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Steps toward Warmer Egypt-Israel Relations

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The United States brokered a peace treaty between Egypt and Israel in 1979, but a "cold peace" has prevailed between the neighbors ever since. For nearly four decades, the two countries have exchanged ambassadors and coordinated on security and borders, but full "normalization" has never taken hold. While Israeli tourism in Egypt has surged during periods of calm, Egyptian tourists have only trickled into Israel, partly because Egyptians who visit Israel risk harassment by Egypt's security apparatus. Cultural exchanges are also extremely limited, given an anti-Israel boycott by Egyptian artists and academics, and those Egyptians who break that boycott often face severe censure once they return home.

Moreover, Israel has often been the target of protests within Egypt, as well as the subject of numerous conspiracy theories, making every high-level Israel-Egypt interaction politically risky for Egyptian officials. Witness, for example, the criticism within Egypt after Egyptian foreign minister Sameh Shoukry was photographed watching a soccer match on television with Israeli prime minister Binyamin Netanyahu during a July 2016 meeting in Jerusalem, or the criticism Egyptian president Abdul Fattah al-Sisi faced when he was pictured laughing with Netanyahu on the sidelines of the United Nations General Assembly in September 2017. It is worth recalling that many of the Egyptian activists who catalyzed the January 2011 Arab Spring events cut their political teeth at anti-Israel protests during the second Palestinian intifada (2000–2005). Indeed, Egyptian leaders are well aware that protests against Israel can quickly become protests against those who deal with Israel.

While both Egypt and Israel have a strong interest in cooperating on security and maintaining peaceful relations, U.S. policymakers have worried that Israel-Egypt coldness undercuts the peace treaty's durability. Israel's unpopular status within Egypt, and the overwhelming rejection by Egypt's political opposition of the peace treaty, has suggested that regime change might jeopardize the treaty's future. (Such fears indeed surged after the presidential election of the Islamist Mohamed Morsi in 2012.) For this reason, Washington has long sought to deepen Israel-Egypt relations beyond the security sphere, and focused on establishing mutually beneficial economic partnerships. The end result of such efforts was the creation in 2004 of Qualifying Industrial Zones (QIZs) within Egypt—areas in which Egyptians manufactured products using Israeli materials, and could then export the finished products to the United States duty-free.

Egypt-Israel Economic Ties Pre-QIZ

On February 18, 1980, nearly a year after the signing of the peace treaty, Egypt issued Law 66, repealing Law 506, which dated to 1955 and called for a boycott of Israel. Following on this development, actors from both sides were organized to seek possible ways to enhance cooperation. Consequently, on May 8, 1980, the first Israel-Egypt trade agreement was signed in Cairo, under the approval of the Egyptian parliament. Two other agreements ensued, on September 24, 1981, and April 1, 1982, respectively.[1]

Establishing economic relations between the two countries seemed feasible given their geographic proximity, while offering opportunities to companies on both sides and allowing for a suitable partnership on the whole. But a closer examination revealed the arrangement to carry more symbolic political weight than actual economic advantage. Indeed, an even partnership was precluded by the vast difference between the two countries' economies. Whereas Israel has a technologically advanced economy, Egypt's is focused more on agriculture and tourism. The predicted bilateral trade volume, excluding oil, was expected to constitute just 1 percent of Israel's global trade.[2]

AGRICULTURE

Imbalances aside, agriculture was one of the first sectors for bilateral cooperation,[3] as well as, ultimately, the most significant area of cooperation overall. This process began during the peace talks, when Egyptian president Anwar Sadat agreed to an Israeli proposal to develop 400,000 acres of barren land, thereby helping resettle thousands of farmers from the overcrowded Nile Delta region.[4] Then, in spring 1980, after full diplomatic relations were established, a joint committee composed of Israelis and Egyptians was formed to facilitate cooperation in agricultural and rural development projects. Additionally, the U.S. Agency for International Development sponsored "Middle East Regional Cooperation," a project aimed at transferring agricultural knowledge and technology between regional countries, in turn helping ease Israel-Egypt normalization efforts.[5]

In May 1996, the two countries assembled a joint committee to discuss broader agricultural cooperation, leading to shared agricultural activities and training programs in both Egypt and Israel. For example, Egyptian farmers from the al-Nubariya region were sent to the Negev, in Israel, to take classes taught in Arabic. Later, Israeli experts were dispatched to al-Nubariya to continue training the Egyptian farmers in a center founded by the Egyptian Ministry of Agriculture.[6] Established in 1987, the Mubarak Project was one of the most successful endeavors in this context. The project was aimed at granting land to young graduates who received training to cultivate it. Besides the Egyptian economic reliance on agriculture, cooperation in this sector thrived thanks to the unique role of Agriculture Minister Yousef Wali, one of the few Egyptian officials open to economic cooperation with Israel.[7]

TOURISM

The new relationship also boosted the Egyptian tourism sector. In particular, a deal signed March 10, 1980, facilitated the opening of tourism offices in each state's capital, allowing the bidirectional flow of visitors and engendering close cooperation to attract (mainly Jewish) tourists from other countries. In the early 1980s, Israel quickly became the third-largest source of tourists to Egypt, after the United States and Germany.[8]

While Israel viewed tourism as a way to promote peace and eventually possibly ease tensions between the two populations, the Egyptian side was wary of an Israeli tourist influx. Ambassador Raafat al-Ansari, one of the first Egyptian diplomats to serve in Israel, writes in his book about his tenure that the Egyptian security apparatus worried in particular over the presence of Israeli intelligence personnel among tourist groups.[9] To this day, such a mentality shapes the Egyptian attitude toward Israel.[10] Likewise, Egypt has actively discouraged its nationals from traveling to Israel, justifying this discouragement with a claim that Israel is just not worth seeing—a glib put-down. Egypt, according to this thinking, has beautiful beaches and fascinating archeological sites with which Israel just cannot compete. A truer motive, though, is that if Egyptians saw the reality of Israel, thousands of unemployed would seek to flood the country, which is closer than other preferred worker destinations such as Italy and France.[11] Thus, Egypt allows only three groups of its citizens to travel to Israel: diplomats stationed at the embassy in Tel Aviv, a few thousand Coptic pilgrims, and a limited number of journalists who are trusted by the security apparatus.

Signing of the QIZ Protocol

In December 2004, the signing of the deal establishing the QIZs, under U.S. auspices and facilitated by both countries' private sectors, provided a major boost to the bilateral economic relationship. The protocol was critical in saving Egypt's textile industry, which welcomed the lifting of World Trade Organization quota restrictions while Egypt's competitors gained preferential trade agreements.[12]

For Israel, the agreement carried the distinct benefit of clearing the taboo around doing business with the largest Arab nation. The benefits for Egypt were measurably dramatic: 130,000 to 150,000 jobs created in the textile and apparel sectors after the deal was signed, increasing to as many as 280,000 by 2015.[13] The number of QIZ companies has expanded from 297 to over 700, moving to many new designated locations. This rapid growth has translated into exports of nearly $1 billion in Egyptian manufactured products, composing an astounding 45 percent of all Egyptian exports to the United States.[14]

For the Egyptian public, the QIZ deal came as a surprise, and the government attempted to manage the fallout by claiming that the country would have suffered had it fallen through. Cairo further tried to sell the deal with grandiose promises, such as an ultimate assertion that the QIZs would create a million jobs, after having floated more-reasonable numbers. The government also estimated that the QIZs would attract up to $5 billion in foreign direct investment over the subsequent five years, and spur a free trade agreement (FTA) with the United States, much as Jordan had benefited after the establishment of its own QIZs.[15]

Whatever controversy attended the deal at its creation, the QIZs have proven durable. They are now located in Greater Cairo, Alexandria, the Suez Canal area, the central Delta, and Upper Egypt, as mutually agreed by Israeli and Egyptian authorities, with decisions also guided by the areas' export potential and workforce. Joint committees comprising Israeli and Egyptian officials monitor the zones, making decisions on development and eligibility for firms as well as products. To this end, participating manufacturers must provide detailed information about labor and materials costs to verify that the products fulfill QIZ production and input requirements. The United States maintains a supervisory role, and is empowered to attend QIZ meetings and decide whether goods manufactured within the QIZs meet conditions for the duty exemption.[16]

The rule-of-origin requirements state that 35 percent of the inputs (materials) must come from the United States, Israel, and Egypt, while the balance can be from any other part of the world. Once the QIZ protocol was signed, the Israeli inputs from 2004 to 2008 were at 11.7 percent. After a new round of negotiations, Israel, in 2008, reduced its inputs to 10.5 percent. Israel had agreed verbally to another reduction in 2012,[17] but this was never implemented owing to fears that Egypt's newly elected president Mohamed Morsi might try to scuttle the economic partnerships.[18] After Morsi's ouster in July 2013, Israel-Egypt cooperation focused heavily on shared concerns regarding Sinai and Gaza security, thus putting QIZ negotiations on the back burner. In December 2015, however, the Egyptian press reported that Israel would reduce its inputs by an additional 2 percent—but these changes have yet to be implemented.[19]

In other words, the QIZs have advanced U.S., Israeli, and Egyptian interests. From Washington's perspective, the QIZs succeeded in fostering channels of Egypt-Israel cooperation and negotiation beyond the security sphere. The QIZs, as noted, similarly helped Israel achieve its political aim of establishing a trade program with the most populous Arab country. And for Egypt, the QIZs were responsible for creating new jobs that reflected positively on the labor force. Still, the QIZs have not been as transformative as some hoped, failing to yield an FTA with the United States (as discussed in the next section) or to "warm" broader Egypt-Israel ties (as discussed in the section thereafter).

Washington can and should address these shortcomings—and it should do so now. As detailed later in this study, the current moment of strong Egypt-Israel relations and unprecedented security cooperation provide an opening for U.S. policymakers to encourage stronger economic cooperation. The QIZs provide a foundation on which to build this cooperation, which might be achieved by expanding the QIZs, establishing new ones, or creating QIZs for currently excluded sectors. Broader Egypt-Israel trade relations will ensure that more Egyptians view the 1979 peace treaty as beneficial, and will bolster the treaty's durability despite the vicissitudes of Egypt's internal politics.

Impact of QIZs on Egypt

In the thirteen-plus years since the QIZ protocol was signed, Egyptian economic cooperation with Israel has remained politically controversial. As a result, the QIZs have not fostered deeper cooperation outside the zones, nor, as noted, have they remedied the cold bilateral peace. To some extent, this reflects the staying power of Egyptian views of Israel as an enemy, reinforced by the far greater attention given in Egyptian society to the wars fought against Israel from 1948 to 1973 as compared to the 1979 peace treaty. Consider, for example, that multiple public institutions, roads, schools, and even cities are named to commemorate the 1973 war, but none honor the treaty. Yet the current reality also reflects the Egyptian government's refusal to inform its public about the QIZs' substantial economic benefits.

Indeed, as already established, the QIZs constituted an immediate success story for Egypt's textile industry, affording it duty-free access to the U.S. market, thereby circumventing the 17.1 percent tariff on apparel at the time. As a result, within a year after signing the protocol, Egyptian textile and clothing exports to the United States rose from $561.1 million to $612.3 million.[20] Additionally, according to Egypt's General Authority for Investment, nineteen new investment projects worth $63.3 million were announced.[21]

The immediate success of the QIZs encouraged more companies to participate. While fifty-four companies had set up shop in the QIZs by February 2005, within the first three months after the program's launch, the number had risen to ninety-six by January–March 2006.[22] According to a July

2006 survey conducted by the Egyptian Center for Economic Studies, most of these companies were Egyptian-owned, and thirty-seven of eighty-five surveyed stated that they employed more than three hundred employees.[23] The survey also indicated that the companies were broadly satisfied with the QIZ program, with thirty-eight reporting boosted exports, at an average increase of 37 percent. Employment rose in thirty-three of the companies, with an overall addition of 5,617 workers, mostly Egyptians. Only four participating companies saw their exports decline.[24] The QIZs also enabled new Egyptian companies to export to the United States for the first time.[25]

LABOR IN QIZ READY-MADE GARMENT FIRMS

Despite the successes just outlined, many QIZ-based companies struggled to attract a consistent workforce. In the more socially traditional areas, male employees typically viewed garment-factory work as a temporary stop on the path toward a higher-paying job. Companies thus faced constant turnover.[26] Further, due to low wages, managers struggled to impose discipline, with workers effectively setting their own schedules.[27]

To improve their efficiency, QIZ-based companies recruited female workers from rural areas. Social conventions ultimately limited women's workforce participation, however, because rural women often were expected to run their household, and thus could not work long hours.[28] The QIZs were also expanded, in 2009, to Upper Egypt, where the workforce was seen as more stable.[29] Yet another means of addressing efficiency challenges was to hire foreign workers, although apparently on a limited basis, since Egyptian law prohibits companies from employing non-Egyptians for more than 10 percent of their workforce. An estimated 8,000 to 10,000 foreign workers—mostly from Bangladesh, Sri Lanka, and India—were thus recruited.[30]

QIZ LIMITATIONS

For all their successes in rescuing the Egyptian textile industry and creating jobs, the QIZs have had a limited economic impact for a number of reasons:

- **EGYPT FACES AN UNEMPLOYMENT AND UNDEREMPLOYMENT CRISIS, REQUIRING THE CREATION OF AT LEAST 300,000 JOBS PER YEAR TO ACCOMMODATE ITS EVER-GROWING WORKFORCE**—and even more jobs to account for gaps accumulated in previous years.[31] The textile sector is central in this crisis, employing roughly 500,000 workers who produce $3.2 billion in goods per year, constituting 3.5 percent of GDP. The QIZs are simply not sufficient to address this employment crisis.

- **INSTEAD OF PROMOTING ADJUSTMENTS TO EGYPT'S UNCOMPETITIVE INDUSTRIES, THE QIZS POSTPONE THEM.** Despite opening duty-free access for Egyptian products to the U.S. market, painful restructuring measures still need to be implemented in order to increase productivity and competitiveness.[32] Generally speaking, since 1991, the state has made some moves to enact privatization and structural adjustments, but the overall results have had little lasting significance.[33] For example, until today the state remains the dominant actor in most industries, except cement, alcoholic beverages, and cellular devices. Moreover, because QIZs do not call for Egyptian companies to compete with their American peers, given the deal's nonreciprocal nature, these companies take their position for granted,[34] reducing the incentive to make needed reforms.

- **EVEN SETTING ASIDE WIDESPREAD ANTI-ISRAEL SENTIMENT WITHIN EGYPT, THE NATURE OF THE TWO ECONOMIES MAKES A BROADER TRADE RELATIONSHIP IMPROBABLE**. As already established, Israel's strengths center on the high-tech industry and manufactured goods, versus Egypt's emphasis on agriculture and textiles. In high-tech, considering Israel's major edge in the military industry in particular, cooperation is unlikely. Indeed, open Egyptian cooperation with Israel on security matters is always a sensitive matter. Even if Egypt were to overlook such concerns, success would be elusive given Egypt's lack of expertise in such industries. Instead, the notable strength currently offered by Egypt is its large pool of low-skilled workers for labor-intensive industries.

The QIZs have thus helped save the Egyptian textile industry and broken the taboo surrounding public business ties between the neighbors, even though private business dealings had existed for two decades prior to 2004. Still, the cold peace between the two populations persists and the QIZs encompass a relatively small number of entrepreneurs in a narrow range of industries.

Does Egypt Need an FTA with the United States?

In bilateral discussions on a possible U.S.-Egypt FTA, long seen by Cairo as a means to bypass the QIZs, the United States should indeed emphasize the importance of the QIZs.[35] As this paper has already shown, Egypt has yet to maximize the potential of the QIZs. Whereas today most Egyptian products that enter the United States are textiles, an array of new items could be added to the list should Egypt make fuller use of the QIZs. The Egyptians, however, have been unwilling to make such moves out of concerns about promoting additional relationships between Egyptian and Israeli businesses.[36]

At first glance, the Egyptian view of an FTA as more attractive than mere enhanced use of the QIZs makes some sense. Indeed, such a deal could widen its own markets' access to the larger U.S. market, thereby boosting its exports. But a closer analysis shows, as already noted, that about 45 percent of Egyptian exports to the United States already come through the QIZs, with the others secured by alternative means. More important, to meet the terms of an FTA, Egypt would have to make costly adjustments for which the country's institutional infrastructure is not prepared. By comparison, the QIZs' flexible rules regarding the origin of products allow for generous imports of textiles, including ready-made garments, as well as other goods.

According to the latest statistics from the Office of the U.S. Trade Representative's website, in 2013 Egyptian exports to the American market totaled $1.6 billion. Aside from textiles and ready-made garments subject to QIZ preferential treatment—constituting the 45 percent mentioned earlier—other major exports include oil, iron, and steel. These products, too, enjoy free trade access or have special-entry market arrangements. Moreover, the U.S. trade program known as the Generalized System of Preferences (GSP) provides duty-free allowances for eligible items such as jewelry, agricultural products, chemicals, minerals, marble, and carpets, although these account for only 4.8 percent of Egypt's total exports to the United States.

OBSTACLES TO A U.S.-EGYPT TRADE DEAL

Based solely on existing preferential access—whether through the QIZs (textiles at present), the GSP (e.g., food products, home furnishings), or the nature of the export (e.g., oil)—the United States clearly need not sign an FTA with Egypt. The mechanisms for open trade already exist. Furthermore, internal Egyptian dynamics suggest that Egypt would fail to meet the U.S. conditions required by such a deal, spread across roughly five areas.

First, U.S. investors seek efficiency, not just low-cost production environments. Despite having relatively cheap production costs, Egypt does not score high on the productivity of its workers, and QIZ turnover has reached 30 percent.[37] Risk is a second element. Based on a World Bank report that considered the favorability of national business environments, Egypt ranked 131 among 189 countries. Here, the combination of excessive U.S. demands and a lackluster business climate would portend weak implementation of a deal, thus discouraging the United States from entering into one.[38] The third obstacle involves Egyptian inability to enforce labor laws in five areas, as instituted by the UN's International Labor Organization: right of association, right to organize and bargain collectively, prohibition of forced labor, minimum employment age, and acceptable working conditions. Whenever the United States sits at the table with Egypt, it will thus be especially sensitive regarding labor standards, mindful that the U.S. Congress could nix an FTA on such grounds.[39]

The fourth concern, as with the second, relates to implementation. Up until the North American Free Trade Agreement, established in 1994, free trade deals centered on foreign direct investment. With NAFTA, however, U.S. regional trade agreements began to adopt a broader definition of trade, focusing in addition on portfolio flows, private debt, sovereign debt issues, and intellectual property. The manifold legislative and implementation requirements associated with such components would strain the Egyptian government, likely preventing it from abiding by its commitments.[40]

Shaky Egyptian adherence to U.S. intellectual property rights (IPR) requirements, in particular, marks the fifth concern regarding a potential FTA. Although in Law 82, enacted in 2002, Egypt revised its IPR legal framework and enforcement capability,[41] the country still lags far behind many countries, both in the Arab world and globally. In the latest "Special 301" report produced by the U.S. Trade Representative, focusing on countries with deficient IPR protections, Egypt remained on the watch list. Likewise, the World Economic Forum's Global Competitiveness Report 2016–17 ranked Egypt 124 out of 138 countries in terms of IPR protections.[42]

OVERALL PROSPECTS FOR AN FTA

Even if, hypothetically, Egypt took all the necessary steps to meet potential U.S. objections surrounding an FTA, one must consider the shift in U.S. popular opinion against FTAs, as amply demonstrated in the 2016 presidential campaign and in Donald Trump's March 1, 2018, announcement that the administration would impose tariffs on steel and aluminum imports. As a candidate, Trump criticized trade deals and reaped the political benefits. Now, he appears willing to act on his promises, whatever risks they might pose to the global economy. Indeed, practically any deal with Egypt could well be held hostage to haggling over adjustments to existing agreements such as NAFTA.

Given the many factors militating against a U.S.-Egypt trade deal, as outlined here, the United States should instead urge Egypt to invest more in the QIZs. One possible concession to Cairo, as discussed earlier, could involve reducing the proportion of Israeli inputs, a longtime Egyptian demand. Yet in floating such a compromise, U.S. officials must make clear that Egypt needs to be a realistic, pragmatic, and constructive QIZ partner to Israel. Indeed, enhanced economic cooperation will not happen without increased social contacts between the respective private sectors. A precedent exists for such enhanced ties, which flourished briefly after the 2004 Egypt-Israel QIZ deal.

The Human Component in Egypt-Israel Business Relations

For Washington, the primary motivation behind the QIZ program was to foster greater Egypt-Israel cooperation and expand the bilateral relationship beyond the security sphere. More than thirteen years later, however, this goal has not been realized because within Egypt, Israel is still viewed as a threat, both to national security and to the internal stability of the Egyptian state.

This widely held negative perception of Israel within Egypt deters further cooperation in many spheres. Cultural exchanges, for example, are minimal. Here, the Egyptian attitude is starkly reflected in the punitive approach to playwright Ali Salam, who was banned from future travel to Israel after he published a book documenting his visit there. Academic cooperation is likewise minimal: while Israel has an academic center in Cairo, Egypt has not established one in Tel Aviv. Moreover, the Israeli academic center is monitored heavily by the authorities, discouraging Egyptians from visiting it. By the same token, although Israeli tourism to Egypt is continuing, Egyptian tourism to Israel has remained scant, and the Egyptian security services scrutinize Egyptians who visit their northern neighbor.

Given the earlier-explained unlikelihood of a U.S.-Egypt FTA, Egypt will have to be realistic and pragmatic regarding its economic relationship with Israel. Increasing economic cooperation will not happen without enhanced social contacts between the respective private sectors, with such contacts having proved very effective on the vanguard of the 2004 QIZ arrangement, predating even government action. For the bilateral economic relationship to improve, Egypt must further recognize that Israeli investors need more than a proverbial thumbs-up to do more business with Egypt. They will need to see measurably warmer relations.

Remaining Obstacles and Steps for Washington

In seeking to facilitate such warmer Egypt-Israel relations, in the business realm and outside it, U.S. officials should seek to help the parties overcome four broad obstacles:

1. **CONTINUED ANTI-ISRAEL RHETORIC BY THE EGYPTIAN GOVERNMENT**. The most obvious recent example took place this past Ramadan, in spring 2017. Television viewing is always at its yearly peak during the long holy month. In a TV show sponsored directly by the Egyptian intelligence services, Jews and Israelis were portrayed very negatively—as spies, thieves, killers, and socially immoral individuals. Such rhetoric connects to a broader hurdle: the continued preaching by many Egyptian clerics that Jews are traitors who cannot be trusted because they are "killers of the prophets."[43] Since coming to power, President Sisi has shown a high awareness of the role of religious discourse in shaping people's views and the extent of its negative consequences within Egyptian society. During a meeting with religious scholars in January 2015, Sisi said, "There is no way a religion can confront the whole world because the problem is not the religion, but the thoughts, and this requires a big role from Al-Azhar and endowment scholars."[44] Given such an opening from the Egyptian leader, the United States should stress to Egyptian officials the need to provide incentives for religious educators to preach tolerance when it comes to Jews and religious minority groups still living in the country, such as Coptic Christians, who remain burdened by clerical attacks against them.

2. **EGYPTIANS' INABILITY TO TRAVEL TO ISRAEL WITHOUT A PERMIT FROM NATIONAL SECURITY AUTHORITIES**.[45] Israel is one of sixteen countries to hold this distinction in Egypt, with others being Qatar, Sudan, and Turkey. As noted earlier, Egyptians do not travel to Israel except in three cases: when serving as diplomats at the embassy in Tel Aviv, going on Christian pilgrimage, and working as journalists, just a handful of whom are trusted by the security apparatus. The bureaucratic process itself prevents many people from even considering the option. Thus, the government should consider allowing tourism to Israel without permission from the country's intelligence and security apparatus. If tours to Israel became possible, a constituency within Egyptian society would undoubtedly emerge to engage in them. Although the numbers would be small, this would mark the start of enhanced cultural understanding. Stereotypes would thus fade, and the deep-rooted hatred within Egypt for Israel and Jews could diminish.

3. **INADEQUATE COOPERATION IN THE EDUCATION SECTOR**. Interestingly, Egypt has Hebrew departments at thirteen universities across the country,[46] but the few thousand students who graduate from these programs yearly cannot travel to Israel, given the policies against such travel. One step toward removing this barrier would be for Egypt to mimic Israel by creating an academic center in Tel Aviv, as Egyptian officials promised to do many years ago. This could be coupled with semester-long student-exchange programs between select prominent Israeli universities and their Egyptian counterparts.

4. **LIMITED ECONOMIC COOPERATION AND ONLY PARTIAL FULFILLMENT OF QIZS' POTENTIAL.** Expanding such cooperation, as elaborated throughout this piece, would go a long way toward improving Egypt-Israel relations. In the past few years, Egypt's economy has struggled, and water security poses a particular challenge

for the future. Considering Israel's tremendous experience with water technology, cooperating on this front could be very beneficial for Egypt over the long term. However, since the peace treaty, few Egyptian businesspeople have been allowed to partake in business dealings with Israel and only under scrutiny from the national security establishment.[47] Easing these restrictions would help promote better Egypt-Israel relations.

Israel and Egypt already cooperate tacitly in many areas, such as on security in Gaza and Sinai and economically through the QIZs. An opening up of the relationship, though, through the measures suggested here could enhance the Egyptian economy as well as regional security. The Trump administration should thus stress the importance of working toward full normalization, nearly four decades after the signing of the Egypt-Israel peace treaty.

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