



Israel and Egypt: Strategic Partnership, Civil Remoteness?

Published as part of the publication series:
Israel's Relations with Arab Countries: The Unfulfilled Potential

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March 2019

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This article describes the relationship and cooperation between Israel and Egypt, and discusses the impact of the Israeli-Palestinian conflict on them. It focuses on the current political and security cooperation between the two countries regarding the Gaza Strip, the fight against terror, the Palestinian issue, the relations with the US administration, and the regional rivalry between Arab Sunni states and Iran. The article emphasizes that when it comes to civil and economic ties between Israel and Egypt, the potential for cooperation has yet to be fulfilled. Nevertheless, there are a few signs for economic cooperation in the areas of natural gas and industry (with the enlargement of the QIZ system), and to some positive change in the public attitude of the Egyptian government towards relations with Israel. The challenges to bolstering Israel-Egypt relations include bureaucratic, economic and political-security (e.g. the nuclear issue) components. Above all, however, stands the Israeli-Palestinian conflict and the perception of the Egyptian public that normalization with Israel cannot be reached prior to a solution to the Israeli-Palestinian conflict.

A. Introduction

Egypt is experiencing intensive political and social changes that are triggered by the regional turmoil that the Middle East has been undergoing since the beginning of the Arab Spring in 2011. After the Muslim Brotherhood movement and their leader Mohamed Morsi failed at their short attempt to rule Egypt, the rise of Abdel Fattah al-Sisi to power, signaled an effort to restore stability while taking into consideration the shocks it has undergone in recent years, the security and economic challenges and the attempt to get back on track regionally and internationally. President al-Sisi decided to confront the challenges facing the Egyptian people by redefining Egypt's national security concept and by relying on two pillars: striving for security and stability, and improving the Egyptian economy.

This article aims to describe the relationship between Israel and Egypt, with an emphasis on the time period since the January 2011 revolution, with the intention to evaluate the potential for cooperation between the two countries while looking into the existing cooperation. In the article, I will examine the attitude of Israelis and Egyptians toward such cooperation, and will discuss how the Israeli-Palestinian conflict impacts the prospects to bring the potential of such cooperation between the two countries into being.

Hence, the article will first discuss the potential for cooperation between Israel and Egypt based on their existing bilateral relations and their regional status. Then, the prospects for

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developing the relations will be discussed, as well as areas where cooperation is possible, followed by a presentation of the existing cooperation between the two countries. Finally, the impact of the Israeli-Palestinian conflict on Israeli-Egyptian cooperation and the resulting difficulties in realizing their potential will be examined.

This research is for its most part based on media publications and on my personal experience. My "Egyptian experience" included a participatory observation - a well-known research method in social sciences – in virtue of my position as ambassador. In addition, the article relies on the experience (which was partially disclosed) of other officials who were involved in Egypt-Israel relations, as well as on interviews I conducted (that are not yet published). Alongside the difficulties in locating relevant written sources, I have the advantage of being in direct contact with those directly involved and being exposed to much relevant material (although not yet published). This allows for shaping a realistic view for its time, although it may also be influenced by the author's own bias.

B. The Potential for Cooperation between Israel and Egypt

1. The political-security sphere

Resulting from al-Sisi's intention to enhance security and stability, Egypt has formulated a new security conception and decided to change a number of policy objectives. The most important of them is related to the redefinition of an enemy, an adversary, a partner, and an ally. Egypt's enemy today are, first and foremost, the terrorist organizations (the Muslim Brotherhood, ISIS, Al-Qaeda, Salafi organizations, and even Hamas, which was labeled a terrorist organization by the Egyptians in February 2015). Since Hamas has control over the Gaza strip, which borders the Sinai Peninsula, the Egyptians are suspicious of Hamas. Alongside the rejection of the terror dimension of the movement (that the Egyptians fight against), there is an understanding that the Hamas is part of the Palestinian people, therefore, sometimes it is considered a rival (and not an enemy) who can be a party to certain actions (in the bilateral relations, Egypt-Hamas relations, and the Palestinian-Israeli relations). Another significant observed change in Egyptian policy is their effort to advance regional cooperation, particularly with Saudi Arabia, the United Arab Emirates, Jordan, Israel and Morocco, as means to maintain regional strategic and economic stability.

Egypt's enemies are also the enemies of Jordan, the United Arab Emirates, Saudi Arabia, and Israel, who form a de facto coalition that can stand up to these enemies. The Obama administration, conditioned aid to Egypt on actively supporting democratization and improving human rights and developing civil society. The same president also opposed Egypt's labeling the Muslim Brotherhood as a terror organization and regarded them as a legitimate part of Egyptian society. This perception led to frequent frictions between Egypt and the US, that threatened American aid to Egypt, and created hostility towards the Obama administration among the Egyptians. This hostility, or putting it mildly, failing to understand American policy and opposing it, was shared with other coalition partners: Jordan, Saudi Arabia and the United Arab Emirates, who vehemently opposed the US-led nuclear agreement with Iran, which they perceived as a dangerous and threatening enemy. The change of administrations in the US and the different approach taken by President Trump toward both Iran and the Sunni countries, hold an inherent potential for Israeli-Egyptian cooperation in formulating anti-Iranian and pro-Saudi policies that the American Administration may adopt.

By virtue of Egypt's desire to promote regional stability and partnership with neighboring countries, it can play a major role in the peace process with the Palestinians, as it has done over the years, and even more so now. By finding a formula that will bring the Palestinian Authority and Hamas to a long-lasting reconciliation, Egypt could help Israel play down Palestinian demands and get the support of the Arab world, of potential solutions, as well as backing future Palestinian concessions. From the Egyptian point of view, Israel will have to deal with the "Arab umbrella" that Egypt will lead (and will back the Palestinian concessions on core issues: Jerusalem, the settlements, borders). Israel, for its part, will be asked to "look into" the Arab initiative and then discuss it with the Arab League, headed by Egypt.¹ Hence the importance of Egyptian cooperation with Israel.

Israel must be alert to regional changes and Egypt's central role in driving changes in the Middle East. Egypt wants to position itself as the "responsible adult" in the region and succeed in shaping its regional status and power by promoting Israeli-Palestinian negotiations, while mobilizing the support of the Arab world, legitimizing Palestinian concessions, and exerting pressure on Israel to be flexible on other issues. However, considering the forces in the region that are pushing to reach an agreement with the Palestinians, Israel-Egypt relations appear to be one of the most promising channels that can help achieve such an agreement, if at all, and Egypt's key position reinforces its important role, which helps it become an important political power in the Middle East.² Egypt's involvement in the attempts to calm, reconcile and regulate Israel and Hamas is vital and is required to make progress. The Egyptian thinking, to turn the tactical mediation into a strategic move has not yet matured, but the intention exists.

Besides advancing the Israeli-Palestinian peace process, Egypt and Israel have shared interests in promoting stability in Gaza and the Sinai Peninsula. Such opportunities provide a broad platform for security cooperation between Israel and Egypt, and the joint war against terror. Thus, the potential for a political-security cooperation between Israel and Egypt is evident when it comes to managing the Gaza Strip and dealing with the Hamas movement, or dealing with terrorist organizations in the region and especially in the Sinai Peninsula, promoting the peace process with the Palestinians, cooperating with the American administration, and having political-security-intelligence cooperation with the moderate Arab/Sunni countries in confronting Iran and its allies.

2. The civil sphere

After four decades of peace, there are portions within the Israeli public that still wonder whether the Egyptians are willing to accept normalization with Israel and whether they would eventually accept their neighbor as a full-fledged state, with whom Egypt can establish good relations, once the bitter sentiments of the past have overcome.

¹ See, for example, the analysis of the Arab Peace Initiative and its implications for the region in 2010, in Elie Podeh, "Israel and the Arab Peace Plan: A Historic Opportunity", in Ephraim Lavie (ed.), *Israel and the Arab Peace Initiative*, (Tel Aviv: Tel Aviv University, 2010), pp. 67-94. The significant regional change in recent years could perhaps enable the use of the Arab peace initiative to promote bilateral and multilateral cooperation between with Egypt.

² Haim Koren, "Egypt and the Arab World - Elusive Leadership?" In Shaul Shay (ed.), *Egypt at a Crossroads: Seven Years after the Arab Spring Revolution* (Herzliya: Interdisciplinary Center Herzliya, March 2018), pp. 19-25.

Despite the upheavals of recent years, the Egyptian government still has a significant influence on public positions in the country, therefore its overt and covert policies are significant. However, the young age of most Egyptians, coupled with unprecedented technological developments and the exposure to the world, allow large sections of the population to learn about Israel from publicly available information without having to adhere to the bitterness of older generations.

The change of regimes and the reshaping of the power relations and regional alliances entailed a significant regional political transformation and a new reality begins to emerge. For the first time, we can look to the Egyptian regime to try and gradually influence public opinion that cooperation with Israel is necessary and important. Following is an overview of several areas where an opportunity for potential cooperation is identified:

Scientific and medical cooperation

There has been attempts to conclude scientific joint ventures and to exchange delegations and information, but so far with no great success. There have also been several attempts to cooperate on medical projects, however, they have not yet yielded results. Recently, an Israeli doctor raised the idea of establishing an Israeli-Egyptian organ donation bank, which would enable life-saving transplants for both sides and ease the dependency of both sides on more remote hospitals in Europe. These are just examples illustrating the potential yet to be crystallized and materialized.

Cultural relations

Cultural relations are a prime example of an Israeli-Egyptian potential for cooperation that depends on the nature of the political relations between the countries. Cairo holds a book fair once a year, that lasts for several weeks, and attracts many writers, intellectuals and students. The fair hosts various symposia and exhibits the best Egyptian and Arab publishing houses. The fair is frequented by hundreds of thousands of visitors each year. Israel participated in the fair in 1983 and since then the Egyptian authorities have not allowed Israel to participate, due to a fear of security threats resulting from potential public unrest. The unofficial reason is probably the Egyptian sentiment that the conditions have not yet matured for such cooperation. The plans to exhibit Israeli and Palestinian artists in Egypt, to have the Israel Philharmonic Orchestra perform in Cairo, and to have the conductor Joseph al-Sisi (no connection to the President) to conduct the Philharmonic Orchestra in Tel Aviv, have not come to fruition.

In my conversations with Egyptian travel agents, they often expressed their desire to brand Egypt as an international tourism hub, and sell holiday packages that include both Israel and Egypt. In addition, the Egyptian government's decision to renovate the Jewish synagogue site in Alexandria (Nabi Daniel) is important in it, and may be seen as an attempt to convey that the Jewish culture is part of the Egyptian heritage. Culture can greatly contribute to bringing people closer together, but the Egyptian regime is still dealing with the fear that parts of the Egyptian public will find it difficult to accept a rapprochement between the nations that is too rapid, therefore prefers to be cautious and patient.

3. The economic sphere

The potential that arises from the existence of the peace agreement and the border crossings that are capable of handling the transfer of goods can be developed. The introduction of new and efficient methods for the transfer of goods between Israel and Egypt is an example of such a development. There is enormous economic potential in opening up the Egyptian market to Israeli produce.

There is considerable economic potential in the tourism sector and in employment creation that is not being exploited at all. The fact that Egyptian citizens stopped entering Israel for work-related purposes is a barrier to a vibrant two-way tourism industry. The number of Egyptian tourists visiting the holy places in Israel is decreasing. There is also shortage of Egyptian labor that can replace other migrant workers, similar to the successful employment model of Jordanian workers in the hotels in Eilat.

Other potential areas for cooperation include infrastructure development, agriculture and energy (mainly joint water desalination projects, that will compete with the cheap rates offered by China, by highlighting regional interests and the Israeli expertise in mitigating local conditions that those projects need to take into account), developing renewable energy sources, fighting growing desertification, irrigation methods, intelligent management of agricultural farms and agricultural inputs, and the shared interest in protecting and developing natural resources in the Red Sea.

During conversations with Egyptian ministers, the possibility that Israel would assist Egypt with water desalination projects, was often raised. According to the Egyptians, it is an expensive project. Moreover, a number of public figures in Egypt have already portrayed projects that desalinate the Nile water in a negative light. As for the prospects of cooperation on solar energy projects, the Egyptians stressed that China is already active in Egypt experimentally (in the Ghardaqa region) and at a much lower cost than that of the Israeli experts can offer. In this case, the Egyptians, so they claim, turned down the offer for business considerations and not for political reasons.

Currently, Israel and Egypt are developing new pathways to cooperate in the energy sector, especially to exploit natural gas. The discovery of the offshore gas fields Tamar and Leviathan allows the transfer of gas from Israel to Egypt in the short term (Israel has already signed a 15-year gas transfer agreement with Jordan). The gas fields discovered in the eastern Mediterranean basin, and the plan to exploit them and export the gas to Europe, require the development of infrastructure that is based on political and economic cooperation between Egypt, Israel, Cyprus and Greece.

C. Existing Cooperation between Israel and Egypt

1. The political-security sphere

The new security concept developed by the al-Sisi regime, led to stronger state institutions (establishing a parliament, holding elections and backing the judicial system), and more population groups now have various channels for self-expression. There is increased law enforcement (mainly on issues of terrorism and incitement) along with the call for national and social unity (for example, "embracing" the Copts). These measures were taken while clarifying the economic difficulties and drawing a horizon for the future, which includes the

initiation of large projects, such as the expansion of the Suez Canal, in a way that allows large-scale employment.

Egypt's attitude toward Israel, underwent a significant change since president Morsi was in office. Although Morsi did not sever diplomatic relations with Israel, he aspired to minimize them as much as possible, perhaps waiting for the right moment to sever them without upsetting the international community. Contrary to him, al-Sisi sees Israel as a regional partner. However, a considerable segment of the Egyptian public is still hostile towards Israel and al-Sisi believes that he has to gradually minimize this hostility. Therefore, the Egyptian president occasionally makes positive and moderate statements that reveal his cooperation with Israel, even in rallies attended by a large crowd. There are strong opponents of Israel in the Nasserist circles, among supporters of the Muslim Brotherhood, and even among liberal intellectuals. Nonetheless, not all intellectuals are the same. There are quite a few among them who float between the non-negotiation with Israel and those who are supportive of relations therewith, and some even declare it openly (and are willing to pay the price for that).³

In this context, one can discern a striking difference between the present situation and the situation during Mubarak's rule, conveyed by Fouad Ajami, an American scholar of Lebanese descent who said that when Mubarak was in office the regime and the intellectuals reached the understanding that the regime prefers a diplomatic compromise with Israel as the prevailing state-of-affair while the intellectuals received a 'green light' to incite against the peace treaty.⁴ According to David Sultan, Israel's former ambassador to Egypt, cooperation with Egypt is most convenient to accomplish with the business sector, since businessmen are pragmatic by nature and are not committed to any ideological doctrine.⁵

Moreover, Israel exerted pressure on the US administration and Congress to persuade them to supply helicopters to Egypt (so Egypt improves its fighting capabilities in the Sinai) and to approve US foreign aid to Egypt. The fact that the armies of Egypt and Israel are currently participating in the fighting in the Sinai is unprecedented in the history of the two countries. Indeed, significant changes have taken place since 2014. The redefinition of the enemy perception in Egyptian policy encouraged Israel, for the first time, to allow Egypt to introduce weapons into certain areas of the Sinai Peninsula, in violation of the Camp David Accords, in order to fight the terrorist organizations in Sinai and Hamas. According to media reports, Israel allowed Egypt to use tanks, helicopters and even drones in certain areas of the peninsula and even authorized Germany to provide advanced submarines to Egypt.⁶

The Multinational Force and Observers (MFO) positioned in the Sinai, was established in 1981 under the terms of the military annex to the peace treaty between Israel and Egypt. It ensures stability on the Egyptian border and oversees the demilitarization of the Sinai Peninsula. Its task is to ensure that the security arrangements by virtue of the peace agreement between Israel and Egypt are implemented and that its provisions are not violated. The force, always led by the American ambassador, is deployed in the security zones in the Sinai with soldiers from many countries. In recent years there has been an

³ For details see David Sultan, *Between Cairo and Jerusalem: Normalization between the Arab States and Israel - The Egyptian Example* (Tel Aviv: Tel Aviv University, 2007), pp. 62-68.

⁴ Fouad Ajami, *The Dream Palace of the Arabs: A Generation's Odyssey* (New York: Pantheon, 1998), p. 263.

⁵ *Ibid*, pp.59-62.

⁶ Yoram Schweitzer and Ofir Winter, [Egypt's Fight Against Terrorism in the Sinai Peninsula: An Alliance with the Tribes, Partnership with Israel?](#), *INSS Insight* 937, 15 June 2017.

agreement between Egypt and Israel that the MFO is indispensable and that its success to fight terror should be ensured. Israel fears that a change of governments in Egypt, would allow the Egyptian army to use its large weapons arsenal in the Sinai against Israel. Notwithstanding, it is clear that the military cooperation between Israel and Egypt have expanded and serves common interests, resulting from recent years' reality.

The political-security cooperation is not limited to the Sinai Peninsula. Israel and Egypt were coordinated around when the Tiran and Snapir islands were transferred back to Saudi Arabia. Israel and Egypt are also cooperating and are well coordinated over the Red Sea basin, particularly in the context of the relations between Egypt and Ethiopia and the tensions surrounding the construction of the Renaissance Dam, as well as on matters related to the entire African continent. Israeli and Egyptian officials continue to meet frequently. Thus, for example, Prime Minister Netanyahu used the UN summits in 2017 and 2018 to meet with President al-Sisi, and Egyptian Foreign Minister Sameh Shoukry visited Israel in August 2016, while maintaining bilateral and regional political momentum.

Israel and Egypt are also coordinated when it comes to managing the territory of Gaza. Egypt succeeds in mobilizing Palestinian officials, leading to successful negotiations between the Palestinian Authority and Hamas in Gaza while keeping Israel in the picture all along. Egypt played a key role in the cessation of fighting between Israel and Hamas, and even prevented further rounds of fighting in the Gaza Strip while achieving a temporary ceasefire.

2. The civil sphere

Although having free movement between Israel and Egypt in both directions was one of the normalization goals, not all Israelis were enthusiastic about the idea. From the outset, Israeli security officials were concerned about uncontrolled entry of Egyptian citizens into Israel. The Israelis feared that the Egyptians would remain in Israel illegally once they were granted a tourist visa, which could lead to undesirable socio-economic consequences. Ironically, the Egyptian authorities played along and fulfilled the Israeli request to monitor the movement of Egyptian citizens to Israel, for their own reasons, far more severely than what Israel intended. In so doing, they virtually blocked the travel of Egyptian citizens to Israel.⁷ On the other hand, during peaceful periods in the bilateral relations, many Israeli tourists visited Egypt. However, for several years now, the Israeli Foreign Ministry has issued a severe travel warning to Israelis interested in visiting Egypt (mainly Sinai). In the 1980s one of the "line 100" busses set out from the central bus station in Tel Aviv (and then from Jerusalem) to the Abbassia station in Cairo. It was stopped after few years.

Academic cooperation

The Israeli academic center in Cairo is a bright spot. The center, which was established in Cairo in February 1982, has no diplomatic status and is funded and maintained by the Israel Academy of Sciences and Humanities. Its objectives were to promote studies and research in education, science and culture, archeology and history. The center was supposed to assist Egyptians who wanted to study or conduct research in Israel, and to Israelis interested in doing so in Egyptian academic institutions, and to give them access to archives, libraries

⁷ Sultan, *ibid*, pp. 90-93.

and museums.⁸ Although the idea of the center was based on reciprocity, no similar center was established in Israel. The Egyptian media occasionally conducted a smear campaign against the center, which was described as "an Israeli espionage agency". Academics and students rarely visited it, except for those whose primary academic focus was Hebrew. At times, the center helped Israeli researchers use Egyptian libraries. Israeli faculty occasionally taught at the center, usually in front of a small audience.

Classifying the center as an espionage agency, and the fear of being excluded from conferences and events in rich Arab countries, kept Egyptian academics and researchers away (although they were aware of the benefits resulting from cooperating with Israel). In 2016, the number of Egyptian students visiting the center slightly increased and the option of inviting lecturers from Israel is being considered. In addition, there have been unsuccessful attempts to have academic collaborations. For example, the Herzliya Interdisciplinary Center tried to cooperate with the American University in Cairo but the initiative did not materialize. Prof. Uriel Reichman, the Center's president, arrived in Cairo in 1995, accompanied by two professors, for a meeting with the president of the American University, Donald McDonald, but the meeting did not bear fruit.

Cooperation on archeological projects

By the end of 1994 Israel accelerated the process of returning archeological findings, uncovered by Israeli diggers in the Sinai when it was still under Israeli control, back to Egypt. Similarly, archeological findings, some of which were stolen and then purchased by the Israel Antiquities Authority, were returned in 2006. During the ceremony held at the Foreign Ministry in Jerusalem, the findings were handed over to the Egyptian ambassador to Israel.

3. The economic sphere

The issue of economic cooperation has provoked public debate in Egypt and has been highly controversial also on the official level. Egyptian intellectuals feared an Israeli scheme to take control of the region's economy. In a debate organized by the daily *Al-Hayat* in November 1993, Dr. Ali al-Din Hilal, head of the Center for Strategic Studies at Cairo University, expressed the view that the time to establish a common Middle East market had not yet come, and argued that the political issues should be resolved first. Even then, he continued, there should be a benchmark approach to economic cooperation and establishing a common market should occur when the conditions are ripe. In contrast, the writer and publicist Lutfi al-Khuli saw the idea of the Middle East market, part of a trend that had emerged at the time - targeting large markets and creating blocs. His view was that this strategy is essential for Egypt to become part of the global economy in the age of globalization, thereby rejecting the theory it was an Israeli plot to take over the economy of the entire region.⁹

In my meeting with Industry and Trade Minister Dr. Mounir Fakhry Abdel-Nour, in 2015, we discussed the prospects of expanding economic cooperation but implementation was not easy due to Egyptian bureaucracy, the international Egyptian economic policy, and the high number of Egyptians ministries that need to be involved. Besides the good will and the interest conveyed, mainly in recruiting Israeli investors to fund projects, the policy of trade

⁸ On the history and status of the Israeli academic center in Cairo in detail: Shimon Shamir, *The Story of the Israeli Academic Center in Cairo* (Haim Rubin Publishing House, Tel Aviv University), 2016.

⁹ *Al-Hayat*, 3 November 1993.

and cooperation has not changed.¹⁰ My suggestion to advance joint solar energy projects, where Israel is known to have expertise, was turned down by Egypt that argued that the Chinese could deliver the same expertise for a cheaper price.

The transition of goods between Egypt and Israel was cumbersome due to the back-to-back method being used (a truck arrives at the border crossing, unloads its cargo and a truck on the other side of the border loads the cargo). This method was used for security reasons as well as for the maintenance conditions of Egyptian trucks that did not meet the requirements of the Israeli Ministry of Transport. Egypt's request to ease the process was not accepted by Israel, and neither was their request to ease Egyptian trade with the Palestinians. The justification given by Israel was that the 1994 Israeli-Palestinian economic agreement (the Paris Agreement) established a single customs envelope and uniform standards for Israel and the Palestinians, and no concessions could be made. The Egyptians sought to have both customs reliefs and lowering regulatory requirements, and in both cases the Israeli response was correct. However, if there would be an atmosphere of mutual goodwill, it would be possible to accede to some of the demands, thus perhaps advance trade between various parties in both countries.

Cooperation on industrial zones

The Qualified Industrial Zone (QIZ) is a three-way Israeli-Egyptian-American agreement that allows Egyptian exports under free trade conditions, even though Egypt does not have a free trade agreement with the US. The project began in 2005 and upgraded Egyptian-Israeli economic cooperation under American sponsorship,¹¹ which was made possible by having Israeli inputs making up for 10.5 percent of product cost. The Egyptian textile and clothing industries have a particularly high tariffs when exported to the US, and this agreement significantly lowers exports costs which allows for exports to the American chain stores ranging from 800 million to 1 billion USD a year. This means that total purchases from Israel amount to 80-100 million USD a year. The attempt to expand successful cooperation through the QIZ¹² did not succeed, although in 2016 there was a certain positive shift that included exploring the possibility of expanding the QIZ to additional zones in Egypt and encouraging Egypt to use it more extensively.

Agricultural cooperation

Only about 2.7 percent of Egypt's land can be cultivated. For decades, various Egyptian governments have been trying to expand the areas suitable for agriculture, but it seems that they have reached their full potential. The contribution of the agriculture sector to the Egyptian GDP is only 14.5 percent, and it is not an economic lever on a national scale. Since the 1980s and during the 1990s, Egyptian Agriculture Minister and Deputy Prime Minister Dr. Yousef Wali has been engaging in efforts to advance agricultural cooperation. Agriculture experts from Israel developed farms in the Delta and Noubaria regions (on the desert road, near Alexandria) in Egypt. The projects were a success story, despite the fact that the Egyptian press occasionally reported that Israel was sending poisoned tomato varieties to Egypt and that Israel's intention in these projects was to harm and cause damage. Attempts to restore and enhance fruitful cooperation have not yet succeeded.

¹⁰ The meeting with the minister took place on 11 February 2015. On policy-making, see Ofir Winter, [Egypt towards a New Socio-Economic Contract](#)", *INSS Insight* 869, 17 November 2016.

¹¹ Oren Kessler, [Trading Peace in Egypt and Israel](#), *Foreign Affairs*, 23 August 2015.

¹² For details about the project, see the website of the Israeli [Ministry of Trade and Industry](#).

D. The Israeli-Palestinian Conflict's Impact on Israel-Egypt Cooperation

Since the signing of the peace treaty, Egyptian governments have been committed to the Palestinian issue while being influenced by regional events and attentive to public opinion and the Egyptian media. Egyptian governments sometimes made it difficult to advance normal relations. Former Egyptian Foreign Minister Amr Moussa believed that normalization with Israel was the product of comprehensive peace, and that Israel would not be able to enjoy it before reaching peace with the Palestinians. Therefore, he was dissatisfied with the multilateral track that formed following the Madrid Conference in 1991 and discussed regional cooperation. Moussa preferred to hold academic seminars to discuss and clarify various issues, rather than discussing the practicalities. For him, only two working groups were supposed to become operational: the one that dealt with the resolution of the refugee problem and the one dealing with arms control and regional security (which was also supposed to discuss the issue of the Israeli nuclear program). In his view, Israel aspired to skip discussing a peace agreement with the Palestinians and the Syrians and discuss regional cooperation instead. If this plan had succeeded, achieving peace with the Palestinians would have lost the attention it deserves, and the Palestinians and the Syrians would have received nothing.

In contrast, the chairman of the board of directors of the Egyptian National Bank, Muhammad Abdel Aziz, supported the promotion of economic ties between Egypt and Israel. He believed that economic ties reflect the real interests of both sides and they can be leveraged to mark impressive achievements. Ambassador Marfat al-Talawi that headed the Egyptian delegation to the first regional economic summit (held in Morocco at the end of October 1994 as a result of the Madrid Conference resolutions) welcomed economic cooperation as well.¹³

The Egyptians were consistently required to deal with the normalization dilemma. Therefore, their condition to maintain relations with Israel was that the latter complies with its political obligations. The Egyptian media (official and non-official) attacked Israel and the idea of normalization using a very blunt and unbridled language. Israel has also often embarrassed Egypt with actions, such as the wars in Lebanon in 1982 and 2006, the various military operations in Gaza, the continued construction of the settlements and with the occupation of the West bank in general. Against this backdrop, it was very difficult to implement joint projects for both countries, and Israeli governments, at any given time since the signing of the peace treaty, were mostly concerned with the political and security aspects of the bilateral relations. Representatives from the two countries devoted most of their meetings to political and security issues, and were hardly involved in promoting cooperation between the two countries in other areas. In this way, less attention was paid to advance normalization and "warm peace". As a result, the Israeli embassy's staff in Cairo, were burdened with advancing the bilateral relations, which were sometimes supported by the leaders. On several occasions, the Egyptians offered to hold high-level talks on the bilateral relations, but the talks never took place, mainly due to the lack of responsiveness on the part of the Israeli side.

It is important to note that besides the unresolved Palestinian cause that hinders cooperation between the two countries, there is also Egypt's approach to the nuclear issue, for example. Egypt's claim that Israel should be stripped of its nuclear weapons facilities, has been a source of tension that hindered cooperation between the two countries.

¹³ Sultan, *ibid*, pp. 108-110.

The recent regional geopolitical developments, reveal a different Egyptian attitude to the Israeli-Palestinian conflict than in the past, but the role of the conflict continues to be significant. A major example to demonstrate this role was during Operation Protective Edge in the summer of 2014. Hamas provoked the Israeli offensive in defiance of the Egyptians as well as the Israelis, with the intention to ease the situation in Gaza and force Egypt to cooperate with Hamas. During and after the operation, Egypt persisted in its attempts to mediate between Hamas and Israel. However, in Egypt's view, the Palestinians must be treated as a single unit, therefore it has invested considerable effort in mediating between the Palestinian Authority and Hamas, along with its efforts to bring the Palestinians and Israelis closer. Hence, the Egyptians continued to maintain contact with Hamas (as an important Palestinian player) even though they accused Hamas of planning and participating in acts of terror together with the Muslim Brotherhood and Daesh, not only in the Sinai but also inside Egypt.

Since Operation Protective Edge, Egyptian President al-Sisi, has become, in the view of both Israel and the Arab countries, an effective mediator between the Palestinians and Israel and between the Palestinian parties. It was agreed and accepted that he was the only one who could get the "wagon out of the mud" and bring about calm, despite the mediation attempts of the then US Secretary of State John Kerry, who tried to involve Turkey and Qatar as intermediaries. The reconciliation talks between the Palestinian Authority, with its leadership in Ramallah, and the Hamas regime in the Gaza Strip, which has been conducted, to a large extent, under Egyptian auspices, reveal risks alongside opportunities. The traditional Egyptian position, which is also accepted by the other Arab countries, is that the Palestinian problem must be resolved as one unit rather than negotiating separately with Ramallah and Gaza. In the past three years, it seems that the Egyptian leadership is not grappling anymore with the dilemma of normalization with Israel. Since the al-Sisi regime set the economic development as his objective, and since the economic and military cooperation with Israel has been developing, there is no longer a reason to stop further cooperation with Israel, apart from the lack of progress on the Palestinian cause. In reality, the potential yet to be translated into practical results.¹⁴

The prevailing Egyptian conception that shared interests are likely to lead to concrete steps, is still influenced, to a large extent, by the political events between Israel and Egypt at any given time. Egyptian ministers presented the problematic situation that Egypt is facing as such: the two countries are parties to a partnership that should be conducted quietly, through actions and dialogue, brainstorming and consideration of the region's future (Fakhri, for example). In almost every conversation, it was noted that Egypt and Israel could discuss almost any issue without a problem if it could be ensured that there would be no leaks, since it creates an impression of a scheme against Arab countries, which is not the case.¹⁵ Israel, for its part, wants to expose and highlight the cooperation in order to demonstrate to its citizens the fruits of peace. The gap between the Egyptian desire for secrecy and the Israeli desire to be open about the relations, limits the potential for cooperation in many areas.

In the meantime, we see that regional geopolitical developments have succeeded in advancing a closer Israeli-Egyptian security cooperation, and improving political cooperation, while the Israeli-Palestinian conflict is set aside, even though such cooperation concerns the Palestinians. There is greater potential for cooperation in the economic sphere,

¹⁴ [Egyptian President al-Sisi's Bet on Economic Recovery](#), *Globes*, 7 August 2017.

¹⁵ The subject was raised in a number of conversations I had with Egyptian ministers during 2016.

while the Israeli-Palestinian conflict plays a certain role in realizing this potential (trade, legitimacy of Israeli investments, tourism, etc.). However, it seems that there are obstacles other than the Israeli-Palestinian conflict. For example, the low rates offered by China to implement various projects. It seems that cooperation in the civil sphere is most affected by the Israeli-Palestinian conflict, and Egypt can hardly justify cooperation with Israel as long as the Palestinian issue is not resolved.

E. Summary

During the forty years of peace between Egypt and Israel, the two countries were cooperating subject to political considerations that guided the Egyptians, who did not always want to encourage such cooperation. Since Egypt is no longer in a state of war with Israel, it will not participate in any military action between the Palestinians and Israel, but the Palestinians are still shaping Egypt's relations with Israel, given Egypt's commitment to the Palestinians. The potential for Israeli-Egyptian cooperation, which always existed, is now greater as a result of the changing regional and international geopolitical circumstances that entail the improvement of the bilateral relations between Egypt and Israel despite the stagnation with the Palestinian Authority.

The regional circumstances that place Egypt in the same boat with its partners and regional allies, including Israel, may encourage the Egyptians to advance reconciliation between Hamas and the Palestinian Authority, while including the Palestinians in this regional partnership. We have not yet experienced such regional "umbrella", which covers all countries of the region (Egypt, Jordan, Saudi Arabia, and some of the Gulf emirates) together with Israel and the Palestinians. For the first time since Israel's independence, a reality has emerged in which Egypt, Jordan, Saudi Arabia, and several principalities in the Gulf have common interests with Israel. They all share a deep concern about Iran's policy in the region (with varying emphasis), and all of them invest efforts and declare their commitment to fight the terror of radical Islamic groups (e.g. Daesh, Hamas, al-Qaeda and similar groups) that threaten their national security and security of the region.

The correlation between Israeli-Egyptian relations and the state of Israeli-Palestinian relations still exists, but in the view of the al-Sisi regime, the Egyptian economy and political stability are two important anchors in its perception of national security. In these two areas, there are already a number of collaborations with Israel and it may be possible to upgrade them without having to condition them on political processes. The regime is committed to advancing the Palestinian cause which could also be seen as a lever that Egypt uses in its relations with Israel (although not boldly) while expressing a desire to bring the parties closer and assist in solving the problem.

Thus, despite the Israeli-Palestinian conflict, Egypt has the opportunity to advance its bilateral cooperation with Israel and its multilateral relations with other countries in the region, and with the Palestinians. Joint projects can help advance political processes, in contrast to the past, whereby projects were conditioned on policy change. The details of the various collaborations between Israel and Egypt indicate that it is possible to develop and promote what already exists and to even include new areas that are relevant to Egypt, Israel and the countries of the region. The "regional umbrella" allows for the dispute mitigation (for example, Israel and the Palestinians) by other countries under the same umbrella (e.g. the Egyptians). Successful cooperation between the two countries may be beneficial to both sides and serve as a catalyst for advancing reconciliation and peace in the region.