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Washington, D.C., November 20, 2015

Israel's Strategic Outlook in a Disintegrating Region

SUMMARY OF A MITVIM INSTITUTE – FRIEDRICH-EBERT-STIFTUNG – MIDDLE EAST INSTITUTE ROUNDTABLE

INTRODUCTION

Israel finds itself surrounded by a region in turmoil and transition. The collapse of neighboring states, the emergence of regional powers and the U.S. withdrawal as the security guarantor of the Middle East all present new threats and opportunities for Israel. It was in this context that Mitvim – The Israeli Institute for Regional Foreign Policies, Friedrich-Ebert-Stiftung, and the Middle East Institute convened a roundtable discussion in Washington, D.C., to address the questions of Israel's strategic engagement in this rapidly changing region. Participants debated Israel's internal political situation and the constraints of

a stalled peace process on Israel's ability to engage the region. Participants also explored the future of Israel's relations with the United States, Europe and the Arab world as regional dynamics change and power balances shift. The discussion took place on November 20, 2015, bringing together 19 experts, including diplomats, politicians and think tank leaders. This paper summarizes main points from the analysis and recommendations voiced by various participants during the discussion. It does not reflect a consensus of all or even some of the participants or the hosting organizations.

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Middle East Institute



MITVIM
The Israeli Institute for
Regional Foreign Policies

1. *Israel: Today's Challenges, Expectations, Hopes*

INTERNAL CHALLENGES TO ISRAEL

Most Israelis are detached from the changes happening in the region around them and are in a state of denial about internal threats. Security and defense remain the primary concern for Israelis, despite the significant socio-economic internal challenges. Israel's security and political well-being are overly dependent on the United States at a time when the US is withdrawing from the region. The Israeli political system is not addressing pressing problems; some would say it is dysfunctional. The country lacks leadership among its political ranks, an opposition alternative to the current right-wing domination, and mainstream parties that offer policies in line with Israel's current needs.

Some believe the two-state solution is dead in the water. Israel's continued annexation of Palestinian land has made it all but impossible to establish a viable, independent Palestinian state. Momentum for a peace process has evaporated on both sides. There is no strong public interest in Israel for a peace process, while the Palestinians have become increasingly disenchanted with negotiations and are slowly shifting to violence to vent their frustration. Other participants asserted that the two state solution, even though it has become more difficult to implement, is still highly desired and remains feasible. Efforts should be made to continue to seek a two state solution.

Opportunities: A new vision for peace with the Palestinians is needed. Disillusionment with the peace process has spawned a new generation of Israeli leaders that are thinking creatively to reach a final settlement. This new generation, as they grow in influence, may prompt Israel to look outside its current narrow framework to address its challenges.

The international community has yet to catch up to this new reality. World powers are still married to the Oslo framework, which is obstructing necessary changes to revitalize the peace process. Maintaining Oslo means maintaining the Palestinian Authority and President Mahmoud Abbas in their current capacity, instead of applying the needed pressure, out of fear the PA might collapse and mayhem will ensue. It is time to think outside the box—more specifically, outside the Oslo box—to explore new approaches to settle the conflict.

Efforts should be made to address the economic disparity between Israelis and Palestinians. There are opportunities to reshape the Palestinian leadership, and mediate between Palestinian factions to produce a united front. Without a united Palestinian leadership, it is impossible to achieve a sustainable peace. A new context within which new Palestinian leaders can emerge—i.e. outside of the Fatah, PLO mold—needs to be found. One suggestion for making a dramatic gesture to the Palestinian people in view of the dire humanitarian

situation would be to offer refuge to Palestinians in the Yarmouk camp and resettle them in the West Bank regardless of the status issue.

Some believe Israel should broach the possibility of a new confederation with Jordan to resolve the Israeli-Palestinian conflict. Jordanian fears that Israel will annex the West Bank and push the Palestinians into the current borders of Jordan present an opportunity to discuss a final settlement that produces a win-win-win outcome. The immediate challenge, however, is to prevent a third intifada and the radicalization of Palestinians at the hands of the Islamic State.



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REGIONAL SECURITY AND DIPLOMACY

Israel needs to engage with a transforming region: It is in Israel's interest to be more proactive as the region undergoes significant transformation. Given the decline—deliberate or not—of the United States in its security role in the Middle East, it is incumbent on Israel to redefine its security strategy. Despite its own national defense doctrine, Israel is overly dependent on the United States for its national security. This needs to change. One option is to pursue a regional security structure, modelled on the OSCE in Europe, with other regional states. This is an opportunity to build a structure to strengthen transparency, and ease the mistrust and regional competition that defines the area.

ISIS, nuclear deal and Iran: Open Israeli cooperation with regional states remains a deeply sensitive matter for the Arab and Islamic world. An opportunity exists, however, to engage with the region on a case-by-case basis, improving cooperation in the long-term.

Israel has remained on the outside of the fight against ISIS, despite sharing a common interest in defeating the growing menace. Israel could opt to send its air force to bomb ISIS targets in Syria as a gesture, not only to its Western allies, but to its long-time foes in Iran, Syria's Assad regime as well as the Sunni Gulf states determined to defeat the radical group. Such an endeavor poses the obvious risk, however, that it would not be seen as such by Arab and Islamic powers, but instead would fuel anti-Israeli sentiment by referring to such intervention as part of an international attempt to disintegrate the Syrian state.

Some postulated that the Iran nuclear deal, although vehemently opposed by the Netanyahu government, now presents an opening for Israel to view Iran as a potential partner in the region, and not a problem.

PALESTINE QUESTION CONSTRAINS ISRAEL'S ABILITY TO ENGAGE REGION

A significant hindrance to Israel's ability to engage the region and play a role in shaping its future at this most critical of times—which is equally essential to Israel's longevity—is the unresolved Palestinian conflict. Major opportunities await Israel in its neighborhood

if it genuinely and positively moves to settle the Palestinian conflict. At present, Israel can only really influence policies in Egypt and Jordan, courtesy of their respective peace agreements and close security coordination. Neither Egypt nor Jordan, however, are major ground-shakers in the Middle East at present. Relations with the three main regional powers—Iran, Turkey and Saudi Arabia—are cool at best. If Israel is to become a significant regional player, it needs to remove obstacles that prevent it from doing so, notably, Palestine.

Relations with the Gulf States vary, and it cannot be assumed that the GCC represents a one-size-fits-all. Saudi Arabia and the UAE perceive the Muslim Brotherhood as a serious threat, and thus share Israel's contempt for Hamas. Qatar is more closely aligned to Turkey, and is prepared to support the Muslim Brotherhood, including Hamas. Israel, thus, has room to develop relations with Riyadh and Abu Dhabi on this common front, as well as a raft of other regional issues. However, neither country will embrace an open relationship with Israel while the Palestinian matter remains unresolved, largely due to the sensitivity of this issue among their respective populations. The Israeli-Palestinian conflict has frequently thwarted Israeli efforts to engage the region, and remains the case today.

2. *Israel-U.S. Relations*

U.S. WITHDRAWAL FROM THE REGION AND IMPACT ON ISRAELI SECURITY

One significant transformation taking place in the Middle East is the U.S.-Israeli relationship. The United States has fewer interests in the region because of its increasing energy independence. Washington appears to be returning to its previous role of offshore balancing, working with regional partners to manage security instead of carrying the weight solely on its shoulders. This means less direct American involvement in Middle Eastern security and political affairs. That said, there is a consensus within the U.S. of steadfast support for Israel. President Obama has made it clear that defending its allies is an enduring strategic interest of the United States in the Middle East. That said, Israel risks falling into the precarious position of being overly dependent on a United States that is becoming less involved in the Middle East.

DISCONNECT OVER PALESTINE

There is a growing disconnect between Washington and Tel Aviv over the Palestinian conflict, resulting in an Israeli government that is survivalist and preservationist. The Israeli government's refusal to genuinely push for a peace process is straining its relationship with the United States. Israel's relationship with the United States will continue to suffer as long as Israel's democratic nature is questioned

via the prolongation of the occupation and its policies toward the Palestinians.

Bearing that in mind, the Israeli-Palestinian conflict is no longer front and center of foreign policy issues in Washington as other items on the international agenda predominate. It is unlikely that new peace initiatives will be forthcoming from Washington for the rest of President Obama's term, and there is a real possibility an incoming administration might not prioritize or present a peace plan. Without strong U.S. involvement and leadership, it will be difficult to obtain a lasting peace settlement with the Palestinians.

AMERICAN ATTITUDES SHIFTING

American supporters of Israel are concerned that Israel cannot simultaneously continue to remain a democratic state, while maintaining occupation, and preserving itself as a Jewish majority state. It can do two of the three but not all of them. Also problematic for Israel is the growing resentment toward it among younger Jewish Americans, and the lower levels of government, particularly in the Department of Defense and State Department. As these officials rise in ranks and influence U.S. policy, it is possible to foresee a United States taking a tougher stance on Israel. Israel's relationship with the Democratic Party was particularly damaged by Prime Minister Benjamin Netanyahu's active lobbying against the Iran nuclear deal.

3. *Israel-Europe Relations*

EUROPE NEEDS TO SHOW LEADERSHIP

Europe underestimates its leverage with regards to Israel, as well as its leverage on the United States in regards to the Israeli-Palestinian conflict. Europe doesn't use its clout as effectively as it could, which is a situation Brussels should reverse. The first step is for the European Union to develop a common foreign and security policy vis-à-vis Israel. Europe accepts Israel within the 1967 borders, and this forms a guide to European policy. That the first visit by Federica Mogherini, the EU's foreign affairs chief, was to Israel and Palestine demonstrates a level of seriousness from the EU's part that is greatly welcomed. Mogherini is a new player and one that can bring Europe as a key player to the table, independent of the United States.

The Israeli public still views Europe with affection. As many as 30 percent of Israelis say that Israel belongs to Europe, and many Israelis have dual citizenship with a European country or have European heritage. Yet, that level of affinity is not necessarily felt from the European side. European politicians are under pressure from their constituents to distance themselves from Israel and its policies toward the Palestinians, which are becoming increasingly unpopular among the European public. There is a real possibility that the EU will eventually recognize the State of Palestine if the occupation drags on.

LABELLING PRODUCTS A SORE POINT

The EU's decision to label products from West Bank settlements is a strong signal to Israel that the EU is prepared to take tough measures to mirror its policy against the Israeli occupation of Palestinian territories. EU labeling, and the separate but unrelated BDS movement at large, offers new approaches to dealing with the Israeli-Palestinian conflict in light of the failure of the peace process.

From Israel's part, the EU is inconsistent and contradictory in its dealings with Israel. On the one hand, Mogherini frequently appears in Israeli media professing support for the country, while on the other hand the EU bans and labels products from settlements. Other disagreed noting that the EU policy on labeling underscored its historic and consistent recognition of Israel as defined by the 1967 borders. EU labelling policy signals it does not recognize settlements beyond the Green Line as "Israel". To the extent that the EU is inconsistent can be traced to the fact that the EU doesn't follow through on ideas it floats. For example, the Special Privileged Partnership incentive which it advocated throughout 2014 was never mentioned in EU statements in 2015 – and was suddenly picked up again in January 2016. In another example, the International Support Group idea was initially supported by the EU but later objected to by Mogherini, and then mentioned again in the Foreign Affairs Council conclusions.

GERMANY'S GROWING IMPORTANCE

Germany is emerging as the most important European power. Berlin sees itself as one of Israel's closest allies, perhaps second behind the United States. Germany is the second largest supplier of military hardware to Israel, and routinely supports it in international forums. Germany's growing clout should translate into a more prominent role in the Israeli-Palestinian conflict. However, it is difficult for Germany to pursue such a leadership role outside the confines of the EU.

Germany's special relationship with Israel is not to be taken for granted, however. The growing irritation with Israel's policies toward the Palestinians is denting German public sympathy for Tel Aviv. Less than 50% of Germans view Israel favorably. Displeasure at Israeli policies is also being felt and heard at political levels. German politicians are frequently voicing their criticism of Israel's occupation to their Israeli counterparts, resulting in a level of friction between the two sides. While the Israeli public largely views Germany in a positive light, this is not to be said of the Israeli government. Such friction will grow if Israeli policies toward the Palestinians don't change.

While Germany might be receiving greater recognition as an international player, and could possibly assume a leadership role in the Israeli-Palestinian conflict, its focus remains largely on intra-European affairs. Berlin is looking inwards to Europe, and will expend much of its energy trying to maintain European unity.

GERMANY AS PEACEMAKER BETWEEN TURKEY AND ISRAEL

One area where Germany can certainly make its mark is on the fraught relations between Turkey and Israel. In addition to its special relationship with Israel, Berlin enjoys strong ties with Ankara. It is an historic relationship stretching back 250 years. More than 3 million Germans of Turkish origin live in Germany, and it is Turkey's largest trading partner.

Germany has a vested interest in ensuring Turkey is stable, and thus an interest in mending broken ties between its two closest partners in the region. The conditions are ripe for Turkish-Israeli rapprochement, and Germany should be at the forefront encouraging a renewal of relations.