# ARAB LEAGUE

The impact of the Arab League boycott of commercial ties with Israel on U.S. trade and investment in the Middle East and North Africa varies from country to country. While it remains a serious barrier for U.S. firms attempting to export from Israel to some countries in the region, the boycott has virtually no effect on U.S. trade and investment in most Arab League countries. The 22 Arab League members include the Palestinian Authority and the following states: Algeria, Comoros, Djibouti, Egypt, Iraq, Jordan, Lebanon, Libya, Mauritania, Morocco, Somalia, Sudan, Syria, Tunisia, Yemen, and the Gulf Cooperation Council (GCC) countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates).

The United States has long opposed the Arab League boycott through both words and action. U.S. Government officials have repeatedly urged Arab League member states to end enforcement of the boycott. Many agencies play a role in this effort: the Department of State and the National Security Council take the lead in raising U.S. concerns with political leaders in Arab League member states. The Departments of Commerce and the Treasury, along with the United States Trade Representative, monitor boycott policies and practices of Arab League member states and, aided by U.S. embassies, attempt to lend advocacy support to firms facing boycott-related pressures from host country officials. Under U.S. antiboycott legislation enacted in 1978, U.S. firms are prohibited from responding to any request for information that is designed to determine compliance with the boycott and are required to report receipt of any such request to the U.S. Department of Commerce's Office of Antiboycott Compliance (OAC). Part of U.S. officials' efforts thus involves noting for host country officials the persistence of illegal boycott requests and those requests' impact on both U.S. firms and on the countries' ability to expand trade and investment ties with the United States.

The primary aspect of the boycott prohibits the importation of Israeli-origin goods and services into boycotting countries. This prohibition may conflict with the obligation of Arab League member states that are also members of the World Trade Organization (WTO) to treat products of Israel on a Most Favored Nation (MFN) basis. The secondary and tertiary aspects of the boycott discriminate against U.S. firms and those from other countries that wish to do business with both Israel and boycotting countries. The secondary aspect of the boycott prohibits individuals – as well as private and public sector firms and organizations – in Arab League countries from engaging in business with U.S. firms and those from other countries that contribute to Israel's military or economic development. Such firms are placed on a blacklist maintained by the Damascus-based Central Boycott Office (CBO), a specialized bureau of the Arab League. The tertiary aspect of the boycott prohibits business dealings with U.S. and other firms that do business with blacklisted companies.

While the legal structure of the boycott in the Arab League itself has remained unchanged, enforcement of the boycott remains the responsibility of individual member states, and enforcement efforts vary widely from country to country. Some member governments of the Arab League have consistently maintained that only the Arab League as a whole can revoke the boycott. Other member governments support the view that adherence to the boycott is a matter of national discretion, and a number of states have taken steps to dismantle various aspects of it. Attendance by Arab League member governments of periodic meetings of the CBO is inconsistent; the U.S. Government has indicated on numerous occasions (including prior to the most recent CBO meeting in November 2007) to Arab League members that attendance at these meetings is not conducive to improving trade and investment ties, either with the United States or within the region. A number of governments have responded that they only send representatives to CBO meetings in an observer capacity.

Egypt has not enforced any aspect of the boycott since 1980, pursuant to its peace treaty with Israel, although U.S. firms occasionally find some government agencies using outdated forms containing boycott language. In past years, Egypt has included boycott language in tenders funded by the Arab League. The boycott language is drafted by the Arab League and not by the government of Egypt. Jordan ended its enforcement of the boycott with the signing of its peace treaty with Israel in 1994. Algeria, Morocco, Tunisia, and the Palestinian Authority do not enforce the boycott.

Libya has a boycott law on its books, but enforcement is inconsistent and senior Libyan officials report that the boycott is not being actively enforced.

The legal status of Iraq's boycott laws is ambiguous. There is an existing law from 1956 which provides for an office charged with the enforcement of the boycott. Coalition Provision Authority (CPA) Order 80 amended Iraq’s trademark law to remove boycott requirements from Iraqi trademark law. Recent efforts by the Iraqi Office of Trademark Registration to enforce the boycott have not met with success. Other Iraqi government officials, including at the ministerial level, have asserted that the boycott is no longer in force as a practical matter. Nonetheless, U.S. companies continue to encounter prohibited requests from certain Iraqi ministries, parastatals, and private sector entities. U.S. Government authorities have addressed these on a case-by-case basis and are working with the Iraqi government to put in place a boycott-free legal structure. Senior Iraqi officials are aware that enforcement of the boycott would jeopardize Iraq's ability to attract foreign investment. U.S. embassy officials continue to engage regularly with the government of Iraq to resolve remaining discrepancies between Iraqi government policies and individual entity practices.

There are no specific laws on the books in Yemen regarding the boycott; however, Yemen is implementing its 1995 governmental decision to renounce observance of the secondary and tertiary aspects of the boycott. Yemen remains a participant in annual meetings of the CBO in Damascus. The government of Yemen does not have an official boycott enforcement office, though Yemen enforces the primary aspect of the boycott of goods and services produced in Israel.

Under the current Lebanese cabinet, Lebanon views the boycott as a matter of national discretion. Lebanon is enforcing the primary but not the secondary or tertiary boycotts. The cabinet has repeatedly voted not to include the CBO’s suggested new items on its national list, and in fact has been discretely removing items placed on the list by prior cabinets, according to government contacts. Lebanon advised they would not participate in the 2007 CBO meeting in Damascus.

In September 1994, the GCC countries announced an end to the secondary and tertiary aspects of the Arab League boycott of Israel, eliminating a significant trade barrier to U.S. firms. In December 1996, the GCC countries recognized the total dismantling of the boycott as a necessary step to advance peace and promote regional cooperation in the Middle East and North Africa. Although all GCC states are complying with these stated plans, some commercial documentation continues to contain boycott language. The situations in individual GCC countries are as follows:

Bahrain does not have any restrictions on trade with U.S. companies that have relations with Israeli companies. Outdated tender documents in Bahrain have occasionally referred to the secondary and tertiary aspects of the boycott, but such instances have been remedied quickly. Bahrain’s Ministry of Finance circulated a memorandum to all Bahraini Ministries in September 2005, reminding them that the secondary and tertiary boycotts are no longer in place and to remove any boycott language, including that relating to the primary boycott, from government tenders and contracts. The government of Bahrain has stated publicly that it recognizes the need to dismantle the primary aspect of the boycott and is taking steps to do so. In September 2005, Bahrain closed down its boycott office, the only governmental entity responsible for enforcing the boycott. The U.S. Government has received assurances from the government of Bahrain that it is committed to ending the boycott. Bahrain is fully committed to complying with WTO requirements on trade relations with other WTO Members, and Bahrain has no restrictions on U.S. companies trading with Israel or doing business in Israel, regardless of their ownership or relations with Israeli companies. Bahrain reportedly did not attend the November 2007 CBO meeting in Damascus. Israeli-labeled products are reported to be found occasionally in the Bahraini market. There are no entities present in Bahrain for the purpose of promoting trade with Israel.

Kuwait reports that it has not applied a secondary or tertiary boycott of firms doing business with Israel since 1991 and continues to adhere to the 1994 GCC decision. Kuwait claims to have eliminated all direct references to the boycott in its commercial documents as of 2000 and affirms that it has removed all firms and entities that were on the boycott list, due to secondary or tertiary aspects of the boycott prior to 1991. There is no direct trade between Kuwait and Israel. Kuwait still applies a primary boycott of goods and services produced in Israel; however the government states that firms have not encountered serious boycott-related problems for many years. Kuwait's boycott office is supervised directly by the Director General for Customs. Kuwaiti officials reportedly regularly attend Arab League boycott meetings, although whether they are active participants is unclear.

Oman does not apply any aspect of the boycott, whether primary, secondary, or tertiary, and has no laws to that effect. Although outdated boycott language occasionally appears inadvertently in tender documents, Oman is working to ensure such language is removed from these documents. In January 1996, Oman and Israel signed an agreement to open trade missions in each country. However, in October 2000, following the outbreak of the second Intifada, Oman and Israel suspended these missions. Omani customs processes Israeli-origin shipments entering with Israeli customs documentation. However, Omani firms recently have reportedly avoided marketing any identifiably Israeli consumer products. Telecommunications and mail flow normally between the two countries.

In April 1996, Qatar and Israel agreed to exchange trade representation offices. The Israeli trade office opened in May 1996 and remains open. Qatar does not have any boycott laws on the books and does not enforce the Arab League boycott, although it does usually send an embassy employee to observe the CBO meetings in Damascus. According to October 2007 information, there is officially about $2 million in trade between the two countries. Real trade, however, may be as much as four times higher (*i.e.*, up to about $5 million) via third countries, and includes Israeli exports of agricultural goods. Some Qatari government tender documents still include outdated boycott language. This documentation can only be changed by decree from the Minister of Finance; however, U.S. engagement with the Ministry on this issue has revealed that the government is reluctant to make further changes, absent a peace agreement with Israel. Qatari policy permits the entry of Israeli business travelers who obtain a visa in advance. Such persons still sometimes encounter difficulties obtaining visas, though this can usually be resolved by the local trade office working with its contacts at a higher level.

In accordance with the 1994 GCC decision, Saudi Arabia modified its 1962 law imposing a boycott on Israel so that the secondary and tertiary boycotts were terminated and are no longer enforced in the Kingdom. In light of its accession to the WTO in 2005, the Saudi government re-issued the original directive confirming that these two aspects of the boycotts are not to be applied in Saudi Arabia. The Ministry of Commerce and Industry (MOCI) established an office to address any reports of boycott violations, and that office appears to take its responsibility in this regard seriously. The MOCI met with the Commerce Department's OAC in September 2005 and February 2006 to discuss methods for ensuring Saudi commercial documents and tenders are in compliance with antiboycott regulations. The OAC's list of reported boycott violations in Saudi Arabia over the last few years has decreased dramatically and the reported violations appear to reflect out-of-date language in recycled commercial and tender documents. Saudi companies have been willing to void or revise that language when they are notified of its use. Saudi Arabia is obligated to apply WTO commitments to all current members, including Israel.

In accordance with the 1994 GCC decision, the United Arab Emirates (UAE) does not implement the secondary and tertiary aspects of the boycott. The UAE has not renounced the primary boycott; however, the degree to which the government enforces the primary aspect of the boycott is unclear. U.S. firms continue to face boycott requests in the UAE as a result of administrative and bureaucratic inefficiencies. The U.S. embassy and other U.S. officials have had success in working with the UAE to resolve boycott issues. The UAE continues to take steps to eliminate prohibited boycott requests. The government has issued a series of circulars to public and private companies explaining that enforcement of the secondary and tertiary aspects of the boycott is a violation of Emirati policy. The Ministry of Economy recently sent a new letter to all entities mentioned by the United States asking them to amend relevant documents to include boycott-free language agreed to by the UAE and Department of Commerce officials. The Emirati authorities report that compliance with these requests has been high and is ongoing. The Ministry of Economy also reports it is following up the letter campaign with periodic checks of entities' compliance efforts.

In recent years, press reports occasionally have surfaced regarding officially-sanctioned boycotts of trade with Israel by governments of non-Arab League member states, particularly some member states of the 57 member Organization of the Islamic Conference (OIC), headquartered in Saudi Arabia (Arab League and OIC membership overlaps to a considerable degree). Information gathered by U.S. embassies in various non-Arab League, OIC member states does not paint a clear picture of whether the OIC institutes its own boycott of Israel (as opposed to perhaps simply lending support to Arab League positions) or of the degree of boycott activity by these countries. Pakistan for example reportedly does impose a primary boycott on trade with Israel, but the U.S. Government is not aware of U.S. company complaints of Pakistani enforcement of secondary or tertiary aspects of such a boycott.