



ISRAEL AND THE ARAB GULF STATES: DRIVERS AND DIRECTIONS OF CHANGE

Kristian Coates Ulrichsen, Ph.D.

Fellow for the Middle East

September 2016

© 2016 by the James A. Baker III Institute for Public Policy of Rice University

This material may be quoted or reproduced without prior permission, provided appropriate credit is given to the author and the James A. Baker III Institute for Public Policy.

Wherever feasible, papers are reviewed by outside experts before they are released. However, the research and views expressed in this paper are those of the individual researcher(s) and do not necessarily represent the views of the James A. Baker III Institute for Public Policy.

Kristian Coates Ulrichsen, Ph.D.

“Israel and the Arab Gulf States: Drivers and Directions of Change”

Abstract

The visit of a “delegation” of Saudi academic and business figures to Israel on July 22, 2016, has shone a spotlight onto the nature of the discreet relationships between the six states of the Gulf Cooperation Council (GCC) and Israel.¹ The July visit was unprecedented in its visibility and may in part have constituted a “trial balloon” to indicate to officials in Riyadh how such a visit would be received within Saudi Arabia. While it remains unlikely that direct diplomatic relations will be established between Israel and GCC states in the near future, regional realignments are expanding the scope for unofficial contact and tangible cooperation in numerous policy spheres. A set of common interests (if not values) has emerged in the turbulent aftermath of the 2011 Arab uprisings, the 2015 Iranian nuclear agreement, and, framing both, the sense of bewilderment felt equally in Jerusalem and in GCC capitals at US policies in the Middle East under the Obama administration.

Introduction

This research paper examines whether and how GCC-Israeli ties might expand beyond their current under-the-radar focus on defense, intelligence, and security and take more tangible forms of cooperation on regional issues of mutual concern. The analysis flows from the premise that foreign policy in Israel and in the Gulf States currently is rooted in a pragmatic assessment of regional and international affairs that takes precedence over ideological or historical considerations. For many senior Israeli foreign and security policymakers, the core of Israeli policy in the Middle East since the 1940s has been a focus on countering radicalism in the region and, more recently, in building strategic partnerships with neighboring states that also feel threatened by such groups.² Regional policymaking in GCC also has taken aim at radical movements and ideas and has, since the “Arab cold war” of the 1960s, actively sought to limit their impact on domestic affairs within the Gulf. Israel and Saudi Arabia collaborated clandestinely in Yemen in the 1960s when the two countries identified a common threat from Nasser’s Egypt; the current focus on the perceived danger from Iran and from US “disengagement” from the region forms another area of common ground.³

There are four sections to this research paper. Part I provides a brief overview of Israel-GCC relations through to 2011. During this period the ties that emerged were invariably small in scale, mostly technocratic in nature, and frequently informal in practice. This is followed by a section that examines the three areas of convergence of “macro-level” regional interest since 2011. These are the impact of the political upheaval set in motion by the Arab uprisings, the backlash against the Joint Comprehensive Plan of Action signed between Iran and the P5+1 in July 2015, and the palpable sense of unease among

¹ The Gulf Cooperation Council was established on May 25, 1981, is headquartered in Riyadh, Saudi Arabia, and has six member states: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

² Material gathered by the author during a visit to Israel, June 2016.

³ Asher Orkaby, “Rivals with Benefits: Israel and Saudi Arabia’s Secret History of Cooperation,” *Foreign Affairs*, March 13, 2015.

policymakers across the region with the Obama administration's Middle East policies. Part III shifts from the macro- to the micro-level perspective and analyzes actual and potential areas of cooperation between Israel and the GCC in sectors that range from renewable energy and water management to medical technology and a shared interest in entrepreneurship and innovation as drivers of economic transformation. Part IV concludes with a set of observations for the future prospects of the relationship as a new US presidential administration settles into office in 2017 and formulates its approach to regional policy.

I. Israel-GCC Relations Prior to 2011

The generation of “founding fathers” that guided the Gulf States to independence between 1932 (in the case of Saudi Arabia) and 1971 (Bahrain, Qatar, and the United Arab Emirates) held antagonistic views toward Israel and had lived through the traumatic series of events that marked the creation of the State of Israel and the succession of Arab-Israeli wars that followed. The above-mentioned conflict in Yemen in the 1960s was very much the exception to the general rule that pitted the Gulf States, along with much of the broader Arab world, squarely against Israel. King Faisal of Saudi Arabia was instrumental in organizing the Arab oil embargo in the aftermath of the 1973 Yom Kippur War. Two years earlier, the ruler of Abu Dhabi and first president of the UAE, Sheikh Zayed bin Sultan Al Nahyan, had encapsulated the prevailing mood in Gulf Arab capitals when he told the *Akhbar al-Youm* newspaper that

Israel's policy of expansion and racist plans of Zionism are directed against all Arab countries, and in particular those which are rich in natural resources. No Arab country is safe from the perils of the battle with Zionism unless it plays its role and bears its responsibilities in confronting the Israeli enemy.⁴

Although the Gulf States did not collectively align their stance on Israel (prior to the formation of the GCC in 1981), the climate of hostility persisted well into the 1990s and only began to erode with the generational shift in leadership caused by the passing of the “founding fathers.” Not for the only time, the outlier in this Gulf position was Oman, which publicly supported Egyptian President Sadat's peace negotiations and subsequent treaty with Israel in 1978-79. Indeed, Oman was “ostracized” by its Gulf neighbors after it became one of only three Arab states not to break diplomatic relations with Egypt following the Camp David Accord or attend the “rejectionist” Arab League summit in Baghdad that condemned the Egyptian decision.⁵

Diplomatic contacts between Israel and GCC states began tentatively after the 1991 Madrid Conference on Arab-Israeli peace. Oman hosted the first visit to the Gulf by an Israeli

⁴ Hassan Hamdan al-Alkim, *The Foreign Policy of the United Arab Emirates* (London: Saqi Books, 1989), 175.

⁵ Joseph Kechichian, “Oman: A Unique Foreign Policy Produces a Key Player in Middle Eastern and Global Policy,” *RAND Research Brief*, 1995, available online at http://www.rand.org/pubs/research_briefs/RB2501.html.

leader when Prime Minister Yitzhak Rabin visited Salalah in December 1994. Rabin's successor, Shimon Peres, also visited Oman in April 1996 and met with Sultan Qaboos to discuss the launch of bilateral ties. Israel subsequently opened trade offices in Oman and Qatar in 1996 and Oman reciprocated with a trade office in Tel Aviv, but these shut in 2000 as tensions flared after the outbreak of the second Palestinian intifada. Israel subsequently maintained a token presence at its Doha mission until the Qatari government closed it permanently in January 2009 to protest the Israeli offensive in Gaza that had started in December 2008. The initial point person for Israeli diplomatic activity in the Gulf in the early 1990s was the then Deputy Foreign Minister Yossi Beilin; in the early 2000s Bruce Kashdan became a de facto "Israeli envoy" to the region.⁶

Significant changes of leadership also occurred in every GCC state bar Oman between 1995 and 2006 as the cadre of rulers in power since the 1970s and 1980s was succeeded by a younger group of leaders who set in motion cautious political reforms and rather more expansive economic liberalization programs.⁷ A similar degree of moderation in regional and foreign policy also took place in the 2000s and included efforts to explore the parameters of potential dialog with Israel and the outlines of a resolution of the Palestinian issue. The Arab Peace Initiative launched by Saudi Arabia's then Crown Prince Abdullah at the Arab League Summit in Beirut in 2002 signified a major change in approach away from the earlier hardline "rejectionist" stance on Israel. The Arab Peace Initiative signaled a breakthrough in Arab willingness to formally and collectively recognize Israel's existence, but it happened to coincide with a major upswing in Israeli-Palestinian violence and failed to win traction among US or Israeli policymakers.⁸

In addition to the above-mentioned Israeli trade offices that opened in Muscat and Doha in the 1990s, relations between Israel and the UAE improved after the passing of Sheikh Zayed in November 2004 and the growth of trade with Dubai in particular, which included a joint venture between Dubai-owned DP World and Israel's largest shipping firm, Zim Integrated Shipping.⁹ This bore unexpected geopolitical fruit in early 2006 in the midst of a political firestorm in the United States that followed DP World's acquisition of a contract to run cargo operations in major US ports. With DP World (and, by extension, Dubai and the UAE) being portrayed, implausibly, as potential threats to US national security, Zim's Israeli CEO became a vocal defender of DP World. In an open letter to New York Senator Hillary Clinton, Idon Offer criticized the "misinformation about DP World in the US

⁶ "Back from Historic Visit to Oman, Rabin Expresses Hope for Formal Ties," *Jewish Telegraphic Agency*, December 28, 1994; "Beilin: Ties with Oman are Moving Fast Forward," *Jewish Telegraphic Agency*, March 21, 1995; "Persian Gulf States to Lift Israel Boycott," *Y-Net*, September 25, 2005.

⁷ Gerd Nonneman, "Political Reform in the Gulf Monarchies: from Liberalization to Democratization? A Comparative Perspective," in *Reform in the Middle East Oil Monarchies*, eds. Anoushiravan Ehteshami and Steven Wright (Reading: Ithaca Press, 2008), 27-28.

⁸ Kristian Coates Ulrichsen, "The Gulf States and Israeli-Palestinian Conflict Resolution," *Baker Institute Policy Report* 61 (2014): 7.

⁹ Jim Krane, *Dubai: The Story of the World's Fastest City* (New York: St Martin's Press, 2009), 172-174.

media” and added that “As an Israeli company ... we are very comfortable calling at DP World’s Dubai ports.”¹⁰

The streak of pragmatism that animated the softening of the Gulf stance toward Israel admittedly was far more apparent at the policymaking level than among public opinion in GCC states, which remained vulnerable to the periodic upticks in violence in the Israeli-Palestinian conflict. The July 2006 war between Israel and Hezbollah also attracted much anger in Gulf (and other Arab) states although, Qatar apart, Gulf leaders felt rattled by public displays of support for Hezbollah and, by extension, Iran. Similar concerns again were evident three years later when Saudi Arabia, Bahrain, and Kuwait refused to attend an Arab “summit” hastily convened by the Qatari leadership in Doha in the wake of the Israeli offensive in Gaza in January 2009, and organized instead a rival summit in Riyadh. The dissenting countries expressed their anger at Qatar’s support for the Palestinian resistance group Hamas, and constituted an early example of the growing differences between Qatar and its Gulf neighbors that burst subsequently into the open during and after the Arab Spring.¹¹

By the time the Arab Spring rocked the Middle East and North Africa in January 2011, the unofficial “thaw” in the attitudes of GCC policy elites toward Israel was evidenced in an interview given by Dubai’s outspoken chief of police, Lieutenant General Dahi Khalfan Tamim, to Germany’s *Spiegel Online* during which he acknowledged that

...We know that many Israelis come here with non-Israeli passports, and we treat them the way we treat anyone else. We protect their lives just as we protect the lives of others, and we don’t concern ourselves with their religion.¹²

Khalfan’s comments came almost exactly a year after a team of 27 operatives linked to Israel’s Mossad intelligence agency carried out the audacious assassination of Mahmoud al-Mabhouh, a chief weapons negotiator for Hamas, in the Al Bustan Rotana hotel in Dubai.¹³ The fallout from the assassination complicated but did not end the discrete connections with Israeli entities and individuals, and underscored the new contours that were reshaping the geopolitical fault lines of the Middle East. While the Arab-Israeli and Israeli-Palestinian issues remained capable of mobilizing passionate feelings on all sides, they no longer represented the only defining fissures in the volatile post-2011 reordering of the political landscape in the Middle East, even though they might not be buried as far underneath the surface of regional geopolitics as Israeli policymakers may sometimes wish.

¹⁰ “Israeli Shipper Endorses DP World,” *CNN Politics*, March 4, 2006. Text of letter from Idon Ofer to Senator Hillary Clinton available online at <http://i.a.cnn.net/cnn/2006/images/03/02/zim.letter.final.pdf>.

¹¹ “Gaza Split Prompts Arab Countries to Boycott Emergency Summit,” *The Guardian*, January 15, 2009.

¹² “An Eye for an Eye: the Anatomy of Mossad’s Dubai Operation,” *Spiegel Online*, January 17, 2011.

¹³ *Ibid.*

II. The “Post Arab Spring” Convergence, 2011-2016

There was no monolithic “GCC-wide” approach to the Arab Spring, just as there was no consistency in the impact of the political upheaval across the region. Thus, Bahrain was hit hardest by the protests and significant unrest occurred also in the Eastern Province of Saudi Arabia and in Kuwait that lasted well into 2012. Officials in Saudi Arabia and the UAE adopted a hawkish approach to the external threat to regional stability that they perceived to come both from Iran (in the case of Shia-led demonstrations in Bahrain and the Eastern Province) and from the Muslim Brotherhood (in the case of Sunni-centric protests in Kuwait and pressure for political reform in the UAE). Officials in Qatar, by contrast, embraced both the direction and the pace of change in the transition states that experienced regime change in 2011 and did not share their neighbors’ alarm at the region-wide empowerment of political Islamists affiliated with the Muslim Brotherhood.¹⁴

The impact of the upheaval triggered by the Arab Spring reframed the major fault lines in Middle East politics. Policymakers in GCC states sought to attribute the unrest in Bahrain and elsewhere in the Gulf to “meddling” by external actors in an attempt, in part, to deflect any focus on domestic issues as the root causes of political discontent or economic grievance. Thus, officials in the GCC attributed the uprising in Bahrain to Iranian interventionism and, when protests among Sunni Arabs escalated in Kuwait in 2012, also accused the Muslim Brotherhood of seeking to topple the Gulf monarchies one-by-one beginning with Kuwait.¹⁵ Sectarian politics flourished in the feverish “post-Arab Spring” atmosphere as tensions between Saudi Arabia and Iran escalated and the contest for political leadership in transition states such as Egypt constituted increasingly a binary competition between Islamists on the one hand and advocates of the military-dominated “status quo” on the other.¹⁶

Against this backdrop, the rapprochement that significant sections of the Israeli military and security establishment have long wanted with the GCC has taken root since 2011, as the post-Arab Spring landscape has provided the opportunity to deepen unofficial ties in areas of shared concern. Similar to their counterparts in GCC capitals, Israeli officials acknowledge pragmatically that there are limits to how open such a relationship can be, and that absent any dramatic breakthrough in the Palestinian issue there is little likelihood of formal recognition by GCC states. Thus, building upon the range of contacts listed above in Part I, a commonality of interest arose between Israeli and Gulf policymakers on several of the crucial issues that came to the surface of Middle East politics. These included the assumption that Iran represented an external threat to regional stability, both for the Arab world and for Israel, and that the Muslim Brotherhood and other Islamists posed a similar internal threat. In addition, policymakers in Israel have expressed deep unease at what they consider US “retrenchment” in the Middle East under the Obama administration, which

¹⁴ Kristian Coates Ulrichsen, “Qatar and the Arab Spring: Policy Drivers and Regional Implications,” *Carnegie Endowment for International Peace* 224 (2014): 8-10.

¹⁵ “Islamists Plot against Gulf, Says Dubai Police Chief,” *Al Arabiya*, March 25, 2012.

¹⁶ Lawrence Potter, “Introduction,” in *Sectarian Politics in the Persian Gulf*, ed. Lawrence Potter (Oxford: Oxford University Press, 2014), 19-21.

they view as undercutting American supporters and emboldening US enemies in the region, in language that is strikingly similar to that in Riyadh, Abu Dhabi, and other Gulf capitals.¹⁷

In January 2016, Israel's former ambassador to Egypt, Zvi Mazel, alluded to the strategic convergence of Israeli-Gulf interests, if not values:

During the Iran nuclear talks, Israel's intelligence community started having more effective ties with Gulf countries ... The Emirates have ties with us due to our common security interests against Iran and the Muslim Brotherhood ... You can definitely sense that in certain fields the Gulf countries and Israel are becoming closer.¹⁸

In a similar manner, Eran Etzion, a former head of policy planning at the Israeli Ministry of Foreign Affairs, noted (in 2016) that by 2009 "it was clear that senior professionals in the intelligence and security fields from Israel and the Gulf countries were collaborating, but that does not mean that any major diplomatic advancement took place." This limited cooperation nevertheless set a precedent for additional collaboration in the 20 months between the announcement of the Iranian nuclear negotiations in November 2013 and the actual agreement in July 2015. During this period, Etzion claimed, "there were definitely cases of coordination" among Saudi and GCC policymakers in Washington, D.C., as "an Israeli delegation could come to lobby against the agreement and, coincidentally, a few weeks earlier the Saudi delegation would be there."¹⁹ In March 2015, the Saudi-owned *Al Arabiya* news organization even published an op-ed by its general manager, Faisal Abbas, titled "President Obama, listen to Netanyahu on Iran," in which Abbas provided a neat summary of the convergence of thinking in Gulf Arab and Israeli circles:

The Israeli PM managed to hit the nail right on the head when he said that Middle Eastern countries are collapsing and that "terror organizations, mostly backed by Iran, are filling in the vacuum." ... In just a few words, Mr. Netanyahu managed to accurately summarize a clear and present danger, not just to Israel (which obviously is his concern), but to other US allies in the region ... What is absurd, however, is that despite this being perhaps the only thing that brings together Arabs and Israelis (as it threatens them all), the only stakeholder that seems not to realize the danger of the situation is President Obama ...²⁰

It is thus unsurprising that the post-2011 conditions of regional insecurity have meant that the defense and security sectors have grown into a microcosm of the evolving dynamic of Gulf-Israel ties. One of the earliest such connections dates to 2008 when Abu Dhabi's Critical National Infrastructure Authority (CNIA) signed a US\$816 million contract with

¹⁷ Material gathered by the author in discussions with Israeli policymakers, Israel, June 2016.

¹⁸ Hagar Shezaf, "Israel Eyes Improved Ties with Gulf States after 'Foothold' Gained in UAE," *Middle East Eye*, January 18, 2016.

¹⁹ *Ibid.*

²⁰ Faisal Abbas, "President Obama, Listen to Netanyahu on Iran," *Al Arabiya*, March 3, 2015.

AGT International, a Geneva-based company owned by Israeli businessman Mati Kochavi, for surveillance equipment for critical infrastructure in the UAE, including oil and gas fields.²¹ In 2011, the CNIA then agreed to purchase unmanned aerial vehicles from Israel's Aeronautics Defense Systems (ADS), although the deal foundered acrimoniously after the military sales division of the Israeli Ministry of Defense failed to approve the export of the vehicles to an Arab state.²² Most recently, AGT International has been linked through a Swiss intermediary to a joint venture with two UAE firms, Advanced Integrated Systems and Advanced Technical Solutions, in a comprehensive emirate-wide surveillance initiative in Abu Dhabi named Falcon Eye.²³

Quiet meetings between Saudi and Israeli officials, both active and retired, also have proliferated and a channel of communication has solidified around Anwar Eshki, a retired Saudi general who chairs the Middle East Center for Strategic and Legal Studies in Jeddah, and Dore Gold, the director general of the Israeli Ministry of Foreign Affairs and one of Prime Minister Benjamin Netanyahu's longest serving and most trusted confidantes.²⁴ The two men have met on more than half a dozen occasions in a series of "track two" meetings to discuss the challenge from Iran and other regional security issues,²⁵ and it was Eshki who led the Saudi "delegation" to Israel in July 2016 that met with Gold and, among others, Major-General Yoav Mordechai, the most senior official responsible for implementing Israeli government policy in the Palestinian territories. The month before his visit to Israel, Eshki told the Tel Aviv-based newspaper *Yedioth Ahronoth* that "circumstances have changed" in the geopolitics of the region and added that "today we can easily single out common enemies."²⁶ For his part, Gold had stated, in June 2015 during an appearance with Eshki at the Washington office of the Council on Foreign Relations, his hope was that their meetings constituted "the beginning of more discussion about our common strategic problems."²⁷

Other recent developments also suggest a softening of relations between Saudi Arabia and Israel, albeit at a series of unofficial non-state-led levels. Following the killing of four people in a shooting attack in Tel Aviv in June 2016, Al Arabiya, the Saudi-owned pan-Arab news network, attracted attention (and some criticism among its viewers) for its strong criticism of the attack, while a senior member of the Saudi Journalists Association wrote on Twitter that "The Tel Aviv attack is terror and thuggery. Our solidarity and support for the Palestinian people does not mean that we accept the killing of innocents and civilians. We would like to extend our condolences to the families of the victims."²⁸ Israeli observers of

²¹ "Security Expo Closes with Mega Contracts," *Emirates* 24/7, March 5, 2008.

²² "Emirates 'Has Security Links with Israel,'" *UPI*, January 27, 2012.

²³ Rori Donaghy, "Falcon Eye: the Israeli-installed Mass Civil Surveillance System of Abu Dhabi," *Middle East Eye*, February 28, 2015.

²⁴ Aaron David Miller, "In Saudi Delegation's Visit to Jerusalem, Signs of Broader Change," *Wall Street Journal*, July 26, 2016.

²⁵ Tamara Cofman Wittes, "How Important is Saudi-Israeli Track Two Diplomacy?" *Brookings/Markaz Blog*, June 6, 2015.

²⁶ Akiva Eldar, "What Saudi Arabia Can Offer Israel," *Al-Monitor*, July 28, 2016.

²⁷ David Sanger, "Saudi Arabia and Israel Share a Common Opposition," *New York Times*, June 4, 2015.

²⁸ Maayan Groisman, "Palestinians Celebrate Terror Attack in Tel Aviv, Saudis Strongly Condemn," *The Jerusalem Post*, June 9, 2016.

Saudi media also detected a spate of articles that appeared in the wake of the Eshki delegation's visit to Israel that appeared to indicate a campaign to tone down anti-Semitism and the reflexive hostility to Jews and to Israel, and which the *Times of Israel* suggested reflected "an effort to prepare public opinion for deepened relations with [the] decades-old enemy."²⁹

At a more official state-to-state level, Israel was believed to have given its "blessing" to the controversial transfer of two islands in the Red Sea from Egypt to Saudi Arabia in April 2016, and both Israel and Saudi Arabia view the reassertion of political control in Egypt as an important anchor of regional stability.³⁰ However, in the absence of any meaningful re-engagement with the Palestinian peace process, Israeli and Gulf officials both acknowledge that it will be difficult to expand the fledgling and individual contacts into a fully-fledged and open diplomatic relationship. The increased willingness of officials in both Israel and GCC states to explore the parameters of common interest rather than to seek a formal diplomatic breakthrough suggests a less strident and more pragmatic assessment of the possibilities (and limitations) of a way forward. Integral to this approach is the consensus that Iran poses the largest and most immediate threat to regional stability, and that officials in Jerusalem and GCC capitals are no longer confident of US backing in dealing with this threat and consequently feel encumbered to take matters into their own hands.

It remains to be seen whether this new phase of ties between GCC states and Israel can be more durable and expand beyond the informal and the unofficial level. One major policy challenge is how to ensure that the burgeoning connections described above prove more resilient to regional geopolitical developments than were the ultimately short-lived trade offices in the 2000s. Any revival of elements of the Arab Peace Initiative—as Prime Minister Netanyahu appeared to suggest was possible in May 2016³¹—would offer GCC leaders room for maneuver vis-à-vis domestic public opinion that is less convinced of the merits of engaging with Israel. Repackaging the initiative away from the "take-it-or-leave-it" offer of 2002 into a series of incremental steps also would magnify the prospects for a meaningful outcome and reduce the vulnerability of relations between Arab states and Israel to the periodic spikes in tension that have undermined past attempts to forge closer ties.

III. Technocratic Cooperation and Mutual Interests

In the absence of formal diplomatic arrangements GCC-Israel connections have instead thickened around technocratic cooperation in sectors of mutual interest that in themselves have multiplied in number. For many years, the example par excellence of such ties was the Middle East Desalination Research Center (MEDRC) in Oman—the only surviving organization from the 1993 Oslo Accords that has become a model of cooperation in

²⁹ "Some in Saudi Media Criticize anti-Semitism, Warm Up to Israel," *Times of Israel*, August 12, 2016.

³⁰ Yossi Melman, "Analysis: Israel and the Saudis' Covert Ties," *Jerusalem Post*, April 12, 2016.

³¹ Ori Lewis, "Netanyahu Says Willing to Discuss Arab Initiative for Peace with Palestinians," *Reuters*, May 31, 2016.

shared research and capacity-building between Israel and Arab states.³² The experience of the MEDRC suggests that the presence of such institutions can advance multi-track diplomacy between Arab states and Israel by providing opportunities for professional and diplomatic interaction. The hosting of international expert workshops has facilitated contacts between Israeli and Arab officials on the margins of the meetings and senior officials from all affiliated states, including Israel, sit on the executive council chaired by the secretary-general of the Omani Ministry of Foreign Affairs, Sayyid Badr bin Hamad Albusaidi.³³ Speaking in 2011, the then-director, Ronald Mollinger, stated that Israel “takes the MEDRC and its regional role very seriously, as the center also gives them an opportunity to interact with states that they do not yet have formal diplomatic relations with.”³⁴

Similar to the MEDRC but arguably on a far larger scale, the International Renewable Energy Agency (IRENA) provides another opportunity to build substantive and durable networks of common research and capacity-building around issues of mutual interest. The UAE campaigned hard to host IRENA after its launch in 2009 and Abu Dhabi’s successful bid meant that, for the first time, an intergovernmental organization was headquartered in the Middle East. Israel supported the Emirati bid to host IRENA and has been a permanent member of the organization since the beginning and frequently has dispatched Cabinet ministers to attend the annual assembly meetings, which led to a Kuwaiti boycott of the Fourth Assembly in January 2014.³⁵ Both Israel and the UAE have invested heavily in creating research hubs for renewable energy, and the IRENA umbrella offers considerable scope for the two countries to work together to expand further the technological frontier. Indeed, in November 2015, Israeli and Emirati officials confirmed that Israel would station a permanent representative—named by *Haaretz* as diplomat Rami Hatan—in Abu Dhabi accredited to IRENA.³⁶

Comments by Israeli officials in the aftermath of the IRENA announcement indicate that they regard the opening of the diplomatic mission as a “foothold” from which they wish to make further inroads in GCC states. An unnamed Israeli official interviewed by the London-based *Middle East Eye* argued that “the rationale is very clear—to get a foothold in the Gulf” while, speaking on the record, Dr. Shaul Yanai of the Forum for Regional Thinking in Jerusalem, suggested that “we could assume that if the Emirates sees that there is no backlash, it will open the door to the next step.”³⁷ With Dore Gold having played a key role in the opening of the Israeli mission at IRENA in 2015, just as he did subsequently in the abovementioned negotiations with his Saudi interlocutors in 2016, it may be assumed

³² Coates Ulrichsen, “Gulf States and Israeli-Palestinian Conflict Resolution,” 2.

³³ *Ibid.*

³⁴ “Can Water Cooperation be a Model for Middle East Peacemaking?” *The World Post*, January 31, 2011.

³⁵ “Israel Shrugs off Kuwaiti Boycott, Joins Arab States, Iran at Abu Dhabi Conference,” *The Jerusalem Post*, January 19, 2014.

³⁶ Ali Younes, “Israel to Open Office for Renewable Energy in Abu Dhabi,” *Al Jazeera Online*, November 27, 2015.

³⁷ Shezaf, “Israel Eyes Improved Ties.”

that he—and his Emirati and Saudi counterparts—are monitoring closely the response to these developments to see how these ties are received publicly.³⁸

Trade between Israel and GCC states already exists although the majority of it is conducted indirectly and channeled through third countries and convoluted layers of shell companies. Figures provided by Israel's Central Bureau of Statistics show that, in 2013, the value of Israeli exports to the UAE (through private and intermediary companies) was US\$5.3 million and consisted primarily of homeland security products, agricultural and medical technology, and communication systems.³⁹ "Third-party economic ties" are also believed to exist between Israel and Saudi Arabia and to comprise mainly agricultural and technological products that are shipped via Cyprus, Jordan, and the Palestinian Authority, although there are no publicly available figures for the value of this discreet trade.⁴⁰ An Israeli trade delegation that visited Qatar in May 2013 focused on discussions over potential Qatari investments in Israel's hi-tech sector, although little appears to have resulted from the visit.⁴¹

A shared interest in promoting innovation and entrepreneurship as the spearhead of economic development and diversification is another center of gravity around which Israel-Gulf ties could conceivably thicken, as Israel's successful start-up culture and technology clustering is widely admired across the region, including by many across the six GCC states.⁴² The ruling leadership both at the emirate level in Dubai and at the federal level in the UAE, in particular, have placed heavy emphasis on innovation, entrepreneurship, and support for a loosely-defined concept of the "knowledge economy" as the drivers of economic transition in the 21st century and integral components of the eventual transition into a post-oil economy. The government of the UAE declared 2015 to be the "Year of Innovation" and launched a National Innovation Strategy with a focus on seven sectors ranging from education, health, and technology to water, renewable energy, transport, and space, all of which offer potential opportunities for future cooperation with Israel.⁴³

Further opportunities for practical collaboration and mutual confidence building exist in the formation of joint ventures overseas. One such example is the partnership that formed between the previously mentioned Zim Integrated Shipping (whose CEO publicly supported Dubai in 2006) and DP World, as they later came together in the acquisition of Spanish port operator Contarsa in 2008 and the assumption of joint control of the Container Terminal at Tarragona. Speaking at the time of the Contarsa venture, the CEO

³⁸ Author interviews, Israel, June 2016.

³⁹ Shezaf, "Israel Eyes Improved Ties."

⁴⁰ Melman, "Israel and the Saudis' Covert Ties."

⁴¹ Becca Wasser, "Israel and the Gulf States," *IJSS Voices*, August 22, 2013.

⁴² Author interviews and observations in Kuwait, Saudi Arabia, Qatar, and the UAE as well as in Israel, 2012 to the present.

⁴³ Omar Obeidat and Ahmad Saleh, "UAE Officials Declare 2015 "Year of Innovation"," *Al Tamimi & Co.*, February 2015, available at <http://www.tamimi.com/en/magazine/law-update/section-11/february-7/uae-officials-declare-2015-year-of-innovation.html>.

of DP World's shipping group, Jamal Majid bin Thaniah, caught the prevailing mood of pragmatism as he said of his Israeli counterparts that

These people don't mix business with politics. When you're operating in a global marketplace, you can't pick and choose. You're bound by international business practices to deal with companies like Zim. We'll continue to conduct business on an unbiased basis.⁴⁴

There exists therefore an array of opportunities for economic and technocratic cooperation that can extend Israel-GCC collaboration well beyond clandestine defense and security relationships and into relatively "safe" non-political areas where Israeli and Gulf States' interests overlap. As in the "macro" level issues analyzed in Part II of this research paper, the task ahead is how to ring-fence nascent economic partnerships from regional political tensions. Discussions with policymakers in Israel and in various Gulf capitals frequently elicit a desire to "strip away" the constraints of geopolitics but this is far easier said than done. And yet, the capacity of initiatives to withstand external pressures may be enhanced if they are seen to pursue regional solutions to public policy issues that transcend geopolitical boundaries and produce tangible benefits to each stakeholder—such as working together to improve the management of increasingly scarce water resources, develop new sustainable energy technologies, or strengthen region-wide innovation ecosystems.

IV. Future Prospects for Israel-GCC Ties

The absence of a formal or open diplomatic relationship makes it difficult to predict with any certainty the future trajectory of ties between Israel and GCC states as these are, by nature, separate and often clandestine. Indeed, the truest test of the durability of the connections described in this research paper may only become clear in the event of another round of regional conflict that involves Israel. Given the current diplomatic freeze between GCC states and Lebanon and their designation of Hezbollah as a terrorist organization in March 2016, as well as the distaste felt in most GCC capitals for the political ideology espoused by Hamas, any recurrence of violence between Israel and Hamas or Hezbollah in Gaza or Southern Lebanon may well bring to the surface the changing dynamics of Middle East geopolitics outlined in this research paper.

Advocates of a "bilateral" approach to policymaking on both sides acknowledge the limitations to such a strategy unless and until there is any significant breakthrough in the Palestinian issue, which appears unlikely in the current political climate.

- Pragmatists in Jerusalem and in GCC capitals will continue to have to take into account potential domestic opposition to closer ties, particularly on the GCC side.
- It is therefore very possible that recent developments, such as the public announcement of the Israeli mission to IRENA in Abu Dhabi and the Eshki-led delegation to Saudi Arabia, represent, in part, cautious attempts by Gulf leaderships

⁴⁴ Quoted in Jim Krane, *Dubai*, 174.

to test the boundaries of public opinion and see how the disclosure of these activities is received at home.

- It is likely also that the decision to acknowledge openly the presence of the Saudi delegates in Jerusalem was designed to send clear messages as much to Iran—that the Saudis and Israelis consider Iran (rather than each other) to be their main regional adversary—as to the United States—that the Obama administration’s support for the Joint Comprehensive Plan of Action (JCPOA) with Iran over Tehran’s nuclear program remains deeply controversial in the region and is not shared by its two most important political and security partners in the Middle East.

There are, however, a number of policy options that, if taken (or revealed in public to have been pursued or even considered) could indicate where the next phase of Israel-Gulf ties is headed.

- The outcome of the US presidential election on November 8, 2016, will impact not only the direction of American engagement with the Middle East but also the regional perception of US policies that will frame how states such as Israel and those in the GCC calibrate their own actions.
- Would a Hillary Clinton administration that preserves the JCPOA on paper but adopts a more hawkish approach toward Iran in practice weaken the shared concern among officials in Jerusalem, Riyadh, and Abu Dhabi that they no longer feel confident of US policy on Iran?
- Alternatively, might the greater unpredictability and potential volatility of a Donald Trump presidency reinforce further the palpable sense of unease that has propelled policymakers in the Middle East to think outside of the box and begin to cast aside decades of wariness in pursuit of common geostrategic interest?

Moving from the international context to the regional level, it will be instructive to follow whether the hitherto detached instances of security and intelligence collaboration on a case-by-case basis evolve into any actual coordination of plans to counter proactively the perceived threat to regional security, either directly from Iran or from its array of affiliated non-state proxy groups. Any such action would be secretive in nature owing to the extreme sensitivity involved and undoubtedly would risk considerable public opprobrium if ever exposed. While any overt cooperation remains a matter of conjecture for now, it may rise up policy agendas should the perceived threat from Tehran be viewed as an imminent danger to regional stability and should uncertainties over US posture vis-à-vis Iran persist into the post-Obama period.

A more tangible indicator of possible developments at the national level will be whether the public meetings of Israeli and GCC policymakers expand from the presently limited range of participants to encompass broader and more diverse groups of people and organizations. This would entail a more substantive network probably at multiple levels and consist of current as well as former policymakers. Thus far, it is unsurprising that many of the most visible connections have involved retired officials such as Eshki or Prince Turki al-Faisal Al Saud, the former head of Saudi intelligence, who shared a high-profile stage in May 2016 at The Washington Institute with Major-General Yaakov Amidror,

likewise a former national security advisor in Israel. Utilizing people who no longer hold official posts but who remain influential gives governments plausible deniability even as they monitor the impact of such visits on domestic and political opinion.

While at present the costs of formal diplomatic arrangements still appear to outweigh the benefits, this research paper has outlined how officials have focused instead on the commonalities of interest that can function as the building blocks of a more open relationship later on.

- Full normalization of ties appears as unlikely as the withdrawal by Israel from the occupied territories or any mutual consensus on issues as intractable as the status of political boundaries or the rights of refugees.
- There may, however, be room for modifying aspects of the Arab Peace Initiative if the unofficial frameworks for coordination that already exist can form the starting point for the resumption of negotiations that also would take place against a very different regional backdrop than in 2002.

The challenge for US policymakers, regardless of the outcome of the 2016 presidential election, is how best to support a tentative rapprochement that has, to large extent, been rooted in regional concern about the trajectory of US policies in the Middle East.

- The new administration that takes office in January 2017 will lack the stigma that has attached itself to the Obama presidency and have a window of opportunity to rebuild confidence, but this will not be open-ended.
- For many in Israel and in the Gulf, it is an article of faith that the primary threat from Iran lies not in Tehran's nuclear program but in Iran's support for militant non-state actors such as Hezbollah and, more recently, the Houthi rebels in Yemen.
- The dilemma that US officials face in the post-Obama era is how to address this dissonance in ways that balance the primacy of diplomatic approaches to flashpoints in the Middle East with the need to maintain the confidence of the key partnerships that will continue to form the cornerstone of US engagement with the region.