The Day After:
Yair Lapid's Vision for a Peaceful Middle East

February 25, 2025
Featuring Yair Lapid and Mark Dubowitz

DUBOWITZ: Hi there, everybody. My name is Mark Dubowitz. I'm the CEO of the Foundation for the Defense of Democracies. Thank you so much for joining us today.

I'm really honored to have Yair Lapid here. I think he needs no introduction, but I will give him one anyway. Former Israeli Prime Minister, former Foreign Minister. He's chairperson of the Yesh Atid Party, and he is current Leader of the Opposition in the Israeli Knesset. He, as Minister of Foreign Affairs, was really instrumental in founding the first Negev Summit with the participation of the UAE [United Arab Emirates], Bahrain, Morocco, Egypt and the United States. He inaugurated Israel's embassies in Abu Dhabi and in Bahrain, and a mission in Rabat in Morocco. And he has been included in *Time Magazine's* list of the 100 Most Influential People in the World, *Foreign Policy Magazine's* 100 Leading Global Thinkers.

And before entering politics, he was truly a Renaissance man. He was a best-selling author, journalist, TV presenter, playwright, actor, and musician. So, like me, you're probably feeling pretty bad about yourself right now.

(LAUGHTER)

So, before we begin our conversation, Mr. Lapid is going to deliver a new proposal for the future of Gaza as part of a strategic vision for a much more peaceful and prosperous Middle East. Clearly, Israel's regional landscape is changing rapidly and significantly, and we all see Hamas playing its barbaric games in its negotiations, and with the conditions of the cease-fire and the hostage release. So, discussions about the day after in Gaza are on this – very decisive and very important.

Quickly, before I hand over the podium to Mr. Lapid, I just want to say a few things about FDD. For more than 20 years, we have been fiercely independent and nonpartisan. We are a research institute. We focus exclusively on national security and foreign policy, and as a point of pride and of principle, we don't take any foreign government money.

So, Mr. Lapid, it's an honor to have you at FDD. Thank you so much, and the floor is yours.

LAPID: Thank you.

(APPLAUSE)

Thank you. Good morning, everybody.

After nearly a year and a half of fighting, the world is surprised to find that Hamas still controls Gaza. According to IDF [Israel Defense Forces] data, Hamas has recruited large numbers of new fighters, most of them young, almost children. Hamas also controls the humanitarian aid across Gaza.

The reason is this: No one in the current Israeli government has presented a realistic alternative. For political reasons, for religious, sometimes messianic reasons, the Netanyahu government failed to take steps to create effective governance in Gaza that will push Hamas out. The government doesn't want the Palestinian Authority because the most extreme elements in it are those that make the decisions. They can't create a coalition with the Saudis and the Gulf states because those countries won't enter Gaza without the Palestinian Authority. They didn't offer any other solution. They abandoned the basic principle when going to war. You don't go to war if you don't know what your day-after policy is, if there isn't a clear end goal.

The use of force by Israel after October 7th was inevitable. I supported it. I still do. But the use of force is not the goal; it is a tool to change reality. We need to get to a point where Gaza stops being a security threat to Israel and where it also stops being a hotbed of poverty, extremism, and religious hatred.

At the same time, on our southern border, another scary problem is forming. The problem is looking no less serious to us. Egypt is in trouble. The Egyptian economy isn't managing to overcome an increasingly serious crisis. Egypt's population is growing nearly two percent a year. President Sisi needs to feed 120 million people. COVID and the war in Gaza destroyed the tourism industry, and terror is hurting the revenues from the Suez Canal. Egypt's external debt is more than $155 billion. Its ability to borrow money is fading away. If President Sisi can't subsidize pita bread for the poor in Egypt, if you can't pay the bill for the Egyptian military, his leadership is at risk.

That is very bad news for us all. Egypt is a key strategic partner and a reliable ally for almost 50 years: a strong, moderate, pragmatic Sunni state, a crucial player in the region. President Sisi is a stabilizing force in the Middle East and in Africa. He is a longtime fighter against religious fanaticism. The strengths, stability, and prosperity of Egypt is in everyone's interest.

The alternative could be catastrophic. Egypt could fall – could fall into – again into the hands of the Muslim Brotherhood or worse. That would create a domino effect. The entire Middle East will spiral into uncertainty. It happened before. It can happen again.

I want to suggest a solution that addresses both of these problems and let me summarize them. Problem number one: After October 7th, and the war, the world needs a new solution for the Gaza Strip; and problem number two, Israel cannot agree to Hamas remaining in power. The Palestinian Authority's not willing to, or able manage Gaza in the near future. Israeli occupation is neither desirable nor possible; a constant state of chaos is both a security threat and a humanitarian disaster. And the second basic problem, the Egyptian economy is on the brink of collapse, which threatens the stability of Egypt, the Middle East, and Africa. For an external debt, as I said, of $155 billion, does not allow Egypt to rebuild its economy and strengthen its military in the face of a domestic challenges and security threats. There is one solution for both these problems: the solution is, Egypt will take responsibility for the management of the Gaza Strip for eight years, with an option to extend to 15 years.

At the same time, its foreign external debt will be paid off by the international community and regional allies. Egypt will lead a peace force in partnership with the Gulf States and the international community for the management and rebuilding of Gaza. During that period, the conditions for self-governance in Gaza will be created, and the process of the total demilitarization of Gaza will be completed. Egypt will be the main player and oversee the rehabilitation which will further strengthen its economy.

This solution has historical basis. Egypt ruled Gaza for eight years from 1948 to 1956, and once again for a decade from 1957 to 1967. It was done with the support of the Arab League and with the understanding that this was a temporary solution or situation, and the Egyptians held a guardianship of the Gaza Strip on behalf of the Palestinians. They didn't occupy Gaza. They kept it for the Palestinians. That's what needs to happen again today.

It's worth noting, the proposal doesn't contradict the idea presented by President Trump, that the US and the international community will rebuild Gaza. Quite the opposite. It creates the conditions, the conditions for rebuilding Gaza.

Here is the organizing logic. Israel wants to hand over control of Gaza to an actor which isn't Hamas and has the ability to maintain security. Gaza cannot be rebuilt without a competent body overseeing the effort which can also work with Israel and the security side – on the security side.

Israel and Egypt have a deep and lasting strategic relationship supported by the United States. Egypt has an interest in the stability of Gaza, and the region as a whole. Egypt wants to remove the idea of a population transfer from Gaza to Egypt. Egypt has an economic incentive which strengthens the government and helps feed the people of Gaza.

So, we can take these two problems and combine them into one solution. Here's the model I suggest. The current ceasefire will be completed until the final stage with all the hostages released and Israel remaining on the perimeter. Egypt will take control of the Gaza Strip, through a UN Security Council resolution, including internal security and civilian affairs; the control will be framed as guardianship with the objective being to hand Gaza to the Palestinian Authority during the eight or 15 years following a process of reform and deradicalization with measurable benchmarks. The rehabilitation process will begin. Egypt will oversee its implementation.

Saudi – the Saudis and the Abraham Accords countries will be partners.

The United States will cooperate with Egypt with regards to investments in Gaza, known as the "Trump Plan."

Egypt will allow any Gazan who wishes to leave, and have a destination to go to, to do so in an organized manner.

Egypt will work to prevent arms smuggling into Gaza, destroy the tunnel and the remaining terror infrastructure in the Gaza Strip.

An Egyptian-Israeli-American security mechanism will be created to tackle immediate security threats.

The model doesn't rule out the return of the Palestinian Authority to Gaza, nor does it rule out that Egypt together with the Saudis and the Abraham Accords countries will look into a gradual integration of the Palestinian Authority in the management of Gaza. But that must be done in coordination with Israel, and the United States, and with a constant focus on Israel's security needs.

It is worth mentioning that the current government is already allowing the Palestinian Authority into the Rafah Crossing together with Egypt, but claiming that they are actually, quote/unquote, Palestinian officials who are not Hamas. There is another name for Palestinian officials who are not Hamas. It's the Palestinian Authority.

The demilitarization of Gaza is a basic condition for rehabilitating Gaza. The situation whereby a terrorist organization controls the territory and leaves it for others to manage the civilian affairs, like Hezbollah in Lebanon, is unacceptable.

That is the model. And it isn't perfect. There is no perfect solution, but it answers the three big questions the region is asking: who will manage Gaza? How do we ensure Gaza doesn't end hopes for normalization between Israel and the Saudis, and the creation of an Anti-Iran Coalition? And how do we ensure the stability of Egypt and its continued role as a security partner and strategic ally?

Thank you very much.

(GESTURES) I'm going there?

OK.

I got your attention, right, didn't I? Yes.

Saw that.

DUBOWITZ: So, we're going to have a chat, Fireside. Someone's going to light up...

LAPID: Something.

DUBOWITZ: ... set the stage on fire, to provide some ambiance. And then we're going to open it up to questions, including from the press.

So, Mr. Lapid, first of all, fascinating idea. Thank you for coming to FDD because we're a think tank, and what we do at think tanks, we're going to break it down.

LAPID: Good.

DUBOWITZ: And we're going to start with maybe some of the fundamental weaknesses of the idea. And I want to just throw out a few ideas that struck me when I was listening to you.

The first is, Egypt as a reliable security partner. Exhibit A, the Rafah Crossing. Weapons, money, fighters, being smuggled through that to Hamas in Gaza, with let's say at best case, Egypt turning a blind eye. Worst case, they were complicit in it and making a lot of money off it. So, Egypt is a security partner. I want you to address that.

Second, Egypt is a willing partner, capable of being incentivized with billions of dollars. And my understanding is after October 7th, MbZ [Mohammed bin Zayed Al Nahyan, UAE Deputy Prime Minister, Minister of Foreign Affairs] offered $40 billion to Sisi to take Palestinians.

And the third issue is deradicalization. I'm really worried that in this town, and I hope not in Israel, we throw around the sort of magic term, we're going to "deradicalize" the Palestinians. I have to say I'm deeply skeptical that a population that has been so radicalized that it puts the murder of Jewish children above the wellbeing of its own children, can be in any way an eight to 15 years or even 50 years, fundamentally changed.

So, could you address those three, what I see as weaknesses of the plan?

LAPID: Well to start with, opposite what you said about the Rafah passage, and there was a problem with the Rafah passage.

We are working with the Egyptians for 50 years now; one of the longest peace agreements on Earth. And it's been through all sorts of health. I don't know if there's a plural for health, but in the Middle East we do. Basically, even including the fact that for a short while, Muslim Brotherhood was controlling Egypt, the peace agreement we had with them lasted, and the kind of cooperation we had with them lasted.

A perfect example would be to me not the Rafah passage, which is a painful but a small matter, but the kind of joint effort we put together fighting ISIS in Sinai. Shows you when there is a mutual interest, and what I've described here is a mutual interest, we know how to work together very well.

This is – I mean it's the nature of the Egyptian government is – I mean it's run by a guy who's a general. He's the second general in a row. It comes from army, to civilian, and then moves on, and we know how to work with that.

So, from all the bad options we have – and again, as I've said, we are – what we need to do is to choose between bad options. You know, the definition of a dilemma: Dilemma is always between – either between good and good, or between bad and good – bad and bad. Between good and bad, there's no dilemma. Between bad dilemmas this is the best option. And the best, and partner – and we know how to – that we know how to work with.

This is something which is a much bigger scale than the Rafah passage. And also, with a much bigger incentive to Egypt's security and wellbeing.

Which leads me to the second part of what you have described as weaknesses. And I described to myself as the things you want to solve on the go.

A) This was – I mean I know the story of the forty billion dollars. This is – this was something that was – it didn't hold water at the time, and I don't think it does now. I think it was part of trying to understand or rediscuss the arena. Whatever it was after – as I said, the years of COVID and then the war, so it's two years COVID, a year and a half of war, Egypt's needs are way more dramatic than they were.

I don't want to – they're not desperate. This is a proud nation with a history. An old friend of mine told me once, an historian, that if you think about it, there are only four countries with real historic roots in the Middle East, which is Iran, Turkey, Israel, and Egypt: the biblical ones.

So basically, I think on top of this – of the money, they [Egypt] understand Gaza as a security threat to them too, as a destabilizing organ in their lives, they're listening to the ideas like, "let's move Palestinians into Egypt", and they have a lot of reason not to like it.

They're listening to ideas as – okay, maybe Hamas can stay, they don't want this to happen, so their incentive is not only money, but also creating a more peaceful solution to a problem that is also theirs. I have no idea what was the third problem.

DUBOWITZ: Third problem, which I think is the biggest problem, is de-radicalization, the sort of notion...

LAPID: Oh, okay.

DUBOWITZ: ... which – you know, it's going to become a slogan, that the magic bullet to all of this is, we will somehow deradicalize the Palestinian population. I mean with all due respect, how?

LAPID: It's a process. I was in the Emirates to discuss – or look, they – they showed me all the plans of – what ...

DUBOWITZ: No, no...

LAPID: ... you good?

DUBOWITZ: Yes, we're good.

LAPID: ...– of teaching tolerance. When you look at the Palestinians today, you're saying okay, we need three things for them, in order to be taken seriously as partners. We need to go to the incitement in the textbooks, because they're teaching their children that Jews are pigs and monkeys that needs to be killed.

We need them to show us what they're going to do about the corruption, because nobody in his right mind, especially not the Gulf countries who knows them so well, is going to put money into the black hole known as the corruption in the Palestinian Authority.

And I would say the third thing is, we need to find a way to enhance their ability to deal with security without jeopardizing ours, which always has been complicated since the Oslo Accords.

The problem is anything else is worse than that. You know what, let's cut to the chase. I saw your tweet...

(LAUGHTER)

DUBOWITZ: It turns out that – it's an interesting phenomenon, the best way to go viral in Washington is to admit you're wrong...

LAPID: That...

DUBOWITZ: ... so every week, I'm actually going to send out another tweet, where I say "I am wrong, badly wrong..."

LAPID: Yes.

DUBOWITZ: ... about something. And just pick up more and more followers.

LAPID: Yes. It's good habit for every married man.

(LAUGHTER)

LAPID: So, you said – I'm not quoting, but basically, you said I'm sorry for supporting the two-state solution for so long, because now we know the Palestinians for what they are, they want to kill Jews. Is this…?

DUBOWITZ: That's it.

LAPID: Okay. My answer to you on this one is this, so you are not supporting the two-state solution as you did before. Do you support annexation?

DUBOWITZ: I support annexation of Israeli towns on the Green Line and the Jordan Valley.

LAPID: This is in everyone's plan that's being...

DUBOWITZ: Correct.

LAPID: ...so – but you don't support us annexing Ramallah and Tulkarm and Jenin and all those places, so you know, Zones A and B, no? Okay.

Do you support what the Israeli government has been doing in the 17 years of Netanyahu, which is doing nothing? Saying, we know there's a problem, but we're not going to address this problem in no way.

DUBOWITZ: No, no, we need to address it.

LAPID: Okay...

DUBOWITZ: ... without a doubt. We need a concrete solution.

LAPID: So, we know what you're not for. I mean just judging from your tweet – because you have to understand, this is about Mark, all this...

(LAUGHTER)

DUBOWITZ: All of this is about Mark.

LAPID: Yes.

(LAUGHTER)

DUBOWITZ: Former Prime Minister, Foreign Minister…it's all a set up for me.

LAPID: So...

DUBOWITZ: ... just thank you FDD...

(LAUGHTER)

LAPID: ... what you are saying to me is that you're not for a two-state solution, and you're not for annexation and you're not for doing nothing. So, my question to you is, since you are a really smart guy and this is the FDD. You're a think tank. Any other ideas?

Is there something you think we should do? Because part of what I did right now is telling people yes, I know how many people are going to tell me this is the wrong idea. These are the exact same people who are telling me they have no clue what to do, so we need to go out there and do something and have – and be – I don't want us to use the word creating, but at least proactive about it.

DUBOWITZ: No, no, I – listen, I think what I like about this is that I think it's fully consistent with what President Trump said a few weeks ago.

LAPID: True.

DUBOWITZ: ... I mean I think President Trump, who you know is ridiculed and mocked and – you know, the usual smart people in this town have been part of the peace processing industry for many years, again ridicule the President, but I thought was the President did was genius, right? And I don't often say that...

LAPID: He…

DUBOWITZ: ... he shattered this paradigm that has kept us almost enslaved to a view that I think is no longer applicable, which is this idea that somehow – land for peace, if we just give the Palestinians land, they will give us peace, it's going to solve this conflict. And he shattered that paradigm.

And what I like about this, is that you've come in and said all right, you know, let's take President Trump's idea – President Trump tends to go to 11, all right, and then we want to – we need to always dial him down a 7 or 8 for a realistic plan. And you said all right, I like this paradigm shattering moment, here's my plan in order to kind of implement that vision.

LAPID: And...

DUBOWITZ: Is that fair? I mean is that...

LAPID: It is fair, and it is also a react- – I mean we've been dealing with this idea for quite a while. But the rock the boat politics of President Trump is helpful. Now, with the Palestinians, what we need to do eventually is separate from them. I don't want to marry the Palestinians; I want to divorce them. And in so many ways, what changed on October 7th is now the burden of proof is on them.

They have to – this is why I said measurable benchmarks; they have to prove to us that incitement is gone from the textbooks. They have to prove to us that they now know how to work with us on the security of the Israeli people because this is what we care about, because if you are handing candies when children are being burned alive, then you have to prove something to me, I don't have to prove anything to you anymore.

Don't come to me and tell me you're the victim of the conflict. But down the road, 10 years from now – and we are not talking about anything less than 10 years from now, the best solution for Israel is to separate from the Palestinians with the understanding it's not going to end the conflict. All the pipedreams of this is – I mean – [that] we're going to sign a piece of paper, and the conflict is going to be gone, is of course, idiotic or naïve or just, you know, wishful thinking.

But being able to separate from the Palestinians in a way that contributes to Israel's security is the right idea for our country. And messianic ideas about annexing Ramallah and convince everybody who lives there to convert to Judaism is not going to work.

So, yes, eventually – but I'm telling you, that not the next election – Bibi's going to say something else, but I'm telling you not the next election, not the one afterwards, in Israel is going to be about the Palestinian state or the two-state solution, it's going to be about our ability to maintain both our security, our democracy, and our economy.

DUBOWITZ: So let me ask a question about Sisi and this idea of retiring these $150 billion in external debt, which I completely agree with you, I mean I think that is the existential threat to the Egyptian state.

LAPID: (gestures) This is the biggest cup I saw in my life.

(LAUGHTER)

DUBOWITZ: It is, yeah.

LAPID: Sorry.

DUBOWITZ: It's actually – it's Mexican tequila...

LAPID: Oh!

DUBOWITZ: ... so, I hope you're enjoying it. What was I saying...

LAPID: Yes.

(LAUGHTER)

LAPID: So, Sisi...

DUBOWITZ: ... Sisi – 150 billion…

LAPID: ... you're agreeing with me which, I didn't want to...

DUBOWITZ: Yes, $150 billion in external debt – there's no doubt existential threat to the Egyptian state. I do think Sisi – you know, this – I get to trot out my Canadian French here, *après moi, le déluge*, right? *After me, the flood.*

I mean Sisi has played this game with us for so many years, which is – you don't like me, you got problems with me, you don't like my corruption, after me, is the Muslim Brotherhood, or worse, as you said.

And I think he's played that game most successfully, not even with the United States, but with the Saudis. Is it even conceivable the Saudis will let Sisi go down, or are they going to just continue paying Sisi regardless of this?

So, in other words, how does Sisi have an incentive to take guardianship, take this problem from hell, and actually have to rule over Gaza when he actually knows the Saudis will just continue to bail him out economically? Because the Saudis, beyond everyone else, does not want Sisi to go down and the Muslim Brotherhood to takeover.

LAPID: I – I'm not sure I'm completely in agreement with the way you have described their relationship. I think the Saudis have bailed him out more than once, but not every time, and I think that the problem is growing, and he understands this.

And I believe – I mean that the – what is happening now in Egypt – and again, it's sometimes very complicated to discuss this with the Egyptians because they are proud people, which I respect. And they have a lot to be proud of. It's an ancient culture that is even to be admired in some ways. And again, I – we like the idea that having that lasting peace with them.

Basically, it has never been worse. I mean this is – I mean the three years – I mean COVID plus the war has killed everything that they were working for. I mean he [President Sisi] was building new Cairo.

I remember when I went to meet him in his palace in Cairo – so they took me with the helicopter above new Cairo and these are ambitious – and the new Suez Canal – these are ambitious projects, so this is a government or a regime, you call it what you want, that was ambitious about the future of the country and now, they were sunk into this black hole of COVID and the war in Gaza and they need a way out.

And what we are offering here today, or what I offer here today, is a way out that is positive to them almost in every aspect, including the fact that they are rescuing the day for the Arab world, because the Arab world doesn't know what to do with Gaza. They understand the threat of Hamas. They are terrified for a new Arab Spring that might start there.

And – a friend of mine was a leader of one of the Gulf states, said to me once, "you know, the Arab world, you don't understand the Arab world." I said, "you know what, I've been listening to people who are telling me I don't understand the Arab world for so many years, why do I don't understand the Arab world, not right now?" He said, "because this is just leaders sitting in their palaces, waiting for the mob to invade and trying to postpone this moment as much as possible."

I don't think this is the case with Egypt, but I think the possibility is out there. And here we are offering a way to be proactive, a way to be accepted by parts of the international community are not very – their acceptance of Egypt is not great in the last few years. And we are offering a way to contribute even to what is known, quote, unquote, as the Palestinian cause, which I don't care about. But for them, the fact that they can be positive about this is important.

DUBOWITZ: OK. So, Mr. Lapid, let's move on to the security mechanism. Because it sounds – it's one of these hyphenated security mechanisms where it's Gulf-US-Egyptian and US. How do you envision this security mechanism working? I mean, what is the role of the IDF? Do you really see Egyptian troops taking on Hamas in Gaza? Do you really see the Gulf fighting in any respect? Or they're just going to do what they used to do, which is fund, not fight. And you know, President Trump has made clear no U.S. troops on the ground anywhere.

LAPID: Nobody's asking.

DUBOWITZ: Yeah.

LAPID: You know what, look at the mechanism we have now on our northern border [with] Lebanon. This is in no time, something was created there that has to do with the Lebanese army, the IDF, and the international community. I don't know how long it's going to last, but it was – it's a mechanism.

Now, we had in the past even better mechanisms with the Egyptians, and I think – and this, I mentioned this briefly, but on the bigger picture kind of discussion, we have to remind ourselves: without solving the Gaza problem, there's no way for us to create the regional coalition that we need opposite Iran.

So, the incentive there is on both issues. The Saudis, the Gulf countries, who are afraid of Iran, and they have a lot to be afraid of, who are trying to figure out still what are the intentions of the new American administration, and who knows that they know how to work with us. Just look at the two Iranian attacks on Israel and the kind of defense mechanism that was built in an instant. They all want something stabilizing to happen in Gaza and therefore they're going to be there to help this happen.

Now, as I said, the Egyptians has ruled Gaza before. They know how to do it. And in many ways, I'm all against the idea of Israel reoccupying Gaza. But anyway, I think the Egyptians has in many ways has been better than us. I mean, we are very good at fighting. We're not that good sometimes in just ruling.

So, the Egyptians were better than us in ruling Gaza and they know how to do it. And we will work with them. And for them an American support or even an American blessing is extremely important.

DUBOWITZ: So, I'm glad you raised Iran. I'm usually the first person in any conversation to raise Iran.

(LAUGHTER)

I'm glad you did first. Look, I'm of the view and again, you know, I'm going to have a weekly tweet saying I'm wrong about everything. But I'm the view that there will never be peace between Israelis and Palestinians as long as the Islamic Republic of Iran exists.

As long as Ali Khamenei and his successor see the Palestinian conflict as a central pillar of the Islamic revolution, and as long as they are absolutely committed as they are to flooding weapons, and money, and trained fighters into areas, into, whether it's Lebanon or whether it's Gaza, wherever it is, security vacuums that are being created that they can take over.

So, he [Khamenei] will obsessively try to undermine your plan. You know that. How do we counter that? How are the Egyptians going to counter this when weapons are flooded in to rebuild Hamas? When, you know, there's a clear obsession on the part of the Islamic Republic to not only destroy Israel, but to keep the Middle East on fire?

LAPID: Well, here's an interesting argument I had recently with a gentleman by the name – who goes by the name of Benjamin Netanyahu. Interestingly enough, it was the two of us in the room and the conversation was leaked before I left the room…

DUBOWITZ: To channel 14.

LAPID: Yeah. So, after the second – no, we started having this conversation after the first Iranian attack on Israel in April [2024] and then again in October [2024]. I said, and I think this answers your question better than what they were saying, that what we need to do is to go after the Iranian oil industry. I said, the problem we have, of course, we need – that sooner or later we will have to attack the nuclear facilities. But the nuclear facilities, and the regime that is operating the nuclear facility, is based on oil – an economy based on oil.

This oil is exported mostly to China and interestingly enough, is concentrated – the entire industry is concentrated on an island, I don't know the size of – I don't know which island do you have here which is the size of [inaudible]? I think.

DUBOWITZ: Prince Edward Island.

LAPID: Prince Edward Island. OK. We don't have islands, so I was missing the analogy.

Anyway, so I said we need to go after their economy because this will make the regime fall. And if the regime falls, the nuclear program falls. And we were going back and forth. By the way, it's unlike other discussions and arguments I have with him [Netanyahu]. This was a legit one.

And I think going after the nuclear facilities is inevitable, but there are complexities into it. And the easy way to do it is to attack their economy, to attack the oil fields and the oil industry. And of course, this answers part your question, because, I mean, in every situation, every policy problem you're facing, there is always, you know, there's motive, and there's capabilities, and then there's chance.

So, in terms of the motive, the motive is going to be the same. I mean, they want Jews to die, as Hamas and as Hezbollah. The capabilities is more up to us. And making sure that the chance is not there is totally up to us. That was the tragedy of October 7th. Because the mere motive of Hamas was known, the capabilities were not that amazing. They came with trucks with Toyota USV [*SUV*].

So, the chance was that Israel was not ready. Here, we know the motive of Israel. We know the motive. We can hurt the capabilities quite a bit and therefore prevent the chance of what you have described to happen again.

DUBOWITZ: OK. All right. So, I want to get to questions. So, we have a very interesting plan here. I mean, it's a plan that I think is, in some respects, puts meat on the bone of the idea that President Trump laid out: Doesn't require deporting two million Palestinians, brings in the Egyptians, incentivizes the Egyptians by retiring a massive debt, which is a, you know, an economic existential threat, really, to Sisi's rule.

Brings in the Saudis and Emiratis, and we haven't really talked about this, but I mean, the Saudis, I think, have done a pretty good job on deradicalization of not only their own population, but have really gone out across the Muslim world to reverse the damage that they initially caused.

LAPID: Yes. So did the Emirates. Even more so.

DUBOWITZ: And even more so. Yeah. I mean, I would argue the Emirates never really radicalized Muslims, so their process of deradicalization was more genuine. But the Saudis truly did. I mean, they spread Wahhabism around the world, mosques, madrasas, and really unfortunately turned many moderate Muslims into radicals, and then realized they created a Frankenstein monster and have been devoted now to reversing that, to their credit.

So, they certainly have an important role to play in deradicalization. And I think the security mechanism, I think your Lebanon example is a good example. I mean, the reason I think that example is a good example is because who's enforcing that? The IDF. And that's the most important enforcement mechanism out there.

LAPID: Maybe I should have said this before. The basic principle is Israel's security can be only in Israeli hands. I mean, we knew that before October 7th, but of course it's 10 times stronger within our psychic [psyche] now. We are not going to trust anybody. I mean, the Jewish state was formed so Jewish children will not sit in shelters anymore. And therefore, our security is going to be in our hands and our hands only.

DUBOWITZ: Okay, well said. All right, great. Let's open it up to questions. Michael?

ALKHATIB: Hello, Mr. Lapid. My name is Ahmed. Thanks so much for – with the Atlantic Council. Thanks so much for being here. And I'm actually from Gaza, where a lot of my family are still.

My question to you is, how do we overcome the entrenched Egyptian ethos that is both so interested in maintaining kind of a grip on Gaza as their chief foreign policy relevance in the region, while also so fundamentally opposed to Gaza being annexed? Going back to even the days of Sadat, going back to Mubarak, going back - like, it is such a fundamental part of the Egyptian mantra that, "Gaza can never – Gaza is our backyard, but it can never be a part of Egypt for the security, economic, et cetera, concerns." Thank you.

LAPID: Can I ask first, is your family O.K.?

ALKHATIB: Unfortunately, I'm in this town because of what happened to my family. I lost 33 of my immediate and extended family. Both of my childhood homes were destroyed. I got my mom and brother's wife and four kids out thanks to Sheikh Abdullah bin Zayed [Al Nahyan]. They're in the UAE.

My brother is there right now. He runs a major medical NGO doing work. Because of my views, I've emerged as one of the most anti-Hamas voices that's also very critical of Israeli policies of the current government, that has put him in a precarious position. So, I may have to also extract him in the near future.

LAPID: I wish them all well.

ALKHATIB: Thank you.

LAPID: Part of the terrible change is that – I have no idea why the government of Israel is reluctant from saying that we are sorry for any loss of innocent life. Childrens should not die in grown-ups' wars.

To your questions or question: This is exactly why I've described this as guardianship that is limited in time. Actually, it's eight plus seven. I mean we're going to start with eight years, then there might be an extension for 15 years, but basically – and this what happened on the 60s. It was guardianship for the Palestinians with the support of the Arab League, and therefore it doesn't contradict the ethos of "we are not going to be – we're not going to annex Gaza." Nobody's asking them to annex Gaza; we are asking them to manage Gaza for 15 years, and that's a huge difference. And this is something that I think they can live with, and it doesn't contradicts what they want to do in the region. Actually, on the contrary, I think it helps where they want to – I mean, because Gaza is their backyard, they want to have the right kind of a backyard. So, this actually helps, not hurts their ethos. Thank you, Ahmed.

SZUBA: Hi, sir. Thank you for doing this. Jared Szuba with *Al-Monitor*. I'm wondering if you could flesh out a little bit more – you touched on it very briefly – about this proposed security mechanism between the US, Israel, Arab states, Egypt. Who would lead this? How would this be coordinated, you know, command and control, communications? I wonder if you could talk a little more about that. Thank you.

LAPID: Well, again, this is a process that needs to be built. But we have examples, the Lebanese example. The fact that Israel is sitting on the perimeter. Meaning we're going to control our security. We're not going to tell the people who live in the kibbutzim right next to Gaza that again, they need to trust a fence with digital means. No, we're going to sit on the perimeter. The perimeter right now is about, I don't know, less than one kilometer. This is the minimum that needs to be implemented.

And I assume that we're going to discuss with CENTCOM about this, and we're going to, of course, work with the Egyptians, as we did during the fight against ISIS in Sinai. It's one of the – this is a job for the professionals, but it's doable. We did very – very similar things before. In the southern border, we are doing a lot sometimes – because sometimes, it is necessary with Jordan. If you look at the Jordanian border, it's the kind of cooperation we have there.

So again, it's going to be a process of working on this together, but basically, Egypt needs to rule Gaza. We needs to sit on the perimeter, and we have to join – I don't know what – join forces is not the right term. We will have to work together in preventing terror from happening because Hamas is not going to willingly go away. It's going to be an ongoing struggle. Hamas is everybody's enemy, including Egypt. Someti- – I mean, until October 7th, I would – might have said almost as ours, but not anymore.

DUBOWITZ: I think it's a good reminder of how closely you worked with the Egyptians in Sinai in countering ISIS.

LAPID: Yeah.

DUBOWITZ: It's a good reminder to all of us. I mean, that was a very good relationship. Israel did a lot to actually help the Egyptians. We won't go into the details.

LAPID: Yes.

DUBOWITZ: Michael's the...

KATULIS: Good morning. I'm Brian Katulis with the Middle East Institute. Thanks for your ideas here. First, just a point of fact to my friend Mark.

When you say that this idea is based on what President Trump has said, that's factually incorrect. If you look at what he said earlier this month, he essentially said that we, America, will be taking over that territory: "I do see a long-term ownership position. I see it bringing great stability to the Middle East" and he [Trump] went on at great length, saying, "I don't think the people should go back to Gaza." So, as your friend, I just want to say you do everybody a disservice...

DUBOWITZ: Yeah.

KATULIS: ... by simply saying that this is based on Trump's idea. That's not correct.

DUBOWITZ: Can I respond just real quick?

KATULIS: Yeah, yeah, yeah, yeah.

DUBOWITZ: First of all, you are a great friend.

KATULIS: Yeah.

DUBOWITZ: Second of all, who let him in?

(LAUGHTER)

KATULIS: And – and I...

DUBOWITZ: Two things…

KATULIS: I await your tweet.

(LAUGHTER)

DUBOWITZ: And third, you're right.

KATULIS: Yeah.

DUBOWITZ: Thank you for clarifying.

KATULIS: Yeah, yeah.

DUBOWITZ: I did say Trump went to 11.

KATULIS: Uh-huh.

DUBOWITZ: What I like about Mr. Lapid's idea is to take 11, right, which is forced transfer of Palestinians, not allowing them back, and things that you've articulated. Take it down to seven.

KATULIS: Right.

DUBOWITZ: Think about smart plan, and I think that's what – what Mr. Lapid has presented.

KATULIS: Yeah, yeah, yeah. I'm just saying...

DUBOWITZ: Yeah.

KATULIS: ... because we're in the same industry, the think tank industry, with facts.

DUBOWITZ: Yeah.

KATULIS: When somebody says “black”, and you say, “it's actually white”…

DUBOWITZ: Yeah, and I understand.

KATULIS: And I actually – and I – I'll get to my question. I just wanted to point that out with – with...

DUBOWITZ: Yeah.

(CROSSTALK)

LAPID: No, no, no, I’m intrigued by your relationship. Please go ahead.

(LAUGHTER)

(CROSSTALK)

KATULIS: It – it's ongoing, and we'll get together. But I...

DUBOWITZ: You wouldn't know this from the conversation, but we're actually very good friends.

(LAUGHTER)

KATULIS: Yeah, but we genuinely are, and I just wanted to state that because in this town, we often can't disagree without...

DUBOWITZ: Thank you.

KATULIS: ... being disagreeable.

DUBOWITZ: No, that's true. I mean, it's your last FDD event, but...

(LAUGHTER)

DUBOWITZ: Totally fine.

KATULIS: My question to you – because I really think it's intriguing, and I just got back from the region myself. And the one question is simple: Well, have you discussed this extensively with the Egyptians? And then the second, which leads to my fear or concern, is how do you think the politics in your own country will react to it?

Your country now has a minister of diaspora affairs who's actually against the current hostage deal, and he spoke to the Council of Presidents of Major American Jewish Organizations recently. You have people in your politics who are in the government, which you're not, who actually have a closer proximity to power. How do you expect, A) they'll react to it? But then B) do you see any political discussion about this plan inside of Israel? Because I think that legitimacy, the legitimacy that it requires from the Israeli people, is going to be a key factor in addition to the Egyptians being willing to do it.

DUBOWITZ: Yeah, good question.

LAPID: So, first of all, I think – I can't see from here. I think under my picture is written "the Leader of the Opposition"...

(LAUGHTER)

... so, I'm not – I'm – I don't care what Minister Chikli [Israeli Minister of Diaspora Affairs] is saying. It's – I don't know about the response of the Israeli political arena, because this is being presented here for the first time. Probably my spokesperson, who's around here, is by now, know more about this than I do.

We're – this is the first time I – I've chosen this platform and this institute – this is probably what irritates him [Katulis].

(LAUGHTER)

KATULIS: Yes.

(LAUGHTER)

LAPID: I knew I shouldn't get into...

(CROSSTALK)

LAPID: ... and I was telling myself for five minutes. Don't get there.

DUBOWITZ: Bang. That was good. I could not have put him down any better.

KATULIS: (laughs)

(LAUGHTER)

(CROSSTALK)

LAPID: Of course I'm kidding.

(CROSSTALK)

DUBOWITZ: Next time MEI [Middle East Institute].

(LAUGHTER)

LAPID: Basically, he will know about this in – you know, I don't know, when this is over.

About the Egyptians, I made the decision not to talk directly to the Egyptians about this. I've spoken about this with leaders from all over the region. No doubt in my mind, the Egyptians know. Because you know, you can't – I – of course, I brought – I didn't bring here a very detailed – because you know, it's a session, so you just want to present an idea, and you will go into the details later on.

So – but I discussed this in a very detailed way with friends and colleagues all around the Middle East, especially Gulf countries, and I have no doubt in my mind that the minute they left the room, they picked up the phone and they call the Egyptians. And I think we've been waiting and discussing this. How long will it take the Egyptians to either respond or not? And they didn't.

So again, I'm estimating. They're going to say no, and then yes. A) because I've worked with the Egyptians quite a bit and this is their way of doing business. And B) because this will be the right reaction for them, because they understand this as the beginning of some sort of a negotiation towards a solution. And it's fine. And this is – if I was them, this is the way I would handle it.

DUBOWITZ: Yes. I mean, I don't deal in facts, as Brian [Katulis] noted, but I would say that – my guess and I have no basis for this, but I would say there are folks in the Trump administration, I think who would welcome this idea, right? Because it takes sort of President Trump's notion and starts to develop it into an idea, into a concept.

LAPID: And as I mentioned in my presentation, maybe too briefly, not only it doesn't contradict the idea that of American business going into Gaza.

(CROSSTALK)

LAPID: Yes. What I'm saying, he had – part of what he said I was – at that press conference in Israel was broadcast at 3:00 in the morning. I stayed awake. And he [President Trump] was discussing about building the Gazan Riviera which was, let's get American business into Gaza. This platform, or this plan, allows and will encourage American businesses into Gaza and will be, and it is in many ways, is applying to what Trump – President Trump was presenting in this press conference.

DUBOWITZ: Yes. Let me just underscore this: Gaza is not going to be the Riviera. Canada is not going to be the 51st state.

Let's move on.

LAPID: I'm not responding to anything.

(LAUGHTER)

LEVITT: Hi, I'm Matt Levitt from the Washington Institute.

DUBOWITZ: Oh no. Seriously?

(LAUGHTER)

LEVITT: My first comment is that Brian, get out of my relationship with Mark. He and I disagree without being disagreeable. Like, find your own.

DUBOWITZ: I mean really, now.

LAPID: I should have brought my sister. She's a professor of psychology.

(LAUGHTER)

LEVITT: It's a Mark phenomenon. It's not a Brian or Matt phenomenon.

DUBOWITZ: ... No. It is. It is.

LEVITT: Mr. Lapid, thank you so much for this presentation.

I'd like you to put a – follow up on the question before. Put a little more meat on the bones of security, because at the end of the day, this is where it's going to fail or it's going to succeed.

The Egyptians don't like Hamas. It's true. The Egyptians might like being seen as the ones who are saving the Middle East and saving the Palestinians. Also true. But they're not going to like being seen, especially domestically at home, as people who are pointing their guns at other Arabs or other Palestinians. Is the expectation that the Egyptians are going to take on Hamas, they're going to disarm Hamas, they're going to shoot back at Hamas, if Hamas shoots at them? Is the expectation that Israel is going to retain the right to go in and do night raids into Gaza as it does into the West Bank? If the Egyptians don't crack down on Hamas enough is – you know, do we end before the eight years?

At the end of the day the crux of this: is who's going to actually, if anyone, disarm Hamas? What do we actually expect of the Egyptians?

LAPID: Well, I'm going to reverse a little the question because this is what politicians do.

Basically, you're going to have in Gaza a governing body which is not Israel. That's our goal. That's the endgame. That must be the endgame.

I mean there are elements within the Israeli government, some of them were mentioned here, that wants to annex Gaza. This is the worst idea of all the ideas. So, what you're going to have is some sort of an Arabic or Pan-Arabic force in Gaza that is the governing body of the strip. And Egypt would be the best option out of many, that none of them as I said, is perfect.

We will have to build a mechanism which says, if we are recognized – we have a mechanism like this. For example, if you look at our relationship with the Palestinian Authority, we have a mechanism which allows us to go in when we see an immediate or direct terror attack coming to Israel.

And my – it's an assumption at that point, but I assume this is part of what we're going to demand, saying, "listen, we're going to trust you but we're not going to trust anyone if we're going to see another – you know, if we're going to see a bunch of guys again with Toyota trucks and machine guns coming towards our border, we're not going to trust anybody. We're going to do our thing, as we did in the last year and a half."

It's one of the things that really strikes me in the response. And excuse me for sharing a frustration, in the discourse, there was in this city, and in the American media, about the conflict in Gaza, now is, that they're trying to disconnect cause and result. We are not attacking Gaza for fun. We're doing this because of 9 – of October 7th, and the fact that people are trying to make us forget about October 7th and therefore makes us look like lunatics because we are responding to an attack on our people is inexcusable to me.

But basically, we need – we're going to need an Arabic-ruling capable force in Gaza, and it's going to be supported with the cooperation we need to have with our security forces. And Egypt is just the best option of many other options that are not as good.

JAFFE: Mr. Lapid, Laureen Jaffe. Thank you for being here. Thank you for breaking the paradigm that we've been stuck in this rut that has failed...

LAPID: Thank you.

JAFFE: ... for so many years and decades now.

But the question I have, and it goes along with the security that everybody else is asking about, and I don't know what the vision is for this, and maybe you can illuminate it for us. But the Southern Commander of the IDF talks about the tunnel system under Gaza that goes deep into Egypt being a thousand-plus kilometers spiderweb. How do we destroy those tunnels, keep a Gaza population on top of that, and who's going to do it, and how does Israel have confidence that that's going to be taken care of appropriately? Will Israel, will IDF troops be involved in that? How do you envision us addressing that so we're not still creating this underground world where Hamas can still very effectively operate?

LAPID: One of the things – this is always the problem of being a centrist that you're – first of all you're telling the truth which is always a problem in my line of work. But on top of this, it's a long process. There is an underground Gaza that was built for terror purposes. This is the problem we have fighting Gaza. People don't understand why is it that we're fighting Gaza, for a year and five months before the recent hostage deal.

And the answer is, we have an underground terror city there with human shields on top of it. They are using – I mean sometimes I feel like the concept is so monstrous that people who grew up in Western societies do not have the ability to digest it even, that the fact that somebody might use his own children as human shields. It's – we understand, we rationalize it, but we don't understand this emotionally.

So, it's going to take a lot of time to change Gaza. I don't know if all the way to the Riviera, as you [Dubowitz] said, but to make it a place people can live in.

And I assume some of them will leave when given the opportunity. I'm against transferring by force, of course. But this is going to be an ongoing process. The first stage is to make sure this tunnel system doesn't invade Israel.

We did a lot in terms of – and we have developed the capabilities which right now at least, doesn't allow them to use the tunnels to invade Israel as they did a decade ago. I was a cabinet member at the time in – it wasn't "Iron Cloud", it was *Tzuk Eitan* – what was the American expression for *Tzuk Eitan*?

(UNKNOWN): Protective Edge.

LAPID: Which one?

(UNKNOWN): Protective Edge.

LAPID: Protective Edge. Yes.

Very difficult language, English.

So, it's going to be a joint effort that will take a lot of time.

It is – again, if you want to separate civilians from Hamas you have to give them another option. You have to give them a different kind of a government to take care – takes care of them. And you have to make sure that this government, or governing body, or temporary government body, is working with us in order to eliminate terror infrastructure. And the entire Gaza Strip now is a terror infrastructure.

So, it's – it might be I don't know five years, ten – this is why we wrote by the way, as I said, I didn't want to go into too many details – why we wrote eight to 15 years because it's doable in eight, but it might take 15. It's going to be a long process and a painful one.

And I – the use of force will be part of it. I am not against the use of force. I believe it's sometimes inevitable.

DUBOWITZ: So, Mr. Lapid, first of all thank you for coming here. Thank you, for choosing FDD, to present this idea. I think it's a fascinating idea. Thank you for being a centrist.

LAPID: I don't know what you mean by that, because you're Canadian...

DUBOWITZ: Fascinating?

LAPID: ... and American.

DUBOWITZ: ...well...

LAPID: If a Canadian is telling you it's "fascinating" ...

DUBOWITZ: ... Yes.

LAPID: ... it means it doesn't think much of it.

(LAUGHTER)

LAPID: But if an American is telling you…

(LAUGHTER)

LAPID: So, you said it and I'm wondering…

DUBOWITZ: OK. Yes.

LAPID: Yes.

DUBOWITZ: Well, it's interesting. I mean, yes, as a Canadian I need to be polite.

LAPID: OK.

DUBOWITZ: That's certainly ingrained in me, so thank you. But I do mean thank you.

And No. Fascinating. What I actually do mean is – it's very hard to be a centrist in this world. I...

LAPID: True.

DUBOWITZ: ... mean we say in Washington, the only place to get run over is in the middle of the street. And so, Washington tends to be a place where everybody's on the sidewalk and doesn't come to the center. And I think is really undermined our democracy and our ability to think through these hard problems. So, thank you for thinking through these hard problems.

And I – again, some of my friends in the audience have pointed this out. I think ideas have been put out that have been seen as being quite extreme, but I think they've been useful in a sense because they've created a space now for new ideas to come in. And you're the first person to step up with a new idea in recent weeks and say actually this maybe is the way we can do it. So, I wish you great luck.

And again, thank you for coming here. And anything we can do to help support these ideas and some solutions and inshallah, we will be seeing each other one day in a free Iran, and in a much peaceful Middle East.

LAPID: Hopefully. Thank you everybody.

DUBOWITZ: All right. Thank you, sir.

LAPID: Thank you.

DUBOWITZ: Thanks very much.

END