



September 2020



The Abraham Accords: A New Horizon of Business Opportunities in the Middle East

On September 15, 2020 The State of Israel and the United Arab Emirates (UAE) (the "**Parties**") entered into the Abraham Accords Declarations and Peace Agreement. The Declarations and agreements aim to facilitate new opportunities for economic and other collaboration between the two countries, especially in terms of encouraging commercial parties to develop joint R&D initiatives in certain spheres and enhance knowledge and technology sharing.

As two of the most innovation driven economies in the Middle East, both countries have strong incentives to cooperate in different economic areas and promote the normalization through economic cooperation.

These interests are addressed in several different aspects in the preamble of the Agreement, as both countries express their determination to cooperate in aim to enhance their dynamic and innovative economies; reaffirm their shared commitment to promote stability through... increased economic cooperation and other close coordination; and their shared belief that peace will spur economic growth and enhance technological innovation.

These principles of economic cooperation which lie at the heart of the Agreement are discussed again, in greater length in Article 5 of the Agreement, which stipulates that as an integral part of their commitment to peace, prosperity, diplomatic and friendly relations, cooperation and full normalization, the Parties shall work to advance the cause of peace, stability and prosperity throughout the Middle East, *inter alia*, by undertaking to conclude bilateral agreements in different commercial spheres of interests, including: Civil Aviation; Innovation, Trade and Economic Relations; Healthcare; Science and Technology; Tourism, Culture and Sport; Energy; Telecommunications; Agriculture and Food Security ; and Water.

In addition to the general commercial undertaking of the Parties and their general areas of future application, the Agreement also includes an Annex with a detailed description of the different aspects of each sphere addressed in Article 5 of the Agreement, and addresses:

Finance and Investment - the Parties agreed to cooperate to expeditiously deepen and broaden bilateral investment relations and give high priority to concluding agreements in the sphere of finance and investments. The Agreement also recognizes the shared goal of the Parties to advance regional economic development and the flow of goods and services. The Parties further agreed to endeavor to promote collaborations on strategic regional infrastructure projects.

Civil Aviation - the Parties agreed on the importance of ensuring regular direct flights between them for passengers and cargo. They also recognized as applicable to each other the rights, privileges and obligations provided for by certain key multilateral aviation agreements to which they are both parties. The Parties agreed further to implement the necessary agreements and arrangements with respect to visas and consular services to facilitate travel.

Tourism - the Parties agreed on their mutual desire to promote tourism, and in this context, *inter alia* on the facilitation of the exchange of information and the promotion of joint tourism projects and packages.

Innovation, Trade and Economic Relations - the Parties agreed on enhancing and expanding the Parties' cooperation in innovation, trade and economic relations, through unimpeded flow of goods and services that should guide their relations, as well as the potential for diversification of bilateral trade opportunities. The Parties also agreed on cooperation in order to enable favorable conditions for trade and the reduction of trade barriers.

Science, Technology and Peaceful Uses of Outer-Space - the Parties acknowledged the important role of science, technology and innovation in the growth of multiple key sectors and agreed to strengthen joint action and mutual cooperation in scientific and technological advancement, including between scientists, research and academic institutions, the establishment of joint research and development centers, and exploring the possibility of joint funding of research and scientific projects. The Parties also expressed their common interest in establishing and developing cooperation in the field of exploration and use of outer space for peaceful purposes.

Telecommunications - The Parties agreed, *inter alia*, to strive to develop frameworks for innovation in ICT, including advanced fixed and wireless communications, collaboration on 5G networks, smart cities, and use of ICT solutions to foster innovation.

Healthcare - Recognizing the importance of building ties in the fields of health and medicine, the Parties agreed to cooperate, *inter alia*, on: medical education, training and simulations, digital health and artificial intelligence innovation in the health sector, and emergency management and preparedness.

Agriculture and Food Security - Israel and the UAE agreed to cooperate to harness and maximize existing technologies, actively facilitate new collaborations, and share and develop knowledge, technologies and innovative approaches in the field of arid agriculture, irrigation technologies, agriculture techniques in shallow sea water, sustainable nutritious fish feed production, and seed enhancement in hot and humid climates.

Water - The Parties agreed to cooperate for their mutual benefit to address issues of water supply, water treatment and management, water security, efficiency, wastewater management and re-use, as well as water conservation and desalination.

Maritime Arrangements – the Parties agreed, *inter alia*, on rights of vessels of the other Party to innocent passage, normal access to ports, etc.

And last, **Energy** - The Parties agreed to advance and develop mutual cooperation in energy projects, share best practices and discuss policies in energy forums that will help to promote and unlock the energy potential of the region, coordinating where appropriate with the International Renewable Energy Agency (IRENA), headquartered in Abu Dhabi.

This vast array of areas for economic and commercial cooperation that the State of Israel and the UAE have agreed to promote and develop as well as the support the Parties intend to provide to joint projects and R&D endeavors will certainly facilitate commercial development and create multiple business opportunities, which commercial parties should learn to exploit as this relationship is slowly building.

It may take some time to unlock the full potential of the Abraham Accord Agreement and substantial work, as well as a number of additional commercial agreements, may be required before that potential is reached.

We are fortunate to live in a time where peace in the Middle East looks like it is within our reach. Gornitzky welcomes the Abraham Accords Peace Agreement and will make every effort to promote peace through commercial cooperation, trade and investment. Gornitzky will be happy to continue assisting parties in exploring new opportunities between the UAE and Israel, as we have done with our clients for many years.

For more information and details please contact:



Timor Belan, Partner

✉ timorb@gornitzky.com



Shay Sharvit, Of Counsel

✉ ssharvit@gornitzky.com



Nir Keidar, Partner

✉ nirke@gornitzky.com

45 Rothschild Blvd. Tel-Aviv, 6578403, Israel | Tel: +972-3-7109191 | Fax: + 972-3-5606555 | www.gornitzky.com

This brief memorandum provides general information and does not constitute or substitute any legal advice. As these issues are complex and of a circumstantial nature, which involve different tax and legal aspects, each case should be examined according to its individual circumstances.