



## U.A.E.- Israel-Bahrain Peace Accord Fosters Stability, Opportunity, and Prosperity

The U.A.E., Israel, and Bahrain made history on September 15th in Washington D.C. with the signing of the Abraham Accords, which normalize relations between the two Arab countries and Israel. While the deal is being heralded for promoting broader peace in the Middle East, the Abraham Accords are also significant in that they will open doors for commercial and business ties among the three countries across a wide range of verticals.

From tourism, finance, and healthcare to agriculture and technology, Emirati and Israeli commercial partnerships are already beginning to emerge. The U.S., with its strong ties to both of these advanced Middle Eastern states, has the opportunity to serve as the glue strengthening trade relations while benefiting in its own right.



*Left to Right: Bahraini Foreign Minister HE Abdullatif bin Rashid-al-Zayani, Israeli Prime Minister Benjamin Netanyahu, President Donald Trump, and HH Sheikh Abdullah bin Zayed bin Sultan Al Nahyan U.A.E. Minister of Foreign Affairs and International Cooperation sign the Abraham Accords at a White House ceremony*

## Path to Peace

On August 13<sup>th</sup>, the U.A.E. and Israel announced plans to establish normal diplomatic relations, making the U.A.E. the first Gulf country and third Arab country, after Egypt and Jordan, to normalize ties with Israel. Normalized diplomatic relations will allow for the establishment of Embassies, visa services, and the peaceful exchange of people, goods, and financing across borders.

This announcement came after a joint call between Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the U.A.E. Armed Forces, President Donald Trump, and Israeli Prime Minister Benjamin Netanyahu, and was preceded by months of secret talks between Emirati and Israeli officials, with the U.S. acting as a mediator. U.A.E. Ambassador to the United States His Excellency Yousef Al Otaiba played an especially pivotal role by serving as a conduit between the U.A.E. and Israel. It was Ambassador Al Otaiba's [opinion piece](#) in the Israeli daily Yedioth Ahronoth on June 12<sup>th</sup> 2020 that opened the door for a new dialogue between the two countries.

In the wake of this announcement, an El Al flight carrying Israeli and American diplomats, including Senior White House Advisor Jared Kushner and Israeli National Security Council Chief Meir Ben-Shabbat, departed Tel Aviv on August 31<sup>st</sup> for Abu Dhabi. The trip marked Israel's first flight to the United Arab Emirates via commercial carrier, a symbolic and literal representation of the ties to come. Importantly, the commercial flight also traversed Saudi airspace in the first known instance of Saudi Arabia granting overflight clearance to an Israeli commercial flight.

In a ceremony at the White House held September 15<sup>th</sup> 2020, leaders from the U.A.E., Israel, Bahrain, and the U.S. signed what has become known as the Abraham Accords into being. Foreign Minister His Highness Sheikh Abdullah bin Zayed Al Nahyan led the U.A.E. delegation to this ceremony while Israeli Prime Minister Benjamin Netanyahu represented Israel, and Foreign Minister Abdullatif bin Rashid-al-Zayani represented Bahrain.

## A Win-Win-Win

A joint statement issued by the U.S., Israel, and the U.A.E. following the deal's announcement called for the immediate halt of the planned Israeli annexation of West Bank territory, a point on which Emirati officials have been vocal. This component of the deal is significant in that Israel's annexation could have dashed any lingering hope for a two-state solution in the decades-long Israeli-Palestinian conflict.

For the U.A.E., this agreement not only preserves the possibility of a two-state solution to the Israeli-Palestinian conflict but brings real security, economic, and political gains. The U.A.E. will benefit from closer security cooperation with Israel in the face of common threats from Iranian proxies and radical Islamist groups. It will benefit economically from greater commercial ties with Israeli firms, particularly in the tech sector. And finally, it will benefit politically, in that the agreement reinforces the U.A.E.'s

well-deserved reputation in Washington, D.C. and around the globe as a moderate, progressive, forward-leaning country that is seeking a better future for the region. Notably, following the announcement of the agreement, there have been credible reports that the Trump administration helped induce the U.A.E. to normalize ties with Israel by offering access to more sophisticated military equipment.

As for Prime Minister Benjamin Netanyahu, this agreement served as a much-needed political victory. The Israeli Prime Minister has been besieged by critics at home for both ongoing corruption allegations and his handling of the coronavirus pandemic. This agreement, which is generally popular with the Israeli public, has cast the Prime Minister in a positive light and validated his foreign policy doctrine of “peace through strength.”

This agreement also offered a major political win for the Trump Administration. Sagging in opinion polls ahead of November Presidential elections, President Trump has heralded this accord as a hallmark of his Presidency. He claims that it, too, has validated his approach toward the region, which had come under criticism in some quarters for his maximum pressure campaign against Iran, his poor relationships with Palestinian leadership, and his emphasis on forging closer ties with Saudi Arabia and other Gulf states. Moreover, the deal provides a welcome distraction from what many view as a failed response to the coronavirus pandemic.



*Senior White House Advisor Jared Kushner, U.A.E. Minister of State for Foreign Affairs H.E. Dr. Anwar Gargash, and Israeli National Security Council Chief Meir Ben-Shabbat meet in Abu Dhabi on August 31<sup>st</sup>*

### **International Reaction**

Despite Israeli promises to halt annexation of territory in the West Bank, Palestinian leadership has characterized the deal as a “stab to the back.” Palestinian leaders claim

that the U.A.E., in signing the Accord, violated the Saudi-led 2002 Arab Peace Initiative, which links Arab recognition of Israel to Israeli withdrawal from lands captured since 1967. On September 9<sup>th</sup>, Arab League foreign ministers gathered for a virtual session to discuss a Palestinian proposal rejecting the deal. The body notably did not endorse the Palestinian resolution.

In fact, the deal has been quietly supported, if not lauded, by many Arab leaders. President Trump has announced that other countries in the region, including Oman and Sudan, will soon follow suit in signing a peace deal with Israel. Even Saudi Arabia, which has publicly affirmed its adherence to the Arab Peace Initiative, has hinted at its acceptance of the Abraham Accord.

In the U.S., the Abraham Accords have garnered widespread support across the aisle, eliciting near-universal approval from not only supporters of President Trump but also those of democratic Presidential nominee Joe Biden, who publicly praised the deal. Congressional support has also been bipartisan with a large contingent of both Republican and Democrat House and Senate leaders attending the White House signing ceremony.

### **Business Implications**

Some of the most enthusiastic supporters of the deal have been businesspeople in the U.A.E, Israel, and the United States. After all, the U.A.E. and Israel, as two advanced Middle Eastern economies with relatively consistent strategic objectives, have much to gain through commercial cooperation and exchange, as does the U.S. by acting as a bridge between the two states.

In a [webinar](#) hosted by the U.S.-U.A.E. Business Council on 14 September, new U.A.E. Minister of Economy His Excellency Abdulla bin Touq Al Marri stated that the peace deal between Israel and the U.A.E. could immediately unlock large amounts of new trade and investment between the two countries.

Indeed, the August 13<sup>th</sup> joint statement outlines plans for Israeli and Emirati delegations to “sign bilateral agreements regarding investment, tourism, direct flights, security, telecommunications, technology, energy, healthcare, culture, the environment,” and “other areas of mutual benefit,” doing away with the U.A.E. boycott on Israel that previously hindered bilateral exchange. Concrete steps have already been taken in many of these business verticals.

For instance, commercial flights directly between Tel Aviv and Dubai on Israir Airlines are set to begin October 15<sup>th</sup>, and U.A.E. carriers Emirates and Etihad are following suit. These flights have already seen a high level of demand that may aid in the recovery of the hospitality industries in both countries after months of pandemic-related lockdowns. Furthermore, direct flights will boost connectivity and facilitate ease of doing business. So, too, will direct phone links between the U.A.E. and Israel, which were launched immediately after the deal’s announcement.

In the financial sector, Israel's major banks, Bank Leumi and Bank Hapoalim, have already sent delegations to Dubai and Abu Dhabi. Coming out of its first trip to Dubai, Bank Hapoalim signed a memorandum of understanding ([MoU](#)) with Emirates NBD that will allow Israeli clients to engage in direct transactions in the U.A.E. A separate MoU on banking and financing, signed by government officials in early September, paved the way for such ventures and for the joint regulation of banking and payments.

Healthcare is another area ripe for collaboration. Calls between Israeli and Emirati health ministers have advanced agreements on joint medical research and "initial and immediate cooperation" on combatting COVID-19. Both established and up-and-coming healthcare and pharmaceutical companies in the U.A.E. and Israel can now enter into deals with counterparts across borders. [Agreements](#) have already been signed to jointly develop cutting-edge medical technology, such as non-invasive and rapid-result COVID-19 tests.

As the U.A.E. and Israel are both known for advanced tech ecosystems, it is no surprise that bilateral cooperation will extend to the tech business vertical. In an interview with Bloomberg TV, Israel's Minister of Science and Technology expressed an interest in sharing hi-tech expertise with the U.A.E., stating, "The infrastructure is there for the commercial engagements for the sharing of know-how and mutual efforts." The applications of U.A.E.-Israel tech exchanges are widespread, as evidenced by a [deal](#) between state-owned Israel Aerospace Industries and Abu Dhabi's Group42 on AI, cloud technology, sensors, and lasers. [AI partnerships](#) extend to academia as well with the signing of an accord between Mohamed Bin Zayed University of Artificial Intelligence and Israel's Weizmann Institute of Science. The agreement's stated aim is "to advance the development and use of artificial intelligence as a tool for progress." Beyond the immediate deals that have emerged in recent weeks, Emirati and Israeli stakeholders have hinted at cooperation on space-related technology.

Agricultural technology is another notable area for collaboration. A [call](#) between U.A.E. Minister of State for Food and Water, H.E. Mariam Almheiri, and Israeli Minister of Agriculture, Alon Schuster, underscored the high-level interest in cooperating on efficient growing of foods in arid climates. With Israeli expertise in desalination and advanced growing techniques and the U.A.E.'s support for R&D related to hydroponic, aeroponic, and irrigation solutions, partnerships in the field will provide collective benefits to the region, and to the world. Companies engaged in the food security space will find opportunities to showcase their technology in not only the U.A.E. but also Israel and vice versa.

In addition to enabling new areas of cooperation, the normalization of ties between Israel and the U.A.E. will allow existing relationships to come into the open and flourish. This is perhaps no more true than in the defense and security sphere, where the U.A.E. has long turned to Israeli companies for their unrivaled capabilities in areas such as cybersecurity.

All in all, it is estimated that, within 3-5 years, bilateral trade between the U.A.E. and

Israel will amount to \$4 billion annually, according to Israeli Intelligence Minister Eli Cohen. The creation of a United Arab Emirates-Israel Business Council can play an important role in making this projection a reality.

## **Conclusion**

The signing of the Abraham Accord is ushering in a new era of peace and prosperity in the Middle East. Businesses across a wide range of verticals will benefit from enhanced connectivity, two-way investment, and the exchange of expertise across borders. At a time when the world is struggling to rebound from a global pandemic, the Abraham Accord offers a glimpse into a more promising future shaped by mutually beneficial collaboration and renewed optimism.