

The Cairo Conference in Perspective:

Lessons for the Peace Process

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Brief Analysis

With the dust clearing on the public relations "spin" suggested by competing Arab, Israeli and American observers of the Middle East/North Africa Economic Conference held in Cairo two weeks ago, a detached assessment of that now-annual event would underscore the surprising durability of new regional institutions at times of political anxiety. Even while punctuating Arab world unhappiness with current Israeli policies and lacking the heady euphoria of its predecessors in Casablanca and Amman, the Cairo conference nevertheless generated at least as much actual business activity -- including contact between Israeli and Arab businessmen -- as the earlier sessions and showed that even if the pace of Israel's normalization in the Middle East is slowed by difficulties in the peace process, the direction remains clear.

Normalization continues: Taking place amidst stalemate in the peace process, expectations for the Cairo conference were low; on the eve of the conference, it did not seem a far-fetched possibility that Cairo would become a symbol of regional acrimony as much as the summits in Casablanca (1994) and Amman (1995) had been symbols of growing regional amity. Indeed, most of the Cairo speakers warned that regional economic cooperation could not go forward without political progress. Even Secretary of State Christopher, a prime mover in developing the idea of regional economic conferences, toned down his remarks for the occasion, dropping his visionary depiction of future regional cooperation as well as his direct call for an end to the Arab boycott that highlighted his speeches in Morocco and Jordan.

The fact that the conference was held despite the current political climate, however, established a new baseline for the normalization process and tentatively suggested that the annual regional conference has become a permanent part of the Middle East landscape. The final communique also affirmed ongoing progress in creating other region-wide institutions, such as a Cairo-based regional development bank and a Tunis-based center for regional cooperation on promoting tourism.

An appeal to Arab self-interest: The most visible effect produced by the problems in the peace process was the de-emphasis of regional investment schemes in favor of greater emphasis on single-country deals. Previous meetings had emphasized regional cooperation and implicitly put primacy on projects that would hasten Israel's integration

into the region.

This time each country emphasized its own virtues as a place to invest. President Mubarak, the conference host, used his platform primarily to promote Egypt's assets, particularly the impressive gains made by its economic reform program. Egypt and other Arab states emphasized that the conference was for their own benefit, not Israel's. But that is not all bad indeed, is probably healthy even if this approach meant a frostier Arab-Israeli atmosphere, at least at the official level, than in past meetings. In part, the Arab approach was a rationalization for going through with a diplomatic exercise strongly urged on them by the U.S. But it was also an honest statement of perceived material self-interest that bodes well for future meetings. It is noteworthy that the final communique unequivocally confirmed that the participants had decided to meet again next year, in Doha, Qatar.

A setback for Syria: The very convening of the Cairo conference, with its ministerial representation by most Arab states, was a direct rebuff to Syria's campaign to freeze Arab normalization with Israel, again demonstrating the limits of Syria's real influence in affecting decisions that other Arab capitals perceive to be in their national interest. Of course, Damascus has long refused to participate (or permit Lebanon to participate) in any multilateral initiative involving Israel (except for one meeting of the European-sponsored Euro-Med dialogue) and has continually urged other Arab states to hold back from "normalization" with Israel. The Syrian leadership significantly heightened its rhetoric the moment Benjamin Netanyahu defeated Shimon Peres in May elections, taking the lead in Arab summits to lobby for a halt to all normalization with Israel. Not only did they fail in that campaign, but Syria again missed an opportunity to boost its economic prospects, especially at a conclave designed to promote single-country (as opposed to regional) projects.

Israel and the "new Middle East": Through its attendance at the conference and the declarations of its conference representatives, the Netanyahu government gingerly embraced aspects of "the New Middle East" (of which the MENA meetings are the centerpiece) that the Netanyahu campaign had scorned. In a "communique" distributed but (for reasons unclear) not delivered as a speech at the conference, Israeli Foreign Minister David Levy hailed the "great progress" that has been made in the five years since the peace process began, even though his government has criticized the milestone achievement of the past five years the Oslo Accords more as setback than progress. Indeed, this position reflects a creeping recognition on the part of the new Israeli government that the peace process at least plays a role in Israel's economic health, if not the dominant role that some ascribe to it. (In this regard, it is noteworthy that even at this difficult moment in the peace process, Israel's promotional lunch at the Cairo conference for Arab and other international investors reportedly drew an overflow crowd.)

U.S. leadership at work: That the conference took place -- despite the reported opposition of the Egyptian foreign ministry -- was, in significant part, a tribute to U.S. resoluteness. To be sure, Mubarak, backed by his economic team, wanted to stage the event as a vehicle to display "the new Egypt"; Washington's insistence helped stiffen his spine, however. Such firm and effective use of U.S. diplomacy, to help parties overcome nay-saying domestic constituencies in pursuit of their national interests, will surely be needed in future peace process encounters on the difficult road ahead.

Relative to expectations, Cairo was a success. Its participation rate, number of Western businessmen, and volume of deals apparently outstripped those of its more ballyhooed predecessors in Casablanca and Amman. To be sure, regional economic conferences by themselves are no guarantee of a viable peace process, and it is by no means clear that negative peace process developments will not derail next year's session in Qatar. But the turnout is a significant vote-of-confidence in the region by a constituency -- international investors -- known more for its caution than its hopeful optimism. And the conferences do assure some level of Arab-Israeli contact and affirm Israel's place in the region. Still, the most positive result of this year's conference is a recognition by increasing numbers of Arabs that a decision to cancel future conferences would probably come at the expense of Arab, as well as Israeli, economic

interests, and that is a hopeful sign for the future of the normalization process.

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