Brief Analysis

The Abraham Accords agreement between the UAE and Israel has made important steps in the direction of regional economic and political cooperation.

This past September marked two years since the signing of the Abraham Accords Peace Agreement between the United Arab Emirates and Israel. Though the moment passed without much fanfare in either capital the reality is that the accords have reshaped the dynamics of the Middle East. The historic agreement has set a precedent for publicly acknowledged communication between Arab countries and Israel, and Saudi Arabia’s recent decision to open its airspace to Israeli civilian aircraft may be seen as one element of the new Middle East facilitated by the Accords.

For the first time, an atmosphere of Arab-Israeli rapprochement pervades the region. More specifically, the Abraham Accords have paved the way for comprehensive partnerships on a variety of issues related to security, business, the environment, innovation, tourism, and other key sectors. These locations are also more closely connected through direct flights from Tel Aviv to Abu Dhabi, Dubai, Manama, Casablanca, and Marrakesh.

At the core of these new dynamics is increased economic cooperation between Israel and its regional neighbors. Participation in the Israeli-Emirati Agreement is expected to create four million new jobs and one trillion dollars in new economic activity in the coming decade, significantly accelerating economic development in a region still recovering from the effects of COVID-19 and the Russian invasion of Ukraine. At the same time, the establishment of the 3-billion-dollar Abraham Fund by Israel, the UAE, and the United States will undoubtedly strengthen economic development through private-sector-led initiatives that promote economic prosperity in the Middle East.

More generally, cooperation between Abu Dhabi and Tel Aviv has expanded to include the domains of medicine, technology, the environment, outer space, and the military, and these efforts will only increase in the next few years. Looking ahead, the Negev Forum—which includes the UAE, Israel, Egypt, Bahrain, Morocco, and the United States—will be a model for new regional relations whose features are rooted in the Abraham Accords.

Economic Cooperation

Economic development has played a significant role in the Israeli-Emirati Agreement. Article Five of the Accords literally states, “To advance the cause of peace, stability and prosperity throughout the Middle East... the Parties shall conclude bilateral agreements in the following spheres at the earliest practicable date:... Healthcare, Science, Technology and Peaceful Uses of Outer-Space, Tourism, Culture and Sport, Energy, Environment, Education, Maritime Arrangements, Telecommunications and Post, Agriculture and Food Security,[and] water.”

During an interview that I conducted with the UAE Ambassador in...
Washington, Yousef al-Otaiba, following the Peace Agreement in 2020, he told me that “the United Arab Emirates wants an embracing peace that brings genuine, positive change for the benefit of future generations.” He further clarified, “Cooperation between the two countries will launch private-sector-led initiatives in investment and development that promote regional economic cooperation, trade, and economic prosperity in the Middle East.” He hoped that such cooperation would “strengthen regional trade, enabling strategic infrastructure projects and increasing energy security by providing steady and reliable access to electricity.”

According to official reports, the volume of bilateral trade in 2021 between the UAE and Israel reached approximately 1.154 billion dollars, a significant amount considering that this was only the first year of the Accords. Projections indicate that this number will double to more than 2 billion dollars in the coming year. It is worth noting, however, that the volume of bilateral trade between Egypt and Israel—who signed a peace agreement in 1979—was only valued at 122.4 million dollars during the first half of 2021, and estimates indicate that this number will not exceed 330 million dollars this year. Moreover, the figures for bilateral trade between Jordan and Israel—who signed a peace agreement in 1994—are approximately half of that amount.

The volume of bilateral trade between Israel and the UAE is the highest of any Arab country involved in the Accords. In comparison to 2020, when the two countries signed the Agreement, bilateral trade between Israel and the UAE jumped 510% in 2021, and it is expected to keep climbing. In the first half of 2022, for example, bilateral trade reached 1.2 billion dollars, representing a 117% increase compared to the first half of 2021.

The Free Trade Agreement

In the context of these bilateral economic successes, Israel and the UAE signed a free trade agreement within a Comprehensive Economic Partnership in May, considered the first of its kind between Israel and an Arab country. Further entrenching economic partnership, this agreement stipulated that 96% of all goods traded between the countries will be immediately or gradually exempted from customs duties. The Comprehensive Economic Partnership Agreement is expected to increase trade between the two countries, reaching ten billion dollars annually over five years. For the UAE specifically, the hope is that the agreement will produce tangible annual increases in the value of the country’s non-petroleum exports.

Another prominent example of bilateral cooperation sparked by the Abraham Accords in an effort to reshape regional dynamics is the so-called “Water for Energy” Agreement signed in November 2021 between the UAE, Israel, and Jordan. This agreement commits an Emirati company to build a solar power plant in Jordan to supply electricity for an Israeli desalination plant. This plant would, in turn, provide water to Jordan. Moreover, in the past month, the Center for Research and Innovation associated with the Israeli Maccabi Healthcare Services signed a series of comprehensive agreements with Emirati health organizations to promote joint medical research and technological innovation. Their goal is to advance personalized, innovative medicine, and the project sets the stage for a regional ecosystem that will support joint research activities, including joint studies on cancer, heart disease, and more.

The Negev Forum

Beyond their economic dimensions, the Accords have set in motion promising initiatives for further regional integration and cooperation. This past June, the UAE, Egypt, Israel, Bahrain, and Morocco, alongside the United States, agreed to establish a new cooperative framework under the name “the Negev Forum.” Following the Negev Summit in Sde Boker, Israel this past March, these six governments—represented by senior officials from their respective foreign ministries—held an inaugural meeting of the Negev Forum Steering Committee in Manama, Bahrain in June, clarifying that the chief aim of the forum is to coordinate members’ collective efforts and advance a common vision for the region.

The statement from the U.S. Department of State also announced the formation of six “Working Groups” to put forward initiatives
that promote integration, cooperation, and development on a regional level, including initiatives that strengthen the Palestinian economy and improve the quality of life of Palestinians. The Working Groups are: Clean Energy, Education and Coexistence, Food and Water Security, Health, Regional Security, and Tourism. In the coming years, the Negev Forum is expected to play a major role in confronting significant regional challenges, especially as the United States plans to gradually withdraw from the Middle East to focus its efforts and resources on the Pacific Ocean, the rise of China, and the consequences of the Russian invasion of Ukraine.

In addition to the Forum, an international I2U2 group was established this past June, bringing together the UAE, Israel, India, and the United States to collaborate in the areas of food security, clean energy, technology, and trade while stimulating economic cooperation in the Middle East and South Asia and promoting sustainable investments between I2U2 partner states.

On the whole, the results achieved by the Abraham Accords over the past two years, both economic and political, have surpassed the often complicated, deadlocked regional conditions in the Middle East, making it a dynamic step towards regional and global progress. Although the Palestinian issue continues to represent a major challenge to the new regional order established by the Israeli-Emirati Agreement, the Peace treaty itself has recognized new possibilities on the path toward an independent Palestinian state.

Of course, the Abraham Accords will not solve all regional problems, or spark immediate change in unstable regional states. Nevertheless, it remains a glimmer of hope for coming generations and poses an alternate trajectory for the future of a region that has historically suffered conflict, instability, and economic hardship. If more Arab countries in the region were to join this path, the Accords could have a lasting impact on the political, economic, and social order throughout the Middle East.

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