



U.S. and Middle East Implications of Recent Peace Agreements with Israel

NOVEMBER 5, 2020

On October 23, 2020, the U.S. government brokered a peace agreement between Sudan and Israel. This news comes a little over a month after the U.S. also brokered peace deals between Israel and two Arab countries – Bahrain and the United Arab Emirates. Other peace agreements are rumored to be in the wings. For international business, this means new opportunities – and a potentially safer operating environment. We do not see a “downside.”

THE BUSINESS IMPLICATIONS

These peace agreements are, in time, likely to lead to a significant trade between the Gulf states and Israel – particularly if Saudi Arabia also enters into a peace agreement. This potential was foreshadowed on September 2 when direct air travel between Israel and Saudi Arabia began. With benefits to each party from repealing the Israeli boycott, Israel has estimated that trade with the UAE alone could grow to \$4 billion a year. From the US business perspective, as well as providing logistical benefits for companies which supply goods to the Middle East market, these developments are likely to significantly reduce the compliance risk for US companies which previously arose from trading with Gulf states on the one hand and complying with US anti-boycott regulations on the other.

For international businesses that invest in the Middle East, including UK headquartered companies, these developments are likely to create business efficiencies through the opening up of supply routes and the potential to combine a broader market under the same regional leadership.

THE SANCTION IMPLICATIONS

From a U.S. sanctions perspective, the most interesting agreement is between Sudan and Israel. Sudan has been on the State Sponsors of Terrorism list (SST list) for years. The SST list includes countries the Secretary of State has repeatedly supported acts of international terrorism. Countries on the SST list are subject to restrictions from U.S. foreign assistance, a ban on defense exports and sales, controls over exports of dual use items, and certain financial and other restrictions. Potentially more restricting, from a practical perspective, many multi-national corporations, as a matter of corporate policy, do not conduct business in Sudan because of its inclusion on the SST.

The Government of Sudan has been seeking removal for a number of years and has taken tangible steps to illustrate this desire. In particular, Sudan expelled Iranian diplomats and closed all Iranian cultural centers in the country in 2014. Further, in October of this year, Sudan and the United States signed a bilateral agreement to resolve claims arising from the 1998 East African embassy bombings in Tanzania and Kenya. This agreement provides for the payment of \$335 million into a fund for U.S. terrorism victims and their families, which will be released to the United States following the rescission of Sudan's SST designation and the enactment of legislation that would restore its immunities to those of a country not so designated.

We will continue to monitor the evolving peace agreements – and corresponding business opportunities – in the region.

For further information or questions on the above, please contact Ben Bruton, Cari Stinebower, or your Winston relationship attorney.

2 Min Read

Authors

[Ben Bruton](#)

[Cari Stinebower](#)

Related Locations

London

Washington, DC

Related Topics

Middle East

Sanctions

Related Capabilities

Maritime & Admiralty

Related Regions

North America

Europe

Related Professionals



Ben Bruton



Cari Stinebower

This entry has been created for information and planning purposes. It is not intended to be, nor should it be substituted for, legal advice, which turns on specific facts.