



Ministry of Economy and Industry

May 31, 2022

Historic agreement between Israel and the United Arab Emirates was signed this morning in Dubai – a free trade zone:

Israel Minister of Economy and Industry Orna Barbivay (Major General ret.) and the UAE Minister of Economy Abdalla Bin Touq Al Marri signed the agreement in Dubai.

The agreement, which is comprehensive, significant, and ground-breaking, is expected to increase bilateral trade in goods and services, increase Israeli exports to the United Arab Emirates and provide customs exemption immediately or gradually on 96% of trade between the countries: food, agriculture, cosmetics, medical equipment, medication and more

The agreement also relates to regulatory and standardization issues, customs, collaboration, government procurement, e-commerce and intellectual property rights

Israel Minister of Economy and Industry Orna Barbivay (Major General ret.): “This is a visit of strategic importance for economic relations between the State of Israel and the United Arab Emirates. – the first free trade zone agreement with an Arab state. The free trade zone agreement which we signed this morning is expected to strengthen bilateral trade, to break down obstacles and to advance new economic opportunities and partnerships, that will serve as a basis for our shared path. I would like to thank the Foreign Trade Administration in the Ministry of Economy and Industry which has managed the professional negotiations at an accelerated rate and the Foreign Minister for his personal involvement in advancing this important achievement.”

H.E Minister of Industry and Advanced Technology UAE Dr. Sultan bin Ahmed Al Jaber: "In accordance with our leadership guidelines, the UAE continues to take bold steps forward to advance our economy and improve our status as a regional center for trade, investments and industries. The trade agreement with Israel will create a new paradigm for the region. This agreement will accelerate economic growth and strengthen the common belief that the only way to build durable and sustainable economies in the complex world is together. This agreement represents something larger than business: the importance of building significant partnerships. Our agreement can prove to countries and governments around the world that cooperation and dialogue are the best way to transform challenges to opportunities.”

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Ministry of Economy and Industry

UAE Minister of State for Foreign Trade Dr. Thani Al-Zeyoudi welcomed the agreement: "Since the establishment of diplomatic ties between the UAE and Israel in Israel, 2020 has seen the beginning of a new era of trade and investment in our region. The comprehensive agreement between our countries is expected to accelerate economic activities even more. Moreover, it will create opportunities for research and development, as well as new investments in agricultural technology, renewable energy and advanced technologies - areas of importance to both countries. Throughout the last year and a half, we have proven what can be achieved when differences and arguments are put to the side. We are willing to rest on these foundations and to promote a new era of opportunities and entrepreneurship for our citizens, to base our relations on mutual respect, tolerance, open and honest discourse and thought and action. We have no doubt that this agreement will lay the path to a new era of economic prosperity in our region."

The Abraham Accords, which were signed in September 2020, established diplomatic relations between the State of Israel and the United Arab Emirates. About a year later, in November 2021, negotiations on a free trade agreement began between the parties, which was completed on April 1, 2022.

The completion of the negotiations is a historic moment. The negotiations lasted five months and included four rounds of negotiations and vigorous work carried out by negotiating teams on both sides. **Ohad Cohen, Director of the Foreign Trade Administration at the Ministry of Economy and Industry** headed the Israeli negotiating team, which included representatives from the Ministry of Economy and Industry, the Prime Minister's Office, the Ministry of Agriculture, the Customs Administration in the Tax Authority, the Foreign Ministry, and the Ministry of Justice.

Yesterday (Monday May 30), on the first official day of the visit, the Minister met with the Minister of Industry and Advanced Technology Dr. Sultan bin Ahmed Al Jaber and signed the Memorandum of Understanding for Cooperation in Advanced Manufacturing. The Minister also met with UAE ministers and government officials, representatives in the Jewish community and senior Israeli and local industrialists, as well as visit UAE centers of business. The Israeli Ambassador to the UAE Amir Hayek joined the Minister and her team.

Israel's relationship with the UAE has great economic potential in a variety of fields. This is due, in part, to the geographic and cultural proximity between the peoples, as well as the UAE's unique characteristics. The UAE is the second largest economy in the Arab world (after Saudi Arabia), with market imports worth hundreds of billions of dollars and

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significant weight placed on technology products and advanced solutions, where Israel holds a relative advantage.

Since the establishment of the Abraham Accords, trade in goods between the United Arab Emirates and Israel has significantly increased, reaching \$885 million in 2021. The volume of exports in 2021 was \$317 million, most of which relates to diamonds, but also electrical and electronic equipment, transportation vehicles and oil. The volume of imports in 2021 stood at \$306 million, most of which relates to diamonds but also large volumes of electrical and electronic equipment, jewelry, minerals, fuel, and oil. The Foreign Trade Administration in the Ministry of Economy and Industry notes that, since the establishment of diplomatic relations in August 2020, bilateral trade volume has reached about one billion dollars.

With the signing and approval of the agreement by both sides, the agreement will reduce mutual tariffs on most of the products, imported and exported, along with an improvement in trade. On the export side, the agreement is expected to give Israeli industry and companies a competitive advantage and facilitate business activities in the UAE market - thus strengthening Israeli exports and increasing growth in the economy. Alongside this, on the import side, the agreement will help reduce the cost of living by lowering importing costs from the United Arab Emirates to Israel. According to Foreign Trade Administration estimates, the agreement is expected to increase the volume of trade between the two countries by hundreds of millions of dollars in the first years following the signing of the agreement.

Key benefits of the free trade agreement with the UAE

- The agreement is expected to increase trade between the two countries by millions of dollars
- Exports - Over 96% of the goods traded between the countries and exported by the UAE, will receive customs benefits. 82% of the goods will receive immediate reduction on all customs duties (6458 customs lines) and another 14% gradually to zero duties within 3 years (283 customs lines) or 5 years (824 customs lines). An additional 2% of the items (152) received a customs benefit. Among other things, the tariffs dropped on chemicals, fertilizers, cosmetics, plastic products, ceramic products, jewelry and diamonds, electronic machines and components, medical equipment as well as vegetables and fruits, juices, seeds, meat and fish and more (examples below).
- Imports - more than 96% of Israeli goods subject to customs duties (8602) received customs benefits. 72% immediately dropped to zero customs duties (6543 items) and another 21% will drop gradually to zero customs duties within 3 years (514) or 5 years (1345). Customs and quota discounts have been given to 3% of the items (290). Among the products which received significant customs benefits in imports from the UAE to Israel are: medications, plastic and rubber



goods, ceramics, electronic machines and components, conductive cables, jewelry, vehicles and meat and meat products (examples below).

- Advancing bilateral trade in services by ensuring regulatory certainty in areas such as e-commerce, professional and commercial services, distribution services (wholesale), computing and more.
- Protection of intellectual property rights, patents and copyright - the two parties reached essential agreements for growth in various sectors such as agriculture and hi-tech in aspects related to patents and copyright. The parties also agreed to increase cooperation in the field, including enforcing rights.
- Government procurement - the parties mutually granted suppliers and companies access to the government procurement market and opened up the possibility of participating in government procurement tenders that government ministries publish in both countries. In certain tenders, suppliers from both countries can participate in government procurement tenders under equal conditions to those granted to local suppliers.
- Small and medium sized businesses. A new field included in modern free trade agreements. The parties agreed to advance cooperation including identifying ways in which to help small and medium business and exploiting commercial opportunities granted by the agreement.
- As part of the agreement, a joint committee will be established whereby continuous discussion can take place between the parties on economic issues. The committee will provide a platform for discussion of trade barriers and requests from industry.

Examples of benefits included in the agreement:

From Israel to the UAE

Product	Discount rate on exports from the UAE
Fertilizer	Customs for most types of fertilizers has dropped to zero % as the agreement takes effect
Food	Customs for most fruit juices dropped from 5% to 0% as the agreement takes effect, as well as seeds, honey, meat and fish, flowers and ornamental plants, frozen vegetables, spices.
Plastic and plastic products	Customs dropped from 5% to 0%. All products received customs benefits, most of whom within five years from the time the agreement takes effect (linear reduction)
Jewelry, diamonds, and precious gems	Most customs products dropped from 5% to 0%, some immediately and some within five to three years from the time the agreement takes effect (linear reduction)
Medical equipment	Customs dropped from 5% to 0% when the agreement takes effect

Imports from the UAE to Israel



Ministry of Economy and Industry

Product	Discount rate on exports from the UAE
Eggs for consumption	Quota given for customs-free
Canola oil	Customs dropped from 7% to 0% within five years from the date when the agreement takes effect (linear reduction)
Food	Full exemption or quota exemption on meat and its products, different types of cheese, flowers and ornamental plants, halva, chocolate, nuts, dried fruits, spices and more
Medications	Customs dropped from 12% to 0% within three to five years from the date when the agreement takes effect (linear reduction)
Species of dates	Customs dropped from NIS 5 to NIS 2.5 per kg of dates
Plastic and plastic products	Customs for most products dropped from 12% to 0% from the date when the agreement takes effect
Fertilizers	Customs dropped from 12% to 0% immediately and gradually from the date when the agreement takes effect (linear reduction)

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Videos:

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