



EU-ABRAHAM ACCORDS COOPERATION: OPPORTUNITIES FOR TACKLING CO2 EMISSION

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While the Abraham Accords countries look for economic benefits in the current challenging crisis, they forgot that the solution was brought in Kyoto Protocols with a trading mechanism to encourage sustainable projects against Carbon Emissions (CO₂). The partnership between the Gulf countries and Israel makes possible the emergence of a new credit market in the region.

Increasing CO₂ levels in the world's atmosphere caused what is called a "Greenhouse effect", generating global warming exponentially. One of the main causes of CO₂ presence in the world's atmosphere is the combustion of fossil fuels¹.

On the one hand, when observing the Abraham Accords countries' statistics, the United Arab Emirates (UAE) is the 7th oil producer in

¹ Friedrich Niehaus, "The problem of carbon dioxide." *IAEA Bulletin* 21, no. 1 (1979): 2-10.



the world with 3,7 million barrels produced per day². Reaching more than 200 million tons of CO₂ emissions in 2016³ with a positive increase over the years. While other partners like Israel has emitted 65 million tons in 2016.

On the other hand, the European Union (EU) generated 2.73 billion metric tons of carbon dioxide emissions in 2021, representing an increase of 6% compared to 2020⁴. However, the Union committed itself to decrease carbon levels since 1990, reducing greenhouse gas emissions by 32% between the 90' and 2020 with a focus on the energy sector⁵.

To reach the ambitious goal of decreasing carbon emissions, the European Union created a cap-and-trade system in which carbon emitter companies are given a certain number of allowances. If an entity surpasses its allowances, it must balance the accounts, facing two options: buy allowances from companies with reserves or purchase offset credits. If the scenario is still negative, within 4 months the company must pay a fine⁶.

When reviewing the effects and efficiency of this system, it is possible to see that over the years the total carbon emissions have been reduced considerably with a major decline from 2018

² Raul Amoros, "Visualizing the World's Largest Oil Producers", Visual Capitalist, July 28, 2022, <https://www.visualcapitalist.com/visualizing-the-worlds-largest-oil-producers/>

³ IEA, "United Arab Emirates Profile", IEA, November 2022, <https://www.iea.org/countries/united-arab-emirates>

⁴ Ian Tiseo, "Carbon dioxide emissions in the European Union 1965-2021", Statista, July 22, 2022, <https://www.statista.com/statistics/450017/co2-emissions-europe-eurasia/>

⁵ Victoria Masterson, "The European Union has cut greenhouse gas emissions in every sector - except this one", September 29, 2022, <https://www.weforum.org/agenda/2022/09/eu-greenhouse-gas-emissions-transport/#:~:text=Greenhouse%20gas%20emissions%20in%20the,greenhouse%20gas%20emissions%20by%202030.>

⁶ European Commission, "EU Emissions Trading System (EU ETS)", EU, n.d., https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets_en#a-cap-and-trade-system



onwards. However, it is important to clarify that significant change has been done in the energy sector, but the industrial one remains stagnant⁷.

Another important consideration when adopting this type of system is where are allocated the Emission Trading System (ETS) revenues. In the EU, 50% of the revenues should be invested in climate and energy purposes. Thus, past reports show that most countries spent 75% of the revenues on the mentioned cause. But countries like Croatia, Italy, Slovakia, and Romania only spent 20% on climate and energy purposes⁸.

The European Union sees itself as the referent in the fight against climate change. Thereby, it is possible to suggest that other regions may want to partner up with the Union in this fight. In September 2020, Israel, the United Arab Emirates, and Bahrein signed a historic agreement called “The Abraham Accords” to normalize the relations between the named countries. The treaty includes different topics to further cooperation and interaction between the parties. In this sense, issues like Energy, Environment, Water, and Legal Cooperation⁹ induced new projects in the protection of the region against the advancement of climate change. As an example, the Israeli president, Isaac Herzog, made a call to action on February 2022 for the renewable Middle East, in collaboration with its strategic partners¹⁰.

^{7 8} Wijnand Stoefs & the Emissions Trading Extra consortium, “EU ETS 101 A beginner’s guide to the EU’s Emissions Trading System”, Carbon Market Watch, February 2022, https://carbonmarketwatch.org/wp-content/uploads/2022/03/CMW_EU_ETS_101_guide.pdf

⁹ U.S. Department of State, “Abraham Accords Peace Agreement: Treaty of Peace, Diplomatic Relations and Full Normalization Between The United Arab Emirates and The State of Israel”, September 15, 2020, https://www.state.gov/wp-content/uploads/2020/09/UAE_Israel-treaty-signed-FINAL-15-Sept-2020-508.pdf

¹⁰ Chaim Lax, “Green Peace: How Israel and Its Neighbors Are Fighting to Save The Environment Together”, Abraham Accords Peace Institute, August 8, 2022, <https://www.aapeaceinstitute.org/latest/green-peace-how-israel-and-its-neighbors-are-fighting-to-save-the-environment-together>



Saudi Arabia established the “MENA Voluntary Carbon Market” in the region¹¹. Since such an important regional player embarked on this project, the Abraham Accords should follow this direction to not lose track in this emerging trade and credit market.

A second phase should be agreed upon between the Accords parties with an open discussion on implementing a work-together plan on the Carbon Credit market for new opportunities in the region. In this case, the countries could establish an “Abraham Accords Voluntary Carbon Market”. Consequently, a cap-and-trade system such as the European one could be set, allowing companies to trade their allowances within the parties of the Accords. Moreover, an Abraham Accords Registry should be established to increase the accountability between the countries and within them. If the international circumstances change, and a common international system is implemented, the registry promotes a quick and clean way of integrating into the possible global system.

If this Carbon Market results successfully, the Accords parties could extend their market with the European one. At the present, the EU ETS was successfully linked in 2020 with the Swiss emissions trading system. In this case, Switzerland is the main beneficiary of such accords, being a small market. The EU ETS includes just under 11,000 installation operators while only 50 installation operators participate in the Swiss ETS¹².

However, the Union is looking forward to having another big partner when linking emission trade systems. Australia also possesses a cap-and-trade emissions system. Discussions about

¹¹ Omar Tamo & Verity Ratcliffe, “Saudi Arabia Holds Middle East’s First Carbon Offset Auction”, Bloomberg, October 25, 2022, <https://www.bloomberg.com/news/articles/2022-10-25/saudi-fund-sets-up-carbon-market-firm-to-support-net-zero-goal?leadSource=verify%20wall>

¹² FOEN, “Linking the Swiss and EU emissions trading systems”, Swiss Federation, December 30, 2020, <https://www.bafu.admin.ch/bafu/en/home/topics/climate/info-specialists/reduction-measures/ets/linking-swiss-eu.html>



the implementation of this partnership date to 2012, but in 2020 the European Commission and Australia agree on the pathway to the linkage. However, some structural changes must be made in the Australian system to finalize the cooperation¹³.

In the case of the Middle East and the Abraham Accords countries, future cooperation to link a possible “Abraham Accords Voluntary Carbon Market” with the EU ETS could be beneficial for both sides. As stated before, the EU has successfully reduced the number of emissions in the energy sector (the main sector of the Gulf countries). Thus, the European experience could help the Arab countries as a lighthouse for the desired reduction of emissions. At the same time, the creation of new sustainable businesses will be generated. Israel being the least polluter out of the Accords members, could provide an extensive portfolio of over 750 renewable or sustainable-oriented startups in the country¹⁴. Between these startups, finding solutions in the water management, AgriFood-tech, and solar energy sectors is possible. As a result, the improvement of this market and the Abraham Accords as a leading group in decreasing CO₂ in the Middle East will show an innovative way of settling conflicts through legal, economic, and political cooperation. For the European Union, this could be a new way of engaging with the region and partnering up with players in other regions in the fight against climate change and CO₂ emissions.

Moreover, the Abraham Accords intend to bring other countries in the Middle East and Northern Africa to participate. Therefore,

¹³ Directorate-General for Climate Action, “Australia and European Commission agree on pathway towards fully linking emissions trading systems”, European Commission, August 28, 2012, https://climate.ec.europa.eu/news-your-voice/news/australia-and-european-commission-agree-pathway-towards-fully-linking-emissions-trading-systems-2012-08-28_en

¹⁴ Yael Weisz Zilberman, “Meet the Finalists: Israeli Startups that Provide Innovative Solutions to Global Environmental Challenges to Present at ‘SustainIL’”, Start-Up Nation Central, January 20, 2021, <https://blog.startupnationcentral.org/general/sustainil-startup-competition-israel-snc-sustainability/>



countries like Saudi Arabia may join the accord boosting the international commitment to this partnership. It is important to consider that besides the Gulf countries, Morocco and Sudan signed the accords as well, and cooperation with Egypt and Jordan was boosted as a result of it¹⁵.

As an illustrative example of the ongoing cooperation between middle eastern countries under the Abraham Accords, Jordan, Israel, and the UAE reached a historical initiative on COP27. The idea behind this agreement is to build a 600 megawatts of solar power capacity facility in Jordan that would be exported to Israel. From the Israeli side ones imported the energy, the country will provide 200 million cubic meters (mcm) of desalinated water to Jordan.¹⁶

In a nutshell, three words could be linked with the Abraham Accords and the opportunities they open. Peace, Trade, and Sustainability. Peace is pursued through the normalization of countries' relations while being an example of settling conflicts for other regions. As a result of the accords, economic exchange was boosted not only between Israel and its Arab partners but also with third parties interested in this initiative. As well as, looking for incorporating sustainable solutions and practices in a region focused on fossil fuels. The world is looking for different solutions to the environmental challenges that the international community is facing. Europe is one of the main fighters against climate change and should look at the accords with enthusiasm. The Abraham Accords are a window opportunity for the development of a more sustainable and green Middle East.

¹⁵ Lindsay Benstead, "Can the Abraham Accords Succeed? Exploring Arab Support for Normalization with Israel", Wilson Center, August 1, 2022, <https://www.wilsoncenter.org/article/can-abraham-accords-succeed-exploring-arab-support-normalization-israel>

¹⁶ Reuters, "Israel and Jordan move forward with water-for-energy deal", Reuters, November 8, 2022, <https://www.reuters.com/business/cop/israel-jordan-move-forward-with-water-for-energy-deal-2022-11-08/>



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