

## Egypt and Israel



## Past, Present and Future Relations

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## **About TIP**

The Israel Project (TIP) is a non-profit educational organization that gets facts about Israel and the Middle East to press, public officials and the public. The Israel Project is not affiliated with any government.

Our team of trusted Middle East multi-lingual experts and former reporters provides journalists and leaders with fact sheets, backgrounders and sources. TIP regularly hosts press briefings featuring leading Israeli spokespeople and analysts that give journalists an opportunity to get information and answers to their questions face-to-face. By providing journalists with the facts, context and visuals they need, TIP causes hundreds of millions of people around the world to see a more positive public face of Israel. This helps protect Israel, reduce anti-Semitism and increase pride in Israel.

## **The Jerusalem Office**

The Israel Project's (TIP) Jerusalem Office is a non-governmental resource working with foreign journalists and leaders based in Israel. It provides reporters and members of the diplomatic community with needed facts and information before they file their stories and reports. TIP's Jerusalem team features several Middle East experts and former journalists. TIP's Israel team, led by Marcus Sheff, includes experts who are fluent in English, Hebrew, Arabic, French, German, Farsi and Russian.

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## Change in the Air

*“This is an economic uprising of young people. We cannot tell them how to act. We hope and believe the Egyptian people will elect a modern leader in order to change their lives,”* said minister and former IDF chief of staff Shaul Mofaz, speaking at a news conference organized by The Israel Project on February 2.

As with other Western nations watching events unfold, Israel advocates the spread of democracy and stability throughout Egypt and the Middle East. Israeli Prime Minister Benjamin Netanyahu expressed these sentiments when he spoke to Israel’s parliament in early February. He also warned about the dangers of Egypt being pushed to radicalization or influenced by Iran, a leading state sponsor of terrorism.<sup>1</sup>

*“We support the forces that promote freedom, progress and peace. We oppose the forces that seek to enforce a dark despotism, terrorism and war,”* said Netanyahu.

Egypt was the first Arab country to sign a peace agreement with Israel. The decision of the most powerful and influential Arab state to make peace with Israel reduced the likelihood of a large-scale Arab-Israeli war. It also brought Egypt into alliance with the West, helped strengthen moderate voices in the region and brought greater economic prosperity to the country.

Israel took political risks and sacrificed much to achieve peace, giving up oil fields, military bases, civilian settlements and a crucial land buffer for a promise of peace. Egypt kept its promise.

From the time of its independence, Israel waited 30 years for an Arab leader to show the courage and vision to make peace. Since 1977 Israel and Egypt have enjoyed more than three decades of peaceful relations.

Israel hopes that will continue.



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<sup>1</sup>Speech by Israeli Prime Minister Netanyahu, Prime Minister’s Office, Feb. 2, 2011, <http://www.pmo.gov.il/PMOEng/Communication/PMSpeaks/speech40020211.htm>

## Timeline of Egyptian-Israeli Relations

### After fighting four wars from 1948 to 1973, President Anwar Sadat Visited Israel - November 19, 1977

President Anwar Sadat becomes the first Arab leader to officially visit Israel after accepting an invitation by Israeli Prime Minister Menachem Begin.<sup>2</sup> His willingness to go to Jerusalem breaks a psychological barrier that convinces Israelis of his sincerity and ultimately gives them the confidence they could take the risks that would ultimately be required to make peace with Egypt.

### The Camp David Accords – Sept. 17, 1978

After 12 days of closed talks between Israeli and Egyptian delegations at Camp David in the U.S., the two sides sign the two-part Camp David Accords.<sup>3</sup> The first section deals with the future of the Sinai Peninsula and peace between Israel and Egypt, and calls for a peace treaty to be signed within three months that stipulates a full Israeli withdrawal from Sinai. The second part outlines a framework for establishing autonomous Palestinian rule in the West Bank and Gaza Strip.



Then Egyptian president Anwar Sadat and Israeli prime minister Menachem Begin in 1978. (Library of Congress)

### Israel-Egypt Peace Treaty - March 26, 1979

Israeli Prime Minister Menachem Begin and Egyptian President Anwar Sadat sign a treaty at the White House, witnessed by President Jimmy Carter, requiring both countries to cease hostile activity and to demilitarize the Sinai Peninsula. Under the terms of the agreement, Israel is to withdraw to the pre-1967 border, give up military bases, settlements, roads and the Sinai oil fields in return for normalized relations with Egypt. Meanwhile, all other Arab states denounce the treaty and Egypt is suspended from the Arab League.

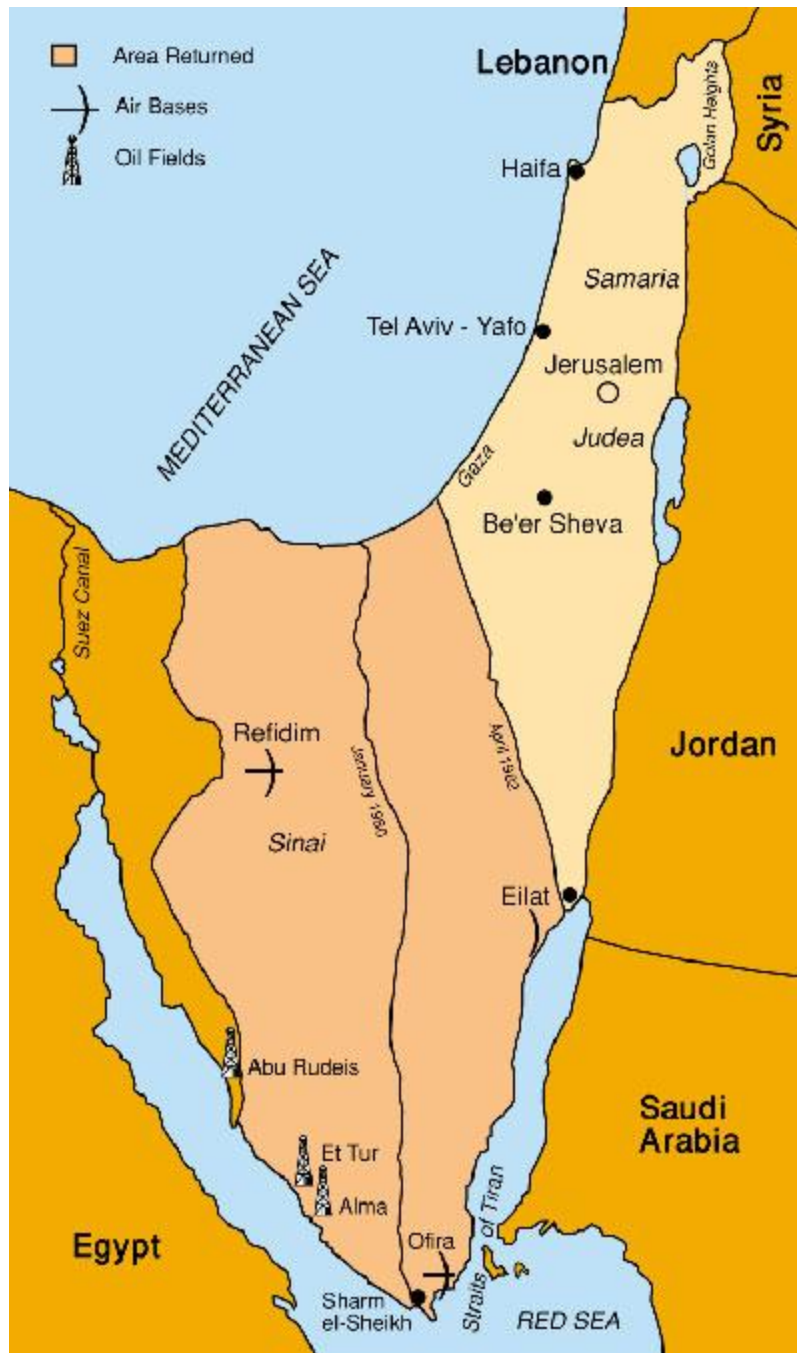
### Embassies Open – 1980

Israel's Embassy in Cairo opens in February 1980 and is the first of its kind in any Arab country. Egypt's Embassy in Israel opens in March 1980.

<sup>2</sup> "1977: Egyptian leader's Israeli trip makes history," *BBC*, Nov. 19, 1977, [http://news.bbc.co.uk/onthisday/hi/dates/stories/november/19/newsid\\_2520000/2520467.stm](http://news.bbc.co.uk/onthisday/hi/dates/stories/november/19/newsid_2520000/2520467.stm)

<sup>3</sup> "Camp David Accords, September 17, 1978," Israel Ministry of Foreign Affairs, <http://www.mfa.gov.il/MFA/Peace%20Process/Guide%20to%20the%20Peace%20Process/Camp%20David%20Accords>. Accessed Feb. 13, 2011.

## Egyptian Control of Sinai – April 25, 1982



In accordance with the Camp David Accords, Israel fully completes its withdrawal from the Sinai Peninsula.

### **Sadat Assassinated - October 6, 1981**

Extremists assassinate President Sadat. He is succeeded by Vice President Hosni Mubarak who pledges to fulfill the terms of the peace agreement with Israel.<sup>4</sup>

### **Taba Border Agreement – Feb. 27, 1989**

Following an international arbitration ruling on the location of the border of the Sinai town of Taba, Israel agrees to turn over the Taba beach resort to Egypt. The agreement also allows tourists traveling from Israel to pass through the Taba border crossing to visit the “Aqaba Coast Area of Sinai.”<sup>5</sup>

### **Funeral of Yitzhak Rabin – Nov. 6, 1995**

Egyptian President Hosni Mubarak attends Yitzhak Rabin’s funeral and delivers a eulogy in his only trip to Israel. He has refused all invitations to visit Israel since that day.<sup>6</sup>



1996 agricultural deal signed by then Egyptian ambassador to Israel Mohamad Bassiouny and Israel's agriculture minister Yaacov Tsur. (Israeli Foreign Ministry)

### **Tourism Peaks – 1999**

The flow of Israeli tourists to Egypt reached a high of 415,000 in 1999. Since 2000, there has been a decline in the number of tourists, although visits still take place on an ongoing basis, albeit on a more limited scale. The flow of Egyptian tourists to Israel reached a high of 28,000 in 1995, with 2,500 visitors to Israel in the first half of 2002.

### **Sharm el-Sheikh Memorandum – Sept. 4, 1999**

The Sharm el-Sheikh memorandum, signed in Egypt by Israeli Prime Minister Ehud Barak and Palestinian Liberation Organization (PLO) Chairman Yasser Arafat, addresses delayed implementation of the Oslo Accords by Palestinian non-compliance of security obligations and the consequent Israeli refusal to redeploy troops in the face of the growing terror threat.<sup>7</sup>

### **Natural Gas Deal – June 30, 2005**

Egypt and Israel sign a landmark \$2.5 billion deal for the sale of Egyptian natural gas to Israel.<sup>8</sup> Egypt agrees to supply 1.7 billion cubic meters of natural gas over a 15-year period via an undersea pipeline from the Egyptian town of el-Arish to the Israeli city of Ashkelon.

<sup>4</sup> “Peace Treaty between Israel and Egypt, March 26, 1979,” Israel Ministry of Foreign Affairs, <http://www.mfa.gov.il/MFA/Peace%20Process/Guide%20to%20the%20Peace%20Process/Israel-Egypt%20Peace%20Treaty>. Accessed Feb. 13, 2011.

<sup>5</sup> “Signing of Agreement With Israel Turns Over Last of Sinai to Egypt,” The New York Times, Feb. 27, 1989, <http://query.nytimes.com/gst/fullpage.html?res=950DEED9123FF934A15751C0A96F948260&sec=&spon>

<sup>6</sup> “Eulogy for the Late Prime Minister and Defense Yitzhak Rabin by Egyptian President Hosni Mubarak,” Israel Ministry of Foreign Affairs, Nov. 6, 1995, [http://www.mfa.gov.il/MFA/MFAArchive/1990\\_1999/1995/11/Rabin%20Funeral-%20Eulogy%20by%20Hosni%20Mubarak](http://www.mfa.gov.il/MFA/MFAArchive/1990_1999/1995/11/Rabin%20Funeral-%20Eulogy%20by%20Hosni%20Mubarak). Accessed Feb. 14, 2011.

<sup>7</sup> “The Sharm el-Sheikh Memorandum, September 4, 1999. Main Points,” Israel Ministry of Foreign Affairs, <http://www.mfa.gov.il/MFA/Peace+Process/Guide+to+the+Peace+Process/The+Sharm+el-Sheikh+Memorandum-Main+Points.htm>. Accessed Feb. 14, 2011.

<sup>8</sup> “Egypt and Israel sign 15-year natural gas deal,” The New York Times, July 1, 2005, [http://www.nytimes.com/2005/06/30/business/worldbusiness/30iht-gas.html?\\_r=2](http://www.nytimes.com/2005/06/30/business/worldbusiness/30iht-gas.html?_r=2)

### **Philadelphi Deal – August 24, 2005**

Israel and Egypt agreed on the deployment of 750 Egyptian security forces along the Philadelphi route on the Gaza-Egypt border to prevent weapons smuggling through the area.<sup>9</sup> In the finalized deal, Egyptians are to refrain from openly transferring weapons to the Palestinians.

### **Security Cooperation against Gaza Arms Smuggling – Nov. 21, 2007**

Israeli Prime Minister Ehud Olmert and Egyptian President Hosni Mubarak agree to step up cooperative intelligence and security measures in order to combat arms smuggling from Sinai into the Gaza Strip.<sup>10</sup>

### **Egypt Seals Border – Dec. 2008**

Egypt closes its border with the Gaza Strip during Israeli Operation Cast Lead and President Hosni Mubarak declares that it would not be open on a permanent basis until conditions agreed upon in 2005 are in place. The border would be open on an emergency basis only to receive those who are wounded and in need of medical treatment. Smuggling tunnels from Egypt to Gaza had been in operation for several years and were built as a way around Israel's economic blockade. They continued to operate throughout the armed conflict and were used by Hamas to smuggle in weapons.<sup>11</sup>

### **Israeli Ceasefire in Gaza – Jan. 17, 2009**

Israel declares a ceasefire to end Operation Cast Lead in Gaza after reaching an understanding with Egyptian President Hosni Mubarak and securing commitments from the United States and several European states to help stop the rearmament of Iran-backed Hamas in the Gaza Strip via Iran and Syria.<sup>12</sup> Hamas rejects Israel's call for a ceasefire, but announces its own ceasefire 12 hours later. Hamas leaders criticize Egypt for not taking a larger role in aiding Gaza during the Israeli operation.

### **Cooperation to End Arms Smuggling – March 20, 2009**

Israeli Prime Minister Ehud Olmert and Egyptian President Hosni Mubarak met and agreed to intensify intelligence and security cooperation to combat smuggling from Sinai into the Gaza Strip. Both sides agreed to hold weekly meetings and step up the activity of joint security committee. They also agree to pass on relevant intelligence information immediately using a hotline.

### **Netanyahu Expresses Hope for Continued Peace, Cooperation – Jan. 30, 2011**

Israel Prime Minister Benjamin Netanyahu points to the 30 years of peaceful, stable relations with Egypt and expresses the hope that this will continue to be the case.<sup>13</sup>

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<sup>9</sup> Bahur-Nir, Diana, "Philadelphi deal struck," YNet News, Aug. 24, 2005, <http://www.ynetnews.com/articles/0,7340,L-3132501,00.html>

<sup>10</sup> Ravid, Barak, "Israel, Egypt to step up cooperation on Gaza arms smuggling," Haaretz, Nov. 21, 2007, <http://www.haaretz.com/print-edition/news/israel-egypt-to-step-up-cooperation-on-gaza-arms-smuggling-1.233697>

<sup>11</sup> McCarthy, Rory, "Under the border with Egypt, Gaza's smugglers return to work," The Guardian, Jan. 21, 2009, <http://www.guardian.co.uk/world/2009/jan/21/gaza-egypt-tunnels-smugglers-israel>

<sup>12</sup> "Behind the Headlines: Israel holds its fire," Israel Ministry of Foreign Affairs, Jan. 18, 2009, [http://www.mfa.gov.il/MFA/About+the+Ministry/Behind+the+Headlines/Israel\\_holds\\_fire\\_18-Jan-2009.htm](http://www.mfa.gov.il/MFA/About+the+Ministry/Behind+the+Headlines/Israel_holds_fire_18-Jan-2009.htm). Accessed Feb. 14, 2011.

<sup>13</sup> Cabinet Communique, Prime Minister's Office, Israel Ministry of Foreign Affairs, Jan. 30, 2011, <http://www.mfa.gov.il/MFA/Templates/ArticleDynamicFix.aspx?NRMODE=Published&NRNODEGUID={395F30DD-56D5-4515-B63F-CDC8B493E26A}&NRORIGINALURL=%2FMFA%2FGovernment%2FCommuniques%2F2011%2FCabinet-communique-30-Jan-2010.htm&NRCACHEHINT=Guest>.

## Egyptian Crisis Shows Need for Democracy, Stability, Economic Cooperation

At a time when much of the Middle East is in flux and mass protests are engulfing the Arab world, Israel says it hopes two key countries with which it has peace treaties - Jordan and Egypt - remain open to continuing positive diplomatic and economic relations.



Israel is also hoping that democracy will spread through the region.

*"Israel is a democracy and supports the advance of liberal and democratic values in the Middle East. The advancement of those values is good for peace,"* Prime Minister Benjamin Netanyahu said in a statement.

Demonstrations across the Middle East began with a focus on the economic plight of the people, saying regional leaders are out of touch with citizens' daily struggles.<sup>14</sup>

Democracy and economic cooperation can only lend to the region's stability.

Israel is a net importer of Egyptian products. It buys three times more goods from Egypt than it sells to it. Last year, Egypt exported approximately \$270 million in gas to Israel.

Textiles and cotton are mainstays of the Egyptian economy. Israeli companies Delta Galil and Polgat employ thousands of workers in their Egyptian factories.<sup>15</sup>

Although Egypt's GDP grew nearly 5 percent in 2010 (amounting to \$30 billion worth of exports), one in four Egyptians are unemployed, according to Al Jazeera TV.

In addition to the tough economic situation of Egyptians, the current increase in oil prices is taking its toll. Oil prices rose to more than \$100 per barrel in February 2011 for the first time in two years.<sup>16</sup>

Although Egypt is not a major oil-producing country, it is a transit point for oil and international commodities. Some 35,000 ships pass through the Suez Canal each year, which is approximately eight percent of the world's annual sea-trade.

*"Businesses don't like volatility and uncertainty,"* Director of the Division of Foreign Trade and International Relations at the Manufacturers Association of Israel Dan Catarivas told The Israel Project.

Thousands of tourists turned their backs on Egypt and thousands of Egyptian jobs were lost when major companies like Nestle and British Gas withdrew from the country.

Moody's and Standard and Poor's, financial risk evaluation companies, downgraded Egypt's financial ratings.<sup>17</sup>

<sup>14</sup> Kulish, Nicholas and Souad Mekhennet, "Egypt's political crisis starts to be felt economically," The New York Times via MSNBC, Jan. 31, 2011, [http://www.msnbc.msn.com/id/41351673/ns/business-the\\_new\\_york\\_times/](http://www.msnbc.msn.com/id/41351673/ns/business-the_new_york_times/).

<sup>15</sup> Cohen, Ora, "'Cold Peace' between Israel and Egypt could grow colder," The Marker, Haaretz, Jan. 31, 2011, <http://english.themarker.com/cold-peace-between-israel-and-egypt-could-grow-colder-1.340073>.

<sup>16</sup> Smith, Grant and Margot Habiby, "Brent Oil Rises to \$100 for First Time in Two Years on Demand," Bloomberg, Jan. 31, 2011, <http://www.bloomberg.com/news/2011-01-31/brent-crude-oil-exceeds-100-a-barrel-for-first-time-since-oct-1-2008.html>.

<sup>17</sup> El-Tablawy, Tarek, "Egypt debt rating downgraded by Standard & Poor's," MSNBC, Feb. 1, 2011, [http://www.msnbc.msn.com/id/41367662/ns/business-world\\_business/](http://www.msnbc.msn.com/id/41367662/ns/business-world_business/).

Yet despite the ongoing negativity, Catarivas is optimistic that Israel and Egypt will continue their growing trade relations.

Egypt and Israel trade under special MFN (Most Fair Nation) status of the World Trade Organization.<sup>18</sup>

They also established a QIZ (Qualifying Industrial Zone) about ten years ago - which comprises Egypt, Israel and the United States - allowing Egypt to export \$1 billion in goods customs free to the U.S. with \$100 million of Israeli input.

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<sup>18</sup> "Principles of the trading system," World Trade Organization, [http://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/fact2\\_e.htm](http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm). Accessed Feb. 14, 2011.