

## Israel and the Arab states: between conflict and interdependence

Karolina Zielińska

In late 2020 and early 2021, Israel established official diplomatic relations with the United Arab Emirates and Bahrain (the Abraham Accords), renewed its relations with Morocco, and took steps towards establishing relations with Sudan, in a series of developments that occurred with extensive US involvement. These were Israel's first normalisation deals since the agreements with Egypt (1979), the Palestine Liberation Organisation (PLO, 1993) and Jordan (1994). The following factors paved the way for this process: changes in the region related to the aftermath of the Arab Spring (the desire of Arab regimes to consolidate power, also by countering radical Islam that feeds on the struggle against Israel), the growing Iranian threat, US policy, as well as economic and energy transitions.

Two years on, Israel's relations with the UAE and Morocco are the most extensively developed. The change in their nature is permanent, and the multifaceted development of relations with the Middle East has become one of Israel's most important foreign policy directions. This cooperation is also leading to some signs of interdependence. At the same time, however, the pace at which these relations develop is largely being set by Israel's Arab partners, who may apply the brakes at any time. Opportunities to deepen ties with these countries and extend the normalisation process to more Arab states are influenced by issues such as the Palestinian question, the state of the Israeli-US alliance and the level of US involvement in the region, as well as the processes taking place inside Israel itself. The dynamic of change in these areas since Benjamin Netanyahu's return to power has already seriously jeopardised the prospects for normalisation, and the recent restoration of Saudi-Iranian relations may complicate them further.

### The evolving attitudes of the region's states towards Israel

Since the State of Israel declared its independence in 1948, its relations with the region have been defined by conflict, potentially existential in nature. Arab states (not just those immediately adjacent to Israel) individually and collectively rejected the possibility of recognising the existence of the Jewish state. Israel was regularly attacked by their armies and the Palestinian militias they were arming. In parallel, a campaign was waged in the United Nations' forums to undermine Israel's right to exist (led by the Non-Aligned Movement, which was inspired by the Soviet Union and its satellite countries).



From the 1970s onwards Western states that recognised Israel also suffered from terrorist attacks and oil blackmail.

The first crack in this Arab policy came with the peace treaty that Israel struck with Egypt in 1979. This enabled Egypt to mend its relations with the US and recover the Sinai Peninsula (which Israel had occupied since 1967), while Israel breached the pan-Arab boycott. No further breakthroughs came until the wave of changes related to the Palestinian protests of 1987–93, the success of the US intervention to defend Kuwait from Iraqi aggression, and the collapse of the Soviet Union. The Israeli-Palestinian peace process in the 1990s led to the PLO's recognition of Israel as well as the end of Israel's permanent military presence in the Gaza Strip (occupied by Egypt from 1948 to 1967, and then by Israel from 1967 to 2005) and in 40% of the West Bank (the territory occupied from 1948 by Jordan and then after 1967 by Israel), including Palestinian towns. This made it possible for Israel to conclude a peace treaty with Jordan in 1994 and to establish relations with Morocco.

There have been no results of the peace negotiations with Syria, which has deepened its alliance with Iran, a country that is hostile to Israel and continuing to expand its military strength. Meanwhile,

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the pro-Iranian Hezbollah is largely in control of neighbouring Lebanon. The Palestinian peace process collapsed in the 2000s, resulting in Morocco's suspension of relations with Israel, among other developments. The Arab states adopted the Arab Peace Initiative (API) in 2002; this envisages the normalisation of relations with Israel provided that a state of Palestine is created in the Gaza Strip and the West Bank, with East Jerusalem (that part of the city that Israel has annexed) as its capital.

The change in the attitude of many Arab states towards Israel since then is linked to their departure from the zero-sum approach of making the establishment of bilateral relations with Israel conditional on the simultaneous resolution of the Palestinian issue. The factors that contributed to this shift included the crisis of the Palestinian statehood movement and the growing perception that this conditionality limited the Arab states' room for manoeuvre in the international arena and made them overly dependent on Palestinian politics. This approach was also unproductive in terms of coaxing the parties towards an agreement.<sup>1</sup>

Another important reason for this shift was the new situation in the region. The threat of Islamic radicalism increased in the aftermath of the Arab Spring, and was reflected in developments such as the rise of the Islamic State and the involvement of extreme Muslim organisations in the civil wars in Syria, Yemen and Libya. This prompted the Gulf leaders to embark on internal reforms and present a new image to the outside world, partly with the use of slogans of tolerance and coexistence.

On the other hand, the US's inconsistent commitment to security in the Middle East (the withdrawal of US troops from Iraq, negotiations with Iran, the lack of response to the Iranian attack on Saudi oil installations) has undermined the regional countries' confidence in American resolve to defend its allies, which prompted them to intensify bottom-up security cooperation among themselves. Another motivating factor was Tehran's increasingly aggressive regional policy, as demonstrated by its involvement in the civil wars in Syria and Yemen; its growing influence in Iraq; its attacks on the

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<sup>1</sup> K. Zielińska, *Israel's Palestinian challenges. The state's identity, a leadership crisis and the "new" Middle East*, OSW, Warsaw 2021, [osw.waw.pl](http://osw.waw.pl).

UAE and the Kingdom of Saudi Arabia, including its oil installations, cities and merchant ships; and the expansion of the Iranian missile and nuclear programme.

The Gulf states' search for alternative sources of income to hydrocarbons and their need to adapt to climate and demographic changes have also led them to expand their regional cooperation. This involves different configurations of countries that interact on various issues, including cross-border infrastructure (the development of trade routes and energy infrastructure, such as the creation of interconnectors between the regional countries as well as between them and Europe). It was crucial to include Israel in this process due to its central geographical location, its close alliance with the US, its economic and technological potential, as well as its importance in confronting Iran. The process coincided with intensive Israeli efforts to normalise relations with the Gulf states and with fast-growing unofficial military and economic cooperation between the Jewish state and these countries.

At the same time, those Arab states which are interested in normalising relations with Israel want to ensure that they have domestic legitimacy for this process. They are also aware that the long-term stability of the region will require a solution to the Palestinian question. This means that the establishment of relations with Israel must to some extent remain linked to this issue. Hence, the UAE has made its normalisation of relations with the Jewish state conditional on Israel scrapping its plans to annex parts of the occupied territories.

Yet another process paved the way for the new agreements: the intensification and institutionalisation of international cooperation to

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effectively manage the natural gas fields that have been discovered in the Mediterranean Sea over the past two decades.<sup>2</sup> The creation of the East Mediterranean Gas Forum (EMGF)<sup>3</sup>, which involves Israel, Cyprus, Egypt, France, Greece, Jordan, Italy and the Palestinian Authority, with the support of the EU and the US, cemented Israel's relationship with the partners it had already reached peace agreements with. Remarkably, the determination of the coastal states to extract Mediterranean gas also paved the way for an agreement in October 2022 on the course of the Israeli-Lebanese maritime border, even though Lebanon did not recognise Israel.<sup>4</sup> The Eastern Mediterranean sub-region is also becoming increasingly important for the UAE, which is aspiring to expand its influence, especially economically.

The involvement of the United States, which has supported multilateral normalisation talks for three decades, was another key factor. Moreover, during the presidency of Donald Trump – especially in light of the failure of his administration's vision for Israeli-Palestinian peace – Washington was willing to offer additional benefits to countries that were in the process of normalising relations with Israel. The UAE and Bahrain won a US pledge to expand military cooperation (a promise to sell F-35s), while Morocco secured US recognition of its annexation of Western Sahara.

## Following up on the new agreements

The UAE is Israel's most important partner among the countries that established relations with it in 2020. The main axis of this relationship is economic: from initially being an insignificant trading partner for Israel, the UAE has risen to 18th place in 2022, with volumes comparable to Israel's trade

<sup>2</sup> K. Zielińska, 'Israel's Mediterranean gas: the potential for gas export to Europe and the dynamic of regional cooperation', *OSW Commentary*, no. 466, 12 August 2022, [osw.waw.pl](https://osw.waw.pl).

<sup>3</sup> The forum was convened in January 2019 and transformed into an international organisation with its headquarters in Cairo as early as September 2020. Its primary objective is to build a regional gas market, including the regulation of supply, demand, commodity prices and infrastructure development.

<sup>4</sup> K. Zielińska, 'Israel-Lebanon agreement on the delineation of the maritime border', *OSW*, 31 October 2022, [osw.waw.pl](https://osw.waw.pl).

with Japan, Taiwan and Brazil.<sup>5</sup> In particular, the two countries have been developing cooperation in sectors such as information and communication technology, finance, renewable energy, agriculture, water management, health and civil defence. Israel has experience, cutting-edge solutions and considerable research and development capacity (both in public institutions and private companies) in these areas. The Emirates, for their part, have large development needs as well as substantial investment potential, including in third countries. It also offers Israeli entities a neutral ground on which to develop cooperation with partners from around the world. In December 2022, the two countries ratified the UAE-Israel Comprehensive Economic Partnership Agreement (CEA), which will significantly facilitate trade in goods & services (the stated target is to increase trade volumes from \$2.6bn in 2022 to \$10bn per year within five years) and investments. This cooperation has resulted in numerous deals, including the purchase of a stake in Israel's Tamar field by the Abu Dhabi-based Mubadala Petroleum and the opening of UAE subsidiaries by OurCrowd, a leading Israeli venture capital firm, and the Liquidity Group, a financial technology company. Military cooperation includes the deployment of Israeli-made Barak 8 missile defence systems in the UAE, the joint development of naval drone production, and the establishment of an Emirati subsidiary by Elbit Systems Ltd., Israel's most important defence electronics company. The UAE government has been pursuing a top-down revision of the dominant narrative towards the Jews, shifting away from anti-Semitism and conspiracy theories about the Holocaust that undermine historical facts to a narrative that promotes tolerance and cultural coexistence.<sup>6</sup> However, far less progress has been made in terms of people-to-people relations. Tourist traffic is mainly one-way (between 150,000 and 200,000 Israeli tourists visited the UAE in 2022, according to various estimates), while academic cooperation remains in its infancy.

Israel's relations with Bahrain are less advanced. In order to accelerate their development, the two countries adopted a joint strategy for peace in 2022, which covers sectors such as innovation, water and food security, health, education, trade and investment. The security component is of greatest importance.

Morocco, in turn, stands out due to the anchoring of its bilateral relations with Israel in the country's history of Muslim-Jewish co-existence, which the government

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highlights as important to Morocco's heritage. The scale of people-to-people exchanges has the greatest potential of all the countries in question: almost one million Israelis are of Moroccan origin and tourism is growing (although this is also mainly one-sided; various sources estimate the number of Israelis who visited Morocco in 2022 at between 70,000 and 200,000). Economic and technological potential is significant, and there is growing cooperation in the fields of energy (for example an Israeli company's stake in Morocco's Boujdour Atlantique gas field, and an agreement on the possible production of green hydrogen in Morocco using Israeli technology), health (IMS Ovadia plans to invest \$500 million in the construction and modernisation of Moroccan hospitals) agriculture (the Volcani Center's agreement with a Moroccan institute on modern agriculture, Mehadrin's plans for avocado production in Morocco) and water management (an agreement between Israel's national water company Mekorot and a Moroccan government agency). Various activities are being

<sup>5</sup> 'Trade Countries – Imports and Exports', Central Bureau of Statistics, 19 January 2023, [cbs.gov.il](https://cbs.gov.il).

<sup>6</sup> Even before the normalisation agreements were signed, the UAE had opened up to Jewish artists, including those from Israel, and the local Jewish community had been functioning with increasing freedom. In 2019, construction began in the UAE on a complex featuring a mosque, a church and a synagogue; this was finally opened in February 2023. Following the signing of the agreements, a tripartite working group on interreligious coexistence was set up with Israel and the US. In 2023, it was announced that Holocaust education would be included in the compulsory school curriculum in the UAE (the curriculum is being developed in cooperation with partners such as Yad Vashem).

undertaken within the framework of the military cooperation agreement, for example in air defence, intelligence and cyber security.

The potential of Israel's relationship with Sudan is primarily confined to the latter country's importance for regional food security (the possibility of developing Sudanese agriculture with Israeli technology) and military security. However, the normalisation process has slowed down as a result of the stalled political transition in Sudan.

The Kingdom of Saudi Arabia, a key state in the region due to its influence in the Muslim world, has given the Gulf countries tacit approval to normalise relations with Israel. In July 2022, the Saudi government also finally lifted all bans on Israeli airlines flying over its territory, which, following a similar decision by Oman in February 2023, has made it possible to significantly reduce the time and cost of flights from Israel to the countries in the Far East. US-mediated talks (including during President Joe Biden's visit to Israel and Saudi Arabia on 13–16 July 2022) have been held on allowing Israeli tourists to travel to the islands of Tiran and Sanafir after Egypt transfers them to Saudi Arabia, as well as organising direct pilgrimages from Israel to Mecca (currently Israeli Muslims make their pilgrimages via third countries). The government of Saudi Arabia, too, is shifting away from radical narratives, while Israeli businessmen are increasingly visiting the country on third-country passports. In 2022, an Israeli athlete competed in Saudi Arabia for the first time. Similar steps preceded the normalisation of relations with the UAE and Bahrain.

Alongside the gas cooperation within the EMGF, the most important multilateral format at present is the Negev Forum. This was launched at a precedent-setting

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summit in March 2022, when the foreign ministers of Bahrain, Egypt, Israel, Morocco, the UAE and the US met on Israeli territory. Subsequent meetings of the steering committee in Bahrain in June 2022 and in the UAE in January 2023 activated the mechanism for annual ministerial meetings and regular working groups in the areas of regional security, health, energy, water and food security, education and tolerance, as well as tourism.

The US is continuing its engagement, including active participation in the Negev Forum. Since September 2021, Israel has been part of the US Central Command (CENTCOM, which covers the Middle East; previously Israel fell under the US European Command); that makes its cooperation with the countries in the region easier, for example through the holding of joint exercises. Washington has also been promoting the development of an integrated air defence architecture in the region to protect its allies from Iranian attacks. US engagement is also crucial in extending the normalisation process to Saudi Arabia. The agreement that Saudi Arabia and Iran signed in March 2023 to re-establish relations will reduce Tehran's regional isolation, which is contrary to Israel's interests. In addition, this deal was concluded with the help of the US's rival China. Therefore, the prospects for trilateral Saudi-US-Israeli initiatives in the near future appear slim.

### **The dynamics of the breakthrough and the threat of a 'cold peace'**

However, the further development of Israel's relations with the Arab states in question faces obstacles, particularly on the people-to-people level. The most significant of these is the unresolved Palestinian issue, which limits the opportunities for realising the potential in relations between Israel and its new partners – not only because of the internal political dynamics in the UAE, Bahrain and Morocco, but also because of these countries' relations with the original signatories of the peace agreements

with Israel, namely Egypt and Jordan. These two countries are crucial to the success of region-wide cooperation projects, but at the same time the Palestinian issue is a fundamental problem that is holding back the development of their relations with Israel.

Israel's peace agreements with Egypt and Jordan are often referred to as the 'cold peace' due to the absence of in-depth economic and people-to-people components. Security cooperation is working well in both cases, but the Egyptian and Jordanian societies oppose the development of 'warmer' relations due to their pro-Palestinian sentiments. Egypt remains engaged in Gaza, mediating between Israel and Hamas, which rules the territory; at the same time, it is interested in weakening Hamas and improving the humanitarian situation in the Strip. Egypt's relations with Israel have improved in recent years thanks to cooperation in the gas sector, and some progress has also been made in the area of tourism (from Israel to the Sinai Peninsula). Jordan for its part manages the Muslim holy sites in Jerusalem under the terms of its peace agreement (with the exception of security matters, which are Israel's responsibility). More than half of its population is of Palestinian origin, so any increase in tensions in the West Bank or, for example, around the Temple Mount escalates into bilateral tensions. Jordan also imports water (about 10% of its consumption) and gas (about 50%) from Israel.

One possible venture that could improve relations is a UAE-funded project to build solar power plants in Jordan that would export electricity to Israel, while the latter would in return desalinate seawater to double the volume of water transferred to Jordan. However, the project faces political and bureaucratic difficulties. Jordan is also staying away from the Negev Forum as it waits for the Palestinian side to join – which the authorities in Ramallah have ruled out (similarly, they are blocking the UAE's accession to the EMGF). Furthermore, all the countries in question consistently adopt an anti-Israel stance whenever Palestinian issues are discussed at the UN, and they frequently initiate such debates.

Contrary to Prime Minister Netanyahu's statements in 2020 about 'peace through strength', a process that would make the Palestinian

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question irrelevant, this issue is by no means a matter of indifference for the countries that cooperate with Israel. They communicated this clearly when they entered into the agreements with the Jewish state. The broad coalition government (June 2021 – December 2022) that temporarily removed Netanyahu from power pursued a policy of protecting these relations from turbulence, which offered hope that the Palestinian government (and Jordan) could be co-opted into regional cooperation processes in the future. However, radical religious nationalists have gained considerable influence in Netanyahu's current government, formed in December 2022. They have promoted the rapid expansion of Jewish settlements in all the occupied territories, and even the annexation of these territories, and have praised acts of violence against the Palestinians. This has raised significant concerns among Israel's Arab partners.

Contrary to what was intended, the normalisation agreements have not given the Arab states any significant leverage over the parties to this conflict. The Arab governments have no sway over the Palestinian Authority whatsoever, and only limited influence on Israel. In one expression of their frustration, the UAE again cancelled a visit by Netanyahu in January 2023 due to the tensions in Jerusalem, while his two predecessors and the current president had already made such trips. The profile and actions of the current Israeli government are also adversely affecting the prospects for developing and implementing joint projects, or even organising further meetings within the Negev Forum. While for Netanyahu himself the Arab partners' increasingly vocal expressions of strong dissatisfaction may be important, this is irrelevant to his strongly ideologised religious-nationalist coalition partners. According to press reports, their behaviour has already prompted the US to reduce its commitment

to promoting the extension of the normalisation process, especially to include Saudi Arabia. Any further deterioration of Israel's relations with the US (over the Palestinian issue or Israeli domestic policy – the planned reforms that many of the Jewish state's American allies see as a threat to Israeli democracy), as well as a possible weakening of Israel's economic momentum as a result of internal instability, could damage the Arab states' perception of Israel as a valuable partner for the pursuit of their political and economic interests.

## Summary

The change in the region is permanent: governments and societies in many Arab countries are at least reconciled to the existence of the State of Israel, and a significant number of them believe it is in their vital interest to develop regional cooperation with Israel's participation. For the Jewish state, the multifaceted expansion of relations with the region has become an important aspect of its foreign policy. However, the dynamics of these developments are determined by Israel's Arab partners, and may be disrupted by processes inside Israel and on the Palestinian front. In particular, Israeli-Arab relations will be damaged by any perception that the Israeli government is to blame for the deteriorating situation in the occupied Palestinian territories. On the other hand, the growing interdependence will favour the consolidation of the existing formats of cooperation.

The prospect of Israel establishing relations with Saudi Arabia remains hazy, despite the fact that the normalisation of these ties is Netanyahu's main foreign policy objective, in addition to countering the Iranian threat. His statements in this regard have fostered a narrative in which relations with Saudi Arabia, which until recently were inconceivable, are now at least possible. At first, these claims may also have been intended as a way to rein in the current prime minister's radical coalition partners – but to no avail, as it soon turned out. They are blatantly undermining the prospect of meeting the conditions that will be necessary to make peace with the Saudis. The first of these conditions is to significantly improve the situation in the Palestinian territories – even if it cannot finally be resolved, as the Palestinians can always block such a move. The second is for Israel to maintain its close alliance with the US, so that Saudi Arabia continues to see Israel as a state with real influence over the superpower. The third, a condition beyond Israel's control, is a significant improvement of the US-Saudi relationship; the Saudi government hopes to significantly raise the profile of this relationship, which would bring benefits such as a qualitatively new level of military cooperation. Internal political factors in Saudi Arabia related to the transfer of power will also play an important role. It is therefore difficult to expect an imminent breakthrough, and the prospects for deepening covert cooperation between Israel and Saudi Arabia could potentially be limited by the planned normalisation of relations between Saudi Arabia and Iran.