The MENA2050 Regional Vision Team

Note 1



Can the Middle East Emulate Europe's success in Using Economic Integration as a Vehicle for Peace ?

Authors: Omar Al- Ubaydli, Layal Alghoozi, Noora Alozaibi, Arnon Bersson, Noor Elgallal, Ben Grischeff, and Munya Yusuf; with support by ChatGPT

March 2024

The MENA2050 Regional Vision Team Note 1

Can the Middle East Emulate Europe's Success in Using Economic Integration as a Vehicle for Peace?

March 2024

Authors: Omar Al-Ubaydli, Layal Alghoozi, Noora Alozaibi, Arnon Bersson, Noor Elgallal, Ben Grischeff, and Munya Yusuf.

Designers: Karim Al-Nassar, Hayvi Bouzi.

Acknowledgments: We wish to thank Eli Bar-On and Anissa El Kettani for their support throughout this project. We are especially grateful for the 10 participants who shared their perspectives with us.

Table of Contents

Executive Summary 2
Introduction 4
1. A Primer on the Classical Liberal Theory of International Relations 5
    1.1. The Theory 5
    1.2. Post-WWII Europe 6
    1.3. 21st Century Efforts within the Middle East 8
2. Contemporary Stakeholder Perspectives in the Middle East 9
    2.1. Interview Questions 9
    2.2. Interview Participants 10
    2.3. Responses 10
3. Synthesis 54
Conclusion 61
References 62

Executive Summary

Many leading policymakers inside and outside the MENA region promote the use of economic integration as a way of decreasing violent conflict in the MENA region. This is often accompanied by comparisons to the European Union and its progenitors, which deployed economic integration as a primary vehicle for the promotion of peace following centuries of bloody internal conflict.

This note explores the plausibility of the idea that the MENA region can emulate Europe's success in using economic integration as a vehicle for peace. It combines a light review of the relevant academic literature with insights gained from in-depth, semi-structured interviews with 10 experts who are either from the region, or who have in-depth knowledge of the region. A full description of the method can be found in Note 0, including information about the authors and MENA2050. The key conclusions are as follows.

Conclusion 1: The theoretical literature - most notably the Classical Liberal intellectual paradigm - provides us with a plausible set of reasons for thinking that economic integration can act as a vehicle for promoting peace.

Conclusion 2: The world's experience over the course of the last three centuries gives many examples of a positive association between economic integration and peaceful coexistence, supporting the theoretical predictions of the Classical Liberal paradigm.

Conclusion 3: The rhetoric of many policymakers in the MENA region - and those from outside it when talking about the MENA region - suggests a widespread belief that economic integration is a viable conduit for de-escalating conflict in the MENA region.

Conclusion 4: Experts generally but not unanimously find the idea that economic interlinkages increase the cost of war thereby disincentivizing it to be a plausible foundation for MENA-related proposals. However, applying this principle crudely - for example by insisting that two countries engaged in a violent conflict increase their mutual trade and investment - can be ineffective and may even be counterproductive. In other words, there exist important qualifications due to the perceived naivety of the Classical Liberal paradigm. These qualifications - some of which are universal, and some of which are specific to the MENA region - must be acknowledged. They include the need for a symmetric economic relationship, a higher degree of separation between economic and political elites than is currently found in most MENA countries, and a willingness to acknowledge historic injustices in tandem with a desire to deepen economic ties.

Conclusion 5: Experts generally agree with the idea that direct, personal contact can help people overcome negative stereotypes and soften their views about people from an "enemy country". However, maximizing the effectiveness of this approach requires embedding these relations in an attempt to tackle shared problems that are caused by external factors. Moreover, in the case of straightforward trade, it needs to occur in a manner that involves human contact, which is not a given in 2024 in light of electronic trade. An additional important qualifier is that even if personal contact between people can engender mutual affinity, the political

disconnect between policymakers - who make decisions about war - and ordinary people means that this affinity might not meaningfully affect decisions on violent conflict.



Conclusion 6: Experts generally believe that non-state actors - especially in the current configuration in the MENA region - are a disruptive force that limits the ability to use economic integration as a way of promoting peace.

Conclusion 7: Experts believe that the threat of economic dependencies being exploited in a conflict is a significant barrier to using economic integration as a vehicle for peace, in general and in the MENA region in particular. This affirms the importance of both building trust slowly, and of decoupling economic pillars from political ones.

Conclusion 8: Beyond the postwar European experience, experts cite ASEAN as a positive example that the MENA region should look to learn from as they use economic integration as a promoter of peace.

Conclusion 9: Experts generally agree with the proposition that a minimal level of security and trust is required for economic integration to function as a promoter of peace, and that in the MENA region, this threshold is frequently unmet.

Conclusion 10: Experts are generally pessimistic about the idea of using bilateral economic integration between Israel and Palestine as the departure point for a post-conflict reconciliation. They believe that little can be achieved unless Palestine is first given political sovereignty. An alternative approach would be regional economic integration, possibly spearheaded by a fresh generation of leaders for both sides.

Introduction

Following centuries of major wars culminating in WWI and WWII, Europe earned a reputation as the world's most violent region. Presently, the success of the European Union (EU) in fostering peace for over 70 years has relieved the continent of this negative characterization, with the baton unfortunately being transferred to the Middle East. During the first 20 years of the new millennium, over a third of the world's armed conflicts occurred in the MENA region, resulting in chronic problems of insecurity (Al-Ubaydli, 2023). At present, at least four Middle Eastern countries are experiencing civil wars (Libya, Sudan, Syria, Yemen), with non-state actors contributing to quasi-interstate wars in several additional parts of the region.

The headline impact of this propensity to engage in mass, organized violence is the death toll, with millions of the region's residents - including many civilians - dying in these conflicts. Moreover, the wars result in the destruction of critical infrastructure, and reinforce capital holders' reluctance to make long-term investments, resulting in diminished living standards for those fortunate enough to escape the violence. In the 2021 United Nations Human Development Index, the average score for the Arab states was 0.71, lower than the global average of 0.73, including lower scores in each of the constituent sub-indices (health, education, material living standards), reflecting the fallout from this chronic state of intra-regional conflict. The adverse consequences extend well beyond the Middle East: the stability of global energy supplies is perpetually under threat, and the conflicts result in the displacement of millions of MENA residents in a manner that creates socio-political challenges for neighboring countries.



Figure 1: Jerusalem

Accordingly, a natural question that many inside and outside the region pose is: can the MENA region replicate Europe's successful transition from a state of internal conflict to a state of internal peace? Stakeholders from a wide variety of backgrounds looking to draw inspiration from the European experience have designed MENA-focused proposals emphasizing the positive role that economic integration can play in fostering peace. For some, this has been an exercise in inductive inference, as they identify what retrospectively appear to be the most important contributors to the success of the European project. For others, the ideological and theoretical persuasiveness of the Classical Liberal theory of international relations is the source of their conviction, with the European project serving as a compelling manifestation of how mutual commerce, investment, and economic migration can create productive relationships resistant to the overtures of war.

This note seeks to answer the question: can the Middle East emulate Europe's success in using economic integration as a vehicle for peace? Put differently, should we take seriously the arguments made by senior policymakers inside and outside the region about the desirability of economic integration as a means for defusing conflict? This note combines academic sources with original data gathered from personal interviews with key MENA stakeholders. It is the first in a series created by the non-governmental organization MENA2050. More details on the method used and on the purposes of this project can be found in the accompanying background note.

Section 1 of this note provides readers with a brief primer on the Classical Liberal theory of international relations based on the academic literature. Section 2 presents the views of contemporary stakeholders drawn from a series of face-to-face interviews. Section 3 synthesizes the findings.

1. A Primer on the Classical Liberal Theory of International Relations

1.1. The Theory

The Classical Liberal Theory of International Relations posits several key predictions regarding global interactions. Firstly, it predicts that the prevalence of liberal democracies leads to increased peace and cooperation among nations (Doyle, 1983). This assertion is grounded in the idea that states with enhanced political pluralism, characterized by shared norms and decision-making processes, are less inclined to engage in armed conflict with one another (Kant, 1795). Additionally, the theory predicts that the promotion of free trade and economic interdependence between nations fosters mutual prosperity while reducing the likelihood of war, as states become economically reliant on each other's stability (Smith, 1776).

Key figures associated with the theory include Immanuel Kant, whose seminal work on perpetual peace laid the foundation for democratic peace theory and emphasized the importance of shared democratic governance in fostering international harmony (Kant, 1795). Adam Smith, an influential economist,

championed the virtues of free trade and economic liberalism, arguing that economic interdependence serves as a catalyst for peace and prosperity among nations (Smith, 1776). Additionally, Woodrow Wilson's advocacy for self-determination and multilateral cooperation played a crucial role in shaping the post-World War I international order, underscoring the significance of collective security and diplomatic engagement in averting future conflicts (Wilson, 1919).



Figure 2: The Classical Liberal philosopher Immanuel Kant

The theory advances various mechanisms underlying predictions in global interactions (Doyle, 1983). At its core lies the Democratic Peace Theory, which suggests that nations with greater political openness tend to avoid armed conflict due to shared norms and decision-making processes prioritizing peace (Rousseau, 1762). Economic Interdependence is another crucial mechanism, arguing that deepening economic ties and free trade agreements between nations will foster mutual prosperity and stability while reducing the likelihood of conflict (Smith, 1776). Classical liberals emphasize the role of Institutional Diplomacy, advocating for international institutions to facilitate diplomatic negotiations and conflict resolution, thereby building trust among states (Wilson, 1919). Furthermore, the theory highlights Normative Frameworks, promoting peace and cooperation through shared values such as politically inclusive governance, individual rights, and the rule of law (Kant, 1795).

1.2. Post-WWII Europe

Following the devastation of World War II, Europe embarked on a transformative journey towards peace and prosperity, leveraging economic integration as a cornerstone of this endeavor (Smith, 2003). Through the lens of Classical Liberal Theory of International Relations, the European integration process epitomizes the efficacy of economic interdependence in mitigating historical animosities and fostering cooperation among nations (Keohane & Nye, 1977).

Classical Liberal Theory states that economic interdependence, facilitated by free trade and market principles, engenders mutual benefits that incentivize nations to prioritize peaceful coexistence over conflict (Doyle, 1983). In the aftermath of World War II, European leaders recognized the imperative of breaking the cycle of violence that had plagued the continent for centuries. To achieve this, they pursued economic integration as a means to bind together erstwhile adversaries within a framework of cooperation and shared interests.

The establishment of the European Coal and Steel Community (ECSC) in 1951 marked a seminal moment in this endeavor (Moravcsik, 1998). By pooling vital resources under supranational governance, France and Germany, traditional rivals, took a significant step towards economic cooperation. This integration not only fostered economic growth but also laid the foundation for broader European unity.

likelihood of conflict between member states. Over time, the European Union (EU) emerged as a multifaceted initiative, encompassing not only economic integration but also political collaboration and shared values.

The expansion of the EU in the late 20th and early 21st centuries provided additional examples of how economic integration

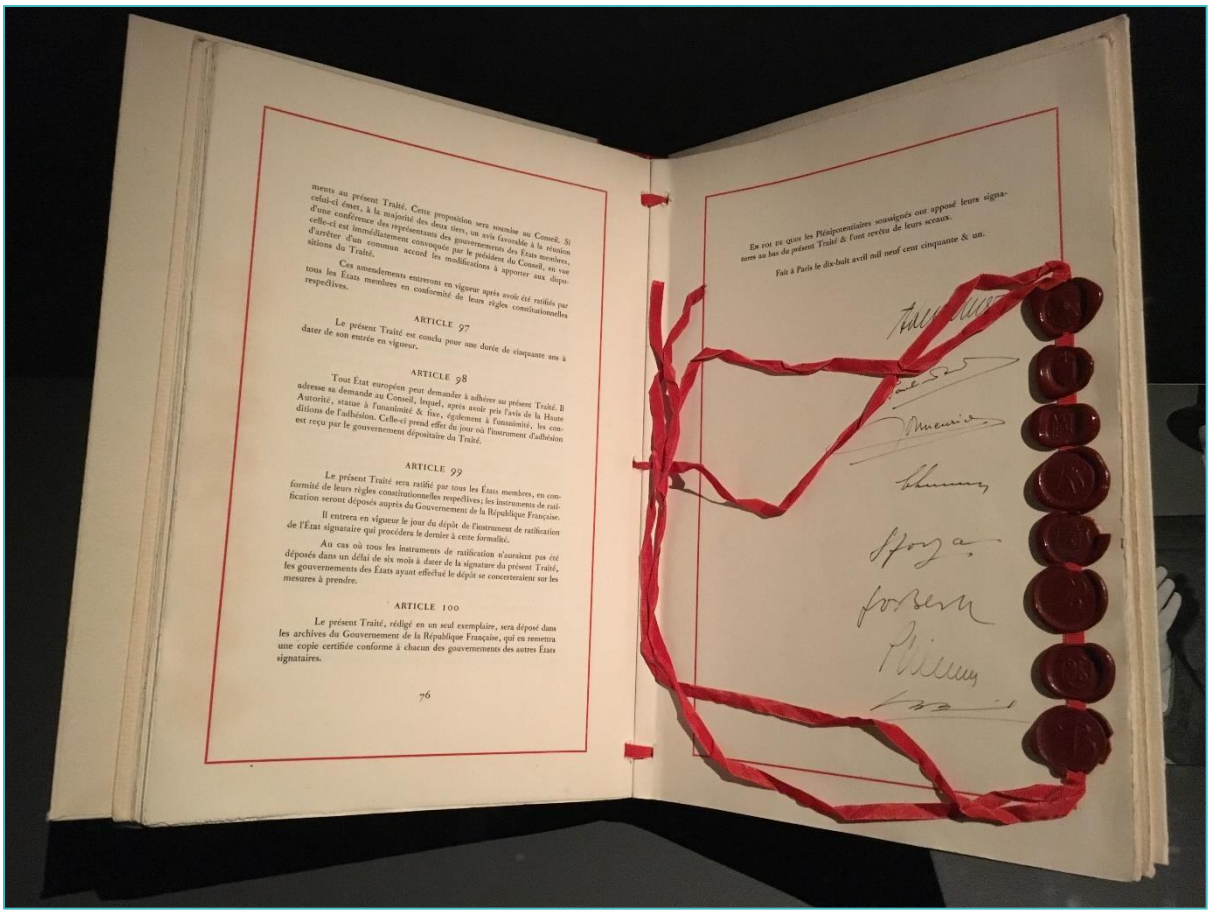


Figure 3: The Treaty of Paris, establishing the European Coal and Steel Community in 1951

Subsequent developments, such as the formation of the European Economic Community (EEC) in 1957 through the Treaty of Rome, further deepened economic ties among European nations (Haas, 1958). The EEC's commitment to the free movement of goods, services, capital, and labor promoted economic interdependence, thereby reducing the

promoted peace. The accession of former Eastern Bloc countries, such as Poland, Hungary, and the Czech Republic, demonstrated how integration into the EU framework encouraged positive changes and stability in regions previously plagued by authoritarianism and instability (Zielonka, 2006).

Through adherence to Classical Liberal principles, Europe has leveraged economic integration as a mechanism to transcend historical enmities and foster enduring peace (Mearsheimer, 1990). By intertwining their economies, European nations created a web of mutual dependency, wherein the costs of conflict outweighed any potential benefits. In doing so, they exemplified the transformative power of economic cooperation in overcoming centuries of violent discord and building a more harmonious future.

1.3. 21st Century Efforts within the Middle East

Efforts within the Middle East in the 21st century have been shaped by the principles of Classical Liberal Theory of International Relations, Post-2011, the Middle East and North Africa (MENA) region saw attempts aimed at leveraging these principles, albeit with varying degrees of success.

In Tunisia, following the Arab Spring, strides were made towards greater political representation with free and fair elections, leading to the establishment of a more pluralistic political landscape (Hinnebusch, 2015). Likewise, Egypt pursued economic liberalization measures, such as privatization and deregulation, to attract foreign investment and spur economic growth (Fawcett, 2017).

The Abraham Accords serve as another pertinent example of leveraging the theory in the MENA region. Signed in September 2020, normalized diplomatic relations between Israel and several Arab states, including the United Arab Emirates and Bahrain. The accords emphasized economic cooperation, regional stability, and a departure from traditional hostilities, reflecting principles of liberal internationalism (Makovsky, 2021).

Furthermore, economic projects in the MENA region have been established based on these principles. For instance, the Gulf Cooperation Council (GCC) countries have launched various infrastructure projects aimed at promoting economic development and regional integration. The King Abdullah Economic City in Saudi Arabia (KAEC) and the Khalifa Industrial Zone in Abu Dhabi (KEZAD) are prime examples of initiatives focused on attracting foreign investment, fostering innovation, and creating job opportunities (World Bank, 2022).



Figure 4: Shaykh Muhammad bin Rashid Al-Maktum, Prime Minister of the UAE

Political leaders across the region have voiced support for these endeavors, emphasizing their potential to bring about positive change. Sheikh Mohammed bin Rashid Al-Maktoum, Vice President and Prime Minister of the United Arab

Emirates, stated, "The global economy is built on the foundations of openness, freedom, and competitiveness. We are working to strengthen these foundations in our region to ensure a better future for our youth" (Al-Maktoum, 2019). Similarly, President Abdel Fattah al-Sisi of Egypt remarked, "Economic progress and political stability go hand in hand. By fostering an environment of economic freedom, we pave the way for greater prosperity and societal advancement" (Al-Sisi, 2018). In line with these sentiments, Crown Prince and Prime Minister of Saudi Arabia Mohammed bin Salman Al-Saud (MBS) highlighted the importance of seeking common ground, in regards to KSA-Iran rapprochement, stating, "We have had a long fight with Iran, since 1979. We don't want that to be the norm in the Middle East. If there is an opportunity to shift and lead to prosperity and common interests working with Iran to work together with the Arab world and the Middle East region, then why not?" (MBS, 2023).

While efforts to apply Classical Liberal Theory in post-2011 MENA have faced major hurdles, particularly in the promotion of more pluralistic political institutions, they or an adapted version of them, remain crucial for promoting stability, economic prosperity, and open societies in the region. Sustained commitment from both regional and international stakeholders is imperative to overcome challenges and fulfill the potential of these initiatives.

2. Contemporary Stakeholder Perspectives in the Middle East

Note: for a full description of the protocol used for conducting these interviews, selecting the participants, etc., please refer to the accompanying background note.

2.1. Interview Questions

Preamble: The classical liberal theory of international relations argues that when a group of countries integrates economically, the likelihood of violent conflict between those countries decreases. The exemplar in this regard is the European Union, which started with the European Coal and Steel Community and has avoided an internal war for over 70 years. Many have used this theory to argue that further economic integration in the MENA region can act as a vehicle for defusing conflict, with energy trade projects often being at the heart of such suggestions.

Question 1: The first proposed mechanism is that when economies integrate, that creates a shared interest in avoiding violent conflict, because violence disrupts commerce. For example, two countries that trade a lot will suffer a lot more from a war than two countries that have no economic relations. Do you think that this is plausible in the case of MENA countries?

Question 2: The second mechanism is the doux commerce theory, i.e., the belief that when people engage in commercial exchange, this makes them more likely to view one another favorably. For example, when people from different creeds meet in major capital to trade profitably, this

creates mutual affinity; it is harder to demonize people you engage with in a way that benefits both sides. Do you think that this is plausible in the case of MENA countries?

Question 3: Does the prevalence of powerful non-state actors in some parts of the region affect the proposed relationship between economic integration and peace?

Question 4: Some MENA countries are cautious about integrating economically with neighbors because they fear that if there are economic dependencies, this will create opportunities for economic coercion via the threat of suspending trade. This is especially salient in the case of energy trade. Do you think this is a serious problem for proponents of using economic integration to advance peace in the MENA region?

Question 5: The European example is very old. Can you think of recent examples - inside or outside the region - where economic integration has been conducive to peace?

Question 6: Skeptics often say that a minimal level of security and trust is necessary for economic integration to operate as a vehicle for peace, and that in much of the MENA region, this threshold is yet to be passed. What do you think about this?

Question 7: The current Israeli-Palestinian conflict is arguably the most challenging one in the MENA region. Do you think that - once military operations in Gaza slow down significantly - economic integration between Israel and Palestine is a good place to start? Or are there certain other conditions that must be realized first before anyone can think about economic integration as a vehicle for peace in that conflict?

Question 8: Do you have any other comments/suggestions?

2.2. Interview Participants

1. Hesham Beshara, Egypt, Businessman.
2. [Anonymous], Kuwait, Researcher.
3. Gedaliah Afterman, Israel, Researcher.
4. Cinzia Bianco, Italy, Researcher.
5. [Anonymous], Lebanon, Researcher.
6. Sara Bazoobandi, Iran, Researcher.
7. Ariel Ezrahi, Israel, Researcher.
8. Riad Khouri, Jordan, Researcher.
9. Gaith Al-Omari, Jordan, Researcher.
10. [Anonymous], Egypt, Researcher.

2.3. Responses

This section presents partially abridged but still lengthy responses to the questions. Readers who are interested in the main findings should skip to section 3 (synthesis).

***Question 1**: The first proposed mechanism is that when economies integrate, that creates a shared interest in avoiding violent conflict, because violence disrupts commerce. For example, two countries that trade a lot will suffer a lot more from a war than two countries that have no economic relations. Do you think that this is plausible in the case of MENA countries?*

Hesham Beshara (Participant 1): Reflecting on my experiences and drawing insights from historical examples, I affirm the crucial role economic interdependence plays in shaping international relations.

Take, for instance, the intricate dynamics between Egypt and Turkey. Despite political tensions arising from differing views on the Muslim Brotherhood, the economic bond between our nations not only endured but thrived. This exemplifies how economic interests often transcend political disputes, as evidenced by the recent normalization of these relations following Turkey's shift towards a more moderate stance. Such instances highlight the resilience of economic incentives in fostering reconciliation amidst diplomatic strains.



Figure 5: Defendants in the dock during the Nuremberg Trials

However, I believe it is vital to recognize that economic factors alone may not be sufficient in resolving entrenched conflicts. Consider the post-war reconciliation efforts in Europe, notably exemplified by Germany's journey towards acknowledgment and restitution following World War II. By facing their past wrongdoings, particularly towards the Jewish community, and undertaking reparative actions, Germany demonstrated a sincere commitment to reconciliation. This transformative process not only contributed to the healing of wounds but also laid the foundation for trust and stability in the region.

Applying these insights to the MENA region, where conflicts persist, shows the need for a comprehensive approach to peacebuilding. While economic incentives can facilitate dialogue, lasting peace requires more profound transformations, especially in contexts like the Israeli-Palestinian conflict. Here, meaningful progress hinges on transformative leadership, acknowledgment of historical injustices, and a genuine commitment to mutual understanding and coexistence.

In essence, sustainable peace in the MENA region, as elsewhere, necessitates genuine reconciliation efforts. Without addressing underlying grievances and fostering trust, the prospects for lasting peace remain uncertain. Thus, while economic ties can serve as diplomatic channels, they must be complemented by sincere efforts towards reconciliation and the cultivation of a culture of peace. I contend that without meaningful change in leadership on both sides, and a sincere commitment, sustainable peace will remain elusive.

Kuwaiti Scholar (Participant 2): I do think that, yes, violence disrupts commerce and I do think that countries that do trade with each other have more to lose. Yes, I do agree that countries that don't trade may or may not end up fighting harder, it's plausible. However, I don't believe in the classical liberal economic integration models. There are plenty of examples of countries that trade together end up going to war, therefore I don't think it’s a sufficient condition.

Gedaliah Afterman (Participant 3): I acknowledge the potential of applying theoretical frameworks in regional contexts, particularly highlighting the shift towards economic integration over military action in certain countries. Using the example of Iran, I suggest that this shift reflects a recognition of economic cooperation's effectiveness in managing tensions and promoting stability in the region. However, we should be cautious that while economic cooperation can be beneficial, it may not always prevent conflicts, and exceptions exist. Despite this, I would like to indicate that there are successful examples worldwide where economic cooperation has effectively contributed to conflict prevention and resolution.

Cinzia Bianco (Participant 4): I do think that this is plausible. However, I want to highlight two cases that go in the opposite direction. [Two examples of economic dependence being weaponized due to political conflicts]. It is important to say that when there are mutually strategic economic relations for two countries then the likelihood of conflict decreases, but if there is any asymmetric economic dependency, it actually provides new tools for conflict.



Figure 6: The Camp David Accords, 1978

Lebanese Scholar (Participant 5): Well, look this is like for sure for Europe had worked in creating the European Union. They brought together the French and the Germans, they linked their economies together through steel companies etc, and then they moved on to creating the European Union. For them, it worked so understandably they come and propose “the

more you have economic links, the more you will have peace and the end of violence". For the Americans, everything is about the dollar value for them. This is in their DNA. They understand the economy, they understand money, and they think they can buy everything with money. This is how they come to all meetings, to all negotiations, and to all mediations they do. They come and they say "you do this and there are economic values and benefit to it", they [Americans] are coming from an economic angle.

So basically, what we've seen in the Middle East and after the Oslo Accords, a lot of the American power was like "now the Palestinians will see the benefit of the peace with a thriving economy". Yet, it did not work. A closer look to why it did not work, there were books about the business of peace and now that all the economic empowerment were to be given in the West Bank and Gaza. I remember one article that said the EU wanted to bring in some materials, products, and materials that would help the economy of the West Bank and Gaza, but the Israelis said no these were not allowed to come in. No, after no, after no; it ended with no prosperity for the Palestinians, only misery.

One other example we see of this mentality is when the mediator between Israel and Lebanon, in 2022 or 2023, was negotiating a maritime deal between Lebanon and Israel. Again, it was whatever the deal is, you will get economic incentives, we will bring back the companies to work in Lebanon, you will have gas, you will be okay. Even the Israelis were thinking if there are platforms on the Lebanese side, they will not threaten the platforms on the Israeli side and there will be stability. Today, we have a maritime deal agreement between Lebanon and Israel but that did not prevent Hezbollah from launching attacks on the 8th of October and saying this is a form of support for Gaza.

Experiences we see in the Middle East show that the economy does not come first. There are historical grievances and historic problems that need to be taken care of. On the other side, you have the Abrahamic accords that were made between countries that do not have a bad history. UAE and Israel; no casualties, no occupation, no bad blood, no blood at all. Bahrain is the same. Morocco is the same, but on the contrary there is a big Jewish community in Morocco that had a role in the economy, all of that and the history of all of that. Even after 1948, they were a community that had its own respect with no bad blood which makes it easier to make peace and make that call. Now, nobody is talking about them [Abrahamic accords] but it's not like anybody is threatening these agreements. They have a very low profile.

These two examples get you to the core, if you do not solve the main problem between the Israelis and the Palestinians, you cannot move on to get the stable economic situation that you want for collaboration. I do believe that the next EU will be the Middle East, as the Crown Prince of Saudi Arabia said, but there are conditions… I was just talking to the Algerian radio today and they were asking the same things [in relation to the Algerian-Moroccan conflict]. This idea that we just focus on the economy and we see the political problems disappear does not work in our region. It does not work. It is always politics that comes first; this is how we are built. If the EU comes with the attitude that "how come

with the EU we do it here" or the American way that everything can be bought, this does not work. In theory, yes, but how do you get in the region where the economy does not come first. Just focusing on economic linkages does not solve it. Look at Algeria and Morocco, they closed borders and [imposed other restrictions]. It is complicated even if it economically makes sense for them to work together or not. There is a political problem. Until now, everything has shown that politics come before economics. In theory yes, more economic engagement could lead to a peaceful region but go there first. First, solve the problems to have the economy.

For the past couple of years, I've been focused on the Eastern Mediterranean gas issue. Eastern Mediterranean meaning Egypt, Israel, Palestine, Lebanon, Syria, Cyprus, Greece, and Turkey. This is our Eastern Mediterranean neighborhood… There was this hype around gas and that gas is going to be important for the region and it will make us all rich. Same thing for Lebanon for years we have been trying to find gas thinking it will save our economy… Because the examples are if you have natural resources you can become rich, but again you can become very corrupt as well and you can become very violent as well. It was very simple when we used to talk about economic collaboration and politics and how they clash.

For instance, we gave one example: Lebanon. If Lebanon were to find gas, and that gas had to be exported through pipelines; we have a problem with Israel, we do not talk to Israel, we do not recognize Israel so we cannot lay pipes from Lebanon to Israel and then to other markets, or even sell to Israel. The same with Syria, half of the population [Lebanese] does not like Syria, the other half likes Syria. But there is no consensus about our relationship with Syria so we cannot even sell to Syria or lay pipes to Syria. Infrastructure wise even, if we have gas, we cannot take it out of the country because of political tensions and political crises with the region. The same was with Cyprus, Cyprus had the same problem with Turkey.



Figure 7: Boundaries of the Levant Basin

Turkey and Cyprus had problems so the gas issue had been blocked because of that. When there were maritime border delimitations, Turkey was not happy with what the others were doing like Cyprus, Israel, Greece, and Egypt. They went and did their own delimitations with the Libyans, and put limits to what these countries can do together against Turkey. These are all real time examples that tell you how complicated it is. The Americans are always coming to the region promoting "gas will be your thing", yes okay but we don't care, we want to solve the political problems. You cannot tell me the gas advantages before solving the political problems. Again, that is one thing.

Before 7th October, there was this great meeting that was happening in our region. There was this announcement of the corridor between India and the GCC

countries, mainly the UAE and Saudi Arabia, going to Jordan, Israel, and then to the Mediterranean. Suddenly this bridge between the Mediterranean and the Indian Ocean and between India and Europe – all that was fascinating, amazing, but then 7th of October happened and [everything went away]. Even if you had any infrastructure now you cannot have it because it will look very bad with Jordan not even wanting to talk to Israel because of what is happening in Gaza. Then people like Saudi Arabia saying I will not do anything before the Gaza problem is solved. These are our real problems in the region which will really be difficult. If you want economic collaboration, you first go to politics. With economic ties connecting the region together you will most probably think that yes it will work, but again look at Russia and the EU. That much collaboration on economy and the whole idea of Germany was that "you know what, if we link our economy to Russia and they link our economy to us they will not cross the red lines."

Sara Bazoobandi (Participant 6): No. I think before the war in Ukraine, there was a great deal of support amongst policymakers for this approach, not only in the MENA region but also globally. Germany, for example, has invested a lot in this mechanism, demonstrated through Angela Merkel's "Change Through Trade" initiative, based on the principle that if we (Germany) trade with Russia, it will limit the threat presented to the West – in other words if the West trades with Russia, their interests will be interlinked and both sides will have a lot to lose in case of crises. Up until the war in Ukraine, that is a turning point in the history of the global system, this mechanism worked. So, I would say, there are many successful examples, however, post-Ukraine it is perhaps necessary though proved to be not sufficient.

Ariel Ezrahi (Participant 7): I think there's not a black and white straightforward answer to that. I'll say several things. First of all, it depends if there are countries that are already in conflict. So I'll give you an example: the Israelis and the Palestinians; on the one hand, the biggest trading partner of the Palestinians is the Israelis. At the same time, the biggest conflict is between the Palestinians. And I remember correctly, there's actually a similar scenario between China and Taiwan. So despite all of the difficult politics, conflict, et cetera, when it comes to trade, you're finding that they're actually working very closely together and there's also a degree of mutual dependency to an extent. Yeah. So that's, on the one hand. On the other hand, we haven't seen that's necessarily brought about a reduction of the flames of conflict. I think it plays a role. And certainly you've got lots of stories of Palestinian folks, Israeli folks and Chinese folks and Taiwanese folks, for example, to use from outside the region that have good personal relationships, good business experience in working together, etc.

But unfortunately, as you know very well, we also have lots of experience of conflict and lack of trust and all the rest of it. So I think the theory definitely is an interesting one. I think it stands in certain cases. But I think unfortunately, we've seen, certainly from the Israeli Palestinian case and also, as I said, from the Chinese-Taiwanese case, that having a strong trade relationship isn't necessarily always going to mean a

significant amelioration of conflict. That's number one. If you look at countries that are less in a conflictual situation or not really in a conflicted situation like Saudi and Israel, for example, that is a situation where, yes, when there is no land disputes for example, there's no land disputes between these two countries. I do think that trade can also play a very positive role. Again, it's not to say that it can't play a good role in the Israeli Palestinian context, but as we said, it's not enough. But with countries where there isn't a land border with the other country, I think sometimes we can see that actually having such trade relations can actually improve the relations and provide bridges.

where things go from here. But certainly pre October 7, the theory was these countries had interest in cooperating in trade and security and in other ways, and that that could also strengthen ties and ameliorate tensions. So I do think that there is definitely merit to that. I do think that that was part of the original thinking of something, for example, like the Abraham Accords, although the reality has completely changed since then and we have to see where we go from here.

Riad Al Khouri (Participant 8): I've been living with this issue my whole life… Yes, this is possible in the region. [Of the 1994



Figure 8: The signing of the Abraham Accords

And again, I think we've seen that in the context of the Abraham accords, although we have to put the Abraham accords in because of the proverbial 7th war. I mean, obviously there's been a cooling of relations and all the rest of it. So we have to see

Jordan – Israel Peace Agreement] It was a circus, a bloody circus of peace, love and really a great load of rubbish. I was asked about 'ice-breaking' at the time… [and replied that] …the ice has been broken but

the temperature is still below zero (of the 1994 peace treaty).

[Of today:] The Jordanian street is absolutely unable to contemplate dealing with any Israeli for any purpose… now that we have the Gaza conflict, if it is possible, things are more dire … but, the answer to your question (of Q1) is yes, it is doable, as you mentioned, the European Union was created in the wake of a catastrophic war, who knows what is going to happen after the Gaza conflict.

Gaith Al Omari (Participant 9): In theory it is plausible and I agree with this concept in theory. In reality it is a bit more complicated because what you described is a situation where you have an economic system that has a free market and a free economy, where economic relations operate based on their own dynamics. In many MENA countries, however, the economy is still subject to a political elite. There is no free market economy, so what you end up having is sometimes political or geopolitical considerations, trumping the economic interests. There is no free agency for economic actors, so I think the proposal works if you have a truly free economy that has an independent voice in national policy-making. As long as the economic system is centralized and is under the political umbrella, there is limited utility to this theory in practice. Again, as I stated, most MENA economies are simply just not independent.

Egyptian Scholar (Participant 10): Well.. I mean you do mention that Europe is a very old example to be reproduced. The idea that economic integration creates a community of interests that becomes a strong incentive of political cooperation or political coexistence has been hit by the [Russo-Ukrainian War]. If we look at this example, we can see many elements that would apply to the MENA region that would make me doubt that this can end conflict and make it disappear in MENA.

One is that first of all, even for countries that don't have conflict between them, economic integration is not at the level we want it to be in the region. That is because of threat perception and security perception that would make them prefer economic integration with other countries outside of the MENA region. The idea of your project is to extend it to Israel but the MENA countries are not doing it among themselves despite decades of study that show the merits of regional economic integration… I was listening to an American economics professor who was explaining why sanctions don't work with Russia. The Europeans thought that by creating economic interests with Russia, then Russia would think twice before starting conflict with European countries, but according to his theory, it didn't work because Russia is too rich to be bound by those economic interests. Politics always trump economics in the region…

I do not share the view that economic integration is going to make conflict very costly… I think countries of the region have all shown that they would rather pay the economic and trade costs if and when they decide to enter into conflict.

***Question 2**: The second mechanism is the doux commerce theory, i.e., the belief that when people engage in commercial exchange, this makes them more likely to view one another favorably. For example, when people from different creeds meet in*

major capital to trade profitably, this creates mutual affinity; it is harder to demonize people you engage with in a way that benefits both sides. Do you think that this is plausible in the case of MENA countries?

Hesham Beshara (Participant 1): In 1984, I traveled to New York, and worked at Philip Brothers, a prominent trading company. My supervisor, an Egyptian Jew, quickly became a close friend, fostering camaraderie through shared memories and conversations about our respective cultures. This experience emphasized the adage that true understanding of individuals comes through direct interaction and collaboration, transcending cultural or religious barriers. It exemplified the importance of engagement in business and work as a catalyst for building meaningful relationships, as encapsulated in the Arabic saying that refers to the necessity of direct dealings to truly know someone. Furthermore, my professional encounters extended beyond personal relationships to encompass international diplomacy, notably Egypt's economic engagement with Israel post the 1973 war. Despite historical conflicts, economic cooperation flourished, with Egypt benefitting from Israeli expertise in agriculture and even exporting gas to Israel. This exemplifies how economic interests can foster cooperation and understanding between nations, transcending political differences.

Moreover, Egypt's role as a mediator in peace accords between Israel and the Palestinians highlights the broader impact of economic cooperation on regional stability. Egypt's efforts in facilitating peace negotiations garnered recognition from both Israeli and Palestinian counterparts, solidifying its position as an honest broker in the region. The symbiotic relationship between economic cooperation and diplomatic endeavors underscores the multifaceted nature of international relations, wherein economic interests can serve as a conduit for fostering trust and collaboration between nations with historically strained ties. My experiences in both personal and professional realms can attest to the transformative potential of economic engagement in bridging divides and promoting peaceful coexistence on both interpersonal, regional and international levels.

In my view, the significance of personal relationships in fostering peace between nations cannot be overstated. As a mediator between countries, individuals trusted by both parties can play a pivotal role in bridging gaps and facilitating dialogue. Trust, I believe, is the cornerstone of peacebuilding, which can often be lacking between nations with historical animosities. However, through trusted intermediaries, such as respected figures or diplomats with personal connections, the barriers towards trust can be overcome, paving the way for reconciliation. This personal approach to mediation is often more effective than purely governmental efforts, as individuals can navigate complex diplomatic hurdles with greater agility and empathy, recognizing the nuances and sensitivities involved.

A poignant example of the power of mediation lies in the historic visit of Egypt's president Anwar Sadat to Israel in 1977, a move reportedly encouraged by King Hassan II of Morocco. Despite initial skepticism and widespread disbelief, the visit ultimately led to significant diplomatic

breakthroughs, including the Camp David Accords. The success of this mediation, attributed to the efforts of trusted intermediaries on both sides, highlights the crucial role of personal relationships in international diplomacy. Indeed, the journey towards peace often necessitates the involvement of individuals who can bridge divides, foster trust, and navigate the intricate paths towards reconciliation, highlighting the enduring impact of mediation in resolving conflicts between nations.

Kuwaiti Scholar (Participant 2): I don't think so, not in the case of MENA countries or globally. I don't think that's true at all, especially in this day and age in the way trade works. Maybe 1,000 years ago when trade was in person.

Gedaliah Afterman (Participant 3): I recognize the theoretical validity of interpersonal familiarity as an antidote to negative emotions such as hate, racism, and hostility, attributing such sentiments to ignorance. However, I counter this by stating that particularly in our regional context, collaboration between familiar parties did not prevent conflict and violence. Despite my support for people-to-people cooperation, exceptions do exist, often related to extremism and other ideological factors. I advocate for initiating cooperation on shared interests such as food security and technology, emphasizing the tangible benefits of such collaboration over the evident drawbacks of war. Lastly, I wish to stress the importance of addressing pressing societal issues such as quality of life, climate change, and health through economic cooperation. It is my belief that focusing on these areas can yield effective and timely results.

Cinzia Bianco (Participant 4): I think it is. In a purely capitalistic model, that is not the case because, for example, if you look at how much China trades with Europe and vice versa, that has not contributed to creating a positive perception of Chinese people in Europe. This is because in a pure, semi-pure or quasi-pure capitalism system, trade does not necessarily increase human-to-human interaction all that much. In the MENA context, where as we know even the business culture is much more related to human-to-human contact- I think that could be different. I would like my answer to reflect the fact that trading can have positive social implications, but only if it is done in a certain way and in a cultural context that associates more trading with more human contact.

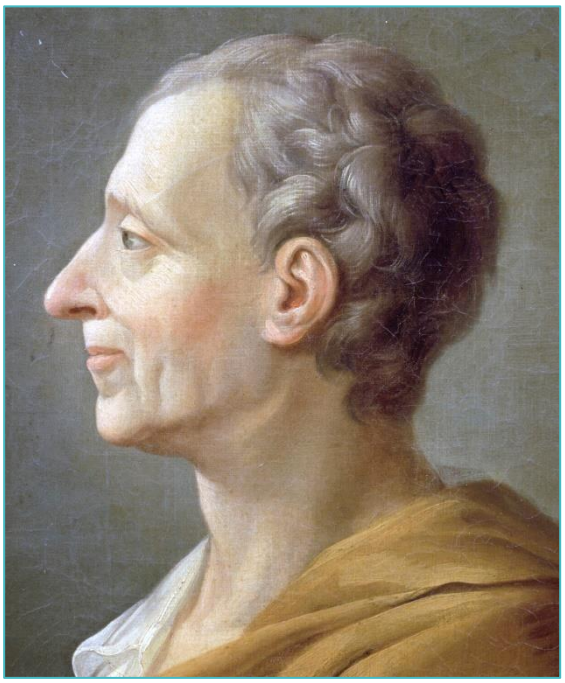


Figure 9: French Enlightenment Scholar Charles Montesquieu, a chief proponent of the doux commerce theory

Lebanese Scholar (Participant 5): Israel and Turkey, best friends when it comes to trade but that does not prevent the Turkish president from saying something against

the Israelis when it comes to Gaza or other Arab countries. For years they had withdrawn ambassadors but that did not stop the trade, so that is one example. For me, it is an interesting example that you can take. But on the other side, you have Algeria and Morocco completely stopping everything and closing borders and that's it. That's hard politics and identity politics. It goes to the core of military issues, like when Algeria could not accept that Morocco has peace deals with Israel… So it is all military and hard politics that stops the economy. Two examples, again, from the region that helps us know. But on this, like Turkey and Israel, they can be friends or enemies but the trade does not stop.

Sara Bazoobandi (Participant 6): One can think of several cases where commercial exchanges did not make interested parties to view one another favorably when political problems arise. Take China-US relations as an example; the two countries are extremely economically interlinked but their political leaders do not view each other favorably.

Ariel Ezrahi (Participant 7): I think the UAE is actually a very good example of that, to be honest. Because in the UAE, you've got everyone. You have Iranians, Israelis, Yemenites, Jordanians, Egyptians, Bahrainis, etc… And I think in a way, the fact that it's such a melting pot is a positive. And I think the Emirates specifically have actually been a really good example of saying: there needs to be a certain understanding of what are the rules of the UAE and the politics of the UAE and all the rest of it. But as long as you fit within that broad mechanism, which I think is actually fairly open, they will always make a concerted effort to be welcoming. And that's why they've also succeeded, in my view, as being a real hub for commerce. So you'll have everyone there. I mean, you'll have people who are exporters from Iran, as I said, and then you'll have Israeli bankers. So I do think it can play a role. I think it also depends to what extent the people actually interact, because sometimes you have bubbles, right?

I mean, so if, for example, the Lebanese and the Israelis are interacting in Dubai, then that's a good thing, right? Because the business people are doing deals together, before the Abraham Accords and in the past, you did have situation where particularly senior business women and men from the region who may be from countries that are not on political agreement or don't have peace were at the very least forums like the World Economic Forum or people that had dual passports meeting in Dubai. There's examples of UAE folks or Bahrainis or others doing things together with other people from the region, even if they're not always on best terms. [Other examples from the region]... So I do think it can play a positive role. Again, I think we have to be realistic as to, you know, how much that's going to. So if you have a businessman from Lebanon and a businessman from Israel or a businessman from wherever, then if they have good experience with each other, that will probably impact them and they'll probably go back and tell their families, hey, I just met this Lebanese guy, or I just met this Israeli businesswoman and they were really actually quite nice and they weren't as horrendous as our national TV is depicting the other side, you know what I mean?

But will that have a multiplier impact? That's more difficult to assess. I think it

really depends on the extent of, like, for example, let's just say for argument's sake that Lebanon and Israel are able to agree on a permanent border, not a maritime one because that's been agreed, but a land border. And let's say one thing leads to another. And again, I'm being slightly optimistic here, but the two countries start building constructive relations.

center of the conflicts right now in the region.

We're not talking about Israelis and the Houthis or the Israelis and the Lebanese or the Palestinians and the Israelis. So I think these other countries have an ability to influence positively. And one way, the sort of interaction in the region, one way is by



Figure 10: Medieval ships

And instead of attacking each other, they're actually cooperating on exporting natural gas. So obviously when you have a more systemic, broader corporation, the potential for a multiplier impact is greater. The flip side of it is that it's much harder to get that. It's a much higher hanging fruit, as it were. Because to have a Lebanese businesswoman in Paris meet an Israeli businesswoman. To do a deal together is potentially easier than the state of Lebanon or a state entity in Lebanon and an Israeli state entity doing something together. Right. With the politics that we're seeing at the moment. And again, I think Gulf countries, I mean, I mentioned UAE and Saudi, but certainly countries like Bahrain also play a very important role in my view, because these are parties that are in the

really welcoming also people from the conflicting countries. And again, we're just talking about business here. I'm not talking about government policies and all the rest of it. I think I should actually say at the outset, and maybe I should have said this earlier, there was no doubt in my mind that in order to have a chance for meaningful relationships, whether it's commerce, trade, what we talked about earlier, et cetera, there are certain players that will probably need to depart the scene because they are the destructive as opposed to the constructive players in the region right now. Right. And that includes Hamas and that includes, for that matter, the Netanyahu government. As long as you have such actors playing a leading role, then it's going to be very difficult to do any of the things we just talked about. And there will be ripple

effects, in my view. And that's why commerce, the trade, it's separate, but it's not completely detached or isolated from what happens outside politically.

Riad Al Khouri (Participant 8): The quick answer is yes, obviously heavily qualified. [A colleague in a project] was interviewing me about Jordan's role, the idea being that IMEC (India-Middle East Corridor), without using that phrase, as it did not exist yet, the idea being that goods are shipped from the Gulf by rail into Jordan and then into Israel, and then from Israel to the rest of the world. I said that this would definitely happen after a just, lasting and comprehensive peace was established between Jordan and Israel, we have a peace agreement but that's not it, under which Palestinians are granted their full rights including rights of return. And I told her that for this to happen there would either have to be a war [where Israel suffers heavy losses]. Or, there would have to be a major shift in US military policy which cuts all ties with Israel. … Look what happened, look where we are. It's not nice. We keep coming back to the EU. The European Coal and Steel Community was established by states that had been involved in one of the worst conflicts in the history of the world, including massive destruction; 25% of Britain's physical capital was destroyed by the war. These European countries came together for mutual benefit.

Gaza is a God-send to this project (the IMEC project) … nobody is going to drift into peace based on friendly words and media gestures, we've already seen that now for decades. Had [Benjamin Netanyahu] been what I consider to be a [prudent] politician, on the evening of the 7th October he would've made a televised address to the Israeli people: "we have gone through a terrible attack, and I immediately offer my resignation to President Herzog. I will continue in a caretaker capacity to pursue the security and peace of Israel and after we have succeeded to put myself at the disposal of any investigation that will be set up." He didn't do that.

[Provides story of the CIA director George Tenet giving George Bush Jr (who was unpopular at the time) a report suggesting that an attack on America is imminent. George Bush put it away.]

[Bush] reckoned that when an attack takes place, he'll be a hero, and that's exactly what happened. In the case of Netanyahu, he's not a hero, but he's a lot more heroic than he was five months ago … As the Gaza conflict winds down, we can now envisage a war taking place in Lebanon. This is not politics, this is [expletive], and if you are planning on the Israeli government to somehow kick in and support some aspect of your policy, forget it…

[Discusses founder of IDF]

… this is a kind of stupid politics, you see it now in Trump and others, to politically succeed, you have to be a [disagreeable person]… the more of a [disagreeable person] you are, the more people vote for you because they're [disagreeable] too, this is how 21st century mass politics works. In this framework, Israel is not going to do anything except [pursue a maximalist strategy]. What is IMEC to Israel? It is the [acceptance of Arab countries of Israeli policy toward Palestine]. [I strongly dislike this approach.]

…you could argue that the conquest of Germany led to, almost directly, to the EU

institutions. In my opinion, it's actually not working that well (the EU). Particularly, after the Ukraine crisis, the EU has emerged A) as an instrument of US foreign policy and B) as an aggressive force against Russia. I believe that everything being done by Russia is defensive, and I support it…



Figure 11: The Swiss Federal Charter

We (MENA2050) want to bring together different people who are at war… The vast majority of Israelis [in my opinion have negative intentions toward Gaza]. Israel wants peace, trade and economic union [from a position of unilateral victory], not as an ally or as part of a compromise. So, where are we going with MENA2050? The answer is that if there is a sensible peace settlement, then MENA2050 is going to work, but it would be a very small part of pushing towards a reasonable peace settlement… I personally believe that the long-term solution is for an Israeli, Jordanian and Palestinian confederation, and effectively one state with three different systems.

[Discusses upbringing in Geneva, referencing Switzerland as an exceptionally good political system despite containing both Zurich and Geneva which are linguistically and culturally different and 'dislike' each other.]

A peace settlement will only happen as part of a major shock, as I mentioned, [Israel needs to suffer heavy losses], 7th October was [potentially an indication of future Israeli losses]. Or America needs to completely, immediately break with Israel.

Gaith Al Omari (Participant 9): I think this is absolutely correct! It is correct in that interpersonal familiarity destroys stereotypes. We see it, for example, at the time when the Israelis and Palestinians engaged openly pre-second intifada in the 1990s and 1980s, when there weren't those kinds of stereotypes of Israelis amongst Palestinians. Now that we have a separation, you actually see stereotypes emerging, so I fully agree on this. We've actually seen it frankly, before the Abraham Accords, when Emirati and Israeli businessmen were engaging in business but privately. I think this made it easier for the Emirati leadership to embark on the normalization of ties because they had a constituency that believed in this.

But there is also something different, which is also positive in that it forces people who interact to moderate their own views. I will give you an example of my grandfather who was a furniture merchant and did a lot of his trade in Europe. He was a good Muslim but when you go to Vienna and you're meeting with your client and they're drinking, in the kind of more traditional Islam they say: Allah cursed ten with regard to wine: the one who sells it, buys it, carries it, pours it, serves it. Now if my grandfather chose not to sit with people who drink, he would have no business. So you end up with exposure to the other and it forces

you—especially through business interactions–to moderate your own views not of the other but also how you view your religion, your value system etc. So it both destroys stereotypes but also forces moderation in general by those who engage with other cultures and other groups, particularly again when there is business and real assets involved, not only talk.

Egyptian Scholar (Participant 10): I don't think we can generalize, to be honest, on MENA countries. I think it could be true between a set of countries that have already built a history and a human connection before translating that into trade or commerce and not the other way around. I don't think that economics or trade or transactions can create a human connection if it doesn't exist. Take the example of Egypt or Jordan. I think that even in the cases of businesspeople who deal with other businesspeople from Israel or other countries. Or those who deal with Turkey or Iran for example. There is definitely a human connection between those individuals. This doesn't mean that it's going to be widespread. It remains very limited to the individuals and very linked to the individual.

So for example if [Amina] is from Iran and [Fatima] is from Egypt and we conduct business together. It is not because I truly believe that [Amina] is a good and peaceful individual that I will immediately generalize this on the rest of the population or particularly on the regime that is governing where [Amina] is from. I think that you hear this a lot in the MENA countries because of the disconnection that exists between those who rule, and the ruled, so the people. This is because [of a lack of pluralistic political institutions]. So you would hear that [people from a certain MENA country] are peaceful people but then the regime is violent, for example. But also even in the cases where it is people belonging to the regime itself who conduct commerce and business, it is necessarily those same people who take the decisions when it comes to violent conflict, so it's not because one part of the regime is peaceful and trustworthy when it comes to trade that it will be generalized on other more violent members of the same regime immediately. I think what needs to be built first is the people to people dimension and this is what is going to make trade more sustainable and give it a more solid base in the region, rather than the other way around.

***Question 3**: Does the prevalence of powerful non-state actors in some parts of the region affect the proposed relationship between economic integration and peace?*

Kuwaiti Scholar (Participant 2): Yes, non-state actors impact that but non-state actors don't come from a vacuum and only have capability to disrupt when they are able to access capability and resources, and resources usually come from a state. So there is an endogenization issue where if a non-state actor needs a state and a state sponsors a non-state actor to disrupt trade, then it automatically means one of the two states is not as favorable perceiving the other state i.e., there's a threat between the other state. So it becomes a very clear endogenization issue. There's definitely some kind of endogenization issue that undermines the argument.

If two states trade with each other and if this means they are at peace with each other, then a non-state actor disrupting trade-it

would have to be a third state disrupting the trade which is outside the economic peace model.

Gedaliah Afterman (Participant 3): I find that non-state actors often oppose such integration, employing political instruments and religious extremist agendas to thwart progress in political and economic cooperation. For religious extremists, economic cooperation may conflict with their beliefs or hold less significance compared to broader societal interests they perceive as important. Additionally, I would like to stress that openness and connectivity, inherent in economic cooperation, can be perceived as threatening by such groups, leading them to disrupt integration efforts. In my opinion, recent events and examples in the MENA region have shown non-state actors attempting to obstruct economic integration within the region to maintain their own influence.

Cinzia Bianco (Participant 4): Definitely. I would say that the fact that there are powerful non-state actors in many parts of the region complicates the picture because you have too many interlocutors; they do not cooperate but they compete. When you have many interlocutors but they are all participating in an agreed coordinating framework, you have positive repercussions on peace because these actors usually have interests towards stability-



Figure 12: East Indiaman Kent (left) battling Confiance, a privateer commanded by French corsair Robert Surcouf in October 1800, as depicted in a painting by Ambroise Louis Garneray

because they are not competing to replace one another, but they are actually looking for overall coordination. But when you have powerful non-state actors that refuse and reject the authority of the state, then you have a conflictual dimension; therefore it definitely negatively affects economic integration and peace.

Lebanese Scholar (Participant 5): So basically, the non-state actors, they are the consequence of the Iran-US, Iran-Israel, (at certain point) Iran-Arab World conflict. You have to go to the core of the problem, once Iran-Israel and Iran-US solve their issues, there will not be anything called non-state actors. [MENA example.] They are there to destabilize. It is not like the non-state actors are against peace, but they are now playing the [foreign] agenda. That's why I think there are different views on how to tackle this issue. Should you tackle the symptom or should you tackle the cause. [Another MENA example of a powerful non-state actor clearly getting support from a state actor; fearing a war with the state actor, the affected party retaliates only against the non-state actor.] But you know these people are being played by the main actor, and you are not facing the main actor. So you are just creating animosity in these countries [that host the non-state actor] because you are attacking personally.

Basically, economic integration and inclusive peace means you need to do peace between people against each other. You and I have nothing, we are friends, do we make peace between each other. Who does peace? Those who are at war. At the end of the day, Iran is part of the region. Iran for years and years managed to play an important role in Lebanon, Syria, Iraq and Yemen where they have proxies who can harm American and Israeli interests.

In all books we have read for years, for the Americans the oil and Israel were the two interests in the region, this is what they look for in the region. For oil, they are now the number one producer. They do not care about Gulf oil or Middle East oil. There is the security issue of Israel that is now at the center, and that is exactly their problem with Iran. The only one threatening Israel's security is Iran. It is not Saudi Arabia, it is not the UAE, it's not Egypt, it's not Jordan, it's not Algeria. These are not the threats, the threat is Iran and its proxies. What to do today, you cannot have a peaceful region based on economic collaboration if you do not involve Iran. The Saudis understood it, they were alone and they needed to make a deal with the Iranians and this is what they've done. When the Iranians attacked through the Houthis, they attacked the oil facilities in Saudi Arabia a couple of years ago. They paralyzed around, for a couple of days, 50% of the capacities of Saudi Arabia and the Americans did nothing. That was the wakeup call for the Saudis that the Americans do not care about the economic and political interests of Saudi Arabia. So Saudi Arabia went and did a deal with the Iranians saying "you know what guys, let's stop this thing let's do a deal, tell the Houthis to stop attacking our land, and with you we can make deals and even invest in your country." After that, the attacks had stopped. This is what Saudi Arabia needs for its vision 2030, it needs stability on its borders to be able to attract all this money and build its non-oil economy. This is what they did, they knew the source of the problem was Iran and they went and talked to Iran.

For the Americans, who is the source for all these problems in the region? It is Iran, so go deal with Iran. For the Israelis, you go deal with Iran. Definitely for the Israelis they have to finish from the occupation of the Palestinians and give back the land and the country for them they can run and live peacefully among the Israelis. These [settlements] need to be dismantled from the West Bank. If they do not want to, and they want to stay, they can look at 1948 when not all the Palestinians left the country and they stayed. Today they are called the '48 Arabs. These are the Palestinians who stayed on their land and they became holders of Israeli passports. Settlers want to stay in Palestine in the West Bank, they can become the Jews of 2024. They will get the Palestinian passport and they are Jews. The same thing happened in '48 when the Palestinians became Israeli but Arab. That is the core, between giving a state to the Palestinians, dealing with Iran, and making a peace. Then you can get your Middle East and North Africa union. Then, you would even forget about the non-state actors.

Sara Bazoobandi (Participant 6): Today, non-state actors are virtually ruling the entire region; the Houthis, the Lebanese Hezbollah are more influential than ever, and the current conflict is indeed caused by Hamas' actions. I do believe that non-state actors in that part of the world are stronger than any time before. One also needs to keep in mind when one discusses non-state actors, that there is always at least one state actor supporting them. I do not believe that non-state actors on their own are all that relevant, but they can become extremely influential and powerful once they have strong state support from different key players in the region. In my opinion they have the ability to affect the future of that region, including economic integration, and peace.

Ariel Ezrahi (Participant 7): Correct. And I would add the Houthis to that as well. Right. Just look at the trade through the Red Sea. Insurance premiums have gone up significantly. I'm hearing that there's a lot of businesspeople who are not able to get certain supplies that they need in terms... And by the way, look at the loss of income because the Egyptians rely on the income of ships going Suez Canal.

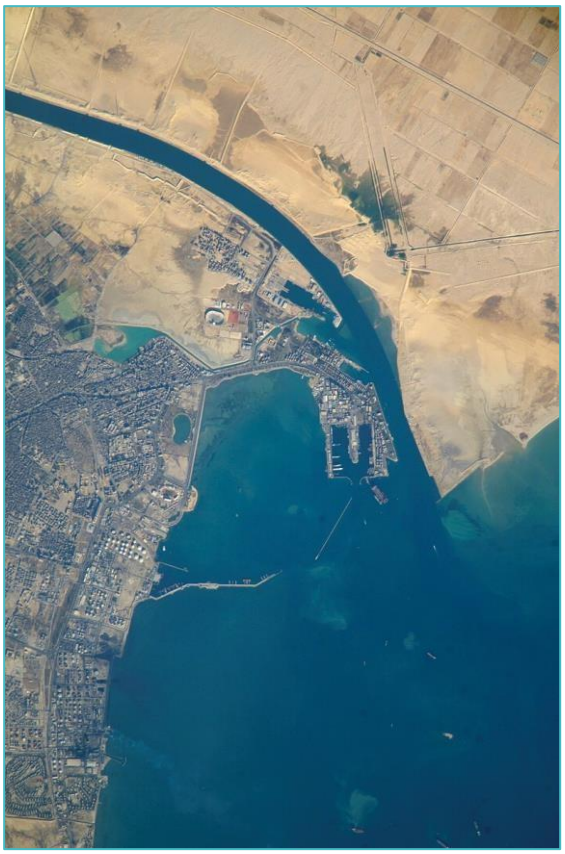


Figure 13: The southern terminus of the Suez Canal

I will say two things. More broadly, before October 7, there were a lot of plans and projects between Israel and the Palestinians, including Israel and Gaza, including one that I was the architect of. All of these projects right now are on hold

because of the war. And that's sad because ultimately the people, the citizens, the civilians, are right. They lose out on both sides of the border. Right. And that's unfortunate because that is very much an outcome of looking at Lebanon and Hizbullah. I mean, again, to the extent that you can say that Hizbullah is a non-state actor, I don't know. They sort of control the narrative there.

again, they are clearly a force of destruction in the region. So they will also need to depart the scene as well. And the other thing I would say is sort of a general point which is not sort of specific to the region. And that is we've seen in any case, with globalization, like what Tom Friedman calls super empowered individuals, right.

We see people like Elon Musk or Bill Gates

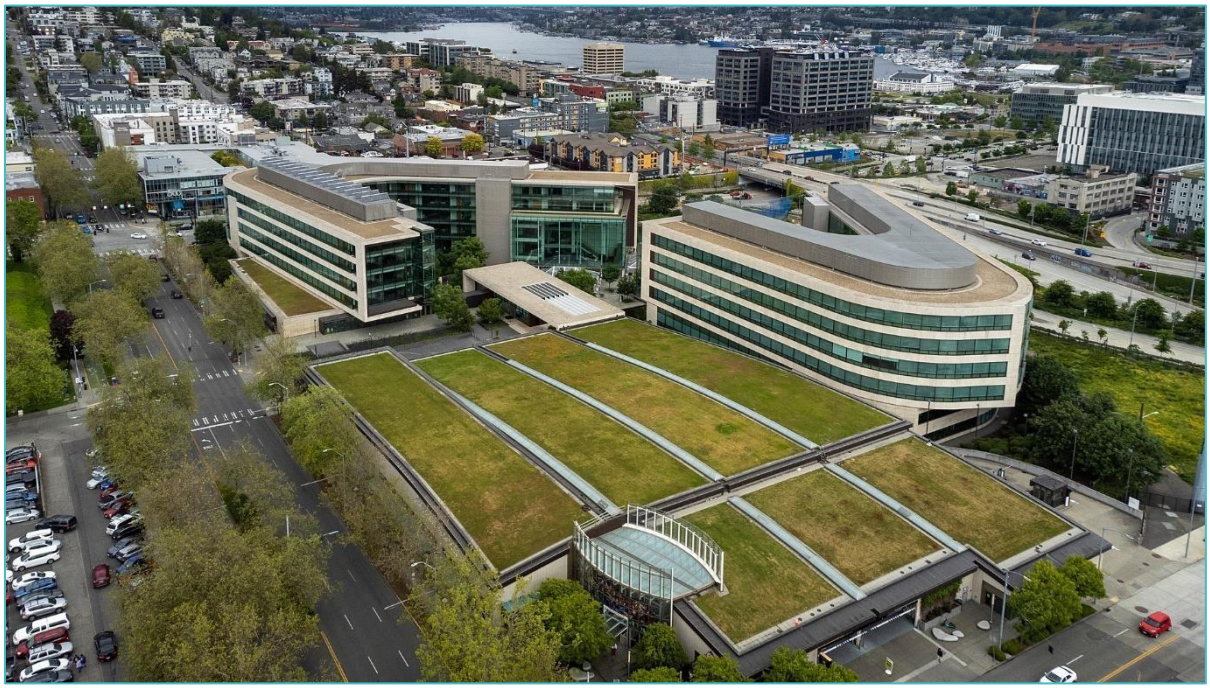


Figure 14: The Bill & Melinda Gates Foundation building

So I don't know if you can even say that they're non-state. And by the way, even in the case of Hamas, they govern projects that were done with Gaza. While folks didn't like Hamas, they knew that they were governing and there was interaction with them. But I think the world's changed since then. I think now it's fairly clear that such non-state actors can be so destructive that in order for there to be a chance for rebuilding, including like Gaza reconstruction, all the rest of it, as I said earlier, some actors will need to depart the scene, including Hamas. And the Netanyahu government is a state actor. But having more money than the GDP of sovereign nations and these individuals being able to have massive impact, both positive and negative, in international relations. They are also non-state actors, by the way. So earlier we were talking about Hamas, Houthis, whatever, maybe Hizbullah. But you do also have billionaires out there who also can have an effect for better and for worse. If you ask me, someone like Bill Gates is mostly positive. He puts more money to certain causes than some state actors, for example. So there's also less bureaucracy. If you're a billionaire and you're the Bill Gates foundation, you

decide you believe in a certain cause, you want to write a check for 100 million, you go ahead, you do it. There's much less bureaucracy than with states. But I will add, I don't know if there'll be a chance in some of the other questions, but in terms of specific projects also for Gaza and the day after, I think it is important to also look at those projects that existed October 6, right before the war, and there will be a need to resurrect some of these projects.

But there will also be a need to understand that Gaza is in a very different place than it was October 6. And therefore some of the tangible project solutions, including an energy water, some of them will need to be different than what was previously. But some of the previous initiatives and projects still apply. So they're just on hold or what have you, or we'll need different sources of funding or goes without saying also that none of this can happen unless and until there's also a political will and understanding as to how to deal with Gaza in the day after. So, for example, if it's going to be run by a Palestinian technocratic government, which has been suggested, maybe working closely with some Arab countries or something like that.

Riad Al Khouri (Participant 8): No, absolutely not. We have to talk about the state actors. What kind of hope does MENA2050 have in this (the current hostile) atmosphere? The 'hope' is for Israel [to unilaterally impose a regional equilibrium where it retains a disproportionate level of influence]. And then you can talk about peace and mutual understanding and mutual prosperity… you can forget about working through Middle Eastern politics, including Israel, to achieve your (MENA2050s) aims. There is not going to be any grassroots or elite business groups for you to work with and convince, just forget it.

Gaith Al Omari (Participant 9): Absolutely! I think the spoiler effect is something that we face on all levels of interaction - be it in diplomatic interaction or other. When I used to be a Palestinian negotiator, and every time Hamas wanted to derail stuff, they'd [launch an attack] and here we go. We're seeing it today, so if you look at the anti-normalization movement, for example, in Jordan today where the anti-normalization effort, which is a non-state actor, produces and basically makes it very hard for people who engage in trade with Israel to continue engaging with trade. The reputational damage is so prevalent that it sometimes outweighs the economic impact.

This is particularly the case when you have governments that are unwilling to take a strong stance on issues like this. I just read today that Starbucks in the Middle East is laying off some of their Middle Eastern staff. We're not talking about Starbucks in Seattle losing money, we're talking about people losing jobs, so that is certainly one area where you have non-state actors affecting relationships. Here, maybe that is not the right term, maybe civil society movements impact this through demonization, but we see it and even more. Obvious terms we look at what the Houthis are doing now and how they're impacting Red Sea trade and the Suez Canal. They're actually impacting, for example, the Saudis are trying to get cruise ships to come to Saudi Arabia as part of their tourism promotion. These kinds of acts by violent non-state actors… are actually impacting a lot of the cooperative dynamics that go around some of these economic activities.

So non-state actors can violently disrupt these kinds of issues and non-state actors can politically disrupt these kinds of interactions as you see with Jordan with anti-normalization and as you see with Houthis in the Red Sea.



Figure 15: Asalto al coche (Attack on a Coach), by Francisco de Goya

Egyptian Scholar (Participant 10): Yes. Most definitely, yes; it physically hampers economic integration because when those non-state actors cut connectivity routes and interrupt trade and hijack ships or trucks, it just makes it impossible. Even if you try to find alternative routes which are great but it just makes it more costly. Look at the consequences of Houthis action, for example, all Red Sea bordering countries are paying the price including in bilateral trade. So it is not that those countries don't want to work together, it just becomes physically impossible. It sometimes becomes impossible just for a limited period of time. For example, after 2011, between Egypt and Israel, the gas pipeline has been attacked many times. It was eventually repaired but because that is the special case of a poor Arab country which is very much in need of that resource/gas.

This is not necessarily the case of the rest of MENA countries which is why I mentioned the comparison with Russia. Because again it is regional politics which trumps economics and trade, so if of trade, common manufacturing plants or other become the subject of repetitive attacks by non-state actors, then the regime that suffers the most from that insecurity and from those attacks will end up giving up because it is becoming too costly and because political stability is much more important than any gains which will be made by trade or economy.

***Question 4**: Some MENA countries are cautious about integrating economically with neighbors because they fear that if there are economic dependencies, this will create opportunities for economic coercion via the threat of suspending trade. This is especially salient in the case of energy trade. Do you think this is a serious problem for proponents of using economic integration to advance peace in the MENA region?*

Hesham Beshara (Participant 1): I believe in the potential of economic integration between nations, as demonstrated by the longstanding collaboration between Egypt and Israel in exporting textiles to the United States. This partnership serves as a prime example of how leveraging each other's strengths can lead to mutual benefits in trade and commerce. Egypt's textile production,

complemented by Israel's logistical support, effectively facilitates the exportation of goods to the American market. Such collaborations represent the tangible economic advantages that arise when countries capitalize on their respective strengths and work together towards shared economic goals, ultimately narrowing the economic gaps between regions.

Moreover, the energy sector presents another avenue for fruitful cooperation, exemplified by Israel's gas exports to Egypt for liquefaction and subsequent shipment to Europe. This infrastructure-intensive endeavor highlights the significant investments made by both nations to establish reliable energy routes that contribute to regional economic stability. The recent example of Nord Stream 1 and 2 energy pipelines in Europe further reveals the critical role of integrated energy processes in maintaining economic resilience. Disruptions to such infrastructure, as evidenced by the bombing of pipelines, can have far-reaching consequences on a nation's GDP, which we can see is currently happening in Germany, shows the interconnected nature of economies and the imperative of robust energy networks to sustain economic growth.

Beyond economic collaboration, genuine and enduring peace initiatives are paramount for fostering sustainable development and prosperity, particularly in regions plagued by conflict like the Middle East. My conviction lies in the necessity of moving beyond historical animosities and religious divisions to prioritize a more open governance and international law in policymaking. By decoupling religious interpretations from political decision-making, nations can mitigate tensions and pave the path for peaceful coexistence. This vision advocates for a future where cooperation transcends conflict and shared prosperity becomes the prevailing norm. In my view it is important to separate religious beliefs from political affairs in order to promote harmony and progress on a global scale.

Kuwaiti Scholar (Participant 2): No, that's not true. [An example in the MENA region where political differences did not spawn coercive suspensions of energy trade; followed by an example in Europe where the defending country and not the attacking one weaponized energy with the assistance of a third state.] I think these are very old and archaic theories, theories from the 90's when they applied to a certain set of states i.e., established democracies. It's not only about the economic aspect but also about the [political system].

Gedaliah Afterman (Participant 3): I wish to address the issue of disparities among countries in regional cooperation efforts, and use the example of [economic] boycotts as illustrative cases. I propose that if stronger actors initiate cooperation, the economic incentives become apparent, potentially encouraging weaker countries to join. Furthermore, the importance of focusing on areas of cooperation that benefit all countries and societies involved, suggests that starting with less sensitive issues can help minimize perceived threats and build trust. Additionally, I think there is a need for careful consideration regarding the balance between economic strength and political goals in regional cooperation efforts. I advocate for starting with smaller, less controversial projects (building blocks)

to demonstrate the benefits of cooperation before addressing more sensitive issues, as well as the importance of framing cooperation narratives to provide reassurance to different actors. Lastly, I suggest that rather than all countries in the region working on a project simultaneously, smaller groupings can begin initiatives to showcase benefits, the Abraham Accords could be used as an example.

The problem is, don't forget, that there are political issues within political regimes in the region. A big mistrust. So if you don't solve that mistrust between governments, never ever will they be confident enough to really create that codependence. That had been the case with Iraq Saddam Hussein, Kuwait, the Ba'athist party, and Syria not trusting the Ba'athist party in Iraq. So, we have a bad history of revolutions, mingling in other people's countries, politics... Do



Figure 16: Energy pipelines

Lebanese Scholar (Participant 5): [This has happened in the Middle East multiple times. On occasion, the desire to maintain a reputation as a reliable partner in global markets helped dissuade some countries from interrupting trade due to a dispute. On other occasions, this incentive wasn't strong enough, and trade was interrupted.]

we need a new generation of leaders to get over it? Maybe… But for now, you have heavy old archaic systems in the Arab world with high-levels of mistrust that will not let them collaborate and create co-dependence. Because they [Arab countries] have a fear of these interferences.

Sara Bazoobandi (Participant 6): There are two reasons why the MENA region is

not that economically integrated. The first reason is that what the region produces, is not consumed regionally. We have the largest hydrocarbon producers in the world, and the region does not have the capacity to absorb all the production; therefore, these products have been traditionally exported outside of the region. The second reason is that most of the imports of the region are either food or technology-related. These two components form a large part of MENA imports as we do not have the capacity to produce them locally. Therefore, we produce something that we do not necessarily have the capacity to consume regionally (hydrocarbons) and we import things that we cannot produce regionally. Ultimately, no matter how much political stability, friendship and diplomacy exists within the region, we would still, realistically speaking, rely a lot on external trade with states outside the region because we simply do not have and cannot produce some of the things we need.

Ariel Ezrahi (Participant 7): Look, in this piece that I've written [in the Atlantic Council], I've contended energy can be used as a bridge or as a weapon. And sometimes there isn't a choice. So in this case, I'd had people say to me in the past, well, why do gas for Gaza? Why supply gas from Israel to Gaza when Israel can simply turn off the tap, right? [A similar example from another region.] Doesn't that just give Israel another weapon to use against the Palestinians? And yes, it's true that right, from an energy perspective, I mean, it's not turned on yet. But then you must ask yourself, is that a problem or a risk? What is the alternative? And when people come to me and say, oh, well, Gaza should just do, well, Gaza doesn't have an ability to generate sufficient electricity independently to meet its demand. That was the case before the war and it's certainly the case several fold more now after the, you know, in light of the war. That means that Gaza is for now and for the foreseeable future dependent on its neighbors, not just Israel, by the way, but also potentially in Egypt.

That's why I mentioned earlier, it can be used as a weapon and it can be used, there can be a threat of turning off the gas or turning off the electricity. But you have to also be a realist and ask yourself, what is the alternative? And Jordan, I can tell you it was not popular on the street in Jordan to buy gas from Israel.

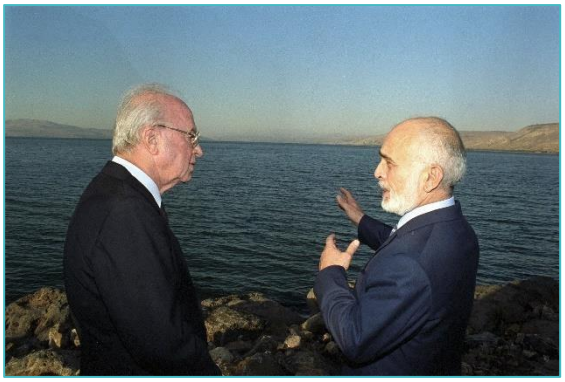


Figure 17: King Hussein and Prime Minister Yitzhak Rabin at the Lake Tiberias, in 1994

It wasn't popular. It's less popular. And you have members of parliament saying, you know, we don't want to do it. But then I remember speaking to officials in the Jordanian government and they said to me, what choice do we have? If we buy gas from Israel, it's going to be cheaper for us to generate electricity. We will have less of a deficit than if we import LNG from Qatar. I sometimes find that you have folks sitting in ivory towers and now sitting in London or Paris or wherever, Washington, and, you know, why buy from or, or why buy from Russia or whatever, right? These are

separate scenarios. But the point is, what's the alternative now in the Russia European case? They actually managed fairly miraculously, I have to say, to find alternatives to Russian gas.

But for a while they didn't have that. Russia, of course, lost out economically from that because Europe is simply not going to rely on Russian gas. My heart goes out to those Palestinians or Jordanians who say, I don't want to be dependent on Israel. My heart goes out to them. Relations are not always great, certainly not between Israelis and Palestinians. But what's the alternative now? I think in parallel to that, it is also important to build as much independence as possible, and increase independence. So even though a place like Gaza doesn't have the ability to be fully energy independent from Israel and Egypt, I think doing some solar energy projects and certainly the existence of the power plant there, all these things do constitute steps which in my view, are a way, a step forward, right, in terms of increasing their energy independence.

But again, I make a distinction between increasing and actually reaching. I think certain countries are very far from reaching energy independence. Palestine is one of those, including, by the way, in the West bank. But we should do everything we know, collectively, the international community, whatever, to enable Palestinians, for example, to increase whatever is possible. So in that sense, for example, I've always been a strong proponent of the Palestinians being able to generate their own solar energy in the West bank and Area C. Of course, when you have a sort of an Israeli settlement expansionist government, that makes that very difficult.

But in my view, again, from an energy perspective, certainly politically, but if we just keep to sort of energy for the moment, I think that's highly problematic because at the end of the day, you're basically depriving the Palestinians of an ability to generate electricity and increasing, therefore, the dependence, which is not healthy. I mean, I think sometimes dependence is unavoidable. But if there are steps that can be taken, such as having certain areas in the West Bank that are dedicated Palestinian areas for generation of electricity, then that should be done.

And not doing it, in my view, is a crime, actually, because it's bad for the environment. Look at things like climate change. It's bad for relations. And frankly, it's obviously not great for the Palestinians. But in my view, it's not good for the Israelis either. I mean, for them to ensure that the Palestinians are fully dependent on them, I don't think that's a good thing. I think it should be in Israel's interest as well, that its neighbor prospers and has increased energy independence. That's how I view the world. I don't see it as a zero sum game. I'm the strong one. I give you all the energy and I kind of keep you small. That's not how I view the world. I think we're more successful if we enlarge the pie, if you know what I mean, as opposed to ensuring the pie stays small and one party controls more of it than the other.

Gaith Al Omari (Participant 9): Absolutely! This goes back to my first point, which is when you have the economy continuing to be controlled by the state, which again is either most of the MENA countries or in specific sectors like energy that you just mentioned. If that is the case, then political considerations and strategic

considerations will always be above. We saw it recently and we see it as we speak with Jordan-Israel's water related issues. We saw it with project prosperity, where the UAE funded Jordanians to produce clean energy and the Israelis to produce desalinated water, giving rise to concern—not only a political concern—but there is a concern in Jordan among the public, at least, about interdependency in a way that gives Israel a leverage on the Jordanians.

different levels of economic developments. You see, again, I look at the UAE, and it's clearly trying to have real diversification and a real kind of separation between the economic sphere and the political sphere. It can, as a result, work well with a country that is similar to it, and I think this is part of what we saw with the Abraham Accords because you have two economies that are working independently, and despite the political tensions they have, the economic



Figure 18: Entry of Napoleon into Berlin in 18060by Charles Meynier, which paved the way for the Continental Blockade against the British Empire

Therefore, my point is that unless you actually have a free market economy. Unless you have a private sector or an economic sector that is not under the control of the state, there will always be concern that economics will be used for geostrategic reasons and we've seen this in the past. We can talk about many examples in the past, in the region, where there is the case. This takes me to the second point because what you see in the region is

cooperation continues. But when you have economies that are controlled by the state, think of Egypt, for example, then it is very hard to separate the economic from the political and there is always going to be a concern that economic dependence will translate into geostrategic impact, leverage etc. Call it what you will.

Egyptian Scholar (Participant 10): That is what I alluded to a bit in the answer to the

first question. The question of mistrust or feeling of insecurity. Because you know that some leaders or some parts of the regimes think in a less rational way than others, so they would sacrifice economic benefits by using economic coercion even if their country faces and pays economic costs, they would still use it for political reasons.

These problems exist even before expanding the geographical scope to Israel, Iran or to Turkey. Even between the bulk of Arab countries that are very close to one another that share, as I said, the human dimension of integration. The cultural and historical one and even the political one when it comes to the similar ways of thinking about the best ways to govern the people and the country… [In some MENA conflicts, governments] have shown that they would sacrifice economic and trade benefits and they would pay extra costs to make a political point. That was a message received by the less fortunate in the region… that you cannot really put all of your eggs in the basket of your neighbors or on relying on your neighbors because your neighbors, even if they are closest to you, can use it against you.

***Question 5**: The European example is very old. Can you think of recent examples - inside or outside the region - where economic integration has been conducive to peace?*

Hesham Beshara (Participant 1): When contemplating the journey towards peace amidst conflict, I believe we need to delve into the intricate historical context and multifaceted factors contributing to diplomatic progress. Despite the tumultuous past marked by hostilities, both Israel and Egypt witnessed periods of economic prosperity following a reduction in military expenditures and border tensions. The aftermath of conflicts saw a surge in international investments that catalyzed economic growth in Egypt, particularly evident in collaborative agricultural ventures with Israel, yielding remarkable advancements, notably in orange production.



Figure 19: Farmland in the Egyptian countryside

Witnessing first hand the collaborative efforts between Israeli experts and local professionals vividly highlights the potential for constructive dialogue in conflict resolution. The evident futility of warfare in advancing societal progress emphasizes the urgent need to prioritize dialogue and cooperation. By leveraging past experiences and embracing cross-border initiatives, we can navigate towards enduring peace and prosperity, recognizing the transformative impact of collaborative endeavors.

Kuwaiti Scholar (Participant 2): [Two MENA examples of conflicts arguably being defused by shared development projects relating to territorial disputes.] Saudi Iran's rapprochement is very much about Saudi focusing on development plans instead of being a target of proxies via Iran.

focusing on prosperity has worked in persuading Iran not to use proxies to attack them. The UAE investing in Iran is also making a bet. So yes, I do think it has some dissuading element but I don't think it can be prevented if a decision has been made.

Gedaliah Afterman (Participant 3): In my view it is possible to draw parallels between the situation in the Middle East and the success of ASEAN (Association of Southeast Asian Nations) in Southeast Asia. Look at ASEAN's achievement in maintaining stability and fostering economic growth despite the diverse interests, cultures, languages, and economic statuses of its member states. By establishing a collaborative framework, ASEAN has become one of the strongest economic regions globally, leveraging its collective strength in negotiations with major powers like the United States and China, as well as in interactions with the Arab Gulf States. I emphasize the importance of learning from ASEAN's approach and adopting similar strategies regionally to promote stability and economic development among nations of the MENA region.

Cinzia Bianco (Participant 4): I cannot think of one very easily. I can say ASEAN.

Lebanese Scholar (Participant 5): No. Do we want a total destruction of the Middle East to get to that point? I don't think so. But again, with total destruction then you can build better. For my country, unfortunately, we say that it's good it is collapsing because maybe we can rebuild better if you have visionary leaders. But, if you don't have visionary leaders, like where to go, then you will end up in a worse situation where you are stuck in a disaster. I think again, do I see regional visionary leaders? No, it's like these transitions that are happening are not easy, like geopolitical transitions from one bloc to another or different blocks, people trying to figure out if BRICs work. Whatever comes after the US? Is China the next US? What is going to happen to the EU and the US? Economic transitions, energy transitions that is really taking everyone's energy and is needed to save the planet or we are all going to die. It's a lot that requires leadership, visionary leadership, and even that space in our region does not exist.

Sara Bazoobandi (Participant 6): ASEAN, NAFTA, the EU. Trump's administration threatened to withdraw from NAFTA, and the UK left the EU. So, there are some examples, though there is no perfect model.

I do not think that economic relations bring peace. What peace requires is two things; the first being the willingness and political capacity of the leaders and the second being the acceptance by the people/ citizens of the decisions made by the political leaders. The Abraham Accords provides a good example of the issue of acceptance- the accords started by being mostly focused on economic exchanges and transfer of technology etc, however the mindset of average GCC citizens was not changed by the accord, and citizens did not feel any more favorably towards Israel. The largest challenge on the way of Saudi-Israel normalization is the concern of the political establishment in Riyadh of the public reaction – After the war in Gaza, the Saudi Arabian government does not want to sign a peace deal with Israel, knowing that their average citizens would disapprove of it. Thus, without the two conditions described, one cannot think of any possible peace

scenario. Unfortunately, in the MENA region, we do not have any of these conditions. Political leadership is mostly pushing for their own power projection whilst keeping in mind their highest priority of maintaining offices domestically, and the people are influenced by many factors; history, ideological beliefs, the role of the media, misinformation and so on.



Figure 20: Portrait of Jacques Delors (1925–2023), former President of the European Commission

Though a shared narrative is difficult to achieve, collective experience, collective ideology and the willingness of the leadership can help and create a majority consensus around a shared narrative. In Europe, there are factions (with growing influence) who do not agree with European values (i.e. acceptance and tolerance, etc.) but the European values narrative is dominant and prevails. But the MENA region has still not been able to reach that point. Part of the reason why the MENA region has failed to produce a shared narrative is that the counter narrative is very strong, the power that is pushing to delegitimize the narrative of peace is often stronger than the one that is pushing for peace- and this is one of the saddest realities of the MENA region.

Ariel Ezrahi (Participant 7): I think the one thing that comes to mind is just really thinking about the economic term comparative advantages. Again, that kind of ties into the win-win thing, because if you've got certain countries in the region that have a certain resource or experience or ability or whatever that the others don't have, it creates space for a win-win and it creates integration, which is a very advanced level to reach. And we know that the European example started with coal and steel and only later came foreign policy, the euro and all the rest of. So I think in the Middle East it can remain aspirational. I think we're very far from that in the region, as I think you know. But it doesn't mean that we can't look at good examples and try to learn from them and see what are the steps that can be taken.

And I've always been of the view, and this is very much reflected in this paper that I've just written that I alluded to earlier, that there can be much deeper and stronger ties in the region, certainly when it comes to energy fighting climate change or dealing with climate change, etc. And it's sort of incumbent on us to do that. To think that we'll then reach a sort of political integration I think is probably way more challenging. But let's start with those common threats like climate change or things like that, areas where we can cooperate. I've written before, and again, I mentioned this again in my piece, if you

have rising sea levels in Gaza, you can have rising sea levels in Tel Aviv and in Beirut. So we need to work together in order to find ways to deal with these things as long as we're realistic. And we know that a European Union style integration is probably very foreign. And learning from the steps that were taken in the lead up can be useful. And that really looks at the trade and the security. And by the way, climate change has become a national security issue.

In the past, people used to think, oh, just a bunch of green lefties or whatever who are droning on about this, has become a national security issue for countries. And national security is something that you need to take seriously. And certainly countries in the region traditionally do for national security reasons. They take it seriously. So in that sense, the challenges we have with climate change need to be looked at in that context as well. And I wrote about this in this piece.

Gaith Al Omari (Participant 9): I am not an expert on the global scene but If I look at the MENA region, I can really think of two examples. One is the Abraham Accords, again, where the speed with which particularly when it comes to the UAE and maybe less so when it comes to Bahrain but I think the speed of the economic relations meant that. Again we're going now through one of the toughest moments when it comes to public opinion, when it comes to diplomatic and political relations, yet the Abraham Accords are going very well and no Emirati or Bahraini official said we're going to stop the Abraham Accords, so this is an example of how economic relations, of course coupled with political will, can actually survive political shocks.



Figure 21: ASEAN summit, 2017

Another example is what you see in the GCC. What you see in the GCC right now, is that the economic aspect has created a degree of stability in GCC relations… Every time I start criticizing [one GCC country, citizens of another] will tell me no no, we're doing business with them. Don't disrupt this business, so we're starting to see it slowly in the GCC context. It is still not fully mature yet, but I think that is the closest thing I see in the MENA region to something like this.

The flip side of it, of course, is when you see underdeveloped economies, you will see that all of these attempts to create economic integration fail. Look at the attempts that have been going on now for years between Jordan, Iraq, and Egypt to create a kind of economic interdependence as a way of stabilizing security and political relations. This has been going nowhere because you don't have mature economies in these countries that can actually integrate in an effective way and it remains a kind of diplomatic aspiration and not a reality.

Egyptian Scholar (Participant 10): With the EU, it started with solving the political problems and a political decision. At best it went in a parallel way of deciding to work on political issues while creating those economic benefits. I don't think the model of EU integration was to suppress political conflicts or disputes and differences and just shove them under the rug and think that by creating a common coal and steel community that people are going to forget their political problems with each other.

The European model is not built on that. Unfortunately, I might not be the most knowledgeable person in the world but maybe those examples exist. One thing, however, it could be argued that so far the US and China didn't get into direct military confrontation because the US and western Europe's thinking was that if you integrate China economically in the international economic system then maybe it would change the thinking in Beijing. Not only to discard violent conflict but even to change the political norms and values in China. The second part of changing political norms and values did not happen but we haven't seen a military confrontation.

***Question 6**: Skeptics often say that a minimal level of security and trust is necessary for economic integration to operate as a vehicle for peace, and that in much of the MENA region, this threshold is yet to be passed. What do you think about this?*

Hesham Beshara (Participant 1): In my assessment, many countries in the MENA region maintain a level of trust and are capable of working together despite underlying tensions. While trust may develop gradually in business relations, it is not entirely absent, given the existence of banking systems and mechanisms like letters of credit. I believe that once significant obstacles are addressed, such as prevailing conflicts, economic ties between nations will swiftly resume. It's worth noting that economic relations with Israel persist within the MENA region, indicating a desire for expansion and reconciliation. However, media portrayal often exacerbates negative perceptions, hindering progress towards mutual understanding and cooperation. Yet, I remain optimistic that with a fairer approach to conflict resolution, economic prosperity can be collectively achieved.

The notion of lost trust doesn't resonate with me, as my experiences have shown that beneficial economic interactions persist despite political tensions. Unless legally prohibited, business dealings continue based on mutual understanding and shared goals. Moreover, dissent within both Israeli and Palestinian factions against their respective governments suggests a growing realization of the senselessness of past conflicts, potentially paving the way for renewed cooperation and economic growth. This optimism is echoed within organizations like MENA2050, where continuous communication and mutual trust foster a shared commitment to peace and prosperity. Despite initial shockwaves once the current war started, the resolve for collaboration remains steadfast, as well as the enduring belief in the potential for constructive engagement and progress.

Kuwaiti Scholar (Participant 2): I don't believe in exceptionalism. The region is not exceptional. It's not 400 years ago. We're talking about some of the wealthiest countries in the world. We are developed countries in the region, it's not 300 years ago. I don't think the MENA is an exception. I do think a basic level of security is needed, but I don't think that trust is needed. We have different examples of countries in Africa, Asia, Europe, and the US. [In the case of China, it has limited trust with many countries but trade still goes on.] You need a basic level of security but trust is not needed because it is transactional.



Figure 22: Egyptian warship

Gedaliah Afterman (Participant 3): I think it's important to try and navigate the complex interplay between regional integration and stability in the MENA region, acknowledging the "chicken-and-egg" dilemma where regional integration is desired for stability, yet instability hampers integration efforts. While recognizing the challenge of achieving meaningful economic cooperation amidst ongoing conflicts, I suggest that starting with incremental progress by certain countries

can provide a model for others to follow. By doing so, I foresee a gradual integration process led by stronger, more peaceful countries, rather than simultaneous integration across all MENA nations. Despite challenges, I remain optimistic about the potential for progress in the region, in hopes that gradual advancements could help alleviate tensions and promote stability.

Cinzia Bianco (Participant 4): Yes, I definitely think that this is the case. Look at the idea that GCC countries and Iran should use economic diplomacy to stabilize their detente; and look at the different pledges- especially by Saudi Arabia towards Iran, and what actually happened in reality. You could argue that there is the question of sanctions; I do not want to go into the details of saying how it is not just about the sanctions, because there are many things that you could do economically with Iran that do not encounter sanctions, but let us not get into these more conflictual examples. Let us look at another example- Saudi Arabia and Iraq. The idea was the same, that you build out economic ties between the two, then you stabilize political relations- looking at the positive constructive relationship between the two. There have been many promises but it is important to look at what has happened in reality. You need to look at these questions [what has happened in reality?] and what has failed and why?

Lebanese Scholar (Participant 5): Look, not a minimal level of security and trust. You need to create the trust between the governments and that any codependence will not be used in a negative way, political pressure, or whatever. Investments – you don't thrive economically if you don't have security and you have war. Like Lebanon is at war now, who is going to invest? They were angry at Total Energies because they did not want to right away commit to working at block 8, which is at the border with Israel where the war is happening. Basically, with all the problems we have in the region we cannot have economic cooperations or interdependence, meaning we will not have peace. We have to work, that would be the gift [economic gain] at the end of doing the whole process of political, military, and security cleaning. There is work to be done. It is as if you inherited an old house, it is a great place and it has the potential to have a great garden where you can have all the benefits, with four to five floors. But, it needs work to get to that point. You see the potential, but you need to work on it. You need to work on the country to have a vision, then you need to build trust between the political systems of the region and conflicts must end. If the EU was Germany and France, here it is Israel and Palestine. There is no bigger conflict than that, and it is at the core.

Sara Bazoobandi (Participant 6): There is, of course, a minimum threshold needed. One of the basic principles of international relations is that diplomatic agreements and international treaties are always vulnerable against betrayal and withdrawal- one must always expect that the counterpart may walk away from an agreement. Also, there is not one political alliance or collaborative mechanism in which everyone trusts each other one hundred percent – take the EU and transatlantic relationships (US and Europe). What makes it more feasible is an understanding that remaining in that relationship serves the interest of the relationship-bound parties, more so than walking away from the relationship. So

long as political leaders are convinced that remaining in peaceful agreements is also going to be beneficial for them, they do not need trust; the moment they feel that the agreement may be to their detriment, then they start having doubts about the intention of other parties involved- as demonstrated in US-China relations which have now become more securitized than ever before.

To sum, trust is neither necessary nor sufficient, what is more important is the understanding that peace is not detrimental for the decision makers of each side, and is serving their own agenda and own interests.

Ariel Ezrahi (Participant 7): That's an interesting point. I'd say two things. I mean, first of all, if we talk about peace, let's start from the end. There is a lack of trust. And I would say that the lack of trust in the region is not just between the Palestinians and Israelis and vice versa, but it's wide. I think, again, countries that don't share a border are less in direct conflict. Like, I don't know, Israel, UAE or Israel and Saudi, for example. And of course, we've seen there's less of an issue now, because there's less of a sort of active conflict or there's a non existent active conflict. To say, though, that there's a level of trust is another thing. I'm not so sure that there's massive amounts of trust with Israel because Israel right now is led by this government. So I think we'll need to see, again, more constructive forces in the region, including in Israel, that other countries feel that there could be more trust going on. I think the other thing is, before the October 7 war, we also have to remember that Israel itself, as a result of the Netanyahu policies, became very much divided.

And I think one thing that I've certainly been hearing a lot in the Gulf and the Arab world in general, is Israel stable? Could it be a stable partner? And this is before the war. Could it be a stable partner because it's so fragmented, it's so unstable as a result of the divisive policies that Netanyahu tried to instill. So that is also, I think, a feature, and it connects with trust. I think if you're certain countries in the Gulf, you want to see partners that are. And for that matter, I've heard people talk about, for example, the US role in the region. I mean, how engaged is the US in the region? And I think some folks would argue that it's less. And so then if you're a regional player, you ask yourself, well, can I trust the US to have my back? Others will say, and again, I don't want to sort of wade in on this debate right now, but others will say, no, the US is very much involved.



Figure 23: President Barack Obama addresses the opening session of the first U.S.–China Strategic and Economic Dialogue. Listening at left are Chinese Vice Premier Wang Qishan, center, and Chinese State Councilor Dai Bingguo, left.

I would connect the trust point with what's being viewed as strategically, the stated aims or the unstated aims of players, whether both in the region and outside of it. I think if we look at the previous question about the European Union, again, I think you don't jump to integration from a conflict situation. There's lots of steps in

between. And economic integration can be a way of doing it. And going back to the example I gave earlier, also, if you have an Israeli and a Lebanese businesswoman meeting in Paris or London, and they have good experience, that can create trust, but there's no lack of examples of people from across the border meeting relations, including good personal ones. The problem you have is that we don't necessarily get to the scale of increased trust between the peoples and all the rest of it, because especially if you have governments or whatever who are fostering division or conflict, then you're sort of running an uphill struggle, even if there are very good examples of people to people or business. To business building and cooperation.

The last point I wanted to make, though, about that question was. The last question was, this is why, I think, also external powers. When I say external, I mean external to the conflictual one. So external could mean UAE, it could mean Bahrain, it could mean knowing the context of these Palestinians, or it could mean the US for that EU. They can play a very positive role. Because they could be the adults in the room. When the parties themselves are not able to build the necessary levels of trust or what have you. So sometimes we need to have these additional actors to help us get to where we need to get to because the parties aren't able to do it themselves, certainly on a state level.

Riad Al Khouri (Participant 8): Short term – this is an insurmountable problem… You need a big shock to make change. Gaza is a big shock, but big shocks can lead to bad things as well.

Gaith Al Omari (Participant 9): I mean, again, this to me has two levels. One level is structural and I think the more that you have economies that are developed in a structural parity. So when you have the different actors at similar levels, then this is a case where economic relations can have a life of their own and become an independent factor in shaping policy. There is certainly this issue, and you know again here. Actually, taking it a step back, but I would say, again, in our region because strategic, foreign policy and security decisions remain very concentrated at the very top, the interpersonal relations between leaders make a difference.

To give you an example, when I talk to Jordanians, they're comfortable that the Emiratis invest. Taking it a step back, you know now in [the region], the new model of assistance is that we're not giving aid, we're giving investment. So now when you go to the Jordanians, they're very comfortable with the Emiratis doing investment in Jordan because there is good relations between Mohammed Bin Zayed and King Abdullah. So there is a degree of comfort and stability. [In other cases, where the interpersonal relations at the leadership level are not so good, there is less comfort.] … In a region like ours, where the foreign and security policy is still concentrated at the very top, interpersonal rivalries and mistrust will continue to, I think, play a more important role than the economic integration.

It is not black or white. There is always a space in between and I think this is where one can play. We don't need to wait until the economy is fully developed. You can start doing it. Even small integration steps and these themselves can create a snowball effect and can create a dynamic that empowers the private sector etc. So I think

what we're trying to say here is that if you look at economic integration as a magic solution, you're wrong. If you look at economic integration as completely pointless, you're also wrong. I think, what we have to think of as people who are looking at policies is what are the areas that you can have, maybe even small-scale economic cooperation and integration? And use those to start creating precedent and a different dynamic.

Egyptian Scholar (Participant 10): I think I am one of those skeptics, unfortunately. But I do believe you can do both in parallel, so you don't need to just wait but the progress and the decision if you want on both should be on the same level. So if the sky's the limit when it comes to economic integration, then this should also be the vision when it comes to building trust and being willing to cooperate to build confidence on the political side. So, I think that makes me a skeptic but a skeptic that doesn't tell you we should stop trying until there is a minimum level of trust. I am the skeptic who would tell you, okay, just make them two parallel tracks and work on both at the same time because they actually serve each other. It can create a vicious but hopefully a virtuous circle where progress or aspirations on one track can feed into constructive engagement on the other.

***Question 7**: The current Israeli-Palestinian conflict is arguably the most challenging one in the MENA region. Do you think that - once military operations in Gaza slow down significantly - economic integration between Israel and Palestine is a good place to start? Or are there certain other conditions that must be realized first before anyone can think about economic integration as a vehicle for peace in that conflict?*

Hesham Beshara (Participant 1): In contemplating the economic relations between Palestinians and Israelis, I believe it's imperative to acknowledge their historical complexity, punctuated by the past and, of course, the current ongoing conflict.

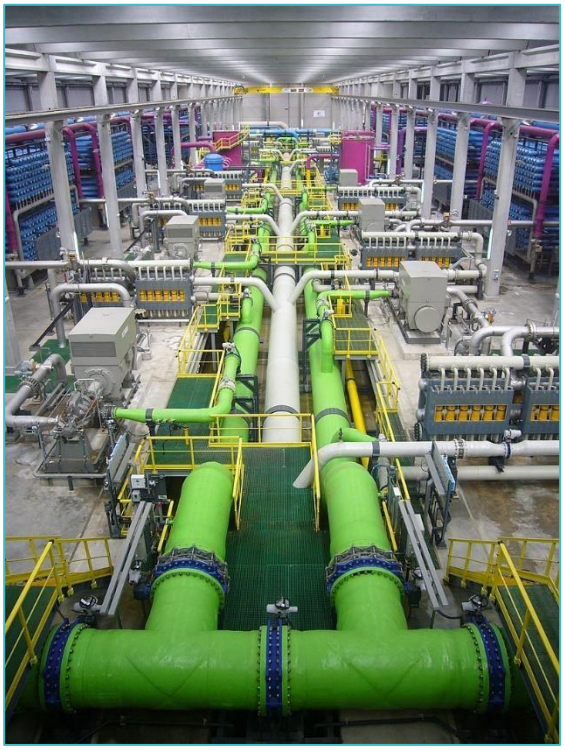


Figure 24: Reverse osmosis desalination plant

Restarting these relations demands a paradigm shift, necessitating a fresh approach to conflict resolution and economic cooperation. The disparities in casualties, with Palestinians bearing a significantly higher burden, brings to the forefront the urgency of addressing the underlying grievances. Initiatives such as Israeli investment in Palestinian infrastructure, healthcare, and reconstruction efforts, with the potential for investment of only a fraction of the approximately $50 billion spent on war,

present tangible pathways to alleviate suffering and foster mutual trust. For instance, redirecting even just 5% of this expenditure could amount to a substantial sum capable of funding projects like desalination plants and hospitals. Such investments would not only demonstrate Israel's commitment to peacebuilding but also serve as practical steps towards reconciliation. Additionally, the notion of replacing current leadership on both sides with new, forward-thinking individuals is crucial in facilitating a more conducive environment for peace negotiations. By embracing fresh perspectives and leadership, the region can embark on a path towards sustainable peace and prosperity. Ultimately, these efforts have the potential to transform perceptions and lay the groundwork for peace in the region.

Kuwaiti Scholar (Participant 2): Absolutely not. There are very asymmetric levels of power. All the trade would go in one direction (Israel) so it doesn't know the added value. There needs to be an agreed upon political process. I don't see [it as plausible for] the Israeli population to agree to an economic program development. Even if a political process is agreed upon, it would still take the Palestinians' institutions a long time to be partners with Israelis. If it was economic development investing in Palestine, as part of a package, then I don't see Israeli citizens agreeing to it. There would be a structural issue bc of the asymmetry where any kind of trade (because its one-sided) would [potentially] be weaponized by Israelis. [This has arguably happened] with humanitarian aid. [They could do this] with agriculture and commercial goods; there is no baseline level of security.

Gedaliah Afterman (Participant 3): I wish to emphasize the significance of economic integration in Israeli-Palestinian relations, its historical importance and continued relevance. However, given the current tensions and sentiments between the two sides, I would argue that bilateral economic integration may not be feasible as a first step. Instead, I propose a regional approach to economic integration, involving groupings of nations such as Israel, Jordan, Palestine, and the UAE, or KSA with other MENA countries and Palestine. I suggest trying to create joint projects led by other regional entities rather than Israel, with some projects excluding Israel altogether. In my opinion, regional economic integration could help alleviate tensions and serve as a foundation for addressing or reshaping the conflict in the long term.

Lebanese Scholar (Participant 5): Before 7th of October, everyone thought they could [cooperate with Israel without directly addressing the Israeli-Palestinian conflict]... That was in the favor of the Israelis… Netanyahu said "you see, I can do the Abrahamic accords and a kind of normalization deal with Lebanon with the maritime borders meaning I'm fine" so [there is no need to resolve the conflict with] the Palestinians…

Again the core now, for the Israeli-Palestinian conflict to end in a way that is not "business as usual". In a way that will really bring a viable state in Palestine and allows them to function as a state. There is a very important role for the Saudis, the Americans, the UAE, and even China can play a role because Iran needs to be on board the deal. Whether it be directly through Iran or China representing Iran, I

don't know how they want to tackle this. But the stupidest mistake that they could do is like, if any deal happens and there is a big conference after the war to solve the Palestinian Israeli issue, the biggest mistake would be if they put Iran on the side and not talk to Iran. Because then Iran will be the destabilizing force again the same way that happened after 1990. After 1990, before the Oslo agreements when the Madrid agreements happened everyone was on the table. The Arabs and Israelis for the first time talked about peace, but Iran was left out, [leading to instability that continues today partially in the form of proxy warfare]... So that would be the biggest mistake.

established with the belief that the other side does not respect you and does not accept you as an equal partner and does not take your interests into account, then the relationship cannot be sustainable. Even between two individuals, a relationship based on the above assumptions cannot be sustainable. Therefore, there needs to be an understanding, on the Palestinian part, to feel that they are being given the respect, the dignity and the equal position that they request. Such will not be possible unless there is some form of independent status for the Palestinians.

Israelis and Palestinians have been doing business for years and have tried different



Figure 25: 1994 Nobel Peace Prize winners

Sara Bazoobandi (Participant 6): I think that one of the major challenges for Israel-Palestine peace is that one side constantly feels as though they are being ignored, constantly taken advantage of and are in a weaker position. Once relations are

models of integration in various shapes and forms, but every time a crisis erupts it proves that the current model of integration does not work well. I think a strong, clear-cut, political solution and the provision of an independent status for the Palestinians is

a first step to peace. The Palestinians need to have a political status that they feel is sufficient for them and will be enough for them to put down their weapons. So long as they do not have that political status, there will always emerge another non-state actor, because the collective memory of the Palestinians is convinced that they are deprived of a right (a right that there may be disagreement on within the Palestinian community itself). I think that a political solution is more important than any economic solution; economic solutions are fragile to political dynamism.

Ariel Ezrahi (Participant 7): I'll mention something in this Atlantic Council piece which has not been published yet, but I talk a lot about cooperation in the region and three conditions for that. One is the departure from the scene of Hamas. You can't know, force the ideology to depart, but certainly when it comes to government institutions or military capabilities. So the departure of Hamas from the scene, both Gaza and the West bank, for that matter. Secondly, the departure of the Netanyahu government, which is not trusted, not only does it not have much support in the country itself, but also regionally and internationally. We've seen this with the Biden administration and certainly with regional allies. So that's the second one, I would say, but the third one, when we start looking at Gaza reconstruction day after the all the rest of it, and also more broader regional integration of Israel into the region, it is absolutely critical that there needs to be a genuine track for resolution of the Palestinian Israeli conflict. I don't think economics alone will be sufficient. So I don't think it's a question of just saying, hey, war's over, we'll sell you goods, we'll buy, and we'll all be hunky dory. That's not going to be enough, I think, for anyone know, certainly not the Palestinians, but I think also the wider Arab world. The Saudis have made that clear in terms of any conditional normalization with Israel. So I think some things will need to happen in parallel. So there needs to be a genuine process or track, and then in parallel to that. And that can only happen, by the way, with the departure of Hamas and Netanyahu, because it doesn't work otherwise. Right. Netanyahu, certainly with his government, is not capable of and has no desire to do that, nor do Hamas. This is why they have been these sort of like informal allies, but extremists often keep each other afloat. But once there is the departure from the scene of Hamas and of the Netanyahu government that does open the possibility for looking at solutions resolution of the conflict and statehood and then that would know rebuilding economic cooperation including the projects that I mentioned earlier but I don't think that economic integration is efficient considering the depth of the conflict. Israel and Saudi; they can trade with one another and all the rest of it they don't need to reach agreements on borders or what have you because they don't have that conflict at the same time the Saudis have made it clear that their economic cooperation with Israel will be dependent on seeing in light of the war that there's a Palestinian statehood or what have you.

Riad Al Khouri (Participant 8): There are no economic strategies that can be put in place now towards this peace. In fact, there is a negative effect… If we all spoke to the Arab world about MENA2050 we would either be laughed at or [face more dangerous consequences]… Things should be done, but they have to be low-key and

unambitious. Don't think beyond the current hand holding and keeping lines open – that's it.

Gaith Al Omari (Participant 9): You know it is a complex question because maybe I will contradict myself. On the one hand, I certainly believe that the degree of economic integration is essential in order to re-establish people-to-people trust. I mean, as I mentioned earlier, when Palestinians went to one of these communities around Gaza that were attacked by Hamas. A guy from that Kibbutz or community was saying that it was the same Palestinian workers, working in this Kibbutz, who came on October 7 with Hamas. He then said I will never trust a Palestinian again. So I think [the impact of this war will be long-lasting]. And, of course, the Palestinians will have their own view on the Israelis and what they're doing.



Figure 26: 320 kW Ibrahimyah (Jordan) wind power plant

and Israelis did business, there weren't those kinds of stereotypes that you see. The more that we encourage, you know, whether it is business or labor movement, all of these kinds of issues, will work to create maybe a constituency that is more open to integration and stabilization.

But there are two major questions or problems here. One is structural and the other is kind of circumstantial. The circumstantial, I think today, the degree of mistrust in Israel towards Palestinians is so high, so high that it is very hard for me to imagine them opening up the labor market anytime soon. To give you an example, I was in Israel maybe 2-3 weeks ago and

On a more structural level, I think because the Palestinian and Israeli economies are so unequal—Israel is truly an advanced economy, the Palestinian economy is a very primitive economy—it's very hard to see integration. In addition, there are structural reasons built into the treaty relation between the two sides. According to the Oslo agreements, the Palestinians do not have control over their trade policy, so you cannot set your own tariffs, and you cannot import or export except through Israel. You cannot have your own standards without Israel because there is a customs union and in this particular case, the Palestinian economy will always remain submerged in the Israeli economy. Subordinate to the

Israeli economy because of these structural reasons. So I see economic integration as good in terms of destroying some of the stereotypes but I don't see it in the big picture as the place to start.

I would actually start with how do you create economic integration between Israel and regional actors and, maybe, bring the regional actors later. And I go back to the example that I brought up earlier of the prosperity project. Basically the idea was that the Jordanians built a solar field and they exported electricity to Israel and Israelis built a desalination plant and sent water to Jordan. Both countries need this. The UAE has, both through Masdar, I think, financed this and ultimately there is an economic benefit to it, to Masdar. I would start with this and once this is established, I would say to the Palestinians, you know what, you guys can join us as well. So I would say start with some of the more established ones. Use the Abraham Accords as a facilitator for some of these, show success, and then bring on the Palestinians.

Egyptian Scholar (Participant 10): I think the problem now is that the narrative on economic integration and progress has been abused so much that when people hear of using economic integration for peace, they think it means suppressing the existing conflicts and not solving them. So people would refuse to talk about economic integration between the Palestinians and Israelis because that route has been tried before and it didn't work. It didn't solve the political conflict. People have seen that it is not an equal integration in the sense that there is a party, Israel, that sees itself as [more powerful than] the Palestinian party, so they dictate the rules or the frameworks of economic integration. How it will be done, who is getting what, what kind of resources and profit, so unfortunately, the economic path is no longer credible to many parties in the region and is seen as a tool to just suppress the political side. So, again, I don't think that the right point to start is economic integration between Israelis and Palestinians. In Egypt and Jordan, economic cooperation didn't prevent Israel from proposing solutions to the Gaza War that were unacceptable to both countries

The right point to start is to agree on a peace process, which is what Arab countries are trying to do. At least some countries like Saudi, Egypt, and Jordan. And then, while you are advancing on this, there is a parallel economic path, where you can actually feed into the confidence and benefit from the agreements on the political track. The framing, that economic integration can replace a political solution has discredited this economic path. That is for one. Then came the October 7 attack to confirm this discredit. That we will remain all on this same vicious cycle even if the Palestinians are benefiting from working in Israel and from working with Israel, there is a big problem and elephant in the room, that the Palestinians will never forget and that will always claim.

***Question 8**: Do you have any other comments/suggestions?*

Hesham Beshara (Participant 1): I feel it's important to gauge the potential of collaborative ventures among Egypt, Israel, and the Palestinians, the proposition of establishing a shared hospital emerges as a promising endeavor. Leveraging the expertise of Israeli medical professionals

alongside skilled counterparts from Egypt and Palestine, such a facility could offer top-notch healthcare services and foster an environment conducive to healing and cooperation. Additionally, initiatives in agriculture present significant opportunities for collaboration, particularly in cultivating specialized crops and flowers for export. Through joint efforts and shared resources, including technology and expertise, the envisioned agricultural cooperation could yield mutually beneficial outcomes while promoting unity and integration on a daily basis.



Figure 27: PM addresses at the Partnership for Global Infrastructure and Investment & India-Middle East-Europe Economics Corridor event during G20Summit, in New Delhi on September 09, 2023

However, beyond specific projects, the broader imperative for peace in the region is the need for a fundamental shift in priorities. Rather than allocating vast resources to warfare, redirecting investments towards peacebuilding initiatives holds the potential for far-reaching benefits for all involved. By embracing principles of forgiveness, mercy, and cooperation as guiding tenets, nations in the region can pave the way for a brighter future characterized by trust, mutual respect, and shared prosperity. It's of the utmost importance to reassess prevailing interpretations of religion and to prioritize the collective well-being of all people, transcending notions of supremacy and division. While impediments may have occurred and are presently occurring, due to aggressive governance, in my opinion, the collective aspiration for peace remains a powerful force, capable of overcoming challenges and fostering enduring progress. However, the destructive impact of aggressive governments must not be underestimated, as evidenced by the significant setbacks incurred due to the current war. Unfortunately, the past four months have severely damaged years of progress towards a better solution which might be lost in the wake of this conflict, highlighting the urgent need for renewed efforts towards peace and reconciliation.

Gedaliah Afterman (Participant 3): In contemplating MENA regional cooperation, it is imperative to consider the broader global frameworks and trends shaping the region's trajectory. I would point to the increasing connectivity and integration between Asia and the Middle East, exemplified by initiatives such as the India-Middle East-Europe Economic Corridor (IMEC) and China's Belt and Road Initiative. I see great significance in these competing economic frameworks that can help drive regional integration, which present both opportunities and challenges for MENA countries. Moreover, I view the potential for strategic collaboration among smaller countries, including middle powers such as Japan and South Korea, as a path to further bolster regional cooperation efforts. By utilizing these platforms, regional countries could facilitate infrastructure development such as railways and new ports, trade expansion, and regional integration. I believe that by recognizing and leveraging the opportunities presented by these powerful trends, the MENA region can play a proactive role in shaping its own future and driving regional development in the years ahead.



Figure 28: French soldiers during World War I

Cinzia Bianco (Participant 4): First recommendation would be to look at regional cases and try to dig out as many facts as possible from all of the different situations in which there was political tension and then the two rival states resolved to work on their economic relations- and look at what happened there. Look at what happened to these cases after a while. Saudi Arabia and Iraq is a good one

because you can access a lot of facts and some time has passed between the first detente and now, and so it is a good time to see what has worked and what has not and why. Find the whys of the success and the whys of the failure. Another case to look at would be the intra-GCC case because there have been a number of projects of furthering economic integration within the GCC themselves, and there is a mixed record there that needs to be looked at.

Lebanese Scholar (Participant 5): A project like MENA 2050 is very important for us in the region to have a say on how we want our future to be. Not to be imposed from everywhere and being imposed by the Americans or the EU because they do not see voices in the region on how they want to live. I think it's important to give the voices and the autonomy of the region to all the young and bright people to say how they want to live and see their future to work for that future.

The destination is more collaboration, more cooperation on all levels in the region to really thrive. Even economically worldwide, like right now we know that the growth level in Europe is almost at zero. In other places it is plateauing, so there needs to be economic growth in other places for the world to continue functioning. The Middle East and North Africa region has great potential, and it could be good for the people. It will end one problem for the Europeans and even for other places with the migration influxes from Africa and the Middle East. For the Middle East, [it is seen that] there is no future, no hope, no growth – you don't find a decent job, etc. So, on many levels it is important to undertake this but it takes a lot of effort. I know that there was a lot of effort from the EU to do this, but again go try and convince Algeria and Morocco you know? This is the European neighborhood, like Western Mediterranean, like the North African countries and Europe. Imagine the potential! Tunisia failing, Libya failing, Morocco and Algeria not talking to each other. This is a waste of potential.

Sara Bazoobandi (Participant 6): Talking about trying to get to peace from an economic perspective in this current climate is too optimistic. The role of other countries in the region, specifically Iran, is something that I do not think necessarily can be addressed by economic solutions or through trade agreements. In the current political system, I do not see the current Iranian government ever being willing to normalize relations and do business with Israel. So long as this factor persists, it is too optimistic to think about resolving things by doing business and trade. This itself is a large enough factor without even discussing the role of other actors in the region; Russia and China and how they may leverage their influence and their political agenda. Yes economic relations are good for peace and stability but you need first to have something all binding before you enter these sort of scenarios.

There has not been a time in the history of the region where the Israel-Palestine issues became a more important factor for region-wide peace and stability. Many policymakers around the world were previously happy to brush the issue aside, out of ignorance or convenience; with the assumption being that the issue will solve itself at some point. However, since October 2023, it has become more obvious that this may be the cause of a very large regional challenge.

Ariel Ezrahi (Participant 7): I think the economics is very much dependent on significant progress on the political front especially in Israel-Palestine, there has been a concept for a long time for economic peace but it doesn't work. There will need to be some sort of a political trajectory. It is not going to be easy because of traumas across both sides of the borders.

Gaith Al Omari (Participant 9): Again, I will repeat what I said earlier: Do not look at this as an either or proposition. Either economics is the solution to everything or it's useless, which is often what we hear. Look at it as part of a more complex jigsaw. We need to work on security, diplomacy, and all of those kinds of things. And we also need to work on the economy, and in this case, I would say, as I said before, look at the areas of cooperation that are least problematic from a political point of view and start with those. You know, often what we see in these, especially state to state relations, you know, we start with the difficult that is full of political symbolism etc. It doesn't work, start with the small and concrete. The things which basically have no political significance, and generate some successes, and create a proof of concept and once you do that, it becomes easier to scale up, so I would say start modest, work on this, don't look at it as an either or and start creating a new dynamic understanding that it might take a few years to become a significant factor in the big picture.

---

3. Synthesis

This section synthesizes all of the preceding ones, combining what we have learned from the academic literature with the knowledge gained from engaging stakeholders. It is a standalone section that serves as a concise presentation of this entire report. The key findings will be presented in a series of remarks whose numbering corresponds to the relevant question in the stakeholder perspectives. Remarks that start with the number "0" are inferred from the academic literature.

Remark 0.a: The theoretical literature - most notably the Classical Liberal intellectual paradigm - provides us with a plausible set of reasons for thinking that economic integration can act as a vehicle for promoting peace.

The two key mechanisms are that: first, economic integration accentuates the costs of engaging in violent conflict, thereby decreasing the incentive to initiate it; and second, the visceral interactions that commerce entails engender mutual affinity, decreasing peoples' predisposition to starting wars with one another.

Remark 0.b: The world's experience over the course of the last three centuries gives many examples of a positive association between economic integration and peaceful coexistence, supporting the theoretical predictions of the Classical Liberal paradigm.

The most salient example is the European Union, both at its inception and following the Eastern European expansion, but there are also instructive ones from other parts of the world, too.

Remark 0.c: The rhetoric of many policymakers in the MENA region - and those from outside it when talking about the MENA region - suggests a widespread belief that economic integration is a viable conduit for de-escalating conflict in the MENA region.

The speeches of key figures - including Saudi Crown Prince and Prime Minister Muhammad bin Salman - indicate this conviction, and it is also reflected in the policies that these figures themselves adopt and promote to others in the region. A recent example of the trilateral Jordan-Israel-UAE water-renewable energy deal.

Remark 1: Stakeholders generally but not unanimously find the idea that economic interlinkages increase the cost of war thereby disincentivizing it to be a plausible foundation for MENA-related proposals. However, applying this principle crudely - for example by insisting that two countries engaged in a violent conflict increase their mutual trade and investment - can be ineffective and may even be counterproductive. In other words, there exist important qualifications due to the perceived naivety of the Classical Liberal paradigm. These qualifications - some of which are universal, and some of which are specific to the MENA region - must be acknowledged. They include the need for a symmetric economic relationship, a higher degree of separation between economic and political elites than is currently found in most MENA countries, and a willingness to acknowledge historic injustices in tandem with a desire to deepen economic ties.

There are recent examples in the MENA region of how economic relations can transcend political ones, such as the strong economic ties between Egypt and Turkey despite the political frictions arising from differences regarding the Muslim Brotherhood. Nevertheless, the MENA region provides many counterexamples, too, such as Palestine and Israel, and Lebanon and Israel, with the latter two having recently concluded a gas agreement that apparently has done little to prevent a significant military escalation. To some, the Ukrainian crisis is a major blow for modern supporters of the Classical Liberal paradigm, as it represents a highly visible failure of deepening economic relations to prevent escalating conflict. The example of China and Taiwan also illustrates that deep trade ties can fail to improve social and political relations.

One important qualification to the basic principle is asymmetric economic relationships: when one large, resilient economy deepens its relationship with a smaller, weaker one, with the trade flows being in a commodity that is critical to the junior partner, such as electricity or water, the economic relationship becomes an additional coercive tool in the larger economy's foreign policy toolkit.

A more general remark is that the Classical Liberal paradigm emerged in an environment (18th and 19th century Europe) where the pillars of the economy exhibited significant autonomy from the political elite. This afforded merchants and capital holders latitude to pursue their interests independently from those of the central governments. However, in the 21st century MENA region, the socio-political structures of many countries result in the drivers of the economy being mostly under the government's direct influence. Consequently, rather than operating as a

buffer against violent conflict, economic relations can end up being an additional dimension through which governments can prosecute wars. Therefore, a greater degree of separation between government and the private sector - a more capitalistic economic structure - may be a precondition for economic relations to act as a vehicle for peace.

An additional qualification is that other, complementary actions need to be taken in tandem with a deepening of economic relations. These include an acknowledgement of historic injustices, and possibly attempts at restitution, both of which explicitly happened in the case of Germany and its neighbors following the conclusion of World War II. Naturally, high quality leadership is needed when undertaking such bold actions as admitting acts of oppression on behalf of an entire nation.

While this qualification is universal, it is arguably more pronounced in the MENA region, where politics tends to supersede economics, and where little progress can be made on economic differences if the underlying political conflicts are allowed to simmer or even worsen. This relates to the aforementioned point regarding the lack of autonomy that MENA economic actors have, as they are much more under the yoke of political elites than in the economies of the European Union.



Figure 29: Harun al-Rashid at left receiving a delegation sent by Charlemagne to his court in Baghdad. 1864 painting by Julius Köckert

Remark 2: Stakeholders generally agree with the idea that direct, personal contact can help people overcome negative stereotypes and soften their views about people from an "enemy country". However, maximizing the effectiveness of this approach requires embedding these relations in an attempt to tackle shared problems that are caused by external factors. Moreover, in the case of straightforward trade, it needs to occur in a manner that involves human contact, which is not a given in 2024 in light of electronic trade. An additional important qualifier is that even if personal contact between people can engender mutual affinity, the political disconnect between policymakers - who make decisions about war - and ordinary people means that this affinity might not meaningfully affect decisions on violent conflict.

Most people living in the MENA region have firsthand experience of how living and interacting with someone from a different nationality/race/tribe/religion/etc can engender more favorable (or less unfavorable) views toward people who possess the same identity as that person. However, there are three important qualifications to keep in mind.

The first is that if those interactions are commercial in nature, then the trade needs to involve human contact. China's trade with the West - be it Europe or the US - has ballooned over the last 50 years, yet attitudes toward China among ordinary Western citizens remain quite negative. One reason is that the majority of this trade occurs electronically or with the intermediation of large ships that have traveled thousands of miles, with zero actual contact between the producer and consumer. This is very different from the sort of doux commerce interactions that thinkers like Adam Smith experienced during their time.

The second is that the interactions should ideally be part of an attempt at tackling a shared problem. Physical trade falls under this umbrella, with the "shared problem" being that the trading partners each possess a commodity that the other side values more than them; but it can extend well beyond trade to issues such as managing common pool resources or developing mutually beneficial technologies. In this regard, it is important for the "problem" being solved to be one that both sides perceive to be external to their conflict, such as climate change.



Figure 30: Two traders in 16th century Germany

In contrast, it is much harder to initiate a positive chain of interactions leading to mutual affection if the interactions are seeking to tackle a shared problem that one

side believes the other side to be partially responsible for. For example, if your neighbor recklessly burns your garden and his, and then asks for your help in fixing both gardens (the shared problem) without acknowledging his wrongdoing, then it is more likely to come across as an act of chutzpah than as an olive branch that can be the basis of a positive relationship.

Finally, the MENA region has a limited incidence of pluralistic political institutions. This insulates those who make decisions regarding the initiation of violent conflicts from the affinity that can organically emerge between ordinary people through daily, face-to-face economic interactions.

Remark 3: Stakeholders generally believe that non-state actors - especially in the current configuration in the MENA region - are a disruptive force that limits the ability to use economic integration as a way of promoting peace.

From a theoretical perspective, when looking to use economic integration to promote peace, the primary mechanism through which non-state actors act as disruptors is by increasing the number of interlocutors, as this makes the processes of negotiating and coordinating between warring parties more difficult. This is especially true if the non-state actors are backed by a state actor who is external to the explicit negotiations, as such support acts as an amplifier for the disruption that they can cause.

In the specific case of the MENA region, this tendency is reinforced by two characteristics exhibited by the region's non-state actors. First, the prevailing non-state actors tend to be ideologically motivated, and several have ostensibly extremist ideologies. This makes them more resistant to the de-escalatory effects of economic integration. Second, in certain cases, economic integration is a direct threat to the business model of these powerful non-state actors, which in some cases operate as large-scale forms of organized crime. For such groups, free commerce is anathema to the organization's basic tenets. Alternatively, disrupting trade can be the key pillar of an extortive business model that essentially operates as an international protection racket.

Beyond these superficial problems posed by non-state actors is the deeper one: their existence is the result of refusing to engage Iran in an attempt to bring peace to the region. Once Iran is formally involved in efforts at de-escalating tensions in the region, the non-state actors that operate as de facto proxies for Iran will organically diminish in influence and may even disappear.

It is important to note, however, that in spite of the disruptive manner in which non-state actors in the MENA region can behave, in many cases, the primary cause of oppression and conflict is state actors. Accordingly, efforts at attenuating the disrupting effect of non-state actors should be embedded in an acknowledgement of the role played by the state actors that are contributing to the conflict.

Remark 4: Stakeholders believe that the threat of economic dependencies being exploited in a conflict is a significant barrier to using economic integration as a vehicle for peace, in general and in the MENA region in particular. This affirms the importance of both building trust slowly, and of decoupling economic pillars from political ones.

As discussed in Remark 1 above, asymmetric economic relationships can pervert the positive association between economic integration and peace. In the MENA region, this problem is rendered more acute by the cumulative distrust that exists between many dyads involving a large country that neighbors a small one. Overcoming this challenge requires two complementary approaches.

First, as mentioned above, there needs to be a greater separation between the private sector and political elites, as this provides a protective firewall against politically-driven conflicts. The second is that countries should acknowledge the distrust and therefore seek to explicitly build it by starting with smaller issues. This may also take the form of groupings of smaller countries working together before larger players are brought into the fray, as in the case of the Abraham Accords.

However, a general qualifying remark is that the region's main export (hydrocarbons) is one that the region cannot consume; similarly, the region's main import (food and high tech goods) is one that the region cannot produce. Accordingly, there is a low ceiling on what trade - be it the kind that creates co-dependencies or otherwise - can achieve for the region.

Remark 5: Beyond the postwar European experience, stakeholders cite ASEAN as a positive example that the MENA region should look to learn from as they use economic integration as a promoter of peace.

The Association of Southeast Asian Nations (ASEAN) is a regional organization in Southeast Asia that promotes cooperation among its ten member countries. A key part of ASEAN is economic integration, which involves reducing trade barriers and creating closer economic ties. This economic integration has been instrumental in promoting peace between member states. In line with the Classical Liberal paradigm, by creating a system of interdependence, where countries rely on each other for trade and investment, ASEAN has successfully discouraged conflict. Accordingly, ASEAN has fostered a more peaceful and stable region.

The example of China's relations with the West has also been suggested; while mutual hostility has not been averted by economic integration, so far, a direct military confrontation has been avoided.

Remark 6: Stakeholders generally agree with the proposition that a minimal level of security and trust is required for economic integration to function as a promoter of peace, and that in the MENA region, this threshold is frequently unmet.

Trust and economic integration is a typical chicken-and-egg problem: it is difficult to build trust without trade, and it is difficult to trade without building trust. There are some notable examples of trade in spite of limited trust, including in the Israeli-Palestinian conflict itself, as Israel is the

largest economic partner of Palestine, and prior to October 7th, many Gazans lived and worked in Israel. Nevertheless, there is no denying the fundamentally positive effect that security and trust has on economic integration, and a trust and security deficit is often the primary reason why the tangible steps toward economic integration in the MENA region often fall short of policymakers' rhetoric.

One notable characteristic of foreign policy in the MENA region is that it can tend to be personalized in the heads of state. This opens the door for interpersonal trust at the level of heads of state to serve as a partial substitute for people-level trust: when two heads of state have a high level of mutual affinity, this can allow them to overcome chicken-and-egg problems involving trust and economic integration. Conversely, distrust between two heads of state can undermine trust that exists between two peoples. In this way, the tendency toward personalized foreign policy in the Middle East acts as a double-edged sword for economic integration.

Remark 7: Stakeholders are generally pessimistic about the idea of using bilateral economic integration between Israel and Palestine as the departure point for a post-conflict reconciliation. They believe that little can be achieved unless Palestine is first given political sovereignty. An alternative approach would be regional economic integration, possibly spearheaded by a fresh generation of leaders for both sides.

Over the course of the last 75 years, and especially following the Oslo Accords in the early 1990s, several configurations of bilateral Israeli-Palestinian economic integration have been attempted, yet all have been shown to be unsustainable, with the October 7th attacks being the latest manifestation. In the view of some stakeholders, the common thread linking these failed efforts is the tacit attempt at deepening economic relations while circumventing the political conflict.

In particular, the asymmetric nature of casualties that have accumulated and the continued absence of political sovereignty for Palestinians mean that many Palestinians feel that their grievances are being ignored. For negotiations to result in a sustainable system, Palestine must first be afforded political sovereignty, otherwise they will feel that they are being denied the basic dignity they need to negotiate in good faith. Moreover, unless some changes are introduced, a significant proportion of Israelis who live close to Gaza will not feel safe enough to economically integrate with Palestinians, in line with Remark 6. Ultimately, a potentially decisive factor is the need for a new generation of leaders to take the reins in both Israel and Palestine - ones with credibility on both domestic and international fronts.

There is a technical side to the issue of Palestinian sovereignty, too: without control over their own borders and air space, Palestinians cannot enforce their own independent standards on imported goods, and so their economy will continue to be submerged by and subordinate to the Israeli economy in a manner that undermines the principles espoused by the Classical Liberal paradigm.

There are two reasons why a regional approach that involves multiple Arab countries can help during a transitional face. The first is that it will dilute the

bilateral friction between Israel and Palestine, and can ensure that a greater proportion of the economic benefits are experienced by Palestinians than would be the case under a purely bilateral approach; for example, some projects can exclude Israel altogether. The second is that a regional approach will dissuade third parties from undermining the integration process if those third parties feel that their interests are not being acknowledged.

Conclusion

When working toward a more peaceful MENA region, many spectators have logically looked to Europe for inspiration, as the continent transformed from being the theater for the bloodiest wars in history to the poster child for using economic integration as a vehicle for sustainable peace. The rhetoric put forward by several key heads of state inside and outside the MENA region reflects a subscription to the Classical Liberal paradigm, i.e., the belief that encouraging the MENA region's nations to economically integrate will contribute to a more peaceful future for the region. The successful recent experience of ASEAN reinforces the sense of optimism that many have when predicting the impact of increasing trade and capital flows between MENA countries.

However, discussions with stakeholders suggest that such thinking may be overly simplistic. The sociopolitical structure of the region's economies involves private sectors that are subordinate to - rather than independent from - the country's political elite, eliminating the separation between economic and political policy that can be essential for the Classical Liberal paradigm to work. Moreover, even setting aside such problems, the region is characterized by pairs of countries that are in conflict that are highly unequal in their economic and military might. This increases the likelihood that economic embargoes toward trade partners will be used as a coercive foreign policy tool, perverting the traditionally desired impact of economic integration on the likelihood of conflict.

A closer examination of the European experience also suggests that acknowledging historic injustices and addressing persistent grievances are important enabling steps, and this is especially true in the case of several MENA conflicts. A people's sense of dignity is not something that can be ignored or casually bought off by dangling economic carrots. A refusal to confront such issues contributes to the sustained destabilizing effects of non-state actors, as does the failure to account for the interests and influence of all regional actors who have a stake in the outcome. Consequently, in the case of particularly heated conflicts such as the Israeli-Palestinian one, a multilateral regional approach to economic integration might simultaneously defuse some of the tension and involve enough key players to result in a more sustainable outcome.

References

Al-Maktoum, M. bin R. (2019). Keynote Address by His Highness Sheikh Mohammed bin Rashid Al Maktoum on the occasion of the World Government Summit.

Al-Saud M.bin S. (2023). Fox News Interview.

Al-Sisi, A. F. (2018). Speech at the World Youth Forum.

Al-Ubaydli, O. (2023). Weak Homegrown Research Proves an Obstacle to Middle East Security. *Orbis*, *67*(2), pp.171-192.

Doyle, M. W. (1983). Kant, liberal legacies, and foreign affairs. Philosophy & Public Affairs, 12(3), 205-235.

Fawcett, L. (2017). Economic Policy in Egypt: A Radical Shift or a Case of Plus ça Change? Middle East Law and Governance, 9(1), 27-42.

Haas, E. B. (1958). The Uniting of Europe: Political, Social, and Economic Forces 1950–1957. Stanford University Press.

Hinnebusch, R. (2015). The International Politics of the Middle East. Oxford University Press.

Kant, I. (1795). Perpetual Peace.

Keohane, R. O., & Nye, J. S. (1977). Power and Interdependence: World Politics in Transition. Little, Brown and Company.

Makovsky, D. (2021). The Abraham Accords: A Realist Assessment. Middle East Policy, 28(1), 112-129.

Mearsheimer, J. J. (1990). Back to the Future: Instability in Europe After the Cold War. International Security, 15(1), 5–56.

Moravcsik, A. (1998). The Choice for Europe: Social Purpose and State Power from Messina to Maastricht. Cornell University Press.

Rousseau, J. J. (1762). The Social Contract.

Smith, A. (1776). An Inquiry into the Nature and Causes of the Wealth of Nations.

Smith, K. E. (2003). European Union Foreign Policy in a Changing World. Manchester University Press.

Wilson, W. (1919). Fourteen Points Speech.

World Bank. (2022). Gulf Cooperation Council (GCC) Infrastructure Investment Opportunities: Overview and Key Projects.

Zielonka, J. (2006). Europe as Empire: The Nature of the Enlarged European Union. Oxford University Press.