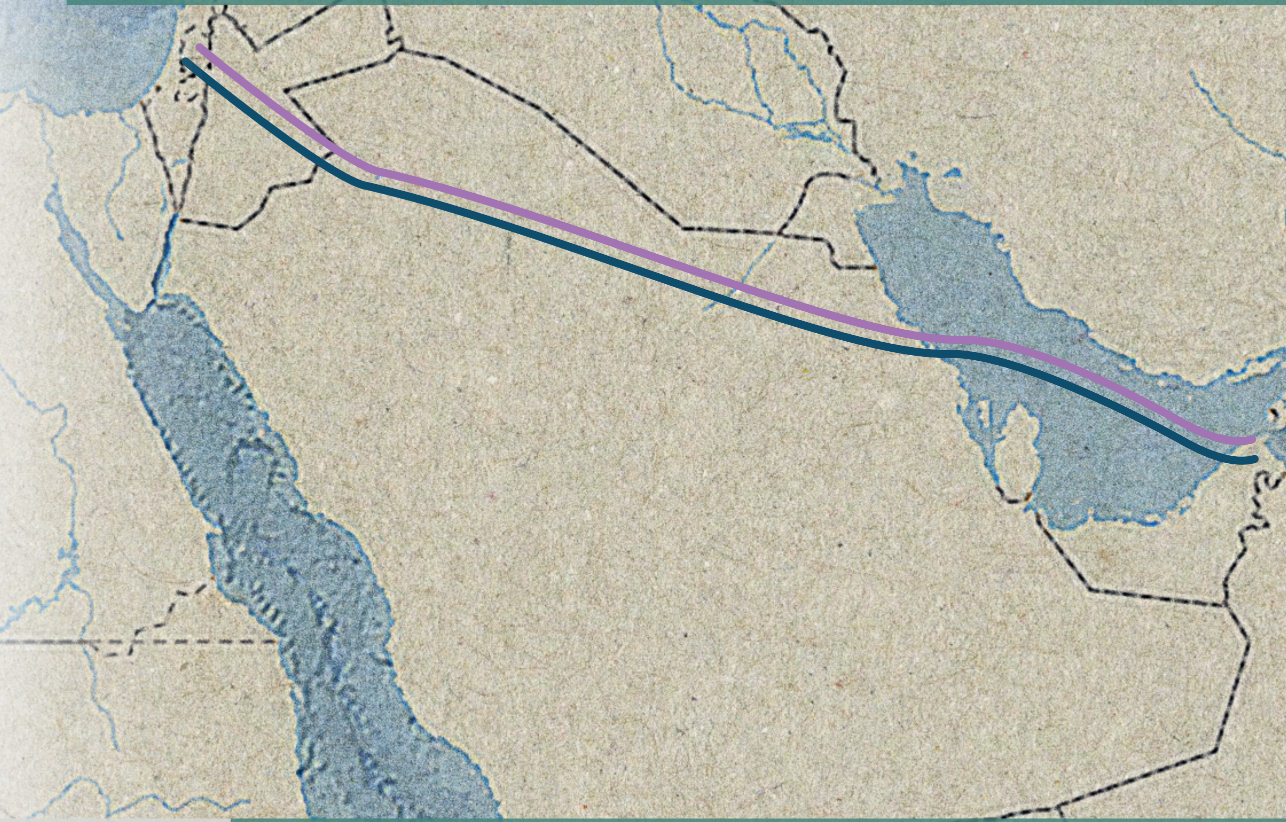
Towards Expanding the “Abraham Accords” and Normalization Between Israel and Saudi Arabia

Steps to Promote Regional Cooperation in the Fields of Economy, Infrastructure and Strategy

Editors: Udi Dekel and Gal Shani



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THE INSTITUTE FOR NATIONAL SECURITY STUDIES
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INSTITUTE FOR NATIONAL SECURITY STUDIES

The mission of the Institute for National Security Studies (INSS) is to support Israeli policy and decision-makers—both professional and elected—in shaping policies that ensure Israel's future as a secure, prosperous, Jewish, and democratic state, with a solid Jewish majority and defensible, recognized borders.

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EXECUTIVE SUMMARY

Saudi Arabia is in the midst of an unprecedented economic revolution, through which it seeks to position itself as a regional technological and economic power. At the same time, the entire Middle East is undergoing a process of transformation in terms of the balance of power and regional arrangements, a process involving states seeking to establish a regional order characterized by cooperation and stability, including the United States and the pragmatic Sunni states: Jordan, Egypt, the United Arab Emirates, Bahrain, and Saudi Arabia.

The issue of normalization with Israel has not entirely fallen off the agenda of the Saudi leadership, even though the "Swords of Iron" war halted progress in that direction—which had reached an advanced stage on the eve of the October 7 offensive—and also led to a hardening of Riyadh's public position toward Jerusalem following the outbreak of the war. At the same time, the joint campaign by Israel and the United States against Iran, Operation "Rising Lion," sharpened the shared threat posed by Iran to the Gulf states and to Israel, and underscored the need for regional security and economic cooperation, including in the fields of infrastructure, trade corridors, and energy supply. In this context, the operation also demonstrated the central role of the United States in defending Saudi Arabia and the Gulf states, and reinforced their dependence on the U.S.—a fact that grants Washington significant leverage in promoting a regional settlement that includes normalization with Israel.

Under these circumstances, Israel stands before a strategic opportunity to expand the Abraham Accords, to integrate into regional economic and infrastructure projects, and even to deepen integration with those moderate states mentioned above, which aspire to security stability and regional economic prosperity.

This collection of articles examines the economic, infrastructure, and political opportunities and challenges involved in normalization between Israel and Saudi Arabia, and proposes courses of action towards establishing a sustainable regional partnership, which is essential for the integration of the State of Israel into the Middle East and for the expansion and deepening of the Abraham Accords. The argument emerging from these articles is that if ties are built, even in the absence of a comprehensive political framework, they will demonstrate the advantages of establishing formal relations and expanding cooperation, along with the expected mutual benefits, thereby increasing the motivation of Israel, Saudi Arabia, and additional states in the region to overcome the obstacles on the path to achieving it.

ECONOMIC AND STRATEGIC POTENTIAL

Normalization with Saudi Arabia holds significant economic potential for Israel. Over the past decade, the Saudi economy has undergone a profound transformation as part of “Vision 2030”—an ambitious national program designed to reduce the state´s dependence on oil, diversify the structure of its economy, and develop civilian sectors based on innovation, industry, and technology. Saudi Arabia is thus investing unprecedented sums in fields in which Israel holds leading technological advantages—high-tech, artificial intelligence, cyber, and security-related technology.

In this context, some have identified the potential for Israeli exports to Saudi Arabia amounting to billions of dollars annually, alongside the opening of channels for direct investments and joint ventures. For purposes of comparison, while the volume of Israel´s trade with the United Arab Emirates grew more than tenfold within five years of their signing the Abraham Accords, surpassing three billion dollars, the scale of the Saudi economy points to the potential for even more significant trade, given that its GDP alone exceeds the combined GDP of all four states that signed the Accords. This potential could be realized through extensive trade and mutual investments, the opening of new land corridors linking the Arab Gulf to the Mediterranean Sea, and greater cooperation in the fields of high-tech, artificial intelligence, innovation, and security. Additional significant sectors include energy, climate, cyber, desert agriculture, water, food security, and tourism, particularly religious tourism. Saudi Arabia is investing unprecedented sums in these sectors, and Israel can offer proven technological solutions relevant to them.

Beyond the direct economic potential, normalization will enable Israel to integrate into emerging regional infrastructure initiatives, such as the IMEC (India–Middle East–Europe Economic Corridor) project—a transport, energy, and communications infrastructure route connecting India, the Middle East, and Europe. Saudi Arabia is a key player in this axis, and Israel, which possesses clear technological and geographic advantages, could potentially integrate into it, both as a logistical intermediary and as a technological partner. However, without some accommodation of the moderate Arab camp, which encourages stability and economic prosperity in the region through cooperation and requires Israel to advance political arrangements in the Israeli-Palestinian conflict, Israel may find itself outside this axis.

KEY RECOMMENDATIONS REGARDING STRATEGIES FOR EXPANDING AND DEEPENING THE ABRAHAM ACCORDS, INCLUDING THE PROMOTION OF NORMALIZATION WITH SAUDI ARABIA

- Establishing a governmental body to coordinate government ministries, civil bodies, and relevant companies from the private sector towards regional cooperation and infrastructure connectivity (transport, energy, and communications) between Israel and its neighbors, backed by explicit government commitment and a dedicated budget.
- Strengthening and encouraging the private sector toward trilateral cooperation between Israeli and American companies in projects in Saudi Arabia, in line with the needs of Vision 2030, as a basis for creating shared economic interests that support normalization and further it over time.

- Focusing on sectors in which Israel holds a comparative advantage.
- Formulating an overarching Israeli strategy for regional corridors and IMEC, both at the infrastructural level and at the comprehensive political level.
- Advancing the Abraham Accords; achieving preferred status for Israel in core technological fields, while preserving the "Qualitative Military Edge" (QME) vis-à-vis the United States.
- Willingness to advance a political process in the Palestinian arena as an "entry ticket" to the new regional order.
- Investing in public diplomacy and building a cultural bridge to conservative Saudi society, in order to gradually establish legitimacy for normalization with Israel.

INTRODUCTION

DR. MICHAEL RIMMEL, KONRAD-ADENAUER-STIFTUNG ISRAEL

The possibility of expanding and deepening the Abraham Accords, particularly through the establishment of normal relations between Israel and Saudi Arabia, has in recent years outlined a political, economic, and strategic horizon of great importance for the future of the State of Israel and for the reshaping of the Middle East. In light of the regional and global transformations of recent years, including the security and economic challenges shared by the states of the region, there is a growing understanding that civilian and economic cooperation may serve as a central engine for promoting stability, prosperity, and mutual trust.

This collection of articles seeks to extend the discussion beyond the conventional political and security dimensions, and to focus on the economic, business, and infrastructure potential inherent in deepening processes of normalization. The articles examine how long-term partnerships based on shared interests, innovation, investments, regional connectivity, and mutual benefits, can be shaped in a manner that can contribute to building trust between states and societies and to strengthening regional stability.

The articles rely on historical, political, economic, and infrastructure analyses, and offer a practical and pragmatic approach to formulating policy that will enable the realization of the opportunities inherent in expanding the Abraham Accords. They were written out of recognition that even after the terror attacks of October 7, 2023, and the events of the "Iron Swords" war, shared regional interests persist and create a basis for promoting cooperation between Israel and the states of the region, including Saudi Arabia.

In this sense, normalization between Israel and Saudi Arabia is perceived not merely as a goal in and of itself, but as part of a broader vision of regional integration, based on economic cooperation, infrastructure development, and the strengthening of ties between societies and economies. The realization of this vision requires a serious examination of practical steps that are actionable in the near term, in tandem with sustained long-term strategic preparation.

The purpose of this collection is to offer decision-makers, researchers, and the interested public a professional and applied knowledge base, focusing on the economic and infrastructure dimension of normalization processes. In doing so, it seeks to examine the economic potential inherent in rapprochement between Israel and Saudi Arabia, and to point to possible ways of realizing it through cooperation that will strengthen shared interests and create value for all parties involved. Thus, for example, cooperation in the field of regional connectivity and infrastructure may serve as a significant lever for Israel's integration into large-scale regional initiatives, thereby contributing to the deepening and expansion of the Abraham Accords.

The collection brings together three chapters offering complementary perspectives on normalization between Israel and Saudi Arabia. The first chapter presents a historical survey of Israel-Saudi Arabia relations to provide important context for current developments. The second chapter focuses on the economic dimension and examines the opportunities and challenges involved in building a business and civilian partnership between the states. The third chapter deals with aspects of connectivity and infrastructure, examining possible pathways for regional cooperation and the challenges impeding their realization. The concluding chapter brings together the policy recommendations emerging from the articles and proposes future courses of action.

The Konrad Adenauer Foundation attaches great importance to promoting research and public discussion on issues with strategic implications for the future of Israel and for the stability of the Middle East. We hope that this collection will contribute to a deeper understanding of the opportunities and challenges facing regional normalization processes, and will assist in formulating informed policy for their advancement.

The collection was edited by Brig. Gen. (res.) Udi Dekel and Gal Shani, and is being published as part of the Institute for National Security Studies′ research program, “From Conflict to Agreements.” We thank them for their detailed and comprehensive work and fruitful cooperation. Our thanks are also extended to Galit Cohen for coordinating the research project and for her contribution to advancing the discussion on practical normalization between Israel and Saudi Arabia.

CHAPTER ONE:
ISRAEL-SAUDI ARABIA RELATIONS IN HISTORICAL PERSPECTIVE

YOEL GUZANSKY*

Relations between Israel and the Gulf states have developed slowly and mainly covertly over the years and it appears that they remained marginal for Israel until the 1990s, when Israel opened two diplomatic missions in Muscat, Oman, and in Doha, Qatar. The reasons for their politically peripheral status are rooted, among other things, in the fact that some Gulf states only gained independence at the beginning of the 1970s, and their oil abundance began to increase their standing and political weight only in the years thereafter. In addition, unlike the Arab states adjacent to Israel—Syria, Egypt, and Jordan—the distant Gulf states were also not perceived as a tangible military threat with whom an arrangement needed to be reached.

In addition, until the 1990s the Gulf states did not develop a policy distinct from that of other Arab states with regard to Israel. They adopted the hostile pan-Arab line while making some individual adjustments. Thus, Saudi Arabia, the largest and most important of the Gulf states, displayed overt hostility toward Israel over the years. Although it did not fight directly against it, it sent small forces and squadrons to assist other Arab armies when they fought Israel during the War of Independence, the Six-Day War, and the Yom Kippur War.

Publicly, pan-Arab hostility toward Israel continued in the Arab Gulf, even though covertly Israel had already begun cooperating with Oman as early as the beginning of the 1970s. This hostility found significant expression

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when the states that were members of OPEC (Organization of the Petroleum Exporting Countries), headed by Saudi Arabia, imposed an embargo on oil exports to the West following the Yom Kippur War. These states made use of oil as a weapon for the first time, seeking not only to limit its export, primarily to the United States due to its alliance with Israel, but also to raise its price (from about $4 per barrel of oil before the war to about $40 per barrel by the end of the 1970s). This was done out of an expectation that the United States would pressure Israel to reach an arrangement that would be acceptable to the Arabs.

THE FAHD INITIATIVE

Saudi Arabia opposed the Camp David Accords (2000), which included a peace agreement between Egypt and Israel, mainly due to considerations related to relations between the Arab states in the region. Michael Kahanov argued that this opposition also stemmed from the fact that the peace initiative led by Egyptian President Anwar Sadat had divided the Arab world; Saudi Arabia had no interest in being identified with any side, due to its fear of radical elements in the Arab world. Therefore, despite American patronage of the accords, the kingdom joined the Arab majority that opposed Egypt.[1]

A significant milestone in Israel-Saudi Arabia relations was recorded in August 1981, several months after the establishment of the Gulf Cooperation Council (GCC). At that time, the Saudi Crown Prince, Fahd bin Abdulaziz, who would later become King of Saudi Arabia and who held a distinctly pro-American line, published a framework for a solution to the Israeli-Arab conflict. For the first time, the kingdom presented a peace initiative of its own that indirectly recognized the existence of Israel. This implicit recognition of Israel is found in one of the eight clauses of the initiative: "affirmation of the right of all states of the region to live in peace."

1 Michael Kahanov, "Saudi Arabia and the Conflict in Palestine," Carmel, Jerusalem, 2012, p. 285.

This proposal, which was intended to earn the kingdom points in Washington and to enhance its regional standing relative to Egypt, was rejected outright by Israel.

The Fahd initiative was proposed against the background of a deadlock in negotiations between Israel and Egypt on the issue of autonomy for the Palestinians, and was directed mainly out of a desire to improve the kingdom's relations with the United States, from which Saudi Arabia sought to purchase F-15 fighter jets and AWACS (Airborne Warning & Control System) aircraft. The kingdom then chose a line different from the one it had held in the past, and from the one advocated by extremist Arab states such as Syria under the leadership of Hafez al-Assad, whose internal and regional legitimacy relied to a great extent on hostility toward Israel.

Perhaps more than anything, the purpose of Fahd's initiative was to signal to Washington that the kingdom is a reliable partner in the efforts to achieve peace—that it is willing and able to contribute to regional stability in the broad context of the Cold War, and that it is a leading regional player that must be taken into account. However, under pressure from and fear of radical elements in the Arab world, headed by Syria and the PLO, Saudi Arabia amended the initiative before its presentation, at the Arab League summit in Fez, Morocco, in 1982. In the final version, it was decided that the PLO would lead the Palestinian state, and that the guarantee of the right of "states in the region to live in peace" would henceforth be given by the UN, and not by the Arab states themselves. In this way, the issue of recognition of Israel, even if only implied, was removed from the table, which made it easier for Israel to reject it—both the coalition and the opposition in Israel rejected the initiative, and the Knesset even declared it "a threat to the existence of Israel, and it regards the Camp David Accords as the basis for a regional arrangement and for the solution of the problem of the Arab residents of Judea, Samaria, and Gaza."[2]

The United States, which was preoccupied with other matters, did not adopt the initiative, and it therefore did not generate regional momentum that might position Saudi Arabia as the leader of a new regional order, as it had hoped. Furthermore, the kingdom itself did not advance the proposal, since it had other priorities at that time: it was troubled primarily by the fact that in the Iran-Iraq war, Iraq had not achieved the swift victory that it and the other Gulf states, which supported the war, had expected.

In any case, the assassination of Egyptian President Sadat in 1981 was a reminder that rapprochement with Israel might exact a price from the stability of Arab regimes. The First Lebanon War in 1982, which aroused anti-Israel sentiment in the Arab world, and the outbreak of the First Intifada five years later, returned the Gulf states to the bosom of the entrenched pan-Arab hostility toward Israel.

The Iraqi invasion of Kuwait and the outbreak of the First Gulf War in 1991 contributed, on the whole, to the adoption of a more pragmatic policy, albeit temporary, on the part of the Gulf states with regard to Israel, for two reasons: the first was Yasser Arafat´s support for Saddam Hussein, which brought upon him the wrath of the Gulf states, and Kuwait and Saudi Arabia even expelled many Palestinians from their territories as a sign of protest. The second was Israel´s restraint regarding the launching of missiles from Iraq at population centers in Israel, since this restraint enabled the continued unity of the Arab-Western coalition against Saddam Hussein´s Iraq. Joseph Kostiner has argued that the practical steps taken by the Gulf states following the war attested to attempts on their part to strengthen the connection with Israel.

As part of this trend, in 1991 a dialogue channel was opened between representatives of the leading Jewish organizations in the United States

2 Eli Podeh, "From Mistress to Common-Law Wife: Israel´s Covert Relations with States and Minorities in the Middle East, 1948-2020," Am Oved, Tel Aviv, p. 542

and the Saudi Arabian ambassador in Washington, Bandar bin Sultan. This channel symbolized a new policy on the part of Saudi Arabia, born out of new conceptions formulated in the Gulf following the Iraqi invasion of Kuwait.[3] In January 1992, a delegation of Jewish leaders from the United States even visited the kingdom, and met with the Saudi Foreign Minister at the time, Saud al-Faisal, and with the governor of Riyadh at the time and current King of Saudi Arabia, Salman bin Abdulaziz.

The Madrid Conference held in October 1991 also contributed to a certain rapprochement between the Gulf states and Israel, which was evident mainly in the fact that, following this conference, five working groups were established that dealt with issues relevant to the region, and were a significant building block in advancing the idea of normalization between Israel and the Arab states. These groups dealt with water, environmental protection, economic cooperation, refugees, and arms control, and they operated fairly regularly until 1998. States that had no official diplomatic relations with Israel participated in them: Qatar, Kuwait, and Saudi Arabia. However, the limited progress that occurred in the peace process following the Madrid Conference led to a renewed cooling of relations.

Saudi Arabia and the other Gulf states officially supported the Oslo Accords between Israel and the PLO, which were signed in September 1993, and yet these states did not change their basic approach toward Israel which was a complete rejection of diplomatic relations. This was because they wished to avoid deviating from the pan-Arab consensus that rejected relations with Israel prior to the settlement of all territorial issues, and in particular, from breaking with the positions of Syria, which sought to regain the Golan and which opposed the priority given to the Israeli-Palestinian channel within the Oslo framework. But even with regard to this issue, the Gulf states did

3 Joseph Kostiner, "The Marginal Peace: The Relations of the Arab Gulf States toward Israel and toward the Peace Process," Tami Steinmetz Center for Peace Research, Tel Aviv University, 2008, p. 9; 30-31.

not unite into a single front. In 1994, against the background of a growing willingness in the Muslim and Arab world to establish contacts with Israel following the Oslo Accords, Prime Minister Yitzhak Rabin secretly visited Oman, and met with then Sultan of Oman, Qaboos bin Said. The head of the Mossad at the time, Shabtai Shavit, who accompanied Rabin, testified that Qaboos hinted that the Gulf states saw the potential benefits of relations with Israel, as a power capable of blocking Iran. Rabin summed up this historic meeting with the determination that a foothold for Israel in the Gulf is important and necessary.[4]

1994 was indeed an important year in the fabric of relations between Israel and Saudi Arabia, not because it saw significant political or economic rapprochement between them, but because of the religious-legal progress made that year. In order to move towards normalization with Israel, Saudi Arabia, as a conservative state, needed to obtain religious-legal approval from its religious establishment. Accordingly, following the Oslo Accords, the Grand Mufti of the kingdom (with the rank of minister), Abdul Aziz ibn Baz, gave a certain religious validity to relations with Israel. He began to grant religious-legal backing to the achievement of peace with Israel, with the justification that it would bring benefit to Muslims, while the authority to sign the agreement belongs to the ruler, or in this case to the king. According to Ibn Baz, it is permissible for Arabs to sign a peace agreement with the Jews, so long as this agreement serves Arab-Muslim interests, and on condition that the relations not be friendly and not signal surrender.[5]

The importance of the religious-legal polemic in validating relations with Israel stems from the great weight of Islam, in a society of such a traditional character as that of Saudi Arabia, in conferring religious legitimacy upon government actions. The albeit minimal Islamic justification for the

4 Shabtai Shavit, "This Is How Rabin's Secret Visit Was Arranged," *Ynet*, March 10, 2018.

5 Yoel Guzansky, "The Road to Normalization: Israel-Saudi Arabia Relations," Institute for National Security Studies, July 10, 2023.

establishment of peace with Israel was intended to soften the cognitive dissonance involved in the transition from a years-long conflict with it, accompanied by religious tension, to overt relations.

The years following the Oslo Accords saw meetings of senior Israeli officials with their counterparts of equivalent rank from the Gulf states multiply. One of the first official trips by Israeli figures to the Gulf was that of Yossi Sarid, as Minister of Environmental Quality in the government of Yitzhak Rabin. Sarid visited Bahrain as a member of the working groups that dealt with the subject of environmental cooperation, an initiative that was put into effect following the Madrid Conference. He reported to the Knesset that the Bahraini Foreign Minister sought to convey a message that Bahrain wants the success of the peace process, and within this framework is interested in exploring economic cooperation with Israel. Sarid defined these working groups and his visit to Bahrain in general as a first stage in the rapprochement between the two states, after which additional stages would come.[6] In 1996, alongside the visit of Foreign Minister Shimon Peres to Oman and Qatar, the Middle East Desalination Research Center (MEDRC) was established in Oman, also as a result of the Madrid Conference, with Israel a member of its governing council. For a short time, it appeared that the Oslo process had opened a window to a new regional horizon for Israel.

A significant breakthrough in the relations between Israel and the Gulf states was achieved in 1996. In this year, as mentioned, Israel opened two trade offices that promoted its interests, in Muscat, the capital of Oman, and in Doha, the capital of Qatar, and these functioned as embassies for all intents and purposes. The diplomatic foothold that these Gulf states granted to Israel was symbolic, but important. Indeed, following the outbreak of the Second Intifada, which again brought about a radicalization in Arab public opinion toward Israel, Oman and Qatar closed the Israeli representations. However,

6 “The 280th Sitting of the 13th Knesset, Monday, 2 Tevet 5755, December 5, 1994,” Knesset Archive.

both states continued to maintain unofficial ties with Israel, including hosting Israelis within their territories.

THE ARAB PEACE INITIATIVE

Abdullah bin Abdulaziz Al Saud, as Saudi Crown Prince, also posed an initiative of his own for the resolution of the Israeli-Arab conflict. In a column published by Thomas Friedman in the New York Times on February 17, 2002, the author detailed the main points of a conversation he had held with the prince at his palace. In the interview, Abdullah stated that his initiative was based on Israel's withdrawal from all the territories occupied by it, including East Jerusalem, in accordance with UN resolutions. This, in exchange for full normalization of relations between it and the Arab world. He did not elaborate beyond this. Abdullah said in that same interview that he would mobilize Arab support for the move, and that his speech on the matter had already been written. The Saudis were thus the ones who shaped the details of the initiative, published it, and granted it Arab and Western legitimacy,[7] although they claimed that Jordan and Morocco were also on board.

However, this initiative of Abdullah, like the Fahd plan, did not reflect a Saudi desire to display direct involvement in the Israeli-Palestinian conflict. Joseph Kostiner argued that, similar to the Fahd initiative, the timing of the Saudi peace initiative also had a global context. The kingdom sought primarily to improve its image in the eyes of the American administration and the international community in general, due to the September 11, 2001 attacks on the United States. Following these attacks, many saw the kingdom as a "hothouse for jihadist extremism", since most of the perpetrators of the attacks were a product of the Saudi educational system and religious studies

7 Joseph Kostiner, "The Roots of the Arab Peace Initiative and Its Vicissitudes: Fluctuations in Saudi Arabia's Policy of Regional Coordination." In: Efraim Lavie (ed.), Israel and the Arab Peace Initiative, Tel Aviv University, 2010, p. 101.

tradition.[8] Saudi Arabia feared that this image, which had taken hold in the United States, would prompt a deterioration in relations between the states and the cessation of American security support. It was important for the Saudis to show that they were not only not supporters of terrorism, but that they were even contributing to peace efforts.

An additional concern that led to the publication of the initiative was that the violence of the Palestinian Intifada would arouse unrest in the kingdom itself and across the entire Arab world, and Riyadh sought to prove to the Palestinians and to Arab public opinion that it was striving to bring about a renewal of the political process, and the establishment of an independent Palestinian state. This concern was in addition to the constant Saudi preoccupation with the visible and growing Iranian influence in the region. The hostility that Iran displayed toward the kingdom and toward all the Gulf states would, years later, constitute an additional "glue" that helped preserve their connection to Israel.

Similar to the contacts it conducted around the Fahd initiative, this time too, in order to win the support of all the Arab and Islamic states, Saudi Arabia was prepared to adapt the "Abdullah Initiative" to a formulation that all the Arab states could accept. Thus, for example, it incorporated the clause concerning Palestinian refugees following pressure from the Palestinian leadership and Syria, and so too the demand for Israel to withdraw from the Golan Heights and from territories in southern Lebanon (where Israel maintained, at that time, a security zone). Saudi Arabia attached great importance to its regional standing, but also to its connection with the United States, and it conducted itself within the tension created between these poles.

In March 2002, at the conclusion of the Arab League summit in Beirut, the "Beirut Declaration" was published: a plan for the establishment of peace in the Middle East, which later became known as the Arab Peace Initiative. The

8 "Final Report of the National Commission on Terrorist attacks Upon the United States (The 9/11 commission report)," Washington D.C, U.S. Government printing office, 2004.

declaration, which contained the central principles of the Abdullah initiative, outlined rules for a political settlement between Israel and all the Arab states. It included a demand for an Israeli withdrawal from all the territories of the West Bank and the Gaza Strip, following which a sovereign Palestinian state with East Jerusalem as its capital would be established in these territories. In addition, Israel was required, in this initiative, to return the Golan Heights to Syria, and the Shebaa Farms and Sub'a areas to Lebanon. It also stated that the problem of the Palestinian refugees would be resolved in a "just and agreed" manner, in accordance with UN General Assembly Resolution 194 (while reinforcing the refusal of the Arab states hosting Palestinian refugees to naturalize them in their states). According to the declaration, after Israel's withdrawal from all the occupied territories (unlike UN Resolution 242, which called for a withdrawal "from territories") and the establishment of a Palestinian state, the Arab states would establish "natural relations" or "normal relations" with Israel. This diverged from the full normalization that was outlined in the Abdullah initiative. In exchange, the Arab states would adopt the principle of the finality of the conflict, and would lead all the Islamic states toward the establishment of peace with Israel.

THE ABRAHAM ACCORDS AND CREEPING NORMALIZATION

Since 2015, and gradually with the rise in status of Mohammed bin Salman, the Saudi Crown Prince and de facto ruler of the kingdom, a certain change has been discernible in the kingdom's attitude toward Israel. The words of the Crown Prince (primarily those spoken to an international audience in English) in favor of ties with Israel have attested to a slow and gradual rapprochement on the part of Saudi Arabia. The origin of this rapprochement lies in the many transformations that occurred in the kingdom as a result of the September 11, 2001 terror attacks. The threat of Iran and its proxies was also considered a central factor in the shift in Saudi regional thinking. Within this context, the Second Lebanon War that erupted in 2006 was perceived as a war between Israel and Iran´s proxies, a matter that sharpened the shared interests between Riyadh and Jerusalem.

Nevertheless, the United Arab Emirates pre-empted Saudi Arabia, when, in an announcement that surprised many, it publicly announced its establishment of official relations with Israel. On August 13, 2020, official notice was given by the United States, Israel, and the United Arab Emirates, of the launch of a political process towards full normalization of relations between Israel and the UAE, a process which the Kingdom of Bahrain also joined. Relations between the two states gradually strengthened, to the point that April 1, 2023 saw the implementation of an agreement for the establishment of a free trade area between Israel and the United Arab Emirates. This agreement was the first of its kind between Israel and any Arab state.

The signing of the Abraham Accords was a breakthrough in the process of Israel´s integration into the region. However, the system of relations between Israel and the Arab Gulf states neither began nor climaxed in their signing. Additional challenges remain on the path to their full realization. One of these challenges stems from the ramifications of the Sword of Iron war, primarily the significant deterioration in the attitude of the Arab street toward Israel, which began following Hamas´ murderous surprise attack on Israel on October 7, 2023.

As of writing, the Abraham Accords have survived this prolonged war, which has been ongoing since that attack, including several rounds of short confrontations between Israel and the Palestinians and several intense campaigns between Iran and Israel, the latest of which took place in March-April 2026.

The war between the United States and Israel against Iran highlighted Israeli advantages in the fields of missile defense, early warning systems, and cyber defense, which will certainly arouse great interest among the Gulf states and will constitute a basis for the tightening of quiet security cooperation. However, overt cooperation with Israel is expected to remain a sensitive matter for them, especially due to disagreements regarding the Palestinian issue and primarily the deadlock in the Gaza Strip. Therefore, it is reasonable that the issues that overshadowed relations before the war will persist following its conclusion. A narrative according to which it was Israel that pushed toward the war with Iran and therefore it too is guilty of causing harm to the Gulf states due to Iranian retaliation, may also be strengthened.[9]

Future relations between the Gulf states and Israel will be determined both by how the war ends and also developments in non-adjacent spheres, first and foremost the Palestinian issue. Indeed, the survival of the Accords does not imply that events between Israel and the Palestinians have no influence on relations with the Gulf states. Quite the opposite. The results of the war in Gaza show that what is occurring in the Palestinian arena affects both the continuity and success of relations between Israel and the Gulf states.

For the time being, unlike the United Arab Emirates and Bahrain, Saudi Arabia is setting the bar high on signing a formal agreement with Israel, with the dominant demand being real and irreversible progress toward the establishment of a Palestinian state. This condition appears in various formulations, apparently deliberately, in order to leave the kingdom room to maneuver on the finer details.[10] Indeed, among the Saudi leadership there is a growing sense of disgust at the conduct of the Palestinian Authority, but nevertheless the kingdom sees the resolution of this issue as key to granting legitimacy, both internal and external, to progress toward the signing of such an agreement. Therefore, it is reasonable to assume that Riyadh will want to see significant steps on the part of Israel, toward a resolution of the Israeli-Palestinian conflict, including halting annexation trends; a reduction in settlement construction; gestures toward the Palestinians; strengthening

9 Summer Said, "Oman Says It Won't Support War It Considers Illegitimate," The Wall Street Journal, March 12, 2026.

10 Saudi Crown Prince Mohammed bin Salman: "Saudi Arabia will not recognize Israel without Palestinian state," Al-Arabiya, September 18, 2024.

of the Palestinian Authority; preservation of the status quo on the Temple Mount and a commitment to further political dialogue.

Despite the Saudis′ firm public position in recent years, details have leaked regarding covert contacts between the kingdom and Israel, which are being conducted at the highest levels. This dual conduct on the part of the kingdom reflects the balanced policy that the Saudis are careful to maintain: On the one hand, they refrain from overtly public relations with Israel, primarily so as not to provoke radical elements against them, and on the other hand, they entrench their relations with central regional players such as Israel, insofar as these contribute to the security of the kingdom and to its interests.[11] These steps can be seen as both slow progress and risk averse, since the Saudis can continually and cautiously examine the response of the public and the religious establishment to the possibility of such relations. Since the Saudi public remains, for the most part, reticent toward Israel, the result is that the kingdom is cautious of moves that might undermine its legitimacy from within.

A key figure in the process of normalization is, as mentioned, the Saudi Crown Prince, Mohammed bin Salman. He wants to demonstrate that Saudi Arabia has a modern outlook, more open than the one it had in the past. This vision could include overt relations with Israel, but only on condition that, according to his conception, these relations do not entail too high a price. And indeed, public opinion in the kingdom is a restraining factor. Continuous surveys conducted in Saudi Arabia indicate considerable public opposition to normalization with Israel.[12]

The kingdom emphasizes that progress toward the two-state solution is a precondition for normalization with Israel, and it notes that this progress is an inseparable part of its strategic "Vision 2030." The purpose of setting

11 Itamar Eichner and Itay Blumental, "Netanyahu Flew to Saudi Arabia and Secretly Met with Crown Prince Bin Salman," *Ynet*, November 23, 2020.

12 Chaterine Cleveland, "Saudi public opinion in a Changing Middle East," Policy Note 160, Washington Institute for Near East Policy, August 13, 2025.

this condition, in its view, is not only to promote regional stability, but also to improve Saudi Arabia's image in the Arab and Muslim arena in general, and to convey the message that it is committed to the Palestinian cause. In this way, Riyadh attempts to prevent criticism from within and from the Arab world according to which creating ties with Israel constitutes a betrayal of the Palestinians.

The establishment of diplomatic relations between Israel and Saudi Arabia is an important goal that should be promoted, since these relations will contribute to Israel's international standing, and to its ability to integrate into the region and into the Muslim world in general. However, such an agreement would be a peace between leaderships, similar to the peace agreements that Israel signed with other Arab states, and not between peoples, since most of the Saudi public does not view Israel as a partner for a peace agreement. In addition, in recent years an extensive discussion of this issue has been taking place in Israel, in the absence of any nuanced familiarity with the kingdom's worldview and culture. In addition, normalization with Saudi Arabia is sometimes mistakenly perceived as a magic solution to all of Israel's problems. A measure of proportion is therefore required—diplomatic relations with the kingdom will not bring about a fundamental change in Israel's security reality in the Middle East, and will not remove the central threats in the Palestinian, Iranian, and Lebanese arenas.

Saudi Arabia is not currently seeking an agreement, since it will take time for the anger in the Saudi street to subside, for relations with Iran to be examined, and to assess exactly what the United States is offering it, since the Saudi's primary motivation for improving relations with Israel is due to the benefits it can receive from the United States. Once it receives them, it will be able to declare that it did not give up on progress towards resolving the Palestinian issue, and is now prepared to continue on the path to achieving normalization. This is the language of Saudi diplomacy—no enthusiasm and much caution. Any attempt to rush the kingdom and pressure it will only harm the process. Normalization with Saudi Arabia is a coveted goal for Israel, due to its status as the leading Arab state, possessing the largest economy in the Middle East and the important role, in the eyes of the Muslim world, of "Custodian of the Two Holy Mosques of Islam." In recent years, a slow but clear trend of rapprochement between Saudi Arabia and Israel has been discernible, which finds expression in statements from its leadership, in various moves—among them granting permission for the passage of Israeli aircraft over its airspace—and in Saudi Arabia's readiness to advance official relations, albeit subject to conditions. However, at the time of the writing, it appears that normalization with Israel is not at the top of the kingdom's list of priorities, and nevertheless, it views it as a political tool for achieving its goals vis-à-vis the United States, and with regard to its regional standing.

While a political breakthrough between Saudi Arabia and Israel is possible, it entails the balancing of complex interests and circumstances. So long as there is no substantive change in the positions of the parties, primarily with regard to the Palestinian issue, a breakthrough is unlikely. Partial and gradual normalization, with an emphasis on security and even economic cooperation, may serve as a basis for a future, full political agreement, if and when appropriate political maturity of the parties is achieved. If a formula can be defined for benefits that will appear reasonable in the eyes of both parties, and especially if it includes significant benefits in the context of the Palestinian issue, the chances of a normalization arrangement grow. In this case, the agreement may differ from the model of the Abraham Accords, in that it will be adapted to the social-religious sensitivities of the kingdom and to its special standing in the Arab and Muslim world.

CHAPTER TWO: THE ECONOMIC POTENTIAL OF NORMALIZATION WITH SAUDI ARABIA

TOMER FADLON AND ESTEBAN KLOR*

The expectation of the process of normalization of relations between Israel and Saudi Arabia is accompanied by hope for the establishment of a "New Middle East," involving cooperation between the two states, with attention focused primarily on the economic benefit that this cooperation will bring to the parties involved.

In accordance with this assessment that normalization will contribute to the Israeli economy directly and indirectly, we will present here the economic potential inherent in the expansion of the Abraham Accords, which were signed in September 2020, both for Israel and Saudi Arabia. Cooperation in this field with a giant economy such as that of Saudi Arabia could advance five central aspects: (a) overland trade between states that will also contribute to regional peace; (b) oil imports from Saudi Arabia and cooperation in the field of renewable energy; (c) direct investments by Saudi Arabia in Israel; (d) export of high-tech products and services from Israel to Saudi Arabia; (e) Israeli defense exports.

Beyond this, in the long term, normalization will not only serve the direct cooperation between the states, but will also lend validity to economic ties with other markets, with an emphasis on the Sunni world, to which Saudi Arabia belongs.

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CENTRAL CHARACTERISTICS OF THE SAUDI ECONOMY

Saudi Arabia and Israel possess the two strongest economies in the Middle East in terms of gross domestic product (GDP); however, Saudi Arabia's economy is far larger than that of Israel. According to the International Monetary Fund (IMF), Saudi Arabia has a GDP of $1.08 trillion, whereas Israel has a GDP of $583 billion. In terms of product per capita, Saudi Arabia, which ranks fourth in the Middle East in this respect, has $30,500 per capita, and Israel, which ranks second after Qatar, $58,000. It is important to note that the ranking changes when examining the product per capita adjusted for purchasing power. According to this calculation Saudi Arabia has a product per capita of almost $77,500 to Israel's $55,800.

The Saudi economy has been undergoing significant changes in recent years. Traditionally it relied heavily on oil revenues, which, at its peak, provided about 80 percent of the entire Saudi GDP. In the past years, the state has been trying to reduce its economic dependence on oil due to the difficulty of balancing the budget through revenues from this market.

The main turning point is the ambitious program "Saudi Arabia's Vision 2030," which the Crown Prince, Mohammed bin Salman, presented in April 2016. The three foundational goals arising from this vision are: a vibrant society, a thriving economy, and an ambitious nation. The central idea of the vision is to utilize revenues from oil to diversify the kingdom's future sources of income, through the development of income streams that are less volatile than those provided by the global oil market. That is, oil still has a central role in the economy, but according to the new conception a global market economy must be based on additional trade possibilities. From the launch of the program until today, Saudi Arabia has become a more significant player in the global economy. Oil exports still account for a very large share of the kingdom's revenues, but additional sectors have also been developed. Saudi Arabia has issued five percent of the shares of its national oil company, which is also the largest oil company in the world, "Aramco"; increased its share of direct foreign investments and invested billions in giant projects such as the establishment of the city of NEOM; opened the Saudi market to direct foreign investments; and even increased its domestic investments in various fields, among them sports and tourism, in order to improve the attractiveness of the state, and to increase its revenues from these fields. An additional central component in the program is investment in technology. Saudi Arabia is investing in technological infrastructure, in an attempt to make various services digital, and to become a regional and even global center for artificial intelligence. This process reached its peak with the visit of President Donald Trump to Riyadh in May 2025. The president was accompanied by senior figures from “Silicon Valley,” who committed to investing capital in the kingdom, and to establishing server farms there. Giant companies, such as Microsoft and Google, are also investing in Saudi Arabia, by locating data centers in the kingdom. In effect, Saudi Arabia is using the revenues of the old economy (oil) to advance the new economy (tourism, digitization, artificial intelligence, and more).

LEARNING FROM PAST EXPERIENCE: THE ABRAHAM ACCORDS

Five years of normalization between Israel and the United Arab Emirates, Bahrain, Morocco, and Sudan give an indication of the possible directions of cooperation with Saudi Arabia. In view of the size of the UAE economy, we will take it as a primary point of reference. Trade between Israel and the UAE grew from about two hundred million dollars in 2020, to around 3.2 billion dollars in 2024, with this trade continuing to grow, despite the war that broke out on October 7, 2023. The majority of the trade in goods is diamonds and precious stones. In addition, Israel exports to the UAE optical, scientific, and medical equipment and electrical and mechanical machinery, and imports from the Emirates raw materials, base metals, electronics, and electrical equipment (mainly finished products including telephones and computer parts). Furthermore, the UAE and the other Abraham Accords states quickly became a central destination for Israeli defense exports. In 2022, these exports stood at 12.5 billion dollars, with about a quarter (3 billion dollars) exported to Abraham Accords states. In addition to goods, Israel exports to the UAE cyber and software services, fintech services, and services in the fields of energy, water, and the environment.

An important import from the UAE to Israel, which requires special attention, is aviation services. Thus, for example, during the two years and more of the Swords of Iron war in which many foreign airlines refrained from conducting flights to Israel, creating a considerable shortage in these services, the Emirati airlines flew almost without interruption. In 2024, Dubai, for example, was the fourth most visited flight destination for Israelis, after 753,000 of them made the trip. However, it should be noted that many of the Israeli visitors do not remain in the city, since the purpose of their flight with the Emirati aviation services is to significantly reduce the cost of travel to destinations in East Asia, such as India and Thailand. Even before the war, in 2022, close to a million Israelis flew to Dubai, a fact that well illustrates the importance of the Emirati aviation services to Israel, even in times of peace.

POSSIBLE COOPERATION WITH SAUDI ARABIA

While trade with the Emirates jumped more than tenfold in five years, and crossed the threshold of 3 billion dollars, trade with Saudi Arabia has a much higher potential. Saudi Arabia's GDP surpasses a trillion dollars, which is equivalent to the combined GDP of the four states that signed the Abraham Accords. Therefore, the potential economic dividend from trade with Saudi Arabia is significant and if trade is realized, it will occur in these fields:

A. Overland Trade and the IMEC Project

International trade is an important component of the Israeli economy, comprising around 60 percent of GDP. Normalization with Saudi Arabia would increase Israel's international overland trade, which is currently relatively limited compared to that conducted by sea and by air. Despite the state's many land borders, since its establishment Israel's international trade has been conducted overwhelmingly by sea, a small part by air, and only a very marginal part by land. Indeed Israel's trade routes resemble those of an "island state." Peace agreements with Egypt and Jordan did not significantly alter this picture: Israel trades primarily with states across the sea, and almost completely fails to exploit the comparative advantages inherent in trade with its neighbors. In addition to this potential trade route, Israel could also benefit from normalization with Saudi Arabia via the import of cheap labor overland.

Normalization with Saudi Arabia could also increase overland trade *through* Israel, since it connects to a larger, ambitious program of the United States. In September 2023, President Joe Biden announced the IMEC (India-Middle East-Europe Economic Corridor) program, a transportation route whose purpose is to connect East Asia with the Middle East, and from it to Europe, in order to transport goods between the states in these regions. The route is in no way a substitute for the maritime route, but it is expected to be beneficial in the transport of products with a short shelf life (it is expected to shorten by forty percent the arrival time of products from India to Europe), or when there are disruptions in maritime routes. This American program is perceived as a Western alternative to the trade routes that China is promoting within the framework of the "Belt and Road" initiative. The current president, Donald Trump, has also promoted the program and views it as a central objective in the regional context. Saudi Arabia, led by Mohammed bin Salman, has an important role in this program, and it has promised to invest billions of dollars in its realization.

The advancement of the IMEC is significant both for regional peace and for normalization between Israel and Saudi Arabia. In addition, it expands Israel's import and export capacity, since it will create a land corridor between Israel and the Arab Gulf states, which will enable the transport of goods relatively cheaply from Asia by land. The realization of the program will help Israel lower the cost of living and deepen trade with the UAE, since currently it is not possible to transport goods from the Emirates to Israel without passing through Saudi Arabia. The route will be used for transport, digitization, and energy, and will render Israel an important transit point for goods from Asia to Europe. All these will give Israel significant economic opportunities.

B. Oil Imports and Cooperation in the Field of Renewable Energy

After Venezuela, Saudi Arabia is the state with the largest oil reserves in the world. The kingdom has always had a significant role in the global oil market, when in recent years it has produced more than 10 million barrels of oil per day. At this time, Israel consumes about 220 thousand barrels of oil daily, most of which comes from Azerbaijan and Kazakhstan. Normalization with Saudi Arabia would enable a diversification of Israel's oil sources, the importance of which became clear during the two years of the Sword of Iron war, when Turkey repeatedly threatened to block oil from Azerbaijan and Kazakhstan reaching Israel through its territory.

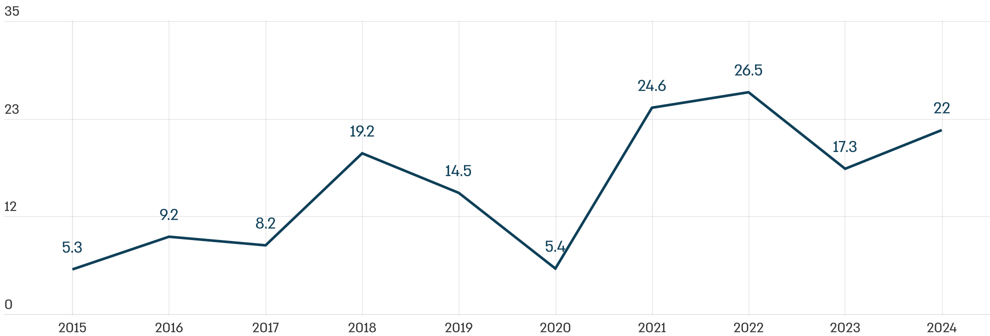
In addition to oil trade, Saudi Arabia and Israel can benefit from cooperation in the field of renewable energy. Part of the "Vision 2030" program is a gradual transition to such energy. Cooperation between the two states in the fields of solar energy, electricity storage, green hydrogen production, and water desalination, may yield enormous economic projects that would benefit both countries, and for Israel would grant stable and cheaper access to energy while integrating it into regional energy corridors.

C. Direct Foreign Investments

A central component of Saudi Arabia's "Vision 2030" is attracting foreign investments to the kingdom. At the same time, the need to diversify the local economy has also led to a significant increase in Saudi Arabia's direct foreign investments around the world. As can be seen in Figure 1 (below), before the launch of the program, Saudi foreign investments amounted to about

5 billion dollars a year. Today, the kingdom's direct foreign investments are four times larger, and surpass 20 billion dollars. These investments are made through the government investment fund, which manages about a trillion dollars of Saudi Arabia's sovereign wealth fund (which is the third largest sovereign wealth fund in the world). Saudi investments are not restricted to oil, but also to infrastructure and technology. Therefore, there is potential for huge Saudi capital investments to flow to Israel primarily in the fields of green technology, renewable energy, infrastructure, and transportation. This is in addition to potential investments in Israeli high-tech companies, similar to the UAE's investments in such Israeli companies after the signing of the Abraham Accords. In addition, the investments would bring, beyond the cash injection, a diversification of investors in Israeli technology who are currently mainly American and Western European.

FIGURE 1. FOREIGN DIRECT INVESTMENT BY SAUDI ARABIA IN THE WORLD, 2015–2024 (IN BILLIONS OF DOLLARS)



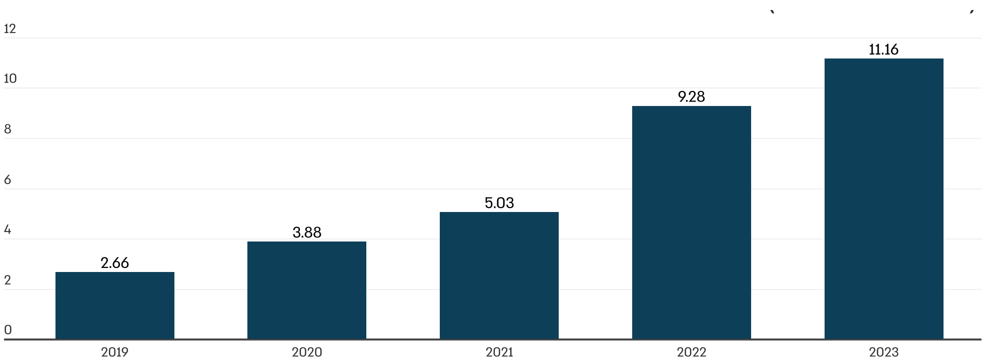
Source: The Institute for National Security Studies

D. Export of High-Tech Products and Services from Israel to Saudi Arabia

Saudi Arabia has become a very significant market in the import of high-tech goods and services. As part of "Vision 2030," the kingdom has invested tens of billions of dollars in recent years in digitizing many services. As can be seen in Figure 2 (below), government investments in information and communications technology jumped from 2.66 billion dollars in 2019 to 11.16 billion in 2023. Likewise, according to the UN Comtrade Database (COMTRADE), in 2024 Saudi Arabia imported advanced electronics products worth 26 billion dollars, alongside the import of advanced high-tech services in similar amounts.

In 2024, high-tech exports of goods and services stood at about 78 billion dollars, which is more than half of Israeli exports. Normalization with Saudi Arabia would greatly increase this share, since it would open access to a large and developing market for the goods and services of Israeli high-tech companies, in fields including cyber; fintech; digital health; desert agriculture; and artificial intelligence. The opening of the Saudi market would present opportunities to expand the market in which Israel has operated until now, and at the same time to increase the number of high-tech workers in Israel.

FIGURE 2. SAUDI ARABIAN INVESTMENTS IN INFORMATION, COMMUNICATIONS AND TECHNOLOGY (ICT) (IN BILLIONS OF DOLLARS)



Source: The Institute for National Security Studies

E. Israeli Defense Exports

Israel's defense exports have doubled in the last decade, and in 2024 their value reached 15 billion dollars. The most prominent reasons for this increase in exports are the arms race following the Russian invasion of Ukraine, and an increase in the production volume of the defense industries during the Swords of Iron war. Likewise, defense exports to the Abraham Accords states also increased Israeli exports considerably. The opening of the Saudi market to Israel's defense industries in the future would create a significant opportunity for expanding their market share, together with deepening the relations of trust between Saudi Arabia and Israel. In recent years, Saudi Arabia's defense budget has risen significantly, and in 2025 it is expected to reach about 78 billion dollars, propelled by the threats against the kingdom from various actors, such as Iran and Yemen. Despite the Saudis' plans to increase local defense production, its military still relies mostly on foreign equipment. In view of the fact that these same threats are directed both at Israel and at Saudi Arabia, it is possible that the field of defense production offers Israel opportunities both for the sale of weaponry and for security cooperation.

F. Indirect Benefits of Normalization with Saudi Arabia

Beyond the direct implications of normalization with Saudi Arabia, it is possible that, due to this state's position as the unchallenged leader of the Sunni world, it could open up access for Israel to other Sunni states, such as Indonesia and Bangladesh. These two states, which together comprise a market of almost half a billion people, have enormous economic potential: Indonesia, which is a member of the G20 organization, has shown stability in recent years in macroeconomic measures. International economic organizations forecast that this state will become one of the ten leading economies in the world by 2030. Bangladesh's economy is also developing rapidly, with its average annual rate of its growth at about 6.5% in the last decade. Unlike Saudi Arabia, in Indonesia and Bangladesh there exists a large and dynamic private sector.

The establishment of diplomatic and economic relations with them was in the past a goal of Israel's, but efforts to achieve it did not succeed. Now, an agreement with Saudi Arabia could be a strategic basis for achieving this goal, since these states are eager to adopt advanced technologies, which could propel significant demand for cooperation and business in the fields of high-tech, finance, cybersecurity, and agriculture.

SUMMARY

Normalization between Israel and Saudi Arabia could provide a significant leap forward for the Israeli economy. Its advantages will be evident in a variety of fields: increasing the volume of trade and investments; opening new land corridors that will connect the Gulf to the Mediterranean Sea; cooperation in the development and implementation of renewable energy and in water industries, and increasing activity in the fields of high-tech and security. Beyond this, cooperation with the largest and most influential economy in the Middle East could serve as a lever for removing barriers vis-à-vis additional Muslim states, and thereby expand Israel's economic activity to enormous markets in Southeast Asia.

At the same time, the economic challenges that will face Israel and the limitations that it will have to overcome during the normalization process and after its conclusion must also be recognized: the business environment in Saudi Arabia is relatively complex; even with the completion of normalization, political and security concerns will still remain; it is not at all clear that the Saudi leadership will encourage openness toward Israel (unlike the conduct of the UAE leadership); there are cultural and regulatory gaps between the two states. The combination of these risks with the opportunities mentioned requires policymakers in Israel, if and when a normalization agreement is put into effect, to formulate a balanced strategy, which on the one hand will identify and leverage the economic advantages inherent in such an agreement, and on the other hand will prepare for the obstacles that may be created by it.

Normalization with Saudi Arabia is not only a political goal, but also a move with enormous economic potential. Its wise realization will require early investment in infrastructure, strategic cooperation, and close coordination between the government, the security establishment, and the business sector. If these conditions are met, Israel may enjoy long-term economic advantages that will strengthen its regional and international standing.

CHAPTER THREE: POTENTIAL INFRASTRUCTURE CONNECTIVITY BETWEEN ISRAEL AND SAUDI ARABIA: MAPPING THE OPPORTUNITIES IN LAND, MARITIME, AND AIR TRANSPORT INFRASTRUCTURE

IRIS HANN AND GAL SHANI*

Effective regional economic cooperation requires efficient and robust infrastructure, which provides the physical and digital foundation for such cooperation. A stable and growing economy relies on an array of advanced infrastructures, which enable the movement of goods, people, and information as a necessary condition for production, trade, and innovation. These are not only forces driving economic growth, but also a central building block in establishing relations of trust and cooperation between states.

In September 2023, the United States, India, the European Union, and Saudi Arabia announced the IMEC initiative at the G20 summit, which includes a transportation, energy, and digital connectivity project between east and west, and which illustrates the opportunity created by infrastructure in the region. This initiative joins a broader move of massive investments in transport infrastructure in the Gulf states, headed by Saudi Arabia and the United Arab Emirates, and it reflects the strategic conception that infrastructure is a central tool for achieving shared prosperity and security in these states.

Operation "Rising Lion" and the broad regional escalation that accompanied it sharpened the vulnerability of the central global trade routes, especially the maritime routes in the Arabian Gulf and the Strait of Hormuz. In this context, states recognised the need to develop alternative land corridors, which would ensure functional continuity and resilience for global supply chains. Accordingly,

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the strategic importance of initiatives such as IMEC is increasing, which are now perceived not only as long-term economic ventures, but also as tools for dealing with security threats to trade and energy infrastructure. Against this backdrop, Israel must internalize the significance of the growing discourse around IMEC and formulate a pro-active policy to ensure its integration into the emerging corridors.

This chapter focuses on identifying disparities in the planning and implementation of infrastructure connections in the fields of energy, communications, transport, and trade, which may present opportunities for the integration of Israel into the regional network and in particular strengthen its economic ties with Saudi Arabia. It concentrates on désidérata that lie within Israel′s domain alone and is part of a wider study that includes a survey of existing infrastructure in Israel; an examination of the barriers and challenges hindering their development; identification of the central relevant stakeholders, and the formulation of recommendations for promoting effective infrastructure connections in the region.

THE MAIN DISPARITIES

A. Absence of a National Coordinating Body and Lack of Strategic Planning of Infrastructure Corridors

In Israel there is no inter-ministerial governmental body that leads the management of transport, energy, and communications infrastructure as a whole, and there is a lack of strategic planning for integration into international infrastructure corridors, such as IMEC. A government decision is therefore required to establish a ministry that will coordinate these fields, or a dedicated administrative body whose roles and authority would be explicitly defined. Examples of current shortcomings include:

- In the field of road infrastructure, there is no reference to cross-border connectivity in the National Roads Plan for 2030.[1]
- In the field of energy, references to the creation of regional networks are only partial.
- Regarding railway tracks, preparation is required to bridge the gaps between Israeli standards and those of the Gulf states in the fields of regulation and operation, and to formulate agreements on matters of crossing and security screening of cargo.

Through the planning and coordination across fields, it will be possible to create strips that combine several types of infrastructure within the same corridor. Such planning and coordination has clear advantages, including the ability to generate a comprehensive and optimal view of all the infrastructures; maximal utilization of land resources; pooling of time resources, effort, and money for the purpose of professional and efficient planning; strengthening relations with neighboring states to create optimal connections between the infrastructure corridors leading to the destination countries, and prioritizing certain corridors over others.

B. The "Jordan River-Haifa Railway" Corridor

The "Jordan River-Haifa Railway" corridor was indeed planned, but is not complete. Although most of the statutory infrastructure has been completed, budgeting and execution are still required for the missing segment between Beit She′an and the Jordan River border crossing, as well as changes to the existing segment, between Haifa and Beit She′an, including the establishment of a cargo terminal; the addition of stations; the doubling of the track; and the establishment of an operational depot. The Port of Haifa requires only

1 "National Strategic Plan for the National Road Network 2050," Ministry of Transport and Road Safety, Government of Israel, May 2022

relatively minor changes in order to handle the projected volume of cargo and the realization of the IMEC trade axis.

C. The Jordan River Crossing: Capacity and Operation

The current capacity of the Jordan River crossing is limited to 250 trucks a day due to a number of obstacles, among them: the absence of two-directional truck crossings; the narrowness of the road and a lack of inspection facilities; the need to prepare an additional 50 dunams within the terminal area and to pave another bridge (to create three entry lanes for trucks) in order to reach a capacity of 500 trucks a day.

D. Electricity

The State of Israel operates as an island, without a policy or program for connection to a regional grid. It is important to emphasize that there are regulatory gaps between the electricity economies in the various states, and bridging them is a challenge that must be addressed. At the same time, a program (National Outline Plan 10c/13) is being advanced in Israel that will enable the laying of an under-sea HVDC electrical cable[2] intended to connect between the electricity grids of Greece, Israel, and Cyprus. It is currently being assessed for its environmental impact (as of November 2025).

E. International Communications

Israel has the potential to be a link in the chain of communications networks between east and west. It possesses a significant advantage in this field, especially as a land-based and secure international crossing point for communications cables, which could serve as an alternative to the existing maritime route through the Bab-el-Mandeb Strait and the Suez Canal, that currently create a bottleneck. Regarding the laying of communications cables at sea by private industry, according to the Planning Administration, this would

2 HVDC – High Voltage Electrical Interconnection

need to be part of a national plan. However, there is no governmental body leading such a plan. In addition, international political backing that would support the realization of such a plan vis-à-vis neighboring states is lacking, as is organized security protection along the route of the cables.

F. Natural Gas

In the national plan that regulates natural gas transmission (National Outline Plan 37), connections to the east, west, and south are outlined. However, a significant increase in capacity that would enable an international connection, or the integration of the initiative into a multi-state regional network, has not been examined.

IMEC – GEOPOLITICAL CHALLENGES

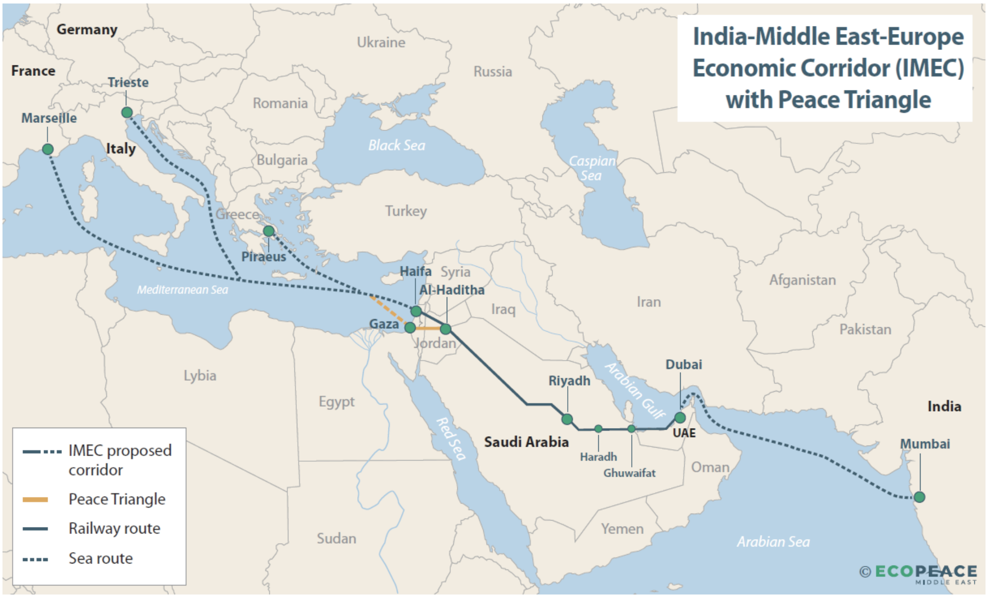
Since the announcement of the establishment of the IMEC[3]—a project to open an economic corridor to connect India with the Middle East—no significant progress has been recorded in the realization of this project, apart from the connection between India and the United Arab Emirates, which is well utilized. The IMEC project has been sidelined due to the regional instability created following the Sword of Iron war. The project is also delayed due to lack of funding; difficulty in attracting private investors; gaps in standards and quotas between states; and primarily a lack of trust between states, which requires a broad diplomatic-political-security effort. However, in recent months interest in the subject has been rekindled, following the meeting in India (at the beginning of August 2025) of signatory states′ representatives, and the visit of Saudi Crown Prince Mohammed bin Salman to Washington (November 2025). However, the states along the route all place the project at a different order of priority, in accordance with their specific economic and state interests, which makes it difficult to push it forward. Beyond the economic-commercial discourse, IMEC is also discussed from a political

3 India–Middle East–Europe Economic Corridor

perspective of the new regional fabric taking shape among the pragmatic states (the United Arab Emirates, Saudi Arabia, Egypt, and Jordan) which aspire to stabilize the region, under the auspices of the United States, and also as a strategic alternative to China's "Belt and Road" initiative. According to the conception of these states, Israel's participation in the project is conditional on it taking part in stabilizing the region, including opening a political horizon for a settlement with the Palestinians. In fact, Israel is not officially signed on the agreement but is perceived as a potential partner. Notwithstanding Israel's current technological advantage in the fields necessary for creating supply chains, the states of the moderate camp, headed by Saudi Arabia, frequently emphasize that Israel can be bypassed in the implementation of these corridors.

The "Rising Lion" campaign triggered renewed efforts to advance the IMEC corridor out of an awareness that the vulnerability of the maritime trade routes necessitates the development of land alternatives. The initiative has changed from a creeping future project to a response to an immediate security-economic threat. However, this trend is not confined to the advancement of only one route: alongside the original IMEC initiative, which connects the Arabian Gulf to the Mediterranean Sea through Jordan and Israel, the discourse around alternative routes is also increasing, in particular a line connecting India and the Gulf states to Turkey, through Iraq, Jordan, or Syria, and from there to Europe.

FIGURE 1. IMEC AND THE TRIANGLE OF PEACE: THE ECOPEACE STRATEGY FOR COMPREHENSIVE PEACE, PROSPERITY, AND RESILIENCE IN THE MIDDLE EAST



Source: EcoPeace Middle East

The President of Turkey, Recep Tayyip Erdoğan, argued sharply that the IMEC project isolates Turkey. Already in the week following the announcement of the establishment of IMEC, Erdoğan said that "there is no corridor without Turkey" and that "the most convenient line for traffic from east to west has to pass through Turkey." He also announced the "Development Road," a competing trade route passing through Iraq and from there to Turkey.[4] While the IMEC route was frozen due to the Swords of Iron war, the "Development Road" plan moved towards implementation when Turkey, Qatar, and the United Arab Emirates signed a memorandum of understanding (April 2025) committing to financing the project. Turkey and Iraq are currently discussing

4 Ragip Soylu, "Recep Tayyip Erdoğan, 'We say that there is no corridor without Turkey,'" Middle East Eye, September 11, 2023.

the possibility that the "Development Road" would also entail an energy supply route, including the export of Iraqi oil through Turkey and to Turkey itself.

Following the fall of the Assad regime at the end of 2024, Turkey increased its efforts to establish trade corridors from the Gulf to Europe, through Jordan and Syria. In September 2025, Turkey, Jordan, and Syria signed a memorandum of understanding according to which Turkey would finance the rehabilitation of a 30 km segment of railway in Syria to provide for the passage of goods and passengers. This route is located on the Hejaz Railway, which in the past connected Medina in Saudi Arabia to Damascus. In October 2025, the Turkish Minister of Commerce declared Turkey's engagement in renewing the land transport corridor that will pass through Syria and Jordan to Saudi Arabia and the Gulf, after this corridor was not used for security reasons during the civil war in Syria (when some of the traffic that would have used it, passed through Israel instead). The minister added that the corridor would reach full operational capacity in 2026. In April 2026, Jordan, Turkey, and Syria signed a memorandum of understanding to strengthen transport connectivity for the transfer of passengers and goods. The Turkish Minister of Transport added that delegations would go to Saudi Arabia to discuss expanding the railway from Jordan, Syria, and Turkey into Saudi Arabia and up to Oman, which would create a continuous connection between the Arabian Sea and the Mediterranean Sea and Europe.

Turkish efforts may push Israel out of ventures intended to bring about regional integration, by reducing the economic need for the Port of Haifa as the Israeli connection point to the economic corridor leading to Europe. This, despite the fact that beyond trade in goods alone, Israel has unique advantages in the fields of energy, innovation, and technology.

Jordan is not officially signed on the IMEC venture, but was interested in integrating into it in order to leverage its geographic location as a vital transit route, and its positioning as a trade junction. King Abdullah spoke of this explicitly in a speech he delivered at the opening of the "Jordan-India

Business Forum" (December 2025), when he defined integration into the corridor as a "significant opportunity."[5] Jordan aspires to achieve, through the venture, the strengthening of its geopolitical standing, and the expansion of its economic ties with India, the United States, the Gulf states, and the European Union.[6] The corridor could serve as a catalyst for economic growth through the establishment of logistical centers; the development of railway tracks; the connection of energy infrastructures; the creation of employment opportunities, and the attraction of external investments.[7]

At the same time, from a Jordanian point of view, two central challenges face the realization of the venture. The first is the need to raise external financing for the construction of the required transport infrastructure; the second is the expectation that influential segments of the Jordanian public will express opposition and protest due to the tightening of the economic connection with Israel, which they perceive as "improper normalization."[8] The explosive reality existing in the Palestinian arena in general and in the Gaza Strip in particular, and the shaky relations with the current government in Israel, exacerbate the difficulty, and amplify the potential for internal opposition in Jordan to the establishment of a joint Jordanian-Israeli trade corridor. Therefore, the ability of the Jordanian regime to advance the venture is conditional, among other things, on the stabilization of the Palestinian arena, on the improvement of bilateral relations between the governments of Jordan and Israel, and on broader regional changes, such as a breakthrough in the Israeli-Saudi normalization process.

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5 "King, India PM attend opening session of India-Jordan Business Forum", King Abdullah II ibn Al Hussein website, December 16, 2025.

6 Dr. Malek Al-Qassas, "The Economic Corridor Project: A Golden Opportunity for Jordan," *Ammon News*, December 10, 2024.

7 "Project of the Century: Jordan at the Heart of the New Economic Corridor Between India and Europe," *Jusoor News*.

8 Jesse Marks, "Diversification without De-Americanization: Jordan and the IMEC Corridor," *Coffee in the Desert*, June 19, 2024

Egypt's approach to IMEC is similarly ambivalent. It identified in the venture, in its original configuration, a threat to the volume of traffic in the Suez Canal and by extension to its revenues from tolls and Egypt's role as a global trade hub.[9] Egyptian sources believe that the choice of a trade route including Israel has a political rather than economic logic, and that its purpose is to achieve Israeli-American hegemony.[10] The Swords of Iron war damaged Israel's image as a stable trade artery between India and Europe, and was perceived in Egypt as an opportunity to advance, in coordination with additional states, an alternative corridor that would pass through Egypt instead of Israel, or at the very least would enable a flexible network of corridors to be used simultaneously.

Throughout 2025, Egypt worked to market the Egyptian route (E-IMEC) as an alternative to the original route. The Foreign Minister, Badr Abdelatty, explained during his visit to India (October 2025) that the war showed that any security escalation in the region would disrupt the proper functioning of the economic corridor, but nevertheless hinted at Egypt's willingness to be part of the venture and to offer solutions that would help its realization.[11] The Egyptian Minister of Transport and Industry and Deputy Prime Minister, Kamel El-Wazir, described (in December 2025) Egypt's efforts to establish railway tracks between its ports on the Red Sea and the Mediterranean Sea, in order to integrate into the IMEC route along three axes: Taba-El Arish; Ain Sokhna-Alexandria; and Safaga-Alexandria.[12] According to him, Egypt's

9 Sean Mathews, Ragip Soylu and Azad Essa, "The India-Middle East Corridor: A new Silk Route or diplomacy by PowerPoint?", Middle East Eye, September 23, 2023.

10 Adel Sabri, "How have Israel's crimes in the region disrupted the Western India Corridor project?... Analysts respond", *The New Arab*, November 4, 2025; Haider Qandil, "Israeli corridors threaten Egyptian trade... What's the story?", *MENA Press*, January 30, 2025.

11 "Egypt: Resolving the Palestinian issue is the 'key' to the India-Europe transit corridor project," *RT Arabic*, October 17, 2025.

12 The Egyptian Center for Economic Studies (ECES), Speech video on LinkedIn, December 2025.

joining the corridor opens new horizons for economic integration between Asia and Europe, while leveraging the standing of the Suez Canal as a central global trade artery, all for the benefit of IMEC, and not for the purpose of competing against it.

The "Egyptian Center for Economic Studies" (ECES) explained in a position paper that the Egyptian E-IMEC route has a series of advantages over the original route passing through Israel: The Port of Alexandria is more stable than the Port of Haifa, since it is less exposed to geopolitical risks and to events of security escalation in the region; the Egyptian corridor relies on existing and continuous transport infrastructure, which does not have significant bottlenecks, and therefore enables the transport of goods in a single logistical sequence or with minimal transitions, thereby reducing the number of loadings and unloadings and increasing accessibility to markets in Africa and to the Suez Canal; and finally, trade through Egypt enables access to the American market through the QIZ agreement.[13]

Conflicts of interest between Israel and Egypt also exist in other trade contexts. Egypt is promoting, together with Saudi Arabia, various infrastructural initiatives in the Red Sea, such as the Bridge of the Horns (Saudi–Egypt Causeway), intended to connect Saudi Arabia to Egypt through the Red Sea. At the same time, Egypt is working to position itself as a regional energy hub, and is promoting a vision according to which it will serve as a bridge between East and West through the transport and export of natural gas; hydrogen; green electricity; and liquefied natural gas (LNG). Regarding this gas, Egypt today is the only state in the region with the capacity to export it, which places Israel in a position of strategic disadvantage. However, it is important to note that the Egyptian route does not necessarily compete with other routes,

13 Nilanjan Ghosh, Amrita Narlikar, Debosmita Sarkar, Kabir Taneja, Abla Abdel-Latif, Sherine El-Naggar, Racha Seif El-Dine, "Rethinking India-Europe trade routes in a new era of connectivity," The Egyptian Center for Economic Studies (ECES), June 2025.

since the IMEC corridor may develop in the future into several branches and exits, which would enable the combination of parallel geo-economic routes.

Beyond the political challenges, the IMEC project faces a series of substantive challenges, foremost among them the fact that at this stage it relies mainly on a declarative memorandum of understanding, without an orderly and binding plan for its implementation. It currently lacks: a financial framework binding the partner states; an agreed timetable; a uniform regulatory framework; and an effective supranational coordination mechanism. Above all these stands, especially for Israel, the security challenge, since the connection of cross-border infrastructure requires a high level of security, both of physical and digital infrastructure. In this context, Israel has a comparative advantage in the field of defense, with an emphasis on cyber defense and smart technologies for securing infrastructure, an advantage that can serve as a strategic lever for advancing its standing in the project. However, the political and security uncertainty in the region makes it difficult for the private sector to commit to investments, and this is a significant barrier in advancing the realization of the idea.

SURVEY OF INFRASTRUCTURE SYSTEMS

1. TRANSPORTATION

The existing transport infrastructure system in Israel, which is the foundation for infrastructure connections with Saudi Arabia and with the entire region, includes roads; railway tracks; land border crossings; sea ports; and airports. It should be noted that as a basis for connection with the states of the region, transport infrastructures do not function as discrete items, but as parts of transport axes. Below is a survey of the main transport axes connecting or potentially connecting Saudi Arabia and Israel, as points of origin or destination, or as part of an axis connecting East Asia to Europe.

1.1 Main Transport Axes That May Serve to Connect between Saudi Arabia and Israel

1. Sheikh Hussein Bridge–Haifa Port

This axis is relevant primarily as part of the implementation of IMEC, with Saudi Arabia and Israel as links in the axis connecting India and the Far East and leading to Europe, while both states are themselves also sources of trade.

Alongside the potential inherent in the trade route along its entire length, it has the following significant potential benefits for Saudi Arabia in its own right:[14]

- Transport from the mining area in the northeast of the kingdom close to the Jordanian border: 800 km of rail transport through the Port of Haifa versus the existing alternative of 1,400 km of maritime transport through the Suez Canal to Jeddah plus additional 1,500 km of overland transport by rail from the mining area to Jeddah. Transport through the Port of Haifa would also shorten the transport by four days.
- Cargo to the central regions of the kingdom: Transport by rail on the Haifa-Riyadh line would traverse 1,600 km, compared to the existing route by sea, which comprises 1,400 km from Suez to Jeddah, plus an additional 1,000 km transport by rail. Travel on the Haifa-Riyadh line would save about four days.

Transport of cargo from the large industrial areas on the eastern coast of Saudi Arabia toward the west: 6,500 km of maritime transport through the Suez Canal from the ports of Dammam or Jubail or Ras Al Khair, compared to 2,000 km transport by rail to the Port of Haifa, which would save about 15 days. Likewise, maritime transport from Suez to Jeddah, and from there by rail to Dammam or Jubail, is around 1,400 km, while transport by rail to the

14 Yitzhak Gal, "The Regional Land Bridge Initiative: Integration into the Regional Transportation and Trade System – An Economic, Planning, and Strategic Framework," YGAL Consulting, November 18, 2017.

Port of Haifa would shorten the journey by at least four days. The transport infrastructures on the Jordan River-Haifa Port axis are: the Jordan River crossing (Sheikh Hussein); the road network (71, 60, 66, 70) from the Jordan River crossing to the Port of Haifa; the railway track from the Jordan River to the Port of Haifa and the Haifa Port area.

2. Direct Maritime Connection between Saudi Arabia and Israel

A direct maritime connection between the sea ports of Saudi Arabia and Israel would enable direct trade relations between the two states. In recent decades the western coast of Saudi Arabia has been undergoing a relatively accelerated development process, with the establishment of two "economic cities" and numerous new ports. The ports on the western coast of Saudi Arabia include: (1) Jeddah Porte: the largest container port in the state, also used for general cargo and bulk cargo; (2) King Abdullah Port: a port under construction in the economic city named after King Abdullah, located 120 km north of Jeddah; (3) Yanbu: the oldest port in the kingdom, located on its western side, is the main port of origin for crude oil and refined products, to which the oil pipeline from the Arabian Gulf is connected, serving as an alternative supply route to the Strait of Hormuz; (4) Jazan: a central commercial port in the southwest of the kingdom;[15] (5) Duba, a port in the northwest, adjacent to the border with Jordan, serving passengers, general cargo, and vehicle traffic (RORO). This one is the closest to Israel and to the Mediterranean Sea.[16] In addition to these, a port is planned as part of the establishment of the innovative city of NEOM.

The transport infrastructures on this maritime axis are: the Port of Eilat; a track or road from the Port of Eilat to Shaharut, and the road network from the Port of Eilat northward (Route 90, the Eilat Bypass).

15 Sea Ports Federation – Port of Jizan

16 The Arab Sea Ports Federation – Port of Dhiba

3. Maritime Connection between the Ports of Saudi Arabia and the Port of Haifa via the Suez Canal

The establishment of a maritime axis that will connect the ports of Saudi Arabia to the Port of Haifa, via the Suez Canal, would enable direct trade between the two states, as well as trade as part of IMEC. Ostensibly, this is an indirect and long route, but it has one advantage, namely the actual existence of the infrastructures along its length: the existing and emerging ports of Saudi Arabia, and the Port of Haifa, which is equipped to operate at high capacity. In addition, the IMEC route, even if it is fully realized, will not completely replace the Suez Canal, but will serve as an axis that complements it. An additional reason for the implementation of this route is that an active shipping line already exists between Jeddah and Ashdod.[17]

A transport infrastructure that already exists on this axis is the Port of Haifa.

4. Aviation – From Israel's Airports to Those of Saudi Arabia

The route that will connect Israel with Saudi Arabia through the air is the simplest of the possible transport options, since all that is required for its realization is the achievement of agreements and understandings, without the need to establish any physical infrastructure, apart from the airports themselves. The transport infrastructures on this route are Ben Gurion Airport and Ramon Airport.

5. Southern Overland Connection between Saudi Arabia and Israel

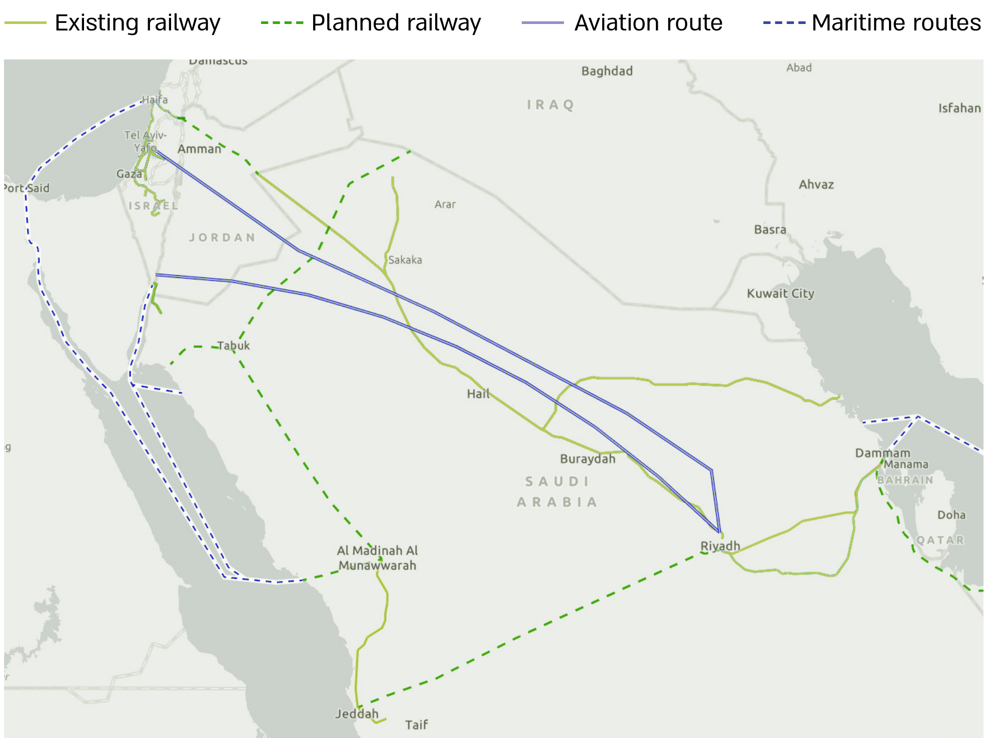
A southern overland connection between Saudi Arabia and Israel would enable the passage of people and goods between the two states, and as part of IMEC, trade through Jordan and the Yitzhak Rabin Crossing (Arava Crossing) to Israel. In the IMEC scenario, this route is less efficient than the others, due to its relative distance from maritime ports of origin in Israel toward the west

17 Based on remarks delivered at a roundtable discussion on this topic held at the Institute for National Security Studies (INSS), July 30, 2025.

(the ports of Ashdod and Haifa), the absence of infrastructures, and the very heavy environmental price that the establishment of a railway to Eilat would exact. The possible advantage of this route from Israel's perspective is that it would serve as a catalyst for economic growth in Eilat and the Arava.

The transport infrastructures on this route are the Yitzhak Rabin Crossing; the road network (mainly Route 90) northward, and a railway track from Eilat.

FIGURE 2. POSSIBLE MARITIME, TRANSPORTATION, AND FLIGHT ROUTES BETWEEN ISRAEL AND SAUDI ARABIA



Source: INSS. This map is updated from time to time. To view its various components, the full set of layers, and the scale, as needed, you can access it at the following link: https://experience.arcgis.com/experience/9a475ca3f5914a1ea5fcab6a41fa501c/page/Page?views=Map-Layers

Among the outlined transport routes, there is a clear advantage to the one connecting the Jordan River to the Port of Haifa, since the infrastructures along this route are the closest to realization: The railway infrastructure exists for the most part, and the remainder is planned and ready for implementation. Besides the practicalities, this route is based on railway infrastructure in Jordan, and its use would enhance ties, which are of importance in their own right.

By contrast, the southern connections are less efficient from the aspect of IMEC, for the following reasons: the relative distance from maritime ports of origin toward the west (the ports of Ashdod and Haifa); the planning gaps in the transport infrastructures; the very heavy environmental price of a railway to Eilat; the current low functioning of the port of Eilat, and the heavy environmental price of developing a maritime container port in the waters of the Gulf of Eilat, a port whose benefit is relatively low because its maximum scope is limited.

1.2 Transport Infrastructures

1.2.1 Railway Tracks

Israel Railways and the Israel Ports Company conducted strategic studies examining the feasibility of the "Tracks for Peace" program, according to which Saudi Arabia and the Persian Gulf states would be connected with the Port of Haifa by railway tracks, which would later integrate into the IMEC. Regarding the railway infrastructure on the Jordan River-Haifa Port axis, most of the statutory infrastructure has been completed, and budgeting and execution are required only for the segment between Beit She′an and the Jordan River border crossing. The detailed program creates a planning framework for the establishment of railway tracks for the transport of passengers and cargo between Beit She′an and the Jordan River crossing; the establishment of a station for boarding and disembarking passengers, and a separate one for cargo; the establishment of a border crossing and everything necessary for its operation, including road structures. The Port of Haifa can also handle the projected volume of cargo in the realization of the IMEC trade route, while carrying out relatively minor changes.

The “Tracks for Peace” program could provide an alternative to maritime transport through the Suez Canal, and thereby enable a response to the growth in demand along the numerous supply chains. In the studies conducted, it was found that from an economic point of view, in terms of external costs and the length of the regional corridor, railway is preferable to road for transporting cargo. According to demands forecast for 2030 and for 2050, it appears economically feasible to operate a line combining freight and passenger trains along this corridor, on two tracks.

An examination of the Israeli trade system shows that the greatest potential for its development lies in the European market, which is characterized by a high rate of imports. Along this trade route, Saudi Arabia and the United Arab Emirates are the principal origin and destination links, and Oman and Jordan have a more limited role. Trade between Israel and India and China could be integrated into this axis, with container imports being of a significantly larger scope than exports.

In the maximum scenario, this involves cargo movement in the scope of 4.3 million tons in 2030, and 7 million tons in 2050, with the number of trains per day ranging between 3.95 and 15.05 (the variance being between the alternatives examined).

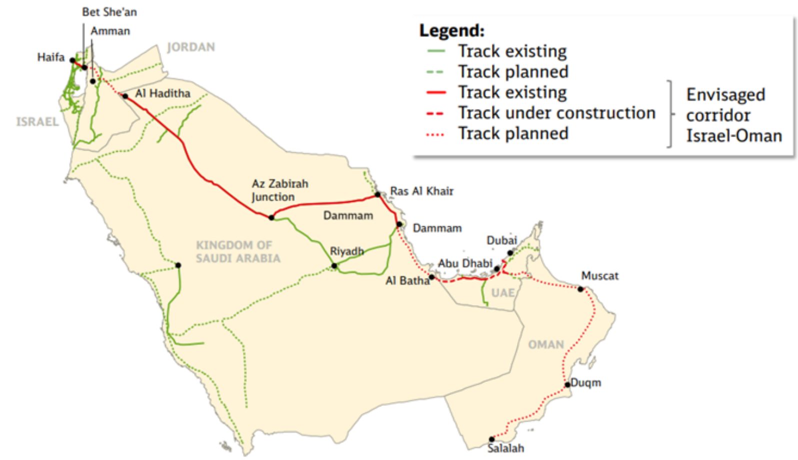
The findings of the studies show that the railway infrastructure in the “Tracks for Peace” program already exists for the most part, and the railway system in Israel, Saudi Arabia, the United Arab Emirates, and Oman fully or partially corresponds to the realization of the plan. The significant bottleneck along this corridor is created due to a lack of connection in Jordan, and the absence of investment opportunities there. This is a substantial gap from a technical and operational standpoint.

FIGURE 3. THE DESIRED RAILWAY SYSTEM

ISRAEL RAILWAYS DB

Overview of the desired Railway link incl. existing and planned connection

Haifa port to..	Distance in km
Al Zarga	169
Al Haditha	305
Az Zabira Junction	1,058
Ras Al Khair	1,608
Dammam	1,758
Al Batha	2,078
Abu Dhabi (Khalifa port)	2,553
Dubai (Jebel Ali port)	2,579
Muscat	3,081
Duqm	3,624
Salalah	4,297
Total distance	4,297



DB E.C.O. Group | Israel Railway link to UAE via Jordanian and Saudi Arabian network | April 2021 4

Source: Israel Railways and DB Engineering & Consulting. From the Report: “Israel Railway link to UAE via Jordanian and Saudi Arabian network,” April 2021.

Currently, in Jordan only a cargo train operates, passing through the south of the country, and this train connects between the phosphate mines and the Port of Aqaba. Due to its location, Jordan is a natural hub for regional train passage on the east-west axis, and its national master plan for railway tracks is intended to maximize this advantage, through the establishment of a main north-south axis, and future connections to Saudi Arabia and Iraq. However, the plan does not include a connection to Israel, even though the lack of access to the Mediterranean Sea, which necessitates passage through Israel, considerably reduces the economic viability of the project. A connection to the Port of Haifa could leverage Jordan´s economy significantly, since it would turn it into a central transport hub in the Middle East. Currently, the planned network is intended primarily for the transport of oil, fuel, phosphates, and cement, goods that do not require a broad track network. At the same time, Saudi Arabia and the United Arab Emirates are promoting the development of the regional track system, with an emphasis on creating a cross-border network, but they are encountering financing difficulties for some of the segments.

As for Israel, the central difficulties facing it are that its equipment and technical standards differ from those of the Gulf states: The Israeli standard (UIC) is based on the European standard and is suited to light trains [22.5 tons per axle (t/axle) and a train length of about 750 meters], while the Gulf states operate according to the GCC standard based on the American one, suited to heavy and long trains [32.4 tons (t/axle) and a train length of about 2,000 meters]. These differences create significant discrepancies between the states, concerning track width; crossing height; maximum cargo weight; the ability for international transfer of cargo, and the absence of agreements to regulate such transfers.

Full connectivity requires the completion of the following physical infrastructures on the Jordan River-Haifa Port axis:

- Connecting the track to the port complex of Haifa (in accordance with National Outline Plan 172).
- Completing the track from Beit She′an to the Jordanian border, and establishing the Jordan River station.
- Doubling the track, adding stations, and establishing an operational depot.

The total cost of these investments is estimated at 6.6 to 9.9 billion NIS, with the main cost being the completion of the segment from Beit She′an to the border. An economic assessment reveals that full adaptation to the GCC standard would make the project 73 percent more expensive, and there is no economic justification for this move.

1.2.2 Border Crossings

Jordan River Crossing

At the Jordan River crossing, up to 250 trucks pass per day, most of them carrying goods from Jordan. The crossing, used by passengers and cargo, connects between Aqaba and Haifa and between Bahrain and Dubai and the Port of Haifa. Unlike Israel, which allows the entry of containers from Jordan, the Jordanians do not reciprocate, with the exception of fruits and vegetables from Europe. Alongside the passage of goods from Jordan, there is movement through the border crossing from the Gulf states to Israel, but the transport costs and the process justify trade only in relatively expensive goods.

All the trucks arriving from Jordan undergo inspection, unloading to the ground at the cargo terminal, and reloading onto Israeli trucks (a method called "back to back"). On both sides, the Israeli and the Jordanian, the crossing includes a new customs complex; a new scanning facility that enables the inspection of about 20 trucks per hour; a quarantine facility and a facility for handling hazardous materials. This crossing includes two bridges: one for trucks, and the other for other types of traffic—buses and private vehicles.

There are plans ready for execution to enable the doubling of the current capacity of the crossing to about 500 trucks a day, but a significant increase in the scope of activity requires:

- Expansion of the access road and inspection capacity.
- Until trainlines are prepared, improvements to the road system, mainly Routes 71 and 66 (from the Megiddo junction to the Tishbi junction).
- Preparing an additional 50 dunams of the terminal area for operational needs.
- Adding a bridge: A plan is being advanced with the Israel National Roads Company to widen the bridge to five lanes (that is, adding two lanes), so that there will be three lanes for incoming trucks.

Beyond the adaptation of the physical operational infrastructures, any increase in the volume of passengers and cargo will require an increase in equipment and manpower for the reorganization of the transport chain.

As noted above, there is an approved statutory infrastructure for completing track access to the border crossing, but its high cost (an estimate of 3.5-4 billion shekels) makes its realization difficult. The difficulty stems primarily from the height difference of about 100 m between Beit She′an and the border crossing.

The improvement of the land crossing between Israel and Jordan is currently subject to uncertainty also due to geopolitical and security sensitivities, which limit its functioning as a stable, reliable transport route. A significant increase in demand would strain the crossing operationally and security-wise, unless advanced inspection systems are installed.

Additional Land Border Crossings

Allenby Crossing: Used for the passage of goods to the Palestinian Authority (and not to the territory of Israel), and also for the passage of pilgrims to Mecca.

Arava Crossing: A relatively small crossing that is not equipped to receive cargo on a broad scale and serves mainly people. Any program to expand the scope of activity at this crossing will require significant planning and expansion, as well as the regulation of transport access.

Comparing all the land border crossings, the Jordan River crossing has significant advantages, and they are: (1) its functioning terminal and existing infrastructure for the passage of goods, cargo, and people. (2) the track connection that is statutorily approved along its entire length, and exists in practice for the most part.

1.2.3 Ports

Port of Haifa

The Port of Haifa already functions today as the maritime port of origin for the Jordanians, and it is expected to serve as a significant link in IMEC.

The strategic master plan of the Israel Ports Company for the year 2048 (published in 2020) was prepared with a long-term view, while projecting future trade developments in the region, which will be accelerated with the development of the trade lines between the Far East, the United States, and Europe, and taking into account the cargo of the Palestinian economy. The plan foresees that under maximal assumptions, the volume of cargo could reach 11.1 million TEU (twenty-foot equivalent unit) by the year 2048 (for comparison – in 2018 this volume stood at 2.95 million), and even earlier if the IMEC framework is realized.

Following the anticipated growth in trade, large investments have funded new ports and quays in Israel, with a considerable increase in container quays. In terms of track connections to the port area of Haifa, most of the terminals have such connections, but a direct connection between the Valley track and the port area is lacking. However, such a connection is being promoted within the framework of National Outline Plan 172, and at the time of writing, its establishment is at relatively early stages. In addition, the preservation of the so-called “Deshanim Railway Spur” (an extension of the railway to the Port of Haifa) anchored in National Outline Plan 75 (Gulf Gate) is important for creating continuous train connections, though detailed plans being prepared these days recommend that this extension should be cancelled.

Main challenges to the realization of IMEC at the Port of Haifa:

- Development and expansion of the port’s hinterland according to the “Partial National Outline Plan for the Haifa Ports” (National Outline Plan 13/B/1), which the government approved (August 31, 2023), and the expansion of the areas designated for the Israel Ports Company (IPC), in order to increase the logistical hinterland.

- Direct connection from the Valley track to the port area (being promoted within the framework of National Outline Plan 172).
- Maintaining the track of the Deshanim Spur as essential.

In a study conducted by Israel Railways (see section 1.A above), it was found that the Port of Haifa can, with its existing infrastructure, handle the volume of cargo outlined in this plan, with relatively minor changes. This infrastructure, in addition to those planned, will enable it to handle the larger volume of goods forecast for the year 2050. However, it is expected that the rise in grain trade via the port could require even a doubling of the required infrastructure.

Port of Eilat

In the scenario of direct maritime trade between Saudi Arabia and Israel, the Port of Eilat is most relevant, given the extensive Saudi investments in the Red Sea (especially via the NEOM project), which may increase the economic viability of this trade. However, Israel lacks a statutory plan for the implementation of this trade, and it falls significantly short of other types of trade from the perspectives of infrastructure and environment. Likewise, direct trade by sea is less efficient than the other trade routes, because it has a low reception capacity, and it lacks an efficient transport connection northward. Despite this, according to the position of the IPC (Israel Ports Company), there is potential for its measured development.

Regarding the Port of Eilat having a low reception capacity, the conduct of maritime trade through it requires its development in a manner that will enable the reception of containers, while taking into account the high environmental sensitivity of the Gulf of Eilat. The IPC is therefore examining the feasibility of its expansion, by means of a floating pier and without excavation and breakwaters, to a planned capacity of up to 1 million TEU per year.

Regarding the lack of an efficient transport connection northward, the IPC and Israel Railways are promoting such a connection, by means of establishing an underground train line that will run from the Port of Eilat to Shaharut, and the establishment of a logistical center in the area. Alongside this, the two bodies are examining complementary transport alternatives such as an Eilat bypass road to Shaharut, and the future integration of innovative solutions, including transport by autonomous trucks.

1.2.4 Roads

If a scenario materializes in which the track segment between Beit She′an and the Jordan River crossing is not built, and the cargo is transported by trucks, the main roads relevant to this axis will be: Route 71 – from this crossing to Afula; Route 65 – from Afula toward the Megiddo junction, and Route 66 – from the Megiddo junction to Route 70 and to Route 6 up to Haifa. In fact, this is the route currently in use. However, unlike the Israel Railways strategic plan for the year 2040, which includes geopolitical lines for connection with neighboring states, the road development plan for the 2030 network does not include such lines.[18] Route 71, which is not included in the strategic plan, limits, in its current configuration, the transfer of goods through the Jordan River crossing. However, its expansion may provoke friction at the local level, in view of possible harm to agricultural lands and the nuisances accompanying increased truck traffic. However, other aspects of planning for the national road system noted in this plan may reduce truck traffic on the roads, since the plan recommends developing the railway as the preferable carrier of cargo and goods on the congested transport lines.

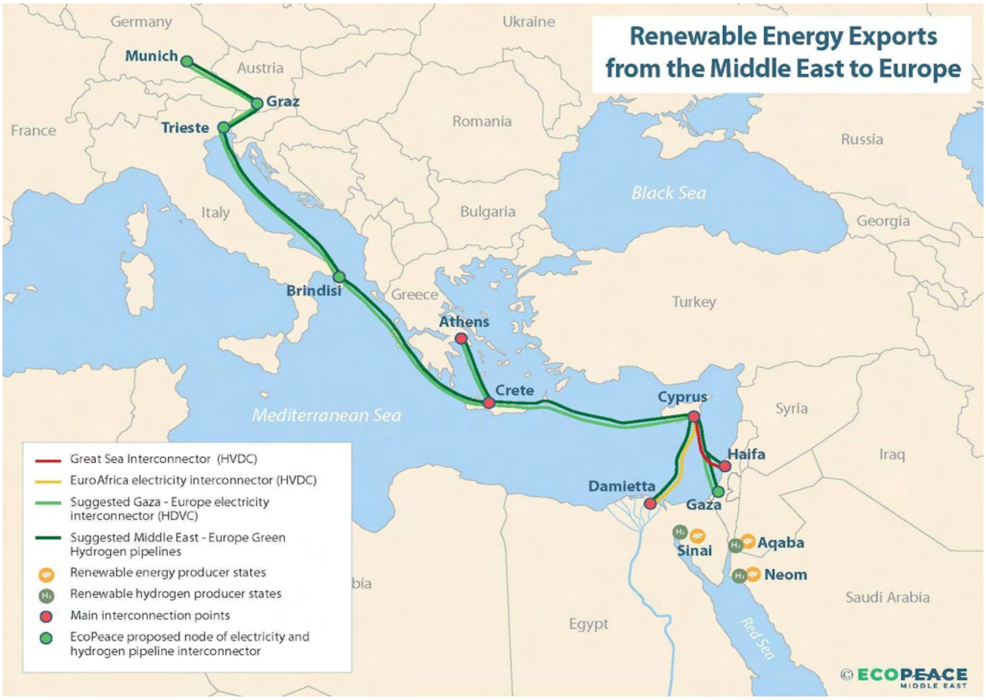
18 “National Strategic Plan for the National Road Network 2050,” Ministry of Transport and Road Safety, Government of Israel, May 2022.

2. ENERGY

Israel has an energy infrastructure plan that would enable the transfer of energy both into and out of its borders. This planning infrastructure also exists in part in practice. For example, there is a plan to connect the electricity grid westward to Cyprus, via a branch of the subsea cable, which is also at the planning stage; the gas network is already connected to the east, west, and south. In 2017, a memorandum of understanding was signed for the laying of the East Med submarine gas pipeline for the export of natural gas from Israel and Cyprus to Greece, but the project was frozen after the United States withdrew from it due to lack of economic viability. The project underwent advanced planning processes (Pre-FEED) financed by the European Union, and the Israeli company Natural Gas Lines was a partner in its promotion. Despite the challenges, it remains a strategic option for gas export, while additional alternatives such as export to Egypt and from there to Europe are being examined in parallel. Regarding hydrogen, intentions to turn it into a fuel in the future are still nascent, and there is no certainty that they will be realized. However, there is a lack of comprehensive strategic planning for cross-border connections with Saudi Arabia in the field of energy. If a desire arises to create a regional network of high capacity in the field of energy, much more strategic and statutory planning will be required.

Israel's geographic location and its developed regulatory infrastructure could position it as a central link in the east-west energy axis, and as a hub for advanced energy and for innovation. To realize this potential, a coordinating body is required that will unite all the infrastructures within it—energy, transport, and communications—within the framework of infrastructure corridors and tunnels. The IMEC initiative is consistent with the vision of the Ministry of Energy for improving stability and diversification in the economy, and yet, it is important to understand that this involves a change of conception from managing the energy economy as an energy "island," to managing it within a regional network framework in order to create new opportunities.

FIGURE 4. POSSIBLE EXPORT ROUTES OF RENEWABLE ENERGY FROM THE MIDDLE EAST TO EUROPE



It should be noted though, that alongside the opportunities this regional network could also expose Israel to new risks, including cyberattacks and physical attacks on infrastructure.

Israel faces the challenge of meeting the renewable energy targets to which it committed within the framework of international conventions, foremost among them a target of 30% electricity production from renewable energy by the year 2030, and connection to states with extensive areas and conditions for solar energy may constitute a solution for the import of green electricity. However, the Ministry of Energy currently has no comprehensive strategic plan for cross-border energy connections, and the existing infrastructures are limited in their transmission capacity. The main advanced projects are:

- Prosperity Green: A cooperation agreement with Jordan including the supply of water from Israel to Jordan, and the connection of energy infrastructures in the scope of 400-600 megawatts.
- Connection of a subsea electrical cable to Cyprus (detailed below).

Although these are relatively small projects, their importance lies in the message they convey to entrepreneurs and to the international arena, in terms of Israel's economic stability. The Ministry of Energy has set itself the goal of creating a statutory infrastructure that enables cross-border infrastructure corridors, and new international cooperation.

2.1 Natural Gas

Israel's natural gas transmission system is anchored in statutory planning that is part of National Outline Plan 37H, which was approved in 2011. The plan outlines two overland connections eastward to Jordan:

- An active connection to the Jordanian Dead Sea Works (National Outline Plan 37/A/1/8)
- A connection intended for gas export to Jordan in the north of the country, near Neve Or

In the maritime domain, according to the plan, gas transmission is routed from offshore reservoirs to the national system, and a line is also planned for gas piping heading westward beyond the borders of the state. This National Outline Plan applies up to the border of Israel's territorial waters, because beyond them the Planning and Building Law does not apply, and the preparation of a statutory plan is not required in order to lay gas piping.

In addition, there is a national outline plan (37/A/2/5) to connect the natural gas transmission system from the border of Israel's territorial waters to the marine complex in the Ashkelon area, and from there to connect gas pipes to Egypt, as part of a potential regional gas network.

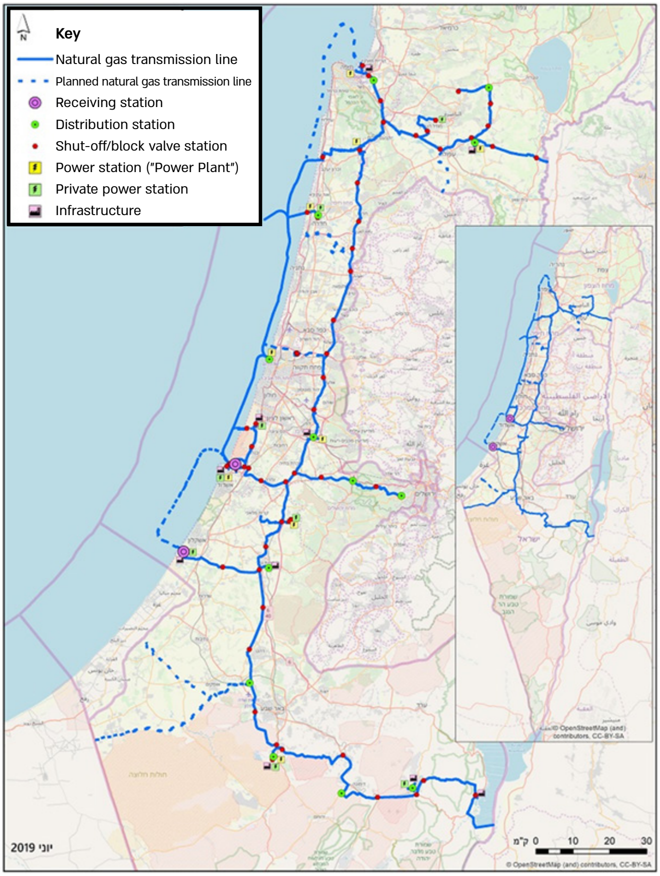
To summarize, a statutory framework exists for the transmission of gas to the borders of Israel and beyond them: eastward toward Jordan; westward toward the gas reserves, and southward to Egypt. However, the possibility of planning a significant expansion in transmission volumes has not been examined.

FIGURE 5. THE NATURAL GAS TRANSMISSION SYSTEM

The Ministry of Energy

Natural Gas Authority

The Natural Gas Transmission System



Source: Ministry of Energy and Infrastructure

2.2 Electricity

An inter-state connection of electricity economies also requires close regulatory and operational coordination between the states. This is because electricity systems operate as a single network in real time, which necessitates synchronization in the management of production, transmission and demand, as well as an adaptation of market rules, standardization, and supervision between the connected states. For this reason and others, there is no plan for connecting the Israeli electricity system to that of Jordan or Saudi Arabia. A cross-border connection linked to the electricity grid in the center of the country would offer a particular advantage, due to the high demand for electricity in this area. This stands in contrast to connecting the grid to the production areas in the south and north of the country, which involves investment in expensive transmission infrastructures that would significantly and adversely affect the environment (among other things, harming the landscape, animals, and ecological systems).

The Ministry of Energy is promoting a detailed national outline plan (National Outline Plan 10/C/13) to lay a subsea electrical cable along the coast of Israel from Ashkelon to Dor. The route of this cable would include several points of entry to the shore, as well as the possibility of connection between Israel and Cyprus. As of August 2025, the plan is at the stage of preparing an environmental impact statement that will examine the possible impact of the cable on the environment.

Connection to Cyprus may be integrated into a future vision for establishing a regional transmission system with a capacity of thousands of megawatts, which will connect the Middle East to Europe. Unlike the transmission system currently existing in Israel, which is based on alternating current (AC), this system could be based on direct current (DC) transmission, which would require the establishment of conversion stations for the purpose of connection to the Israeli grid. While this vision has not yet been advanced at the state level, its realization is possible from an engineering standpoint. However, alongside the advantages of the regional connection, its installation would place the Israeli economy at greater risk, due to the deepening of dependence on electricity production outside the borders of the state. This has been noted in other interconnected electricity systems in the world that have experienced blackouts.

2.3 Hydrogen

As part of the Ministry of Energy's preparation toward a low-carbon energy economy and the depletion of gas reserves, toward 2045 (as of April 2025[19]), hydrogen is being explored as an alternative source of energy. Already today, in some production facilities, such as combined recycling plants, reserves are kept for hydrogen tanks, and the possibility of utilizing it there as a fuel is preserved. Hydrogen consumption does not pose particular difficulties, and we know that its production from solar energy (green hydrogen) will reduce its cost and prevent carbon emissions. However, at this stage, the feasibility of hydrogen as a future fuel is uncertain, among other reasons because we do not yet have sufficiently efficient and cheap technology for its production that is also environmentally friendly. In Israel there are no safety regulations for the production and use of hydrogen, and none on the horizon. The realization of high-pressure hydrogen transmission, for the purposes of international transfer among other uses, will require a risk survey and proper safety regulations to be put in place.

2.4 Combined Infrastructure Pathway

The Ministry of Energy is promoting a plan for the installation of a combined infrastructure pathway (National Outline Plan 37, Amendment 3), which would enable the coordinated transmission of electricity, gas, fuels, communications,

19 "Draft Report for Public Comment," Interministerial Committee for Examining Natural Gas Policy and Strengthening Energy Security, Ministry of Energy and Infrastructure, April 2025.

and hydrogen in an underground, low-pressure corridor, with the aim of making land use more efficient, saving on planning procedures, and shortening the establishment time of future infrastructures. It was planned that the strip would run from the Dead Sea to Eilat, but due to objections related to the environment, it currently ends at Shaharut and does not continue to Eilat. The transmission of gas or fuels to Eilat will therefore require replanning. However, the route already runs in proximity to the Jordanian border, and therefore holds potential for regional integration.

3. COMMUNICATIONS

Unlike transport and energy infrastructures, the field of communications is characterized by great dynamism and a rapid pace of development, expressed in significant leaps every few years driven by demand surges, new technologies and population growth. The artificial intelligence (AI) revolution and Hyperscale computing systems—such as the cloud services of Google, Amazon, and Microsoft—create demand for the transfer of large amounts of data and for the constant upgrading of the communications system. This propels developments in the realms of large data centers, server farms, and appropriate communications networks.

International communications networks are essential for transferring information between regions and continents, and for responding to current demand trends that are growing rapidly. Network connection is achieved via optical fibers in most of the world (except for very remote regions relying on satellite communications).

Currently, Israel is connected to the world by three subsea cables laid in the Mediterranean Sea, between Israel and Europe, and they constitute the communications arteries that connect Israel to the large communications centers in Europe and the world:

- JONAH – Israel-Italy, established in 2011.
- MedNautilus (MN) – Israel-Italy, established in 2001.

- Tamares – Israel-Cyprus, established in 2011.

Also planned is a subsea cable that will connect Israel with Italy: the BlueMed cable, owned by the Telecom Italia company. This cable is part of the Blue-Raman venture led by Google and Telecom Italia, whose purpose is to establish infrastructure that will connect India to Europe, through the Middle East and Israel.

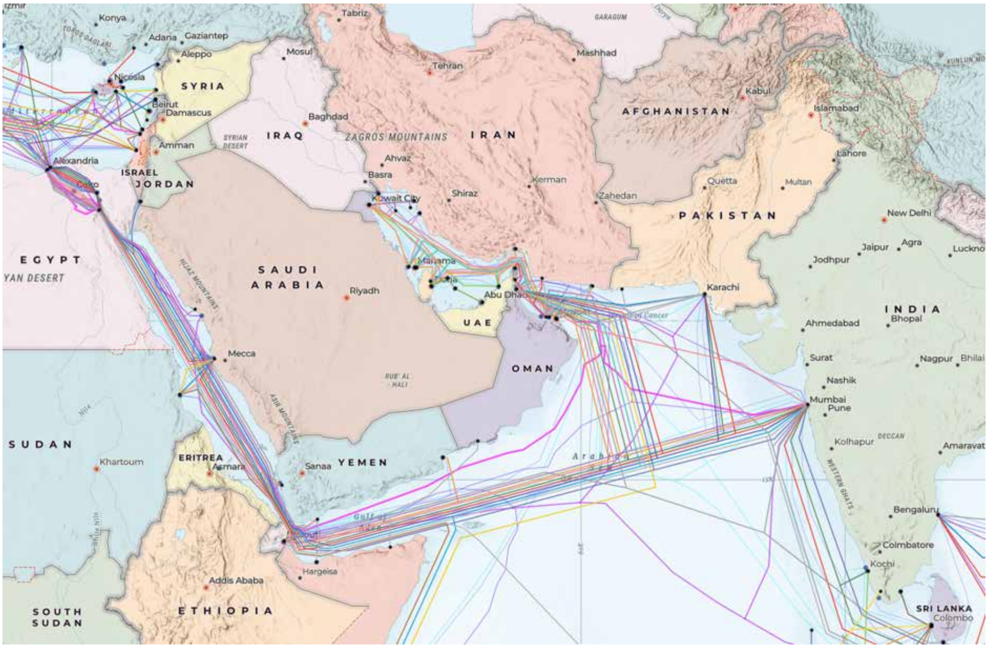
The BlueMed cable has meanwhile been laid between Italy and Greece, and when completed will also reach the landing station in Tel Aviv, although this completion is conditional on the security situation in the region. The overland part of the cable, which runs from the landing station in Tel Aviv to the Rabin border crossing (Arava), is currently laid together with the infrastructure of the Bezeq company, and according to the plan, it will pass from there eastward through Jordan and Saudi Arabia to the Persian Gulf and to India.

In addition to these, further initiatives for laying communications cables at sea are being explored.

3.1 The Need for an Overland Communications Corridor on the East-West Axis, as an Alternative to the Red Sea

Connection routes between India and China, through the Gulf states, to Europe, have an important role in the international communications system. However, as can be discerned from the map below, the Red Sea presents a bottleneck that will significantly hinder its operation.

FIGURE 6. MAP OF SUBSEA CABLE ROUTES FROM EAST TO WEST



Source: INSS. This map is updated occasionally. The updates and all the layers at various scales can be reviewed at the link: https://experience.arcgis.com/experience/9a475ca3f5914a1ea5fcab6a41fa501c/page/Page?views=Map-Layers

The Red Sea bottleneck is created due to several factors:

- Dependence on passage through Egypt and the Suez Canal.
- Intensive maritime ship traffic along the Red Sea and the Suez Canal will increase the risk of damage to subsea cables (anchor dragging, accidents), and thereby cause communications disruptions on a broad scale.
- Potential Houthi sabotage of communications cables in the area adjacent to Yemen, thereby not only damaging existing cables but also preventing new ones being laid.

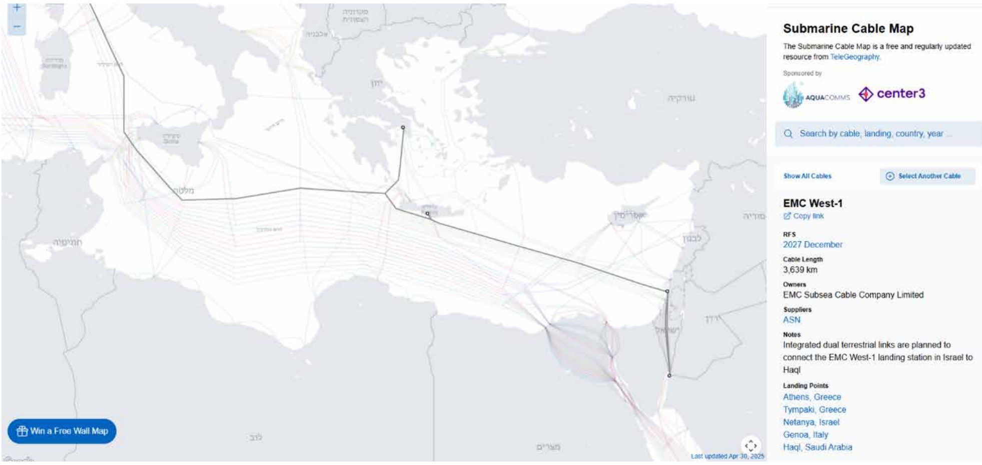
These factors, together with the dramatic growth in demand and the expected AI-driven growth, have led to the recognition of the need to establish an overland corridor for international communications, for the transmission of optical fibers from east to west, as an alternative to the congested maritime corridor exposed to risks passing through the Red Sea.

3.2 Saudi Arabia as a Regional Communications Junction and Israel's Comparative Advantage

Saudi Arabia's geographic location makes it a central link in the optical fiber corridor that will run from east to west, especially as the shift to overland routes increases. Saudi Arabia sees this as a strategic growth catalyst and is working to position itself as a regional digital hub. Within this framework, the East to Med Corridor (EMC) venture, which includes the connection of overland and subsea communications cables, between Saudi Arabia and Europe through Jordan and Israel, is being promoted as part of Mohammed bin Salman's vision. The realization of the venture is conditional on the completion of fiber infrastructures in Saudi Arabia, expected within two to three years, and their integration into extensive investments in the country – in data centers, artificial intelligence, and digital infrastructures. The EMC West 1 line is expected to achieve operational readiness toward the end of 2027.

The map below depicts the planned EMC West 1 line, which connects Saudi Arabia to Europe through Israel and Jordan. The expected date for its completion is the end of 2027.

FIGURE 7. THE PLANNED EMC WEST-1 LINE



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In addition to the EMC and Blue-Raman ventures, there are additional initiatives for the establishment of communications corridors of data cables, which are destined to connect East and West, and Jordan is to play an important role in their implementation. Already now there exist connections between Jordan and Israel, some of which even lead, through Israel, to the international network. These connections increase the resilience of Jordanian communications systems.

Likewise, in this field of communications, the coasts of Israel also serve as a maritime exit point for the Jordanians.

The establishment of an overland communications corridor between East and West is of great importance, because it holds many opportunities for Israel. These include the strengthening of ties between Israel and Saudi Arabia and additional states in the region, and the creation of infrastructure that will advance communications systems resilience in Israel. Israel's location along this overland axis grant it an advantage that has become even more significant in recent years due to the intensification of security risks arising at the bottleneck in the Red Sea and the Bab-el-Mandeb Strait.

3.3 Infrastructure Disparities and Central Barriers in the Field of Communications

Unlike energy and transport infrastructures, whose planning, initiation, and management are carried out by the public sector through government ministries and government companies, in the field of communications, these roles are led by the private sector. In order to enable optimal activity of this sector in the field, support is needed from the political echelon in Israel, which will establish systems of contacts with the Saudis and in particular with the decision-makers there.

In order to fully realize the potential inherent in creating international communications networks, it is necessary to create a statutory infrastructure that will enable private companies to act for this purpose, similar to the national plans being promoted by the Ministries of Energy and Transport in these fields. In addition, the state must provide security protection for the cables, and ensure that they have been properly laid and function appropriately, as with electricity or gas lines.

Alongside the specific disparities characterizing the various infrastructures, the absence of a governmental body to plan and coordinate all the infrastructure at the national level is also crucial. Such a body would establish infrastructure pathways to enable the combination of several types of infrastructure within the same corridor. Such planning and coordination have a number of advantages, among them: ensuring a comprehensive and optimal view of all the infrastructures; optimal utilization of land resources; pooling of time, effort, and money resources so that planning will be professional and efficient; prioritizing certain routes over others, and coordinating contact with neighboring states, in order to create an optimal connection of the infrastructure corridors to the destination countries.

CENTRAL DÉSIDÉRATA AND BARRIERS TO THEIR EXECUTION

Désidérata by Type of Infrastructure

Noting the main disparities in the types of infrastructure and the challenges they pose, and identifying the main stakeholders relevant to closing these gaps

Infrastructure Type	Detail	Main Challenges and Gaps	Main Stakeholders	Comments
General	General	• Need for a national coordinating body for the efficient and optimal advancement of corridors enabling the integration of several infrastructures and the setting of priorities	• Prime Minister's Office • Ministry of Foreign Affairs • Ministry of Energy • Ministry of Transport • National Planning Committees	
Transport	Railway tracks – completion of the "Tracks for Peace" plan from the Jordan River to the Port of Haifa	• Completing the track up to the border with Jordan (passengers and freight) and establishing the Jordan River station in accordance with approved plans • Direct connection from the Valley track to the quays of the Port of Haifa (National Outline Plan 172) • Doubling the track and adding stations in accordance with the existing plan • Establishing an operational depot • Detailed planning documents for the above items • Absence of railway infrastructure in Jordan	• Ministry of Transport • Ministry of Finance • Israel Railways • IPC • National Infrastructure Committee • Shipping and logistics companies (among others from the Gulf states) • Jordanian and inter-Arab companies with an interest in exporting to Europe	Most of the statutory infrastructure has been completed, and detailed planning, budgeting, and execution are required.

Infrastructure Type	Detail	Main Challenges and Gaps	Main Stakeholders	Comments
	Jordan River border crossing	• Israeli trucks are not permitted to cross into Jordan due to an exclusivity agreement. Jordanian trucks are not permitted to enter Israel. • Expanding capacity up to 500 trucks a day • Expanding the access road and inspection capacity • Developing 50 dunams of the terminal area that are not yet exploited for operational needs • Completing the planning and execution for establishing an additional bridge, so that there will be three lanes for incoming trucks • Expanding the terminal area – a plan that needs to be advanced	• Airports Authority • Israel National Roads Company	
	"Rabin" ("Arava") border crossing	• Planning for a significant expansion of the terminal and regulating transport access to and from it	• Airports Authority • Israel National Roads Company	This border crossing has no comparative advantage at this stage

Infrastructure Type	Detail	Main Challenges and Gaps	Main Stakeholders	Comments
	Roads	• Strategic planning of Israel's roads for future trade with neighboring states, and as part of the IMEC axis, in parallel with the track infrastructure and to complement it • Significant upgrading of the main roads along the trade axes (71, 66) in the absence of railway infrastructure • Expanding Route 90 for the establishment of a southern trade axis, an alternative of lesser efficiency	• Ministry of Transport • Israel National Roads Company	
	Port of Haifa	• Developing the port's surrounding area in accordance with the approved plan, and examining the expansion of the areas required for the logistical areas. • Direct track connection from the Valley track to the quays of the Port of Haifa (National Outline Plan 172) • Preserving the "fertilizer extension" (an extension of the railway to the Port of Haifa) which may be cancelled in the detailed planning	• Ministry of Transport • IPC • Planning Committees • Israel Railways	The Port of Haifa can handle the projected volume of cargo in the realization of the IMEC trade axis, with relatively minor changes.

Infrastructure Type	Detail	Main Challenges and Gaps	Main Stakeholders	Comments
	Port of Eilat	• Planning and developing the Port of Eilat to accommodate containers • Transport connection from the Port of Eilat northward	• Ministry of Transport • IPC • Planning Committees • Israel Railways • Nature and Parks Authority • Ministry of Environmental Protection • Eilat Municipality	Due to the sensitivity of the Gulf of Eilat, the planning and execution challenges, and the relatively low scope, this alternative is less attractive when compared to the "Tracks for Peace" alternative.
	Airports	• Agreements, no physical inhibitors	• Ministry of Transport • Civil Aviation Authority • Ministry of Foreign Affairs	
Energy	Electricity	• Setting policy on connection to a regional electricity grid • Bridging regulatory gaps in the electricity economies of the states • Strategic planning for a cross-border electricity grid • Completing the planning of the subsea electrical cable to Cyprus • Initiating planning (in accordance with policy setting) for connections eastward	• Government • Ministry of Energy • Noga • Israel Electric Corporation • Private electricity producers (IPPs) • Ministry of Foreign Affairs	

Infrastructure Type	Detail	Main Challenges and Gaps	Main Stakeholders	Comments
	Gas	• A statutory infrastructure exists for gas transmission to and beyond the borders of the state – eastward, westward, and southward, but comprehensive strategic planning for creating an inter-state regional transmission network is lacking	• Ministry of Energy	
	Hydrogen	• Lack of knowledge and technology for high-quality and cheap hydrogen production • Uncertainty • Regulatory framework: formulating standardization/ safety order/risk survey	• Ministry of Energy	
	Combined infrastructure pathway	• Extending the planned combined pathway for establishing infrastructures up to the connection with Jordan, in a manner that would enable connection to Saudi Arabia • Planning additional infrastructure pathways	• Ministry of Energy • Israel Land Authority (opposed) • Infrastructure companies • National planning institutions	The flow of fuels and oil are to be excluded from the infrastructure pathways

SUMMARY: ISRAELI-SAUDI NORMALIZATION AS PART OF A NEW REGIONAL ORDER

UDI DEKEL AND GAL SHANI*

Normalization between Israel and Saudi Arabia has the potential to be a central building block in the expansion and deepening of the Abraham Accords, and to reshape the regional order in the Middle East. The deal signed in 2025, between the United States and Saudi Arabia, with its security, economic, and technological components, created a new strategic framework. Within this framework, weapons purchases and commitments for large-scale Saudi investments in the United States were agreed upon. Likewise, a framework for civilian cooperation in the nuclear field was advanced.[1] Alongside these, understandings were reached in the fields of artificial intelligence, cloud technologies, and cooperation around supply chains of critical minerals, which were intended to provide Saudi Arabia access to advanced systems while preserving American protection of sensitive technologies. Saudi Arabia thus received from the United States the main strategic dividends that it sought, including security, advanced weaponry, political backing, and technological investments.

The campaign against Iran ("Rising Lion") demonstrated in practice the vital importance of American military presence in the Arabian Gulf region. Ostensibly, the perception of a shared threat from Iran was strengthened,

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1 "Fact Sheet: President Donald J. Trump Secures Historic $600 Billion Investment Commitment in Saudi Arabia," The White Houde, May 13, 2025.

constituting a potential basis for broader regional cooperation. However, the Gulf states' concern at establishing overt security cooperation with Israel persists.

These developments signal to Israel that a delay in integrating into regional processes and projects may leave it outside the circles of cooperation, and adversely affect the terms of its integration into the emerging regional space. It must therefore prove its readiness for integration into regional processes and projects, and its ability to make a real contribution to them. Israel's participation in this new strategic framework requires the establishment of normal relations with Saudi Arabia, but the latter makes normalization conditional on advancing a political process in the arena of the Israeli-Palestinian conflict.

In the absence of a realistic political horizon for the conflict, the halting of territorial annexation moves in Judea and Samaria, the strengthening of the Palestinian Authority, and the establishment of a sustainable technocratic governance model in the Gaza Strip, not only will the normalization process be delayed and even falter, but Israel also risks being pushed out of a regional ecosystem of investments, infrastructure, energy, data, and AI. In this sense, regional infrastructure initiatives, headed by IMEC, take on added significance: They are no longer merely economic projects, but a test of Israel's integration into the new regional order. In the absence of a strategy for Israeli integration into regional projects, and without addressing planning and infrastructural bottlenecks, there is a risk that Israel will be excluded from the regional trade axes, supply chains, energy, and data arrangements that hold the potential for prosperity and growth in the coming decades.

The United States plays a central role in Israel's integration into regional economic and technological initiatives. A new approach of the Trump administration is discernible, such that the United States has transformed from an ad hoc mediator, to the shaper of a broad regional framework, within which Israel is expected to adapt its policy to the demands of the regional partners, headed by Saudi Arabia and the United Arab Emirates. This reflects a concept in which the United States promotes normalization for Israel, on the basis of establishing a new and broad regional order, which extends even beyond the boundaries of the Middle East, and expects Israel to integrate into it in a constructive manner. Israel's ability to integrate into the emerging regional system, and in particular, to advance normalization with Saudi Arabia, will therefore be examined not only according to its military strength, but also in accordance with its ability to convert strategic advantage into a gradual political process.

MAIN RECOMMENDATIONS FOR ISRAEL: OUTLINING STRATEGIES, PARTICULARLY ECONOMIC, FOR THE PURPOSE OF ADVANCING NORMALIZATION WITH SAUDI ARABIA

1. **Establishing a governmental coordinating body for regional cooperation and infrastructure connections for transport, energy, and communications.** Israel currently lacks a national, authoritative coordinating body, which brings together the planning, prioritization, and establishment of corridors enabling the integration of infrastructures (transport, energy, and communications), that will connect Israel to its regional neighbours. It is therefore recommended to establish a dedicated unit that will be responsible for advancing such regional corridors, including the planning of tracks, land crossings, green energy projects, and data connections. The basis for the connection is the Israel-Jordan-Saudi Arabia-United Arab Emirates corridor, which could include several routes. To establish this national body, a government decision is required that will clearly define the identity of the coordinating body, its authorities, and its responsibility, and will lead to the preparation of statutory planning, the allocation of budgets, and the coordination of inter-ministerial and international cooperation. Creating a national statutory framework will provide a clear and uniform regulatory framework, and will enable the private sector to act quickly and efficiently.

2. **Advancing normalization by strengthening the private sector to deepen informal business ties and build an infrastructure of interests**. Alongside official diplomacy, Israel should encourage trilateral activity of American and Israeli companies who will work together and in coordination with each other on projects in Saudi Arabia and in Arab states, in the fields of cyber; cloud and artificial intelligence; desert agriculture; renewable energy; water and health, all in accordance with the goals of Saudi Arabia's "Vision 2030." The involvement of the private sector will help advance shared interests, and will create an economic lobby supporting regional integration, which, if realized, will increase the future economic price of retreating from it.
3. **Focusing on sectors in which Israel has a comparative advantage and clear added value**. Israel should define a limited number of sectors in which it has a clear comparative advantage, and which overlap with the needs of Saudi Arabia. These could include cybersecurity; data centers; artificial intelligence; renewable energies; water and desalination technologies; agriculture; health and tourism. In these fields there is a close fit between Israel's technological and applied advantages, and Saudi Arabia's needs. Therefore, early investment in planning, the development of appropriate products, and joint financing frameworks, will help present tangible benefit to the Saudi side, alongside the establishment of a "symbolic peace."
4. **Formulating an overarching Israeli strategy for IMEC and regional corridors.** Israel must act quickly to anchor its standing within the economic and technological frameworks shaping the new regional order, headed by regional corridors such as IMEC. The establishment of these corridors will determine whether Israel will be a central connecting link within the framework of the project or will remain outside it, if the alternative corridors offered by the competing states—Jordan, Syria, Turkey, and Egypt—are chosen. In this context, Israel should translate its security advantage

into an integrative regional policy, and to adopt a narrative of a partner that encourages stability, growth, and partnership, with proven defense capabilities for strategic sites and routes. At the same time, it must quickly deal with removing the critical infrastructural bottlenecks that currently exist, by completing the expansion of the Jordan River crossing and the railway track from that crossing (including the Jordan River station and cargo terminal) to the Port of Haifa quays. Likewise, Israel must plan roads and ports in accordance with regional standards, while allocating resources for this, and meeting timetables. Within the framework of comprehensive planning for the establishment of these corridors, infrastructural projects that can also be realized independently, and are not dependent on the completion of the broad regional framework, should be advanced. We recommend presenting the economic viability of each of these projects separately, since the political, economic, and security uncertainty in broad-scale regional projects may delay and even prevent investments.

5. **Gradual anchoring of normalization with Saudi Arabia in a strategic agreement shared by Israel, Saudi Arabia, and the United States.** Israel should strive to sign a deal with the United States and Saudi Arabia together, which would include full normalization to be advanced gradually, along with the integration of Israel into regional infrastructure and trade corridors, and into security, technological, and economic cooperation. In exchange for this integration, Israel will take gradual political steps vis-à-vis the Palestinians. Saudi Arabia, for its part, is interested primarily in dividends from the United States (security; civilian nuclear; weapons and technology), and therefore Israel must adapt itself to a broad "strategic deal," and not settle for a merely technical agreement. Within this, it must tie normalization to promises that it will be given: Saudi Arabia should promise Israel preferred status in the fields of artificial intelligence; chips; cyber and cloud; while American will promise strict oversight and control

mechanisms, in order to preserve the Israeli qualitative advantage, both military and technological (QME; QTE).

6. In the absence of a realistic political horizon, the normalization process with Saudi Arabia is expected to falter, and Israel risks being pushed out of regional infrastructure corridors, including IMEC and additional regional mega-projects. Israel should therefore announce its readiness to take measurable and credible steps vis-à-vis the Palestinians, including a halt to de facto annexation moves in Judea and Samaria, strengthening the Palestinian Authority, and advancing a technocratic governance model in the Gaza Strip, linked to the Palestinian Authority. These will enable the Arab partners to justify the normalization moves in the eyes of their publics.
7. **Investing in public diplomacy and building a cultural bridge vis-à-vis conservative Saudi society**. Saudi society is more conservative than that of the United Arab Emirates, and its religious establishment is stricter. Israel should therefore develop a long-term program of educational; academic; interfaith; and tourism ventures (including religious tourism), with a modest and respectful approach. This will contribute to lowering public barriers and to preserving the legitimacy that is important to Riyadh in concluding any deal between the kingdom and Israel.

The expansion and deepening of the Abraham Accords, including the normalization of relations between Israel and Saudi Arabia, are not merely a political goal, but a strategic move with broad implications for the political, economic, and regional future of the State of Israel. Against the background of the transformations occurring in the region, and in light of the window of opportunity that has opened for a regional settlement following the Swords of Iron war, Israel has a historic opportunity to shape a new regional partnership resting on mutual security, economic, infrastructural, and technological interests. Although the normalization process with Saudi Arabia has faltered and the political challenges—headlined by the Palestinian issue—have intensified since the war, the possibility of expanding the Abraham Accords and establishing official relations with Saudi Arabia remains on the agenda.

This memorandum examines the opportunities and challenges involved in normalization between Israel and Saudi Arabia in the fields of high-tech, energy, and cyber, and in the development of trade, transport, and data corridors. Its purpose is to present policy recommendations and courses of action to the Government of Israel, for the purpose of realizing the strategic opportunity for the integration of the State of Israel into the Middle East and for the expansion and deepening of the Abraham Accords, as part of a long-term move to promote regional stability, prosperity, and integration.

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