribute huge sums to the state treasury, both due to the expected number of Saudi visitors, and because it would pave the way for tourists who have so far avoided visiting Israel for political reasons.

Alongside the profits to the Israeli market, the Saudi economy will also benefit from the economic ties with Israel, especially in terms of selling oil and petrochemical products to the

Israeli industry. Due to the large use of petrochemical products in Israel, Dr. Gal estimates that the volume of imports will amount to two to three billion dollars a year.

In sum, economic cooperation between Israel and Saudi Arabia that allows the integration of Israeli products and personnel into Saudi projects, as well as the sale of Israeli produce to the Saudi markets, can bring about a real revolution to the Israeli economy due to the expected economic reward. However, in order for it to materialize, progress should be made with the Palestinians, even if there is no agreement on the final solution to the issues of dispute.

C. The impact of the relationship between Israel and the Palestinians on the potential to cooperate with Saudi Arabia

The revolutionary steps being spearheaded by the Saudi crown prince are a clear evidence that Saudi Arabia is racing towards a future that will fundamentally change its character: no longer an oil-dependent state driven by radical Islam, but a more liberal and productive country which is a source of attraction for foreign investors. If this vision comes true, the potential for cooperation between Israel and Saudi Arabia is huge.

However, despite the growing interest of Israel and Saudi Arabia in expanding and deepening their relations, economic ties, and political normalization, without a breakthrough in the Israeli-Palestinian conflict it is impossible in the foreseeable future. Although the current reality has led to a significantly more relaxed Saudi policy toward Israel, as can be seen from the statements of the Saudi foreign minister mentioned above, it does not mean that the Palestinian hurdle can be skipped.¹⁸

Consequently, the prevailing perception of the Israelis, assuming that a significant rapprochement between the countries can occur based solely on shared interests while pushing the Palestinian issue aside, becomes irrelevant.¹⁹ The proponents of this approach argue that Saudi Arabia's national interests outweigh its commitment to solving the Palestinian problem, certainly at present. Therefore, if dealing with the Palestinian problem is too heavy, Saudi Arabia will find a way to bypass the Palestinian issue and advance its relations with Israel. Yaakov Nagel, who was the security adviser to Prime Minister Netanyahu, commented in this spirit during an interview in November 2017:

“They just have to say there is an agreement between Israel and the Palestinians, they don't care, they don't give a damn about what will be in the agreement [...] They need to say there is an agreement in order to go for next steps.”²⁰

Whether it is an Israeli wish, or an authentic Saudi reality, the bottom line is unchanged: Israel will have to show flexibility with the occupation policy in order to make the normalization process more meaningful, even if the Saudi demands have been softened and reduced. According to a Saudi official quoted in the article:

¹⁸ Lynfield, *ibid*.

¹⁹ The development of this perception and its failures can be learned in Yuval Benziman's article, "[The Netanyahu Government's Attempt to Disconnect Israeli-Arab Relations from the Israeli-Palestinian Peace Process](#)", *Mitvim - The Israeli Institute for Regional Foreign Policy*, February 2018.

²⁰ Raf Sanchez, "[Saudi Arabia 'Doesn't Care' about the Palestinians as Long as It Can Make a Deal with Israel against Iran, Says Former Netanyahu Advisor](#)," *The Telegraph*, 25 November 2017.

“Palestine is not an easy issue [...] Saudi Arabia is expecting to hold Islamic leadership and will not let it go easily. And, if you need Israel in anything, you can do it anyway, without having a relationship.”²¹

In view of the above, there are quite a few senior security officials and politicians in Israel who assume that it is best for both countries to continue on the path of secret diplomacy, because its many advantages and because it does not require paying the price resulting from the transition to overt relations. According to them, Israel and Saudi Arabia agree on a long list of issues even without formally recognizing their relations, so there is no point in spoiling an already working dynamic. Even if regional negotiations are to begin in the future, it is likely to be long, tedious and sensitive and will include endless hurdles, while the expected changes are doubtful as long as the negotiations have not achieved their goals. Therefore, it would be better for Israel and Saudi Arabia to conduct informal comprehensive and in-depth relations, even if they do not enable to fully realize the potential thereof.

But this is a misrepresentation of reality. The advantages of secret diplomacy are limited, and under certain circumstances it is the secret diplomacy that can jeopardize and undermine the national interests of each country. Saudi Arabia does not derive its policy based on Israeli interests, but based on its national identity, which is a result of its role as a leading country in the Muslim and Arab world. Even if national interests prevail over its commitment to the Palestinians, it does not mean that under the appropriate circumstances Saudi Arabia will tighten its relations with Israel and abandon the Palestinians. The 2002 Arab peace initiative should indeed be adapted to the current Middle East context (for example, waiving the demand for an Israeli withdrawal from the Golan Heights), but the historical Saudi demand that Israel solves the Palestinian predicament remains unchanged. This means that realizing the potential of the cooperation between Israel and Saudi Arabia requires a partial removal of the existing hurdles in the Israeli-Palestinian relations.

D. Summary

The volatile regional reality generated an extraordinary opportunity for laying the foundations for a long-term relationship between Jerusalem and Riyadh. However, despite the growing interactions between the citizens of both countries, official relations are not likely to occur without significant progress with the Palestinian-Israeli conflict. Having common enemies has contributed significantly to the removal of obstacles that in the past seemed impassable, but this does not mean that the kingdom's leadership is prepared to leave the Palestinian problem unresolved for the sake of advancing national interests, even if the threshold of the Saudi claims is lowered. The connection between the two regional powers, which strive together for regional stability and are prepared to ease their demands for this purpose, is important and substantial, but in order for it to be meaningful, a political breakthrough is required.

The ties between Israel and Saudi Arabia will probably yield considerable gains for both countries, in addition to affecting the entire region and having a significant impact on regional stability. At the same time, one must be cautious and avoid excessive exaggeration in the potential of a peace agreement between the two countries. The scope and breadth of cooperation will not be decided at the moment of signing the agreement, but rather in a long process laden with hurdles. The viability of the peace agreement will not be examined

²¹ Yaroslav Trofimov, "[For Saudis and Israelis, Cost of Open Ties Outweighs the Benefits](#)," *The Wall Street Journal*, 1 February 2018.

through the presence of diplomatic missions or reciprocal visits, but rather through the question of how senior Saudi and Israeli officials conduct themselves in times of political, security and religious crisis, and how the crisis will affect their relations.

It is too early to know whether the rapprochement between Israel and Saudi Arabia marks a trend that will lead to a dramatic change in the pattern of relations between the countries, or whether it is only a cooperation that is a product of the current circumstances. In any case, this may give Israel the sense of urgency toward tightening its ties with Saudi Arabia, even if Israel has to show more flexibility with complex issues with regard to its conflict with the Palestinians. For now, it seems that there is no Israeli leadership that would be willing to be more flexible about the Palestinian demands, just as there is no Palestinian leadership that will accept, even partially, the Israeli demands. Without true willingness for political flexibility on the part of Israel and the Palestinians, such articles dealing with normalization between Israel and Saudi Arabia will remain on the shelves of history.