Make Good Neighbors

Across the Middle East, Arab nations—including Saudi Arabia—are doing business with Israeli-owned tech companies. There's a reason only one side is talking about it

By Jonathan Ferziger and Peter Waldman

Over the course of 30 years working in Israeli intelligence, Shmuel Bar immersed himself in the hermeneutics of terrorism. Using techniques of literary analysis more familiar to Koranic scholars and Bible critics, he came to recognize the distinctive language and religious phrases that suicide bombers used in their farewell videos. "Victory is with the patient" appeared frequently in the martyrdom declarations of Hamas recruits. Al-Qaeda adherents favored the call "God, count them, kill them, and don't leave any of them."

Bar, a tousle-haired 62-year-old with a wry sensibility, emerged from government service in 2003 amid the proliferation of global terrorism, and in the rising sense of doom he saw a business opportunity. He founded a company called IntuView, a miner of data in the deep, dark web—a sort of Israeli version of Palantir, the Silicon Valley security contractor. Tapping engineering talent in Israel's startup hub of Herzliya, he adapted his analyst's ear for language to custom algorithms capable of sifting through unending streams of social media messages for terrorist threats. He sold his services to police, border, and intelligence agencies across Europe and the U.S.

Then, two years ago, an e-mail arrived out of the blue. Someone from the upper echelons of power in Saudi Arabia, Bar says, invited him to discuss a potential project via Skype. The Saudis had heard about his technology and wanted his help identifying potential terrorists. There was one catch: Bar would have to set up a pass-through company overseas to hide IntuView's Israeli identity. Not a problem, he said, and he went to work ferreting out Saudi jihadis with a software program called IntuScan, which can process 4 million Facebook and Twitter posts a day. Later, the job expanded to include public-opinion research on the Saudi royal family.


Bar

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"It's not as if I went looking for this," Bar says, still bemused by the unexpected turn in a life spent confronting Israel's enemies. "They came to me."

Bar says he meets freely these days with Saudis and other Gulf Arabs at overseas conferences and private events. Trade and collaboration in technology and intelligence are flourishing between Israel and a host of Arab states, even if the people and companies involved rarely talk about it publicly. When a London think tank recently disinvited Bar from speaking on a panel, explaining that a senior Saudi official was also coming and it wasn't possible to have them appear together, Bar told the organizers that he and the Saudi gentleman had in fact been planning to have lunch together at a Moroccan restaurant nearby before walking over to the event together. "They were out-Saudi-ing the Saudis," he says.

Peace hasn't come to the Middle East. This isn't beating swords into plowshares but a logical coalescence of interests based on shared fears: of an Iranian bomb, jihadi terror, popular insurgency, and an American retreat from the region. IntuView has Israeli export licenses and the full support of its government to help any country facing threats from Iran and militant Islamic groups. "If it's a country which is not hostile to Israel that we can help, we'll do it," Bar says. Only Syria, Lebanon, Iran, and Iraq are off-limits.

The Saudis and other oil-rich Arab states are only too happy to pay for the help. "The Arab boycott?" Bar says. "It doesn't exist."

Cybersecurity is particularly ripe for collaboration. In 2012, when hackers breached the computer system of Saudi Aramco, the national oil company, Israeli businesses were called to help unlock the jam, and "some are involved in an ongoing basis" through offshore companies, says Erel Margalit, a venture capitalist and member of the Israeli parliament. Expect more of this, said Rudy Giuliani, in a late January interview in Israel, where he met with Prime Minister Benjamin Netanyahu on behalf of President Donald Trump. "I see it as well beyond [cyber] in terms of areas of cooperation," added the former New York City mayor, who's advising Trump on cyber matters.

Saudi officials declined to speak on the record about possible ties to Israel. Questions e-mailed to the kingdom's interior ministry and its embassy in Washington for this article were unanswered. A source in Riyadh, insisting on anonymity, e-mailed a statement denying any trade links between Israel and Saudi Arabia. "In regard to defense systems technology, Saudi Arabia has never dealt with Israel in this field or any other field," the statement said. "Israel is not among the countries that have commercial relations with the Kingdom."

The Arab embargo of Israel, nominally in force since the Jewish state's founding in 1948, necessitates that all business between Israel and most Arab states remain strictly off the books, cloaked by intermediaries in other countries. But the volume and range of Israeli activity in at least six Gulf countries is getting hard to hide. One Israeli entrepreneur set up companies in Europe and the U.S. that installed more than $6 billion in security infrastructure for the United Arab Emirates, using Israeli engineers. The same companies then pitched Saudi Arabia to manage overcrowding in Mecca. Other Israeli businesses are working in the Gulf, through front companies, on desalination, infrastructure protection, cybersecurity, and intelligence gathering.

"All the big ones are active and some of the small ones," says Shabtai Shavit, who ran the Mossad from 1989 to 1996 and is chairman of the Israeli security firm Athena GS3. Shavit won't offer details on who's doing what. "You don't saw off the branch you're sitting on," he says.

Discretion is particularly prized when it comes to weapons sales. At the New Hampshire plant of Elbit Systems of America, a subsidiary of Elbit Systems, Israel's largest private defense contractor, there was a procedure when customers visited from Kuwait, Qatar, or Saudi Arabia, workers say. Managers purged the building of Elbit signs, Israeli maps, and Hebrew writing. Employee nameplates were removed temporarily, "if you had an obvious Jewish name," says Richard Wolfe, who worked at the facility for 15 years, through 2013, designing lenses for the various optical systems the plant produces. Some components were also scrubbed of Israeli markings, another former worker says. Elbit Systems of America said in a statement that it isn't company policy to conceal the Elbit name or other associations with Israel.

Elbit's sales to Saudi Arabia attracted some attention two years ago when one of its New Hampshire technicians, an American named Chris Cramer, mysteriously died while servicing missile systems in the kingdom. According to a travelogue Cramer posted on Facebook, he was sent to help the Saudi army with a series of live-fire demonstrations of Elbit's newly upgraded targeting system for TOW missiles. Cramer had worked for Elbit for 12 years and helped build the system. He was found dead beneath his third-story hotel room in the military city of Tabuk one day before he was due to come home. Saudi police called the death a suicide, which Cramer's family rejected.

In a statement issued in Israel, Elbit did not specify what Cramer had been doing in Saudi Arabia. It said only that he was working on an "American product" with no Israeli technology.

In speeches, Netanyahu likes to quip that the three reasons Arabs are interested in Israel these days are "technology, technology, and technology." That interest doesn't translate into open business relationships for one reason above all others: the Israeli-Palestinian problem. Cooperation in the Gulf cannot become truly lucrative until "the lightbulb goes off in Netanyahu's head" and he signs a peace treaty, says Riad al Khouri, a director at political risk adviser GeoEconomica, based in Amman, Jordan. "The Palestinians are still the gatekeepers." And the conflict could quickly get worse. Trump said during his campaign, and reiterated after his inauguration, that he intends to move the U.S. Embassy from Tel Aviv to Jerusalem. His nominee for ambassador to Israel, his bankruptcy lawyer, David Friedman, has said he intends to work from Jerusalem, calling it "Israel's eternal capital." The Palestinian Fatah party has stated such a move would "open the gates of hell." Since Trump took office, Netanyahu's government has also announced it will build an additional 5,500 housing units in settlements in the occupied West Bank.

The Saudis say they'll make peace with Israel after Israel makes peace with the Palestinians. The offer was reiterated in 2016 by two retired senior Saudi officials in rare public appearances alongside Israeli counterparts in Washington and Jerusalem. Salman al-Ansari, a former banker and media executive who runs a new Saudi advocacy group in Washington, sent an even stronger signal in October. In an article for the *Hill*, he wrote that Saudi Arabia and Israel should form a "collaborative alliance," rooted in open business ties, to assert their rightful place as the "twin pillars of regional stability." Arab critics skewered al-Ansari for not mentioning the Palestinians in the article. He says the omission was intentional, reflecting his wish to change the old narrative of conditioning everything on Palestinian statehood. Even without formal diplomatic ties, he says, the Saudi-Israeli relationship can blossom under the "pragmatic and forward-thinking" Deputy Crown Prince Mohammed bin Salman.

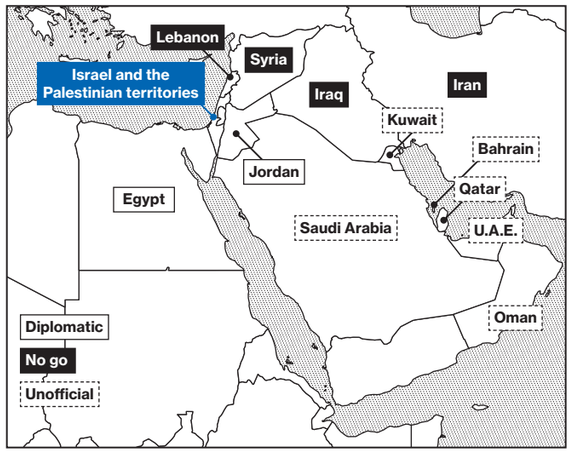
That openness could change quickly if Trump and Netanyahu provoke another Palestinian intifada. Still, these feelers "show how Saudi Arabia is changing," says Dennis Ross, who conducted Arab-Israeli diplomacy for three U.S. presidents. "You'd never have seen something like that before. These are clearly straws in the wind."

On the ground, Netanyahu's frontman for regional cooperation is Ayoob Kara, a 61-year-old Arab-Israeli parliamentarian who recently became a full cabinet minister. A member of the Druze sect and a hard-liner on Palestinian peacemaking, Kara shares the Likud Party dream—or some might say fantasy—of normalizing relations with Arab states while retaining large swaths of the West Bank.

On a day last November, Kara stood on the veranda of a Jordanian mineral spa overlooking the Dead Sea and swept his left arm southward toward the Gulf of Aqaba, where Israel, Jordan, and Saudi Arabia converge. Israel and Jordan are developing plans for the desolate area where Moses led the Israelites while wandering the desert for 40 years, and Kara insists Saudi Arabia will eventually be involved. "They want our technology, they want our expertise, and they really want to get the Palestinian headache out of the way," he says.

Plans start with the biggest public works collaboration ever proposed among Israel, Jordan, and the Palestinians. Dubbed the Red Sea-Dead Sea Conveyance Project, it's a $10 billion pipeline and desalination venture, backed in part by the World Bank, that will siphon water from the Red Sea to the Dead Sea, 1,400 feet below sea level. The project, whose construction is scheduled to start in 2018, will produce drinking water and electricity for Jordan, Israel, and the Palestinians. Waste brine will then flow into the Dead Sea, a vast mineral sink that's been shrinking for years. The project could ease water conflicts in the hydrological crossroads where Israel, Jordan, the West Bank, and parts of Saudi Arabia, Lebanon, and Syria

Israel's Regional Ties



PHOTOGRAPHS BY YAAKOV ISRAEL FOR BLOOMBERG BUSINESSWEEK

all rely on the same handful of rivers and aquifers.

Kara has more immediate concerns, too, as he gazes across the water at the West Bank and Israel. Invited here to address the Swedish-funded EcoPeace Middle East conference on regional water sharing, Kara also arranged to meet a Jordanian counterpart to discuss a possible trade route from Europe and Turkey through the Israeli port city of Haifa, to Jordan, Saudi Arabia, and the Gulf. Since the outbreak of the Syrian civil war, Haifa has become a transshipment hub for Turkish goods that used to travel by road to the Gulf through eastern Turkey and Syria. Today about 20 Turkish trucks a week arrive by rusty freighter on the Haifa docks, where Israeli officials X-ray and process them in a drive-through warehouse and send them on their way across the Galilee to Jordan. For a time, customs agents at the Jordanian-Saudi border waved them through. But passage to Saudi Arabia ended abruptly two years ago, when a competitor in Riyadh ratted out several truckloads of Turkish tomatoes that had arrived, via Haifa, in Saudi markets, according to a Haifa freight broker.

Kara is working with Gulf diplomats, through partners high up in Jordan's government, to attempt to reopen the Israeli-Saudi route to the wider Arabian Peninsula, a move that would quintuple Turkish truck traffic overnight, the freight broker says. "Very soon things will be out in the open, and you'll see Netanyahu landing in one of these countries," Kara says. His Jordanian go-between agrees: "Times have changed," he says. "They're all looking at ways to connect with Israel."

"I connect with people in Arabic, but I don't give up on Israel's needs"

Netanyahu also uses other aides for high-level Arab contacts, including his personal attorney, Yitzhak Molcho, and former Ambassador to the United Nations Dore Gold. Off and on since the Oslo Accords in the early 1990s, Israel has operated trade offices in Qatar and Oman, and about a year ago it received approval to station a diplomat in the U.A.E.'s capital emirate, Abu Dhabi, as its representative to the International Renewable Energy Agency. The office has the capacity to function as an embassy for Israel's expanding ties in the Gulf.

Kara's role is unique. The only Arab in Netanyahu's cabinet, he meets regularly with Arab diplomats and businessmen in Cairo, Casablanca, Geneva, and New York. The Druze sect, which numbers about 140,000 in Israel and an additional 850,000 in Lebanon, Syria, and Jordan, formed a millennium ago. Druze have survived in tightknit farming clans in mountain villages by paying allegiance to whatever political authority is in control.

Two of Kara's uncles were killed by Arabs for cooperating with Jews before Israeli statehood. He was injured in an Israeli army tank while fighting in the 1982 Lebanon War and discharged as an officer after two of his brothers were killed. He practiced law in northern Israel for 15 years, won a Knesset seat in 1999, and broke into the Likud Party leadership in 2006. To celebrate Israel's 58th Independence Day that year, he threw a party for Netanyahu and hired kosher butchers to slaughter 58 sheep for the occasion. Netanyahu feasted with 7,000 Druze townspeople in front of the Kara home, in Daliyat al-Karmel.

"I feel like a Jew, but I'm not a Jew," Kara says, sitting with his college-age daughter, Ameera, on the stone portico by his front door. "I connect with people in Arabic, but I don't give up on Israel's needs." He whips out a cell phone to show a photo of a guy lighting a fat Cuban cigar for him in a New York hotel suite. The older bald man, who's wearing suspenders and holding the lighter, is a member of the royal family of Qatar, Kara says, and one of his go-to go-betweens.

He also says there's Gulf interest in a second Red Sea pipeline, an existing one built 50 years ago in partnership with the shah of Iran when the two countries maintained secret alliances. The state-owned Eilat-Ashkelon Pipeline Co. operates the 160-mile conduit to pump oil from tankers in the Red Sea port of Eilat to the Mediterranean city of Ashkelon. It bypasses the Suez Canal and can cut shipping costs to Europe and North America. When the shah was overthrown in 1979, Israel took sole ownership of the project. A Swiss appeals court last year awarded Iran $1.1 billion in lost revenue, a sum Israel refuses to pay its sworn enemy. Kara says the prospect of using the pipeline keeps coming up in his discussions with Saudis.

Kara (in blue) at home with friends and relatives

For now, "everything has to be under the radar," says Shavit, the former Mossad chief. That's how Mati Kochavi blazed Israel's trail into the Gulf with a $6 billion security business in the United Arab Emirates. An Israeli serial entrepreneur who lives part time in the U.S., Kochavi, 54, founded several high-tech security companies after the Sept. 11 terrorist attacks. One, called 4D Security Solutions of South Plainfield, N.J., built the perimeter monitoring systems at New York's airports.

Kochavi shopped his companies' services to the leaders of the U.A.E. and Abu Dhabi. He didn't hide that he and most of his companies' technology and many of their employees came from Israel. Not a concern, he was assured, as long as the contractors weren't domiciled in Israel. In fact, Israel's security prowess was seen as an advantage in a country facing similar threats but lacking sophisticated defenses, former Kochavi employees say. "There weren't even fences when we started," says one former Israeli intelligence officer, describing the emirate's 3 million-barrel-a-day oil infrastructure. "A camel could have walked up to the production facilities and drank the oil." Kochavi, through his spokesman, Moshe Debby, declined to comment.

Kochavi sold the U.A.E. on what became the most comprehensive integrated security system in the world at the time. From 2007 through 2015, a Kochavi company called AGT International, based in Zurich, installed thousands of cameras, sensors, and license-plate readers along the U.A.E.'s 620-mile international border and throughout Abu Dhabi. AGT's artificial intelligence platform, code-named Wisdom, analyzed images and data from the devices. Nominally, Kochavi managed the operation out of the U.S. and Switzerland. The real brainpower, however, resided in Israel, at a separate Kochavi company called Logic Industries.

Twice a week at the height of the project, a chartered Boeing 737, painted all white, took off from Tel Aviv's Ben Gurion International Airport, touched down briefly in Cyprus or Jordan for political cover, and landed about three hours later in Abu Dhabi with dozens of Israeli engineers onboard, many of them out of the intelligence services. They lived and ate together—never in restaurants—carried location transmitters and panic buttons at all times, and disguised their nationality and Hebrew names as best they could. They called Israel "C country"; Kochavi was known as "MK."

Most Arabs who worked with AGT saw through the Swiss veneer, which caused occasional tension but didn't stop the formation of some close friendships. The charade got a bit absurd at times, such as when U.A.E. intelligence officials would wryly address the Israelis by pseudonyms from the TV series *Lost*, such as "Boone" and "Sawyer."

The Israeli technology demonstrated its value in December 2014, when a woman stabbed an American schoolteacher to death in the restroom of an Abu Dhabi mall. She then drove to the home of an Egyptian-American doctor and planted a bomb, which was later defused. AGT's network, processing video and still images captured at the scenes, identified the suspect within a day. She was convicted and executed seven months later. Government spokesmen in Abu Dhabi didn't respond to e-mailed questions about AGT's work in the U.A.E. An embassy spokesman in Washington declined to comment.

In 2014, as the U.A.E. project was winding down, AGT and 4D teamed up on a crowd-management system with Mobily, a Saudi-based cellular provider, for a place so sacred that non-Muslims can't even set foot there: Mecca. With more than 3 million people flooding the city for the annual five-day hajj pilgrimage, Saudi Arabia's Ministry of Hajj solicited bids for controlling access to the area. Although the Saudis ration hajj permits, they don't turn away pilgrims who make it into the holy city. So the flow of pilgrims has to be controlled long before their buses reach Western Saudi Arabia from throughout the Middle East and North Africa. But how?

4D engineers in New Jersey designed a system requiring every credentialed pilgrim to wear an electronic bracelet that would register his or her presence on hajj buses. The buses would use Mobily's cellular system to notify a central computer how many travelers were on each bus—both with bracelets and without. A red light could flash on the outside of buses carrying unpermitted passengers, alerting police to pull them over long before they reached Mecca. Or automated gates might turn them back at electronic checkpoints. Saudi officials could also deploy 4D's design like an air traffic control system, sequencing bus arrivals to minimize congestion.

The Kochavi companies and Mobily demonstrated a prototype of their system at the Hajj Ministry in Jeddah. The minister at the time, Bandar al-Hajjar, participated in the test with several aides, each donning 4D bracelets on a bus in the parking lot. At one point a computer screen showed there were more bracelets than passengers on the bus, a potentially embarrassing error. But al-Hajjar smiled and pulled a second wristband out of his pocket. "He was testing us," says a former Kochavi employee.

The AGT-4D system earned the ministry's top score of three prototypes presented. Yet they didn't get the job. Several months later, some engineers at Saudi Arabia's King Fahd University of Petroleum and Minerals published an almost identical idea in an academic journal. At last year's hajj, the Saudis required pilgrims to wear bracelets for the first time. The police announced they turned back almost 200,000 people without permits. A Hajj Ministry spokesman didn't respond to e-mailed questions.

"Mobily has submitted a bid for the mentioned contract with an American company, but we did not win," wrote Mobily spokesman Mohammed Al Belwe, in response to e-mailed questions. "Claiming that this is a cooperation between Mobily and an Israeli company is totally misleading and incorrect.... Our policy will not allow such teaming-up."

A former senior engineer in Kochavi's operation says he and his team believed their idea was stolen. Still, he marvels that the test happened at all. "What always surprises me is how much money and technology and equipment flows between mortal enemies on the political stage," he says. But Islam's holiest site appears to be, at least for now, a leap too far. B