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Israeli-UAE relations rapidly deepening with Abraham Accord

On August 13, US President Trump announced a peace agreement between Israel and the UAE¹. Since then, Israel and the UAE have signed many bilateral agreements. Business alliances and memorandum of technical cooperation between private companies of both countries followed governmental agreements. This paper summarizes newly established projects based on the reports of local newspapers.

First, the UAE lifted the Israeli boycott on August 30². The Israeli Boycott was started when Israel declared independence in 1948, The Arab League covering all of Arab countries decided to completely disconnect from Israel. The boycott covered not only diplomatic, commercial, cultural and sports activities but also air and shipping access. All of relations with Israel were cut off. The boycott also targeted US companies of Jewish capital. The import and sale of Coca-Cola in the Arab world was prohibited at that time.

On August 31, Senior Advisor to the US President Jared Kushner, Trump's son-in-law and Israeli delegation landed on Abu Dhabi Airport by the first direct flight from Israel to UAE³.



On September 15, UAE and Israel officially signed a peace agreement in Washington, USA in the presence of President Trump of US. Bahrain, who had just signed a similar peace agreement with Israel, joined the signing ceremony. Four countries held a grand signing ceremony for the peace agreement Abraham

Accord at the White House in Washington. By until then, only Egypt and Jordan had signed peace agreements with Israel in 1979 and 1994 respectively. UAE and Bahrain became the third and fourth countries which have accepted Israel.

After the peace treaty, cooperation in the area of politics, economy and diplomacy began in concert between Israel, UAE, and the United States. Some of them had already started before the signing ceremony.

1. Political and diplomatic issues

UAE lifted the Israeli boycott on August 30. In Abu Dhabi, the Abrahamic Family House, a worship facility for the three major monotheistic religions of the Jewish synagogue, Christian church and Islamic

mosque, had been constructed last year⁴. On September 3, the American Jewish Committee (AJC) announced that it would open an office in the UAE⁵. Now Jews in US can do business freely with the wealthy Arabs in UAE and neighboring oil-producing countries.

On September 24, the energy ministers of both countries discussed business cooperation on energy and infrastructure⁶. On October 6, foreign ministers of two countries met in Berlin, Germany on the occasion of the ceremony to commemorate the unification of East and West Germany⁷. The peace agreement Abraham Accord was officially ratified by Israel on October 12⁸ and by the UAE on October 19⁹ respectively.

2. Communication and transportation



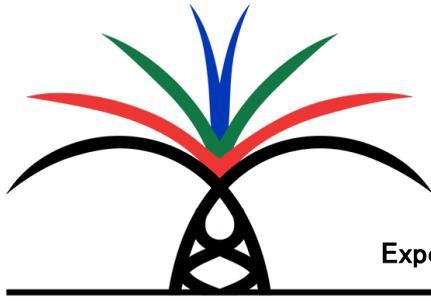
Immediately after the announcement of peace agreement, a telephone line was opened between the two countries on August 17¹⁰. On August 31st, an Israeli Airline flew to Abu Dhabi from Tel Aviv. Jared Kushner, Senior Advisor to the US President and Son-in-law of President Trump, landed on Abu Dhabi Airport with the Israeli delegation¹¹.

When Jewish Kushner visited the Middle East in June 2019, he presented the Peace of Prosperity plan aimed to the economic development in the Middle East. However, the plan was too much in favor of Israel to accept by Arab countries. They rejected the plan immediately¹². Kushner had to be off the front stage of Middle Eastern diplomacy for a while. He once again appeared on the stage showing the bilateral treaty between Israel and the UAE. It was his tactic to divide the Arab countries individually. Bahrain and Sudan followed the UAE. There seems to be no doubt that the Kushner's diplomacy gave President Trump points for the re-election. It was a diplomatic success for President Trump.

On September 4, it was announced that cargo flights would start between Tel Aviv and Dubai. Israeli Airlines would carry agricultural and high-tech products on its Boeing 747¹³. On October 19, the first passenger flight to Tel Aviv departed from Abu Dhabi Airport¹⁴. Two governments mutually agreed to operate 28 passenger flights a week and 10 cargo flights¹⁵. Global aviation demand is declining due to COVID-19. It is unclear how much demand for passenger and cargo flights between the UAE and Israel is.

3. Private sector and investment promotion

Regarding private sectors, Israel is more enthusiastic than UAE. Israel-UAE Business Council has opened its homepage immediately¹⁶. There are many entrepreneurs and start-up entities in Israel. They have a strong demand for money. The UAE, on the other hand, is flooded with oil money and is looking for promising investment opportunities. The peace agreement between the two countries has created an ideal investment environment where the money match makings take place.



UAE - Israel Business Council
הפורום העסקי איחוד האמירויות - ישראל
منتدى الاعمال الاماراتي الاسرائيلي

It has been announced that the Abu Dhabi Investment Office (ADIO), the government's investment arm, would open its office in Tel Aviv, Israel, to improve the investment environment¹⁷. ADIO has signed a trade and investment cooperation agreement with the Israel Export Institute¹⁸. In late September, delegation of the Israeli Chamber of Commerce visited the UAE. They signed an agreement with the Dubai Chamber of Commerce to strengthen economic cooperation and a MoU with the Jebel Ali Free Zone Agency (JAFZA)¹⁹.

Visits of Senior Advisor to the US President Jared Kushner with Israeli government delegation by the first Tel Aviv–Abu Dhabi flight in August has shown President Trump's strong commitment to the peace agreement. On October 19, the first flight of Etihad Airways of Abu Dhabi landed on Tel Aviv Airport. Joint public–private mission led by the UAE's economic ministers and accompanied with US Treasury Secretary Steven Mnuchin visited Israel for the first time²⁰. The first UAE–Israel Business Summit (Abraham Accord Business Summit) was held on the occasion of a visit to the UAE mission.

As the business environment between the governments improved, the joint investment fund started as a front runner of the joint ventures between the two countries. Al–Naboodah in Dubai and OurCrowd in Israel have agreed to establish a \$ 1.5 billion fund²¹. Dubai's Al–Habtoor Group has announced plans to open a representative office in Israel as a pioneer of UAE private companies²². The group aims to earn first–mover advantage in business with Israel.

State–owned DP World in Dubai, which has grown into a global port operator, is going to participate in a privatization bid for Israel's second largest Haifa Port in partnership with an Israeli company²³. The first container ship from the UAE arrived at Haifa Port on October 12, opening a new route between Europe–Israel–UAE. Dubai's JAFZA already has containership routes to East Africa, India, Singapore and the Far East. Dubai is expected to become as a global shipping hub.

4. Medical care, education and entertainment

Prior to the announcement of the peace agreement, the most urgent joint work had been launched in medical care in June²⁴. It was the research project on countermeasures against COVID–19. A memorandum of understanding on the use of AI (artificial intelligence) was also signed between Mohamed Bin Zayed University in UAE and Weizmann Institute in Israel²⁵. In media industry, the Abu Dhabi Film Commission (ADFC) and the Israel Film Fund (IFF) have agreed to cooperate in the production of TV programs. They have plans to develop joint projects in four fields such as workshops and training, etc.²⁶



UAE and Israel are rapidly deepening their alliances in a wide range of fields including politics, economy, education, and medical care. In addition, significant progress has been made between the United States and the UAE in the military field. The US lifted export ban on the F-35 stealth fighter to the UAE.

UAE decided to sign peace treaty with Israel according to the recommendation by the U.S. In the process of negotiations, the UAE strongly requested U.S. to sell its F-35 jet fighters in exchange for peace treaty with Israel. The F-35, which has stealth capabilities that is difficult for the enemy to detect, is the state-of-the-art weapon. Currently only five countries including Japan and Israel own this jet fighter. Israel, whose top priority is to maintain a military advantage in the Middle East, has been reluctant to export the F-35 from the U.S. to UAE. Israel was afraid that it would upset the military balance of the region. But UAE eagerly requested the F-35 to enforce defense power against Iran confronting across the Persian Gulf. After long behind-the-scenes negotiations, U.S. President Trump finally decided to sell F-35s to the UAE and notified Congress²⁷.

Postscript: Saudi Crown Prince seems to be impatient over the UAE

Crown Prince Muhammad bin Salman (MbS), who is the de facto ruler of Saudi Arabia, must be very impatient for the UAE-Israel peace agreement. Bahrain has followed the UAE, while Kuwait has remained supportive of Palestine. Oman has good relationship with Israel. Israeli Prime Minister Netanyahu had visited Oman during the reign of late Sultan Qaboos. The GCC is split into several factions over Israel.

MbS has been overconfident that Saudi Arabia could unconditionally suppress other GCC countries in all fields of diplomacy, economy and military. He had to intend to lead the GCC in diplomacy by showing off his close relationship with Jared Kushner, Senior Advisor to the US President. However, King Salman is sticking to the two-country peace initiative that promise Palestinian independence. The initiative was launched by former King Abdullah²⁸. Recent media shows that MbS is being suppressed by his father. In addition to the delay of the progress of Vision 2030, MbS seems to be deeply impatient on both domestic affairs and diplomacy.

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