

Israel-Egypt Relations in Light of Security-Related Incidents in the Sinai Peninsula

Political-Security Simulation

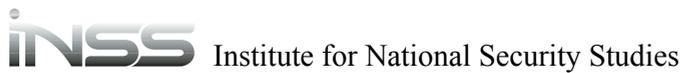


Gabi Siboni, Editor | September 2012

This report is published within the framework of the
Military and Strategic Affairs Program at INSS

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יחסי ישראל מצרים
על רקע אירועים בטחוניים בסיני
סימולציה מדינית ביטחונית

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Printing: Elinir

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September 2012

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Executive Summary

General

On May 16, 2012, the Institute for National Security Studies (INSS) held a political-security simulation at INSS designed to formulate ideas about relations between Israel and Egypt, against the background of a security-related incident in the Sinai Peninsula. The incident involved disclosure of a site in the Sinai Peninsula, constructed with Iranian financing and assistance, for manufacture and assembly of long range missiles and rockets and surface-to-sea missiles. These weapons were intended for use against Israel, either via direct fire from the Sinai area or, following their transfer to Hamas and Islamic Jihad, via fire from the Gaza Strip. Several teams participated in the simulation in a number of roles, including: an Israeli political and security group, an Egyptian group, Hamas, the United States, and the Multinational Force and Observers stationed in Sinai. The simulation, which opened with a scenario involving a security threat emanating from Sinai, was designed to test Israel's relations with Egypt in light of security breaches in the peninsula.

Main Insights

It was evident that although the situation in Sinai is highly problematic, there are many restraining factors. Most elements (with the exception of the jihadist organizations in the Gaza Strip) are in fact not interested in substantive escalation. Furthermore, there are effective tools available to prevent serious episodes and to manage escalations.

The Egyptians are hard pressed to provide a suitable response to the complex situation in Sinai. Israel, the United States, and Egypt all seek to change the military appendix to the Israel-Egypt peace treaty, but it is necessary to consider how such a change can be effective. Opening or updating the agreement is a more complex process than one might assume; Egyptian expectations differ from Israel's, and the difference is liable to lead to a crisis that should be avoided.

Restoring Egyptian sovereignty to the Sinai Peninsula would not be achieved only by the addition of tanks and combat troops, but would entail a much more significant change. A new brand of politics and national symbols would arouse responses across the political spectrum, both on the Israeli and the Egyptian sides.

The Egyptian government's transition stage is characterized by extreme instability, a situation liable to last a long time. Egyptian public opinion, which can wield extreme influence, is fanatical when it comes to maintaining sovereignty. Given this, the Egyptian president is likely to use the "Israeli issue," both vis-à-vis the Supreme Military Council, and in case the revolution gets "stuck" and it becomes necessary to appease the masses. Power struggles in Egypt are not limited to isolated groups but encompass several elements, and therefore the repercussions would be powerful.

Financial motivation is integrally related to the Bedouin factor. Presumably the Bedouins would be happy to take money from any source. Therefore, it is suggested that the possibility of creating a financial arrangement for the Bedouins that would help maintain calm in the region be investigated, and that covert ways be pursued to arrive at an agreement with the Bedouins and acquire peace and quiet with money.

Recommendations

- The United States is demanding that Israel examine and adopt strategies with broad perspectives about the situation in the region, and in so doing display restraint and take risks. This demand can be leveraged to create a three-way program (Israel-United States-Egypt) to tackle the situation in Sinai.
- The problem of control over Sinai and the Bedouins in Sinai is a significant challenge for the Egyptians. It is necessary to launch a joint move with the United States to formulate a comprehensive plan of action, and during this process, Israel should make every effort to avoid challenging and embarrassing the Egyptians.
- The central motivating factor for the Sinai Bedouins is money (though at times ideological motives may also be discerned). Therefore the extent to which financial leverage can be applied to buy peace and quiet with money, and thereby help maintain calm in the region, should be investigated.

- Israel must be prepared to deal with situations in which the Egyptians will insist on latching onto secondary issues, especially if there is evident damage to Egyptian sovereignty and honor, in order to steer attention away from the main problem, i.e., the lack of security and loss of control in Sinai, and the attempt to abdicate responsibility for what is happening there.
- It is essential that Israel strengthen defensive capabilities in general and active defenses in particular. In incidents of the kind described in this simulation, these capabilities afford Israel's political echelon with flexibility and help prevent undesirable ramifications, such as damage to Israeli-Egyptian relations and the peace treaty.
- Israel's willingness to agree to Egypt's demand to open the sections of the military appendix of the peace treaty for discussion might generate new validity for the peace treaty, thereby preserving peaceful relations and strengthening the new Egyptian government's commitment and responsibility to uphold the treaty.
- Iran sees Sinai as an access route to Hamas as well as an arena from which to stage attacks against Israel and damage Israeli-Egyptian relations. Cooperation with the United States and the relevant forces in Egypt is recommended in order to stop this process.
- Currently Hamas is on the one hand interested in maintaining the calm in the Gaza Strip, and on the other hand is also interested in operating an alternate front against Israel from Sinai. The use of political and, when necessary, operational leverage is recommended, to create a link between the arenas and prevent this differentiation.
- The multinational force in Sinai should be maintained, notwithstanding the difficulties and the force's main concern of defending itself. The multinational force is in Israel's best interest and confers many advantages on Israel, i.e., maintaining the peace treaty and preventing undesirable escalation in relations with Egypt.

1. Introduction

On May 16, 2012, the Institute for National Security Studies (INSS) held a political-security simulation at INSS designed to formulate ideas about relations between Israel and Egypt, against the background of a security-related incident in the Sinai Peninsula. To conduct the simulation, several groups were set up to represent the relevant parties:

- **Israel – political team:** Yehuda Ben Meir (INSS), Haim Ramon, Ehud Ya'ari, Shimon Shamir, Baruch Spiegel
- **Israel – security team**
- **Egypt:** Yoram Meital (group leader), Mira Tzoref, David Tzur
- **Hamas:** Yoram Schweitzer (group leader), Yohanan Tzoref, Meir Litvak, Einav Yogev
- **United States:** Oded Eran (group leader), Zvi Rafiah
- **Multinational Force in the Sinai Peninsula:** Haim Yifrah
- **Simulation Management:** Gabi Siboni (leader), Shlomo Brom, Udi Dekel

The simulation was played on the basis of an opening scenario (see below) and slated for occurrence on October 6, 2012, after the election of an Egyptian president. The groups had to undertake a decision making process of several stages that included: situation assessment, strategic rationale, alternatives, and decisions. During the simulation, group representatives met at the direction of the administration.

2. Opening Scenario

The opening scenario is based on credible intelligence coming from the intelligence community and submitted to the political echelon. At the outset, this information is not available to all the players.

2.1 Intelligence Information

A site deep in the Sinai Peninsula used to manufacture and assemble missiles, rockets, and other weapons, and perhaps also used as a training site, is identified. The facility was constructed with Iranian financing and assistance and is meant to help Hamas and Palestinian Islamic Jihad (PIJ) elements, first in the Sinai and the Gaza Strip and later in the West Bank as well. In addition, the site is apparently designed to serve as a base for attacks in Egypt inspired by Iran.

- Current intelligence indicates that in recent months Iran secretly constructed an infrastructure for the manufacturing of arms for terrorists somewhere deep in the Sinai Desert. The main activity is assembly of explosive devices, surface-to-surface missiles, surface-to-surface rockets, and surface-to-sea missiles of the C704 family, arriving in parts from Iran. In addition, the site has already moved to allow the manufacture of these weapons. At this point there is no information about arms, or quantities of arms, being shipped to the Gaza Strip. The main intended recipient of these arms is Hamas in the Gaza Strip, but some will also make their way to PIJ. In the future, some of the arms are intended for Hamas elements in the West Bank.
- According to additional information under examination, the site also has an infrastructure designated for training of relatively advanced hostile terrorist acts related to planting bombs and undertaking various other modes of terrorism. According to the information, several experts from Iran live at the site. It is likewise possible that the site is secured by members of the Iranian Revolutionary Guards.
- The information available indicates that Iran has deliberately taken advantage of recent months, before the election of a new Egyptian president and while the Egyptian intelligence community is focused on the riots and unrest related to the presidential election, in order to build the infrastructure quickly and covertly. To do so the Iranians used

proven measures and experts who took part in the construction of a large infrastructure Iran built in recent years in Sudan.

- The presence of some Egyptian civilians on the site and some additional information needing verification indicate that Iran's interest is also in using this infrastructure to train terrorists and prepare materials for Egyptian opposition elements for use against the elected president and against continuation of the military's de facto control of Egypt even after the elections. The additional information also points to use of this infrastructure for similar training and equipment preparation, for Bedouin attacks in Sinai and against other Egyptian targets, Israelis, and tourist attractions. The purpose is to undermine Egyptian governability of Sinai further, especially regarding effective control by the Egyptian military and the intelligence agencies.
- The infrastructure is located in a sandy, non-inhabited location, some 10 km north of Abu Durba (see map in the appendix).
- As far as is known, on site are numerous Iranian training personnel, several dozen Bedouins from Sinai, and possibly also Egyptian civilians not from Sinai, as well as Hamas and PIJ members from the Gaza Strip (who moved there without Egypt's knowledge).
- Over time, materials have been moved to the site in two ways: by sea, in ships used for smuggling leaving Sudan and sailing toward the Sinai coast and from there overland to the site, and by land to Egypt, through the country, and from there by the short sea route to the Sinai coast.
- The arms manufactured and assembled at the site are meant to serve terrorists in various types of attack:
 - Damaging Israeli maritime trade, both in the Mediterranean (by attacking from the Gaza Strip) and in the Gulf of Aqaba (by attacking from Sinai);
 - Penetrating deep into Israeli territory with massive launches of long range rockets and missiles;
 - Manufacturing explosive devices to use in attacks perpetrated inside Israel and IEDs for use in the Gaza Strip during IDF incursions.
- The political angle:
 - In the past, Iran denied involvement in similar activity in Sudan and Egypt, and lately it has exploited the forthcoming election of a new president in Egypt to promote a certain improvement in relations.

Egypt, under new leadership, has changed its attitude and is partially responding to Iranian overtures.

- Iran has deliberated as to whether to grant Hamas precedence at this site because of the recent deterioration in relations between the organization and Iran, as Hamas is not fully compliant with Iran's demands. Nonetheless, concern about foregoing a close relationship with Hamas, given Iran's massive arms assistance to PIJ elements in the last year, has tipped the balance in favor of granting primacy to Hamas at the new facility, even if, as noted, PIJ elements in the Gaza Strip end up receiving some of the materiel made at the southern Sinai site.
- Senior Egyptian spokespeople, led by the president-elect and the head of the army, have made many statements warning Israel about violating Egyptian sovereignty or taking any military or security action that would violate the military appendix to the peace treaty, in light of the increasing number of border incidents coming from Sinai. In Israel, statements are being made to the effect that sooner or later Egypt will have to intervene militarily in Sinai.
- Subterfuge and cover story: It may be that some of the subterfuge and cover story for the site and the activity there involves smuggling and drug cultivation in the area. According to the information, most of the Bedouins active at the site have been or are still involved in drug dealing. Drug activity has also served as a smokescreen vis-à-vis the multinational force, which has stopped patrolling the site, in part because of threats to harm personnel should they come close.

3. Situation Assessment: Main Points

3.1 Israel

The Israeli government has been expanded and is maintaining stability. The economy is stable. Talks between the international powers and Iran continue. In light of this, an Israeli attack against Iran is not expected before the end of the summer, and it may very well be that it is not expected before the presidential elections in the United States in November 2012. The peace treaty with Egypt is formally observed. There is a worsening of the Egyptian rhetoric about Israel (both by the government and the president-elect), including the demand to reopen the discussion about the military agreement, and especially the limitations imposed on the Egyptian military presence in Sinai.

Contact between the Israeli security establishment and Egyptian intelligence continues, though a certain chill in relations is noticeable. Egyptian intelligence personnel make it clear that they are operating under political constraints that did not exist in the past. The fourth Iron Dome system has become operational. The IDF plans on deploying a fifth system by October 2012 and a sixth system in early 2013.

3.2 Egypt

The civilian uprising was and still is overwhelmingly focused on intra-Egyptian issues. The toppling of Mubarak created a new dynamic – an unprecedented politicization of the Egyptian public discourse. People talk about civil rights, social justice, and questions of religion and state. In this context, the most important struggle taking place centers on the formulation of the new constitution, which will settle these issues and formally define the division of authority among the governing authorities, especially the balance of power between the legislative (parliament) and the executive (government and president) branches of government.

The uprising created several loci of authority. The Supreme Military Council functions as the supreme governing authority. Following the parliamentary and presidential elections, the military's authorities are to be transferred to the elected civil leadership in accordance with the new constitution. The assumption is that the military will continue to play a central role in formulating Egyptian policies, especially in national security. The new constitution will likely create a new balance of power between the

presidential and legislative branches and reduce the president's authority. Another locus of power is the parliament, 70 percent of which is composed of Muslim Brotherhood and Salafist representatives. Most of the centers of authority support a continuation of Egypt's current foreign, security, and economic policies. Nonetheless, the Muslim Brotherhood and Salafist parties are calling for changes in the peace treaty with Israel.

The new reality has transformed Sinai into an especially sensitive area, threatening to draw the sides into a serious crisis. A concrete demonstration of this was manifested by the chain reaction after the terrorist attack near Eilat (August 18, 2011). Concern about future Israeli-Egyptian relations led to a comprehensive international effort that ended the crisis, but the elements that caused it are still in place. This places restrictions on Israel's scope for maneuver with regard to the Gaza Strip. A military campaign such as Operation Cast Lead is liable to worsen relations and cause fatal damage to the peace treaty. This reality may deter Israel, but nonetheless there are positive aspects as well. The new Egypt may fulfill a critical role in looking for another way out of a confrontation between Israel and Hamas.

3.3 Hamas

Since Hamas took control of the Gaza Strip, it has established its control and authority as sovereign and is de facto recognized as such, both by Israel and the international community, which see it as the party responsible for what happens in the Strip and especially what comes out of it, including terrorist activity. During this period, Hamas has taken full control of all government ministries and the local government in the Gaza Strip, as well as of many civil authorities. The volume of smuggling from Sinai amounts to \$500 million annually and has become an important part of the Gaza economy. Cash flows through the tunnels and by means of bank transfers to banks in the Gulf states and European nations.

Since it decided to participate in Palestinian parliamentary life, and especially since Operation Cast Lead, Hamas has been forced, relatively speaking, to rein in its terrorist activities. Other limitations on its activities exist in light of its commitment to the reconciliation agreement with the Palestinian Authority in advance of mutually agreed-upon elections. The Hamas leadership is faced with a dilemma: how to respond to Israel's punitive measures in the Gaza Strip against terrorists, such as the round of shooting that took place recently between Israel and local organizations,

including Islamic Jihad, the Resistance Committees, and various rogue outfits. Despite Hamas' at times restrained position, it is clear that the organization continues to act against Israel in various ways, which include preparations for abducting soldiers and plans for direct terrorist attacks, at times using cells of rogue organizations.

Like the other organizations operating from Gaza and Sinai, Hamas is aware of Israel's dilemmas about acting on Egyptian sovereign soil. Some of these organizations are actually interested in an Israeli-Egyptian escalation and are willing to effect it even at the cost of renewed fighting in the Gaza Strip, an interest that does not seem to be shared by Hamas for now. Therefore, Hamas' policy confronts it with complex challenges regarding the activity taking place in Sinai, with its assorted advantages and disadvantages that reflect different intra-organizational interests.

3.4 The United States

Relations between Egypt and the United States have been severely undermined following the fall of Mubarak's regime and the weakening of the military. The United States views the Israeli-Egyptian peace treaty as one of its most important foreign policy achievements and a cornerstone of American efforts to promote the peace process. The activity in Sinai – representing an Egyptian evasion of its commitments according to the peace treaty with Israel or a challenge to its validity – is liable to generate a harsh response in Congress, to the point of reducing aid to Egypt. Considering the Republicans' majority in the House of Representatives and the close balance in the Senate, the administration will seek to avoid making Egyptian-American relations – because of the worsening Egyptian-Israeli relations – an issue in the race for the White House.

Egypt's relations with the United States impact on America's conduct vis-à-vis other Middle East issues. A worsening of relations with the new regime in Cairo is liable to make it more difficult for the United States to confront the Iranian and Syrian issues, and of course the Palestinian issue. The administration is investing much effort into keeping relations with the new Egyptian regime from deteriorating, while handling statements by senior Islamic representatives about relations with Israel and its conduct on the Palestinian issue with kid gloves.

The administration is carefully maneuvering between two poles and contradictory aims. On the one hand, the administration would like to maintain

the delicate relationship with the new Egyptian, Muslim Brotherhood-based regime to the extent possible; on the other hand, it is trying to show enough sensitivity to human rights violations and possible attempts by the new regime to ignore commitments in treaties Egypt signed, especially the peace treaty with Israel, so as not to expose itself to condemnation in Congress and the presidential election campaign.

3.5 The Multinational Force and Observers

The Multinational Force and Observers (MFO) in Sinai consists of three battalions deployed in Zone C. The force includes a group of professional observers supervising the fulfillment of the articles of the peace treaty on the limitation of forces in Sinai and Zone D, in Israeli territory. The supervision is effected by means of ground patrols and overhead flights by helicopters and light transport planes. Since the revolution in Egypt, the MFO's freedom of action has been greatly reduced:

- Bedouin cells controlling the axes prevent the MFO from moving freely in order to conduct patrols, monitor, and reinforce troops.
- Recently, Bedouin groups have besieged the HQ of the force at al-Gora, demanding the release of prisoners from Bedouin tribes who are being held in Egyptian jails in exchange for lifting the siege.
- The MFO's ability to talk with and have an impact on the Bedouin tribes has been greatly damaged for two reasons: the leadership's loss of influence over the younger generation of Bedouins, and the weakness of the official Egyptian forces in controlling Sinai.
- Patrols by the MFO in the area require the accompaniment of Egyptian forces or the central security forces (in Area C), damaging the effectiveness of the supervisory mission.
- The force is also subject to limitations in the air. The Egyptians seem to be preventing aerial routes for patrolling areas where the patrols are liable to embarrass them. There is a concrete threat against the MFO's helicopters and planes, because of surface-to-air missiles that have fallen into recent of Bedouins and radical groups.
- In recent years, Israel allowed Egypt to place seven regiments in Sinai so that Egypt could fulfill its responsibilities there. The Egyptians chose not to fully utilize the force and it seems that they prefer persuasion vis-à-vis the Bedouins rather than direct confrontations with them.

4. Events in the Course of the Simulation

4.1 Events of Stage I

As the simulation begins, reports of the following events were received:

- **The intention to launch a rocket towards Eilat:** A launch vehicle for a Fajr-5 type rocket with a 75 km range and 200 kg warhead is in transit. The cell in the vehicle, including Bedouins, intends to launch the rocket from the depth of Sinai, aiming it at the city's beachfront hotels during the evening hours. Assessment: The planned attack is the initiative of Hamas' military faction, which does not coordinate plans with the political wing of the organization.
- **Israeli agents apprehended in Sinai:** This morning (October 6, 2012), a public official in Egypt publicly announced the apprehension of a network of Israeli agents in Sinai. Among the network members is an Israeli citizen who, according to the Egyptians, ran the network.
- **The downing of an MFO helicopter:** This morning (October 6, 2012), an American MFO helicopter force crashed, killing three flight crew members and two additional American officers. The information indicates the helicopter was downed by a shoulder-launched missile fired from the facility under discussion.

4.2 Events of Stage II

As the second stage of the simulation begins (evening), reports of the following are received:

- **Fire on Eilat:** A Bedouin launch cell, which has decided not to heed Hamas HQ to abort the mission, has fired on Eilat. The rocket hits the outskirts of the hotel area, with eight dead and five wounded, including one foreign worker.
 - **Pressure in the Egyptian parliament:** The head of the Muslim Brotherhood in parliament declares that Egypt will not stand for Israeli or foreign intervention on its sovereign soil.
 - **Israeli military alert along the border:** The Egyptians note a significant increase in Israeli aerial and ground activity along its border with Israel.
 - **Uncoordinated Egyptian military action in Sinai:** Egyptian military forces, including commando units, infantry, and the armored

corps, engage in activity in the area of Jabel Halal, deep in the Sinai desert. According to the sources, the forces will give the Egyptians the means necessary to secure the area and will serve as a concrete manifestation of full Egyptian sovereignty in the Sinai Peninsula.

5. Discussion and Insights

After the simulation ended, there was a round of summaries and internal debriefings within the groups, followed by a concluding discussion. What follows are summaries of the principal insights.

5.1 Israel

The Israeli strategy included several components: continuing to play by the rules vis-à-vis the Egyptians and not cause the peace treaty to collapse, while at the same time preventing a situation in which Sinai becomes a lawless expanse, an intolerable situation in the long term. In the preliminary situation assessment, Israel had two alternatives:

- Engaging in a low signature operation, without identification; this alternative was ultimately not selected.
- Presenting the material to the Egyptians, and working with the United States to urge the Egyptians to act.

Once the cell that was on its way to Eilat was identified, the group's attention was diverted to this issue while working with the United States and Egypt to present all that was known in order to stop the Hamas attack. At the same time, it was decided that with compelling intelligence, the Israeli government would instruct the IDF to attack the cell, on the understanding that a large, multi-casualty attack would be worse than the cost of eliminating the cell in the Sinai Peninsula. After the attack on Eilat and as a result of the Egyptian forces entering Sinai without coordination, several issues arose:

- Regarding the cell: the decision was to attack the cell even after the launch for the following reasons:
 - Exacting a price for an attack on Israeli civilians.
 - Sending an active message to Egypt, warning it against the creation of a situation in which there is no response to an attack, even at the cost of a (diplomatic) confrontation with Egypt.
 - Taking Israeli public opinion into account.
 - Understanding that the cost with regard to the United States would be minimal.
- The entry of Egyptian forces: The feeling was that this was a dangerous precedent, even though the scope of the force was relatively small.

- Israel's preference for acting to lower tensions after the counterattack in Sinai, even though it didn't admit responsibility for it.
- Stressing goodwill in the context of changing the military appendix to the peace treaty, while at the same time publicly protesting the flagrant violation of the peace treaty.
- Clarifying to the Egyptians that the apparatus for change requires discussions and does not entail unilateral moves.
- Israel acted against the recommendation of the military echelon, which advised not to open the peace treaty until Egypt acted to Israel's satisfaction. An initial examination of the question by the group showed that this doesn't necessarily contradict Israeli interests.
- In addition, a situation that in 1979 may have been viewed as problematic (such as allowing tanks) is not necessarily considered dangerous today.

Regarding the arms manufacturing facility: The Israeli group decided that the facility must be destroyed or, alternately, its operation must cease immediately, whether by diplomatic action or by use of force. It was further decided that before carrying out any action, Israel would inform the United States that it was not willing to tolerate the existence of the facility.

5.2 Egypt

The Egyptian objective throughout the simulation was to exploit the crisis to strengthen Egypt's presence in Sinai, especially as an inroad to open and change the peace treaty, particularly the military appendix. To this end, the group examined two main alternatives:

- One: changing the peace treaty, not in the sense of abrogating it but in the sense of presenting the Israeli side with a concrete dilemma:
 - Does the Israeli side want to accept the change in the context of Section 4 of the peace treaty?
 - Is Israel willing to engage in dialogue and arrive at an agreement over new security arrangements?
- Two: working towards a unilateral Egyptian move while initiating a transfer of the crisis from Zone A to Zone B by inserting commando and armored forces as an opening gambit for negotiations.
- The discussions in the group revealed that Egyptian conduct is very sensitive to the identity of the elected president, and the simulation might have proceeded very differently with different conduct. In light

of this, the Egyptian group operated within the rules and did not threaten to break the peace treaty.

Until the stabilization of the situation in Egypt, any dialogue with the United States and Israel would likely include several different interlocutors with different priorities. An attempt was made to have the Americans engage in dialogue with numerous different parties within Egypt. The assessment by the Egyptian group was that the change in Egypt has not been fully absorbed by the American side. As for Israel, even when it became clear that Israel operated in Sinai, the Egyptian group chose to show restraint and leverage the incident to attain their central goal regarding control of Sinai. According to the Egyptian interest, governability of Sinai means a significant military presence in the peninsula. The group assessed that an Islamic president in Egypt would have escalated the incident and acted unilaterally to deploy a significantly greater number of troops in Sinai in order to create the illusion of a threat to Israel, which in such a case is seen as an enemy rather than a rival.

5.3 Hamas

The simulation began with Hamas in distress: A weapons manufacturing facility was discovered; a cell in Sinai, on its way to delivering weapons to be used in an attack on Eilat, was discovered; and shortly after the start of the simulation, the commanding officer of the facility reported that an American helicopter had been downed by a missile. The objective was first and foremost to maintain strategic relations with Egypt and not allow relations to deteriorate as a result of these crises. Therefore, the instructions were to lower the profile as much as possible and exploit the opportunity to defame Israel and exacerbate Israeli-Egyptian tensions, while at the same time downplaying the crisis developing with Egypt.

In the second part of the simulation, Hamas was given a window of opportunity, when it was possible to assume that Israel would attack Gaza after the shooting at Eilat. The situation assessment was that Israel would not attack in Egypt but rather in the Gaza Strip, and therefore messages were transmitted to Egypt such that were there to be an attack in Gaza, Hamas should be able to turn to Egypt for help and mend the crisis. In addition, it was decided that in the event of an attack on Gaza, Hamas would respond and thereby rehabilitate its image in local public opinion, given its abstention from firing in the previous round, but act in a way that would preclude a

grand escalation. To Hamas' surprise, Israel chose not to attack but to attack the launch cell in Sinai and thereby confront the Egyptians, an action that served Hamas' interest to spark friction between Israel and Egypt.

Primary insights:

- The fact that Hamas did not suffer a blow at Israel's hand or even serious Egyptian rage reveals weaknesses on both sides (Israel and Egypt) and strengthens the organization for similar confrontations in the future. Therefore, in the view of Hamas, it profited from the incident and Israel, having attacked in Sinai, finds itself on the losing side.
- In light of the Israeli response, which was almost instinctive, to eliminate the cell that launched the attack, it is worth examining if taking out the cell was worth the cost Israel had to pay vis-à-vis a new, hostile Egypt, and if this would play into the hands of the terrorist organizations in Gaza and Sinai, which are liable to set strategic traps for Israel in the future. This question should be considered against the option of showing restraint over the incident and not attacking the launch cell.

5.4 The United States

American policy was to try to contain the effects of the incident and prevent it from shattering Israeli-Egyptian relations, mostly because the American administration is still highly interested in maintaining stability and the peace treaty. In light of this, the United States took the initiative to bring the sides together for a meeting in Washington. Still, when the missile was fired at Eilat, the Americans refrained from telling Egypt that the United States would protect it against Israeli aggression.

The dialogue of the American administration with the new regime in Cairo is broader than what was reflected in the simulation, but this disparity was not evident because it was irrelevant in the current context. Below are some additional insights:

- Although the simulation was conducted during Obama's term in office, the group's assessment is that a Romney administration or any other administration would have acted similarly and reached similar conclusions.
- From the American perspective, there is a deep-seated Israeli interest in opening the agreement because in the long run the current situation does not serve Israel.

- The current crisis strengthened the policy of “walking on eggshells” in the context of Israeli-Egyptian relations.

5.5 The Multinational Force and Observers

The simulation reflected reality fairly well. The MFO does not have much say over events in Sinai. Lately its main concern has been to protect itself. The force does not allow itself to be dragged into the question of changing the peace treaty. Its mandate is not to judge what was agreed upon but only to supervise its implementation; it has no way to interpret the agreements. The presence of the MFO in Sinai is critical, as evidenced by the fact that without the force the incidents in Sinai may not have come to light in the relevant time frame.

In this context the question arose whether in a new security regime the MFO in Sinai would still have a function. The answer is that the presence of the force is absolutely crucial and a supreme interest of the United States. Therefore, it would be a major error for Israel and the United States not to insist on leaving the force in Sinai. Nevertheless, certain adjustments are also an Israeli and American interest.

6. Assessments and Recommendations

It was clear that although the situation in Sinai is highly problematic there are many restraining factors, as most of the parties involved (except for the jihadists in the Gaza Strip) are not interested in real escalation. Thus, there are effective tools to prevent dangerous incidents or to manage situations that risk escalation.

Israel, the United States, and Egypt all seek changes in the military appendix to the peace treaty, but there is no correlation between the size of Egyptian military units deployed and governability in Sinai. In addition, there is no way for Egypt to deal effectively with the Bedouin industry, estimated at about \$500 million. The situation in Sinai will likely worsen, while Egypt's interest in preventing this is not evident. In any case, the Egyptian army did not fully deploy the authorized number of troops, and therefore it is unclear how allowing additional troops to enter would change the situation in practice. It may be that the closeness between Hamas and Egypt might bring some kind of control into the area.

As for the Egyptian group in the simulation, the question arose if this performance reflected current or anticipated reality, in light of the fact that presently Egypt has no government. There is no one in charge of Egypt and no one in charge of Sinai. It may be that chaos will continue also after the elections. By contrast, in the simulation, the Egyptian group played in an organized, deliberate, and sequential fashion. It may have been possible to represent Egyptian chaos better in the simulation. Regarding governability in Sinai, the claim was made that because of the chaos, Egypt doesn't want to take responsibility, certainly not of Sinai. Thus it is unclear if this is how Egypt will behave after the elections or whether the situation in Sinai will interest the country very much.

The current situation is not good for Israel. Along the border there are Egyptian security forces of low quality, which Israel would like to see replaced with troops of higher quality. Over the years, Egypt wanted to bring in troops and wanted Israel to be opposed. It is important not to speak of opening the agreement but of amending it, an easier formulation for both sides.

As for changes in the military appendix: One opinion was that Israel should not rush to change the peace treaty because various Egyptian elements

relate to it in different ways and there is no unanimity of opinion about it, even in Egypt. Israel should not initiate changes but should wait for developments, rather than create irreversible changes.

Opening or amending the treaty is a more complex process than one would think. The expectations in Egypt differ from those in Israel. Restoring Egyptian sovereignty is not a matter of the addition of some tanks or combat troops, but a much more significant transformation. Changing national politics and symbols arouses reactions in the entire political spectrum, both on the Israeli and the Egyptian sides.

The Egyptian government's transition stage is characterized by extreme instability, a situation liable to last a long time. Egyptian public opinion, which can wield extreme influence, is fanatical when it comes to maintaining sovereignty. "The Mubarak era is over and we understand the concept of sovereignty and the integrity of Egypt differently." Given this, the Egyptian president is likely to use the "Israeli issue," both vis-à-vis the Supreme Military Council and in case the revolution gets "stuck" and it becomes necessary to appease the masses. Power struggles in Egypt are not limited to isolated elements but encompass several elements, and therefore the repercussions would be powerful. It is at precisely such a time that there may be an opportunity to take action and change the equation.

Financial motivation is integrally related to the Bedouin factor. Presumably the Bedouins would be happy to take money from any source. Therefore, it is suggested that the possibility of creating a financial arrangement for the Bedouins that would help maintain calm in the region be investigated, and that covert ways be pursued to arrive at an agreement with the Bedouins and acquire peace and quiet with money.

The multinational force is ineffective in a scenario of the kind depicted by the simulation and refrains from implementing its mandate in terms of preventing terrorism from Sinai directed at Israel and preventing smuggling and entry of weapons, prohibited by the military appendix to the peace treaty. The MFO is hostage to the Bedouins in Sinai, who use the force's declaration of activity and challenge it as leverage to achieve concessions and compensations from the Egyptian authorities. Nonetheless, even if its main concern is defending itself, the MFO presence in Sinai confers many advantages on Israel by maintaining the peace treaty and preventing undesirable escalation in relations with Egypt.

6.1 Recommendations

- The United States is demanding that Israel examine and adopt strategies with broad perspectives about the situation in the region, and in so doing display restraint and take risks. This demand can be leveraged to create a three-way program (Israel-United States-Egypt) to tackle the situation in Sinai.
- The problem of control over Sinai and the Bedouins in Sinai is a significant challenge for the Egyptians. It is necessary to launch a joint move with the United States to formulate a comprehensive plan of action, and during this process, Israel should make every effort to avoid challenging and embarrassing the Egyptians.
- The central motivating factor for the Sinai Bedouins is money (though at times ideological motives may also be discerned). Therefore the extent to which financial leverage can be applied to buy peace and quiet with money, and thereby help maintain calm in the region, should be investigated.
- Israel must be prepared to deal with situations in which the Egyptians will insist on latching onto secondary issues, especially if there is evident damage to Egyptian sovereignty and honor, in order to steer attention away from the main problem, i.e., the lack of security and loss of control in Sinai, and the attempt to abdicate responsibility for what is happening there.
- It is essential that Israel strengthen defensive capabilities in general and active defenses in particular. In incidents of the kind described in this simulation, these capabilities afford Israel's political echelon with flexibility and help prevent undesirable ramifications, such as damage to Israeli-Egyptian relations and the peace treaty.
- Israel's willingness to agree to Egypt's demand to open the sections of the military appendix of the peace treaty for discussion might generate new validity for the peace treaty, thereby preserving peaceful relations and strengthening the new Egyptian government's commitment and responsibility to uphold the treaty.
- Iran sees Sinai as an access route to Hamas as well as an arena from which to stage attacks against Israel and damage Israeli-Egyptian relations. Cooperation with the United States and the relevant forces in Egypt is recommended in order to stop this process.

- Currently Hamas is on the one hand interested in maintaining the calm in the Gaza Strip, and on the other hand is also interested in operating an alternate front against Israel from Sinai. The use of political and, when necessary, operational leverage is recommended, to create a link between the arenas and prevent this differentiation.
- The multinational force in Sinai should be maintained, notwithstanding the difficulties and the force's main concern of defending itself. The multinational force is in Israel's best interest and confers many advantages on Israel, i.e., maintaining the peace treaty and preventing undesirable escalation in relations with Egypt.

7. Conclusion

The simulation provided a platform for examining insights into one of Israel's most urgent security issues, with the potential to embroil it in a conflict with Egypt. The Sinai Peninsula has become an uncontrolled, lawless expanse. The insights generated by the simulation can provide Israel's decision makers with a framework to consider the various aspects of the problem, identify central tensions between various security and political objectives of the State of Israel, and formulate an appropriate strategy for this complex situation.

8. Appendix: Map of the Sinai Peninsula, indicating facility location



Source: The Multinational Force & Observers (MFO) web site, <http://www.mfo.org/sinaimap.php>.

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