



In a new relationship between Saudi Arabia and Israel, there could be even greater stakes to arbitration due to the fragile perceptions the nations have of one another. Furthermore, it is likely many of the Saudi entities subject to arbitration would be government businesses or under the control of the Sovereign Wealth Fund.⁵ Consequently, not only would Israeli businesses be arbitrating with Saudi companies, but in fact the government itself and by extension, the King. These issues set up interesting questions both for the process of arbitration and its potential.

II. Dynamics

The nation of Israel is one of the most controversial subjects in modern times. Anything regarding its politics, social issues, or trade will engender strong opinions across the political spectrum around the world. Nonetheless, some facts are indisputable. Israel exists as the lone Jewish state on earth with a population of 9.3 million people.⁶ Of those 9.3 million, 21% are an Arab minority closely related to Palestinians.⁷ Zionists founded Israel in 1948.⁸ In the years since, there has been a seemingly never-ending cycle of bloodshed and hate. Nonetheless, Israel exists today as one of the strongest Middle Eastern economies with a GDP that rivals the oil-rich Gulf States despite the fact Israel lacks natural resources of its own.⁹ Instead of fossil fuels, the Israeli economy instead leads the way in technological innovation, with the country earning the moniker, “the start-up nation.”¹⁰ Israel is also has a parliamentary system and a Prime Minister.¹¹

The Abraham Accords, pioneered by President Donald Trump and his son-in-law Jared Kushner, opened previously unthinkable avenues of Middle East Peace.¹² Before historic agreements with nations such as the United Arab Emirates (UAE), Morocco, or Sudan, many thought there would not be further diplomacy between Israel and the Muslim world until the resolution of the Palestinian issue.¹³ Nonetheless, Israel has signed recognition agreements and even a free trade deal with the UAE.¹⁴ As Israel consolidates its diplomatic gains, it sets its sights on the main prize: normalization and a trade deal with Saudi Arabia.

⁵ See George Hay & Karen Kwo, *Saudi’s \$700 billion PIF is an odd sort of sovereign fund*, REUTERS, <https://www.reuters.com/breakingviews/saudis-700-bln-pif-is-odd-sort-sovereign-fund-2023-09-21/> [https://perma.cc/3X26-4VC4].

⁶ See CIA FACTBOOK, Israel (2023), <https://www.cia.gov/the-world-factbook/countries/israel/#people-and-society> [https://perma.cc/XB9E-N5P8].

⁷ See *id.*

⁸ See *id.* at introduction.

⁹ See *id.* at econ.

¹⁰ See Peter L. Rothholz, *Dan Senor and Saul Singer’s Start-Up Nation: The Story of Israel’s Economic Miracle*, JEWISH BOOK COUNCIL (book rev.), <https://www.jewishbookcouncil.org/book/start-up-nation-the-story-of-israels-economic-miracle> [https://perma.cc/9TGU-3EDG].

¹¹ See CIA FACTBOOK, Israel.

¹² See Asma Khalid, *Biden is building on the Abraham Accords, part of Trump’s legacy in the Middle East*, NPR (July 9, 2022), <https://www.npr.org/2022/07/09/1110109088/biden-is-building-on-the-abraham-accords-part-of-trumps-legacy-in-the-middle-eas> [https://perma.cc/KX63-U48U].

¹³ See Massimiliano Fiore, *The Abraham Accords and the Palestinian Issue*, E-INT’L RELS. (Nov. 1, 2020), <https://www.e-ir.info/2020/11/01/the-abraham-accords-and-the-palestinian-issue/> [https://perma.cc/3CFN-AT8F].

¹⁴ See Agreement on the Protection and Promotion of Investments, Isr.-UAE, Sept. 15, 2020, <https://investmentpolicy.unctad.org/international-investment-agreements/treaty-files/6084/download> [https://perma.cc/N8WN-C92R].

The Kingdom of Saudi Arabia is a powerhouse for the energy industry and the religious center for the Muslim world. The House of Saud founded the nation in the wake of the First World War and has no religious or ethnic minorities besides mostly low-wage workers brought in from other nations.¹⁵ The nation contains two of the holiest sites of Islam (in Mecca and Medina respectively).¹⁶ As a result, the Kingdom sees itself as a defender of the faith and has exported a strict reformist movement (Wahhabism) around the globe.¹⁷ Additionally, the nation is one of the largest oil producers and is known for its wealth. The state oil company, ARAMCO, is one of the most valuable corporations in the world.¹⁸ This combination of religious fundamentalism and

As the two nations grow closer, Israeli companies appear primed to capture the Saudi market. The Saudi Sovereign Wealth Fund launched Vision 2030 with the goal of transforming the Kingdom's economy.²⁵ In a historical context, Israeli access to Saudi oil would be a boom financially, helping to keep energy prices down while further legitimizing whichever Israeli government is in power at the time. As for the Sovereign Wealth Fund, some investments have been in sports or tourism, others have been in technology.²⁶ In this sector, investment in Israeli science would be a smart bet. For example, Israel has led the way in computer systems and important desalination techniques.²⁷ Through this context, one can begin understanding the types of investment that will occur and how the contours of arbitration will develop.

What Saudi Arabia would want in return for diplomatic normalization is not the concern of this article. It must be noted that reports say that Saudi Arabia would want the ability to generate its own nuclear power, a voice in the management of the Al-Aqsa Mosque in Jerusalem, and concessions from Israel on the Palestinian issue.²⁸ Currently, there is a belief that a deal will likely be made sooner rather than later.²⁹

⁵³ Saudi Arabia courts

help to ensure that the arbitration process does not lead to any problems along with a regular assessment of political and social considerations.

Concerning foreign entities, the process of arbitration within the Kingdom could be tricky given the sensitive nature of many awards and the extra hurdles parties may have to clear. Furthermore, if one party is not fluent in Arab7(r)-202 tal considerations.

