



# **ABRAHAM ACCORDS**

## **PEACE INSTITUTE**

Annual Strategy  
August 27, 2021



# Abraham Accords Peace Institute Annual Strategy

Approved on August 27, 2021

This document is intended to guide and inform the first year of the Abraham Accords Peace Institute's (AAPI) efforts to achieve its mission and goals. On August 27, 2021 the Board of Directors have approved and directed the Annual Strategy's implementation in consultation with the Honorary Advisory Council and Committee. Similarly, the Board will assess progress quarterly to evaluate, and if necessary, modify the strategy to ensure the Institute is achieving its stated goals and is properly allocating resources to corresponding priorities. The document includes numerous references and citations, but they are not exhaustive.

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## Vision at Endstate

Within its first year, AAPI will have measurably and tangibly strengthened and solidified the bonds among members of the Abraham Accords, ensuring that the agreement will achieve its full potential by demonstrably improving the lives of signatory countries' citizens and effectively countering the propaganda and misperceptions that have, historically, fueled the Arab-Israeli conflict. These strengthened relationships will serve to positively reinforce signatories' prudent and remarkably beneficial decision to join the Accords and, simultaneously, will incentivize future signatories.

The Accords' first-year success will continue to highlight to potential future signatories not only the possibility of such advances, but the necessity of such for their own economic prosperity and the stability of the region. The Institute will serve as the primary platform for disseminating the progress made through the Accords and will develop new opportunities for growth by convening and leveraging both public and private sector entities and organizations for discussion, planning, and cooperation.

- **Desired Effects:** Our efforts will lead to a measurable increase in connectivity and prosperity among Abraham Accords members by positively reinforcing their decision and encouraging others to join. This will enable signatory countries to manage risk, transition and evolve their economies, and leverage their collective resources and assets to achieve common goals.
- **Expanded Purpose:** The Institute will enable bilateral and multilateral economic and cultural progress and opportunity by demonstrating private-sector investment, tangible U.S. commitment, leveraging Institute relationships to bridge business-to-government obstacles which impede progress as appropriate, coordinating the range of activities currently ongoing, and focusing required resources to address critical gaps to sustain and expand ties.
- **Essential Tasks:** It is vital we encourage economic and cultural connections, sustain existing relationships, expand trade and investment, persuade others to join the Accords, dispel myths which undergird conflict, increase cultural contact among Accord members, and build lasting connections and structures to sustain progress.
- **Critical Nodes:** We will work in close partnership with all public and private sector entities engaged in advancing the Accords, partner with all who seek to further the relationships among its members, acquire the necessary data to identify and overcome obstacles as well as seize opportunities; build bridges between public and private efforts, establish the required bilateral foundations which will make multilateral solutions possible.
- **Critical Resources:** The Institute will continue to nurture and develop existing relationships with key regional leaders, partnerships with like-minded organizations, bipartisan support required to sustain consensus endorsement of the Accords, favorable public opinion vital to securing U.S. interests, as well as our staff<sup>1</sup> and the resources required to sustain these efforts.

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<sup>1</sup> For the purposes of this document “staff” refers to employees, paid consultants, interns, fellows, and volunteers working to support the Institute.



## I. Situation

### a. Context

The Abraham Accords refer collectively to the agreements of peace<sup>2</sup>, diplomatic relations, and full normalization between Israel and partner countries including the United Arab Emirates<sup>3</sup>, Bahrain<sup>4</sup>, Morocco<sup>5</sup>, Sudan<sup>6</sup>, and Kosovo<sup>7</sup>. The Abraham Accords mark a historic step toward moving beyond the Arab-Israeli conflict that has, historically, inhibited progress in the Middle East since the founding of the State of Israel in 1948. Over seven decades, this conflict divided countries and local populations while allowing a counter-productive narrative to undermine hopes for a better future for the people of the region.

Following the September 15, 2020 signing of the Accords, and the subsequent addition of two new signatories through December 2020, parts of the United States government have been slow to continue implementation, dangerously signaling to the region and the world the perception of U.S. indifference. Recognizing the critical role the United States played in establishing the agreement, there is a strong desire among its members that it resume its leadership position to sustain and expand the Accords.

The Abraham Accords constitute the beginning of a transformation of a region that has historically confounded geopolitics, and that will continue to be a vital battleground astride the security and economic interests of world powers. American leadership was a necessary, but alone insufficient, condition to the emergence of this agreement. American leadership will remain essential to its growth and evolution. The alignment of our regional partners and allies in both economic and security domains will ensure that the agreement endures. It will also incentivize others to join existing signatories in pooling critical capacities to advance and defend mutual interests. Importantly, the Accords serve to constrain shared threats from the Islamic Republic of Iran *while simultaneously* constraining the malign influence and practices of China and Russia. Adversaries will continue to manufacture and exploit fissures among the U.S. and its regional partners if the United States and our allies fail to capitalize on the favorable shift in the region's security and economic architecture. Importantly, appropriate support will allow the Abraham Accords to advance and secure America's interests with the use of significantly fewer U.S. resources and with more capable partners integrated as never before.

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<sup>2</sup> [Abraham Accords Declaration](#); signed September 15, 2020.

<sup>3</sup> [Abraham Accords Peace Agreement](#): Treaty of Peace, Diplomatic Relations and Full Normalization between the United Arab Emirates and the State of Israel; signed September 15, 2020.

<sup>4</sup> [Abraham Accords: Joint Declaration of Peace](#), Cooperation, and Constructive Diplomatic and Friendly Relations; signed September 15, 2020.

<sup>5</sup> [Join Declaration](#), The Kingdom of Morocco, the United States of America, and the State of Israel; signed December 22, 2020.

<sup>6</sup> [Abraham Accords Declaration](#); signed January 6, 2021.

<sup>7</sup> On September 4, 2020, Kosovo's Prime Minister Hoti and Serbia's President Vučić signed and separately submitted to U.S. President Trump a document titled "[Economic Normalization](#)," referred to as the "Washington Agreement." Kosovo also committed to recognize Israel (and Israel, separately, to recognize Kosovo), while Serbia committed to establish a commercial office and a ministry state office in Jerusalem, and to move its embassy there by July 1, 2021.



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U.S. leadership proved absolutely critical to the development and early implementation of the Accords; absent sustained investment, the historic agreement will fail to achieve its potential. Such a setback would almost certainly constrain the region's economic recovery from the pandemic, allow Iran to regain disruptive footing throughout the region, erode support for counterterrorism cooperation, open a door to malign influence by Russia and China, discourage essential cooperation, and provide an opportunity for a resurgence of ISIS and al Qa'ida.

But, if the Institute alongside the United States and our allies seize the opportunity that this historic agreement offers, the inverse holds. We could build upon it to enhance regional stability, security, and trade. We could also seize the opportunity for a US-led regional security architecture built to safeguard an economic foundation that can endure, while reducing our costs and constraining our adversaries.

As Secretary Blinken recently observed in his remarks receiving Israeli Foreign Minister Yair Lapid in Washington, *"You rightly noted our strong support for the normalization agreements, the Abraham Accords with Israel's neighbors and beyond. We strongly support this and hopefully there'll be other participants."*<sup>8</sup>

## b. Opportunities

Throughout history, the Middle East has been a center of innovation and progress. Today, with vast natural resources, aspirational societies, and a growing population with approximately 65% of persons under the age of 30, the Middle East is ready to move forward and seize new opportunities and to build on its limitless potential. The Abraham Accords provide the pathway to the end of the Arab-Israeli conflict and a future of peace, tolerance, and opportunity in the Middle East and around the world. The Abraham Accords has already led to tremendous economic opportunities, which will increase prosperity and quality of life in the participating countries. As commercial ties grow, so will the strength of the bonds between the countries and their people. The opportunity could create as much as 4 million new jobs and \$1 trillion in new economic activity in the coming decade and in the near term helping the region recover from the global pandemic<sup>9</sup>.

The Abraham Accords, and the Institute which bears its name, hold the potential to serve as the foundation for a peace process in the Middle East by demonstrating the tangible benefits of interpersonal ties, trade, commerce, and mutual cooperation. This new effort will help seize this historic opportunity to unleash the Middle East's potential, keep America safe, and help the region turn the page on a generation of conflict and instability.

U.S. National Security Advisor recently affirmed support in a conversation with his Israeli counterpart Meir Ben-Shabbat during which they *"...discussed opportunities to enhance the partnership over the coming months, including by building on the success of Israel's normalization arrangements with UAE, Bahrain, Sudan, and*

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<sup>8</sup> Secretary Antony J. Blinken And Israeli Foreign Minister Yair Lapid Before Their Meeting, [Remarks to the Press](#); June 27, 2021.

<sup>9</sup> *Peace Dividend: Widening the Economic Growth and Development Benefits of the Abraham Accords*; by Daniel Egel, Shira Efron, Linda Robinson; RAND, March 2021.



*Morocco.*”<sup>10</sup> This was confirmed during Vice President Kamala Harris’ call with Israeli Prime Minister Benjamin Netanyahu where she conveyed “...strong support for Israel’s recent groundbreaking normalization agreements with countries in the Arab and Muslim world, and stressed the importance of advancing peace, security, and prosperity...”<sup>11</sup> and later affirmed by President Biden to His Highness Mohammed bin Zayed, Crown Prince of the United Arab Emirates during which the President “...*underlined the strategic importance of the normalization of relations between the United Arab Emirates and Israel...[and] expressed his full support for strengthening and expanding these arrangements.*”<sup>12</sup>

**India.** The Middle East is an important strategic region for India with profound geopolitical and geo-economic significance. India and the region share deep civilizational contacts, cultural exchange and historical linkages. In modern times both have shared colonial past and struggles for independence. After independence, India's policy of non-alignment has found tremendous support and strength in the region to face the challenges of the Cold war influences and its dangerous implications. India's large Muslim population and managing Pakistan's raising the Kashmir issue in the Islamic forums has also shaped American policy approaches and directions towards the region. India's Palestine policy and support for the same were based on the above factors and its anti-colonial commitments.<sup>13</sup>

The geopolitics of energy security makes the region, particularly the Gulf crucial for India's geo-economics and pursuit of economic development. India is already 3rd largest consumer of oil and largely dependent on the supply from the region. Thus, the stability of the region for assured energy supply determines the priority of Indian policy towards the region. The economic diversification drive in the Gulf economies (Saudi Arabia's Vision 2030) has created an accelerating pace of engagement. The major oil companies of the region- ARAMCO and ADNOC are deepening their engagement with the Indian companies both public and private. ARAMCO and Reliance Industries are developing strategic partnership and an investment by the former in West Coast Refinery and Petrochemical Project in Maharashtra. Indian companies like ONGC has also engaged and participated in the oil extraction, refinery and technical support creating stronger economic interdependence. Saudi Arabia is set to invest \$100 billion in energy, refining, petrochemical and also in the field of agriculture, infrastructure and mining and allied sector. The presence of PM Modi in the 'Davos in the Desert' has spurred India's position of influence and power to serve its geostrategic and geo-economic interests.<sup>14</sup>

The Indian outreach to the region in recent years with visits of PM Narendra Modi has produced a new realization of mutuality of geostrategic and geo-economic interests, trust and thus re-alignment of

<sup>10</sup> [Readout](#) of National Security Advisor Jake Sullivan’s phone call with Israeli National Security Advisor Meir Ben Shabbat, January 24, 2021.

<sup>11</sup> [Readout](#) of Vice President Kamala Harris Call with Prime Minister Benjamin Netanyahu of Israel March 4, 2021.

<sup>12</sup> [Readout](#) of President Joseph R. Biden, Jr. Call with Abu Dhabi Crown Prince Mohamed bin Zayed May 4, 2021.

<sup>13</sup> C. Rajan Mohan, "India and the Balance of Power," *Foreign Affairs* (July/August 2006)

14 Raymond Zhong, "India Will Be Fastest-Growing Economy for Coming Decade, Harvard Researchers Predict," *The Wall Street Journal*, January 1, 2016, accessed January 7, 2017, <http://blogs.wsj.com/indiarealtime/2016/01/01/india-will-be-fastest-growing-economy-for-coming-decade-harvard-researchers-predict/>; "India projected to grow 7.6% in 2017: UN report," *The Times of India*, December 2, 2016, <http://timesofindia.indiatimes.com/business/india-business/India-projected-to-grow-7-6-in-2017-UN-report/articleshow/5748481.html>; and Anjana Pasricha, "World Bank: India Demonetization Slowdown to be Short-lived," VOA News, January 13, 2017, February 1, 2017, <http://www.voanews.com/a/world-bank-india-demonetization-slowdown-to-be-short-lived/5412347.html>.



interest towards India. OIC invitation to India as a Guest of Honor and address of the session in March 2019 by then External Affairs Minister, Smt. Sushma Swaraj despite opposition by Pakistan is manifest reflection of the relationship. Both Saudi Arabia and UAE backed the Indian position on the revocation of Article 230, and now the region views *'Pakistan as a brother but look towards India as a credible friend and power'* to serve their economic interests and strategic necessities in the changing world.<sup>15</sup>

India can leverage its interests in the region to build bridges of sustainable peace and security in the region using the Accords as a vehicle to align partners, allies and mitigate Chinese malign influence. The strategic partnership and sustained soft power diplomacy with Iran, Saudi Arabia (GCC states) and Israel can be a new formidable alliance for multilateralism and equitable world order. The Middle East can be India's power base and smart use of its soft power is sure to spur its standing as a trusted partner and credible power in the post-COVID world order.

**Japan.** The pace and scope of Japan's diplomacy in the Middle East have expanded over the course of the past decade. Tokyo has long viewed the region's vast energy resources as vital to fueling the nation's economic growth; recently, however, Japan's ties with the Middle East have both deepened and grown more complex. Japan has harnessed its industrial and technological know-how to establish itself as a critical partner for major regional powers, such as Saudi Arabia and the United Arab Emirates (UAE). Thus, not only is Japan a valued market for energy exports, it is also an important partner in a wide range of sectors, from emerging technologies to space exploration.

The Japan-U.S. alliance remains the bedrock of Japan's national security strategy and informs Japan's engagement with the Middle East. In 2008, it appeared that Japan was coming into closer alignment with the United States in the region. With Japan having deployed Self-Defense Forces (SDF) troops to assist in refueling operations for the U.S.-led war in Afghanistan and having provided reconstruction assistance in Iraq, Japan appeared in lockstep with U.S. security preferences in the region. However, today, Japan is much more reluctant to be seen as outwardly participating in U.S. military operations in the Middle East. Japan's Prime Minister Shinzo Abe, who was returned to office a second time in December 2012, has recalibrated Japan's embrace of Washington's priorities in the region and embarked on setting a more independent course in the pursuit of Japan's interests. Japan's latest SDF deployment to the Gulf of Oman in early 2020 highlighted this new course in practice, as Japan did not formally join the U.S.-led multinational maritime security mission to secure commercial shipping lanes in the Strait of Hormuz.

Tokyo believes its energy dependency on Middle Eastern oil will last beyond 2030, when Tokyo expects oil and natural gas needs to decrease to account for about 40% of Japan's energy needs compared to about 62% as of 2019. Despite being resource-poor, Japan possesses a significant amount of oil storage capacity and has allowed countries from the Middle East to store oil in Japan for distribution elsewhere in East Asia. Japan has also made arrangements with countries to share its emergency reserves in the event of a major supply disruption. As of October 2019, Japan's total petroleum reserves contained 515.64 million barrels, or the equivalent of 234 days of consumption.<sup>16</sup>

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<sup>15</sup> Tanvi Madan, "Why is India's Modi visiting Saudi Arabia?" Brookings Institution, April 1, 2016, accessed January 8, 2016, <https://www.brookings.edu/blog/markaz/2016/04/01/why-is-indias-modi-vis...>

<sup>16</sup> U.S. Energy Information Administration, [Country Analysis Executive Summary: Japan](#), October 2020.





The Middle East is a critical partner for Japan in this endeavor. In January 2020, Japan and the United Arab Emirates signed the UAE-Japan Strategic Energy Cooperation Agreement that extended an agreement that allowed Japan to store 8 million barrels of UAE crude oil to give the UAE easier access to East Asian markets. This also augmenting Japan's strategic oil supply in the event that energy supply routes were disrupted. Japan also has a similar arrangement with Saudi Arabia and has entered into an agreement to hold a portion of Australia's strategic oil reserve. However, during the COVID-19 pandemic, a gap was exposed in Japan's energy supply chain, as it was revealed that Japan's major shipping companies Mitsui, Nippon Yusen, and Kawasaki Kisen Kaisha did not have large enough shipping fleets to take advantage of the demand for tankers on spot markets to warehouse crude.<sup>17</sup>

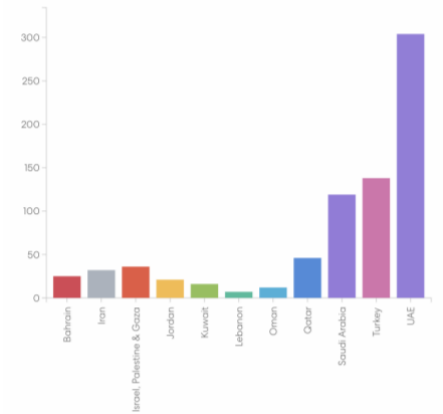


Figure 1. Japanese Affiliated Companies in the Middle East.

In addition to its storage capacity, Japan also enjoys significant, and growing, refining capacity. Japan has a total of 23 active crude oil refineries, of which Negishi, Yokkaichi II, and Kawasaki are expected to become the nation's largest refineries over the next three years with total refining capacities of 2.7 million barrels per day, 2.55 million barrels per day, and 2.35 million barrels per day, respectively, by 2023. However, Japan's refining sector is highly vulnerable to disruptions in imports of Middle Eastern oil, and Tokyo has also sought to diversify its energy mix by investing in liquified natural gas (LNG) to reduce Japan's dependence on Middle East oil.<sup>18</sup>

Japan's diplomatic approach to the region, which emphasizes Japan as an "honest broker," is crucial to understanding how Japan pursues its interests in the Middle East. Japan's regional engagement is often understood as a delicate balancing act between the overriding imperative of maintaining a strong security alliance with the United States on the one hand and not putting Japan's energy and economic ties at risk by antagonizing regional capitals on the other. While Tokyo certainly is highly sensitive to Washington's foreign policy preferences in the region, this narrow focus on balancing U.S. preferences versus Japan's energy interests obscures Japan's growing diplomatic, economic, and cultural outreach in the region. Japan's interests in the Middle East are far greater and more diverse today than they were 10 years ago. This provides an opportunity to encourage Japanese support for the Abraham Accords as a primary beneficiary of the alignment of MENA energy exporters increasingly focused on Asian clients.

**Economic diversification** has gained a renewed sense of urgency in the Middle East and North Africa. A global economic slowdown induced by the coronavirus pandemic pushed Brent crude prices down from \$64 per barrel at the start of 2020 to a low of \$23 in April 2020 (see Figure 1). Oil prices are expected to remain below \$50 per barrel through 2022, placing substantial pressure on the fiscal

<sup>17</sup> Lamont, Christopher, [Japan's Evolving Ties to the Middle East](#), Asia Society online, July 28th, 2020

<sup>18</sup> CSIS, [Reimagining U.S. Strategy in the Middle East: Sustainable Partnerships, Strategic Investments](#); various authors; January 2021.



positions of Gulf Cooperation Council (GCC) countries, which are expected to run budget deficits averaging 9.2 percent in 2020 and 5.7 percent 2021.<sup>19</sup>

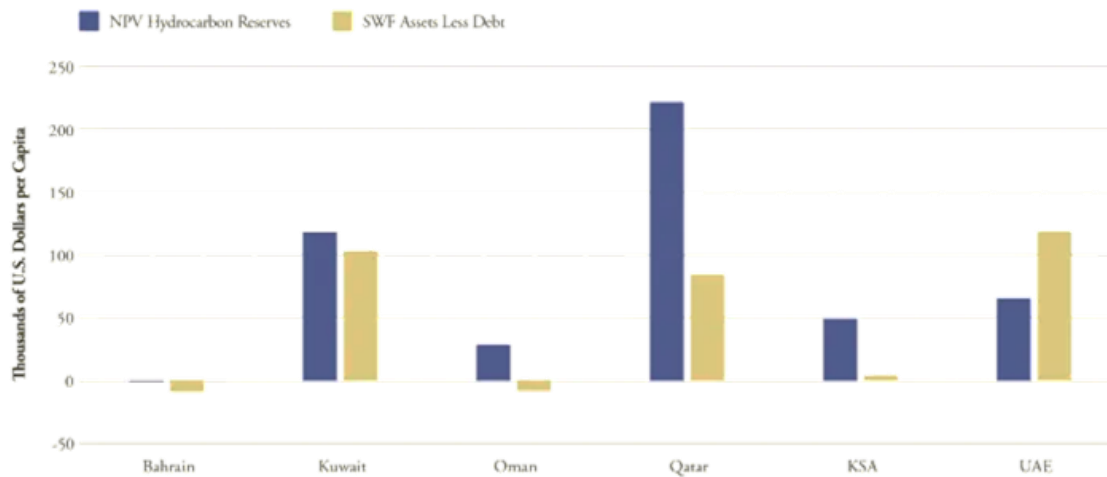


Figure 2. Per-Capita Net Present Value (NPV) of hydrocarbon reserves and Net Sovereign Wealth Fund (SWF) assets less debt 2019.<sup>20</sup>

**Global Logistics.** At the same time the Middle East has emerged in the last two decades as a global logistics hub as countries, mainly on the Arabian Gulf, have built modern warehouses and transportation infrastructure, developed free zones, adopted “open skies” policies, simplified customs procedures and strengthened anti-corruption measures.

The Middle East is filling a gap for Africa, Central Asia, India and Pakistan, which have fast-growing consumer markets and local production but lack adequate transport infrastructure, storage and services. Gulf countries are able to act as gateways for goods coming from Asia, Europe or North America or as distribution points for goods moving within markets in the Middle East.

The Abraham Accords, and the new connections which are now possible as a result, provide an unprecedented opportunity to reorient market access and global transportation hubs enabling improved efficiency and the establishment of trusted supply chains on terms favorable to the United States and its partners. Israel can leverage UAE as a logistical hub for market access to India and Asia,

<sup>19</sup> [Economic diversification in the Gulf: Time to redouble efforts](#); by Nader Kabbani and Nejla Ben Mimoune; Sunday, January 2021.31, 2021

<sup>20</sup> Data derived from British Petroleum (BP), “Statistical Review of World Energy 2020, 69th Edition,” June 2020, 14–19, 32, 42, <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2020-full-report.pdf>; World Bank Group, “Economic Diversification for a Sustainable and Resilient GCC,” Gulf Economic Update Issue 5, December 2019, 24, <http://documents1.worldbank.org/curated/en/886531574883246643/pdf/Economic-Diversification-for-a-Sustainable-and-Resilient-GCC.pdf>; “List of 25 Sovereign Wealth Fund Profiles in Middle East,” Sovereign Wealth Fund Institute, accessed October 15, 2020, <https://www.swfinstitute.org/profiles/sovereign-wealth-fund/middle-east>; Gulf Labour Markets, Migration, and Population (GLMM) Programme Demographic and Economic Database, “GCC: Total population and percentage of nationals and non-nationals in GCC countries (national statistics, 2017–2018) (with numbers),” accessed October 15, 2020, <https://gulfmigration.org/gcc-total-population-and-percentage-of-nationals-and-non-nationals-in-gcc-countries-national-statistics-2017-2018-with-numbers/>.



Bahrain to expand ties to Saudi Arabia, Morocco for expanded access to the EU and sub-Saharan Africa, Kosovo for access into the emerging markets of Eastern Europe, and Sudan for the horn of Africa. In return, Accord members can leverage Israel's strategic location in the Eastern Mediterranean and its access to the US market.

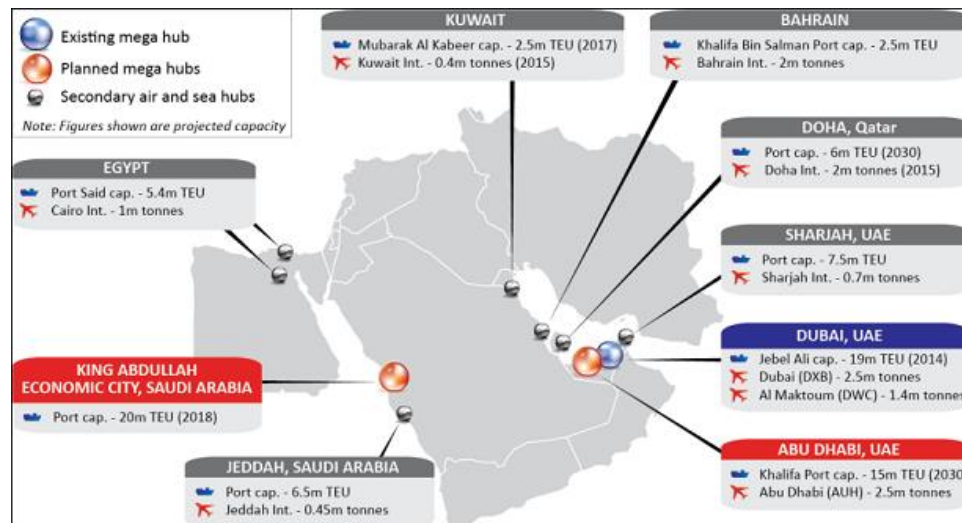


Figure 3. Middle Eastern Logistics Hubs and their Capacities.

**Trade.** The Accords offer an opportunity for more rapid regional integration over time, suggesting that recent trade agreements among MENA countries can stimulate regional trade to a greater extent than external trade. East Asia and Europe show large and rising intra-industry trade, both globally and regionally, reflecting increased trade in differentiated goods and the expansion of supply chains immediately prior to the pandemic. Prior to the Accords, the MENA countries have been largely left out of this transformation but can now capitalize on it.

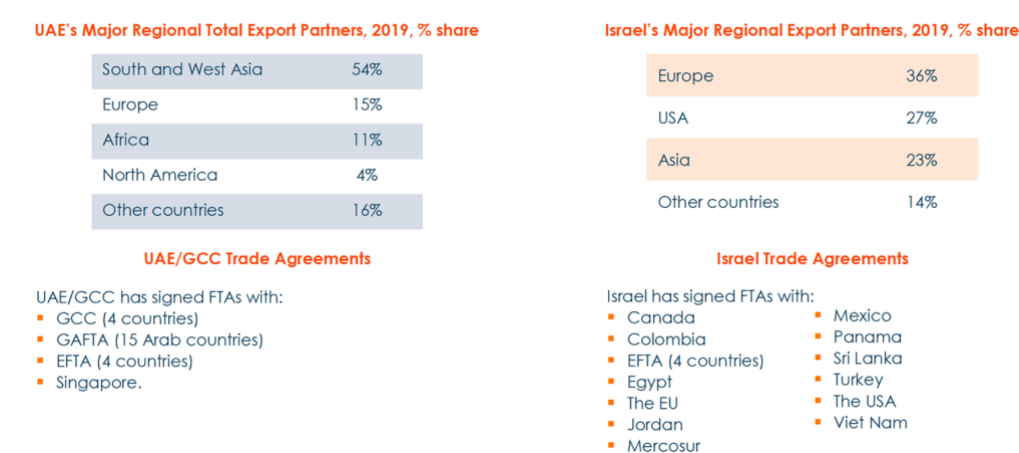


Figure 4. UAE and Israel Comparative Advantage in Exports and FTAs.

**Qualified Industrial Zones:** In 1996, the U.S. Congress established the Qualifying Industrial Zone (QIZ) initiative to support the peace process in the Middle East. The QIZ initiative allows Egypt and



Jordan to export products to the United States duty-free, as long as these products contain inputs from Israel.<sup>21</sup> The QIZ legislation authorizes the President to proclaim elimination of duties on articles produced in the West Bank, Gaza Strip, and qualifying industrial zones in Jordan and Egypt. The Office of the United States Trade Representative (USTR), in consultation with other U.S. Government agencies, designates QIZs. Until December 2004, all QIZs had been established in Jordan.

In order for QIZ products to be eligible for duty-free entry into the United States, the article must be a new and different article of commerce that has been grown, produced or manufactured in the zone, and at least 35 percent of the appraised value of a product at the time it enters into the U.S. must consist of the cost or value of materials produced and direct cost of producing operations performed in the QIZ. Generally speaking, U.S. tariffs on textile and apparel goods are relatively high, which makes production of these goods in QIZs especially attractive.

Presidential Proclamation 6955 established QIZs in Jordan, the West Bank, and the Gaza Strip on November 21, 1996. In December 2004, three QIZs were designated in Egypt: the Greater Cairo zone, the Alexandria zone and the Suez Canal Zone zone. Subsequently, the following QIZs have been designated in Egypt, established in Egypt by agreement between the Government of Israel and the Government of Egypt: the Central Delta Zone, and the expansion of the Greater Cairo and Suez Canal zones in August 2005; and the Beni Suief and Al Minya zones in January 2009.

Qualified Industrial Zones (QIZs) are production areas designated by the Jordanian and Israeli authorities and approved by the US government. Products originating from QIZs are granted duty-free and quota free access to the US market. As the objective of these zones is to promote peace and stability through economic integration in the region, Jordanian, Egyptian and Israeli goods originating in the QIZ's were granted un-reciprocal duty free access to US markets. Such an arrangement was beneficial to both Jordan and Israel: Israel was able to utilize Jordan's low wage advantages, and Jordan was able to utilize Israel's existing market channel link in the USA, as well as its sophisticated technology and management. As a result, QIZs have been able to operate at a higher level of productivity than the rest of the industries in the region. QIZ exports have now risen to top all other Jordanian exports, making the USA Jordan's main export destination.<sup>22</sup>

Despite these successes, QIZs have not produced the benefits that were originally expected. First, the Jordanian business community has not been enthusiastic about establishing a direct link with its Israeli counterpart. Second, Israeli business has limited direct investment, and has preferred instead to deal with the QIZs on a subcontracting basis. Most investment has thus originated from outside the region, and as a result the agreement has mainly benefited third-party countries such as the USA and East Asian investors. Similarly, the effects on the Jordanian labor market have been disappointing. While it is estimated that over 30,000 jobs have been created as a result of the QIZ initiative, a large number of

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<sup>21</sup> ElGhouty, A. (2020). Evaluating the Impact of QIZ Protocol on Egypt's Textile and Clothing Sector. *Archives of Business Research*, 8(8), 251–261. <https://doi.org/10.14738/abr.88.8960>

<sup>22</sup> Kahn, Yehudith and Arieli, Tamar. "Post Conflict Normalization through Trade Preferential Agreements: Egypt, Israel and the Qualified Industrial Zones" *Peace Economics, Peace Science and Public Policy*, vol. 26, no. 4, 2020, pp. 20190020. <https://doi.org/10.1515/peps-2019-0020>



those positions are filled by foreign workers, rendering the effect on Jordanian unemployment rates negligible. When asked why they hire foreign workers over local Jordanians, interviewed supervisors explained that foreign workers are often better trained and more committed than their Jordanian counterparts, factors that could be explained by the fact that Jordanians often have familial and social obligations. Furthermore, interviews indicated that the Jordanian labor force does not display an interest in working in the QIZs: work is low-paid, wage freezes and favoritism are common, and job security is lacking since Jordanians fear they could be replaced by foreigners accepting longer hours and lower pay. Finally, working conditions in the factories are often difficult, and workers often work ten-hour days.

Research has shown, however, that the QIZs have had positive effects on female employment rates in Jordan, as rural women now have an important means to contribute to their families' income and increase their participation in general public life in Jordan, strengthening their overall power and self-confidence in society. Nonetheless, the QIZs are not providing these women with the training and qualifications needed to move to higher paid skilled positions. Improved salaries, as well as a streamlined incentive and raise system, could be a step towards improving the overall reputation of textile factory work in the QIZs.

The effects of QIZs on other sectors of the Jordanian economy have been limited at best. Despite the fact that QIZs use infrastructure and electricity from Jordanian businesses, the lack of raw materials in the country limits possible backward or forward linkages. Furthermore, Israel has more competitive shipping prices, so goods are shipped from Haifa rather than Aqaba. Finally, since the contract stipulates that all products must be shipped to the US, there is no domestic competition, and few Jordanian companies/businesses have benefited from the existence of the QIZs.

The recent elimination of quotas set by the Multi-Fiber Agreement (MFA) may pose some problems for Jordan's QIZs in the near future. The elimination of the MFA will allow more competitive suppliers to increase their American market share and dominate the global market at the expense of less competitive countries. As a result, Jordan should expect to lose some of its market share as it gradually loses its preferential treatment. Moreover, since many of the QIZ investors are Asians whose home countries are facing quotas, we should expect to see a large outflow of investment funds from Jordan back to Asia. Nonetheless, while quotas have been eliminated, tariffs will remain intact. Jordan could focus more on high tariff products in order to maintain its comparative advantage over low tariff products.

Improving Jordan's QIZs should also involve an attempt to foster linkages between the QIZs firms and the rest of the economy. Where feasible, steps should be taken to encourage diversification, particularly related to high tariff products. Finally, as global and regional liberalization proceeds, QIZs must be seen as transitional building blocks in the trade liberalization process, rather than an end unto themselves.

**Free Trade Zones:** Free zones and other types of special economic zones used to facilitate global trade and investment, in which the rules of business are laxer than those in the national territory, are fast becoming prominent features of controversial strategic partnerships emerging across the Middle





East. In turn, beyond serving as commercial incubators for select industries, free zones have now started to act as bellwethers for the geopolitical and economic reconfigurations underway across the broader Middle East.

Israel has long engaged with similar Qualifying Industrial Zones in Egypt and Jordan—the result of a program authorized by the U.S. Congress in 1996 to strengthen ties between Israel and its neighboring Arab states. These free zone-related entities permit Egyptian and Jordanian firms to export to the United States duty-free, provided that the exported products contain inputs from Israel. The latest cooperation over free zones follows an older trend in which economic partnerships prefigure better relations.

The emirate of Dubai, widely considered the Gulf's de facto free zone hub, is using its flagship commercial entities to cement ties with Israeli counterparts. In September, DP World—the Dubai-based multinational logistics company—and other government-related entities signed multiple agreements with Israel-based DoverTower Group, a shareholder of the Israel Shipyards port in Haifa and a partner in Eilat Port. DP World plans to assess port and free zone development opportunities in Israel as well as establish a direct shipping route between Eilat and the UAE port of Jebel Ali. Moreover, the Israel Diamond Exchange and the Dubai Diamond Exchange, which is part of the government-owned Dubai Multi Commodities Centre free zone, inked an agreement to enhance cooperation in the diamond trade. The Jebel Ali Free Zone and Dubai Airport Free Zone Authority both signed memorandums of understanding with the Federation of Israeli Chambers of Commerce in late September to support Israeli companies intending to establish businesses in Dubai. Several factors explain why free zones have moved to the forefront of geopolitical relations in the broader Middle East.

First, there is a widely held perception that free zones reduce risks associated with entering new markets. Marketing strategies depict free zones as politically neutral commercial gateways with seamless and cost-effective services. Host governments may create free zones and other forms of special economic zones to gauge the effects of potential economic reforms—such as easing local ownership requirements—or to develop new industries. In this respect, governments and policymakers may treat free zones as commercial litmus tests.

Second, free zones attract a wide array of local, regional, and international economic actors. This diversity of players can shield individual governments from criticism relating to new international relationships, for example between Gulf states and Israel. Global business actors operating in Gulf free zones also enjoy preferential business incentives, which include greater ownership rights, lax labor regulations, and exemptions from customs duties and taxes.



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Third, free zones are already prominent structural components of the Middle East's political economy, especially that of the Gulf region. In Dubai, for example, investors can choose between dozens of operating free zones, and the emirate's 50-year charter sets out its vision of a virtual commercial city that can host 100,000 firms. Saudi Arabia's Neom—a megaproject-cum-free zone in northwest of the country—stretches the bounds of national sovereignty by aspiring to incorporate nearby Egyptian and Jordanian territories. Saudi policymakers have also proposed free zones along Saudi Arabia's borders with Yemen and Iraq, presumably to advance its objectives in those countries. The Qatar Free Zones Authority aims to offer “state of the art infrastructure” next to Hamad Port and Hamad International Airport, while Omani free zones ostensibly seek to promote growth in underdeveloped parts of the country.

Country	FTA	TIFA	BIT	WTO	GSP
Israel	✓	✓	✓	✓	
Jordan	✓	✓	✓	✓	✓
Morocco	Ratified by U.S.	✓	✓	✓	✓
Bahrain	Signed	✓	✓	✓	✓
Egypt		✓	✓	✓	✓
Lebanon				Negotiating Accession	✓
Algeria		✓		Negotiating Accession	✓
Tunisia		✓	✓	✓	✓
Saudi Arabia		✓		Negotiating Accession	Not Eligible
Oman	Announced	✓		✓	✓
Kuwait		✓		✓	Not Eligible
UAE	Announced	✓		✓	Not Eligible
Yemen		✓		Negotiating Accession	✓
Qatar		✓		✓	Not Eligible
Syria					Not Eligible
Iraq		✓		Observer Status	Not Eligible
Libya				Negotiating Accession	Not Eligible
Iran					Not Eligible

Note: The Palestinian Authority participates in the U.S. — Israel FTA.

Figure 5. US-Middle East Free Trade Efforts.

**Investment.** Accords member states will have to do more to attract FDI in more diversified sectors, while upgrading practices of new and existing investors to maximize the positive impact of investment.<sup>23</sup> The Abraham Accords provide an opportunity for members to collaborate and contribute to achieving this goal:

- Expand efforts to ease investors' entry, operations and growth. This includes making investment-related rules and regulations more clear, and implementation more consistent and predictable. Reducing scope for bureaucrats to interpret rules widely would help curb corruption and level the playing field among firms. To attract long-term investment in sectors with greater positive spillover effects, Accords member governments have to enforce legal protections and procedures to make operations more predictable.
- Increase efforts to promote private sector competition, to attract investors in job-creating and skill-enhancing sectors. Special treatment given to large or politically-connected firms should be reduced, and potential distortions caused by state ownership assessed. Accords members could consider reducing restrictions on foreign ownership of service sectors, which tend to be high in signatory nations. Promoting competition in backbone services, such as transport and distribution, would improve productivity in these sectors and the industries that rely on them.
- Consider more targeted policies to direct investment into certain sectors or locations, and upgrade investor practices. Accords member governments could replace broad-based tax holidays with more targeted incentives for firms to invest in employee training or research and development. Improving skills of employees and suppliers would make workers more productive and products more competitive on the global market, while putting upward pressure on wages. To help investors enter untapped locations and sectors, governments could implement targeted programs to link

<sup>23</sup> OECD (2021), *Middle East and North Africa Investment Policy Perspectives*, OECD Publishing, Paris, <https://doi.org/10.1787/6d84ee94-en>.



multinational firms to local suppliers. Accords member governments could also do more to promote responsible business conduct of firms to support higher job quality.

- Good investment policy depends on good governance. Accords member governments should improve coordination between agencies involved in promoting and facilitating investment to ensure policies are well implemented. Governments could also do more to align investment policy with other policies that influence the investment climate, including trade and innovation, to make sure investment policy best supports wider national development goals.

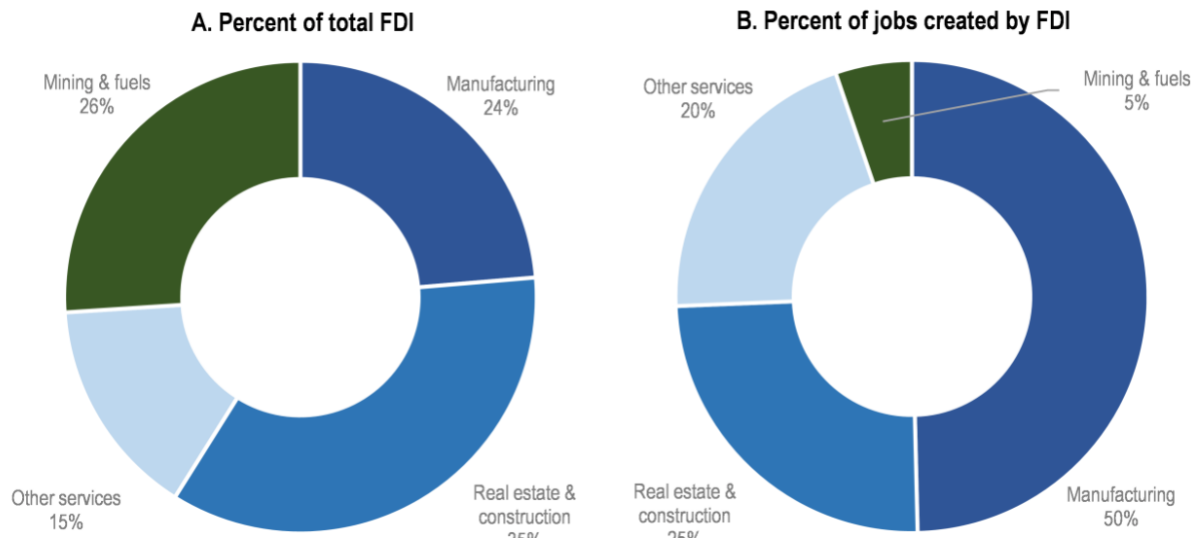


Figure 6. Foreign Direct Investment in MENA by sector and its Impact in job Creation.

The UAE is seeking to convert its petrochemical wealth into cash before peak demand in 2030 for investments to fuel economic evolution to knowledge-based economy and leverage its production likely outside of OPEC+ constraints. It aims to increase oil production to 5M BpD (from 3M, at a cost of \$122B USD). In its view, the UAE could provide an alternative financial outlet for capital investment to Israeli companies constrained by an inefficient banking system.

**Tourism.** Tourism is one of the main pillars upon which the MENA economies depend. The efforts to diversify their oil-based economies have placed further importance on the tourism industry. Tourism in the MENA region includes business, leisure, health and wellness, religious, cultural, and shopping travel. In 2015, Morocco led the region in wellness tourism with about 2.5 million visitors. In 2018, inbound visitor numbers to the Middle East grew by 4.8 percent, showing a decline compared to eight percent growth in 2014. Tourism in the Middle East and North Africa (MENA) region reached approximately six percent of the total worldwide tourist arrivals in 2018 according to United Nations World Tourism Organization. The number of tourism arrivals in the MENA region in 2018 exceeded 60 million, of which the United Arab Emirates received 15.8. In 2020, the worldwide COVID-19



pandemic and the lockdown measures associated with it decreased this number by 74 percent, as generally anticipated.<sup>24 25</sup>

The UAE was rated the most competitive tourism destination in the MENA region in 2018 with a score of 4.4 out of seven points according to the Travel and Tourism Competitiveness Index. The emirate of Dubai in the UAE had the highest value of international tourist receipts of more than 21 billion U.S. dollars in 2018. The total value for the entire MENA region was 73 billion U.S. dollars. Tourism arrivals in the Gulf Cooperation Council (GCC) countries were expected to surpass 64.3 million tourists by 2020.<sup>26 27</sup>

The contribution of the industry to the MENA job market was projected to reach 7.2 million jobs by 2028. However, in 2020, the COVID-19 pandemic affected the travel and tourism sector significantly. More than 60 percent of business owners in the Gulf Cooperation Council in that year reported their businesses being impacted by travel difficulties and restrictions).

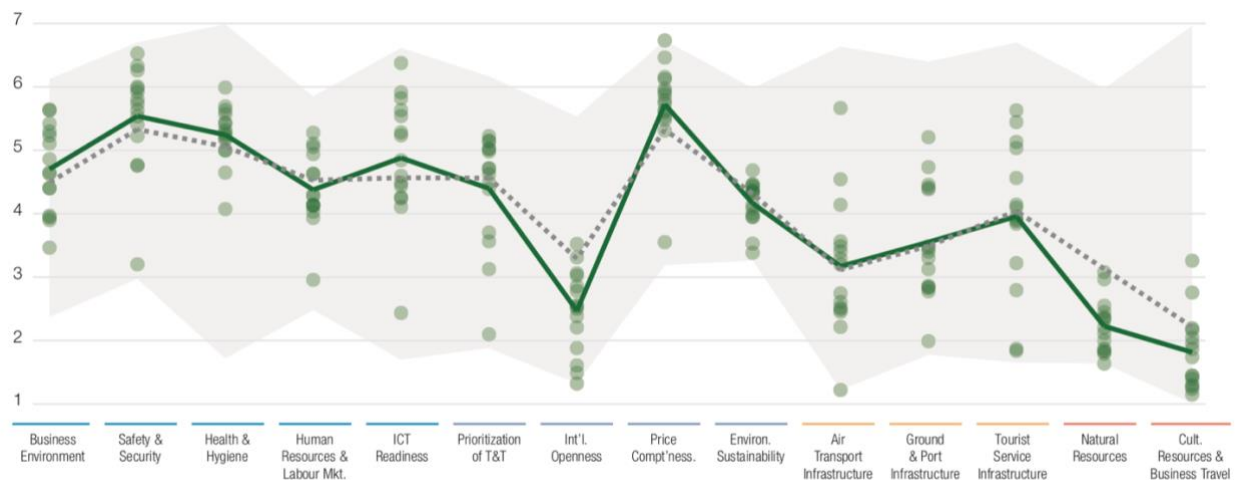


Figure 7. MENA Tourism Trends & Competitiveness.

Israeli tourism directly accounts for 2.8% of Israel's gross value added (GVA) and 3.6% of total employment, equivalent to 141,000 jobs. Taking into account the indirect impact, the total number of tourism-related jobs is estimated at 230 000, approximately 6% of total employment. International tourism receipts are estimated at USD 5.8 billion, accounting for 5% of total exports. Travel exports accounted for 14.5% of total service exports in 2018. Israel welcomed 4.1 million international tourist arrivals in 2018, a growth of 14.1% over 2017. The most important international source markets are

<sup>24</sup> Balli, F, Ghassan, HB, Al Jeefri, EH (2019) Towards understanding GCC outbound international tourism. *Journal of Policy Research in Tourism, Leisure and Events* 12(2): 142–151.

<sup>25</sup> Hilal, N (2020) Tourism in the gulf cooperation council countries as a priority for economic prospects and diversification. *Journal of Tourism and Hospitality* 9(451): 2167–2269.

<sup>26</sup> Michael, N, Reisinger, Y, Hayes, JP (2019) The UAE's tourism competitiveness: a business perspective. *Tourism Management Perspectives* 30: 53–64.

<sup>27</sup> UAE Ministry of Cabinet Affairs and the Future (2020) Future Possibilities Report 2020. Abu Dhabi, UAE: UAE Strategy for the Future, Government of United Arab Emirates and UN75 2020 and Beyond, Centennial Lab.



the United States (898,000 arrivals), France (346,000), the Russian Federation (316,000), Germany (263,000) and the United Kingdom (218,000). Together, these markets account for around 50% of all international tourist arrivals. Domestic tourism accounted for around 17.1 million bednights, equivalent to 55.2% of total bednights across all means of accommodation. In total, 8.1 million domestic overnight trips were recorded in 2018, similar to in 2017. Tourism declined approximately 80% since 2020 and is poised to recover as COVID-19 travel restrictions ease, and the new flight connections resulting from the Abraham Accords radically improve the ease of travel.<sup>28</sup>

Opportunities among cooperating Accords members include:

- Encouraging investment in tourism, including actively identifying and engaging entrepreneurs and negotiating with a range of online travel agents and airlines.
- Expanding accommodation and hotel supply through new capital investment, construction of new hotels, and conversion of existing buildings into accommodations facilities.
- Raising the competitiveness among Accords members as premier destinations, in particular by lowering prices through easing hotel regulations and promoting alternative types of accommodation.
- Improving access, mainly through incentivizing airlines to reorient flights and itineraries.
- Co-operation among travel agents, offering incentives to include Israel in tours and packages.
- Improving the tourist experience, making information accessible via digital channels, and supporting and motivating innovators and start-ups to create digital services aimed at tourists.
- Leverage international venues to advertise new connections timed with projected travel as COVID restrictions abate.
- Developing a marketing strategy that leads in collaboration with Accords member flag carriers, for example cities and other destinations.
- Placing renewed emphasis on developing the tourism experience, building specific facilities, lowering prices and upgrading tourism information offices.
- Diversifying types of accommodation and increasing the overall number of hotel beds.
- Consolidating research tools and programs, and monitoring performance

### c. Challenges & Obstacles

While the current U.S. administration's intentions are still being formed, it is sufficiently clear that President Biden intends to "recalibrate" relations with our traditional partners in the Middle East in general and with Israel specifically. The lack of high-level engagement to date and stated intent to shift resources and attention to Asia and work in closer collaboration with international organizations has caused significant concerns among our friends in the Middle East and has generated a regional interest in examining alternatives to the United States as the strategic partner of choice in both the security and economic domains. The possibility of accommodation with Iran and pursuit of diversification for their security assurances from China and Russia complicate an already difficult landscape.

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<sup>28</sup> Comerio, N, Strozzi, F (2019), Tourism and its economic impact: a literature review using bibliometric tools. *Tourism Economics* 25(1): 109–131.





In the absence of robust interpersonal connections for over 70 years between the people of countries without normalized relations, the baseline beliefs of their citizens have been shaped as much by myth as reality. Since even before the founding of the modern state of Israel, the narrative surrounding relations between Arabs and Israelis has been co-opted and mischaracterized by leaders with ulterior motives. Instead of allowing the narrative to be shaped by those who wish to perpetuate conflict for their own benefit, the Institute will produce detailed economic studies to demonstrate the benefits for the countries that have normalized and the benefits that await each country that follows the same path.

**Petrochemical Exports & Economic Diversification.** The flow of crude oil from the Middle East to Asia has been chiefly responsible for the complex interdependence that has developed between the two regions over the past three decades and remains vital to the economies of both. Asia Pacific—the world’s top oil importing region — sources most of its crude supplies from the Middle East, primarily from the Gulf. Conversely, upwards of three-quarters of Gulf crude oil exports are shipped to Asian customers.<sup>29 30</sup>

The coronavirus pandemic triggered a historic decline in global oil consumption, including a sharp downturn in Asian demand during the initial stages of the crisis — the first such contraction since the 2008 financial crisis. The twin shocks of low oil prices and the COVID-19 pandemic impacted Gulf countries. However, oil prices have recently risen to pre-pandemic highs, boosted by signs that the global economy may be recovering faster than expected and by OPEC+ supply restraint. In April, the International Energy Agency (IEA) raised its forecast for oil demand growth in 2021, saying that “fundamentals look decidedly stronger” but warned of “lingering concerns.”

The COVID-19 pandemic dented Asian oil demand and disrupted Gulf oil-exporting countries’ economies, but it did not damage the structural underpinnings of Gulf-Asia economic interdependence. As the fragile global economic recovery proceeds, players on both sides of this complex interregional relationship will have to adjust to new and familiar downside risks and market uncertainties. Yet, even as the transition to clean energy gathers momentum and “peak oil demand” draws near, Middle East and Asia Pacific regional economies will remain tightly intertwined and their fortunes tied to oil.<sup>31</sup>

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<sup>29</sup> U.S. Energy Information Administration, *Short-Term Energy Outlook*, September 2020; *BP Statistical Review of World Energy 2020*; Global Trade Tracker

<sup>30</sup> *BP Statistical Review of World Energy 2020*.

<sup>31</sup> OECD Policy Responses to Coronavirus (COVID-19); The impact of coronavirus (COVID-19) and the global oil price shock on the fiscal position of oil-exporting developing countries; 30 September 2020.

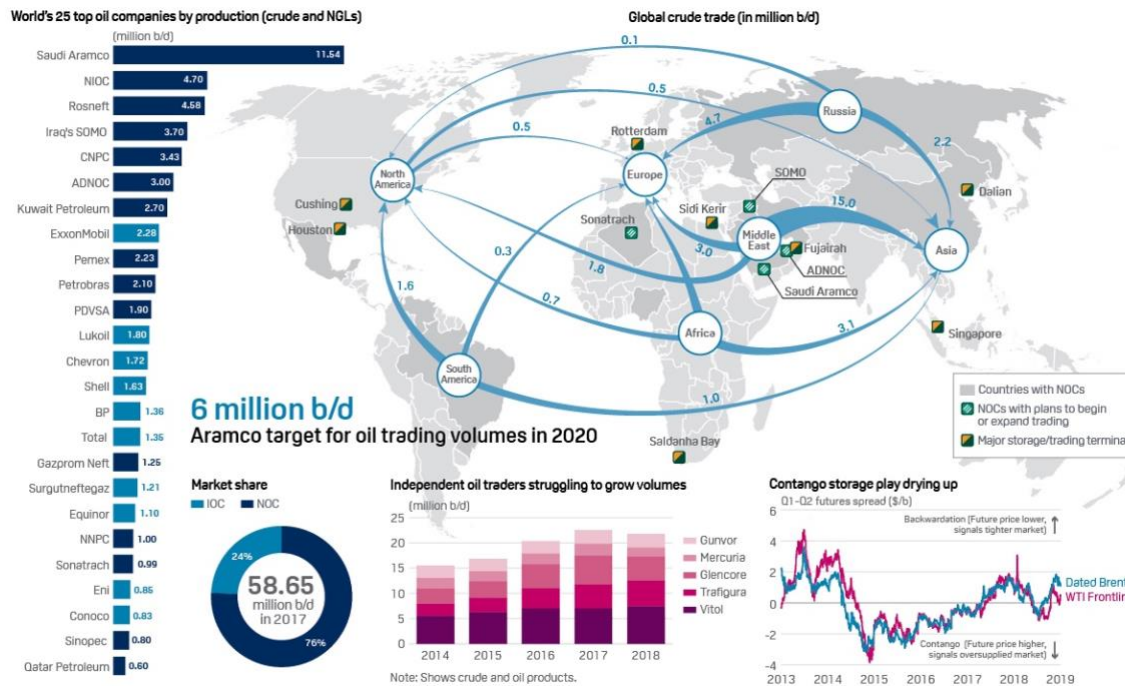


Figure 8. Middle East Oil Flows.

**Youth & Unemployment.** The youth challenge is the most critical 21st century economic development challenge facing the Middle East. In a region where almost 65% of the population is under the age of 30, long term prosperity and stability hinges on the opportunities afforded to this generation. While radicalism and terrorism remain critical security concerns, the majority of Middle Eastern youth are involved in a different fight: a fight for better education, jobs and affordable housing.<sup>32</sup>

There is a narrow window of opportunity to build a foundation for lasting prosperity. The region faces a scenario of double dividend or double jeopardy: for the first time in its modern history, the Middle East is simultaneously experiencing an economic boom and a demographic boon. The region is experiencing its best economic performance in three decades – oil and non-oil producing countries alike are showing record growth. Second, the region has a large youth bulge, presenting a large pool of human capital which if used productively can usher growth and prosperity. If countries can take advantage of the confluence of these two historic gifts, they can create a virtuous cycle of higher growth, higher incomes and savings. Failure to do so will result in a double jeopardy: the economic and social exclusion of youth drains growth and creates social strife. But the time for securing this double dividend is now. The window of opportunity – where countries have fewer dependents – will close in the next ten to fifteen years.

<sup>32</sup> [Crisis Beyond the Crises MENA's Youth Unemployment Problem](#), Published in: Horizons: Journal of International Relations and Sustainable Development, Number 16 (Spring 2020), Pages 186–197, Posted on RAND.org on August 05, 2020; by Krishna B. Kumar



In the early 2000s the region had the highest youth population shares in the world, as well as the highest rates of youth unemployment. These two factors generated a sense of urgency among policymakers regarding the need to create enough jobs to absorb the incoming flux of young workers. However, despite concerted policy efforts, by 2010, the region had failed to improve employment outcomes for its youthful population. Youth frustration grew over their social, economic, and political exclusion, exploding in 2011 into protests across the region.

Today, MENA countries have reduced their focus on youth employment, prioritizing security concerns over political and economic reforms. Although the demographic “youth bulge” that underpinned the call to action a decade ago persists and the window of opportunity it created remains open, the crest of the demographic wave has passed in most MENA countries. International attention has shifted to Sub-Saharan Africa as the region with the largest population share of youth. Indeed, the policy response to the 2016 Arab Human Development Report<sup>33</sup>, which focused on youth, was remarkably weak. The challenges facing MENA youth today are as stark as ever, exacerbated by low rates of economic growth, curtailed political freedoms, and diminished opportunities for migration.

Youth unemployment rates in the MENA region have been the highest in the world for over 25 years, reaching 30 percent in 2017. Moreover, MENA youth often search for years before finding work. This delayed transition to work affects other pathways to adulthood, including marriage, homeownership, and civic participation.

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<sup>33</sup> United Nations Development Program, Regional Bureau for Arab States; [Arab Human Development Report 2016 Youth and the Prospects for Human Development in a Changing Reality](#); 2016.

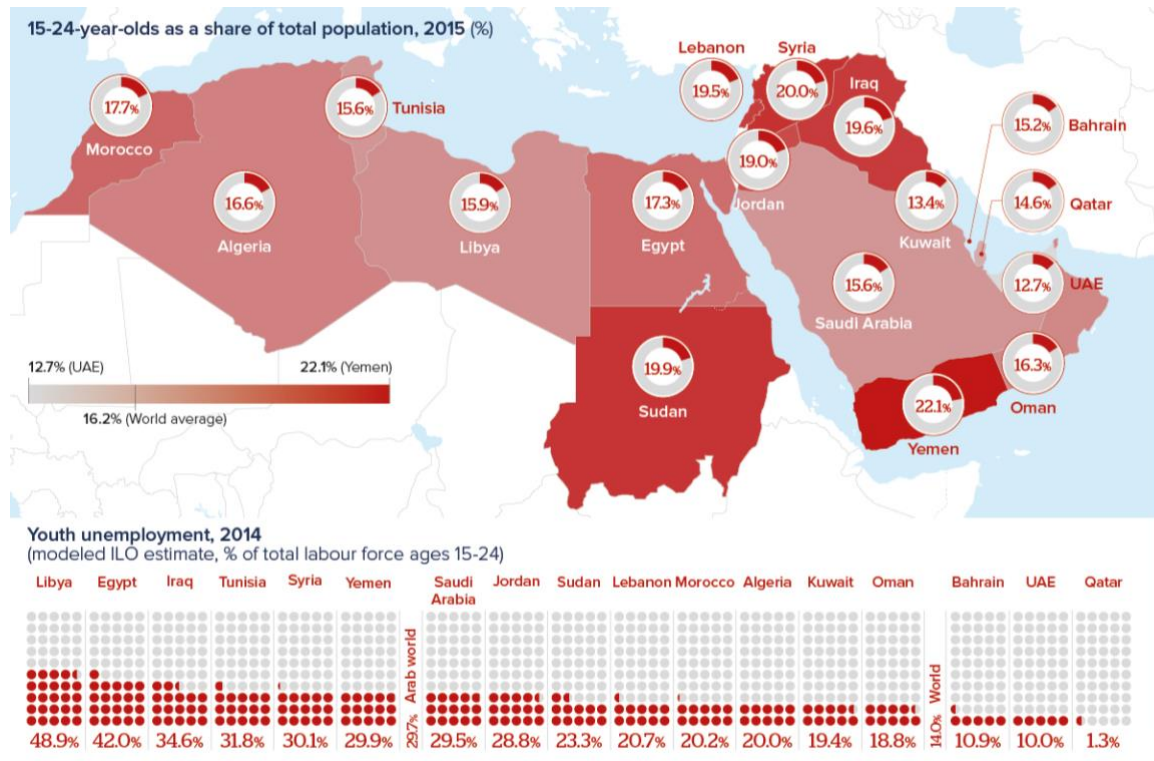


Figure 9. MENA Youth Unemployment Trends.

Youth employment in the MENA region also has a gendered dimension. While young women have achieved remarkable gains in educational attainment over the past five decades, these have not translated into comparable increases in labor force participation. In 2017, only 15 percent of young women in the MENA region were active in the labor force, as compared to 36 percent in the next lowest-ranked region. Furthermore, unemployment rates among young women in the region are 80 percent higher than those among young men, compared to an average gender differential of 20 percent globally. This means that young women in the MENA region are far less likely to enter the workforce than their peers elsewhere and, when they do want to work, they have a more difficult time finding suitable employment.<sup>34</sup>

The adoption of the Abraham Accords provides an opportunity for collaboration to reform education systems to improve technical skills; reducing labor market distortions caused by labor regulations and public sector employment policies; nurturing a more dynamic and competitive private sector to create jobs; providing resources for young entrepreneurs, including access to finance, mentorship, and assets; supporting social innovation and social entrepreneurship; providing early employment experiences and opportunities for youth; and improving labor market information systems and career guidance.

<sup>34</sup> *Global Employment Trends for Youth 2020: Technology and the future of jobs* International Labour Office – Geneva: ILO, 2020



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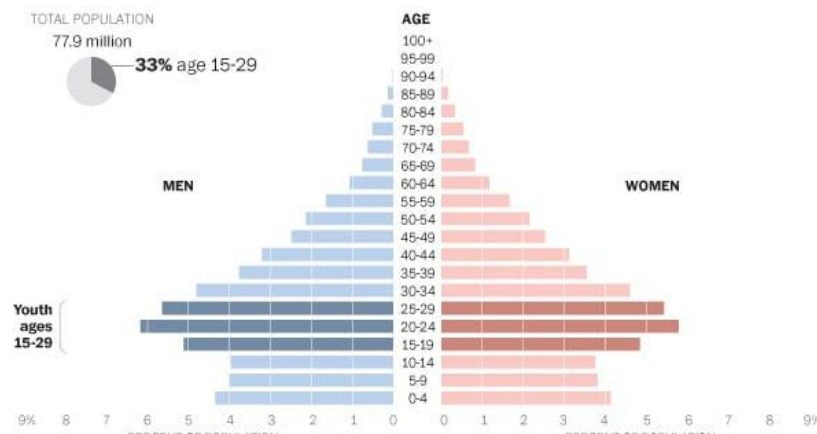


Figure 10. MENA Youth Bulge by Age and Gender.

Seeking cultural flagship programs to capture the imagination of the region's youth and provide a venue for next generation talent to learn and work together in academic and cultural settings leveraging their shared heritage.

**Water scarcity.** Approximately 60 percent of the Middle East and North Africa's population live in areas under severe water stress. A 2016 (for example) study projected that if current rates of land

degradation continued, 8.3 million more hectares of arable land would be lost by 2020.<sup>35</sup> Average water availability in the Middle East and North Africa has reached a mere 1,200 cubic meters annually.<sup>36</sup> Approximately 82 percent of the water in the MENA region is not used efficiently, despite the increase in demand for water and the low supply.<sup>37</sup> The total water productivity of the region only equals about half of the global average, as floods and drought threaten the region significantly fueling malnutrition, starvation, insecurity and conflict.<sup>38</sup>

<sup>35</sup> *Beyond Scarcity: Water Security in the Middle East and North Africa* (Washington, DC: World Bank Publications, 2018), pp. 9–11.

<sup>36</sup> Tareq Baconi, *Testing the Water: How Water Scarcity Could Destabilize the Middle East and North Africa* (London: European Council on Foreign Relations, 2018), pp. 4–7.

<sup>37</sup> Johan Schaar, "A Confluence of Crises: on Water, Climate and Security in the Middle East and North Africa," *SIPRI Insights on Peace and Security*, no. 2019/4 (2019).

<sup>38</sup> UNDP-RBAS and Sida, *Water Governance in the Arab Region: Managing Scarcity and Securing the Future*, New York, UNDP-RBAS, 2013.



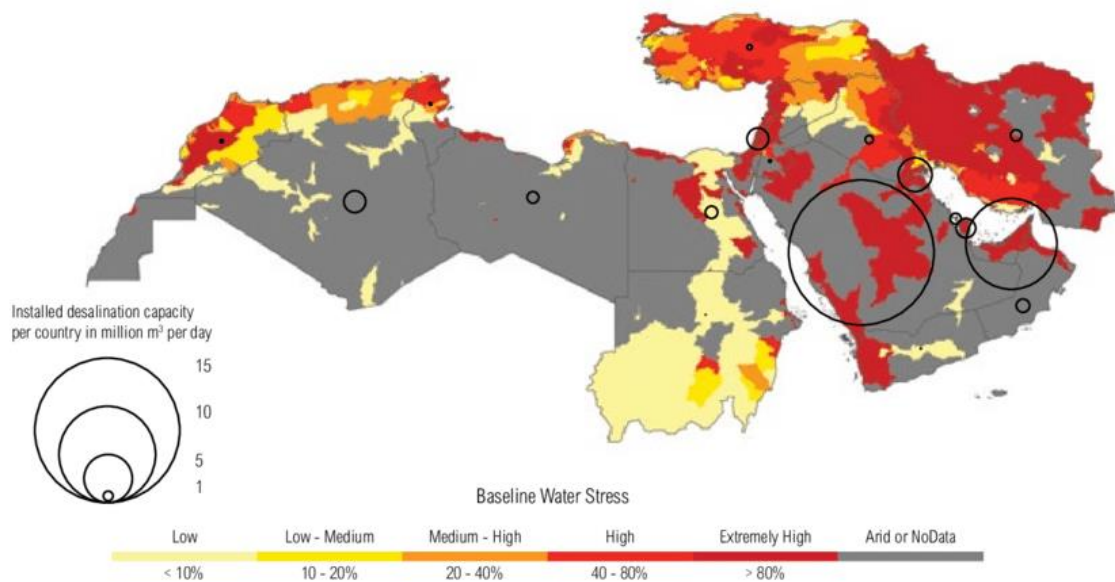


Figure 11. MENA Water Stress.

**Investment.** Governments in the Middle East and North Africa expend considerable resources to support and attract investors, recognizing the developmental benefits that businesses, and particularly foreign firms, can bring. Yet despite reforms designed to improve the investment climate, MENA governments either do not always see the benefits of foreign direct investment (FDI) or the benefits fall short of the expectations of both governments and citizens. Today, as MENA governments seek to respond to significant socio-economic challenges, exacerbated by the COVID-19 pandemic, it is more imperative than ever to succeed in harnessing investment for sustainable economic growth.

Over the past decade, MENA governments have advanced meaningful reforms to promote and facilitate FDI. Governments have revised investment-related laws, made it easier for foreign firms to enter the market and operate, strengthened government agencies charged with supporting investors, and adopted policies to direct investors to less developed regions. Some countries have already seen positive returns to these efforts. Tunisia and Morocco have attracted a growing share of FDI in sectors that support job creation and exports, including automobile and aerospace manufacturing, as well as tourism. Egypt is now the largest recipient of FDI in Africa, while Jordan and Algeria are attracting investors from more diverse locations.

Despite some positive developments, many MENA markets are struggling to compete with other emerging and developing economies for foreign firms. FDI to the region never fully recovered from the 2008 global financial crisis and Arab Spring movements of 2010-11; inflows to most MENA economies have stagnated over the past decade, with sharp declines since the start of the COVID-19 pandemic. While AA member nation economies are diverse, several common challenges have contributed to uneven investment in the region and hindered inclusive economic growth more broadly. These include dominance of a few industries and firms, labor market incentives that favor



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public sector employment, poor regional integration (reducing market size) and governance challenges, as well as periods of severe political instability and conflict.

**Tourism.** The Covid-19 pandemic significantly impacted tourism in the MENA region. Data released by the World Travel & Tourism Council (WTTC) at the end of October 2020 revealed that with no changes in barriers to global travel until the end of 2020, the region will see 4.7 million jobs lost and a \$175 billion decline in the contribution of the travel and tourism sector to the region's GDP.

However, while there is a lot of uncertainty in the market, the Mena Hotel Market Survey conducted by Colliers<sup>39</sup> forecasts that a recovery will have started in the fourth quarter of 2020 and continue into 2021. There have been signs pointing to this upturn. Hotels in both the Middle East and Africa regions recorded their highest absolute occupancy level in October 2020 since February, according to data from US consultancy STR<sup>40</sup>. The Colliers forecast assumes a faster recovery for the UAE and Saudi markets, with the former expected to benefit from the build-up to Expo 2020, which is now expected to start in the fourth quarter of 2021.

## II. Mission

The mission of the Institute will be to strengthen and solidify the new bonds created through the Abraham Accords, ensure that these relationships achieve their fullest potential, and counter the propaganda and misperceptions that have allowed the Arab-Israeli conflict to persist. If successful, these new relationships will flourish, conflict will diminish, and new opportunities and relationships will be created.

## III. Execution

### a. Role.

The Abraham Accords Peace Institute will be an international, non-partisan, non-profit organization dedicated to supporting the implementation and expansion of the historic peace agreements known as the Abraham Accords. The Institute will serve as a thought center and platform for new ideas and will convene public and private sector leaders for discussion, planning, and cooperation. To do so, the Institute will maintain a small, dedicated staff of subject-matter experts and experienced professionals and will utilize volunteer support from seasoned experts and practitioners while featuring high-level representatives from key interlocutor countries, including the U.A.E., Bahrain, Morocco, Israel, and Kosovo. The Institute will seek representatives from future signatory countries, and, in due course, Egypt<sup>41</sup> and Jordan,<sup>42</sup> regarding their bold decisions made in 1979 and 1994, respectively.

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<sup>39</sup> [MENA Hotel Market Sentiment](#), A Survey by Colliers International, April 2020

<sup>40</sup> Hotels in both the Middle East and Africa reported all-time lows in occupancy and revenue per available room (RevPAR), according to year-end 2020 data from [STR](#).

<sup>41</sup> [Treaty of Peace between Egypt and Israel](#), signed at Washington D.C., on March 26, 1979 by the Governments of the Arab Republic of Egypt and the State of Israel, and witnessed by the United States of America. (UN Document 17813)

<sup>42</sup> [Washington Declaration](#), signed at Washington, D.C., on July 25, 1994 by the Governments of the Hashemite Kingdom of Jordan and of the State of Israel, and witnessed by the United States of America.



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The Institute will complement and partner where appropriate with existing organizations currently sustaining and expanding ties among Accords members, including current and emerging chambers of commerce and trade councils. It will endeavor to leverage its unique relationships to bridge remaining gaps and reconcile the business to government challenges inherent in the varied nations which comprise the Accords. It will not engage in activities in the United States, or overseas, to influence or alter U.S. Government policies, efforts, or activities, but rather will seek to create conditions in the Middle East in which the U.S. Government can leverage the Institute's work to sustain and expand ties among Accords members. The Institute shall undertake these efforts consistent with its 501(c)(3) status and with legal compliance policies adopted by the Institute's Board of Directors.

## b. Pillars.

To advance its goal of strengthening bonds, reducing conflict, and helping the region reach its full potential, the Institute will pursue four pillars:

1. Grow Trade between the participating countries. The Abraham Accords will lead to tremendous economic opportunities, which will increase prosperity and quality of life in the participating countries. As commercial ties grow, so will the strength of the bonds between the countries and their people.
2. Increase Tourism between the participating countries. Tourism is a key driver of stronger bilateral relations, understanding between people, and commercial activity. Every tourist who takes a flight between these previously disconnected countries becomes an ambassador for the Abraham Accords and the potential they represent for the region and the world. These individuals bring their experiences back to their communities and share them with their friends on social media, encouraging additional tourism.
3. Foster people-to-people development to build stronger bonds between the participating countries. The Abraham Accords will engender dialogue aimed at new understanding between bring historically alienated regional ethnic and religious groups. For more than 70 years, in the absence of robust interpersonal connections between the people of countries without normalized relations, baseline beliefs have been shaped as much by myth as reality. Reuniting Muslims, Jews, and Christians is an essential component of the Abraham Accords. This will happen partially through business and tourism, but the countries of the region would also benefit enormously from targeted programs to bolster and expedite people-to-people reconnection.
4. Attract new Accords signatories by displaying benefit and economic necessity. The Institute will promote normalization through studies demonstrating the clear potential benefits to countries that have not yet joined the Abraham Accords, as well as the opportunity cost for those countries were they not to participate. Since even before the founding of the modern State of Israel, the narrative surrounding relations between Arabs and Israelis has been co-opted and mischaracterized by leaders with ulterior motives. Instead of allowing those who wish to perpetuate conflict to control the narrative, the Institute will produce detailed economic studies to demonstrate the benefits for the countries that *have* normalized and the



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benefits that await each country that follows a similar path coupled with the potential of lost benefit in the event of further isolation.

[See Enclosure A]

### c. Milestones & Key Tasks

The approval of this strategy by the Board of Directors will begin its implementation, meetings of both honorary advisory bodies, execution of the staffing plan, and initial fundraising. We will leverage commemorative events to highlight the Institute's role, mission, and strategy as appropriate. We will also engage a broad range of partners with whom we will collaborate both formally and informally. A draft Memorandum of Understanding (MOU) has been developed for review and approval by the Board of Directors in consultation with the honorary advisory bodies to codify formal relationships with entities and organizations which share common goals and objectives. [See Enclosure B]

### d. Regional Staff Concept

Key Staff conducted regional travel in June 2021 to sustain and expand partnerships with Accords members in both public and private sectors to obtain their views and ensure they can effectively collaborate with Institute to accomplish achieve our objectives.

We reestablished relationships with key partners, expanded contacts with essential individuals and organizations, informal or formal agreements to pursue research and collaboration in trade, tourism, sociocultural cooperation, business, and academic pursuits consistent with the Institute's mission. We will also establish the core of trade and cultural advisory councils to support and assist the Institute. As time and opportunity permitted, we also spotted, assessed, and engaged candidates for staff or volunteer capacity.

Media outreach was incorporated as appropriate in each Accords member country to develop and maintain rapport with local outlets and influencers that will advance the Institute's mission within that country; local embassy staff representing AA members have been engaged in DC (ongoing) to obtain their views on the progress made by Accords' members and the challenges which remain. Subject to compliance policies adopted by the Board of Directors, draft memorandums of understanding (MOUs) have been prepared for formal coordination with appropriate organizations deemed essential partners.

The AAPI will require small teams in Abraham Accords member nations to implement its strategy and integrate the efforts of the myriad public and private efforts underway in order to synchronize them towards the accomplishment of our mission and achieve the vision of the Accords. These teams will sustain and expand partnerships with Accords members across both public and private sectors and effectively lead collaboration to achieve our objectives:

### Objectives:

- A. *Leverage* volunteer support from seasoned experts and practitioners and feature high-level representatives from Accords members
- B. *Establish* the Institute as a thought center and platform for new ideas, uniquely positioned to convene public and private sector leaders for discussion, planning, and cooperation



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- C. *Secure* partners to coordinate the production of detailed economic studies to demonstrate the benefits for the countries that have normalized and the benefits that await each country that follows the same path
- D. *Obtain* partners for cooperation in order to grow trade, tourism, inter-Accords relationships between participating countries, and to promote normalization by identifying opportunities for potential members.

### Key Tasks:

1. Establish and sustain government endorsed and sponsored economic councils to expand trade and investment through formal coordination mechanisms with Israel and other Accords members;
2. Establish and sustain government endorsed and sponsored cultural councils to expand tourism and cultural exchange through formal coordination mechanisms with Israel and other Accords members;
3. Sustain relationships with key partners, expanded contacts with essential individuals and organizations through the pursuit of informal or formal agreements to pursue research and collaboration in trade, tourism, sociocultural cooperation, business, and academic pursuits consistent with the Institute's mission;
4. Represent AAPI at events as appropriate to advance AAPI's mission and goals;
5. Consistent with legal compliance policies adopted by AAPI's Board of Directors, including compliance with the Foreign Agents Registration Act ("FARA"), coordinate with media outlets to advance AAPI strategic communications goals and increase popular support for the Accords through amplification of progress and tangible benefits derived from membership;
6. Acquire timely and relevant data on trade, investment, tourism, and cultural exchange between and among Accords members and the United States to guide and inform the allocation of resources required to priorities;
7. Consistent with legal compliance policies adopted by AAPI's Board of Directors, including compliance with FARA, obtain the financial and material support<sup>43</sup> required to augment AAPI as appropriate in consultation with AAPI leadership and counsel;

### e. Key Performance Indicators

Key Performance Indicators (KPIs) are quantifiable measurements that constitute the critical (key) indicators of progress toward an intended result. KPIs provide a focus for the Institute's improvement, create an analytical basis for our decision-making and help focus attention and critical resources on what matters most. They will provide objective evidence of progress towards achieving our desired results, measure what is intended to be measured to help inform better decision making, offer a comparison that gauges the degree of performance change over time, support the tracking of efficiency, effectiveness, quality, timeliness, governance, compliance, behaviors, economic progress, organizational performance, personnel

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<sup>43</sup> We currently project no more than 30% of the AAPI annual operating budget can be derived from foreign sources without earmark or constraint. This includes in-kind support but excludes some travel expenses and co-sponsorship of events such as conferences.





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performance or resource utilization, and will be balanced between leading and lagging indicators. (See Annex 2)

Additionally, each of our KPI will align to a corresponding objective and objective timeline, a clearly-defined data source to ensure accurately measured and tracked goals. Staff will track each KPI monthly, and assess progress quarterly on the calendar year. Ultimately, GDP per capita (See Figure 9), and the Accords impact on it, may be the most useful consistent measure of its real impact on member nations.

**GDP Per Capita.** Although the average per capita GDP in the region, about \$2,000, is twice that of developing countries as a whole and places MENA between the average levels of Latin America and of the economies in transition, individual MENA countries differ greatly. The four highest per capita income countries (Israel, Kuwait, Qatar, and the United Arab Emirates) enjoy an average per capita GDP of around \$15,000 compared with \$250 for Somalia and Sudan, the poorest countries in the region.<sup>44</sup>

**GDP per capita (current US\$)**

	8	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Qatar</b>	93	21,724	29,976	28,517	30,215	34,518	42,125	51,456	59,531	65,421	80,234	59,095	67,403	82,410	85,076	85,051	83,858	63,039	57,163	59,125	65,908	62,088	50,805
<b>United Arab Emirates</b>	00	28,471	33,291	31,281	31,568	33,499	36,333	39,365	41,907	41,809	44,499	32,024	33,893	39,195	40,976	42,413	43,752	38,663	38,142	40,645	43,839	43,103	
<b>Kuwait</b>	66	15,435	18,440	16,587	17,846	22,148	27,012	35,591	42,782	45,782	55,495	37,562	38,577	48,632	51,979	49,388	44,062	29,870	27,653	29,759	33,399	32,373	
<b>Israel</b>	62	19,163	21,101	20,354	18,480	19,034	19,934	20,586	21,855	24,940	29,600	27,720	30,694	33,611	32,510	36,316	37,738	35,814	37,283	40,475	41,705	43,589	43,611
<b>Bahrain</b>	76	10,402	13,636	12,868	13,050	14,222	15,847	17,959	19,308	20,976	23,066	19,356	20,722	22,514	23,654	24,744	24,989	22,634	22,608	23,743	23,991	23,443	
<b>Malta</b>	09	10,634	10,432	10,402	11,290	13,669	15,197	15,888	16,724	19,486	22,205	21,083	21,799	23,156	22,528	24,771	26,754	24,922	25,741	28,251	30,672	30,186	27,885
<b>Saudi Arabia</b>	19	8,008	9,171	8,685	8,695	9,610	11,185	13,791	15,385	16,517	20,078	16,113	19,263	23,746	25,244	24,845	24,464	20,628	19,879	20,802	23,337	23,140	20,110
<b>Oman</b>	16	6,915	8,601	8,476	8,627	9,066	10,126	12,377	14,421	15,838	22,140	16,824	18,713	20,877	21,873	20,866	20,035	16,033	14,610	15,128	16,521	15,343	
<b>Libya</b>	44	6,819	7,143	6,266	3,703	4,673	5,801	8,163	9,336	11,300	14,383	10,275	12,065	5,554	13,025	10,364	6,467	4,338	4,035	5,757	7,877	7,686	3,699
<b>Lebanon</b>	70	4,640	4,492	4,422	4,579	4,576	4,631	4,575	4,627	5,208	6,111	7,355	7,762	7,675	7,952	7,933	7,688	7,645	7,626	7,793	8,013	7,584	4,891
<b>Tunisia</b>	93	2,387	2,212	2,253	2,344	2,760	3,111	3,193	3,370	3,776	4,308	4,128	4,142	4,265	4,153	4,223	4,305	3,862	3,698	3,481	3,439	3,352	3,320
<b>Algeria</b>	96	1,588	1,765	1,741	1,782	2,103	2,610	3,113	3,479	3,951	4,924	3,883	4,481	5,456	5,592	5,500	5,493	4,178	3,946	4,110	4,154	3,976	3,310
<b>Jordan</b>	00	1,620	1,652	1,720	1,802	1,876	2,045	2,183	2,513	2,735	3,456	3,560	3,737	3,853	3,910	4,044	4,131	4,164	4,175	4,232	4,308	4,405	4,283
<b>Morocco</b>	72	1,448	1,335	1,339	1,416	1,725	1,953	2,018	2,196	2,499	2,890	2,867	2,840	3,047	2,913	3,122	3,172	2,875	2,897	3,035	3,227	3,230	3,009
<b>Iraq</b>	32	1,617	2,058	1,494	1,321	855	1,392	1,856	2,373	3,183	4,637	3,854	4,657	6,045	6,836	7,077	6,638	4,688	4,551	5,077	5,523	5,658	4,157
<b>Syrian Arab Republic</b>	74	991	1,178	1,258	1,263	1,253	1,407	1,572	1,749	2,033													
<b>West Bank and Gaza</b>	65	1,499	1,476	1,336	1,156	1,258	1,422	1,544	1,570	1,664	2,035	2,192	2,557	2,881	3,067	3,315	3,352	3,272	3,528	3,620	3,562	3,657	3,240
<b>Djibouti</b>	56	766	768	781	791	819	863	905	968	1,053	1,224	1,267	1,343	1,452	1,559	2,313	2,464	2,659	2,802	2,914	3,142	3,415	3,426

Figure 12. GDP per Capita for MENA nations.

## f. Flagship Initiatives

**Commemoration Events.** We will begin a progressive roll out of AAPI efforts commemorating the Accords in September culminating in December, leveraging milestones and signature venues like Dubai EXPO 2020. Events will range in scope and scale, will involve all Accords member nations, encompass events in Washington DC, New York, and the region, and provide every opportunity for the administration to lead (e.g. signing ceremony for Sudan and Israel, or event on the sidelines of UNGA 76). These events will assist in establishing the Institute's presence and role.

<sup>44</sup> April 2021 MENA Economic Update (previously known as MENA Economic Monitor) supplements the World Bank's Bi-annual MENA Quarterly Economic Brief and presents the short term, macroeconomic outlook and economic challenges facing the countries in the Middle East and North Africa region.



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**Strategic Investment Forum (SIF).** AAPI will advocate for annual meetings of member nation sovereign wealth fund managers<sup>45</sup> and their counterparts among Israel's banking and investment ecosystem to identify shared priorities to guide and inform collaboration which will focus trade and accelerate progress towards our goals. The first will be scheduled to occur during the Dubai EXPO in early October, hosted by the UAE and moderated by AAPI. The priority areas determined by AAPI staff during regional travel shared by all Accords members are food security, health, and technology. Working groups will be established to implement the decisions reached by its members and progress will be assessed quarterly among Accords members as hosts. Participating nations will submit summary recommended investments in one or more of the three priority areas not later than 15 days prior to the scheduled event addressing scope, return on investment/ equity, capital sought, and impact obtained in the short (1 year), mid (5 years), and long (10+ years). The agenda will be derived from those investments selected by attendees to be discussed in detail during the forum.

**Annual Trade Conference.** We will work with existing chambers and trade councils to convene an annual event to align priorities and corresponding efforts. Current activity is distributed, diffuse, and unaligned.

**Abraham Scholars.** The Abraham Accords Scholars Program will foster mutual understanding and a healthy exchange of outlooks, views, and experiences among each country's best and brightest minds. By opening students' minds, the Program will forge lasting bonds gained by those who learn together. The programs will build networks of colleagues and enrich each student's appreciation of the complexities and common humanity in other cultures. More than the benefits of learning in and of itself, education plays a vital role, in tandem to the shared interests of economic development and security, in growing the next generation of regional leaders and bolstering the Abraham Accords for generations to come. Its goals would be to (1) increase mutual understanding of other cultures and developing participant's awareness of regional cultures and the benefits; (2) ensure a holistic education for Abraham Accords countries' brightest minds through engagement with a range of critical ideas and points of views; (3) create a culture of international scholarly inquiry and to expand horizons and enhance students' understanding of their field of study within varying cultural, political, and geographical contexts; (4) encourage a people to people increase of tolerance and respect.

**Abraham Fellows.** The Abraham Accords Fellows Program is comprised of government-selected faculty, thought leaders, and policy think tank personnel as appropriate. Its goals would be to (1) create a wider experience for fellows/faculty members working in different environments; (2) ensure broader exposure for students and organizations from visiting faculty members or thought leaders; (3) promote increased opportunities for faculty and fellows to meet and work with colleagues in different institutions. We will seek opportunities to build both the scholars and fellows programs employing shared infrastructure and partnerships and draw inspiration from the Taglit-Birthright<sup>46</sup> program.

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<sup>45</sup> ADNOC, ADIO, ADQ, Mubadala, and Alpha Group from the UAE; Mumtalakat and EDB from Bahrain; Ithmar from Morocco; Israeli participants TBD.

<sup>46</sup> [Taglit-Birthright Israel](#) is a not-for-profit educational organization that sponsors free ten-day heritage trips to Israel, Jerusalem, and the Golan Heights for young adults of Jewish heritage, aged 18–32. During their trip, participants, most of whom are visiting Israel for the first time, are encouraged to discover new meaning in their



**Free Trade Zones.** Existing and proposed FTZ provide unique opportunities to increase trade and investment, and assist the Accords member nations implement domestic reforms, instituting the rule of law, protect private property rights (including intellectual property), and expand the foundation for openness, economic growth, and prosperity. Elements include:

- Supporting the expansion of the Generalized System of Preferences (GSP's) that currently provides duty-free entry to the U.S. market for some 3,500 products from 140 developing economies
- Supporting Trade and Investment Framework Agreements (TIFA's) that establish a framework for expanding trade and resolving outstanding disputes
- Supporting the negotiation of Bilateral Investment Treaties (BIT's) with interested countries by obligating governments to treat foreign investors fairly and offering legal protection equal to domestic investors
- Supporting the negotiation of comprehensive Free Trade Agreements (FTA's) with willing countries that demonstrate a commitment to economic openness and reform
- Encourage partnerships with private organizations and businesses that support trade and development

**Project Khisba (fertility).** The greatest challenge to the Middle East and North Africa's food and water security issues cannot be found in independently pursued ventures. The Abraham Accords have created an unprecedented opportunity to resolve food security challenges at the convergence of its members' interests in Sudan. While there are significant foreign land holdings in Sudan, none have achieved their goals and productivity falls short of expectations due to a combination of infrastructure and land utilization challenges. Despite significant investment, most projects have failed to reverse the decline in productivity and arable land. Sudan's bold decision to normalize diplomatic relations with Israel and sign the Abraham Accords agreement –*and the elimination of barriers to foreign investment associated with the Republic's removal from the U.S. State Sponsors of Terror list*- provides an unparalleled opportunity to reverse this trend. The Abraham Accords members can achieve their vision and demonstrate the enormous potential of collective action by addressing food security at the convergence of their interests in Sudan. A Joint Commercial Venture involving collective capital investment, Moroccan fertilizer, Israeli irrigation and agricultural technology, beginning on Emirati and/ or Bahraini land holdings in Sudan can provide measurable benefit to the people of Sudan and increase its export potential. Accords' members could partner to invest in the necessary fertilizer, irrigation, and transportation infrastructure required to alleviate the looming crisis. Sudanese "refugees" residing in Israel could be trained on the required skills before returning to apply them in Sudan. Accords members would realize the potential of collaboration, Sudan would be stabilized and its membership secure, and gulf states frustrated in Sudan would witness the progress and be incentivized to participate.

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personal Jewish identity and connection to Jewish history and culture. Since the organization's founding in 1994 and trips began in the winter of 1999, more than 750,000 young people from 68 countries have participated in the program. About 75% of participants are from the United States and Canada. As many as nearly 48,000 participants have attended trips annually.



**Trade Delegations.** Host or co-sponsor trade delegations and shows in Accords' member countries that bring together government officials, business owners, executives, philanthropists, and thought-leaders in the AA countries. Include speakers and entertainment. Focus on emerging technologies in the financial, medical, water, tourism industries, and cyber security.

**Domestic and Foreign Think Tank Partnerships.** A number of think tanks in the United States and abroad<sup>47</sup> (see contacts below) could assist the Institute either formally or informally. This may be a component of the Abraham Fellows program outlined above. Key areas could include the following:

- Feasibility studies on new investments
- Host public symposiums and solicit papers that emphasize the points the Institute wants to make.
- Conduct private studies and polling that will alert the Institute to new opportunities and possibilities.

**Music Festival Featuring Top Artists from AA States.** The arts community is usually at the vanguard when it comes to breaking down barriers. Music is one of the best ways to forge P2P relationships. We can work with partners to create an outdoor music festival that plays in each of the main AA cities with top-drawing artists from each state. Participating vendors would include art and food from each of the countries.

**Artist Exchange Program.** We would work with partners to exchange artists between countries for several months culminating in an exhibit which could tour multiple member nations. Such a program would lend itself to media coverage and showcase common heritage, overcoming conflict and misconceptions, and draw upon a broad array of supporting institutions and infrastructure.

**Hebrew Language Instruction Abroad.** We would work to introduce Hebrew language instruction in AA countries, and establish advocacy in Israel for support (curricula, instructors, educational material such as books and online courses, etc). Morocco has initiated this among its tourism industry, and would be a particularly good candidate given its history and receptivity.

**Jewish History Education.** Israel's creation is too often seen as a colonialist creation in the Middle East resulting from European guilt over the Holocaust. Jews are indigenous to the Middle East and too few in the region recognize that fact. As with Hebrew language instruction we could work with partners in Israel and the US to expand instruction and support.

**AA Photography Competition.** An invitation and corresponding contest for images which capture the spirit of the Accords (ties and progress) and its promise. The resulting images could be employed on our website, newsletter, and in promotional material.

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<sup>47</sup> Any agreements or understandings between AAPI and foreign think tanks shall be consistent with AAPI's policy regarding compliance with FARA.



## g. Assessment & Feedback

We will continuously monitor and evaluate our plans to measure progress towards our goals, and will modify the Institute's approach, as required, to achieve success. Each goal or objective will have corresponding KPI that reflect the tangible, measurable signs of specific progress against which we can evaluate progress and ensure accountability. Staff will conduct the assessment process quarterly to provide results and recommendations to the Board of Directors with input from both the Honorary Advisory Council and Committee. Stakeholders and partners will provide supporting data in collaboration with our Directors.

## h. Research & Analysis

The identification and assessment of challenges, opportunities, and risks to the achievement of our mission and the development of corresponding goals and key performance indicators requires thorough research and analysis. We will partner wherever possible and however appropriate to obtain the data required to guide and inform our efforts and maintain when necessary the in-house expertise required to analyze it. The below matrix and Enclosure C depict the constellation envisioned, both are illustrative.

Source	Trade	Investment	Cultural	Perceptions
<b>AAPI</b>	X	X		
<b>Hudson</b>	X	X		
<b>Atlantic Council</b>			X	X
<b>AFPI</b>	X			
<b>EPC</b>	X	X	X	X
<b>PCNS</b>	X	X	X	X
<b>DERASAT</b>	X	X	X	X
<b>IDC</b>				X
<b>INSS</b>	X	X		
<b>Chambers of Commerce</b>	X	X		
<b>Relevant Ministries</b>	X	X	X	X

Figure 13. AAPI Research & Analysis Matrix.

## IV. Resources

### a. Personnel

The Institute will be governed by a Board which will select individuals to serve in advisory capacities as appropriate and as stipulated by its bylaws. The Board will also guide and direct the staff towards the achievement of its mission.

The **Board of Directors** will have legally defined responsibilities and will be governed by the Institute's bylaws.





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The **Honorary Advisory Council** will serve as an informal body selected by the Board to consult and provide expertise to the board. It will have no authority to exercise any direction or control over the Institute, and it shall be solely within the discretion of the Board and AAPI staff with respect to whether to accept or act upon any advice or recommendations of this Council.

The **Honorary Advisory Committee** will be selected by the Board to consult and provide expertise based on its members' skills and experience. The Committee will not possess any authority to exercise any direction or control over the Institute.

**Staff.** The Institute will retain the number and type of employees that the Institute requires to achieve its goals as they are presented in this strategy and approved by the Board. Upon approval of the staffing plan initial hires will be made to complete the annual strategy and set conditions for implementation. We will adapt accordingly to ensure that we remain within our budget constraints, and that we make sufficient progress towards our objectives. In keeping with the Institute's role we will strive to retain a non-partisan staff that is capable of achieving our goals with minimal support while leveraging partners effectively. [See Enclosure D]

## b. Budget

Initially, we will work well below the parameters of our initial funding until this strategy is approved and staffing commences to implement it. The Institute will seek to raise funds from private donors to provide the required resources calculating 50% of our annual budget raised to cover salaries and personnel costs and the remaining for operating expenses such as travel, conferences, marketing and administration. We will plan to augment funds raised by donations to incorporate trade and investment delegations sponsored by corporate entities on a bi-annual or semi-annual basis to advance the Institute's goals. The solicitation and receipt of any funds from foreign sources shall be undertaken consistent with AAPI's policy regarding compliance with FARA. The AAPI will provide an annual accounting of how foreign donor funds -if any are received- contributed to the stated, non-partisan objectives of the AAPI. [See Enclosure E]

## c. Fundraising

The Institute will undertake a continual fundraising plan to sustain the Institute and achieve its goals based upon the approved strategy and its implementation. Appeals to potential donors will underscore a value proposition that emphasizes the Institute's unique ability to advance donor interests in:

- 1) U.S. and Israeli security
- 2) Expanded US-Israel-MENA regional trade and investment
- 3) countering misinformation and anti-Semitism by building on the momentum of the Accords and those responsible for negotiating it.

The fundraising plan will accommodate commemorative events and include initial outreach to probable donors seeking their feedback on the Institute's mission, role, and pillars within the first 60 days. Similarly, the plan will expand upon approval and announcement of the annual strategy and encompass a broad spectrum of those with vested interest in advancing U.S.-Israel relationship and Israel's relations with the Arab and Muslim world. Members of the honorary advisory bodies will lead the effort to raise funds, secure corporate sponsors for staff travel, events, and trade and investment



delegations. [See Enclosure F] Consistent with FARA, AAPI shall not, within the United States and on behalf of any foreign entity, solicit, collect, disburse, or dispense contributions, loans, money, or other things of value for or in the interest of a foreign government, foreign political party, or non-governmental organization. No funds received from foreign sources shall involve any conditions or obligations on the part of AAPI with respect to AAPI activities in the United States.

#### **d. Legal Counsel**

The Institute will seek and retain appropriate outside legal counsel to ensure continued compliance with the Institute's 26 U.S.C. § 501(c)(3) status, as well as to ensure that Institute activities remain outside the scope of 22 U.S.C. § 611 "The Foreign Agents Registration Act of 1938" and 2 U.S.C. § 1601 "The Lobbying Disclosure Act," and that the Institute and its staff in their official capacity remain wholly within the confines of federal and states laws, including the aforementioned statutes.

## **V. Communications**

#### **a. Audiences**

Our audiences include our Board, honorary advisory bodies, donors, and staff as well as currently serving administration policy makers, Congress, businesses and trade organizations, the public and the media environment as appropriate and consistent with Section IV.d above. It also includes the domestic audiences (policy makers, businesses, financial institutions, academia, media) of current and prospective Accords member nations and those regional audiences (media, policy making, academic) that shape the prevailing narrative and often fuel misinformation which impedes progress. International audiences include policy-making, deliberative, legal and regulatory, and corresponding media platforms that inform the trajectory of the Accords and the environment in which its members reside.<sup>48</sup>

#### **b. Market Survey**

Although usage varies, research from GlobalWebIndex indicates that social media users in the wider Middle East and North Africa region spend over three and a half hours a day on social networks.<sup>49</sup> In doing this, time is split across a number of different channels. Internet users in the region have an average of 8.4 social media accounts, rising to 10.5 accounts in the United Arab Emirates (UAE), the highest number of social media accounts per person globally.<sup>50</sup>

In the three most commonly researched markets — Egypt, Saudi Arabia and the UAE — Google, WhatsApp and YouTube sit alongside regional and national brands, demonstrating high levels of consumer trust in social networks and tech giants.

Newer, more visually-led social networks are popular, especially in the more prosperous Gulf region, where smartphone penetration and incomes are higher. However, older networks— like Facebook and

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<sup>48</sup> Ghorfi T., Hatimi I. (2020) Impact of Social Media Usage on MENA Countries Economy. In: Azoury N., Daou L. (eds) Business and Social Media in the Middle East. Palgrave Macmillan, Cham. [https://doi.org/10.1007/978-3-030-45960-4\\_5](https://doi.org/10.1007/978-3-030-45960-4_5)

<sup>49</sup> Global Web Index, Social media marketing trends in 2021.

<sup>50</sup> Ndichu, David; UAE Residents Have More Than 10 Social Media Apps Each, Forbes; February 3, 2020.



Twitter — remain very relevant in North Africa and Turkey, where their take-up continues to expand. Egypt is the most populous country in the region, with a population north of 100 million, and it is the ninth largest national market for Facebook in the world, with 44 million users. Libya (100%), UAE (93%) and Qatar (90%) are among the countries with the highest levels of reach for Facebook, relative to the population, according to data from We Are Social and Hootsuite.

Facebook continues to grow in several North African markets. Morocco, Algeria and Egypt can all be found in the Top 10 markets where Facebook is growing the fastest. Meanwhile, Turkey (sixth), Saudi Arabia (eighth) and Egypt (18th) are in the Top 20 largest markets for Twitter.

More than three-quarters (79%) of Arab nationals between the ages of 18-24 say they get their news from social media. That's up from 25% in 2015, according to the latest Arab Youth Survey. Social media is shaping other activities, too. Users in Morocco (60%), Egypt (60%), Saudi Arabia (59%), Turkey (56%), Israel (52%) and UAE (49%) are all more likely to use social media as part of their research into brands than the global average.

As eCommerce and online shopping continue to grow, following the shot in the arm they received during the COVID-19 pandemic, this type of online behavior will only become more significant. Four MENA countries (Saudi Arabia, Turkey, Iraq and Egypt) are in the 15 largest national markets for Snapchat. TikTok's ascendancy meant that the top TikTok influencers in the Gulf region grew their followers by an average of 65% between February and August 2020, with user engagement highest in Bahrain, Oman and Saudi Arabia.

Seventy percent of Egypt's internet users watch YouTube on a daily basis. The network launched YouTube Premium, an ad-free subscription service, last year, which allows offline access. This enables users to watch videos they have downloaded, as well as "background play," whereby audio continues to play even if a user exits the YouTube app.

More than half of users in MENA (57%) reported in May that they were spending even more time on social media as a result of COVID-19. Similarly, in a separate study, 71% of respondents in the Middle East reported their usage of WhatsApp and other messaging apps had increased since the outbreak of the pandemic. This was just behind the 75% of users who said their consumption of social media such as Facebook, Instagram, Twitter and TikTok had increased as a result of social distancing. According to PwC, who conducted the survey, these numbers were "substantially more than the average of 52% for all (eight other) territories."

Alongside inspiring more time on social media, COVID-19 also reminded stakeholders about the importance of social networks as information sources. Efforts to combat the "infodemic" created opportunities for civil society organizations and nongovernmental organizations to embrace social as a key channel for communicating with audiences.

In Sudan, for example, the United Nations Development Programme, United Nations International Children's Emergency Fund and the World Health Organization set up COVID-19 WhatsApp alerts in



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Arabic and English to provide *“advice on staying safe, frequently asked questions, tips for protecting yourself and others,”* according to the press release.

The impact of these efforts, and the importance of social media as a source for news and entertainment across the region, suggests that as a channel for engagement, social media will continue to be important for a wide variety of different stakeholders long after the pandemic has ended.

## c. Narrative Arcs

We will employ narrative arcs to communicate where we began, where we are currently, and where we are headed to effectively provide our themes and messages with clarity, continuity, and cohesiveness to all audiences and stakeholders.

**Accords:** The Abraham Accords constitute the beginning of a transformation of a region that has confounded many, and that will continue to be a vital battleground astride the security and economic interests of world powers. American leadership was a necessary but alone insufficient condition to the emergence of this agreement and will remain essential to its growth and evolution. The alignment of our regional partners and allies in both economic and security domains will ensure that the agreement endures. The Accords bring to fruition a critical advancement of America’s interests, they do so by reducing the burden on our resources, and with the addition of capable partners who are now integrated like never before. Economic cooperation among nations reduces the probability of conflict and the Accords provides a vital avenue for expanded ties between countries previously at enmity with one another and now committed to securing their mutual prosperity which provides a sure foundation for peace in a region often associated with perpetual conflict.

**Institute:** The Abraham Accords Peace Institute is an international, non-partisan, non-profit organization dedicated to supporting the implementation and expansion of the Accords serving as a thought center and platform for new ideas and convene public and private sector leaders for discussion, planning, and cooperation. The Institute will complement and partner where appropriate with existing organizations currently sustaining and expanding ties among Accords members, including current and emerging chambers of commerce and trade councils. It will endeavor to leverage its unique relationships to bridge remaining gaps and reconcile the business to government challenges inherent in the varied nations which comprise the Accords. It will not duplicate, replace, or disrupt the United States government (USG) policies, efforts, or activities but rather create conditions in which the USG can leverage the Institute’s work to sustain and expand ties among Accords members. The Institute will endeavor to support and assist the USG consistent with its mission and 501(c)(3) status.

**Combined:** The Abraham Accords, and the Institute which bears its name, hold the potential to serve as the foundation for a peace process in the Middle East by demonstrating the tangible benefits of interpersonal ties, trade, commerce, and mutual cooperation. This new effort will help seize this historic opportunity to unleash the Middle East's potential, keep America safe, and help the region turn the page on a generation of conflict and instability.

## d. Messages & Themes

Our initial communications posture will be discreet until the approval of this strategy and supporting communications plan. Our themes will be based upon the Institute’s role, our messages on its pillars,



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goals, and objectives. Staff will tailor messaging based upon specific platforms and intended audiences.

Themes	Messages	Methods	Audiences	
			Macro	Micro
<b>Peace</b>	Committed to peace between Israel and its neighbors; based on economic and cultural ties to reduce the potential for conflict; stitch US partners and allies together as hedge against uncertainty and threats	Events Website Newsletter Press Engagement Surrogates	Regional International Domestic	Business Community Policy-Makers Media
<b>Prosperity</b>	The Accords provide an essential path to economic prosperity through collaboration			
<b>Productive</b>	Focused on measurable, tangible progress			
<b>Popular</b>	Non-Partisan; enjoys sustained popular support domestically, regionally, internationally			
<b>Private</b>	501(c)(3); does not and will not duplicate or replicate what USG alone can accomplish			
<b>Path</b>	U.S. role in general, and the AAPI in particular, are required to support and sustain, essential to achieve full potential; requested by partners; Unique ability to bridge business to business and business to government			

Figure 14. Illustrative Communications Matrix.

## e. Methods of Delivery

We will rely upon domestic, regional, and global platforms to reach our intended audiences and deliver our message. Initial engagement with regional and national media outlets will occur during regional travel limited in scope to the May announcement. We will leverage a website, social media accounts (Linked In, Instagram, Twitter, etc) regular direct engagements with core outlets, and a monthly newsletter capturing our progress and upcoming events and develop relationships with influencers who shape messaging among our target audiences.

Being visible and topical is crucial to the organization's success. Any deal inked between the AA states – *whether G2G, B2B, or P2P* – is something the Institute could claim and market as a success. To that end, the Institute should be a clearing house for relevant and timely information targeting businesses, people, and the media.

**Website:** The well-branded Institute's website should accomplish the following:

- Create brand identity.





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- Tell the story of how the Abraham Accords came to be.
- Provide facts at a glance and link to the relevant websites in the AA countries.
- Testimonials from companies and people that learned or experienced something positive as a result of the AA. There are numerous examples where this could work.
- Allow people to sign up for the emailing list and ask questions.

**A Weekly or Biweekly Newsletter:** This e-newsletter will serve as a constant emailed derivable to inboxes around the world. It is what the public, think tanks, and media would automatically receive from the Institute, keeping your logo and agenda fresh in the minds that matter. It would also have a positive impact on building and strengthening America's alliances in the face of global strategic competitors and countering Chinese and Russian influence in the Middle East. Components for inclusion:

- News headlines and links from relevant political, economic, and cultural developments between the states that solidify Israel and Arab world cooperation.
- Updates on what the Institute is working on.
- Could include interviews or profiles of influencers from around the region, including key staff.

## f. Communications Measures of Performance

We will employ a variety of convergent data to assess our impact and that of the Accords' more broadly to measure and adapt our efforts. This will encompass polling data, social media trends, and mass media subscription and viewers to judge within Accords member nations, the MENA region, international audiences, and where appropriate US domestic audiences. This will be done in close collaboration with partners as appropriate.

## Annexes

1. Expanding Economic & Cultural Ties: Goals and Objectives
2. Key Performance Indicators (KPI)

## Enclosures

- A. Goals & Objectives
- B. Milestones
- C. Partnership Constellations
- D. Personnel & Staffing
- E. Budget Estimate
- F. Fundraising Concept
- G. Communications Plan (TBP)
- H. Economic Data Collection & Analysis Concept



## Annex 1: Expanding Economic & Cultural Ties: Goals and Objectives.

*Initial notes on methodology and scope. Traditional statistical indexes tracking international trade and investment flows (such as the [UNComtrade Database](#)) provide little information on Israeli trade and investment with the Arab Abraham Accords states (other than some nominal figures for Morocco and very small nominal figures for UAE) because previous trade and investment have largely been discreet and routed through intermediaries. The trade and investment that is now in formative stages will only later be reflected in conventional statistical reporting cycles. This research seeks to cull from what is readily available.*

### a. Israel's Ties to the UAE: Trade and Investment

*Starting Points.* Israel-UAE trade before the Abraham Accords has been modest. According to Gil Feiler of the Begin- Sadat Center at Bar Ilan University, a specialist in Arab economies and markets<sup>51</sup>, as of August 2020, “trade between Israel and the Gulf nations totals some \$720 million a year. This is made up mainly of the export of products from Israel in the fields of defense and security, high tech, agriculture, consultancy services or knowledge transfer, and joint ventures in the field of pharmaceuticals and health.” In 2018, the Tony Blair Institute for Global Change estimated that Israeli exports to the Gulf were then around \$1 billion a year, and were channeled through third countries (mostly European and non-MENA, but in some cases Jordan and Turkey).

FDI annual flow for both countries<sup>52</sup>

**Israel: Inbound \$18.2 billion – Outbound \$8.6 billion** ([slide 14](#))

**UAE: Inbound \$13.8 billion – Outbound \$15.9 billion** ([slide 9](#))

**Trajectory estimates and context.** According to one November 2020 expert analysis ([Schatz](#), Trends Research), “The Israeli Finance Ministry’s deputy chief economist, Lev Drucker, sees a potential for more substantial trade levels between the countries, starting at \$2 billion and building up to \$6.5 billion once cooperation matures. Moody’s Investors Service (August 2020), citing Israeli Ministry of Economy and Industry estimates, offers more conservative projections that normalization could value Israeli exports to the UAE at \$300-\$500 million a year, constituting 0.4 percent of its total exports; UAE investments in Israel could reach \$350 million a year, about 1.9 percent of inbound foreign direct investment.

A March 2021 [RAND study](#) estimated that the following benefits would flow to Israel and the UAE (including 19,100 new Israeli jobs and 11,100 new UAE jobs over a 10-year period) in the event Israel reached bilateral free trade agreements with each of the four Abraham Accords countries:

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<sup>51</sup> [Solomon](#), *Times of Israel*

<sup>52</sup> As of 2019, from a [November 2020 presentation by the Israel and Dubai Chambers of Commerce \(CoC\)](#)



## Potential Benefits of Bilateral Free Trade Agreements to Current Signatories of Accords

Signatory	New Economic Activity	Change in GDP	Number of Jobs Created	Change in Unemployment Rate
Bahrain	\$1.6 billion	0.8%	1,700	0.8% → 0.6%
Israel	\$46 billion	2.3%	19,100	3.8% → 3.4%
Morocco	\$4.5 billion	0.7%	16,500	9.0% → 8.9%
Sudan	\$0.7 billion	0.8%	16,400	16.6% → 16.5%
UAE	\$17 billion	0.8%	11,100	2.4% → 2.2%

NOTE: This table displays the total benefit over ten years: the cumulative value of the change in GDP ("New Economic Activity"), the net increase in GDP at the end of ten years, the total number of new jobs created over ten years, and the estimated change in unemployment rate. All data are as described in Egel et al. (2019a), and this analysis relies on the same assumptions as the "cautious" estimates in Figures 3.2 and 3.3 of that report.

Figure 15. Potential Benefits for AA Members.

Of note, a September 2020 article in the *International Jewish News*<sup>53</sup> cited Gil Feiler, a senior research associate at the Begin-Sadat Center for International Studies at Bar-Ilan University who specializes in Arab markets and economies, and Feiler suggestion as to how Israel-UAE trade and investment ties might proceed in three stages:

*The first stage will see the two governments working on bilateral cooperation in seven key areas: investment, finance, health, the civilian space program, civil aviation, foreign policy and diplomatic affairs, and tourism and culture. The second stage would see businessmen in the UAE who are close to the government and the decision-makers receiving a green light to work with Israel. They will focus on cyber technology, startups, water technology, joint research and more. The third stage will see the rest of the local population involved in retail working together with Israeli businesses. It is possible that the famed Jordan Valley's Madjoul dates or Dead Sea products could be marketed there as exclusive items and be successful.*

*According to Feiler, "most of the business interaction will take place between government agencies and Israeli high-tech companies."*

The following figure traces a trajectory showing progressively greater UAE imports of high-tech products (from all foreign sources) as a percentage of total trade (from [slide 27](#) of the CoC presentation), indicating growing demand within the UAE for types of products for which Israel is renowned.

<sup>53</sup> Israel Haymon and Israel Kasnett, *Breaking down the UAE-Israel deal*, International Jewish News, September 10, 2020.

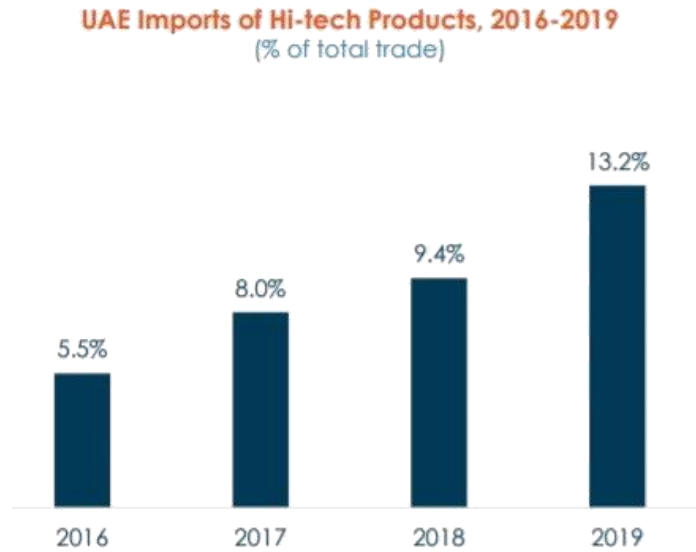
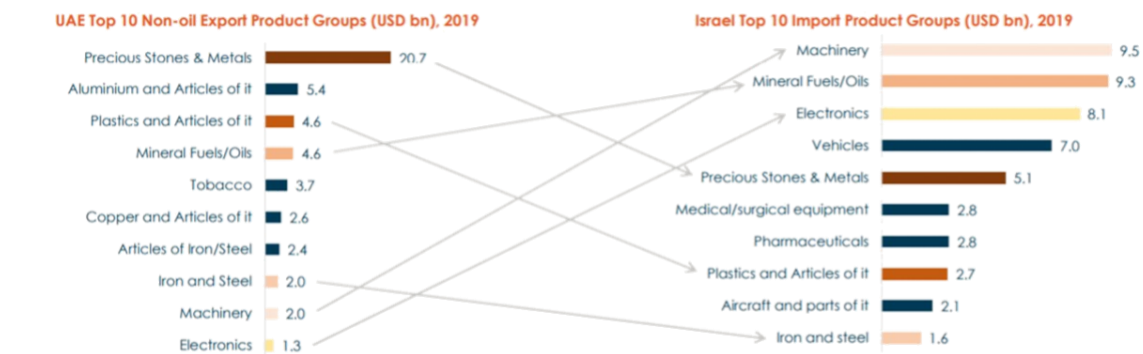


Figure 16. UAE High Tech Imports.

A helpful way to understand synergies and possible trajectories in Israel-UAE trade is to look at a few side-by-side comparisons of how the countries' respective top imports and exports may complement one another.

A helpful way to understand synergies and possible trajectories in Israel-UAE trade is to look at a few side-by-side comparisons of how the countries' respective top imports and exports may complement one another.

Trade analyses show that among the top 10 traded products UAE has potential to export at least 6 product groups to Israel.

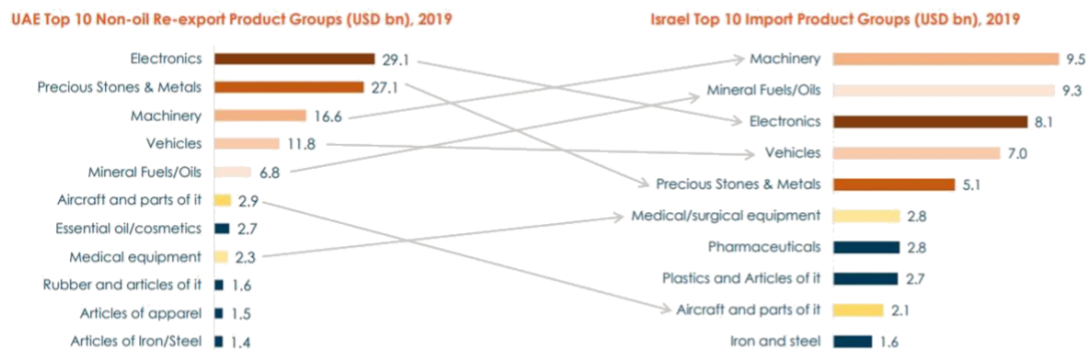


Source: Dubai Chamber Research based on FCSA and UNCTAD

Figure 17. UAE-Israel Trade Analysis.



Trade analyses show that among top 10 traded products UAE has potential to re-export at least 7 product groups to Israel.



Source: Dubai Chamber Research based on FCSA and UNCTAD

Figure 18. UAE-Israel Trade Comparison.

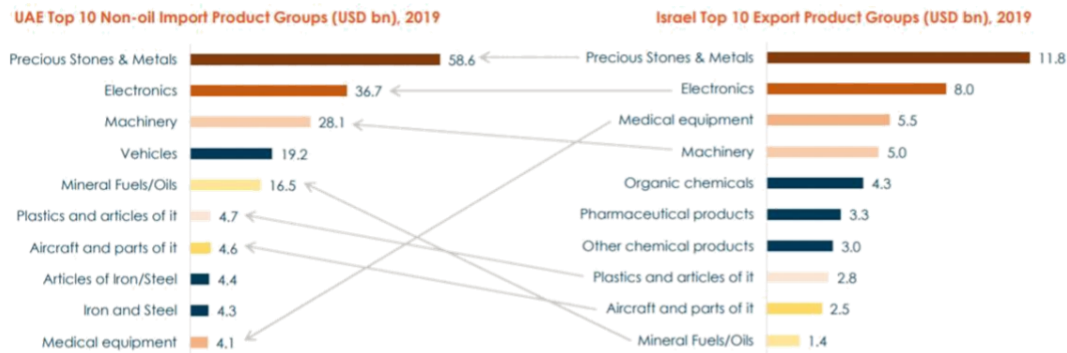




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Trade analyses show that among the top 10 traded products Israel has potential to export at least 7 product groups to UAE.



Source: Dubai Chamber Research based on FCSA and UNCTAD

Figure 19. UAE-Israel Trade Opportunities.

Full normalization has opened the door for a huge potential of trade and investment opportunities between the two countries. The UAE's strategic location and competitive advantage can be a trade and business hub for the Israeli companies and offer easy access to the emerging markets across the GCC, Africa and Asia. On the other hand, Israel may offer its well-developed hi-tech services that can be helpful for the modernization and efficiency improvement of many economic sectors in UAE.

UAE's high ranking (16th) in World Bank Ease of Doing Business 2020 and describes other business advantages, such as no taxation of personal income and the availability of Free Zones, that can attract Israeli companies.

Israel's high and growing exports of product and services can develop the trade sector of both countries. Furthermore, Israel's high ranking in Global Competitiveness Index (20th) and specialization in high-tech services and products may create new business opportunities between the two countries.

UAE has the potential to export at least 6 product groups (e.g. precious stones and metals, aluminum, cement, ceramics) and re-export 7 product groups (e.g. machinery and electronics, vehicles, sesame seed and clothing) to Israel.

Israel may export to UAE at least 7 product groups (e.g. medical equipment, diamond, chemicals and food items) and use Dubai as a trade hub in order to get access to Middle East, Asia and African countries.

The investment opportunities reveals that the growing demand of UAE for high-tech, medical and pharmaceutical and electronic products creates new investment opportunities for Israeli companies. Israel's agricultural companies, which are specialized in modern irrigation technologies, may also play a role in the development of sustainable agriculture in UAE. The logistics companies of Dubai may also



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play a big role in the development of port infrastructure in Israel. The introduction of direct flights between the two countries will also create investment opportunities in the tourism sector.

In addition, both UAE and Israeli companies can be very successful in manufacturing of jewelry products since both countries are specialized in export of precious metals and stones. There is huge potential for joint business ventures between the companies in both countries for entering the Asian and African growing markets.

*“Israel would do well to initiate collaborations and to respond positively to proposals of this nature from the Gulf, but to refrain from over-enthusiasm and pouncing on the Gulf economies.... In any event, Israeli entrepreneurs must demonstrate credibility and compliance with local laws, through the study of local cultural and business codes. The fact that the Gulf market is also open to elements that are hostile to Israel requires extra caution in marketing sensitive technologies.”<sup>54</sup>*

**Key developments to date.** While, as mentioned above, it may be wise to avoid over-enthusiasm given that both economies are already open to many other global actors, some key developments on bilateral trade and investment to date are set forth below. They seem to focus primarily on the potential for investment, joint ventures, and R&D. Trade flows in products and services could follow from these foundational efforts and accompanying actions that the two countries take to shape their legal and regulatory environments to facilitate bilateral trade. Also, the advantages that Israel and the UAE gain from access to each other's markets and logistical hubs could translate into greater access to the other's trading partners (see [slide 25](#) of the CoC presentation). For example, a vice president for Israel's chambers of commerce said in April that free trade zones in Dubai give Israeli companies access to nearly 3 billion people in Asia<sup>55</sup>.

**Commercial airline flights.** Regular flights between Israel and the UAE (Tel Aviv-Abu Dhabi, Tel Aviv-Dubai) have begun, involving airlines such as Etihad, FlyDubai, and El Al. According to RAND, tens of thousands of Israelis have been visiting the UAE ([Egel, Efron, Robinson](#)). The UAE Ambassador to Israel said in April ([Gulf News](#)) that Emirates and Air Arabia would soon follow. As a result the UAE airlines have started working with Israeli partners on kosher catering. Visa- free travel between the two countries is supposed to begin in July<sup>56</sup>.

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<sup>54</sup> Israel's Institute for National Security Studies (INSS) ([Even, Fadlon, Guzansky](#)), October 2020

<sup>55</sup> [Leichman](#), *Times of Israel*.

<sup>56</sup> [Godinho](#), *Gulf Business*.



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- Shipping and port logistics. UAE's DP World, the world's 3<sup>rd</sup>-largest port operator, has discreetly partnered in Asia, Europe, and South America for years with Israel's ZIM Shipping, one of the global leaders in its field ([Schatz](#), Trends Research). After the Abraham Accords, DP World entered into a series of agreements with Israel's Dover Tower to cooperate on a bid to upgrade Israel's port in Haifa and explore a direct shipping line from Eilat to Dubai's regionally leading Jebel Ali port, with affiliates of both also exploring partnerships in producing and marketing products for Dubai<sup>57</sup>.
- Financial and fintech cooperation. The governments and their top banks entered into agreements in September 2020 to facilitate transactions between the two countries and their citizens ([Israel Hayom](#)). Financial technology groups from both countries agreed in November to help facilitate Israel-UAE deals in the sector ([Harrison](#), Fintech Times).
- Natural gas. The UAE (Abu Dhabi) sovereign wealth fund Mubadala signed a preliminary agreement in April to purchase a 22% (\$1.1 billion) stake in Israel's Tamar offshore natural gas field, which is operated by Chevron.
- High-tech agreements in 2020<sup>58</sup>.
- Abu Dhabi-based Group 42, an artificial intelligence and cloud computing company, announced plans for a wholly-owned subsidiary.
- Mohammed bin Zayed University of AI and Weizmann Institute of Science agreed to cooperate on AI.
- Coronavirus. Various companies agreed in 2020 to work together to counter the pandemic ([Khan](#), *The National*).
- Diamond exchanges. The two countries' diamond exchanges agreed in September 2020 to collaborate closely ([Reuters](#)).

### *Achievable Goals (#1-4) and Means to Reach Them*

In considering goals and how to reach them in the case of Israel-UAE trade and investment ties, it is important to note that businesses and chambers of commerce are already active in facilitating dialogue and exchanges. Thus, we should assess where the Institute can best add value beyond what is already naturally occurring between the governments and private sector actors.

#### *Achievable Goal #1: Israel and the UAE reach \$2 billion per year in bilateral trade volume within 3 years.*

Based on the figure mentioned above from the Israeli finance ministry. Could be revised upward depending on progress.

#### *Achievable Goal #2: UAE FDI in Israel reaches \$500 million per year and creates 10,000 jobs within 5 years.*

Based on a revision upward of the FDI figure mentioned above from the Israeli economy ministry, and a modification of the RAND jobs projection based on the timeframe. Particular focus would be on UAE (Abu Dhabi) sovereign wealth funds [Abu Dhabi Investment Authority](#) (around [\\$700 billion](#) in assets under management) and [Mubadala](#) (around \$240 billion).

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<sup>57</sup> [Reuters](#), September 2020.

<sup>58</sup> [Schatz](#), Trends Research.



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*Achievable Goal #3: Israeli FDI in UAE reaches \$300 million per year and creates 6,000 jobs within 5 years.*

Based on Israel's more modest track record for outbound FDI, and a modification of the RAND jobs projection based on the timeframe. Could also be revised upward.

Means to achieve these goals include:

- Honorary Advisory Councils. Convening them to cultivate long-term vision and momentum beyond the short-term market-making that most business forums engage in.
- The advisory councils can bring together businesspeople, academics, and policy professionals with expertise in the following promising sectors (most of which overlap with sectors cited in the Abraham Accords (AA) [Section 5](#)).
- Energy. Particularly (1) an arrangement to ship UAE oil to Israel (and potentially onward to the Mediterranean) via the Red Sea and the Eilat-Ashkelon pipeline ([Even, Fadlon, Guzansky](#)), and (2) finalizing the Mubadala natural gas acquisition mentioned above in Israel's Tamar field.
- Water, agriculture, and the environment. As INSS scholars point out ([Even, Fadlon, Guzansky](#)), "in view of their [Israel and the UAE] ecological characteristics (desert terrain and rising temperatures), both sides could be very interested in collaboration on climate change issues, including water desalination and advanced agriculture."
- High-tech (including for electronics and healthcare/pharmaceuticals), Fintech, Jewelry, Shipping and port logistics, and Tourism.
- The groups can plan strategically for trade and investment expansion and supportive policy and civil society measures (AA [Annex p. 2](#)), and reassess the strategy on an ongoing basis.

Funding frameworks. As encouraged in the AA ([Annex p. 2](#)), "pursuing the establishment of joint research and development centers, and exploring the possibility of joint funding of research and scientific projects in select fields of mutual interest." Government or Sovereign wealth fund (SWF) support (including Abu Dhabi Investment Authority and Mubadala) could be modeled on U.S.-Israel bilateral frameworks (including the Binational Industrial Research and Development Foundation – [BIRD](#), Binational Agricultural Research and Development Fund – [BARD](#), and Binational Science Foundation – [BSF](#)).

Policy advocacy. Working as appropriate to influence key actors and audiences in Israel and the UAE to:

- Reach important treaties and agreements (on free trade/tariffs, investment, taxation, and aligning regulatory standards and certifications for products and professional services) to facilitate trade and investment.
- Press for positive outcomes on specific matters of significance requiring major government approvals and regulation (UAE oil exports to Israel, Mubadala stake purchase in Tamar gas field, DP World/Dover Tower bid for Haifa port operations).
- Educational and academic exchanges (AA [Section 6](#)). Helping with a vision for Israeli universities and institutes (Technion, Weizmann Institute of Science, Hebrew University, etc.) to partner with UAE counterparts (undergraduate and graduate students and professors) to



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lay the foundation for greater cooperation on R&D and other economic and miscellaneous matters.

*Achievable Goal #4: Israel-UAE cooperative ventures total \$100 million in investment or aid and create 2,000 jobs over 5 years among the following: Bahrain, Sudan, Morocco, Egypt, Jordan, WestBank/Gaza.*

The Institute's means of achieving this goal includes emphasizing the following points through the mechanisms cited (working groups, funding frameworks, policy advocacy, educational and academic exchanges) as important to achieve the first 3 goals:

- Ideally, achieving this goal would be separate from and in addition to the bilateral ties Israel and the UAE have individually with these other countries.
- AA [Section 7](#) calls for a "Strategic Agenda for the Middle East" advancing the cause of peace, stability, and prosperity for the region as a whole.
- Several areas of natural Israel-UAE synergy mentioned above can lead to cooperative ventures or joint aid projects in these other countries.
- Shipping and port logistics is a logical area for joint efforts.
- In other areas where Israel has deep expertise—water and agriculture, fintech, healthcare, electronics and software—having UAE partners could make the ventures more palatable for those countries' Arab populations.
- The INSS scholars ([Even, Fadlon, Guzansky](#)) wrote:

*"The Emirates could also be a source and target for investments in a wide range of fields. They could have added value for investments in ventures that would involve the Palestinians, Egypt, and Jordan and allow them as well to enjoy the fruits of peace. In this way the UAE will gain an improved image as well as political dividends, since they are perceived by the Palestinians to have abandoned them. Topics on the table include shared trading zones, investment in desalination stations and power facilities, and perhaps even the construction of artificial islands opposite the Gaza Strip. Until now agreements between Israel and Arab parties have not realized the economic expectations of both sides, and it seems that this is one of the reasons for the cold peace treaties with Egypt and Jordan."*

### *Cultural*

- Negligible cultural interchange historically between Israel and the UAE.
- A focus on Abrahamic ties and mutual tourism and exchanges will be central to any cultural ferment (See AA [Section 6](#) and [Annex p. 1](#)).
- [Religious and community dialogue](#). The Institute can provide a forum for discreet dialogue among Muslim, Jewish, and Christian religious, political, and community leaders and members in both countries about space for worship and opportunities to seek common ground.
- [Jerusalem](#). As will apply to Israel's relations with all AA states, it will be important to formulate a plan that satisfies security and political concerns while accommodating UAE tourist visits to Jerusalem's holy sites. Having a more general dialogue on Jerusalem's future with Israeli and UAE leaders would also be ideal.
- [People-to-people exchanges](#). Exchanges among elementary and secondary students,





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educators, and various professionals and public figures can build mutual understanding (including of each other's language and customs) and a common culture of peace. The exchanges should include some people from traditionally less influential areas like Israel's northern and southern regions and the emirates other than Abu Dhabi and Dubai.

- Arts, music, cuisine, and sports. Events and exchanges of these types offer additional means of promoting cultural bonds.

## b. Bahrain Trade and Investment

*Starting Points.* Israeli trade with Bahrain before the Abraham Accords has presumably been more modest in scope than Israel-UAE trade, given the likely primacy of the UAE and Saudi Arabia in the Israel-Gulf trade figures cited in the UAE "Starting Points" section above.

FDI annual flow for both countries (as of 2019)

**Israel: Inbound \$18.2 billion – Outbound \$8.6 billion** ([slide 14](#) of the CoC presentation)

**Bahrain: Inbound \$942 million – Outbound -\$197 million** (World Bank/IMF/UNCTAD)

### *Trajectory*

In their September 2020 [AA agreement](#), Israel and Bahrain stated their intent to seek further agreement regarding investment, tourism, direct flights, security, telecommunications, technology, energy, healthcare, culture, the environment, and other areas of mutual benefit—with several of these agreements following in October<sup>59</sup>. Some additional agreements on principles of economic cooperation, innovation, technology transfer, and standardization followed in December<sup>60</sup>.

Israel's economy ministry expects around \$220 million in Israel-Bahrain trade volume for 2021, with growth in Israeli exports of diamonds and refined metals for chemicals, and growth in Israeli imports of oil and aluminum<sup>61</sup>. Bahrain's Gulf Air is reportedly in the process of beginning regular commercial flights to Israel<sup>62</sup>. Other synergies may be similar to those between Israel and the UAE (as described in the [Israel-UAE CoC presentation](#)): water, agriculture, and the environment; financial and fintech services<sup>63</sup> the high-tech sector in general; and tourism. In March, Israel and Bahrain agreed to engage in some specific water-related projects ([Xinhua](#)). The [RAND study](#) estimates that a bilateral free trade agreement could result in 1,700 new jobs in Bahrain over 10 years.

### *Achievable Goals (#5-7) and Means to Reach Them*

*Achievable Goal #5: Israel and Bahrain reach \$400 million per year in bilateral trade volume within 3 years.*

Based on the figure mentioned above from the Israeli economy ministry. Could be revised upward depending on progress.

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<sup>59</sup> [Xinhua](#), March 2021

<sup>60</sup> [Bahrain News Agency](#)

<sup>61</sup> [Reuters](#), December 2020

<sup>62</sup> [Times of Israel](#), April 2021

<sup>63</sup> [Young, Al Monitor](#)



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Achievable Goal #6: Bahraini FDI in Israel reaches \$50 million per year and creates 1,000 jobs within 5 years. A particular focus would be on Bahrain's sovereign wealth fund Mumtalakat, with close to \$18 billion in assets under management as of 2020 and roughly 30% (as of 2019) invested abroad (*Economist*)

*Achievable Goal #7: Israeli FDI in Bahrain reaches \$50 million per year and creates 1,000 jobs within 5 years.*

The means to reach these goals would largely correspond with those discussed above in the UAE section on “Achievable Goals (#1-4) and Means to Reach Them.” Because of similarities in how Israel may strengthen bonds with the UAE and Bahrain (close GCC partners), at least some of the Israel-UAE working groups, funding frameworks, policy advocacy, and educational exchanges could incorporate Bahrain to maximize effectiveness. Bahrain might also participate in some cooperative Israel-UAE ventures to other Abraham Accords countries, with potential value-added especially in financial services ventures.

### Cultural

Most of the same points applicable to the UAE (in its “Cultural” section) apply to Bahrain, which hosts the only indigenous Jewish community in the Gulf.

### c. Morocco Trade and Investment

*Starting Points.* Israel and Morocco have engaged in modest, discreet trade since establishing limited diplomatic relations in the 1990s, which Morocco broke off in 2000 upon the outbreak of the second Palestinian intifada. According to a 2018 report<sup>64</sup> Israel exports agricultural produce (including dates) and communications and medical equipment to Morocco, while Morocco exports produce (including olives and sardines) and automotive products to Israel. Israel's ZIM Shipping reportedly has maintained a presence in Moroccan ports.

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<sup>64</sup> Levi, Mitvim

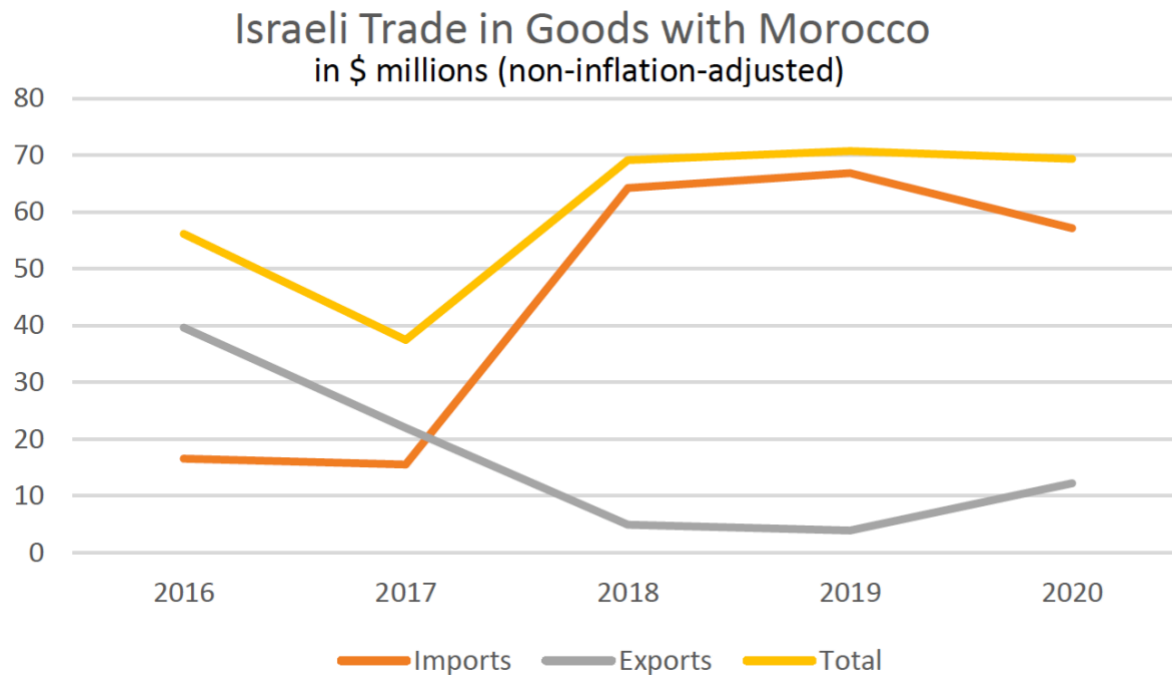


Figure 20. Israel Trade with Morocco. (Source: UN COMTRADE database)

Tourism has been a steady aspect of economic ties, with around 55,000 Israelis visiting Morocco each year and approximately 2,000 Moroccans visiting Israel ([Kasraoui, Moroccan World News](#), 2019). Around one million Israelis have Moroccan heritage, and Morocco continues to maintain Jewish sites (including shrines in the port town of Essaouira) and a small (around 3,000 people) Jewish community centered in Casablanca—a reminder of the time when around 250,000 Jews lived in Morocco before the 1948 Arab- Israeli War ([Reuters](#)). Even without formal diplomatic ties, Israel and Morocco have engaged in some limited educational and other people-to-people exchanges ([Levi, Mitvim](#)). Additionally, Morocco has a sovereign wealth fund, [Ithmar Capital](#) (with around \$1.8 billion in assets under management), that is focused on boosting Morocco as a tourism destination.

According to a 2018 article ([Shehadi, Middle East Eye](#)), Israel-Morocco agricultural links have also persisted since the 1990s. The global leader in drip-irrigation techniques, Israel-based Netafim, opened a \$2.9 million subsidiary in Morocco in 2017.

FDI annual flow for both countries (as of 2019)

**Israel: Inbound \$18.2 billion – Outbound \$8.6 billion** ([slide 14](#) of the CoC presentation)

**Morocco: Inbound \$1.6 billion – Outbound \$1.0 billion** (World Bank/IMF/UNCTAD)

### *Trajectory*

In their January 2021 [AA agreement](#), Israel and Morocco stated their intent to seek cooperation on trade; finance and investment; innovation and technology; civil aviation; visas and consular services;



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tourism; water, agriculture, and food security; development; energy and telecommunications; and other sectors as may be agreed. An Israel-Morocco economic cooperation agreement aimed at easing trade barriers and otherwise facilitating ties (including via a possible innovation fund) followed shortly thereafter ([Xinhua](#)). Associations representing a wide array of Israeli and Moroccan companies signed a trade cooperation agreement in March that could boost annual trade volume into the hundreds of millions, with one Israeli business leader saying, “The leading fields of trade will be food and agriculture, spare parts and vehicles, chemicals, and mechanical equipment. On the other hand, Morocco looks forward to various technologies in the renewable energy fields, water treatments, agriculture, and health” ([Zwick, Israel Hayom](#)).

Tourism and agriculture are two sectors that would clearly benefit from closer Israel-Morocco trade and investment ties. Estimates in Morocco predict between 200,000-400,000 Israeli visitors annually once direct commercial flights begin. Israel’s Isrir plans to begin direct Tel Aviv-Marrakesh flights in July, with El Al to follow soon ([Reuters](#)), and Morocco also reportedly plans to begin direct flights to Israel ([i24news](#)). Regarding agriculture, the sector accounts for one-third of Morocco’s job market (down from 47% in 1991 and 39% in 2012) ([World Bank](#)), thus presenting significant synergies for Israeli companies.

Morocco’s major ports, especially the Tangier-Med and Casablanca ports, could present an opportunity for Israel-UAE cooperative ventures (ZIM and DP World) in shipping and port logistics. More detailed research to understand synergies would be necessary.

The [RAND study](#) estimates that a bilateral free trade agreement could result in 16,500 new jobs in Morocco over 10 years.

### *Achievable Goals (#8-11) and Means to Reach Them*

*Achievable Goal #8: Israel and Morocco reach \$400 million per year in bilateral trade volume within 3 years.*

Could be revised upward depending on progress.

*Achievable Goal #9: Israeli FDI in Morocco reaches \$50 million per year within 3 years.*

*Achievable Goal #10: Morocco creates 9,000 new jobs in connection with Israeli trade and investment within 5 years.*

*Achievable Goal #11: Within 3 years, Israel sends 400,000 tourists per year to Morocco, and Morocco sends 25,000 tourists per year to Israel.*

The means to reach these goals could correspond to some extent with those discussed above in the UAE section on “Achievable Goals (#1-4) and Means to Reach Them,” especially in areas of Israel-Morocco synergy (such as water and agriculture) mentioned in the “Trajectory” section above. Some of the Israel-UAE and Israel-Bahrain working groups, funding frameworks, policy advocacy, and educational exchanges could incorporate Morocco to maximize effectiveness. Morocco might also participate in some cooperative ventures to other Abraham Accords countries, especially Sudan, with potential value-added especially in agriculture.

The Institute might consider convening a special working group (businesspeople, academics, policy professionals) to facilitate mutual Israel-Morocco tourism, including support for efforts to further optimize tourist sites for structured and unstructured trips of various kinds catering to different



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interests (Jewish heritage; Abrahamic commonalities and holy sites; as well as more traditional tourist locales like city centers, scenic areas, beaches, and national parks).

### Cultural

Much of the relevant information on cultural ties is tied to tourism as discussed above, including in “Trajectory” and Achievable Goal #11.

The other points discussed in the UAE “Cultural” section above also apply, including with respect to religious and community dialogue, Jerusalem, people-to-people exchanges, and arts/music/cuisine/sports.

Morocco’s role on Jerusalem is particularly important because it chairs the Jerusalem Committee of the Organization of the Islamic Conference ([Levi](#), Mitvim).

### d. Sudan Trade and Investment

*Starting Points.* Israel’s ties with Sudan start from a point from which there has been very little bilateral contact.

FDI annual flow for both countries (as of 2019)

**Israel: Inbound \$18.2 billion – Outbound \$8.6 billion** ([slide 14](#) of the CoC presentation)

**Sudan: Inbound \$825 million – Outbound N/A** (World Bank/IMF/UNCTAD)

### *Trajectory*

The clearest synergy would be for Sudan to benefit from Israeli expertise on water and agriculture (Bassist, [Al-Monitor](#)), perhaps through Israeli cooperative ventures with the other three Arab Abraham Accords states (which also may provide political cover in cases where having an Israeli company out front elicits popular opposition). Such projects could be important in light of uncertainty regarding how infrastructure such as the Grand Ethiopian Renaissance Dam might affect the Nile’s flow through Sudan and various environmental and agricultural matters. Next, Israel might be able to work with the UAE (DP World) to help with shipping and logistics at Sudan’s ports (such as Port Sudan, where DP World is seeking a greater role) ([Alamin](#), [Bloomberg](#)). The [RAND study](#) estimates that a bilateral free trade agreement could result in 16,400 new jobs in Sudan over 10 years.

### *Achievable Goal #12 and Means to Reach It*

*Achievable Goal #12: Sudan creates 9,000 new jobs in connection with Israeli trade and investment within 5 years.*

The means to reach this goal could correspond to some extent with those discussed above in the UAE section on “Achievable Goals (#1-4) and Means to Reach Them,” especially in areas of Israel-Sudan synergy (such as water and agriculture) mentioned above.

### Cultural





Some points discussed in the UAE “Cultural” section above may apply.

## e. UAE’s Ties

### Bahrain Trade and Investment

*Starting Points.* Taken together, the UAE and Saudi Arabia are Bahrain’s top trading partners, with many UAE exports actually re-exports (as is typical of UAE export practice). The UAE is party to several multilateral and bilateral trade agreements, including with partner countries in the GCC (Gulf Cooperation Council). As part of the GCC, the UAE has strong economic ties with Saudi Arabia, Kuwait, Bahrain and Oman, meaning the UAE shares a common market and a customs union with these nations. Under the Greater Arab Free Trade Area Agreement (GAFTA), the UAE has free trade access to Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Syria, Tunisia, and Yemen.

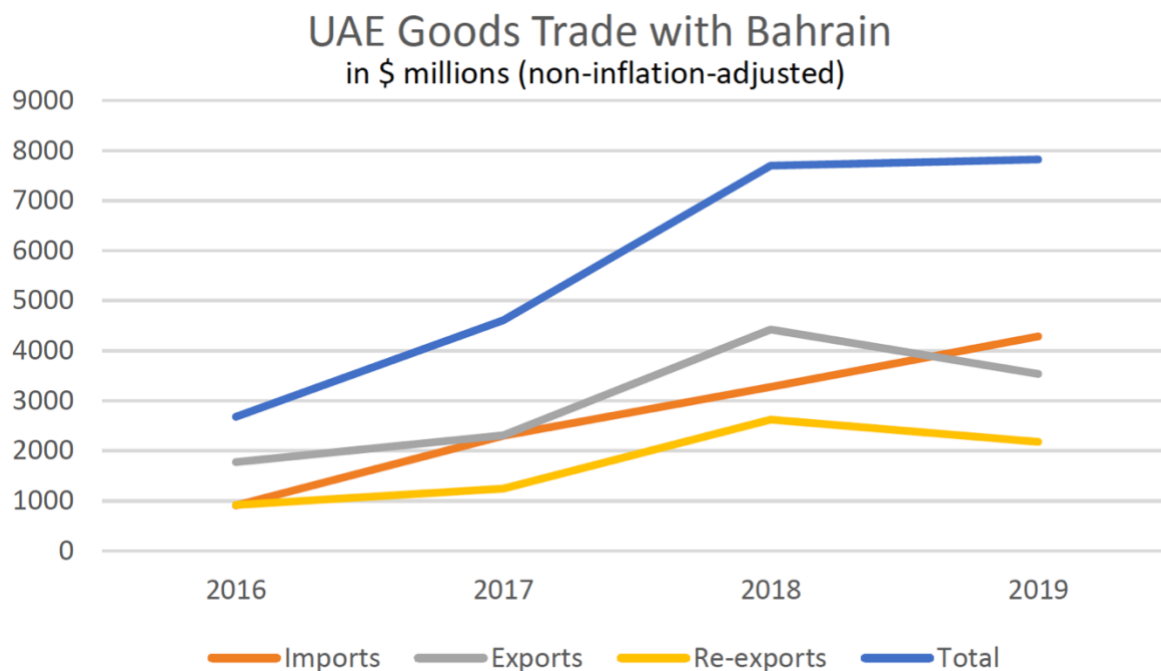


Figure 21. UAE Trade with Bahrain. (Source: UN COMTRADE database)



United Arab Emirates exports to Bahrain	Value	Year
Pearls, precious stones, metals, coins	\$894.28M	2019
Electrical, electronic equipment	\$454.00M	2019
Machinery, nuclear reactors, boilers	\$405.56M	2019
Articles of apparel, knit or crocheted	\$143.57M	2019
Essential oils, perfumes, cosmetics, toileteries	\$129.39M	2019
Vehicles other than railway, tramway	\$119.41M	2019
Iron and steel	\$115.88M	2019
Mineral fuels, oils, distillation products	\$111.70M	2019
Articles of iron or steel	\$103.53M	2019
Plastics	\$81.84M	2019

Figure 22. UAE Exports to Bahrain. (Source: UN COMTRADE database)

United Arab Emirates imports from Bahrain	Value	Year
Mineral fuels, oils, distillation products	\$2.99B	2019
Pearls, precious stones, metals, coins	\$517.42M	2019
Ores slag and ash	\$317.41M	2019
Iron and steel	\$118.97M	2019
Articles of iron or steel	\$104.34M	2019
Miscellaneous edible preparations	\$26.19M	2019
Aluminum	\$25.51M	2019
Soaps, lubricants, waxes, candles, modelling pastes	\$23.54M	2019
Dairy products, eggs, honey, edible products	\$22.57M	2019
Cereal, flour, starch, milk preparations and products	\$19.03M	2019

Figure 23. UAE Imports from Bahrain. (Source: UN COMTRADE database)



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The UAE and other GCC states are the major sources of FDI for Bahrain ([Lloyd's](#)), whose capital Manama (alongside Abu Dhabi and Dubai in the UAE) is ranked as a top FDI target for global investors ([EDB Bahrain](#)). For example, according to the [Oxford Business Group](#):

*More recently, the UAE has emerged as an important source of investment, with public and private sector bodies from Abu Dhabi and Dubai seeking opportunities in Manama. For example, the Abu Dhabi Fund for Development (ADFD) has directed \$919m towards upgrading Bahrain International Airport to increase passenger throughput. The ADFD, along with Saudi Arabia and Kuwait, is also an important investor for housing schemes in Bahrain, which are central to the government's attempts to reduce the waiting list for homes in the kingdom (see Real Estate chapter). Private UAE capital recently channeled into Bahrain includes the Abu Dhabi-based Edge Hills' \$3bn investment in Marrasi Al Bahrain, an upscale residential, hotel and shopping development located near the airport.*

### *Trajectory*

As evidenced from the information above, the UAE already has deep trade and investment ties with Bahrain, with few barriers to economic cooperation. The Abraham Accords may slightly boost trade and investment. Synergies with Israel based on expanded Israeli ties with both countries, for example, could increase trade in jewelry, some high-tech (including fintech) products and services, water and agriculture, and perhaps transportation logistics (airline and shipping). More detailed research may be necessary to understand how these synergies could translate into specific, achievable bilateral trade and investment goals beyond the current dynamic.

### Cultural

Additionally, the two countries share many cultural characteristics and a heritage, given their history as Gulf sheikhdoms (with several different sheikhdoms within the UAE) that came under the British sphere of control and protection until the 1970s.

### f. Morocco Trade and Investment

*Starting Points.* The UAE and Morocco are both part of GAFTA, so trade and investment barriers are relatively few. The UAE is a far more significant trading partner for Morocco than vice versa.

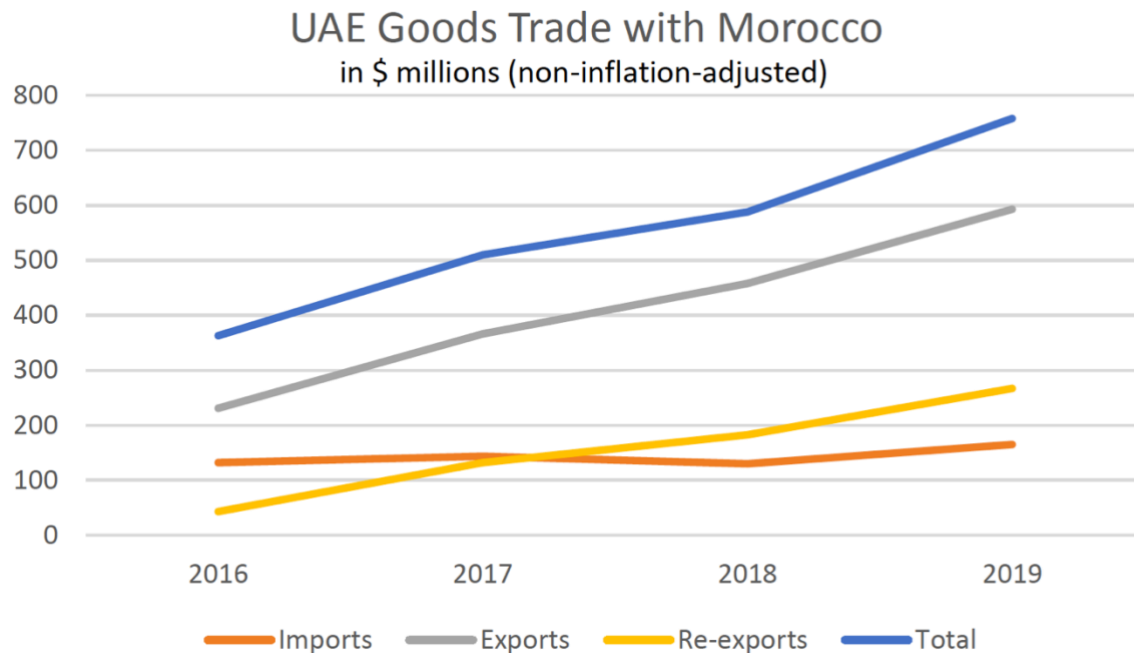


Figure 24. UAE Trade with Morocco. (Source: UN COMTRADE database)

United Arab Emirates exports to Morocco	Value	Year
Electrical, electronic equipment	\$165.22M	2019
Aluminum	\$90.68M	2019
Edible fruits, nuts, peel of citrus fruit, melons	\$47.48M	2019
Plastics	\$42.49M	2019
Machinery, nuclear reactors, boilers	\$27.19M	2019
Essential oils, perfumes, cosmetics, toileteries	\$18.04M	2019
Vehicles other than railway, tramway	\$14.44M	2019
Pharmaceutical products	\$11.68M	2019
Animal, vegetable fats and oils, cleavage products	\$11.59M	2019
Articles of iron or steel	\$10.87M	2019

Figure 25. UAE Exports to Morocco. (Source: UN COMTRADE database)



United Arab Emirates imports from Morocco	Value	Year
Vehicles other than railway, tramway	\$44.58M	2019
Articles of apparel, not knit or crocheted	\$40.86M	2019
Articles of apparel, knit or crocheted	\$16.91M	2019
Edible fruits, nuts, peel of citrus fruit, melons	\$14.46M	2019
Electrical, electronic equipment	\$8.06M	2019
Edible vegetables and certain roots and tubers	\$6.34M	2019
Pearls, precious stones, metals, coins	\$5.63M	2019
Articles of iron or steel	\$2.99M	2019
Wadding, felt, nonwovens, yarns, twine, cordage	\$2.73M	2019
Miscellaneous edible preparations	\$2.35M	2019

Figure 26. UAE Imports from Morocco. (Source: UN COMTRADE database)

## Trajectory

The UAE is the top source of FDI for Morocco other than France (*Business Year*), and its importance to Morocco may be growing because in 2019 its FDI increased year-on-year by 9% while other European and Gulf states' year-on-year investments there declined (Jacobs, Arab Gulf States Institute in Washington, 2020). One notable UAE-backed venture in Morocco is Air Arabia Maroc airline.

According to *Business Year*:

*In recent years Gulf nations have been largely keen to invest in Morocco's real estate, construction, and tourism enterprises, whereas the French and other European investors are more interested in the country's manufacturing and infrastructure sectors.*

*In 2018, real estate (20.2%) was the top attractor of FDI, while manufacturing attracted 19.7% of the total FDI, and 14.4% of it ended up in the country's energy and mining sector, according to the Foreign Exchange Office of the Ministry of Finance.*

*In addition to real estate and tourism, Emirati investors have ventured into areas such as IT, telecoms, agrifood, transportation, and automotive, and many UAE-based businesses hold long-term contracts with key players in the Moroccan economy or have formed joint ventures with major holdings, which decreases the risk of a sudden falling out between the two countries.*





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The UAE's existing and growing stake in Morocco's economic success could present Israel-related synergies in high-tech sectors, water, and agriculture. While more detailed research would be necessary to understand the possibilities better, Morocco's much lower cost of living than both the UAE and Israel could make Morocco a valuable location for offshore manufacturing and operations for Israeli companies that partner with existing or future UAE ventures (while also giving the Israeli operations some Arab political cover).

This data relates back to...

*Achievable Goal #4: Israel-UAE cooperative ventures total \$100 million in investment or aid and create 2,000 jobs over 5 years among the following: Bahrain, Sudan, Morocco, Egypt, Jordan, West Bank/Gaza.*

It also relates back to Achievable Goals #9 and #10 ("Achievable Goals (#8-11) and Means to Reach Them").

Perhaps the Institute can develop a specific sub-goal under #4 just for jobs in Morocco after more research is done in partnership between the Institute and key Israel-UAE-Morocco stakeholders.

### Cultural

While the UAE and Morocco are geographically distant—at opposite poles of the Arab world—and have varying historical experiences and ethnic/linguistic characteristics, their common ties to desert life and their recent history have created some important linkages ([Langton, The National](#)). For example:

- Their royal leaders have maintained close ties since the UAE's creation about 50 years ago.
- 100,000 Moroccans live in the UAE and bring Moroccan culture and cuisine with them.
- UAE investment and aid have strengthened bonds and increased Emiratis' familiarity with and tourism in Morocco.

### g. Sudan Trade and Investment

*Starting Points.* The UAE has played an important role in Sudan over the past decade. It and Saudi Arabia helped subsidize it through its separation with South Sudan, but largely cut off aid when former President Bashir did not cut ties with Qatar during the GCC-Qatar crisis. This may have contributed to Bashir's difficulties leading to his overthrow in 2019. The UAE and Saudi have supported the military-backed transitional government with money and fuel—apparently interested in ensuring that Islamist elements do not gain control of Sudan ([Gallopín, Project on Middle East Political Science, 2020](#)). The main export from Sudan to the UAE is gold ([Smith, Africa Report, 2021](#)).

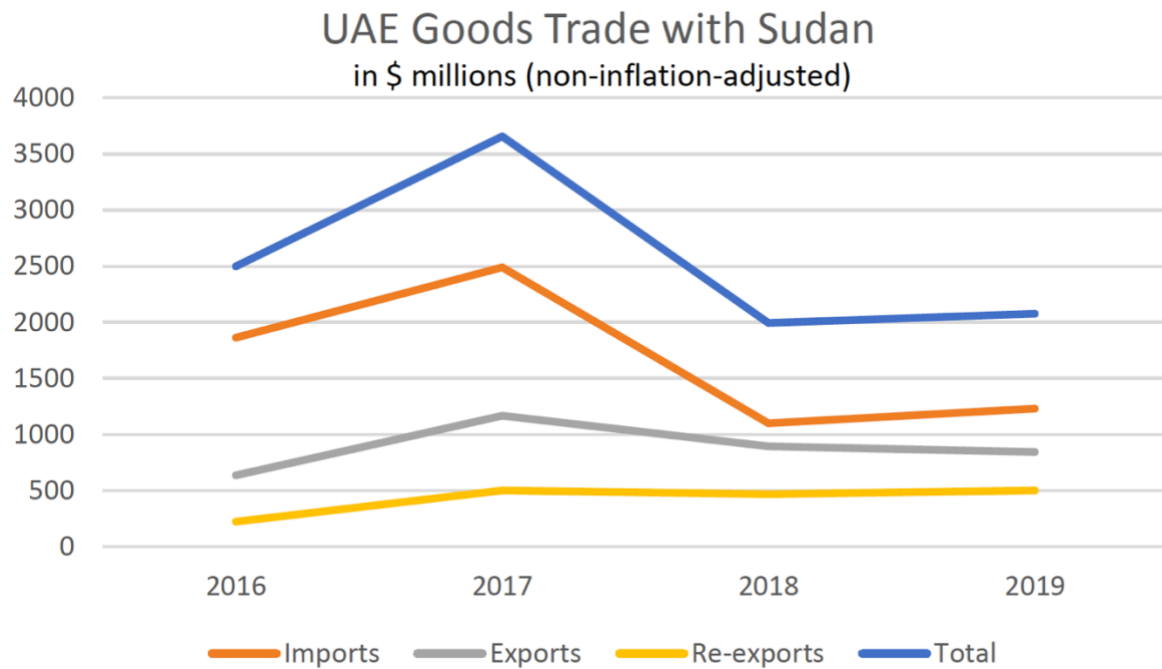


Figure 27. UAE Trade with Sudan. (Source: UN COMTRADE database)



Sudan imports from United Arab Emirates	Value	Year
Mineral fuels, oils, distillation products	\$331.75M	2018
Sugars and sugar confectionery	\$107.11M	2018
Machinery, nuclear reactors, boilers	\$73.55M	2018
Plastics	\$40.97M	2018
Electrical, electronic equipment	\$34.74M	2018
Paper and paperboard, articles of pulp, paper and board	\$18.98M	2018
Vehicles other than railway, tramway	\$16.47M	2018
Fertilizers	\$15.29M	2018
Miscellaneous chemical products	\$11.29M	2018
Soaps, lubricants, waxes, candles, modelling pastes	\$9.54M	2018

Sudan exports to United Arab Emirates	Value	Year
Pearls, precious stones, metals, coins	\$876.22M	2018
Oil seed, oleaginous fruits, grain, seed, fruits	\$67.57M	2018
Meat and edible meat offal	\$18.12M	2018
Copper	\$8.84M	2018
Organic chemicals	\$5.82M	2018
Lac, gums, resins	\$2.72M	2018
Residues, wastes of food industry, animal fodder	\$2.38M	2018
Lead	\$2.36M	2018
Cereals	\$2.25M	2018
Edible vegetables and certain roots and tubers	\$2.02M	2018

Figure 28. Selected Sudanese Exports to the UAE. (Source: UN COMTRADE database)

## Trajectory



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Sudan's ongoing turmoil has made foreign investors wary, but its delisting from the U.S. state sponsors of terrorism list and the clearing of arrears to allow it to receive World Bank development aid may open up new opportunities. The main targets of global investment in Sudan have been oil and gas exploration and agriculture ([Whiteaker, Investment Monitor](#), 2021). In April, Saudi Arabia revealed additional plans that it and the UAE have to aid Sudanese agriculture and create a joint fund for investment in Sudan ([Reuters](#))

As stated earlier in the "Trajectory" section under Israel's ties with Sudan, the clearest synergy with the UAE would be a joint venture taking advantage of Israeli expertise on water and agriculture. This once again relates to Achievable Goal #4, as well as...

*Achievable Goal #12: Sudan creates 9,000 new jobs in connection with Israeli trade and investment within 5 years.*

### Cultural

Ties between the UAE and Sudan appear to be largely strategic and geopolitical. Among Sunni Arabs, their historical experiences are fairly divergent.

### h. Bahrain's Ties with Morocco

*Starting Points.* Bahrain and Morocco are both part of GAFTA, so trade and investment barriers are relatively few. The predominant export from Bahrain to Morocco is aluminum ([UN Comtrade Database](#)), and Bahrain's imports from Morocco are insignificant in scope.

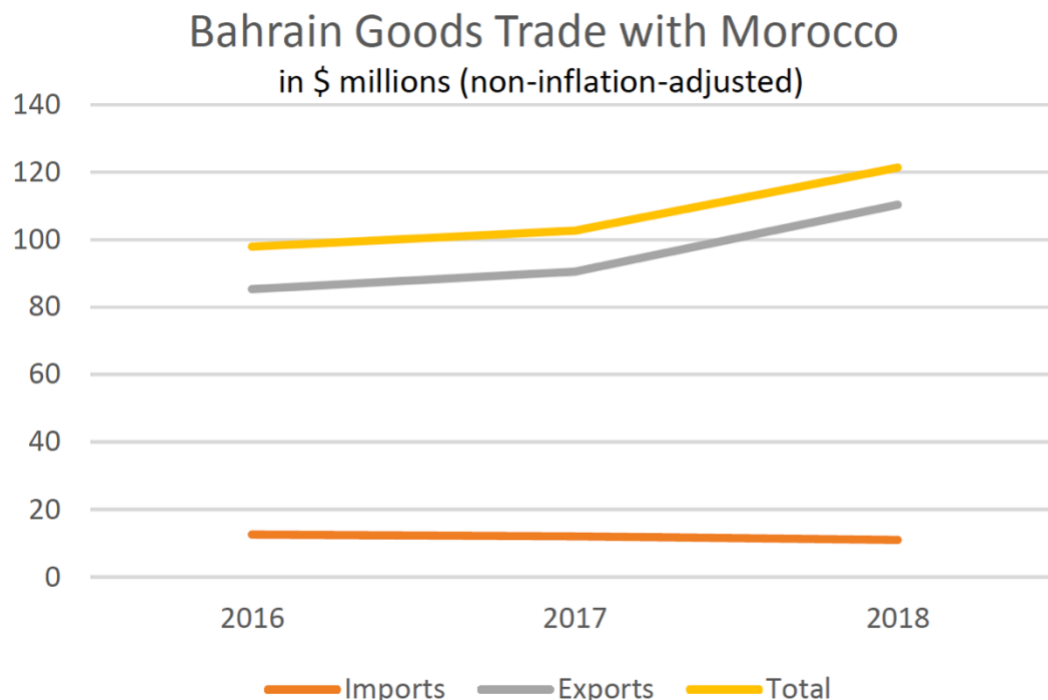


Figure 29. Bahrain's Trade with Morocco. (Source: UN COMTRADE database)



## Trajectory

The relatively insignificant nature of economic cooperation between Bahrain and Morocco makes their synergies mostly dependent on Israel-UAE involvement, as discussed in various sections above.

### i. Sudan

Bahrain's trade and investment ties with Sudan are relatively insignificant (annually around \$15 million of imports—mostly agricultural products—and \$4 million in exports—mostly vehicles and other manufactured equipment) (UN Comtrade Database). Prospects for major changes to bilateral ties would depend on Israel-UAE involvement. It does not appear that there are direct flights between Bahrain and Sudan.

### Morocco-Sudan Ties

Morocco-Sudan economic cooperation is primarily centered on Moroccan exports of fertilizer (given Morocco's status as the global leader in phosphate production) (UN Comtrade Database). No direct flights connect the two countries. Prospects for major changes to bilateral ties would appear to depend on Israel-UAE involvement, for example in connection with cooperative agricultural ventures.

### j. Ties Involving All Five States

The [RAND study](#) estimates that the benefits of Israeli economic cooperation with the Abraham Accords could exponentially grow if all five states joined in a plurilateral free trade agreement, and could expand even more significantly if other states joined the Accords and this plurilateral free trade agreement. As Daniel Schatz has written ([Schatz](#), Trends Research), "The prospect of combining the financial capital of the Gulf region with Israel's cyber technology, agriculture technology, artificial intelligence (AI) and health care technology, holds the potential to make the region more prosperous."





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Potential Benefits of Plurilateral Free Trade Agreements to Current Signatories of Accords

Signatory	New Economic Activity	Change in GDP	Number of Jobs Created	Change in Unemployment Rate
Bahrain	\$4.4 billion	2.3%	4,600	0.8% → 0.3%
Israel	\$73 billion	3.7%	30,400	3.8% → 3.1%
Morocco	\$18 billion	3.0%	67,400	9.0% → 8.4%
Sudan	\$2.0 billion	2.2%	46,100	16.6% → 16.2%
UAE	\$51 billion	2.4%	32,700	2.4% → 1.9%

Figure 30. Potential Benefits Among Existing Accords members.

Potential Benefits of Expanded Plurilateral Free Trade Agreements

Signatories and Potential Signatories	New Economic Activity	Change in GDP	Number of Jobs Created	Change in Unemployment Rate
Bahrain	\$14 billion	7.6%	15,000	0.8% → 0.0%
Israel	\$260 billion	13.1%	107,000	3.8% → 1.3%
Morocco	\$62 billion	10.4%	231,000	9.0% → 7.1%
Sudan	\$6.6 billion	7.0%	150,000	16.6% → 15.4%
UAE	\$150 billion	7.3%	98,000	2.4% → 1.0%
Indonesia	\$370 billion	6.5%	1,705,000	4.8% → 3.6%
Mauritania	\$4.6 billion	12.0%	28,000	9.6% → 7.4%
Oman	\$32 billion	8.4%	47,000	2.5% → 0.9%
Pakistan	\$120 billion	8.8%	1,271,000	4.4% → 2.7%
Saudi Arabia	\$270 billion	6.9%	192,000	5.9% → 4.6%
Uzbekistan	\$33 billion	11.4%	338,000	6.1% → 4.0%

Figure 31. Potential Benefits of Expanded Accords members.

*Achievable Goal #13: One year from now, each Accords country (with the possible exception of Sudan) is actively organizing and cooperating with the others to hold regular “Abraham Accords trips” for domestic audiences (both for the public and handpicked cultural/professional/academic groups) to demonstrate the value and powerful economic, political, and cultural scope of the Accords. If possible, similar trips with delegations featuring participants from each country are also being organized within that time frame.*

Means used by the Institute to achieve this goal include:

- Establishing the vision for Abraham Accords trips and facilitating the planning process by convening initial meetings (and follow-ups as necessary) of political leaders, policy professionals, tourism experts, businesspeople, and cultural figures from each country.
- Proactively helping construct the narratives of greater peace, prosperity, and regional stability around which the trips can be organized, ensuring that U.S. government officials and other Americans are involved as appropriate to communicate the important role the United States plays as a guiding influence and guarantor for the Accords. For this purpose, some trips may actually begin or end in Washington.

Having Institute staff directly participate in as many of the trips (especially those with handpicked groups), sometimes as part of the delegations, and sometimes as hosts/presenters who help frame the participants’ experiences. This will place the Institute at the forefront of ongoing efforts to help the



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participants establish and draw upon the momentum and personal/professional networks necessary to achieve the other goals stated above in key facets of economic and cultural cooperation.

Achievable Goals	
1	Israel and the UAE reach \$2 billion per year in bilateral trade volume within 3 years. Based on a figure from the Israeli finance ministry. Could be revised upward depending on progress.
2	UAE FDI in Israel reaches \$500 million per year and creates 10,000 jobs within 5 years. Based on a revision upward of an FDI figure from the Israeli economy ministry, and a modification of a RAND jobs projection based on the timeframe. Particular focus would be on UAE (Abu Dhabi) sovereign wealth funds Abu Dhabi Investment Authority (around \$700 billion in assets under management) and Mubadala (around \$240 billion).
3	Israeli FDI in UAE reaches \$300 million per year and creates 6,000 jobs within 5 years. Based on Israel's more modest track record for outbound FDI, and a modification of a RAND jobs projection based on the timeframe. Could also be revised upward.
4	Israel-UAE cooperative ventures total \$100 million in investment or aid and create 2,000 jobs over 5 years among the following: Bahrain, Sudan, Morocco, Egypt, Jordan, West Bank/Gaza.
5	Israel and Bahrain reach \$400 million per year in bilateral trade volume within 3 years. Based on the figure mentioned above from the Israeli economy ministry. Could be revised upward depending on progress.
6	Bahraini FDI in Israel reaches \$50 million per year and creates 1,000 jobs within 5 years. A particular focus would be on Bahrain's sovereign wealth fund <u>Mumtalakat</u> , with close to \$18 billion in assets under management as of 2020 and roughly 30% (as of 2019) invested abroad (Economist).
7	Israeli FDI in Bahrain reaches \$50 million per year and creates 1,000 jobs within 5 years.
8	Israel and Morocco reach \$400 million per year in bilateral trade volume within 3 years. Could be revised upward depending on progress.
9	Israeli FDI in Morocco reaches \$50 million per year within 3 years.
10	Morocco creates 9,000 new jobs in connection with Israeli trade and investment within 5 years.
11	Within 3 years, Israel sends 400,000 tourists per year to Morocco, and Morocco sends 25,000 tourists per year to Israel.
12	Sudan creates 9,000 new jobs in connection with Israeli trade and investment within 5 years.
13	One year from now, each Accords country (with the possible exception of Sudan) is actively organizing and cooperating with the others to hold regular "Abraham Accords trips" for domestic audiences (both for the public and handpicked cultural/professional/academic groups) to demonstrate the value and powerful economic, political, and cultural scope of the Accords. If possible, similar trips with delegations featuring participants from each country are also being organized within that time frame.

Figure 32. Consolidated Achievable Goals.



## Annex 2. Key Performance Indicators

### AAPI Key Performance Indicators

As of: August 25, 2021

	Israel	UAE	Bahrain	Morocco	Sudan	Kosovo	Egypt	Jordan
2020 Bilateral Trade	\$475M	0	0	\$70M	0	0	Is \$205M	Is \$198M
2021 Bilateral Trade Goals	\$1.15B	Is \$350M	Is \$220M	Is \$100M	Is \$10M	Is \$20M	Is \$250M	Is \$200M
2025 Bilateral Trade Goals	\$4.3B	Is \$2B	Is \$427M	Is \$426M	Is \$49M	Is \$199M	Is \$777M	Is \$525M
2025 Trade Goals <sup>i</sup>	+\$46B	+\$17B	+\$1.6B	+\$4.5B	+\$0.7B	+\$0.5B	+\$5B	+\$2B
2019 Total Investment	In \$18.2B	\$13.8B	\$942M	\$1.6B	\$825M	\$285M	\$9.0B	\$825M
Out	\$8.6B	\$15.9B	\$197M	\$1.0B	\$0	\$74M	\$405M	\$43M
2021 Bilateral Investment Goals	In \$3B	Is \$927M	Is \$85M	Is \$132M	Is \$71M	Is \$17M	Is \$333M	Is \$49M
Out	\$350M	Is \$2B	Is \$20M	Is \$20M	Is \$500k	Is \$500k	Is \$2.5M	Is \$1.5M
2025 Bilateral Investment Goals	In \$15B	Is \$4B	Is \$423M	Is \$658M	Is \$355M	Is \$87M	Is \$1.7B	Is \$245M
Out	\$650M	Is \$9B	Is \$70M	Is \$50M	Is \$5M	Is \$2M	Is \$20M	Is \$15M
2019 Bilateral Tourism	In 82k	0	0	55k	0	0	8k	19k
Out	758k	0	0	4k	0	0	701k	53k
2021 Bilateral Tourism Goals	In 415k	236k	36k	19k	2k	14k	77k	31k
Out	1.5M	169k	85k	169k	8k	2k	841k	169k
2025 Bilateral Tourism Goals <sup>ii</sup>	In 673k	350k	50k	50k	3k	20k	150k	50k
Out	2M	250k	125k	225k	10k	4k	1.2M	210k
2021 GDP Goals	+0.5%	+0.2%	+0.2%	+0.1%	+0.2%	+0.1%	+0.1%	+0.1%
2025 GDP Goals <sup>iii</sup>	+2.3%	+0.8%	+0.8%	+0.7%	+0.8%	+0.5%	+0.5%	+0.4%
2025 GDP Contribution	\$8.3B	\$3.2B	\$1.5B	\$3.4B	\$771M	\$300M	\$6.2B	\$2.7B
2020 Per Capita GDP	\$46,311	\$43,103	\$23,443	\$3,009	\$775	\$4,391	\$3,601	\$4,283
2021 Per Capita GDP Goals	\$47,000	\$44,000	\$24,000	\$3,500	\$900	\$5,000	\$3,800	\$4,800
2025 Cumulative Per Capita Income Increase Goals	\$3,987	\$1,356	\$881	\$93	\$18	\$167	\$60	\$260
2025 Cumulative New Economic Activity	\$37B	\$13B	\$1.5B	\$3.4B	\$771M	\$300M	\$6.2B	\$2.7B
2021 Job Creation Goals	+8k	+5k	+5k	+5k	+7k	+5k	+7k	+4k
2025 Job Creation <sup>iv</sup> Goals	+25k	+15k	+2.7k	+21k	+16k	+1k	+36.9k	+9.2k

Data derived from World Bank/IMF/UNCTA and open-source media. Excludes the multilateral trade and investment (which will be calculated in stride during CY21).

<sup>i</sup> This category refers to the cumulative increase in GDP attributable to increased trade from greater bilateral trade among the Abraham Accords countries, rather than annual figures, based on Table 1 at [https://www.rand.org/content/dam/rand/pubs/perspectives/PEA1149-1/RAND\\_PEA1149-1.pdf#page=3](https://www.rand.org/content/dam/rand/pubs/perspectives/PEA1149-1/RAND_PEA1149-1.pdf#page=3)

<sup>ii</sup> The goals articulated here could be revised upward because the original assessment (per the Achievable Goals below) was for these targets to be achievable by 2024.

<sup>iii</sup> This category refers to the total net increase in GDP attributable to increased trade from greater bilateral trade among the Abraham Accords countries, rather than annual GDP or GDP growth figures, using the same table as in endnote ii.

<sup>iv</sup> This category refers to total job creation from greater bilateral trade among the Abraham Accords countries, rather than annual figures, using the same table as in endnote ii.



# Abraham Accords Peace Institute Annual Strategy

As of: *August 27, 2021* *Friday, August 27, 21*

## Enclosure A. Goals & Objectives

The Abraham Accords Institute for Peace will be an international, non-partisan, non-profit organization dedicated to supporting the implementation and expansion of the historic peace agreement known as the Abraham Accords.			
The mission of the Institute will be to strengthen and solidify the new bonds created through the Abraham Accords, ensure that these relationships achieve their fullest potential, and counter the propaganda and misperceptions that have allowed the Arab-Israeli conflict to persist.			
If successful, these new relationships will flourish, conflict will diminish, and new opportunities and relationships will be created.			
Principals			
		Convene public and private sector leaders for discussion, planning, and cooperation	Maintain a small, dedicated staff of subject-matter experts and experienced professionals and utilize volunteer support from seasoned experts and practitioners
			Feature high-level representatives from key interlocutor countries, including the U.A.E., Bahrain, Morocco, and Israel

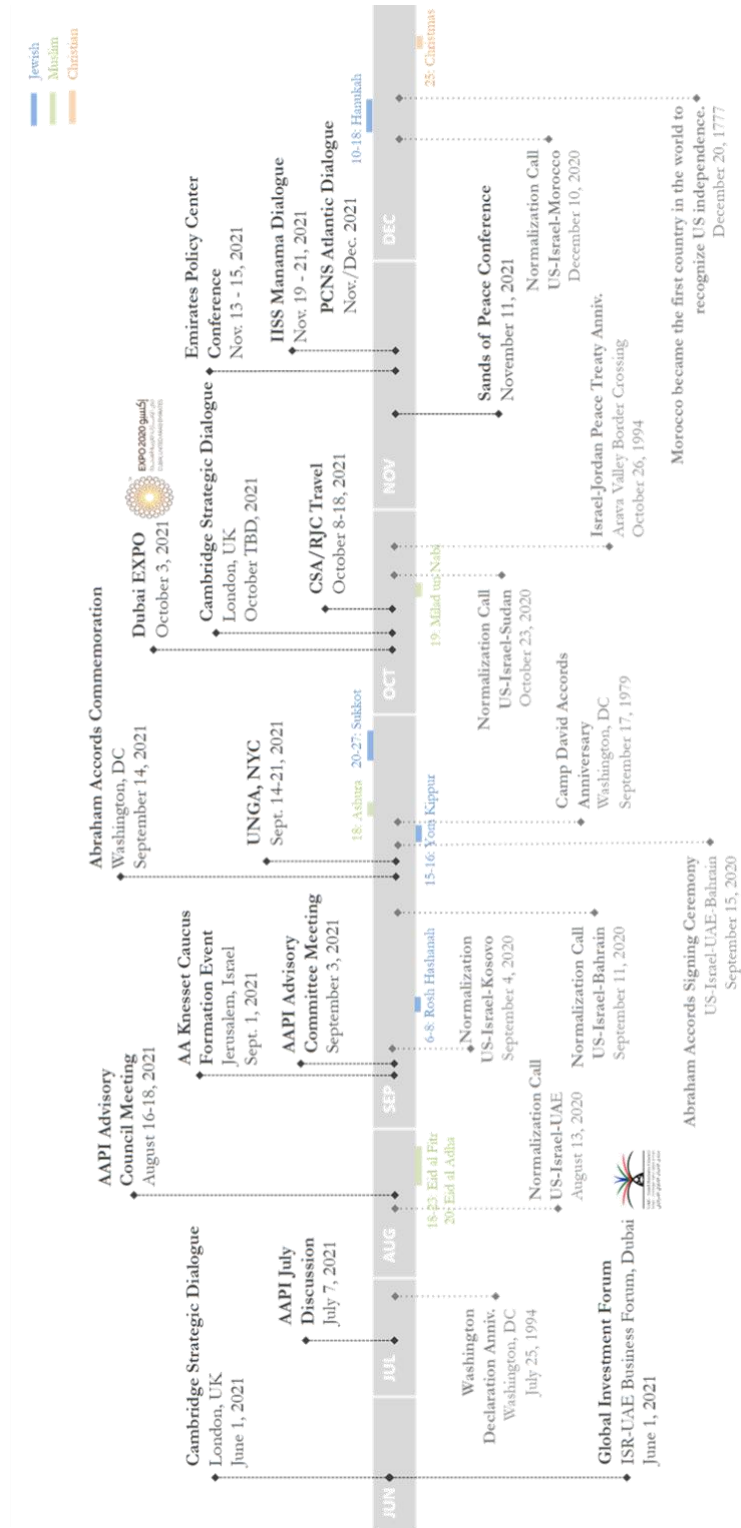




# Abraham Accords Peace Institute Annual Strategy

As of: August 27, 2021

## Enclosure B. Milestones







# Abraham Accords Peace Institute Annual Strategy

As of: August 27, 2021

## Enclosure C. Policy & Economic Partner Constellations

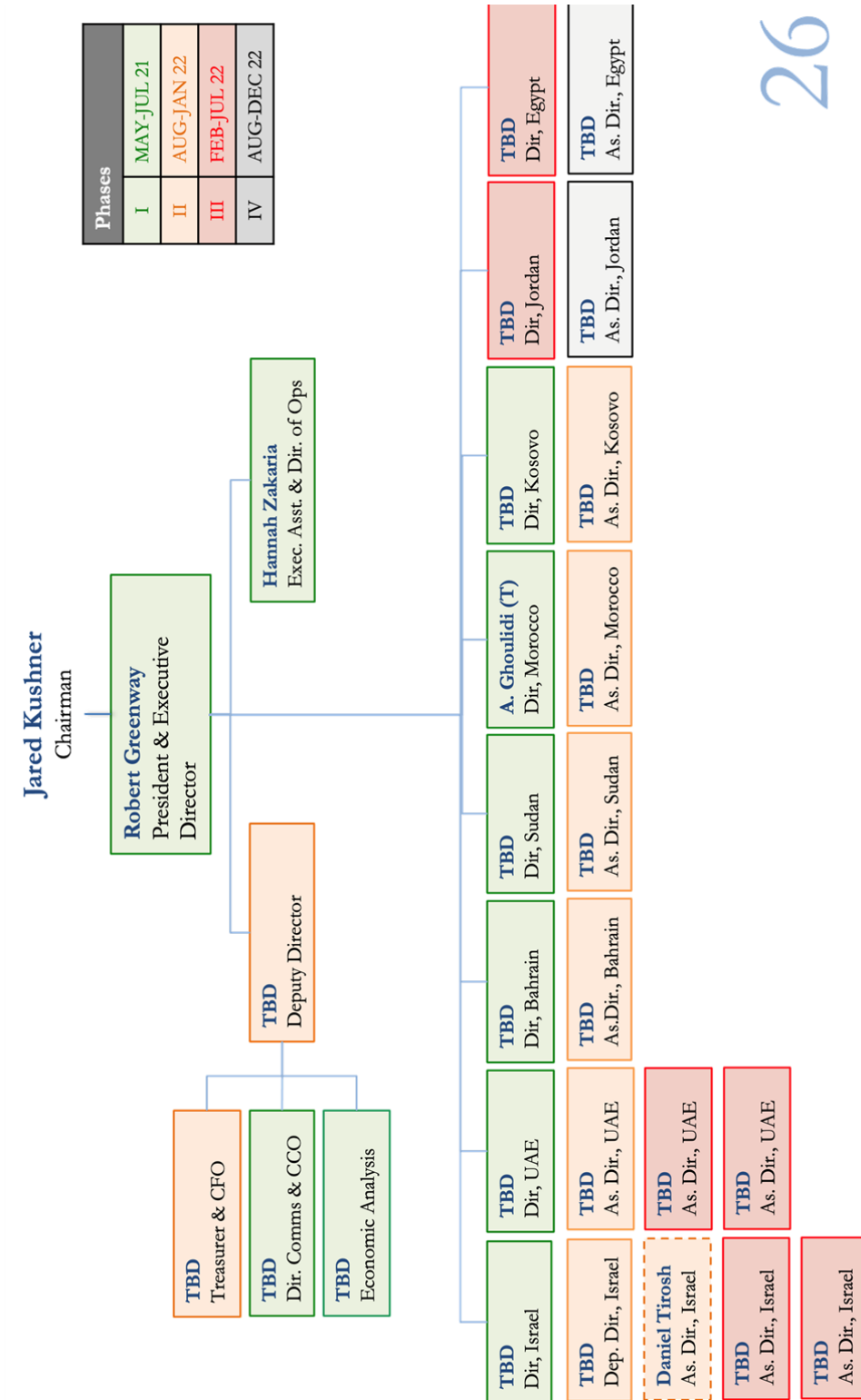




# Abraham Accords Peace Institute Annual Strategy

As of: August 27, 2021

## Enclosure D. Personnel & Staffing Plan





*Excludes facilities, infrastructure (IT, communications), travel, and commemorative events.*



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# Abraham Accords Peace Institute Annual Strategy

As of: August 27, 2021

## Enclosure F. Fundraising Concept

**Annual Goal for 2021: \$3M USD**

**Value Proposition:** Uniquely advance donor interests in (1) U.S. and Israeli security, (2) the expansion of US-Israel-Regional trade and investment, and (3) countering misinformation and anti-Semitism, in uncertain times building off the historic achievement of the Accords and those responsible for negotiating it.

**Phase I:** Before the Public Announcement of the Institute's Strategy, August 2021

Source	Approach	Method	Timing	Remarks (Donors below)
High Net Worth US Jewish Donors & Foundations	Provide update on AAPI role and goals, solicit feedback and provide an opportunity to <i>steer</i> as well as <i>contribute</i> .	F2F, small venue (lunch or dinner)	Before the completion of the plan/ strategy	TBD
High Net Worth US Evangelical Donors & Organizations				TBD
US Corporations with significant business interests in the Middle East	Provide overview of AAPI role and goals, solicit views and provide an opportunity to <i>participate</i> as well as <i>contribute</i> .	F2F, small venue	During and after the development of the plan/ strategy	<i>Includes opportunity to sponsor travel, events, and trade delegations. Prospective list at bottom.</i>
Micro donors	Provide opportunity for grass roots support for the Institute and its mission.	Website donation page	Continuous	Website under construction, incorporates link with tracking mechanism and mandatory disclosure for direct transfer into partitioned account.

**Phase II:** Announcing of the Institute's Strategy, October 2021

Source	Approach	Method	Timing	Remarks
US Jewish Donors & Foundations	Provide overview on AAPI role and goals and provide an opportunity to <i>participate/ contribute</i> .	Medium Venue (competition), prominent speaker	After the development of the plan/ strategy	<b>Prospective Donors Include:</b> TBD
Evangelical Donors & Organizations				<b>Prospective Donors Include:</b> TBD
US Corporations with business interests in the Middle East & North Africa				<b>Prospective Donors Include:</b> Boeing, General Atomics, Lockheed-Martin, Raytheon, Bechtel, Exxon, <i>Includes opportunity to sponsor travel, events, and trade delegations.</i>
Micro donors	Provide opportunity for grass roots support for the Institute and its mission.	Website donation page	Continuous	Website under construction, incorporates link with tracking mechanism and mandatory disclosure for direct transfer into partitioned account.

**Phase III:** Following the Announcement of the Institute's Strategy, November-December 2021

Source	Approach	Method	Timing	Remarks
US Jewish Donors & Foundations	Provide overview on AAPI role and goals and provide an opportunity to <i>participate/ contribute</i> .	Medium Venue (competition), prominent speaker & Gala Commemoration Events in the US and Region	After the development of the plan/ strategy	<b>Prospective Donors Include:</b> TBD
Evangelical Donors & Organizations				<b>Prospective Donors Include:</b> TBD
US Corporations with business interests in the Middle East & North Africa				<b>Prospective Donors Include:</b> Boeing, General Atomics, Lockheed-Martin, Raytheon, Bechtel, Exxon, <i>Includes opportunity to sponsor travel, events, and trade delegations.</i>
Micro donors	Provide opportunity for grass roots support for the Institute and its mission.	Website donation page	Continuous	Website under construction, incorporates link with tracking mechanism and mandatory disclosure for direct transfer into partitioned account.

**Potential US Corporate Sponsors Include:** Boeing, General Atomics, Lockheed-Martin, Raytheon, McDonnell Douglas, Bechtel, Exxon, Chevron, United Airlines, Sempra, Google, Amazon (AWS)



**Enclosure G.** Communication Plan (to be published)



## Enclosure H. Economic Data Collection & Analysis Concept

Long-term, robust analysis will depend on **official government statistics** of gross domestic product, import and export totals, and financial flows. These statistics will be produced with lags and cover long time horizons.

Granular data points that are

- 1) closely linked to trade liberalization under the Abraham Accords and
- 2) accessible in real time (or more quickly than government statistics)?

Compiled below is a non-exhaustive set of data points that could help measure economic impact. The feasibility of acquiring these data is not yet considered.

We can divide our search for quantifiable economic impacts into a **demand-side framework** and a **supply-side framework**.

### Demand-side

Gross domestic product (GDP) is calculated by aggregating recorded purchases across the entire economy in a given year. In national accounting practice, we group national income based on who does the spending.

$Y$  (income/GDP) =  $C$  (consumers) +  $I$  (businesses) +  $G$  (government) +  $NX$  (foreign consumers)

Trade liberalization via the Abraham Accords will have measurable impacts on GDP ( $Y$ ) through

- 1) Increased spending by foreign businesses on local capital such as factories and equipment (investment)
- 2) Increased spending by foreign consumers on exported goods and services (net exports)
- 3) Increased spending by domestic consumers on imported goods and services (net exports)

### Investment (I)

The Abraham Accords will increase investment spending by foreign companies (easy to measure) and by domestic companies that anticipate future export demand (hard to measure).

Official Foreign Direct Investment data (time lags)

- UNCTAD Annual Report (2-4 months after year end)
- UAE Ministry of Economy Annual Report (4-5 months after year end)
- Israeli Central Bureau of Statistics (15-18 months after year end)
- Bahrain Information and eGovernment Authority FDI Survey (3-4 months after year end)

Near-term FDI monitoring will rely primarily on **anecdotes** of greenfield investments:

- \$10 billion investment fund by UAE into Israel announced 3/12/21
- Tefen office launch in Dubai announced 1/13/21 (consulting)
- Axilion office launch in Dubai announced 12/21/20 (autonomous vehicle software)





# Abraham Accords Peace Institute Annual Strategy

*As of: August 27, 2021*

- Mobileye 8/al-Habtoor venture in Dubai announced 9/23/20 (autonomous vehicles)
- Paramount Group office launch in Israel announced 2/22/21 (defense contracting)
- Presight.AI joint Israeli-UAE venture announced 4/19/21 (artificial intelligence software)

## Net Exports (NX)

The Abraham Accords opens export markets for involved countries. We can monitor specific industries that are export-heavy to observe growth in trade before official statistics.

Official trade data

- Israeli Central Bureau of Statistics (4-5 months after year end)
- Dubai Statistics Center (3-4 months after year end)

Trade logistics industry

- Israeli-flagged cargo throughput at ports (*Dubai Ports World*)
- Retail package shipments between countries (e.g. *DHL, FedEx*)

Tourism

- Visitor and tourist arrivals (*Israeli Ministry of Tourism, Dubai Tourism, Abu Dhabi Department of Culture and Tourism*)
- Lodging bookings from foreigners (e.g. *AirBNB, Expedia, Marriott*)
- Retail currency exchange such as ILS to AED (e.g. *Travelex, ATM withdrawals/debits requiring conversion*)

Travel

- Airline passengers (*El Al, flydubai, Etihad, Wizz Air*)
- Urban rideshare purchases from foreigners (*Uber, Lyft*)

Petroleum/Oil

- Barrels of crude oil and refined petroleum exchanged (e.g. *Israeli Tax Authority, Dubai Customs Abu Dhabi National Oil Company, Delek*)

Diamonds

- Cross-national diamonds exchanged (*Dubai Multi Commodities Centre, Israel Diamond Exchange*)

Education

- Applications and tuition fees from foreign students (e.g. *Tel Aviv University, UAE University*)



## Supply-side

In this framework, we focus on the economy's inputs (capital and labor), which are required to produce goods and services of any type. Economists can model the economy with a production function:  $Y = A \cdot f(K, L)$ , where  $Y$  represents economic output,  $K$  is capital,  $L$  is labor, and  $A$  is a productivity coefficient.

Over the long term, greater economic output ( $Y$ ) results from

1. Growth in the capital stock ( $K$ ) (e.g. more machines, factories, computers)
2. Increases in the number of workers or hours worked ( $L$ )
3. Improvements in productivity due to better technology and “know-how” ( $A$ )

Empirically, per capita income growth stems almost exclusively from increases in  $A$ , known as “total factor productivity”.

## Capital

“Capital” has multiple meanings in economics. In the supply-side approach, capital refers to actual buildings, computers, equipment, etc. that are used in economic activity. A simple estimate of growth in physical capital would be to take one year's investment component of GDP and subtract an estimate of depreciation.

To avoid waiting for GDP measures, we can look at transactions in financial markets: equity purchases, new loans, etc. These transactions do not directly increase physical capital, but they put money into the hands of actors who will likely purchase new capital goods for business purposes. Thus, financial capital flows between Abraham Accords partners can serve as a crude proxy for expected growth in physical capital.

- Foreign retail purchases of publicly-traded equities (e.g. brokerages such as *Interactive Brokers*, *Bank Leumi*)
- Cross-national loans (e.g. largest banks of Israel, UAE)
- Large institutional purchases of equity stakes in foreign companies (e.g. sovereign wealth funds, government pension funds)

An example of the last category is Mubadala Investment Company's planned \$1 billion equity purchase in an Israeli Tamar offshore gas field. For context, that amount is 12.5% of Israel's **total** FDI inflows for 2019.

## Labor

The Abraham Accords will likely have a small, if not negligible, impact on labor growth. Trade liberalization will enable more migration of workers, which is zero-sum between countries: any worker gained by one country's labor pool is lost by another. Nevertheless, some countries could gain workers on net if flows are asymmetric.

- Work visas issued (*Israeli Population and Immigration Authority*, *UAE Federal Authority for Identity and Citizenship*)
- Taxed labor income received from foreign entities (*Israeli Tax Authority*, *UAE Federal Tax Authority*)

## Productivity



Unlike capital and labor, productivity cannot be quantified independently. Instead, productivity is defined *ex post* as the residual of economic growth not explained by increases in capital and labor.

Reliable productivity measurements can only come with time, but we can anticipate improvements in productivity by activities now enabled by the Abraham Accords including cultural exchange, tech transfer, and international education.

## Cultural and ideological exchange

- Student visas issued (*Israeli Population and Immigration Authority, UAE Federal Authority for Identity and Citizenship*)
- Visas for artists/entertainer/academics (*Israeli Population and Immigration Authority, UAE Federal Authority for Identity and Citizenship*)
- Enrollment of foreign students at domestic universities (e.g. *Tel Aviv University, UAE University*)

## Communications between foreign nationals

- Numbers of telephone calls/text messages between foreign nationals (e.g. *Bezeq, Pelephone, Golan Telecom, Eitsalat, du*)
- Traffic to Israeli websites previously blocked (e.g. .il top-level domain websites such as *Jerusalem Post, Times of Israel*)
- Social media mentions of foreign nations by large companies and institutions (e.g. *Facebook, Twitter posts*)

## Intellectual property exchange

- Number of foreign patents filed (*Israel Patent Office, UAE Ministry of Economy*)
- Number of patents filed by joint domestic-foreign filers (*Israel Patent Office, UAE Ministry of Economy*)

## Technology transfers between foreign firms

- Cross-border software licenses (e.g. *Check Point, Monday.com*)
- Cross-border patent licenses (e.g. *Teva Pharmaceuticals, IBM Research*)