

Bahrain removes boycott of Israel

The US made canceling the boycott a condition for a US-Bahrain free trade agreement.

Lior Greenbaum

September 25, 2005

At the demand of the US, the Persian Gulf state of Bahrain has announced the removal of its boycott of Israelis goods. The US made canceling the boycott and closing down the boycott offices in Manama, the capital of Bahrain, a condition for a US-Bahrain free trade agreement. The significance of Bahrain's announcement, however, is unclear. The Society for Resisting Normalization with the Zionist Enemy in Bahrain criticized the announcement, saying that it was "a strategic decision that requires preliminary discussion in parliament."

Info-Prod Research (Middle East) economist Doron Peskin said the significance of the agreement was limited, because Bahrain is a small market of 680,000 people. The agreement's importance is mainly diplomatic, in view of the public meetings between Israel and Pakistan, and the possibility that Kuwait will announce a removal of the boycott.

"Israeli goods are entering the Persian Gulf in any case, and the boycott is not being applied if there is no "Made in Israel" tag on the goods," Peskin said. "The authorities there are well aware of this, but they prefer to turn a blind eye."

On the other hand, Israel-Jordan Chamber of Commerce economic advisor Yitzhak Gal said that the announcement was of practical importance, because the Persian Gulf was one of the most important targets for Israeli merchandise. "The greatest importance is development of a trend towards removing the boycott, and legitimizing open trade with Israel. This affects other countries, and removes the necessity for foreign intermediaries," he explained.

Recent Arab press reports say that Saudi Arabia was also asked to remove its boycott against Israel as a condition for joining the World Trade Organization (WTO), but refused.

The US is also negotiating for a free trade agreement with the United Arab Emirates, which may also remove its boycott of Israel, and Kuwait is also considering the measure. The government of Bahrain denied reports that it planned to establish diplomatic relations with Israel.

The Arab boycott against Israel was imposed in the 1960s, following a decision by the Arab League. In recent years, however, the boycott has been weakened. A boycott of foreign companies doing business with Israel was called off, and only a direct boycott of Israeli merchandise remains.

Bahrain, which consists of a number of islands in the Persian Gulf east of Saudi Arabia, has highly developed communications and transportation infrastructure. Manama is considered the banking capital of the Arab world.