

Economic Relations between Israel and the Middle East

Hod Ben Zvi
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Jerusalem, Israel—The Jerusalem Peace and Security Forum gathered at the Manufacturers Association of Israel on September 2, 2015 for a discussion on “The Economic Relations between Israel and the Middle East: Challenges and Opportunities.”

Prof. Eliezer Glaubach, president of the forum, spoke about the potential of economic relations between Israel and its Arab neighbors, as well as the challenges to finding a way to cooperate, while recognizing the differences between Israel and other countries in the region.

Mr. Dan Catarivas, director of the Foreign Trade & International Relations Division at the Manufacturers Association of Israel, the representative body of all industrial sectors in the country, shared his experience working in the area of economic integration. He has more than 30 years of experience serving as deputy director general of the Ministry of Finance as well as in various positions in the Ministry of Industry and Trade.

Mr. Catarivas said that he learned, over the years, about the limitations of economic initiatives in building peace. They can foster political and diplomatic relations; but economic initiatives alone cannot create peace. Mr. Catarivas was involved in the peace talks between Israel and its neighboring countries in the early 1990s. He described the efforts made by Israel to establish economic ties with its neighbors, which was written in a book about economic initiatives that could promote peace in the Middle East. One of the projects offered in this book is a "peace highway" that would connect Israel with neighboring countries.

These ideas, however, proved a failure. The Arab representatives saw the Israeli initiatives not as a call for joining together with other countries in the region, but as an act of Israel to take over their territories and economy.

Mr. Catarivas presented graphs and diagrams, showing the differences in living standards as well as in GNP (gross national product) between Israel and other countries in the region, to explain that economic cooperation between Israel and its neighbors would not just be in the economic interest of Israel. On the other hand, the graphs show that when political or diplomatic relations are established in order to encourage economic cooperation, both sides experience a growth in wealth; it's a win-win situation for the Arab countries as well as for Israel. The QIZ (Qualifying Industrial Zones), for example, were established as free trade zones in Jordan and Egypt by these countries in collaboration with the U.S. and Israel. Goods produced in the QIZ can directly access U.S. markets without tariff or quota restrictions. To qualify, the goods must contain a small portion of Israeli input.

In light of these examples, Mr. Catarivas shared his advice for European countries: find a way to encourage the purchase of products that are a result of Israeli-Palestinian cooperation, rather than boycott products that were made in Israel or in the settlements.

A discussion followed Mr. Catarivas' presentation.

Amb. Zvi Mazel, former Ambassador of Israel to Egypt and head of the Egyptian and North African department of Israel's Foreign Ministry argued that economic cooperation between Israel and Arab nations is difficult because their views on how to develop their economies are different. In response to Mr. Mazel's argument, Dr. Galia Pres-Bar Natan, an expert on regional and security cooperation, said that

when a country has a true economic interest, it can bring it forward to the country with which it is interested in establishing an economic relationship. She gave an example of former Egyptian president Mohamed Morsi agreeing to an economic project with Israel once he realized it was helpful for his country. She recommends countries in the region identify and invest in projects that have a true economic benefit.

Mr. Pinhas Inbari, a veteran correspondent who has reported on Arab affairs, said that most economic initiatives between Israelis and Palestinians were blocked by the Palestinian authorities. Existing projects are often “under the radar” for fear they could be stopped by the Palestinian Authority.

Participants:

Prof. Eliezer Glaubach, president, Jerusalem Peace and Security Forum

Mr. Dan Catarivas, director, Foreign Trade & International Relations Division, Manufacturers Association of Israel

Amb. Zvi Mazel, former Ambassador of Israel to Egypt; head of the Egyptian and North African department at the Israel’s Foreign Ministry; he is also a senior researcher at the Jerusalem Center for Public Affairs

Dr. Galia Pres-Bar Natan, senior professor, Hebrew University, Department of International Relations; she specializes in the theory of regional cooperation and security cooperation

Mr. Pinhas Inbari, a veteran correspondent who has reported on Arab affairs; he is a senior analyst at the Jerusalem Center for Public Affairs

Ms. Einav Yogev, researcher, Institute for National Security Studies; he is an expert in the de-legitimization campaign against Israel

Mr. Daniel Sherman, organizational advisor

Dr. Arie Geronik, Open University, Department of Political Science and International Relations

Dr. Nurit Hirschfeld, secretary general, UPF-Israel

Mrs. Haruko Morita, journalist

Mrs. Adi Sasaki, director, Jerusalem Peace and Security Forum