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Are Trade Preferential Agreements Enhancing Post-conflict Normalization? Israel, Jordan and the QIZ Initiative

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ABSTRACT

The Qualified Industrial Zone (QIZ) model of border-located, duty and quota-free industrial regions is a policy tool designed to capitalize on cross-border cooperation to facilitate postconflict normalization. The United States initiated the Israel-Jordan 1996 QIZ as a brokerage in promoting peace. This study presents and evaluates the implementation of the QIZ agreement and its results, both economic and political contributing to the broader debate regarding the potential and limitations of facilitating post-conflict normalization through trade preference agreements. The Israel-Jordan QIZ period is coming to an end after twenty years. Although preferential trade agreements are highly sensitive to globalization, we claim that it would be simplistic to attribute the unrealized potential of the QIZ model only to globalization forces. There are significant lessons to be gained from the mechanisms of the QIZ implementation which contributed to its minimal political and economic impacts. We found that economic brokerage fostering trade and industry cross-border cooperation can be side-tracked to serve one-sided economic interests while minimizing spillover to political or social realms, contrary to original intentions. The QIZ experience demonstrates the importance of self-motivation of each of the parties regarding specific cooperative ventures as well as the balance between them in guaranteeing the success of cross-border cooperation.

KEYWORDS Trade; Conflict; Middle-East

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