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# Mubarak's Troubles Surprise Israelis

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By **JOSHUA MITNICK** in Tel Aviv and **BRADLEY DAVIS** in New York

Israeli commentators depicted the crumbling of President Hosni Mubarak's rule in Egypt as a regional earthquake, calling it the most significant Middle East event since the 1979 revolution against the Shah in Iran.

Many say they doubt any successor to Mr. Mubarak is likely to end the peace treaty with Israel, but say the rise of a less-friendly government in Cairo would have profound consequences, such as complicating a return to peace negotiations with the Palestinians, in which Mr. Mubarak has been a key intermediary.



Israeli Finance Minister Yuval Steinitz talks to Michael Casey about the impact of the recent turmoil in Egypt on his country's economy and the measures he has taken to curtail appreciation in its currency, the shekel.

On Tuesday, Israel gave no official reaction to Mr. Mubarak's announcement that he won't seek another term in office and will step down after elections slated for later this year.

The speed at which Mr. Mubarak's troubles escalated appeared to blindside Israeli officials, who have watched with growing alarm as protests in Cairo and other Egyptian cities swelled, endangering the grip on power of their strongest ally in the region. Inspired by a popular uprising in Tunisia, Egyptian protests swelled in a matter of

days late last week. By the weekend, it was clear Mr. Mubarak's reign was in jeopardy.

"We were caught by surprise," said Israeli Finance Minister Yuval Steinitz, in an interview with The Wall Street Journal in New York, a few hours before Mr. Mubarak's announcement. "The Egyptian regime seemed very strong and very stable."

Israel has a huge stake in Egypt's stability. The historic 1979 peace treaty between the two countries, which share a long border, is the cornerstone of a regional balance. For more than 30 years, Israel has been able to count on Egypt to refrain from siding in Arab hostilities against the Jewish state.

An unfriendly government in Egypt would deprive Prime Minister Benjamin Netanyahu of his only ally in a region that has grown more hostile toward Israel over the past several years, with the growing influence of Iran, the armed takeover of Gaza by Hamas, the rise of Hezbollah as a major political force in Lebanon, and Turkey's tilt away from Israel and toward Syria.

Apart from geopolitical interest, Israel has economic stakes in Egyptian stability. Egyptian natural-gas supplies generate 20% to 25% of Israel's electricity needs.

Israeli officials have said they worry that elections in Egypt could benefit Islamist groups

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hostile to Israel. Mr. Steinitz said Israel supports the establishment of a democracy in Egypt. But "sometimes, even democracies can lead to very negative results," he said.

Write to Bradley Davis at [bradley.davis@dowjones.com](mailto:bradley.davis@dowjones.com)

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