Strategic Survey for Israel 2016–2017

Anat Kurz and **Shlomo Brom**, Editors

INSS
המכון למחקרי ביטחון לאומי
THE INSTITUTE FOR NATIONAL SECURITY STUDIES
INCORPORATING THE JAFFEE CENTER FOR STRATEGIC STUDIES
TEL AVIV UNIVERSITY
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Institute for National Security Studies

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Institute for National Security Studies (a public benefit company)
40 Haim Levanon Street
POB 39950
Ramat Aviv
Tel Aviv 6997556
Israel

Tel. +972-3-640-0400
Fax. +972-3-744-7590

E-mail: info@inss.org.il
http:// www.inss.org.il

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Preface

The essays in *Strategic Survey for Israel 2016-2017*, the latest volume in the series published annually by the Institute for National Security Studies, were written and compiled during a period of upheaval and instability in Israel's strategic environment. In many respects, this upheaval continues the trends that have marked the Middle East and much of the international arena in previous years, especially since the so-called "Arab Spring" swept through the region. Accordingly, many of the events that occurred in the region during the period under review, especially those with a direct or indirect effect on Israel's national security, came as no major strategic surprise, and were, rather, developments involving highly risky escalation or deadlock. At the same time, together with the risks, the overall picture includes elements with potential for new policies and initiatives that can help Israel cope with the security and political challenges facing it, and bolster its ability to enhance its regional and international status.

Today's Middle East is pervaded in part by radical ideologies and clashing political ambitions, with many loci of regional and global tension that involve a large number of states and non-state actors, from within and outside the region. In this complex environment, it is not easy to identify specific channels for action that will yield unequivocal positive results, that is, will improve Israel's strategic situation without arousing or aggravating risk factors. Against this background, the essays in this volume analyze the leading issues on Israel's current political and security agenda from a variety of perspectives and with different emphases. The analyses constitute a base for anticipation of the near and medium term future, and in particular, provide the necessary background for the ability to draw new insights and formulate innovative policies.

The idea that underlay previous volumes in the *Strategic Survey for Israel* series guided the writing of the articles in this collection as well: the

challenges facing Israel, once identified, must generate, whenever possible, feasible policy options to deal with them. Furthermore, in order to formulate insights and policy recommendations, it is important to distinguish between actual and potential processes of change. In particular, an attempt should be made to identify those processes that Israel can encourage and help shape in order to both maintain and advance its essential interests.

The first section in the book, "The Middle East in a Global Context," is devoted to dilemmas and trends that emerged in the Middle East and the international theater during the period under review. Attention lies primarily with developments that are not directly related to Israel but that have important consequences for it. The lead article focuses on the agreement signed by Iran and the major powers in July 2015 concerning the Iranian nuclear program, the Joint Comprehensive Plan of Action (JCPOA). Written by Emily Landau, Ephraim Asculai, and Shimon Stein, the article concludes that Iran's compliance with the JCPOA in the year since it was signed is not a surprise, and should not be regarded as grounds for overconfidence. Rather, at the end of the agreement period, Iran will still have an advanced nuclear program, and when the technical restrictions stated in the agreement are removed, the time required for Iran to break out to a nuclear bomb will be significantly reduced. Accordingly, Israel would do well to take advantage of the existing regional circumstances to forge ties with Arab countries fearful of Iran's rising power for the purpose of formulating a comprehensive regional agenda. Another recommendation is for Israel to continue working with the United States administration to improve its defensive capability against ballistic missiles.

The second article in this section deals with Iran after the JCPOA. Written by Ephraim Kam and Sima Shine, the article shows that Iran's international standing, which improved as a result of the JCPOA, brings with it some negative implications for Israel, given the strengthening of the radical camp. At the same time, this development may spur the pragmatic Arab states to meet the challenge of Iran's rising stature by expanding their engagement with Israel, as they face a common enemy. The shared regional interest, which is Israel's as well, may even heighten if the new US administration is more determined in face of Iran's hegemonic aspirations than was the Obama administration.

The following article, written by Shmuel Even and Eran Yashiv, discusses developments in the global oil market and their effects on the Middle East. The essay notes that while the drop in oil prices has a positive effect on the Israeli economy, natural gas prices are also affected by oil prices, and the fall in energy prices will consequently have a negative effect on the development of the natural gas fields for export purposes. In addition, the subject of Israeli gas exports involves many different political issues in Israel and the greater region, as well as security considerations.

Two articles focus on the crisis between the superpowers that intensified over the past year due to the ongoing war in Syria. Oded Eran, analyzing the issue from the American perspective, notes that while the incoming United States President, Donald Trump, charts his Middle East policy, particularly regarding the fight against the Islamic State, he will have to devise a grand strategy for US foreign policy. As part of this policy framework, Trump will have to choose how much weight the Middle East should command within that strategy as compared to other theaters. This grand strategy will necessary influence and be influenced by the dynamic between the United States and Russia in the various international arenas. Looking at the situation through Russian lenses, Zvi Magen surveys Moscow's intervention in Syria against the backdrop of the challenges facing it both at home and abroad. The author points out that despite campaign rhetoric about cooperating with Russia in the fight against the Islamic State, it is not clear whether President Trump will indeed pursue this policy. Accordingly, it is far from certain whether Moscow will be able to leverage achievements in the Syrian theater toward achievements in the post-Soviet expanse, i.e., Ukraine, and thereby promote Russia's stature as an influential international actor.

The article written by Shimon Stein and Sarah Fainberg addresses the security and political challenges facing Europe as a result of the flood of refugees and immigrants from the Middle East. The analysis emphasizes the acceleration of separatist, nationalistic, and extremist processes in the European Union in the absence of a solution to the refugee crisis, and the constraints affecting the efforts to reduce the scope of immigration from countries that have lost their centers of governance, principally Libya and Syria. The final essay in this section, written by Assaf Orion, Galia Lavi, Doron Ella, and Israel Kanner, deals with Chinese policy in the Middle East.

The authors conclude that in the coming years, China's objectives for the Middle East, including toward Israel, will feature growing involvement, mainly in the economic sphere. The development of knowledge in Israel about this major power should therefore be enhanced and extended.

The second section in this volume, "The Middle East: The Ongoing Upheaval," probes five regional issues that in recent years have been the focus of political and security attention in Israel and beyond, in particular at the present time. The article by Mark Heller addresses the question of the future of Syria and Iraq after the Islamic State is defeated. This question, which has become more trenchant following the stepped up military effort to conquer the Islamic State's strongholds in the second half of 2016, is given a mixed answer: the concrete materialization of the Salafi jihadist idea, i.e., the organization's territorial base, may be defeated, but its historical and religious sources will continue to inspire efforts to realize it anew, and will therefore continue to constitute a threat to countries and societies perceived as its enemy. In an article discussing the crisis in Syria, Udi Dekel analyzes the complex array of factors behind the war in Syria and its future course. He concludes that a political solution to the crisis is a distant dream, probably because, inter alia, the war has become a theater of confrontation between the United States and Western and Arab countries on one side and the coalition supporting Bashar al-Assad's rule, headed by Iran and Russia, on the other. In this situation, it is critical for Israel to try to maintain its freedom of action in southern Syria and Lebanon, continue its operational coordination with Russia in the arena and its coordination with Jordan regarding Syria, and improve its levers of influence vis-à-vis local communities in the Syrian Golan Heights. At the same time, Israel should prepare for the possibility that it will be faced with the presence of Iran and Hezbollah in the Golan Heights. If this happens, Israel's policy of non-intervention in the war in Syria should be reconsidered.

The challenges facing Egyptian President Abdel Fattah el-Sisi, especially regarding consolidation of his regime, the struggle against terrorism, and severe economic difficulties, are discussed in Ephraim Kam's article. With an emphasis on Israel's interests, the author concludes that Israel should continue its cooperation with Egypt in the framework of the struggle against terrorist strongholds in Sinai, as well as the links between Islamic groups

operating in Sinai and Hamas in the Gaza Strip. Israel should also cultivate the Egyptian perspective that relations with Israel are a strategic asset – both as a basis for future improvement in the relations between Israel and other Arab countries and possibly also in the framework of an Israeli-Palestinian political process, when it is renewed. The challenges facing Riyadh, analyzed by Yoel Guzansky, include the dwindling of Saudi Arabia's income resulting from the drop in oil prices, Islamic terrorism in its own territory, the military intervention in Yemen, and hostile relations with Iran. Israeli decision makers must monitor these sources of instability, while making an effort to foster ties with Riyadh based on common regional interests. At the same time Israel should recognize that as long as the internal Saudi arena is unstable, and especially as long as the deadlock in the Israeli-Palestinian arena continues, the bilateral relations will remain limited.

The analyses focusing on Egypt and Saudi Arabia are closely related to the subject of the article that follows, written by Sima Shine, which discusses the enmity between the Shiite and Sunni axes in the Middle East, particularly the tension between Saudi Arabia and Iran. This tension, which originates in both ideological and strategic factors, has escalated in recent years, and is particularly evident in the wars in Yemen and Syria. As such, key to a lull between these regional states are understandings reached by the United States and Russia concerning the division of regional power. Yet as the crisis between the global powers continues to escalate, no thaw can be expected in the near future in the tension between the regional powers associated with them.

The volume's third section, "Challenges and Opportunities for Israel," includes extensive discussion of the most urgent issues facing Israel, some of which are mentioned explicitly or implicitly in previous articles. The continued political stagnation and frozen relations between Israel and the Palestinians is discussed in the article by Shlomo Brom, Anat Kurz, and Gilead Sher. The authors examine the respective political realities in Israel and among the Palestinians, key factors feeding the deadlock, and the ensuing risks. The article's foremost conclusion is that in order to preserve the relevance of the two-state solution, both in principle and in practice, measures should be taken, be they unilateral or coordinated, to halt the drift toward a one-state situation. A more intensive look at the necessary measures

for this arena is found in the article by Assaf Orion and Udi Dekel, which presents the conditions required as infrastructure for future arrangements between Israel and the Palestinians. Given the failure of the negotiations between the parties over the years, the weakness and split in the Palestinian political system, and the erosion in public support in Israel for negotiations as a way to a practical and acceptable settlement, measures aimed at multi-stage construction of the infrastructure and the critical conditions that will facilitate a variety of operative options in the future are essential. Such measures should strive chiefly to improve the living conditions and self-rule of the Palestinians while maintaining Israel's security needs, in order to create the environment that will facilitate future negotiations for an agreed settlement. This infrastructure and these conditions will also provide Israel with the possibility of unilateral separation, given a Palestinian refusal to coordinate these measures.

In the essay that follows, Ofir Winter discusses various strands of Arab thought about the political process and normalization with Israel, and extends his focus beyond the issue of Israeli-Palestinian relations. The article notes the thus far unsuccessful attempts by Sunni Arab countries – specifically, Egypt and Saudi Arabia – to rejuvenate the political process, and the interests motivating these attempts. It concludes that although discrete cooperation between Israel and Arab countries is likely to develop even without a political breakthrough, substantial progress in the Israeli-Palestinian arena is an essential condition for realizing the potential in these relations. Furthermore, any consideration of the regional opportunities available to Israel at the present time must take into account the dilemma of Arab regimes created by the discrepancy between their recognition of the value of improving relations with Israel and public opinion that resists such progress, certainly as long as the Israeli-Palestinian political process remains deadlocked.

The article by Gallia Lindenstrauss assesses the balance between internal and external challenges that the Turkish regime seeks to establish. The analysis describes the internal political consequences of the failed coup attempt in Turkey in the summer of 2016, particularly in view of Turkey's focus on foreign affairs, led by its involvement in the fighting in Syria, its opposition to the strengthening of the Kurdish forces in Syria, and the need to reach a compromise with Europe on the issue of refugees from the Middle East. It

invites the conclusion that the regional effect of the reconciliation agreement signed by Israel and Turkey may well be more limited than was hoped.

Israel-United States relations, a key element in Israel's regional and international status, are discussed in the article by Oded Eran and Michal Hatuel-Radoshitzky. This essay focuses on the bilateral relations at the end of Barack Obama's presidency, and the challenges they will encounter in the Trump administration. The article looks at the changes that are likely in US foreign policy, particularly regarding the Middle East. Although Israel is not connected directly to the active US involvement in the region, it will necessarily be influenced by new US policy. In any event, the Israeli government would do well to work to reset the relations with Washington and present its understandings of the region's main developments to the new executive team, as well as its ideas for regional economic, political, and security cooperation.

The military challenges facing Israel are discussed in two articles. Kobi Michael and Gabi Siboni survey the large number of theaters and the differences between the enemies in Israel's first circle of conflict. The analysis highlights the uniqueness of the various theaters in which the IDF operates, and stresses that the diversity of the challenges in the respective spheres requires rethinking the adapted response patterns. A concept that gives preference to response formulation and force buildup tailored to the specific needs of the various theaters (e.g., the West Bank; borders with the countries having a peace treaty with Israel), combined with the IDF's multi-purpose forces, can help improve routine security, while at the same time free up resources to improve the readiness of other forces for the next war. In the essay that follows, Gabi Siboni focuses on cognitive warfare and analyzes the changes that have occurred in the map of threats in recent years. In addition to kinetic weapons, the effect of the cognitive warfare waged by states and non-state organizations on the internet and the social networks has come to the fore in recent years. The author therefore recommends that the IDF invest carefully in force buildup and develop a range of capabilities in the cognitive arena on the internet and other communications media, together with a buildup of kinetic capabilities.

The final two essays in this section are devoted to Israel's internal arena. Ephraim Lavie, Meir Elran, and Muhammed Abu Nasra look at the hostility

and racist attitudes between much of Israel's Jewish majority and Arab minority. Complementing their look at the incitement in the Arab sector toward the Jewish population is their discussion of the contradictory posture by Israel's government toward Arab citizens. While steps have been taken to encourage the economic integration of the Arab sector, other measures rebuff the sector's social and political integration. The authors emphasize the need for law enforcement and determination in the educational system to combat racism and incitement, and the imperative of rejecting populist expressions of racism. The test of Israel's national resilience is discussed in the following article, written by Moshe Ya'alon. The author emphasizes that Israeli resilience has successfully met the challenges of terrorism, rockets, and missiles, which have replaced the conventional threat as Israel's principal challenge. Yet in addition, Israel must exhibit social and cognitive resilience, which encompasses several internal factors that threaten to undermine this stamina: efforts at delegitimization, economic gaps, the debate on the Palestinian conflict, the reduced adulation of law enforcement, and the challenge to the courts. The answer to these challenges, particularly in the absence of an existential security threat, is the redirection of resources to the internal arena to correct what must be corrected.

The volume closes with an essay by Amos Yadlin, which analyzes Israel's strategic situation and proposes policy recommendations that can constitute an overall political and security strategy for the coming years. Positive factors in the strategic picture include Israel's military strength and the declining conventional threat posed by countries and non-state groups; the diminishing prominence of the Israeli-Palestinian conflict on the regional and international agenda; the absence of any immediate damage to Israel resulting from the nuclear deal between the major powers and Iran; and greater potential for cooperation between Israel and the Sunni countries. Negative factors include the continued political stalemate and Palestinian violence, the increased momentum of the BDS movement and the erosion of Israel's legitimacy in the international arena; the possibility that Russian military intervention in Syria will strengthen the axis hostile to Israel; and the growing polarization in the internal Israeli arena. Policy recommendations proposed by the author include: strengthening ties with the United States; formulating a plan for dealing with a nuclear Iran; striving to improve relations with Sunni Arab

countries; devising a response to economic and political challenges in the international arena; taking the initiative in the Palestinian theater; preparing for further conflicts with Hamas and Hezbollah; making an effort to remove the threat from the radical axis in Israel's northern theater; developing cyberspace capabilities; taking action to improve relations between the state and the Arab sector in Israel; and conducting a national dialogue on what characteristics Israel ought to embody. Supreme responsibility in the context of the national dialogue rests with the nation's leaders – conducting it will be a leadership test of the highest order.

The editors of this volume would like to thank the volume's contributing authors, most of whom are members of the INSS research staff. As in previous years, Moshe Grundman, Director of Publications at INSS, and Judith Rosen, editor of English publications at the Institute, have made an important contribution to the writing and publication of this volume, and we wish to express our heartfelt thanks and deepest appreciation to them.

Anat Kurz and Shlomo Brom
November 2016

The Middle East in a Global Context

One Year to Implementation of the JCPOA: Assessing the Nuclear Deal in Context

Emily Landau, Ephraim Asculai, and Shimon Stein

Any assessment of the JCPOA in the year after "Implementation Day" (mid-January 2016) must consider a full range of variables that together comprise the relevant context.

At the core of the assessment is the question of Iran's compliance with the terms of the deal. While the initial IAEA reports after Implementation Day found Iran to have upheld its obligations, the latest report from early November 2016 contains information that challenges this assessment. For the second time Iran was found to have exceeded the heavy water storage limit (130 metric tonnes), and for two weeks continued to produce heavy water after having been alerted by the IAEA. In addition, the IAEA report lacks information whether the Agency visited military facilities (in line with the Additional Protocol), to seek answers to questions regarding possible military work – it is not clear whether access was requested and denied, or not requested. Another worrying finding regards one of the advanced centrifuges – IR-6 – that Iran is operating in a manner inconsistent with the terms of the JCPOA.[1] Moreover, the significance of the IAEA reports cannot be properly assessed if divorced from additional information, such as that the deal required only concessions from Iran that did not undermine (and only somewhat postponed) its breakout capability; that it was clear to Iran that it must adhere to these concessions in order to obtain major and sorely-needed sanctions relief; and that the deal itself left Iran ample room

to move forward with problematic activities, such as work on advanced generations of centrifuges.

Also important to note is that all of the IAEA public reports that have been released since Implementation Day and pronounced as compliance are missing key information critical for independent verification of this conclusion, undermining the transparency principle that has long existed and been hailed by the P5+1 per this deal. Information has also come to light from German intelligence that Iran made illicit attempts over the course of 2015 to procure materials and technologies that violate the procurement channel set up by the JCPOA, and would thus not be under the direct purview of the IAEA.

Finally, an evaluation of the nuclear deal must look beyond the limited scope of the JCPOA as such – namely, the fissile materials production part of the nuclear weapons development project – and analyze Iran's conduct more generally. While not part of the deal itself, the question of Iran's behavior and its unfolding interactions with the P5+1 – especially with the US – is nevertheless central to the evaluation, because the long term implications of the deal hinge critically on whether positive changes occur in Iranian policies and rhetoric. It was the Obama administration that in 2015 emphasized its hope and grounds for expecting Iranian moderation following conclusion of the JCPOA as an important reason for lending it support.[2] As such, an evaluation of the nuclear deal must include an assessment of Iran's activities in the Middle East over the past year, the attitude the regime has displayed toward the US and toward the JCPOA restrictions it faces, and Iran's continued attempts to advance its nuclear program, including in the missile realm that is covered by UN Security Council Resolution 2231 but not by the deal itself.

Has Iran demonstrated its intent to turn away from its nefarious nuclear activities and plans for the future, or is it still on the path to retain a military nuclear option? Is it inclined to embrace cooperation with the international community and a return to the terms of the NPT as its new strategic interest, or is it practicing ongoing defiance? If a one-year assessment following the implementation of the deal shows that there has been no significant change in Iran's behavior, or even a worsening of the situation in some areas, then the implications of the activities that will be enabled already in year 11 of the JCPOA are of even greater concern.

Assessment of Iran's Nuclear Activities and Capabilities

The Uranium Enrichment Route

While the declared stocks of slightly enriched uranium (to the level of less than 4 percent) have dwindled over the past year to almost negligible levels, Iran's potential for enrichment to higher levels is steadily increasing, due to its permitted development of advanced generations of centrifuges with a significantly increased enrichment capability. When the restrictions of the JCPOA are lifted, Iran will be able to install and operate these new centrifuges, significantly shortening its breakout time, and leaving the world with few options to counter this reality.

In December 2015 Ali Larijani, speaker of the Iranian Parliament, noted that Iran will gain access to technology to upgrade its centrifuges, and that the quality of centrifuges is more important than their quantity. Moreover, in January 2016 Iran presented its new centrifuges (IR-8) that are 15 times more efficient than the IR-1 models currently in use.[3] Clearly Iran is working to develop these centrifuges – and ultimately test them. In addition, a report in the Associated Press from mid-July 2016 injected into the debate a previously undisclosed understanding between the P5+1 and Iran (via the IAEA) whereby from year 11 of the deal, Iran plans to install and operate several thousands of new generation centrifuges.[4] On the basis of this information, the Institute for Science and International Security revised its assessment regarding Iran's breakout time: from year 13, the ISIS assesses that breakout time drops to four months.[5]

Furthermore, Iran holds ample stocks of low enriched uranium in the form of the fresh fuel for the Bushehr nuclear power reactor. Should Iran decide to use this fuel, despite restrictions imposed by the Russian vendor, it would need to convert the fuel into a form suitable for further enrichment, but this is not a very complex chemical process.

The Plutonium Production Route

The plutonium production route in Iran has always been a long term track, its mainstay being the IR-40 nuclear reactor under construction at Arak, which for all practical purposes was scrapped and will be replaced by a reactor with lower potential for producing plutonium. The reprocessing plant, an

important component for this route, is still missing, and the overall timetable for the plutonium route is measurable in years and not an immediate threat.

However, there is significant potential in Iran for the production of plutonium – such as the spent fuel of the Bushehr nuclear power plant, stored in Iran prior to its return to Russia. Some of this fuel contains military grade plutonium, which would still need to pass through a reprocessing plant, separating the plutonium from the other components of the spent fuel. The abrogation of Iran's obligation to return the spent fuel to Russia is not an impossible scenario, although it would carry consequences, and Iran would have to weigh the cost against the benefit.

The Explosive Mechanism

That Iran was working on the development of the nuclear explosive mechanism, an essential component of a nuclear weapons delivery system, is a fact confirmed by the IAEA report on the Possible Military Dimensions (PMD) issued in early December 2015. Iran also had a Pakistani working design of the explosive mechanism. This activity does not fall under the terms of the JCPOA, and the verification mechanism in the JCPOA for dealing with the possibility that Iran might continue with this effort – at a military facility – is not adequate, as explained below.

Delivery Systems

Iran has an intensive and extensive missile development program and tests its long range ballistic missiles continuously. Iran reportedly stepped up its missile activities in 2015-2016, and the tests that it conducted in October-November 2015 included a new precision guided missile – the domestically made Imad surface-to-surface missile – that has a range of 1700 km and an accuracy of 500 meters, and is capable of carrying a nuclear payload. In December 2015, President Hassan Rouhani ordered stepped-up missile production in Iran in response to America's intent to sanction it for the precision guided missile test. The ranges of Iran's missiles are diverse, from very short distances to thousands of kilometers. Since Iran's missile program is not covered by the JCPOA, and Iran is ignoring the relevant Security Council resolutions (Resolution 1929 until January 2016, and 2231 thereafter), long range missiles pose a significant threat to Iran's neighbors and to standoff targets such as Israel and parts of Europe.

Verification

The JCPOA verification mechanism is limited mainly to declared nuclear sites and fissile materials production-related activities. It cannot independently search for undeclared facilities and materials, and cannot inspect explosive mechanisms development activities. For these activities, it must rely on the intelligence provided by states. Moreover, the JCPOA provisions for inspecting a suspicious military site are lengthy and complicated, and the upshot is the lack of a clear and unambiguous path for gaining timely access to a suspicious site in Iran. Iran has clarified repeatedly since the JCPOA was announced (and well before that time) that it will never allow IAEA inspectors access to a military facility,[6] and the Parchin inspection of summer 2015 – when IAEA inspectors did not gain entrance into the facility – created a bad precedent in this regard. In June 2016 it was revealed that US officials concluded that uranium particles found at the inspection in 2015 were related to Iran's weaponization program. But the terms of the JCPOA also prohibit the IAEA from inspecting Parchin again; they were allowed a one-time inspection at that facility.[7]

Procurement Channel

The procurement channel described in the JCPOA came into sharper focus in early July 2016 in the wake of media reports highlighting findings by a German domestic intelligence agency that revealed over a hundred attempts on the part of Iran to illegally procure missile and nuclear components and technology, some of which could be used in the context of a nuclear weapons program.[8]

Assessment

What emerges from this review of Iran's nuclear activities and capabilities is that after a decade, Iran will begin to regain full enrichment potential, incorporating all activities permitted by the JCPOA, and replace its obsolete IR-1 gas centrifuge machines with the new and more efficient models. Moreover, Iran will have perfected the design of an explosive mechanism, and will have a working nuclear warhead design, mountable on advanced missile systems.

The Political Context

The question of the relevance of Iran's behavior outside the nuclear realm to the success of the deal itself has been an issue of considerable debate from the initial stage of negotiations with Iran, which began in 2003. While the danger associated with nuclear weapons is very much a function of the goals and policies of the states that hold them, the question was whether the international community should attempt to negotiate a grand bargain with Iran that related to both nuclear and regional issues, or whether focus should be exclusively on the nuclear issue, with the singular purpose of returning Iran to the fold of the NPT. The choice was made early on to focus on the nuclear issue in particular, and once President Obama took the helm in 2009, the "nuclear first" approach was cemented further. The logic was that a broader negotiation might be too difficult to bring to successful resolution, with the end result being that neither the nuclear issue nor Iran's overall regional policies (especially its support for terrorism and insurgency in key areas across the Middle East) would be curbed.

The logic of the approach was grounded in the assumption that the nuclear issue would be resolved, comprehensively and definitively. However, the JCPOA has not provided a full solution to the Iran nuclear crisis, as per the originally stated goal of the US and P5+1. Rather, the nuclear deal succeeded only in pushing back the time to breakout (from several months to a year), and only for a period of 10-15 years. With this watered-down goal, other facets of Iran's behavior have remained a source of concern, as underscored by Obama's own attempt over the summer of 2015 to link the emerging deal to prospects for moderation in Iran. In other words, with a less than comprehensive deal, the long term prospects for success of the JCPOA intentions became closely linked to a change in Iran's behavior as well, in the direction of cooperation with the international community and departure from aggressive designs for the Middle East.

When looking back over the past year, Iran's overall profile is thus highly relevant to an assessment of the deal, with a number of areas comprising the relevant political context – in particular, Iran's policies in the Middle East, and its attitudes toward the US. Regarding the region, the past year has seen a stepped up Iranian presence in Syria in support of the Assad regime, and an attempt to intervene on behalf of Shiites in Yemen and

Iraq. Iran's ballistic missile tests over the course of 2015-2016 were a clear provocation, with Iran stating repeatedly that it would tolerate no outside interference. But the tests of October and November 2015 were a violation of UN Security Council Resolution (UNSCR) 1929 that was still in effect at the time, and the tests since then are a demonstration of Iran's intent to increase its missile capabilities while threatening its neighbors, especially Israel, as expressed in the Hebrew writing on some of the missiles that they intend to destroy Israel. After UNSCR 2231 replaced 1929 on the missile front, holding Iran to its terms has become more difficult because of the changed language. At Iran's insistence, the new resolution merely calls on Iran to refrain from working on missiles, but does not prohibit this activity; moreover, it refers to missiles *designed to* carry a nuclear warhead, rather than missiles that are simply capable of carrying such a payload. Because Iran denies any intention of working on nuclear weapons, it claims that no missile that it develops could possibly violate the terms of Resolution 2231. Iran's defiance in the missile realm also finds expression in its rhetoric, as it threatens to respond to any US attempt to sanction it for its violations.[9]

Furthermore, a string of Iranian statements over the past year has underscored not only Iran's lack of interest in changing the level and nature of interaction with the United States, but its ongoing fiery attitude toward it as well.[10] Since early 2016 Iran has referred to itself as the cooperative party – the one that has implemented its obligations in a serious manner – while accusing the US of lack of compliance with its economic obligations, thereby undercutting the deal. This message has been delivered by all the prominent voices in Iran: Supreme Leader Ali Khamenei, along with Rouhani, and Minister of Foreign Affairs Mohammad Javad Zarif.[11] Moreover, Iran has clarified that its program can be quickly unfrozen in the face of what it views as non-compliance by the other side.[12]

While many would like to believe that the JCPOA has resolved the Iranian nuclear crisis, developments over the past year underscore that the US-Iran arm wrestle continues, at least as far as Iran is concerned. Iran's actions in the missile realm, its illicit procurement efforts, and its defiant rhetoric on nuclear and regional issues send a message to the US that not only is Iran not interested in cooperation with the US, but it does not intend to accept instructions from America as far as what it can and cannot do in the security

realm. Moreover, Iran has learned that when it threatens to leave the deal, the P5+1 listen and try to accommodate,[13] which translates into leverage for Iran in the ongoing struggle. Even on the one-year anniversary of the deal in July 2016, Iran continued to accuse the US of "lackluster" compliance, and Rouhani warned that Iran could leave the deal if the P5+1 do not live up to their obligations.[14] With Iran projecting an image of strength and a sense that it is emboldened in the post-deal period because the other side is wary of upsetting Iran, and by extension, the deal itself, there is a question of who has gained the upper hand in this relationship.[15]

Much of the above analysis of the post-deal reality has focused on relations between Iran and the US, given our assessment that the US has emerged as the key P5+1 party in the unfolding post-deal reality. Indeed, it is difficult to estimate where the other partners stand on the deal, because they have made few statements and seem to have moved on. From the day the deal was announced in July 2015, the only serious political debate that took place over the terms and implications of the deal was in the United States. European states immediately began looking for economic opportunities in Iran, while Russia prepared to advance its full range of interests in the Middle East, some of which include Iran, without mention of the nuclear issue.

Recommendations for Israel

It took Iran almost twelve years to reach the point where it realized that it was in its interest to conclude a deal with the P5+1. Against that backdrop, the fact that Iran has formally committed itself to implement the deal does not mean that Iran will uphold the agreement to the letter (let alone the spirit), including the specified timelines, if it assesses that it is no longer in its interest to do so. If and when that happens is in Iran's hands. What that means is that Israel – and all who are concerned about the future of Iran's nuclear program – should focus its efforts/preparations on the worst-case scenarios in terms of a possible Iranian violation of the deal, or Iran's termination of the deal long before the sunset provision kicks in.

Central to Israel's preparedness for any eventuality is a comprehensive understanding with the US administration, in the form of a written agreement that will cover both the period until the deal expires, as well as the period thereafter.

Numerous recommendations have been offered regarding the areas and content of cooperation between Israel and the US, both before and after the deal expires.[16] First and foremost is enhancing intelligence capabilities to monitor Iranian compliance, or lack thereof, and to define what constitutes a violation and proper response. The two countries should not wait for the post-sunset period (i.e., after 10-15 years) in order to begin; if they wait to agree on an action plan after most of the restrictions are removed, Iran will be able to resume a full scale nuclear industrial program. The goal of the plan should be to do whatever is necessary in order to prevent Iran from producing a military nuclear capability.

As essential as the coordination and cooperation with the US is, Israel should complement these efforts (in coordination with the US) by reaching out to the other members of the P5+1. Wherever possible, Israel should strive to share intelligence and maintain a continuous dialogue regarding Iran's nuclear program. Given the multitude of crises facing the international community these days – and the noticeable tendency now that a deal has been achieved and an immediate crisis averted to put the Iranian nuclear issue on the back burner – Israel should strive to maintain international awareness of the Iranian nuclear issue, through traditional means of diplomacy. It should be clear that in the case of an Iranian violation, or in the post-sunset period if Iran decides to resume its nuclear program, Israel will not be able to fix the problem on its own – not militarily, let alone if sanctions must be re-imposed.

The fear in the region of the all-encompassing Iranian threat, and the sense among the so-called pro-Western states such as Saudi Arabia and some of the Gulf countries of the declining US interest in the region, has led them to turn to Israel as a partner in their efforts to contain and deter the Iranian nuclear threat as well as other regional threats. Israel would do well to seize the opportunity created by the new regional circumstances, and engage those Arab states in a comprehensive agenda, which in addition to discussion of ways to confront Iran's aspirations (through intelligence and diplomacy) should broaden the agenda with the view of transforming the region. The price for the willingness of the Arab states to form an open alliance, as opposed to more discreet cooperation, is likely to be progress toward resolving the Israeli-Palestinian conflict.

As to the home front, even though since the deal was announced the issue has lost its prominence (at least in the Israeli media), Israel – with US assistance – should continue to improve its capabilities to defend itself against ballistic missile and other threats emanating from Iran (and not only from Iran).

It is too early to tell whether the deal will eventually serve as an impetus for other countries to embark on their own nuclear programs, following in the footsteps of Iran. To avert the latter scenario, Israel should be part of an international coalition whose objective should be to stem the proliferation of nonconventional capabilities.[17]

Concluding Remarks

The reality of Iran having in the main upheld the terms of the deal in the first year since implementation is not surprising. If Iran was only required to carry out minimal concessions, necessary to attain essential sanctions relief, but at the same time indicated its intent to continue developing its nuclear program – then short term compliance is neither a surprise, nor is it a reason for complacency. And even with these minimal concessions, the latest IAEA report indicates that Iran is not fully cooperating with the Agency, especially regarding the IAEA's ongoing attempt to ensure that there is no military nuclear work that continues in Iran.

One year ago critics of the deal were generally not arguing – if at all – that Iran would violate the deal in the short term; their point was rather that it could. Many pointed out that Iran actually has a strong short term interest in adhering to the terms in order to get the full economic benefits of the deal. A major focus of attention of the critics went to the most dangerous element of the deal: the sunset provision, whereby all technical restrictions will be lifted in 10-15 years. The concern here is that the deal will be terminated when Iran has a vastly more advanced nuclear program – including thousands of operational advanced models of centrifuges. The most dangerous scenario noted by those with serious reservations about the deal shows Iran waiting out the 10-15 year period of restrictions, and then moving forward when it is no longer an object of international attention. At that time, Iran's program and nuclear threshold status will not only no longer be under P5+1 fire, but indeed will have been fully legitimized by these states – and all of this

will happen regardless of whether there is any change in Iran's aggressive positions, activities, and rhetoric.

As it stands, the JCPOA gives Iran room to improve its existing nuclear capabilities, which will enable it to proceed if not in the actual production of nuclear weapons then in the significant reduction of its breakout time when the JCPOA begins to expire, at year 10. Considering Iran's past history, one cannot dismiss the possibility that it might break out sooner than that, or proceed in a well concealed program to produce a nuclear explosive device and then explode it. One cannot dismiss the possibility that Iran could seek shortcuts to nuclear weapons; although many argue that the probability for doing so is low at present, decision makers should certainly take this scenario into account, especially because one year into the JCPOA implementation, the expectation that the deal would engender moderation in Iran's overall behavior has not materialized.

Looking to the new United States administration, many questions have been raised about the future of the JCPOA, especially in light of campaign statements by the president-elect about ripping up what he views as an extremely bad deal. At this point, there seems to be a little probability of doing away with the deal, despite campaign rhetoric. Yet there are expectations for a change in the US approach, and an increased willingness to display vigilance in keeping Iran to its commitments and reacting to its other attempts to increase its power and influence in the Middle East and beyond. The international community, and the United States in particular, is capable of ensuring better implementation of the JCPOA, regarding both the provisions of the deal itself and Iran's overall behavior.[18]

Notes

1 See David Albright and Andrea Stricker, "Analysis of the IAEA's Fourth Iran Deal Report: Time of Change," ISIS Report, November 15, 2016, http://isis-online.org/isis-reports/detail/analysis-of-the-iaeas-fourth-iran-deal-report-time-of-change.

2 See Obama's official statement: "Statement by the President on Iran," July 14, 2015: "The path of violence and rigid ideology, a foreign policy based on threats to attack your neighbors or eradicate Israel – that's a dead end. A different path, one of tolerance and peaceful resolution of conflict, leads to more integration into the global economy, more engagement with the international community, and the ability of the Iranian people to prosper and thrive. *This deal offers an*

opportunity to move in a new direction. We should seize it" (emphasis added); see https://www.whitehouse.gov/the-press-office/2015/07/14/statement-president-iran. See also article by David Samuels based on in-depth interviews with Ben Rhodes, in which Rhodes states the intent of the administration to link the idea of moderation in Iran with prospects for the deal, as a way of selling it, "The Aspiring Novelist who Became Obama's Foreign-Policy Guru," *New York Times Magazine*, May 5, 2016, http://www.nytimes.com/2016/05/08/magazine/the-aspiring-novelist-who-became-obamas-foreign-policy-guru.html. This article sparked considerable debate in the US over the question whether the Obama administration misled the American people with regard to the deal.

3 "Spokesman: Iran Testing New Centrifuges," *Fars News Agency,* July 13, 2016, http://en.farsnews.com/newstext.aspx?nn=13950423001016.

4 See George Jahn, "AP Exclusive: Document Shows Less Limits on Iran Nuke Work," *AP*, July 18, 2016, http://bigstory.ap.org/article/140ca41aba7a42cda13792f07df4b8d3/ap-exclusive-secret-document-lifts-iran-nuke-constraints. See also Yaakov Lappin, "Senior Arms Expert: Report on Secret Iran Deal Document Underlines Very Serious Problem," *Jerusalem Post,* July 20, 2016, http://www.inss.org.il/uploadImages/systemFiles/Senior%20arms%20expert%20-%20Emily%20-%20JP%20-%20site.pdf.

5 See Institute for Science and International Security, "Iran's Long-Term Centrifuge Enrichment Plan: Proving Needed Transparency," August 2, 2016, http://isis-online.org/uploads/isis-reports/documents/Irans_Long_Term_Enrichment_Plan_Breakout_2Aug2016_Final.pdf.

6 See for example "As Talks Resume, Iran Vows no Inspection of Military Sites," *Times of Israel,* May 20, 2015, http://www.timesofisrael.com/as-talks-resume-iran-vows-no-inspection-of-military-sites/; and Paul Richter, "Iran Can Deny Access to Military Sites, Foreign Minister Says," *Los Angeles Times,* July 23, 2015, http://touch.latimes.com/#section/-1/article/p2p-84052520/.

7 For the report itself see Jay Solomon, "Uranium Provides New Clue on Iran's Past Nuclear Arms Work," *Wall Street Journal,* June 19, 2016. http://www.wsj.com/articles/uranium-provides-new-clue-on-irans-past-nuclear-arms-work-1466380760. For the problematic implications of not being able to revisit Parchin, see Olli Heinonen, "Uranium Particles at Parchin Indicate Possible Undeclared Iranian Nuclear Activities," *FDD Research,* July 1, 2016, http://www.defenddemocracy.org/media-hit/olli-heinonen1-uranium-particles-at-parchin-indicate-possible-undeclared-iranian-nuclear-a/.

8 Leonhard Foeger, "Germany Says Forces in Iran Trying to Torpedo Nuclear Deal," *Reuters,* July 8, 2016, http://www.reuters.com/article/us-iran-nuclear-germany-idUSKCN0ZO1F9. This information should be taken seriously and thoroughly

assessed by the P5+1; however, at a press conference, State Department spokesman John Kirby's responses to reporters' questions were an attempt to minimize the significance of this intelligence, rather than stating US intent to verify what could be a violation of the JCPOA. See Jack Heretik, "State Dept Questioned on Iranian Efforts to Obtain Illicit Nuclear Technology,"*Washington Free Beacon*, July 8, 2016, http://freebeacon.com/national-security/state-dept-struggles-answer-questions-iran-nuclear/.

9 See "Iran Vows to Pursue Ballistic Missile Program despite New US-imposed Sanctions," *ABC News,* March 28, 2016, http://www.abc.net.au/news/2016-03-29/iran-vows-to-pursue-missile-program-despite-new-us-sanctions/7280120.

10 For a representative statement expressing lack of interest in any communication, not to mention cooperation with the US beyond the JCPOA, see the Iranian Foreign Ministry spokesman reacting to CIA director John Brennan's comments on US-Iranian ongoing conversations, and his expressed hope for increased cooperation: "No Iran-US Negotiations Other than on Nuclear Issue: Qasemi," *Press TV,* August 1, 2016. Qasemi also rejected Brennan's attempt to draw a line between hardliners and moderates in Iran, emphasizing the unity that exists. See http://www.presstv.ir/Detail/2016/08/01/477971/Iran-US-CIA-Bahram-Qasemi-John-Brennan.

11 For one of many examples, see "US Losses Outweigh Gains in JCPOA Breaches: Iran FM," *Press TV,* August 7, 2016, http://presstv.com/Detail/2016/08/07/478946/Iran-US-Mohammad-Javad-Zarif-JCPOA-Baku.

12 The spokesman of the Atomic Energy Organization of Iran has been quoted as saying that Iran can restart its frozen program if the other side does not uphold its commitments, and the world would be surprised at how fast that can happen. See "Spokesman: Iran Testing New Centrifuges."

13 When these Iranian complaints surfaced in May 2016, US Secretary of State Kerry traveled to Europe in order to reassure banks and companies that they can go back to business with Iran. See for example Reuters*,* "US's Kerry Seeks to Reassure European Banks on Iran Trade," *CNBC*, May 12, 2016, http://www.cnbc.com/2016/05/12/uss-kerry-seeks-to-reassure-european-banks-on-iran-trade.html; and Carol E. Lee and Jay Solomon, "U.S. Seeks to Use Business to Lock in Iran Deal," *Wall Street Journal,* June 23, 2016, http://www.wsj.com/articles/u-s-encourages-firms-to-make-deals-with-iran-in-bid-to-cement-nuclear-deal-1466727183.

14 See David Francis, "Iran Accuses U.S. of 'Lackluster' Implementation of Nuclear Deal," *Foreign Policy,* July 14, 2016, http://foreignpolicy.com/2016/07/14/iran-accuses-u-s-of-lackluster-implementation-of-nuclear-deal/.

15 See in this regard also statements by Speaker Larijani demanding that Iran reopen enrichment facilities in response to a UN report on Iran's activities in the missile realm: Rick Moran, "Iran Plans to Reopen Closed Nuclear Sites in Violation of

Nuclear Agreement," *American Thinker,* July 22, 2016, http://www.americanthinker.com/blog/2016/07/iran_plans_to_reopen_closed_nuclear_sites_in_violation_of_nuclear_agreement.html.

16 See Amos Yadlin, "Following the Problematic Nuclear Agreement: Scenarios and Policy Recommendations," *INSS Insight* No. 722, July 20, 2015, http://www.inss.org.il/uploadImages/systemFiles/No.%20722%20-%20Amos%20for%20web248853023.pdf; and Emily B. Landau and Shimon Stein, "To Prevent Another Iran Disaster, Fix Nuclear Enforcement," *National Interest*, June 8, 2016. http://nationalinterest.org/feature/prevent-another-iran-disaster-fix-nuclear-enforcement-16516.

17 See Landau and Stein, "To Prevent Another Iran Disaster, Fix Nuclear Enforcement."

18 See Ephraim Asculai and Emily B. Landau, "Repairing the Iran Nuclear Deal's Damage," *Times of Israel,* November 15, 2016. http://www.timesofisrael.com/repairing-the-iran-nuclear-deals-damage/.

Iran after the Nuclear Agreement

Ephraim Kam and Sima Shine

In 2017, Iran will be affected by three sets of developments that reinforce one another. The first is the future of the nuclear agreement, which first and foremost affects the objectives, activities, and capabilities of Iran's nuclear program, but also affects Iran's internal affairs and its regional and global policy. The second relates to internal processes, against the backdrop of the economic and political implications of lifting the sanctions, the expected struggles in the upcoming campaign for the presidential elections in May 2017, and Supreme Leader Khamenei's departure from the stage at some point in the future. The third concerns regional developments, especially Iran's involvement in the fighting in Syria; its broadening cooperation with Russia in the Syrian crisis; its involvement in Iraq, Lebanon, and Yemen; its coping with the Islamic State threat; and its heightened regional competition with Saudi Arabia.

Lifting the Sanctions: Internal Implications

There is no doubt that Iran engaged in the nuclear talks – which led to the Joint Comprehensive Plan of Action (JCPOA), whereby Iran agreed to important restrictions on its nuclear program – in order to have the sanctions lifted. The data indicate clearly that the Iranian economy was hit hard by the sanctions led by the US government, particularly in 2012-2013. During these years there was negative economic growth in Iran and the Iranian economy shrank: the World Bank estimates that Iran's GDP decreased by approximately 3 percent in 2012 and 1.5 percent in 2013. In 2014, moderate recovery signs were apparent, largely due to a more balanced economic

policy pursued by President Rouhani, elected in 2013. In 2014, there was 3 percent growth and Rouhani announced that his government had lowered the inflation rate from 43 to 28.8 percent. But in 2015, the year that the JCPOA was signed, there was no additional growth, and unemployment rose by half a percent, to 11 percent. Unemployment rates and inflation data are official statistics, and presumably, therefore, the actual rates are higher. In any case, even growth of 4 or 5 percent, which has not yet been achieved, is below the target annual growth rate of 8 percent, which was determined by the Iranian government as necessary to overcome double-digit inflation and unemployment.

Data of this nature support Iranian claims that the US government is not fulfilling its end of the agreement as regards lifting sanctions, and the economic benefits that the JCPOA brought to Iran are much smaller than expected. But the picture is far more complex. In theory, removing sanctions has created new economic opportunities for international companies to invest and develop business in the Iranian market, and Western governments have announced that they are willing to help promote such projects. The removal of the sanctions on Iran's oil exports has led to a significant increase in oil output and exports. Automobile manufacturing is the second largest industry in Iran, after the oil sector, and European car manufacturers are assessing possibilities for joint production and sale of cars in Iran. Iran seeks to acquire some 230 passenger jets from Boeing and Airbus to refresh its severely outdated aircraft fleet. The Iranian banks have been allowed to reconnect to the SWIFT system, the inter-bank communication system that facilitates money transfers between different countries on the same business day.

But these positive outcomes of the lifted sanctions regime are overshadowed by difficulties that offset a substantial portion of the benefits that Iran expected to enjoy. First, the decline in world oil prices hit Iran hard in royalties, such that despite considerable growth in sales, the profits were modest. Second, although the sanctions involving the nuclear program were removed, other sanctions imposed by the US administration have remained – particularly those related to Iran's support for terrorism, its missile program, its violation of human rights, and actions that undermine stability in the region. As a result, international companies are hesitant to invest and engage in large scale and long term business in Iran, fearing that at some point sanctions

might be imposed against them and even expanded, should Iran violate the nuclear agreement. Third, the US administration denies that it continues to freeze Iranian assets in the United States, and Iran indeed does have access to some of its assets, but claims it still does not have access to funds totaling tens of billions of dollars frozen in the US.

One major problem relates to the difficulties encountered by Iranian banks. Despite the removal of sanctions, Iranian banks are unable to make international financial transfers or fund trading freely. Iran demands access to the US financial system, which would allow Iranian banks and companies to do business in US dollars, the currency of most international transactions; preventing Iran's use of dollars undermines the ability of Iranian banks to participate in major commercial transactions. The US rejected this requirement for a long time, yet in October 2016 the administration announced an additional easing of sanctions, including allowing Iran to trade in dollars through non-US banks and institutions, provided that they do not have direct contact with the US financial system.

However, the main problem preventing a substantial improvement in Iran's economy lies in Iran itself. The sanctions were just some of the constraints on the Iranian economy and therefore their removal did not free it of its problems. For many years, the Iranian economy has suffered from structural problems, such as unemployment, high prices of basic commodities, a weak rial, and difficulties in completing projects and construction plans. These problems are the result of failed economic policies, corruption, and lack of transparency; over-dependence on the oil sector; the dominance of the Revolutionary Guards in important economic sectors, including oil; and the suffocation of the private sector. Iran always had problems connecting to the global economy, and Iranian banks do not follow the rules of the international banking system set primarily over the past two decades in areas such as risk management, corporate management, and bankruptcy laws – and even more, rules regarding money laundering and transfers to terrorist and criminal organizations, which are the primary barrier to work with the international and American financial systems. The situation was exacerbated by the banks' connection to Iran's intervention in Syria and Yemen and its sponsorship of terrorism. Iranian government officials have admitted publicly that deficiencies of the Iranian system – e.g., corruption, lack of

transparency, and the laws on foreign investment – preempt a sufficiently trustworthy atmosphere for foreign investors.

These difficulties have resulted in serious complications. Iran's leadership expected immediate economic integration in the global economy once the sanctions were lifted, but did not sufficiently asses the changes that Iran itself needed to make in order to fulfill its expectations, including updating the financial and business systems to meet Western standards. Foreign companies are dissuaded from investing and doing business in Iran, fearing high risks, as long as Western banks cannot promise them assistance with long term financing. While the US administration wants to strengthen President Rouhani and encourage improvements in Iran's economic situation, it cannot remove the remaining sanctions, and in the meantime is not willing to allow Iran direct access to the American financial system.

The sense of disappointment in Iran plays into its internal debate about the nuclear agreement. From the outset, there were those in Iran – especially the radical camp, including the Revolutionary Guards – that criticized the agreement severely, alleging that Iran gave up significant nuclear capabilities in exchange for insignificant achievements. This frustration is intensified by the parallel debate in Washington, where political elements, especially in the Republican Party, disapprove of the deal, seek to impose additional sanctions, and oppose trade with Iran, including Boeing's deal to supply over 100 passenger jets to Iran. The feeling in Iran that the economic situation has not significantly improved adds fuel to this debate, to the extent that there are Iranians who propose restarting the nuclear program.

Could the disappointment in Iran lead the regime to violate the nuclear agreement? At this point, it is unlikely, because professionals in Iran recognize that some obstacles to an improved economic situation arise from the exigencies of the Iranian system; because the violation of the agreement would lead to a renewal of sanctions; and because the US government is looking for ways to strengthen the economic relationship between Iran and Western companies and financial institutions. But in the upcoming presidential elections the sense of disappointment is likely to work against President Rouhani, who is identified in Iran with the agreement.

At least three political events may influence the ramifications of the nuclear agreement. The first is the change of the US administration in January 2017.

It is hard to predict US policy under the Trump administration, particularly as the President-elect has no experience in foreign affairs. However, Trump has consistently advocated a hard line toward Iran regarding both the JCPOA and Iran's regional subversive activity, and this posture has already aroused concern in Tehran. Despite his campaign rhetoric, Trump is not likely to cancel the JCPOA without specific justification, but he may increase the pressure on Iran, backed by a Congress with a Republican majority in both houses, if Iran continues its adversarial stance.

The second event is the presidential election in Iran. Much will depend on whether Supreme Leader Khamenei supports President Rouhani's reelection, and to what extent the nuclear agreement is perceived as a success, including the question of the financial situation. The regime's radical wing, led by the Revolutionary Guards, will work to end Rouhani's presidency.

The third event is Khamenei's expected departure over the next few years, considering his age (77) and health. At this point there is no way to predict who would replace him as Supreme Leader, and what approach this replacement might take. Presumably, however, the next Supreme Leader will not have the power of his predecessor, who has been in power since 1989, and he will require some time to build up strength and authority. It is also unclear if the position will be filled by a religious leader like Khamenei – which is more likely – or perhaps a military-security figure, or a shared leadership. This situation could bring Iran to a period of power struggles, perhaps even violent, between radical and moderate elements regarding the policy and nature of the regime. In turn, these could affect Iran's policy toward the United States and the future of the nuclear agreement.

Iran and the International System

Prior to the signing of the nuclear agreement, hope prevailed among US administration leaders that the agreement would lead to broader dialogue between the US and the Iranian leadership on regional issues. Such a dialogue, should it develop, could facilitate the moderation of Iran's regional approach, bring it closer to the United States, and increase stability in the Middle East. This expectation rested on signals apparently dispatched by the administration's Iranian interlocutors, and on the assumption that there are apparently people in the Iranian leadership – mainly Foreign Minister

Zarif and possibly President Rouhani – who are interested in expanding understandings with the US administration.

None of this has happened so far. The main reason is Khamenei's position, supported by the regime's radical element, which is deeply suspicious of the United States and perceives it as an enemy and a primary threat. Khamenei, both before and after the signing of the JCPOA, stipulated that dialogue with the US administration would be limited solely to the nuclear issue, and that he does not trust the administration. Disappointment over limited economic progress following the lifting of sanctions has only strengthened the radical camp, which resists any rapprochement with the United States, fearing that the relationship could be used by the US to destroy the Islamic Revolution and overthrow the regime. This disappointment, as well as Khamenei's position, has also pushed moderates in the Iranian elite to criticize the US administration on the grounds that it did not fulfill its promises.

Meanwhile, since 2012, Iran and Russia have developed closer relations. For centuries, Iran eyed Russia with suspicion and concern, considering it the most serious threat to its security. This is in part because over the last two centuries Russia has invaded northern Iran several times, and some of the areas that it conquered were never returned to Iran. Perceptions of this threat diminished following the collapse of the USSR, and since 1989 Russia has become Iran's main weapons supplier and played a central role in the development of Iran's civilian nuclear program.

Improved Russia-Iran relations, reflected in a series of meetings between top officials on both sides, has occurred in three primary areas: cooperation in Syria against opponents of the Assad regime; talks toward completing a major arms deal; and talks on continued Russian construction of power reactors for Iran's civilian nuclear program, as well as wider bilateral economic relations. These closer ties stem from the interests shared by the two countries, especially due to the turbulence in the Middle East and their need for cooperation in key areas. In the eyes of the regime, Russia can give Iran support that cannot be offered by any other country – stabilization in Syria, quality weapons, construction of nuclear power reactors, and political backing. In Russia's eyes, Iran's value has increased due to its influence in Syria and Iraq, and in light of the legitimacy it won following the signing of the nuclear agreement and the lifting of the sanctions.

In the immediate term, the most important area of cooperation for both countries is Syria, due to their common interest in both stabilization of the situation and the survival of the Assad regime. To this end, the two arrived at a division of responsibility, with Russia focusing on air strikes against opponents of the Assad regime, and Iran and Hezbollah participating in ground combat alongside the Syrian army. In at least one case, Iran even permitted Russia to launch bombers from an airbase in western Iran to attack targets belonging to Assad's rivals, apparently based on operational considerations of shortening the flight distance to targets in Syria. Due to Iran's sensitivity to foreign forces in its territory, the continuation of these activities has not yet been approved.

In the longer term, both sides are interested in a large arms deal, which would focus on the air force, air defense, and tanks. If signed, it would be the largest deal concluded between the two sides since the early 1990s, and at the very least is expected to change the capabilities of the Iranian air force. The main obstacle is the Security Council resolution that prohibits the sale of arms to Iran until 2020. It is unclear whether Russia is willing to defy the decision, and may sign the deal in the near term, but defer implementation to 2020.

Despite their common interests, Russia and Iran also have conflicting interests in important areas, stemming from differences in their global and regional interests, respective priorities, and Iran's deep suspicion of Russia, which even today has not disappeared. In addition, there are several elements of Russian activity that Iran does not support: Moscow's growing influence in the Middle East, which in certain situations opposes Iran's interest; Russia's leading role in the Syrian crisis; the possibility that Russia would sacrifice the Assad regime in the framework of a future agreement in Syria; and Russia's strong relationship with Israel.

For these reasons, although Russia and Iran are interested in expanding cooperation, their relations cannot be considered an alliance. The range of common interests is not very wide, Russia has not committed to support Iran on key issues, and while both seek to stabilize the situation in Syria, their goals are not identical. In addition, the mutual suspicion, especially pronounced on the Iranian side, hampers agreements between them. Moreover, relations with United States, for better or for worse, weigh heavily in the eyes of Russia, and they will affect Moscow's relations with Tehran.

Iran in the Regional Arena

The main element affecting Iran's status and activity in the Middle East is the ongoing turbulence in the region – a process that began with the US invasion of Iraq in 2003, and was followed by the creation of a large vacuum in the heart of the region – and has only grown since the beginning of the upheaval in the Arab world in late 2010.

The turbulence has created several severe risks for Iran, chief among them the danger hovering over the Assad regime. While Assad's condition has significantly improved – largely as a result of military aid and intervention from Iran, Hezbollah, and Russia – the regime is far from stabilized. Should it fall, it would be a major strategic blow to Iran, because any alternative to the Assad regime would be worse for Iran. Even should the regime survive in one way or another, it will no longer be the same regime, but rather a weak one, fighting for existence and preoccupied with internal problems. Such a regime may be more dependent on Iran, but could also continue to draw significant resources from it. Iran understands that any agreement in Syria with the support and protection of the superpowers would be likely to undermine the Assad regime, and thus demands that any agreement leave the regime in place. It likewise opposes any agreement that would create a federation in Syria.

In the meantime, intervention in Syria is costing Iran dearly. Since 2012, Iran has invested heavily to aid the Assad regime with manpower, weapons, and money, at a cost of billions of dollars. These efforts have increased significantly since September 2015, when Iran sent thousands of infantry fighters from the Revolutionary Guards al-Quds force to Syria. In addition, Tehran arranged for thousands of fighters from Hezbollah and Shiite militias organized by Iran in Iraq, Afghanistan, and Pakistan to be sent to Syria. The fighting has exacted a heavy toll of Iran and its proxies: Iranian forces have suffered at least 350-400 casualties, including senior officers, and Hezbollah and each of the other Shiite militias have all suffered hundreds of casualties. The casualties from the fighting in Syria have apparently led to discontent among the Iranian public, to the point that the regime was forced to publish the names of those killed and explain publicly that the fighting is over the home front, i.e., over Iran itself, and at least temporarily, to return some of its forces from Syria to Iran.

The second risk, connected to the first, is the appearance of the Islamic State, which concerned the Iranians – among many others – following its conquest of large swaths of Syria and Iraq, its attractiveness among the Islamic younger generation, and its financial and military capabilities. The organization has not constituted a substantive threat to Iran itself, due to Iran's military power, the stability of the regime, and the lack of a governance vacuum in Iran, and also because Iran is a Shiite country with no real support base for the Islamic State. However, when the Islamic State's strength peaked in mid-2014, the organization did present a severe threat to Iran's principal regional interests. It primarily endangered Iran's allies in the three countries most important to it – the Shiite organizations in Iraq, the Assad regime in Syria, and Hezbollah and the Shiite community in Lebanon. As a Sunni entity, the Islamic State was also considered by Iran as part of the Sunni threat to the Shiites.

The third risk touches on the situation in Iraq. The US invasion of Iraq in 2003 played into the hands of Iran: it eliminated the military threat that Saddam Hussein posed to Iran, removed Iraq from the arena as the only country in the region with the ability to balance and counter Iran, and opened the gate for Iran to intervene in Iraq through Shiite leaders and organizations. This is how, with Americans forces still in Iraq, Iran became the external body with the largest influence in Iraq. However, the appearance of the Islamic State in Iraq and its takeover of large areas, major cities, and oil facilities has changed the situation. Iraq borders Iran, has a Shiite majority, and is home to the Shiite holy cities. Instability in Iraq, the struggle between the three main communities, and a high level of violence could cause instability to spread to Iran, which is also a country of minorities. Concerns about further deterioration in Iraq drove Iran to invest significant effort in stabilizing the situation in Iraq, with military aid, support for Shiite militias, and organization of security forces, and since late 2014, even airstrikes – though most of the airstrikes in Iraq are conducted by the United States.

Iran presents itself as a major player in the campaign against the Islamic State, both in Syria and in Iraq, including the operation to liberate Mosul, and in this context has glorified the name of al-Quds Force Commander General Qasem Soleimani, who is also in charge of the Shiite militias in combat. However, the Iranian intervention in Iraq began to arouse indignation and concern regarding infiltration into the Iraqi political system, even among

Iraq's Shiite officials. This resentment has led to growing reluctance on the part of Iraqi political and religious leaders to deepen Iranian influence in Iraqi matters and allow Soleimani's personal involvement, fearing that Iraq could become a satellite state of Iran.

Saudi Arabia also creates risks for Iran, and relations between the two countries are currently at an unprecedented low. This is the result of developments that are primarily connected to the turmoil in the Arab world, and feelings of threat and mutual suspicion that have accumulated over the years. The most important of these developments are:

a. Iranian involvement in the Shiite uprising in Bahrain in 2011, which prompted Saudi Arabia to send a military force to Bahrain – joined by forces from the Gulf states – to protect the Bahrain regime's stability, and to make clear to Iran that any attempt to undermine it will result in the use of Saudi force.
b. Iran's involvement in the Houthi insurgency in Yemen, which prompted Saudi Arabia to launch airstrikes in Yemen, backed by a coalition of Sunni countries seeking to halt Iran's efforts to strengthen its influence in the region.
c. The JCPOA, seen by the Saudis as a significant achievement for Iran, due to the lifting of sanctions and improved international status, and in light of the US administration's willingness to compromise with Iran, contrary to Saudi interests.
d. The indirect struggle between Iran and Saudi Arabia in Syria, whereby Riyadh seeks to strengthen opposition to the Iran-aided Assad regime.

In the past year, relations between the two countries deteriorated further, with a number of manifestations: the execution of a Saudi Shiite leader, which led to attacks on Saudi diplomatic missions in Iran and the severing of diplomatic ties between them; Saudi Arabia's accusing Iran of involvement in terrorism; the 2015 deaths of hundreds of Iranian pilgrims in Saudi Arabia during the Hajj, which led to Iranian pilgrims not participating in the Hajj in 2016; mutual accusations regarding support for minorities in the two countries in a bid to undermine the regimes; and the exchanges of harsh verbal attacks between them, led by the announcement by the Mufti of Saudi Arabia (Saudi Arabia's senior cleric) that Iranians are not Muslims, while Khamenei called Saudi Arabia the "little Satan" – a term usually reserved for Israel.

In the current reality, despite Rouhani's attempt as President to improve Iran-Saudi relations, it is difficult to foresee a significant reduction in tensions between them. The regional upheaval, which creates a series of risks and opportunities for both countries and requires them to actively advance their interests and strengthen their influence in the Middle East and the Gulf, positions them against one another. Nonetheless, both countries are still laboring to refrain from actions that could bring them into direct conflict.

The regional upheaval has also influenced Iran-Turkey relations. Relations between them have become warmer, politically and economically, in the decade since the Justice and Development Party came to power in Turkey in 2002. This is the result of the sanctions imposed on Iran, which increased Tehran's interest in cooperation with Turkish companies in an effort to bypass the sanctions. In recent years, the two countries have sought to expand their economic cooperation, and have signed new trade and banking agreements, with Turkey having a clear interest in continuing to import oil from Iran. However, there is a gap when it comes to diplomacy and defense, particularly regarding developments in Syria and Iraq. Iran regards the expansion of relations between Turkey and Saudi Arabia in the past two years, as well as the thaw in Turkey-Israel relations, highly negatively.

Relations between the two countries began to deteriorate in the wake of the regional turmoil, and reached a low point due to the civil war in Syria, with Iran aiding the Assad regime, and Turkey supporting the opposition forces. Iran's military involvement in Syria, which began in 2012, is comprehensive and deep; for years, Turkey's involvement in Syria was indirect. In August 2016, however, Turkey decided to take direct action to protect its top interest – preventing territorial contiguity under Kurdish control in the areas adjacent to the Turkey-Syria border – and put forces on the ground, without significant Russian opposition and with direct US assistance. In Iraq too, Iranian and Turkish interests clash. Iran is displeased with the deepening relations between Turkey and Iraqi Kurdistan, and condemned the Turkish army's incursions into northern Iraq during the operation to liberate Mosul.

However, alongside the regional risks to Iran, opportunities have begun to present themselves. Despite the fact that agreement on Syria and its implementation are still far away, the Assad regime is no longer in immediate danger of collapse. Furthermore, at least some of the parties involved

recognize Iran's influence and importance in stabilizing the situation in Syria. This is the result of Iran's significant investment in the fighting in Syria and its military presence on the ground; Iran's influence over Assad and over Hezbollah and the Shiite militias operating in Syria; the warming relations between Tehran and Moscow; the relatively minor influence of the United States and the European governments over developments in Syria; and the legitimacy that the nuclear agreement granted Iran internationally. Should the campaign to liberate Mosul succeed, Iran could be one of the main beneficiaries.

No less important is the beginning of the decline of the Islamic State in both Syria and Iraq, as reflected in the considerable loss of territory and cities that were under its control, the significant loss of its commanders, and the reduction of its financial sources. This has also reduced the threat posed by the Islamic State toward Iran's allies, though it appears that the organization will continue to undermine their stability and security and preoccupy Iran. It has become clear in retrospect that the appearance of the Islamic State in the Syrian-Iraqi arena, despite the risks that it posed for Iran, has contributed to international recognition of Iran's importance in the struggle against the jihadist organization. It has made some elements overlook Iran's involvement in terrorism, and its status as the pillar of radical forces in the region.

On another level, for years Iran has been worried about the possibility of an Israeli or American military operation against its nuclear sites. At the present time, it is clear that a military option is not on the table, at least as long as Iran does not blatantly violate the nuclear agreement. Under these conditions, the United States has no reason to resort to military action and Israel too cannot attack the nuclear facilities without cause, as it would be accused of attempting to sabotage an international agreement that has been endorsed by all the international powers.

Conclusion

On the eve of and subsequent to the signing of the JCPOA, Iranian leaders – led by Khamenei – underscored that Iran had no intention of changing its regional and global policy. They emphasized that Iran will not expand its dialogue with the United States, and will continue to aid its allies – the

Assad regime, the Shiite militias in Iraq, the Shiites in Bahrain, the Houthis in Yemen, and the Palestinians. Iranian leaders added that Iran intends to expand its influence in the West Bank, including with weaponry supplies. In other words, Iran will continue to be the axis of the radical camp in the Middle East, where its goals are opposed to those of the United States – in Syria, Iraq, Yemen, the Palestinian arena, and toward Israel. It is also clear that one of its primary aims, in the context of its aspiration for regional hegemony, is to reduce the influence of the United States in the Middle East. In tandem, Iran and Russia, despite the suspicion between them, are tightening their relations in order to aid one another on central issues. These trends in Iran's regional policy are likely to continue, at least as long as Khamenei leads Iran, and should his successor follow his example.

The turbulence in the Middle East of recent years has not harmed Iran's internal framework thus far, and the unrest that erupted in 2009 has not reawakened. There is no doubt that many Iranians are eager for a change in the nature of the regime, but they are reluctant to act to this end, since it is clear that the regime will exert massive force in order to suppress any unrest, as it did in 2009. It is likewise possible that events in Syria, Iraq, Libya, and Yemen may deter them from hurling Iran into a similar situation. Yet the regime is presumably aware of these feelings and is wary of their development, especially considering the economic situation and the knowledge that in the near future power struggles may erupt in advance of the presidential elections in May 2017 and surrounding Khamenei's expected retirement.

Despite the risks and difficulties it has confronted, since mid 2015 Iran's standing has improved in the regional arena, due to the improvement in the Assad regime's standing, though not yet stabilized; the weakening of the Islamic State; Iran's influence over the Iraqi framework, despite Iraqi reservations; the international recognition of Iran's importance and standing in Syria and Iraq, and as an important element in the struggle against the Islamic State; Iran's ability to operate not only Hezbollah, but also additional Shiite militias to advance its interests; the nuclear agreement, which left Iran a recognized nuclear threshold state and strengthened its status internationally as a legitimate actor; the weakness of the Arab world, which is preoccupied with internal problems; the weakness of the United States, even in the eyes of

its allies, in addressing problems in the Middle East; and Russia's increasing weight in the Middle East, as well as its closer relations with Iran.

This situation has several implications for Israel – most of them negative. Iran's strengthened influence means the strengthening of the radical camp, increased pressure on the pragmatic Arab camp, and narrowed American freedom of action in the region. For Israel, this may mean the continued operation of Hezbollah against Israel in accordance with Iranian considerations, possibly including attempts to expand Hezbollah's scope of operation against Israel to the southern Golan Heights. Nonetheless, Iran currently does not seem to have an interest in activating Hezbollah against Israel – while the organization is involved in the fighting in Syria; while Israel warns Hezbollah of a harsh response; and while significantly activating Hezbollah could revive the option of an attack on Iran's nuclear sites. Although Hezbollah has suffered significant losses in Syria, it has gained important fighting experience. It is also possible that Iran will attempt, as Iranian leaders have suggested, to penetrate into the West Bank by supplying weapons, as it has in Gaza.

Iran and Russia are close to agreement on a large weapons deal, for the first time since the early 1990s. This may occur as of 2020, if Russia prefers not to violate the Security Council's decision, if not sooner. When it takes place, Iran's military capabilities will significantly improve – especially due to upgrades of its warplanes and air defense system. Iran's missile system is constantly improving, quantitatively and qualitatively, despite the Security Council's restrictions, which Iran ignores. Another threat is that some of the high quality weapons from Russia may make their way from Iran to Hezbollah. The improvement in Iran's conventional military capabilities expected in the next decade, against the backdrop of the expected renewal of Iran's nuclear program after the restrictions are removed (in accordance with the agreement), will raise the Iranian threat to new levels.

On the other hand, the challenge created for the pragmatic Arab states by the improvement of Iran's standing and military capabilities may contribute to their interest in expanding their dialogue with Israel, in order to address this threat fully. This matter may prevail if the next US administration adopts a firmer stance toward the trends exhibited by Iran.

Developments in the Global Oil Market: Strategic Effects on the Middle East

Shmuel Even and Eran Yashiv

This essay surveys basic data and recent developments in the global oil market, and focuses on their strategic implications for the Middle East.

Basic Data

Oil Prices

Global oil prices are notable for extreme swings over time. Table 1 provides a historical perspective, including the years following the oil embargo imposed by the Arab states on the West after the 1973 Yom Kippur War and the period following the Islamic Revolution in Iran in 1979. The table demonstrates that political considerations are among the factors that affect the oil market.

In the second half of 2014, there was a steep drop in oil prices. On July 1, 2014, oil (Brent crude) traded at record highs of $113 a barrel; by December 31, 2014, the price was $57 (at annual average, prices fell from $99 a barrel in 2014 to $52 a barrel in 2015). In mid January 2016, oil traded at all-time lows of less than $30 a barrel. However, since then, the price has recovered considerably, and since mid year has been fluctuating around $50 a barrel.

Table 1. Prices of Brent Crude Oil, 1979-2016[1] (in US dollars, current prices, and constant prices – 2015, annual average)

Year	Nominal price	Real price (2015 prices)
1970	1.8	11.0
1975	11.5	50.8
1980	36.8	105.9
1985	27.6	60.7
1990	23.7	43.0
1995	17.0	26.5
2000	28.5	39.2
2005	54.5	66.2
2010	79.5	86.4
2011	111.3	117.2
2012	111.7	115.3
2013	108.7	110.6
2014	99.0	99.1
2015	52.4	52.4
2016e	45	45

Source: British Petroleum[2]

Oil Reserves and Production in the Middle East

According to OPEC,[3] the Middle East is home to most of the world's proven oil reserves. The monarchies – Saudi Arabia, Kuwait, and the UAE – stand out among the oil producers, controlling 31 percent of the world's proven oil reserves, followed by Iran and Iraq with 21 percent.

Table 2. Major Middle East Producers: Proven Oil Reserves and Output, 2015

Producer	Proven reserves (millions of barrels)	Percentage of world reserves[4]	Output (millions of barrels a day)
Saudi Arabia	266.5	17.9	10.2
Iran	158.4	10.6	3.2
Iraq	142.5	9.6	3.5

Table 2. Major Middle East Producers, cont'd.

Producer	Proven reserves (millions of barrels)	Percentage of world reserves[4]	Output (millions of barrels a day)
Kuwait	101.5	6.8	2.9
UAE	97.8	6.5	3.0
Libya	48.4	3.2	0.4
Qatar	25.2	1.7	0.7
Algeria	12.2	0.8	1.2
Other Middle East states	15.3	1.0	1.5
Total	867.8	58.1	26.6

Source: OPEC Annual Statistical Bulletin 2016

Developments and Strategic Implications

The Drop in Oil Prices and Oil Market Politics

Low oil prices result from a simple supply and demand situation – a glut of supply compared to demand. While demand grew only at a moderate pace because of the global economic slowdown, particularly the slowdown of the Chinese market and low growth in Europe, the supply of oil grew more rapidly. On the supply side, particular significance lies in the increase in US production (thanks to improved technologies and shale oil extraction), and the increased output of some OPEC members, such as Saudi Arabia and Iraq. According to the OPEC bulletin of August 11, 2015, in order to supply the global market's demand for oil and liquid natural gas for a total of 92.7 million of barrels per day (MMBD), OPEC members should have produced only 29.2 MMBD,[5] but in practice, in July 2015, they produced 32.5 MMBD – 11.3 percent more than necessary. Joining this is the return of Iranian oil to the global market following the signing of the JCPOA.

Far more than a mere technical matter, oil supply levels are a strategic and political issue. The traditional explanation for the high output by Saudi Arabia and the UAE is that they prefer low oil prices in the present so as to lower the profitability in developing alternatives to oil and new oil sources that might compete with their own (and, in fact, the drop in oil prices has lowered US production). However, oil prices that are too low create major fiscal difficulties. A second and more concrete explanation is that these

states are engaged in a strategy to defend their market share, given that they lack trust in other oil producers. They contend that even were they to curb their output, other nations would increase theirs, so that prices would drop sharply, no matter what.

An additional explanation – at least according to Tehran – is the use of oil by Saudi Arabia and the other Gulf states as a weapon against Iran.[6] In December 2014, President Hassan Rouhani claimed that the low global oil prices were the result of a political plot composed by local states; Majlis Speaker Ali Larijani added, "This time we will not forget which states planned the scheme to bring oil prices down."[7] Although Iran managed to increase its non-oil exports significantly (despite the sanctions regime, Iran exported more than 1 MMBD, mostly to East Asia), the drop in oil prices has affected the Iranian economy. This economic effect may have been one of the factors that drove the Tehran regime to reach the nuclear deal in the first place. In the post-sanctions era, low prices harm the regime's ability to meet public expectations and improve the standard of living. As part of the talks on freezing oil production, Iran has not been willing to limit its output to its current level while Saudi Arabia's production is in full swing, and Saudi Arabia is unwilling (as declared at the OPEC conference in April 2016) to limit its production until Iran commits to do the same.[8]

However, the sharp drop in oil prices that marked 2016 does not correspond to the economic interests of Saudi Arabia and the principalities, as the energy sector is the source of 80 percent of government revenue. The drop in oil prices makes it difficult for them to maintain their growth levels and the populations' high standard of living – a population that does not pay taxes – and this has implications for their stability. Given this situation and the increase in external pressure on Saudi Arabia, Khalid al-Falih, the nation's energy minister, said in August 2016 that his country would do whatever was necessary to help the crude oil market, in conjunction with OPEC and other oil producers, in order to stabilize prices.[9]

On November 30, 2016 OPEC announced that it agreed to cut production by around 1.2 million barrels a day to bring its ceiling to 32.7 million, effective January 1, 2017. The duration of the agreement is for 6 months, with the option to extend by another 6 months. Moreover, the agreement indicated a further 600,000 barrels a day of cuts to come from non-OPEC countries,

including a 300,000 cut from Russia. Most other countries agreed to a cut of around 4.5 percent from the reference level of production, which in most cases was the OPEC reported figure for October 2016. The main exception was Iran, which agreed to a ceiling of about 3.8 million, up 90,000 from the reported October production.

The inclusion of non-OPEC producers makes this a bigger cut than announced in Algiers in April 2016. Oil prices are bound to rise if there is participation from non-OPEC countries, compliance by OPEC members, and less uncertainty about Iran's production agreement. However, OPEC's ability in the long term to fulfill agreements to limit output is highly doubtful, given the deep mistrust among members of the organization.

Implications of the Drop in Prices for the Global Economy

The drop in oil prices presumably should have been a boost to global economic growth. In a survey conducted by the International Monetary Fund in July 2015,[10] IMF economists estimated that global growth would increase by half a percentage point as a result of lower oil prices, although other factors would offset that increase. For example, low oil prices are not fully passed on to the end consumers because of taxation policies. At a certain stage the financial markets were also affected, in part due to reduced revenues and value of the energy and the higher credit risk in the sector. In April 2016, the renowned economist Paul Krugman estimated that the expectations for accelerated growth as a consequence of lower oil prices were not in fact realized, at least not in the United States, because the damage to the energy sector offset the positive effects of lower oil prices on private consumption and on companies outside the energy sector.[11]

The drop in oil prices has implications for the cost, and at times also the feasibility, of developing alternate energy sources, such as natural gas, coal, renewable energy sources, and even nuclear energy. These alternative sources of energy affect the oil market, and in turn, are affected by it. For example, the cost of natural gas, which on July 1, 2014 was $4.5 per MBTU, dropped to $2.8 on January 1, 2015, and fell further to $1.7 on March 1, 2016. On November 21, 2016, the price stood at $2.95 per MBTU.[12] Nonetheless, each type of energy source has its own rules, involving parameters of development and transportation of the energy in their crude forms (e.g., natural gas is

usually moved through pipelines, which limits the realistic alternatives available to producers and consumers whenever there is a change in market prices), domestic political concerns, geopolitical and security worries, and environmental issues.[13]

To a certain extent, low prices in the energy markets are a contributing factor to low inflation rates, which affect the interest rate policies of economic blocs and the situation in the financial markets. In other words, essential changes in oil prices have a systemic effect.

Implications of Low Prices for Middle East States

As a result of the steep drop in the price of oil and its associated products since 2014, there has been a commensurately steep drop in the financial value of oil exports in the region's states (table 3). The changes in oil production and revenue in recent years in Iran were the result of the now-lifted sanctions, and in Libya a result of the civil war.

Table 3. Principal Middle East Oil Producers – Oil Export Value (in billions of dollars)

Producer	2012	2013	2014	2015
Saudi Arabia	337.5	321.8	284.4	158.0
Iran	101.5	61.9	53.7	27.3
Iraq	94.1	89.4	83.6	54.4
Kuwait	112.9	108.5	97.6	48.8
Libya	60.1	44.4	10.4	5.0
Price of barrel of OPEC oil in US dollars	109.5	105.9	96.3	49.5

Source: OPEC Annual Statistical Bulletin 2016

An April 2016 IMF survey of Middle East states estimated that in the Gulf oil monarchies (the GCC nations), real growth would drop from 3.3 percent in 2015 to 1.8 percent in 2016, and that in 2017 growth would reach 2.3 percent. By contrast, the survey estimated that in Iran, because of the lifting of sanctions, growth would increase from zero in 2015 to 4 percent in 2016 and 3.7 percent in 2017. According to the IMF, while the large oil exporters have ambitious plans to cut their budget deficits resulting from

the loss of oil revenue, they still need more significant spending cuts. The survey noted that economic growth in the Middle East is threatened by security crises and the waves of refugees fleeing war-ravaged regions.[14]

Implications of the Low Oil Prices for Saudi Arabia

As a result of reduced oil revenues and excess spending, the kingdom's 2015 and 2016 budgets show large deficits. In 2015, the kingdom spent $260 billion (in the Saudi riyal equivalent) compared to the $229.3 billion budgeted. Real income reached $162 billion, compared to the $190.7 stipulated by the budget. Therefore, the deficit of $38.6 billion forecasted in the 2015 budget swelled to $98 billion (about 15 percent of the GDP) – about two and a half times more than planned. The forecasted deficit for the 2016 budget is $87 billion, assuming that the expenditures will remain at $224 billion and revenue will in fact reach $137 billion.[15]

The large deficits are financed by financial reserves, the sale of assets, and even loans. The Saudis know full well that this cannot be sustained in the long term. Even if this particular crisis ends tomorrow, a similar period of low income will recur at some point. They have therefore started to implement an ambitious multiyear plan, called "Saudi Vision 2030," which includes developing the local economy and creating new revenue streams independent of oil, as well as enhancing efficiency. Among the sectors mentioned for development are manufacturing, mining, tourism, healthcare, and financial services. Regarding efficiency improvement, the budget has already been cut (as evidenced by the 2016 budget, compared to the previous year's), including cuts to oil, electricity, and water subsidies. The plan also affects the security sector. At present, a minor portion of weapons acquisitions for the military comes from the local industry. The long term goal is for half of the acquisitions to come from Saudi manufacturing. Furthermore, depending on the security situation, Saudi Arabia will have to rein in its defense spending, which in 2015 was estimated at $85 billion (13 percent of the GDP), in part because of the fighting in Yemen.

The interim goal of the plan, the 2020 benchmark, is to create new budget sources by tremendous increases in revenue outside the oil sector, enhanced efficiency, and taxation, so that even in years of lower income from oil the kingdom will not have to face huge deficits, as is the case today.

However, this goal is far from assured, as it seems that Saudi Arabia will find it difficult to reduce its dependence on oil to a meaningful extent based on so short a timetable.[16]

Implications of the Drop in Oil Prices for Middle East Oil Importers

While low prices of oil would ostensibly ease the situation of the oil importers, in the Middle East the picture is more complex because of the great dependence of some of the Arab oil importers on the oil exporters in several areas: salary payment for workers from the Gulf (nations such as Egypt, Jordan, and others export manpower to the Gulf), trade between the oil importers and oil exporters, and financial aid and investments from the oil exporters to the Arab oil importers. Table 4 presents the remittances of workers from other nations to their home countries in the Middle East. For example, remittances from the Gulf represent most of the funds sent by Egyptians and Jordanians working abroad to their home states.

Table 4. Remittances by Foreign Workers to their Home Countries in the Middle East (in millions of dollars)

States receiving remittances / States providing employment	Egypt	Jordan	Lebanon	Syria	West Bank and Gaza
Saudi Arabia	7,587	1,468	1,447	474	364
Kuwait	3,213	198	63	79	12
UAE	1,873	716	232	30	40
Qatar	1,057	207	54	8	11
Others	691	141	30	59	13
Total Gulf	14,421	2,730	1,826	650	440
World total	19,710	3,788	7,163	1,623	2,206

Source: World Bank, April 2016[17]

At this time, it is difficult to chart a clear balance between savings due to the lower cost of oil imports, whose effects are fairly immediate, with the damage to the Arab oil importers due to adjustments that will occur in the

oil producing countries for as long as the low prices persist. According to the World Bank, as of 2015 there were still no signs of essential change in the remittances by foreign workers to their home countries – they resembled the figures of 2014 – but the continued low prices were expected to spur a lower level of remittances.

Egypt, for example, is a net oil importer (i.e., it imports more oil than it exports) at a scope of $3.7 billion (for the 2014-2015 fiscal year), so that the drop in oil prices contributed to savings in energy on Egyptian soil.[18] However, a persistent situation is liable to affect Egypt's important sources of revenue to a greater extent. First, Egypt relies on foreign currency remittances of some $20 billion annually from Egyptian labor in other countries, with more than 70 percent from Egyptian labor in the Gulf (table 4). Second, a significant part of Egyptian goods for export is aimed at Arab markets, first and foremost Saudi Arabia (accounting for 9 percent of all Egyptian exports),[19] and trade is liable to shrink, the longer the low prices continue. The state of the oil market is also liable to affect revenue from transit fees placed on cargo ships in the Suez Canal, which was expanded last year; in fact, early reports indicate that revenue from the newly widened canal has not increased as was expected. Third, Egypt receives billions of dollars in investments and aid from Saudi Arabia and the principalities, most of which is politically motivated. This aid certainly played a part in Egypt's acquiescence to Riyadh's demand that the Red Sea islands of Tiran and Sanafir be returned to Saudi sovereign control.[20] Thus, it seems that ongoing low oil prices will have a negative effect on the Egyptian economy.

Jordan, a net oil importer, has a similar situation. Although it now enjoys lower oil prices, should the low prices continue, the country will receive less foreign currency in remittances from Jordanian laborers in the Gulf, the source of the lion's share of remittances sent home from abroad; furthermore, the Gulf states are liable to cut trade and grants on which Jordan greatly depends. The Palestinians in the West Bank and Gaza Strip receive a few hundreds of millions of dollars from Palestinian laborers in the Gulf,[21] as well as aid from the Gulf states.

Effect on Israel

Despite the discovery of impressive natural gas reserves, Israel remains an oil importer. Most of the oil comes from areas of the former Soviet Union by means of the Baku-Tbilisi-Ceyhan pipeline, which links the Caspian Sea with the Mediterranean after passing through Georgia and Turkey.[22] According to a 2013 estimate, Israel imports 276,000 barrels of oil a day.[23] The effect of the slump in oil prices on Israel is mixed. On the one hand, as an importer, Israel enjoys the lower prices, which helps growth and increases the public's purchasing power. On the other hand, Israel is currently occupied with developing its Mediterranean natural gas fields for export, and a drop in energy prices does not help this effort, as gas prices are related to oil prices. The issue of Israeli gas exports touches on other matters as well: domestic political aspects, external political aspects (Israel's relations with nearby states to or through whom Israel may one day export), natural gas discoveries by neighboring countries, security questions, and relations with those who invested, explored, discovered, and produce the gas.

Conclusions

While the current ebb in oil prices is not an extraordinary event in a greater historical context, it is particularly significant given its coincidence with the upheaval in the Middle East. In tackling the issue, Saudi Arabia and the Gulf principalities have chosen a strategy that combines a restrained use of financial reserves with budget cuts, in an attempt to minimize the damage to the public's standard of living and reduce the possibility of public resentment. IMF economists feel that the cuts to the budget deficits in Saudi Arabia and the other oil exporters are insufficient, and that these states will have to take more aggressive action. In addition, and for the sake of the long term, Saudi Arabia has already embarked on an ambitious program designed to break its absolute dependency on oil. These objectives are difficult to obtain, not only economically and practically, but also politically, and attempts to carry them out carry risks to internal stability, particularly given the activity of external (most of all, Iranian) and domestic subversive elements. A continuing state of low oil prices might likewise pose an economic and political challenge to states such as Egypt, Jordan, and others, whose economies are intertwined

with the economy of the Gulf states. By contrast, the low oil prices have a primarily positive effect on the Israeli economy.

Notes

1 The pre-1985 figures refer to Arabian Light oil, similar to Brent.
2 *BP Statistical Review of World Energy 2016*, until 2015; the 2016 figures are estimates.
3 The Organization of Petroleum Exporting Companies (OPEC), which includes the large Arab oil producers, and Iran and Venezuela.
4 According to OPEC, the estimate of proven oil reserves in the world, as of 2015, stood at 1,493 billion barrels. According to the BP annual bulletin, that number for the same period was 1,698 billion barrels, with the reserves of the Middle East (including North Africa) comprising 51 percent.
5 On the basis of the supply of oil outside of OPEC of a total of 57.5 MMBD and the LNG production of OPEC of a total of 6 MMBD.
6 This policy by Saudi Arabia and the principalities likewise causes significant damage to Russia, whose activities in Syria are anathema.
7 The weekly journal of the Revolutionary Guards, "Iran has Many Options for Harming Saudi Arabia," MEMRI, January 1, 2015, http://www.memri.org.il/cgi-webaxy/sal/sal.pl?lang=he&ID=875141_memri&act=show&dbid=articles&dataid=3778#_ftn2.
8 Summer Said, "Saudi Energy Minister Says Kingdom Willing to Help Rebalance Oil Market," *Wall Street Journal*, August 11, 2016.
9 See note 7.
10 "Global Implications of Lower Oil Prices," International Monetary Fund, July 2015.
11 Paul Krugman, "Is Cheap Oil Contractionary? The Conscience of a Liberal," *New York Times*, April 2016, http://krugman.blogs.nytimes.com/2016/04/13/is-cheap-oil-contractionary.
12 Data from "Natural Gas Historical Data" at investing.com, November 21, 2016, http://il.investing.com/commodities/natural-gas-historical-data.
13 For example, relatively speaking, natural gas is conveniently priced and its positive contribution to air quality is high, but trade in this commodity is greatly affected by the geopolitical situation, because most of it depends on pipelines. Coal has advantages in terms of energy security, because it can be imported from nations that do not export oil (thereby varying a nation's energy sources) and is easy to store. Developing nuclear energy involves risks and strategic significances that extend far beyond a country's need for energy. And while renewable energy has

many advantages, its use is still limited by natural conditions and considerations of economic feasibility.

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The Involvement of the United States and Russia in the Middle East

Oded Eran

The last months of Barak Obama's presidency were marked by uncertainty and helplessness as to how to deal with the three-pronged challenge posed by Russian President Vladimir Putin – in Ukraine, in Syria, and in the realm of cyber warfare. However, a retrospective look at the eight years of the Obama presidency reveals the root of the problem: a misunderstanding of President Putin's strategic motivations and guiding ideology, and the administration's unwillingness to act on the conclusions derived from a correct reading of the situation. Russia's economic weakness did not prevent its sole ruler, Putin, from trying to repair what he sees as a historic aberration: the collapse of the Soviet empire over 25 years ago. While during 2001-2009 the Republican administration under President George W. Bush projected a willingness to use military force in order to defend American interests and thus created a certain level of deterrence among US adversaries, including Russia, President Obama, especially during his second term, exhibited an aversion to the use of American military force.

Four years were enough for Putin to learn that he could advance the cause of destabilizing and undermining the situation created in Europe and Eurasia after the fall of the Soviet Union and could increase Russian activism in the Middle East. In a series of test cases, Obama chose the option of not using American military force, sometimes not even threatening to use it. The response by the United States and by NATO to Russia's invasion of portions of eastern Ukraine amounted to sanctions on Russia. Painful as they may be, these sanctions are not part of the deterrence and response arsenal that

also includes hints of military action. In Syria, at the last moment the US administration refrained from using force in response to the Syrian regime crossing the red line set by President Obama regarding the use of chemical weapons, instead preferring Russian diplomatic mediation, which in effect saved the Assad regime from being undermined and perhaps even eliminated. On Iranian military nuclear development, Obama's rhetoric on the military threat softened and became more veiled over time, and this palpable change in America's stance was understood in the Middle East and in Moscow. In addition, so far the United States has not taken any significant action in response to accusations made during the presidential elections of Russian agents hacking into important American websites.

In all three arenas – Ukraine, Syria, and cyber warfare – reasonable explanations can be given for the policy adopted by the administration that do not necessarily connote American weakness and lack of determination to confront challenges. Entering the ring and threatening to use military force, followed by actual use of military force, did not seem justified in the case of the Ukraine crisis, nor did they seem like steps that would receive unconditional support from the United States' European partners. The internal schism in Ukraine, whereby eastern Ukraine supports Russia, challenged those who supported forceful American-European intervention in the crisis. In addition, the US administration can portray the removal of chemical weapons in Syria without use of force, even at the small price of recognizing Russia's dominant presence in Syria – a presence that has existed for decades, and contains little that is new – as an important achievement. In this case, it is not as though the administration gave up on overthrowing the Assad regime through military means, since from the beginning this option did not exist.

The explanation for America's actions on the Iranian nuclear issue is more complex, but in this case as well, the outgoing administration can present a set of reasonable arguments in favor of the nuclear agreement signed in the summer of 2015, which mandates the complete cessation of Iranian military nuclear development, at least during the fifteen years of the agreement. Above all, President Obama succeeded in reading American public opinion, which displays an unwillingness to be bogged down in long

term fighting in conflicts with questionable implications – and certainly questionable benefits – for United States security.

Unlike Obama, President-elect Donald Trump presented a decisively negative stance toward the agreement with Iran during his election campaign. Ostensibly, he now has the opportunity to try to change the situation that was created the agreement with Iran was reached, by exploiting reports – including false reports – of Iranian violations of the agreement. The United States' partners in negotiating and signing the agreement, and especially Iran, would presumably oppose the attempt to reopen negotiations on the issue. Trump could, of course, tighten American sanctions on Iran, assisted by the Republican majority that continues in Congress, and hope that Iran would see this as grounds for renouncing the agreement. Even then, however, he would likely encounter opposition to cancellation of the agreement from the United States' European allies and Moscow.

What appears to be Russian use of cyber warfare within the United States peaked during the presidential campaign – too late for a coherent response from the outgoing administration, especially considering the inherent difficulty in attributing cyber activity to states. Thus, dealing with this issue will be left to the new administration of President Trump.

The war against the Islamic State was the backdrop for a minor conflict between the two US presidential candidates. Republican candidate Trump presented the struggle against the Islamic State as a central objective, justifying, in his view, the US overlooking the (problematic, to say the least) conduct of Russia and the Syrian regime toward the Syrian population that refuses to accept the authority of the Assad regime, using the war against the Islamic State as a cover for attacking civilians. The question of restarting relations with Russia arises within the context of the struggle against the Islamic State. Trump as a candidate and as President-elect has given the impression that the end – the defeat of the Islamic State – justifies the means, and that he is willing to cooperate with Russia. How the negotiations between the United States and Russia will play out regarding cooperation on the war in Syria, if the talks are renewed, and what "give and take" issues will underlie them, are open questions, as well as the scope of this cooperation.

The successes achieved since the beginning of the Iraqi army's campaign against the Islamic State in the Mosul region in the summer of 2016, with

close American assistance and advice, have improved the balance of power for the US in the Middle East. However, despite these achievements, the Trump administration will be left with the task of dealing with the Islamic State, mainly in Syria, with all of the political problems that accompany this challenge – especially on the issue of US-Russia relations. Moscow's linkage between cooperation with the United States in the Syrian arena and demands to remove the sanctions imposed on it after its invasion of Ukraine will create a difficult dilemma for the next administration. Even if Moscow decides to return to the framework of coordination with Washington, it will only be for limited and short term goals. In the view of Washington and its main European partners, such limited coordination would not justify softening their stance on the sanctions. It is clear that the United States and Russia disagree on the desirable and practical long term political solution to the crisis in Syria, especially on the role to be played by the current Syrian regime. Moreover, while in the case of the war against the Islamic State in Iraq the United States can enlist both the Iraqi government and the considerable Kurdish military force, the circumstances in Syria are different. Russia's goals in Syria are straightforward, but those of the United States are complicated, and advancing them requires maneuvering between all the actors that would participate in shaping Syria's future. The ability to find a basis for cooperation with Russia in the Syrian arena is undoubtedly an important element for the United States, in both the short and long terms.

President Trump will have to decide on the strategy that will guide him in addressing major issues in the Middle East. Although at present it appears that the struggle against the Islamic State is at the top of the agenda for the US administration and the American public, it will not necessarily remain there over time. As with any new president, Trump will seek to create an overarching foreign policy strategy, and as part of it, decide the weight to be placed on the Middle East compared to other areas of the world. The relative importance of other regions and global issues will also indirectly influence the dilemma regarding the United States approach toward Russia and its apparent neo-imperialist awakening.

Russia: Internal and External Challenges

Zvi Magen

The challenges confronting Russia increased significantly over the past year, due to the prolonged crisis in Ukraine, which is undermining internal stability in Russia, and to Russia's involvement in Syria. These two arenas are an expression of the Russian-Western confrontation that has isolated Russian internationally and made Moscow the object of continued political pressure and economic sanctions by Western countries seeking – and succeeding – to destabilize the country. Russia's involvement in Ukraine and Syria has cost it dearly both politically and economically, even as Russia's intervention in Syria has created a new strategic situation that poses a challenge to the United States and the West in general, with consequences for local actors in the Middle East, including Israel. For its part, Russia perceives Western policy as a challenge to its ambitions to regain superpower status, an attempt to drive Russia out of the post-Soviet theater, and a catalyst for means to change the Russian government.

In the last months of 2016, Russia has tried to achieve a number of objectives by stepping up its military activity in Syria. The first is to preserve its strategic assets in Syria. Indeed, President Bashar al-Assad, supported by Russia, still rules in Damascus, Russia's naval base in Syria has expanded, and Russia is conducting a military campaign from the air in support of Assad's war against the rebels. Russia's second objective is to break through the political siege imposed by the Western countries following its invasion of Ukraine and emerge from the economic crisis that has beset it as a result of sanctions. Russia hopes to achieve this by leveraging the understandings

reached in its negotiations with the United States and its allies concerning an arrangement in Syria, and translating those understandings into greater Western flexibility on Ukraine. Underlying this policy is Russia's ambition to play the role of a leading power in the Middle East, while pushing the United States out of the region.

The statements by United States President-elect Donald Trump concerning his willingness to cooperate with Russia in the struggle against the Islamic State, plus positive statements he has made about President Bashar al-Assad, are considered by Moscow as dividends on its policy and actions in the crisis theaters. At the same time, Russia will want to see how President Trump translates the campaign rhetoric into action, and it is not clear whether achievements in Syria can be converted into achievements in the post-Soviet area, i.e., Ukraine, which constitutes an immediate strategic envelope for Russia.

The Ukraine Crisis: The Sanctions and their Ramifications

The origin of the crisis with the West is Ukraine, which has become a focus of conflict between Russia and the United States following Russia's aspiration to return Ukraine to the Russian sphere of influence. The annexation of the Crimean Peninsula and the fostering by Russia of separatist movements in southeastern Ukraine are perceived by the West as aggression and expansion. The Western response was to impose selective economic sanctions aimed against economic leaders and senior officials in Russia. Despite many rounds of negotiations between the leaders of Ukraine, Russia, France, and Germany since February 2014, and the signing of the Minsk agreement for a ceasefire in Ukraine, the political process has bogged down. If and when it is renewed, Russia will be negotiating with a new US President and administration. In addition, Russia has expanded its activity in Eastern Europe and other former Soviet Union states.

The Western sanctions imposed on Russia for its policy in Ukraine have caused Russia much economic damage and political destabilization, due to tensions and disagreements among the elite. These tensions are particularly evident in the power struggles between different economic and political groups. As a result of cuts in financing from the federal Russian central government, disputes have also arisen between different districts. At the

same time, there are clear signs that an opposition to Russian President Vladimir Putin is emerging among the Russian leadership, including Minister of Defense Sergey Shoygu, Security Council of Russia Secretary Nikolai Patrushev, former Chief of Staff of the Presidential Administration of Russia Sergei Ivanov, and many others. Widespread purges among the elite reflect growing power struggles at the top, and Ivanov, a potential competitor of Putin, was recently dismissed as chief of staff. The murder of opposition figures (including Boris Nemtsov, in February 2016) can be attributed to this struggle. Probably as a result of these alarming developments, Putin established the Federal National Guard Troops Service of the Russian Federation in April 2016 (with an estimated 400,000 troops) as the regime's "Praetorian Guard." Russian popular opinion is likewise showing signs, so far limited, of discontent. It appears, however, that Putin is still in control of the situation, and at this point the tense atmosphere among the elites does not appear to pose a threat to his rule. Furthermore, most of the leadership owes its status to Putin. In any case, to many observers, the alternatives to Putin's rule at the present time appear far worse than the current situation.

The Islamic Challenge to Russia

Another challenge threatening internal stability in Russia is the growing threat of radical Islam. The Muslim population in Russia numbers over 20 million, and they are joined by a few million Muslim foreign workers. Since the disintegration of the Soviet Union, Russia has waged an ongoing war in its territory and sphere of interest in the countries of the former Soviet Union against Muslim rebel groups, many of which are subject to the influence of radical Islam. Russian rule faces growing opposition among sections of the Muslim public attracted to Salafist ideas and supporters of the Islamic State. Approximately 7,000 young Muslims have thus far traveled to the Middle East to take part in the fighting in the ranks of the Islamic State. Prominent in this context is the Caucasus Emirates – the leading Muslim organization in the fight against Russia, which announced in June 2016 that it had joined the Islamic State. Since the consequences of its activity in the Middle East against the Islamic State are clear to Russia, especially in terrorism and direct conflict with radical Islam, the Russian leadership

is aware of the need to foster ties with Muslim society in its territory, in the Middle East, and beyond.

The Russian Involvement in Syria

Beyond its direct interests in Syria, Russia's involvement in the Middle East is a result of its conflict with the United States, particularly regarding Ukraine. In response to the challenges before it, and subject to increasing economic and political pressure, Russia must offset the damages caused by Western subversion – as Moscow sees it – and thus it embarked upon military intervention in the Middle East. The military involvement in Syria was meant to consolidate the Russian presence in an important area as a central international platform. In addition, it was designed to divert attention away from Eastern Europe, create leverage and bargaining power against the West by driving it out of the Middle East and thereby gain concessions on the crisis in Ukraine, and combat the Islamic State, which is challenging both the Russia-allied Assad regime and Russia itself.

Russia's direct intervention in the civil war in Syria began in late September 2015 as a limited military move, ostensibly against the Islamic State. In practice, it aided the Assad regime, which at the time seemed on the verge of collapse. Russia stationed a force of 50 warplanes and helicopters in Syria, including maintenance teams; air defense systems (these were reinforced with a unit of S-400 anti-aircraft missiles after Turkey shot down a Russian warplane); command, control, and intelligence groups; and a battery of military advisors integrated into the Syrian army. The Russian forces are deployed in naval bases in Tartus and Latakia, and in the Russian airbase in Khmeimim next to Latakia. Russia operates in Syria in the framework of a coalition that includes the Syrian army, which is loyal to Assad; Iran, which has sent 2,000-3,000 soldiers to Syria; Hezbollah, which has deployed a large proportion of its fighting force in Syria; and fighters from other Shiite militias brought to Syria by Iran. These forces constitute the coalition's land forces, while Russia provides assistance from the air. The Russian operations are aimed at defeating the forces rebelling against Assad and ending the civil war. Together with its use of fighter planes, Russia uses heavy bombers and launches cruise missiles from ships (in the Caspian Sea, the Black Sea, and the Mediterranean Sea). There has also been limited use of Russian heavy

bombers from Iranian territory, which was discontinued following a dispute between Moscow and Tehran.

The months of bombing of opposition targets and massive military pressure by Russia and its allies brought about the capitulation of the anti-regime front, and prompted it to take part in a dialogue designed to reach a settlement between the parties in the civil war. This process was led by Russia, the major powers, and the UN, albeit amid disputes and a crisis atmosphere. In the course of the negotiations, ceasefire agreements were signed and a roadmap was formulated for ending the war and solving the conflict within 18 months. At this stage, it appeared that Russia had obtained its objectives, but the ceasefire quickly collapsed. On March 14, 2016, Russia announced that it was withdrawing its forces from Syria, but this announcement was partly true, because Russia actually withdrew only some of its aircraft and left all of its military apparatus in Syria. Russia thus in effect made it clear that western Syria would remain under its influence after the fighting stops. Indeed, in late 2016 the fighting in this area continued, with Russian participation against the last pockets of resistance, especially in Aleppo.

Russia's policy in Syria has aggravated the tension with the United States. This raises the question of what will happen to Syria after the Islamic State is defeated. It is not clear whether Russia will support the division of Syria, while leaving the coastal area under its control, or will act to preserve the country's integrity within the pre-2011 borders, in cooperation with other regional and international players. It is also unclear whether Russia will insist on defending Assad, or will "concede" his rule for the sake of implementing a settlement formulated with the West and the Syrian opposition. Russia would presumably accept a compromise with the West if its interests in Syrian territory are preserved, and may even accept a federative arrangement in the divided country's territory if its influence in the western region is ensured, including the consolidation of the Assad regime or a replacement regime acceptable to Moscow.

In the regional theater, Russia is striving to prevent friction with other actors, in part by arousing tensions between them and the West. In recent years Russia has improved its relations somewhat with Egypt, Saudi Arabia, the Gulf states, and Jordan, which has resulted in arms deals and political coordination. Russia cooperated with Iran in operations in 2016, and while

Russian air missions from Iranian territory were halted, this indicated a step up in relations, even though Moscow and Tehran do not see eye-to-eye on the future settlement in Syria. While Iran insists on maintaining the Assad regime as is, Russia is probably not necessarily committed to this. Either way, Russian Deputy Foreign Minister Mikhail Bogdanov, Putin's representative for Middle East Affairs, visited Iran in September 2016 and again in early December for extensive discussions about cooperation between the countries (the Israeli-Palestinian conflict was mentioned as one element on the Russian-Iranian agenda). It was also reported that President Putin planned to visit Iran. Russia's relations with Turkey likewise improved, partly as a result of Turkey's defiance of the West. Turkey learned from the severe crisis with Russia following the shooting down of a Russian plane in Turkish airspace in November 2015, and has searched for a way to rebuild its relations with Moscow and cooperate with it in order to weaken Iran, Turkey's main regional rival.

It appears that so far, Russia's intervention in the fighting in Syria has improved its standing in the region. At the same time, this intervention has aggravated the tension between Russia and the United States and its allies, who object to Russia's stance on a possible settlement in Syria and to cooperation with it in exchange for possible flexibility on the issue of Ukraine. For their part, the United States and Europe have also refrained from cooperating with Russia in the fighting against the Islamic State. The economic sanctions imposed on Russia are still in effect, and in June 2016 the European Union extended the sanctions by six months.

The question is whether the Trump administration will act to reinforce the standing of the United States in various parts of the world, or whether its agenda will involve diverting resources to internal matters. If the latter occurs, the United States may be willing to make certain concessions to Russia that may ease the tension between the two countries. In this context, the possibility should not be ruled out that an attempt will be made to trade "assets" in the Middle East and Ukraine, including on the question of the sanctions against Russia. If taken, measures in this direction will impact on the situation in the Middle East, including Israeli interests.

Implications for Israel

Russia and Israel have positive, albeit limited, bilateral relations. Russia is still far from being a leading economic partner of Israel, mostly because the two countries do not take advantage of the existing potential for cooperation in new technologies and the production and export of weapons and energy. Russia leads a coalition in partnership with Iran and Hezbollah in the fighting in Syria, and this could potentially damage Israel. Israel's interests are also liable to be affected by developments in relations between Russia and the United States and the balance of power that emerges between them in the Middle East. For this reason, relations between Israel and Russia and the coordination between them are of great importance for Israel.

As of now, Russia has a substantial interest in coordination with Israel in the Syrian conflict arena, and the two countries have implemented various mechanisms to this end. Until now, Israeli territory has been exposed to very little of the shooting in Syria, and Israel has managed to avoid becoming involved in the crisis (except for counter-terrorist actions and interception of shipments of advanced arms to Hezbollah). Russia presumably does not plan to challenge Israel in the future, and will avoid to the greatest possible extent transferring to Israel's enemies weapons that it believes will detract from Israeli military superiority. Moscow is aware of Israel's need to prevent the consolidation of terrorist groups on its border, and also of Israel's sensitivity to the Iranian presence in the border area. In this situation, a conflict of interests between Russia and Iran cannot be ruled out, although a victory for the coalition led by Russia in Syria can also be expected to have negative consequences for Israel. Continued Russian support for the Shiite axis has the potential for future conflict between Israel and the Russian-Syrian-Iranian coalition, with the addition of forces from Hezbollah and various Shiite militias. At the same time, there presumably are discussions between Jerusalem and Moscow on the future of Syria, which may have been discussed during the four visits to Russia in 2016 by Prime Minister Benjamin Netanyahu and President Reuven Rivlin and the visit to Israel by Prime Minister Medvedev in November of this year.

A Russian initiative on the Israeli-Palestinian conflict was on the agenda again in 2016, apparently with backing from the Arab League. As part of this initiative, intense bilateral contacts took place between Russia and Israel,

and between Russia and the Palestinians. Palestinian Authority Chairman Mahmoud Abbas and Foreign Minister Riyad al-Maliki visited Moscow close to the time of Netanyahu's visit there. Russia's efforts to reinvigorate the political process were part of its efforts to improve its position in the Middle East and position itself as an important player in the region that will be taken into account by other countries, especially the United States. This initiative, however, is unlikely to succeed.

Conclusion

Russia's military intervention in Syria has created a new strategic situation in the Middle East, with consequences for the international system in general. Although it is premature to summarize this development, and Russia is still far from fully achieving its objectives, it can already be said that Russia has guaranteed itself a role in shaping the future of Syria, and therefore in shaping the entire region. It is clear that Russia is taking steps to consolidate its position in the Middle East in the long term, while attempting to shunt the United States to the sidelines. As of now, the international system is confused regarding Russia's next steps, and is therefore unsure how to respond. In any case, no concessions by Russia in the Middle East are expected, certainly not before the dispute on Ukraine is settled and the sanctions imposed on Russia are drastically reduced. On the other hand, it is possible that a new administration in the United States, headed by a President who has clearly signaled to Moscow that he is willing to cooperate with it, will enable Russia to formulate arrangements on the issues constituting a focus of international tension.

Russian policy in the Middle East requires Israel to follow more closely than ever developments relating to Russia's relations with regional players, first and foremost the axis led by Iran, and international players, above all the United States. Russia's intervention in the region involves both risks and some opportunities for Israel. One of the risks that must be taken into account is that there is no guarantee that Russia will always be friendly and considerate of Israeli interests if they compete with Russian interests. On the other hand, there is a possibility, albeit remote, that Russia will be able to promote future understandings between the players associated with it in the region and Israel.

The Wave of Refugees and Migrants from the Middle East: Challenges and Dilemmas for Europe

Shimon Stein and Sarah Fainberg

September 2016 marked one year since Chancellor Angela Merkel extended her invitation to Syrian asylum seekers massed in Hungary to find a haven in Germany, an announcement that left an imprint not only on Germany but also on the entire European Union, and will reverberate for a long time to come. To the skeptics at home and abroad, Merkel has reiterated, "Wir schaffen das!" – that Germany can do it. The Chancellor added that from the point of view of Germany, the country that has already taken in the greatest number of refugees and asylum seekers,[1] this is a historic task. Yet apart from the nobility of Germany's overture, the burden of the historic task is commensurate with the profundity of the crisis the EU faces in trying (or failing) to deal with the refugees and asylum seekers. Many feel that this crisis is more severe than the Greek financial crisis or the crisis in Ukraine, both of which have implications for the future of the EU. The question now is: in the year since the number of refugees to the EU hit a record high (albeit apparently temporary) of about 1.5 million (about 1 million of whom entered Germany), have concrete steps been taken to tackle the security, political, and social challenges created by the crisis?

The External Security Challenge

The stream of refugees has exposed a disturbing reality: the EU's external borders were not secured, allowing hundreds of thousands of refugees to enter

without much trouble. Italy and Greece found – and still find – it difficult to close their borders to migrants and refugees. By contrast, Hungary and Croatia, near the Balkan route that has served tens of thousands who left Turkey en route to Europe through the Aegean Sea, took unilateral steps that, by the end of 2015, led to closure of the route. The closing of the Hungarian-Croatian and Slovenian borders and the reinforcement of Frontex[2] led to a drastic reduction in the number of refugees who tried to reach EU nations through this route; Frontex accepted the task of securing the EU's external borders on land and at sea in conjunction with NATO's naval force, which complements Frontex's task in supplying routine intelligence and information about smugglers in the Aegean.

But above all, it was the March 2016 agreement between the EU and Turkey[3] that brought those numbers down. The agreement with Turkey, which may be seen as a victory of realpolitik over moralpolitik, has aroused criticism from some in the German political system (which increased after the failed coup in Turkey on July 15, 2016 and the steps taken by Recep Tayyip Erdogan to fortify his authoritarian regime, raising questions about Turkey's commitment to the agreement). The EU's ostensible dependence on Turkey, and the statements made by both the Turkish Prime Minister and the Foreign Minister about their disappointment with the EU and the veiled threat that Turkey will cancel the agreement should the EU not relieve Turkish citizens of the need for a visa to enter the EU, add to the uncertainty, and consequently, demand a back-up plan in case the agreement in abrogated. The agreement was also criticized by human rights organizations, which called it a "dirty deal." In their analysis, the agreement impinges on the rights and security of (illegal) asylum seekers returned from Greece to Turkey, which cannot in their opinion be considered "a safe country."[4] In response to this and in anticipation of problems with migration from Africa, Germany signed (and the EU intends to sign) agreements with a number of African states considered to be a key to stemming the flow of migrants/refugees to the EU. These countries will receive economic aid to reduce their citizens' motivation to reach Germany.[5]

Closure of the Balkan route – the result of a confluence of border closings, NATO-assisted EU naval action, and the agreement with Turkey – has shifted the focus of migration to the Mediterranean arena. Reports on refugees who

arrived in 2016 from Libya (and Egypt) to the shores of Italy[6] and Greece indicate that there has been no change in the number of people trying to reach the EU compared to the summer of 2015. The EU undertakes extensive naval activity with a twofold purpose: to prevent refugees from exiting by sea by stopping smugglers before they have gotten underway, and to reduce the number of ill-equipped boats that sink once they do manage to set out (the number of drowning victims is in the thousands per year). In this context, the weak link is Libya, which because of its political circumstances cannot be a partner in an agreement similar to the deal the EU made with Turkey; however, such an agreement would prevent refugees from leaving and allow the EU to operate in Libya's territorial waters.

Sans the willingness on the part of the EU to formulate a policy on supervising its external border, and given fundamental internal disagreements (first and foremost between Germany and the other EU members) on how to handle the refugee crisis, the states on the Balkan route decided to take unilateral steps to prevent refugees from entering. Hungary was the first to seal its borders, followed by Croatia, Slovenia, and Austria (and more recently, Denmark and Sweden), which all installed border controls. This meant the suspension of one of the EU's cornerstones – the Schengen Agreement, which allows EU citizens freedom of movement through all the signatory countries. Another aspect of the security issue relates to the Dublin Agreement, whereby the first state a refugee or asylum seeker arrives at must undertake the process of registration and acceptance. In reality, the border states have not fulfilled the obligations of the agreement, meaning that thousands (and in some estimates, hundreds of thousands) have succeeded in avoiding registration and continued onward from the border states to the most popular destinations – Germany, Austria, Denmark, and Sweden.[7] Many of them want to rejoin their families already living in the EU or reach the richest EU members states, which can provide them with advantageous economic options. This creates risks to homeland security. One can only wait and see if and how EU members will act in response to the experience of the last year in (not) coping with the Dublin Agreement.[8] Enforcing the agreement as is and reforming it are both options. Furthermore, at Merkel's initiative, the EU Commission has suggested a quota system designed to divide 160,000 refugees among EU members. In May 2016, it was suggested

that states refusing to accept the number of refugees assigned to them by the quota would be fined. So far, East European states have rejected the quota proposal, claiming that accepting refugees must be the sovereign decision of each individual state.

The Internal Security Challenge

No less important than the issue of external security is the issue of homeland security.[9] The wave of terrorist attacks in Western Europe, which highlighted the extent of the security challenge, explains the fear that the Islamic State will exploit the refugee crisis to launch attacks on European soil. Two of the terrorists who carried out the November 2015 attack in Paris returned from Syria through Greece as "refugees" on forged or stolen Syrian passports. One of the terrorists who attacked the Brussels metro station in March 2016 also carried a forged Syrian passport. In two other cases in Germany in July 2016 – in Würzburg and Ansbach – the terrorists were refugees: one was from Afghanistan/Pakistan and the other from Syria, and neither had permission to stay permanently in Germany. Had the Dublin Agreement been enforced, the two would have had to return to Hungary and Bulgaria, where they entered the EU. The two had undergone a process of radicalization, and the Islamic State claimed responsibility for the incidents. These two events, in addition to the New Year's Eve episode in Cologne in which migrants and/or refugees sexually assaulted many women, an event viewed as formative in terms of German politics and public opinion, are palpable demonstrations – to German society in general and the law enforcement agencies in particular – of the new reality confronting Germany and all other states that have accepted migrants and refugees.

The Political Challenge

In an effort to tackle the migrant issue at the EU-wide level, the EU drew up a document called "A European Agenda on Migration" (dated May 13, 2015) that is intended to provide member states with the tools for coping broadly with the migration crisis. According to the document, managing migration is the collective responsibility of the member and third party nations whose involvement is critical for addressing the underlying reasons for the phenomenon. The agenda consists of four core levels: reducing the

incentives for irregular migration, with emphasis on dealing with the root causes; saving lives and securing the external borders; strengthening the asylum policy, which requires solidarity with those in need and with other member states; and formulating a new policy on legal migration, which would also meet the needs of the job market of EU member states, given the demographic problems some member states will have to face in the mid and long terms.

Identifying the problem, namely, the absence of a policy meeting the needs of the refugee crisis, and formulating a comprehensive program are critical conditions for handling the issue. The greatest challenge facing the EU, which excels at composing ambitious documents, is implementation. The document underscores the need for solidarity and collective responsibility, principles that should be part of the everyday reality of the EU but in fact are not. Indeed, rather than accentuating the bonds among member states, the refugee crisis has exposed deep rifts between different societies. Instead of using the crisis to deepen integration, the tendency to renationalize has intensified, and the tendency to look for solutions at the level of the individual state has grown stronger. Efforts to date to formulate a joint policy on migration and refugees have all failed. It is unlikely that a change in the direction of decision making on a joint policy will happen any time soon.

It is clear to EU leaders that the fundamental condition for handling the stream of refugees and asylum seekers is finding a solution to the political and economic problems that drive these migrants to abandon their homes for Europe. Other than declarations stressing the need for resolving the crisis in Syria, the EU's ability to promote a solution to that conflict is severely limited. And when a resolution of that conflict is nowhere on the horizon, the EU is content to provide humanitarian assistance, hoping it will be enough to reduce the incentive of the refugees living in countries neighboring Syria (Jordan, Lebanon, and Turkey) to pick up and leave for Europe.[10] The same is true of the Libyan crisis: the EU is concurrently trying to reduce the number of refugees coming from Africa. Because chances of arriving at an agreement with Libya, similar to the one signed with Turkey, are extremely slim, the EU is trying to make arrangements with several of Libya's neighbors, which are the source of most African refugees to Europe: in exchange for agreeing to take their citizens back, they will receive extensive economic aid, which

will reduce the incentive to migrate. However, the prospects for success of this measure are slim, and therefore an increase in the number of African migrants in Europe in the next several years is expected.

Alongside the acute external and domestic security challenges, which are especially severe for several EU members that are accepting the refugees, the integration of the temporary and permanent asylum seekers will be a multifaceted problem that will accompany the EU for many years to come.[11] The cultural and religious gaps and the migrants' suitability to the workforce present profound challenges to the political and civil society systems. The tasks facing EU member states are formidable, as is clear from most of these nations' responses. Hungarian Prime Minister Viktor Orban, for example, made it unequivocally clear that he views the very presence of Muslim refugees as a threat not only to Europe's security but also to the continent's European-Christian identity. The Visegrad Group (Hungary, Slovakia, the Czech Republic, and Poland) is opposed to the formulation of a collective European policy on the refugees and to a quota system that would obligate the states to accept a minimum number of migrants. The initial enthusiasm of most of Germany's civil society, where the largest number of refugees and asylum seekers have found safe haven, has given way to a more sober look at the difficulties that accompany the newcomers' integration. This realization is also the cause for political differences of opinion, especially within the Chancellor's own political bloc, and is reflected in public opinion polls: in response to the question of Germany's ability to handle the multi-system task of integrating the migrants, the Chancellor lost public support for her policy. Questions hover not only over Germany, but in every EU state as well, where they are exploited by populist and/or radical right wing parties to drum up support for anti-European, anti-foreigner, and anti-Muslim sentiments, along with criticism of EU institutions and the European idea of integration. These exclusionary messages are disseminated with considerable success among large groups that with much trepidation follow the feeble attempts of their political leaders to face the challenge.

It seems that securing the EU's border, and more broadly, tackling the threat of terrorism, creates a foundation for expanding and deepening cooperation between Israel and the EU agencies in charge of these issues as well as between Israel and the particular nations that face the same issues Israel has

faced for a long time.[12] As for the integration of the refugees from the Middle East: despite Israel's attempts to make the knowledge and experience it has accumulated available to the EU member states, the difference between the Israeli and the EU experiences reduces Israel's ability to help. The anti-Israeli baggage brought to Europe by many of the refugees, with its overtones of anti-Semitism, is not expected to affect the EU's stance on Israel in the near or mid-range future. Still, the hope of some political factions in Israel that the refugee crisis and terrorist events, as well as the current Middle East situation, would push the Israeli-Palestinian conflict to the margins of the political agenda has no foundation in reality. Public declarations on the conflict made in the past year, especially the report of the Quartet from July 2016, indicate that the EU is determined to pursue its efforts toward the two-state solution.

Conclusion

The arrival of more than one and half million migrants and refugees in Europe in 2015 and the anticipation that hundreds of thousands more will have arrived by the end of 2016 have found the EU and its institutions – and the states carrying most of their burden – ill prepared to face the challenge threatening the very foundation of the EU as a model of integration unprecedented in the annals of modern history. More than the euro ("the Greek") crisis, or the expected Brexit crisis, or even the crisis in EU-Russia relations given Russia's annexation of the Crimean Peninsula and its unremitting efforts to subvert Ukraine's independence and territorial integrity, the crisis created by the waves of refugees affects multiple systems. Its ramifications touch on external and internal security, the economy, and social integration. The lack of sufficient collective legal means, which itself reflects the absence of a collective policy on migrants and refugees, the lack of tools to secure the EU's external borders, and the lack of sufficient intra-European and internal state preparations are all issues the EU and individual member states have started to tackle in the past year. The integration of those who will be recognized as refugees, and the dilemmas involved in deporting the illegal migrants, are long term tasks that the EU and member states have only just begun to address. Several states, including France, Belgium, Germany, Sweden, and Great Britain, all of which have a large minority of citizens

who themselves or their families migrated from the Middle East, Asia, and Africa, deal with social, religious, and cultural tensions without much success. Given the instability to the EU's east and south, it seems that the efforts to reduce the scope of the migration by signing agreements with the nations from which the refugees are fleeing will not reap great results. When it comes to the crises in Syria and Libya, there is no government with which one could formulate understandings or agreements, such as the one attained with Turkey that so far has been implemented in a fairly effective manner.

The refugee crisis in the EU states feeds accelerating processes of disintegration. Instead of the sought-after solidarity, collective responsibility, and division of the burden, a process of renewed nationalism and nationalistic chauvinism is emerging. This process feeds the populist radical right wing parties, which exploit the growing revulsion with what Brussels and its institutions represent, xenophobia, and fears that terrorism will become an inseparable part of daily life in Europe. All of these come on top of the frustration with the high rates of unemployment, especially among the young, the slowdown in economic growth, and the concern about a bleak economic future. The manifestation of this development is seen in the growing strength of those parties, which now threaten the establishment parties – viewed as incapable of tackling the range of problems – and thereby threatening the European liberal democratic tradition itself. In the absence of a European leadership determined to preserve the values upon which the EU was founded and promote the process of integration, it seems that the refugee crisis will only exacerbate these trends, as has become clear in the last year.

Notes

1 An asylum-seeker is a migrant who claimed a refugee status. Should the asylum application be approved, the individual is granted refugee rights based on the 1951 Geneva Convention and its 1967 Protocol. A refugee designates both a person endowed with a legal status and a person fleeing a zone of conflict, regardless of his or her legal status. A migrant designates any person who moves across international borders, regardless of his or her motivation, or the legality of his or her move. These terminological distinctions are critical when it comes to measuring migration to the EU.

2 Frontex (short for "frontières extérieures," i.e., external borders) is an EU agency established in 2004 that coordinates the activities of national border guards securing

the EU's external borders. In December 2015, the European Commission called for the replacement of Frontex by a reformed agency, the European Border and Coast Guard. France and Germany supported the proposal while Poland and Hungary rejected it, fearing an additional loss of national sovereignty in the management of external borders.

3 On March 18, 2016, the EU committed to provide Turkey with significant financial support (up to €6 billion through 2018), accelerate the fulfillment of the visa liberalization roadmap, and reinvigorate the EU admission process in exchange for Turkey's ending irregular migration to the Greek islands and having Turkey return illegal immigrants from Greece. The EU would give approval for the forced deportations of refugees to Turkey, provided that Turkey respect refugee rights.

4 According to the EU Asylum Procedures Directive a person can only be returned to a "safe third country" which can guarantee effective access to protection. Following the EU-Turkey deal, the question arose as to what extent Turkey was to be considered a "safe third country." The designation of Turkey as a "safe third country" has been challenged by refugees and NGOs alike. In May 2016 the EU-Turkey migration deal further crumbled after an independent authority examining appeals claims in Greece ruled against sending a Syrian refugee back to Turkey, potentially creating a precedent for thousands of other similar cases.

5 In September 2015 the European Commission proposed establishing a common EU list of "safe countries" of origin. This EU list includes: Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Kosovo, Montenegro, Serbia, and Turkey. However such lists are currently defined at the national level and not coordinated at the EU level.

6 Migrants arriving in Italy from Libya are predominantly from East Africa, West Africa, and Syria, though numbers from Syria fell in 2015 and 2016.

7 In 2015 Germany drew one third of all asylum applications (442,000 applications), while Hungary received the second largest number (174,000 applications), followed by Sweden, with 156,000 applicants.

8 Germany, Italy, and Greece advocate for reforms to the Dublin regulation, which introduced the principle that northern European countries, such as Britain or Finland, are entitled to deport asylum-seekers to their port of first entry. Since the summer of 2015, Germany suspended the Dublin agreement for Syrian refugees, thereby preventing their deportation to their first port of entry.

9 This survey does not purport to discuss the issue of EU citizens with a personal history of migration from the Middle East who were involved in terrorist attacks in Belgium and France in the last two years.

10 The 28 EU member states and the European Commission are the world's largest humanitarian donor. The EU and its member states are collectively leading the

international response to the crisis in Syria. More than €5 billion have been mobilized for assistance to Syrians in their country and to refugees and their host communities. In addition, over €3 billion were pledged at the London donors conference in February 2016.

11 This survey does not purport to discuss the issue of integrating Muslim migrants who became naturalized in EU member states.

12 In the fall of 2015 Hungary and Bulgaria consulted with Israel on building a fence modeled on the fence along Israel's southern border with Egypt.

China's Middle East Policy: Between Continuity and Change

Assaf Orion, Galia Lavi, Doron Ella, and Israel Kanner

China's policy on the Middle East reflects continuity and embodies traditional elements. These include a relatively low level of involvement and influence in the region; relinquishment of the superpower playing field to the United States and Russia; eschewal of binding alliances; military weakness (i.e., the lack of bases, forces, force employment in the region); preference for economic activity and symbolic long term diplomacy; and in general, avoidance of steps with high potential for entanglement and risk. At the same time, however, China is facing changes – domestically, in East Asia and the Middle East, and globally – and must adjust to emerging environment. Therefore, in the next few years, China's policy on the Middle East, and consequently on Israel, will be shaped by the balance of pressures by both change-inhibiting and change-promoting factors.

China's Foreign Policy on the Middle East

Since its founding in 1949 and throughout the Cold War, the People's Republic of China sought to distance itself from "the imperialistic West" as much as possible. As such, it forged closer relationships with Arab states, establishing diplomatic relations with some of them. Until the 1970s, however, China was beset by social chaos and tremendous economic difficulties resulting from the Great Leap Forward (1958-1961) and the Cultural Revolution (1966-1976). These hampered China's relations with the Arab states, as did Beijing's support for communist parties and national liberation movements active in some of these states.

China joined the United Nations in 1971; this could have been a turning point in China's relations with the Middle East. Its Security Council veto power gave Arab liberation movements such as the PLO hope that China would intervene on their behalf against the states in which they operated. China, however, preferred its separatist policy. Policy change, manifested in the export of arms, came only in the late 1970s. Since the mid-1990s, China has opted to focus on the economy and expand its trade relations with Middle East countries, including the export of labor and import of oil.

Indeed, accelerated economic growth has been China's chief concern since the 1980s. In this context, the increased need for imported oil, China's commercial relations with Middle East nations, and its inferiority compared to the United States all strengthened China's non-interference policy, whereby no state has the right to interfere in the internal affairs of another state, a policy it also applies to the Middle East. This policy has allowed China to continue economic activity and develop good relations with different nations.

Another principle China emphasizes is resistance to superpower hegemony over small states. Speaking at the commemoration of the 70th anniversary of the end of World War II, President Xi Jinping declared that "We Chinese love peace. No matter how much stronger it may become, China will never seek hegemony or expansion. It will never inflict its past suffering on any other nation."[1] Thus, China might principally oppose the dominance of the United States in the Middle East, but would not seek to take its place in the region. At the same time, and despite its stated position, China benefits from US hegemony in the Middle East, which provides stability and safe shipping routes for the oil China so desperately needs, without China having to make any significant investment in safeguarding the area. In fact, at one point, President Obama referred to China as a free rider that leaves the United States to tackle problems without doing much to help.[2]

On the other hand, the US "pivot to Asia," in which the United States supposedly intends to reduce its involvement in the Middle East in order to increase its presence in Asia, strengthen ties with the region, and contain China's growing influence in East Asia, prompts much concern in Beijing. In response, China formulated a policy called "March West,"[3] based on the notion that the more China resists the US presence in East Asia, the higher the chances of trouble, even to the point of conflict between the two powers.

Accordingly, it behooves China to invest in the Middle East and fill the vacuum left by the perceived US withdrawal.

In practice, since Xi Jinping assumed the presidency in 2012, there has been a sense of increased Chinese political activity in the Middle East. High ranking delegations have come to the area, including the President's own visit in early 2016 to Saudi Arabia, Egypt, and Iran. Likewise, in 2016, Deputy Prime Minister Liu Yandong, accompanied by a delegation, traveled to Egypt, Israel, and the Palestinian Authority, and in September, China's Speaker of Parliament Zhang Dejiang visited Israel – the highest ranking Chinese official to do so since April 2000. While China engages in symbolic diplomatic acts to resolve regional crises, such as hosting representatives of the Assad regime in late 2015 and Syrian rebels in Beijing in early 2016, in actuality China does not play a central role in political efforts in the region.

Economic Ties

Between 1978 and 2013, China's economy grew by an annual rate of 9.5 percent and became the second largest economy in the world, after the United States.[4] Since 2013, there has been a gradual slowdown, and for the first time economic growth dropped below 8 percent; in the first three quarters of 2016, growth reached only 6.7 percent.[5]

Xi's presidency has been characterized by an economic slowdown on the one hand, and declarations about structural economic reforms on the other. As part of these reforms, China aspires to move forward from a manufacture and export economy to a growing economy based on services, technological innovation, and consumption, in tandem with exports. Accordingly, China has begun to enhance efficiency in government-owned industrial plants, which suffer from over-production and losses and are the target of international criticism for flooding world markets with cheap products. Therefore, China is now trying to prevent a local economic disaster caused by the slowdown in growth, which is also liable to affect the global economy to the point of an international crisis.

As part of Xi's policy, China has embarked on two infrastructural initiatives: One Belt One Road (OBOR) and the Asian Infrastructure Investment Bank (AIIB) – as a complement to the OBOR initiative by means of regional cooperative ventures and multilateral financing. The OBOR initiative is the

establishment of a central continental land and sea infrastructure connecting China with Europe through Central Asia and the Middle East. Since announcing the initiative in 2013, China has promoted OBOR aggressively, and within its framework, is building railways, roads, and highways in Pakistan, Bangladesh, and elsewhere. Similarly, the acquisition and operation of seaports in key regions has been mentioned, such as in Djibouti, Myanmar, Egypt, and even Israel.

Given its location on land and shipping routes to Europe and Africa, the Middle East is thus important to the Chinese economy and to trade with central markets. In the last decade, China has invested more than $120 billion in the Middle East (excluding Israel) and North Africa, which represents close to 10 percent of all its foreign investments.[6] The Middle East's large regional oil and natural gas reserves are a critical energy source for China's economy, as it attempts to reduce its consumption of coal and transition to less polluting energy sources (as of 2012, about two thirds of China's energy consumption was coal-based, about one fifth oil, and the rest is gas and renewable energy sources).[7] In 2015, more than half of China's oil imports came from the Middle East. Given the economic and infrastructure development in the region, a rapidly growing Middle East population represents potential future markets for China. However, this economic potential is threatened by the region's lack of security and political instability.

Israel established diplomatic relations with China in 1992, but it is only recently that China has taken a serious interest in Israel and its economy. In China, Israel is viewed as a source for innovation, critical to China's growth as an innovation and services economy. Unlike other Middle East states, Israel is seen as an island of economic and political stability and a relatively convenient environment for investing capital and promoting infrastructure projects. The rapidly growing scope of trade between the nations reflects this trend: in 1992, bilateral trade amounted to $35 million; by 2005, this grew to $2.65 billion; and in 2015, it hit $9 billion: $3.2 billion in exports and $5.85 billion in imports.[8] Among China's most significant acquisitions in Israel are ChemChina's purchase of Makhteshim Agan Industries (Adama Global) and Bright Food's purchase of Tnuva. China is likewise involved in developing infrastructures in Israel, such as the Carmel tunnels, the Tel Aviv light rail, the construction of the private seaport in Ashdod, and the operation of the

Haifa Bay port. In contrast, some deals failed to clear regulatory hurdles, such as Fosun International's attempt to acquire Phoenix Ltd.

Security and Military Involvement in the Middle East

Beijing has traditionally preferred the promotion of trade and investment over significant diplomatic activity, extensive aid (whether military or humanitarian), and certainly military involvement. Accordingly, although its economic involvement in the Middle East has grown over the last decade, its military and security involvement remains marginal. However, the volatile nature of the Middle East, which worsened since 2011 with the regional upheavals and the collapse of states such as Libya, Syria, Iraq, and Yemen, has posed serious challenges to Beijing and its regional policy. Instability and violence in the Middle East are a direct threat both to the safety of Chinese investments, to the flow of resources (imports of oil and raw materials and exports of consumer goods), and to the safety of Chinese citizens working in those states.

Unlike the United States, which is experienced in maintaining a military presence far from home, from the Philippines to Iraq, China has yet to accumulate experience in projecting military might by means of executing complex military operations or maintaining military bases overseas. Nonetheless, changes in the economic and security reality have triggered new patterns of action. For example, since the early 1990s, Chinese soldiers have served in UN peacekeeping forces in the Middle East and Africa, and since 2008, China has taken an active part in international operations against pirates at the Horn of Africa, defense of international trade routes and its citizens abroad, and evacuations from dangers zones in times of need.[9]

The military reforms instituted by President Xi are meant to build China's capability to operate far from its borders while changing the country's strategic priorities: in contrast to its traditional land-based approach, China now views its ability to assert its rights in the South and East China Seas and protect its economic interests far from home as of great importance. Accordingly, China is diverting resources from its land-based army to its air force and navy.[10] This trend is still in its infancy, and therefore, when it comes to the Middle East, China is largely leaving the region, both militarily

and politically, to the United States and Russia, and is placing its emphasis in the region primarily on arms exports and counter terrorism issues.

The history of Chinese arms sales to the Middle East has varied depending on its domestic policy, global pressures, and local crises. Under Mao, an ideological China provided free light arms and military equipment to revolutionary states and organizations in the region. With the rise of Deng Xiaoping, China shifted to export of arms for economic rather than ideological reasons. In the 1980s and 1990s, the Middle East was China's central arms market. Among its major clients were Iran and Iraq, whose war and the subsequent abandonment by their respective traditional arms suppliers (the United States for Iran and the Soviet Union for Iraq) allowed China to become a significant weapons source for both.[11] Since the 1990s, China's weapons exports to the Middle East have declined, and in the last decade accounted for $920 million (some of the weapons China sold to the Middle East, especially Iran, have reached the hands of terrorist organizations such as Hamas and Hezbollah, and some have been used against Israel).[12] Although Chinese arms exports to the Middle East have decreased in recent years, the instability of the region leaves the area a potential market for Beijing.

In recent years, there have been growing reports of the presence of Chinese Uyghurs among Salafi jihadist organizations in Iraq and Syria; their number in Syria is estimated at several thousand fighters and family members.[13] There is concern in China that some, having accrued experience in combat and terrorism, will return to Xinjiang Province and incite the locals to act against the party. Given this potential threat – which may be little more than a convenient excuse – it seems that the core of China's response is focused on enforcement and tighter party control within China's borders, along with cooperation with foreign governments on intelligence and prevention, rather than direct military intervention in the Middle East.

Assessment

The considerations supporting continuity of China's Middle East policy are, first and foremost, China's own interests and priorities, above all, the stability of the party's rule, the socioeconomic situation, internal security, the nearby surroundings in East Asia, and relations with the large powers, especially the United States, followed by Russia. On the list of China's

priorities, the Middle East retains a fairly low position. These geostrategic considerations are joined by China's diplomatic conservatism and limited military ability for widescale and continuous operations far from its own borders (global power projection).

Yet along with these continuity-promoting, change-inhibiting factors in China's Middle East policy, there are considerations and forces pushing for adaptation and change. Those flow from China itself, the Middle East, and from certain aspects of the international arena.

After decades of rapid manufacturing and export-based economic growth, China is experiencing a deceleration affecting the nation's core interests, due to the close connection between economic growth on the one hand and social and political stability on the other. Chinese economic prosperity depends on the nation's ability to import resources and export goods, to transport them safely, quickly, and efficiently around the world, and to develop new markets. To this end, China is investing in infrastructure projects and naval and overland transportation all the way from China to the ports of northern Europe. Chinese surpluses of capital and manufacturing require new investment channels and markets throughout the globe, including the Middle East.

Located at the crossroads of Asia, Europe, and Africa, the Middle East is important to China's economy and its trade routes with these major markets. Furthermore, the region's energy sources are vital to China and its economy, and the large and rapidly growing Middle East population represents the potential for future markets. The need for national and economic infrastructures (ports, roads, manufacturing infrastructures, nuclear reactors, housing, and more) in the Middle East is vast and has grown during the years of upheavals and destruction, at a time when China has surplus supplies and proven advantages in the field. Based on this, China can formulate an infrastructure and development diplomacy that is highly relevant to the Middle East of the next several decades.

Yet the backdrop to the situation is the region's violent reality and political instability, which represents a direct threat to China's interests, investments, and citizens living in the Middle East; the collapse of the state as a viable institution in the Middle East and possible ramifications for the stability of China's domestic arena; and, finally, religious extremism and its manifestation

in radical Sunni terrorism, with the radicalization of China's Sunni population of Uyghur descent and of China's neighbors in Central Asia representing a security threat, both within China and on its borders. In other words, China's interests in the Middle East, particularly economic, are on the rise, but at the same time, are increasingly threatened by the unstable security situation.

China's foreign policy under Xi Jinping, especially close to home, is viewed as more assertive, even aggressive, than in the past. China's military policy, announced a year ago, is aimed at making China into a maritime power, protecting its interests around the world, and constructing capabilities to operate in far seas. Its defense and security budgets grew significantly during the nation's years of rapid economic growth, and military reforms introduced this year diverted resources from the land-based army to the navy and air force, which in addition to new ballistic capabilities are also more relevant when it comes to long range global power projection. Gradually and patiently, China is expanding its potential military reach, in part by building civilian (in effect, dual purpose) transportation infrastructures and participating in MOOTW – military operations other than war – under an international umbrella.

On the superpower level, the Middle East is to a large extent influenced by the two other principal actors, which are paying dearly for the privilege ("the Middle East as the superpowers' graveyard").[14] Therefore, China – justifiably so, from its perspective – does not see the point of investing resources or taking risks instead of the United States or Russia in this dangerous region, let alone replacing them. Moreover, US and Russian involvement in the region serves China's interests, such as securing shipping routes and fighting terrorism, and limits their own ability to direct resources at East Asia, China's backyard. Thus, the superpowers' involvement in the Middle East, as part of the "great global game," benefits China. Accordingly, China's role in the superpower playing field of the Middle East should be examined through a comprehensive looking glass encompassing the China-United States-Russia triangle of relations as it is played out in many other theaters. Significant developments in this area could also affect the role China will play in the Middle East, and rising tensions and friction between the US and Russia in Syria, Ukraine, North Korea, and the East and South China Seas stand to be manifested in the Middle East as well.

These trends may therefore imply new expressions of China's policy on the Middle East, even if not in the immediate future and certainly unlike US and Russian ways, but rather with distinct "Chinese charachteristics."

Israel's place in China's policy is seemingly limited mostly to the economic sphere, with China viewing Israel as a source of technological innovation critical to accelerated Chinese growth; a relatively convenient, safe, and stable environment for investing capital and carrying out infrastructure projects; and a potential market for acquisitions from China, which grew a great deal over the last 25 years. Diplomatically, China officially still maintains relatively pro-Arab positions; in the last decade, Israel's status receives a lower echelon of contacts compared to other regional states,[15] and relations with it are conducted against a very clear background of the tight US-Israel relationship. Therefore, as of now, it has been difficult for Israel to leverage its economic ties with China to significant political advantage.

In terms of the overall balance between factors promoting continuity and those pushing for change, it is safe to assume that in the next few years China's Middle East policy will be notable mostly for its continuity alongside the beginnings of change and new incipent long term trends. Nonetheless, slow, gradual trends of change that may be difficult to identify early on can, over time, accumulate into significant changes. To maximize the positive potential in China's changing global and regional role and to prepare for the future, Israel must increase the integration of its China policy components, deepen its understanding of the current Chinese system, and accelerate and expand the development of accessible knowledge for Israel's decision makers about this great Asian power and its global and regional policies.

Notes

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9 In March 2011, the People's Liberation Army Navy helped rescue Chinese nationals in Libya in one of the Chinese navy's first significant operations in the Middle East. In the spring of 2015, Chinese military ships evacuated some 600 Chinese and 225 citizens from other nations from Yemen. Gabe Collins and Andrew S. Erickson, "Implications of China's Military Evacuation of Citizens from Libya," *China Brief* 11, no. 4 (March 10, 2011), http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews%5Btt_news%5D=37633&cHash=7278..#.V-OfUPl96Ul; "Yemen Crisis: China Evacuates Citizens and Foreigners from Aden," *BBC News*, April 3, 2015, http://www.bbc.com/news/world-middle-east-32173811.

10 Andrew S. Erickson, "China's Blueprint for Sea Power," *China Brief* 16, no. 11.

11 For more information and quantitative data, including a breakdown of the types of weapons China provided to the Middle East (conventional, semi-conventional, and nonconventional) until 1994, see Yitzhak Shichor, "The Chinese Factor in the Middle East Security Equation: An Israeli Perspective," in *China and Israel: From Hostility to Closeness*, eds. Yonatan Goldstein and Yitzhak Shichor (Jerusalem: Magnes Press, 2016), pp. 137-69.

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14 Jon B. Alterman and John W. Garver, *The Vital Triangle: China, the United States and the Middle East* (Washington, D.C.: CSIS, 2008), p. 17.

15 This year, President Xi visited Saudi Arabia, Egypt, and Iran, while the highest ranking visitor to Israel was the speaker of the Chinese parliament.

The Middle East: The Ongoing Upheaval

Syria and Iraq after the Islamic State

Mark A. Heller

In 1881, a Sudanese cleric, Muhammad Ahmad, declared himself the Mahdi (the rightly-guided one) and launched a revolt against the Egyptian-controlled administration of Sudan. He achieved such signal success against the Egyptian army that Britain felt obliged to intervene, and sent a large column under the command of General Charles Gordon up the Nile with the aim of relieving the siege of Khartoum, yet the city was overrun in January 1885. The Mahdi himself died shortly thereafter but the state he had established and bequeathed to his designated successor, the Khalifa Abdallahi ibn Muhammad, lasted until September 1898, when an Anglo-Egyptian army led by Lord Kitchener crushed the main Mahdi forces. The Khalifa fled with the remnants of his forces until they were caught at Umm Diwaykarat in November 1899, and the Islamic State of the Mahdi ceased to exist. But while the Mahdi state was defeated on the battlefield, "its ideology remained, and outbursts of neo-Mahdist movement continued for a long time."[1]

It is impossible to know whether the twenty-first century counterpart of the Khalifa Adallahi, Abu Bakr al-Baghdadi, will follow in his footsteps. It is clear, however, that 2015-2016 was not a very good year for the Islamic State (IS). A year earlier, the Islamic State in its previous incarnation – ISIS – had made striking gains in Syria and Iraq, bringing large areas (including major cities) under its sway, declaring the establishment of the caliphate, and annulling the border between the two states. All this created an image of an invincible expansionary force with a self-reinforcing dynamic, particularly in terms of recruiting appeal. But toward the end of 2015, the Islamic State momentum was checked, in large part because of increasingly effective

intervention by outside powers – Russia in Syria; the United States in both Syria and Iraq – that took the form of close air support and air interdiction as well as stepped-up intelligence, provision of advanced equipment, the dispatch of special forces and military advisors, and the direct targeting of IS financial assets and leadership echelons. As a result, not only were there no more major advances; IS was actually pushed back both by government forces in Iraq and Syria and by non-government militias operating either in cooperation with the government (in Iraq) or as part of the opposition (in Syria). In the course of 2015-16, IS lost control of about 22,500 square kilometers, i.e., about one quarter of the territory under its domination at the height of its power in late 2014.[2] The losses included symbolically important locations such as Tikrit, Fallujah, and Ramadi in Iraq and Palmyra in Syria, as well as strategic sites such as the Baiji dam in Iraq and Syria-Turkey border crossings and supply route junctions at Tel Abyad and Manbij. They also resulted in the loss of resources and a reduced population and economic base for tax revenues, and – because of the tarnished luster of its reputation – a decline in recruitment (including foreign volunteers) and a rise in desertions or defections and other indicators of ebbing morale, even including tribal revolts and assassinations of local Islamic State leaders in areas still nominally under IS control.[3]

These developments inevitably produced a change in the discourse about the Islamic State. Rather than viewing it as the wave of the future, analysts and policymakers increasingly began to question whether it had already become a wave of the past, little more than a blip on the radar screen of history, or what Barack Obama, in a January 2014 interview immediately after ISIS captured Ramadi, dismissively described, a "JV [junior varsity] team," i.e., a second-rank squad of youngsters. In the second half of 2016, many observers were predicting the imminent loss of the Islamic State's capital city in northeast Syria, Raqqa, and the municipal jewels in its crown, Aleppo in northern Syria and Mosul in northern Iraq, events that might well signal the complete collapse of the enterprise.[4]

Should the Islamic State lose its entire territorial base and revert to its pre-2014 status as an insurgent movement, the consequences would be profound, though much would in fact depend on the circumstances of its downfall, and particularly on the identity of those who deprived it of its

status as a state. It should, however, be borne in mind, that first of all, this outcome is not foreordained. As long as a sense of Sunni grievance and deprivation persists and IS continues to embody the Sunni cause of self-preservation – against the Iranian-backed Shiite majority in Iraq and the Iranian- and Shiite-backed Alawite minority in Syria – the Islamic State, for all of its depredations and cruelty, will continue to enjoy a significant measure of support among its Sunni constituencies.

Second, the continued commitment of foreign actors to the struggle against IS cannot be taken for granted, because while IS has managed to alienate almost everyone, it does not constitute the highest priority target for anyone in the Iraq/Syria theater (except, perhaps, the Obama administration) and remains only "the second most important enemy" for most.[5] The Gulf monarchies still see Iran as the greater geostrategic threat and are preoccupied with the containment of Iranian influence in Iraq and Syria (and Yemen), an objective that would hardly be facilitated by the destruction of IS; Turkey is more concerned about repressing Kurdish aspirations than about crushing IS and therefore aims to contain Kurdish power in northern Syria and Iraq, which constitutes a particularly effective military counter-force to IS; and the Russians are primarily focused on shoring up the regime of Bashar al-Assad and therefore disperse their efforts and target anyone in Syria who opposes the regime, including (and perhaps especially) Jabhat Fateh al-Sham (the former al-Qaeda affiliate, previously known as Jabhat al-Nusra), which competes with IS, as well as the non-Islamist opposition movements, which directly combat it. Even the United States, for whom IS may well be at the top of its "enemies list" in the Middle East, is unwilling to expand its current contribution to the struggle against it by, for example, sending significant numbers of ground forces. However, the election of Donald Trump, who declared that defeating the Islamic State was his highest foreign policy priority, might well change the pattern of American behavior in the region in 2017.

Third, even if the Islamic State is destroyed as a consequential force in Iraq and Syria, that does not necessarily mean that stable, authoritative centralized governments will be reconstructed in those countries. Both countries have suffered tremendous casualties, leaving physical damage and emotional scars. And despite the widespread ethnic cleansing, both will continue to have heterogeneous populations with identities that would be difficult to reconcile

or accommodate peacefully under almost any imaginable political system but that would resist the reinstitution of the kind of regimes that existed before the outbreak of the so-called "Arab Spring" (even after the overthrow of Saddam Hussein in Iraq), that is, of regimes seen as repressive and/or unjust by large segments of the population. Besides, many of the setbacks already inflicted on IS have been at the hands not of central governments, but rather at the hands of Kurdish militias (in Syria and Iraq) and Sunni tribal forces (in Iraq), and those forces are unlikely to voluntarily turn over control of territory they have wrested from IS to representatives of Damascus or Baghdad. Indeed, at least in Iraq, it is precisely the concern about the aftermath of the "liberation" of Sunni-populated areas from IS rule by non-Sunni forces that will oblige the government to try to maximize Sunni visibility in future anti-IS operations (and especially to minimize the involvement of the hated Shiite militia, the *hast ash-sha'bi,* whose depredations against the local Sunni population following the "liberation" of Fallujah further dampened any remaining Sunni enthusiasm for a reunified Shiite-dominated Iraq).[6] That very imperative, however, is what further reduces the feasibility of any strong central government in the aftermath of a putative IS defeat. Thus, the end of control of Syrian and/or Iraqi territory by IS does not by any means ensure that Syria and Iraq will avoid the post-war fate of Yugoslavia or even the post- post-war fate of Serbia and Bosnia.

Nor does it mean that IS will disappear completely from the physical or political map of the Middle East. Depending on developments elsewhere, it could simultaneously create or expand other territorial bases – in Libya, in Sinai, or even in Yemen and the empty quarter of Saudi Arabia, where it might supersede al-Qaeda in the Arabian Peninsula just as it superseded al-Qaeda in Iraq. In terms of serving as strategic foundations for a resurrected caliphate, such redoubts would be poor substitutes, both materially and symbolically, for the Fertile Crescent, but they could serve as bases for continued planning, training, and propaganda, meaning that IS would remain a major inspirer of discontent in the Arab world and encourager/implementer of terrorism everywhere. Indeed, there have already been examples – most notably, the bombing of a civilian Russian airliner flying from Sharm el-Sheikh – of spectacular IS-organized acts of terrorism outside the territory under its direct control and directed against the "far enemy." In other words,

the progressive loss of territorial control might well prompt IS, unable to maintain its uniqueness as the embodiment of the caliphate, to borrow ever more from the classic playbook of al-Qaeda and blur the operational/doctrinal distinction that has existed between the two, in order somehow to preserve its relevance in the ongoing global jihad.

Finally, even without any territorial base at all, IS might no longer exist as a material entity, but the convictions that it encapsulates and espouses – including a strong sense of Muslim deprivation coupled with devotion to the divine injunction to recreate the caliphate and spread the rule of Islam using every variety of jihad – would not be eliminated as an ideational force because those convictions stem, not from the creative "public diplomacy" of IS, but rather from the very historical and theological origins of Islam. Believers in the power of organizational dynamics might persuade themselves that the physical defeat of the Islamic State would also result in the bankruptcy of its ideology. Against that hope, it is worth juxtaposing the following reaction to the battle of Omdurman in 1898, which seems vindicated by subsequent events:

> "The downfall of Mahdism" is a phrase which has been used often in the last few days to characterize the importance of the victory of Sir Herbert Kitchener's British and Egyptian troops in the Soudan [sic]. But Mahdism has been down many times in the course of the centuries, and it is most persistent in its habit of resurrecting itself. The present triumph of the English in the Nile region may indeed have effectively crushed the Khalifa Abdullah, who declares himself the vice-regent of the Mahdi, but it has always been the rule in Islamism for another Mahdi to appear upon the defeat of a predecessor. The failure of a so-called Mahdi to accomplish his plans and conquests is generally construed by the faithful to mean that he must have been a false prophet, and they turn ever hopefully to the future for the real Mahdi to appear. …When and from what quarter the black ensigns [the Islamic State symbol] of a new Mahdi may appear is wholly uncertain, but it is safe to say that when they are raised they will command at least a respectable number of supporters…who are ever ready to welcome a powerful leader.[7]

In short, defeat may force the ideology of IS into dormancy for long periods of time, but not into total bankruptcy, and circumstances can at any time revive it with the full force it seemed to have – for decades in the seventh century under the Prophet and his successors, for over a decade at the end of the nineteenth century under the Mahdi and Khalifa, and for only a little more than two years – perhaps – under Abu Bakr al-Baghdadi in the second decade of the twenty-first century.

Notes

1 John O. Voll, "Abu Jumayza: The Mahdi's' Musaylima?" in *Islam, Politics and Social Movements*, eds. Edmund Burke, III, and Ira M. Lapidus (Berkeley: University of California Press, 1988), p. 108.

2 "Islamic State has Lost Grip of 12% of Territory in Six Months – Study," *The Guardian,* July 11, 2016, https://www.theguardian.com/world/2016/jul/11/islamic-state-has-lost-grip-on-12-of-territory-in-six-2months-study.

3 "Assassinations, Unrest and Military Defeat – Has the Tide Turned against Islamic State?" *The Telegraph*, March 7, 2016, http://www.telegraph.co.uk/news/worldnews/islamic-state/12186766/Assassinations-unrest-and-military-defeat-has-the-tide-turned-against-Islamic-State.html.

4 See, for example, David Petraeus, "The challenge in Mosul won't be to defeat the Islamic State. It will be what comes after," *Washington Post,* August 12, 2016, http://goo.gl/lZqTD7.

5 Jonathan R. Laing, "Islamic State in Retreat," *Barron's,* April 30, 2016, http://www.barrons.com/articles/islamic-state-defeat-in-2017-1461990736.

6 Uzi Rabi, "The Islamic State: From Insurgency to Caliphate and Back," *Tel Aviv Notes* 10, no. 14 (August 10, 2016).

7 "The Downfall of Mahdism," *Lewiston Evening Journal,* September 30, 1898, p. 8.

The Crisis in Syria: Learning to Live with It

Udi Dekel

What Has Changed?

The past year has been marked by alternating feelings of hope and despair regarding the possibility of ending the ongoing crisis in Syria and implementing a political process that reflects the will of the Syrian nation for the future of their country. The situation is particularly complex given that the civil war in Syria is also a proxy war, as a significant portion of the belligerents are proxies of foreign forces.

The Russian military intervention that began in September 2015, designed to save the regime of Bashar al-Assad when the balance of power turned against him, is the first significant landmark of the time period in question. Russia's involvement is reflected mainly in its air offense and the establishment of a coalition of forces that want Assad's rule to continue: Iran, Hezbollah, and other Shiite militias under Iranian command. President Vladimir Putin believed that immediate and noteworthy military gains would be a sufficient basis for initiating a political process that would lead to an enforceable ceasefire, after which a transitional government would be established that would maintain the existing regime. This, in Moscow's view, would preserve Russia's increasing influence over events in Syria in the present and the future.[1]

After months of effective fighting, Russia succeeded in stabilizing the Assad regime, but it did not succeed in changing the balance of power toward a victory for Assad's forces over the rebels. In February 2016, there was a sense that all the belligerents were tired of five years of cruel, ongoing

combat. Under pressure from Russia and the United States, a "cessation of hostilities"[2] went into effect between all parties other than the Islamic State and the branches of al-Qaeda. However, after a short process of recovery and rehabilitation by the forces supporting President Assad as well as by the rebel organizations, the fighting was renewed. This was mainly due to the violation of the ceasefire by the pro-Assad coalition, which under the guise of attacking the Salafi jihadist organizations, attacked the other rebel organizations. Russia's goal was to entrench the dichotomous formula whereby there are only two political options in Syria – the continuation of the current Alawite regime or the Islamic State (or some other Salafi jihadist framework)[3] – in order to bring about international acceptance of Assad's rule.

After the collapse of the ceasefire, a new balance of power emerged between the various rebel groups (not including the Islamic State) and the pro-Assad coalition, whereby the fighting continued with varying intensity, with neither side able to achieve victory. Since then, the fighting has focused on two arenas in northern Syria: the Aleppo-Idlib region, which is vital for reaching the Alawite region,[4] and the Syria-Turkey border region. Due to the strategic logistical importance of the border, Syrian-Kurdish forces have attempted to take control of it entirely, and to control the supply and transportation routes between Turkey and Syria.[5] Meanwhile, US airstrikes against Islamic State outposts have continued, and a new organization was established – the Syrian Democratic Forces (SDF). This group is a Kurdish-Arab coalition backed by the US whose goal is to push the Islamic State out of northern Syria, take control of its enclave in Manbij (near the Syria-Turkey border), and then take control of al-Raqqa, the Islamic State capital in Syria.[6]

While the United States focused on fighting against the Islamic State, the pro-Assad coalition led by Russia and Iran continued to strike Syrian rebel forces indiscriminately, in order to neutralize any internal alternative to Assad's rule. This included ongoing attacks against the noncombatant civilian population and use of chemical weapons (mainly chlorine gas), which killed thousands of civilians and caused widespread environmental damage that will take many years and massive investment to reverse.

Another attempt by the United States and Russia to enforce a ceasefire occurred in September 2016, at the time of the Muslim holiday of Eid al-Adha. This time the United States attempted to learn from the collapse of the

February ceasefire by creating a Joint Implementation Center for the United States and Russia, to enable focused air activity against the Islamic State and the terrorist groups affiliated with al-Qaeda, as well as prevention of attacks against civilians and the "moderate" rebel organizations. In addition, the United States expected Russia to restrain the forces loyal to Assad and prevent them from violating the ceasefire. However, this attempt was a complete failure, and after Eid al-Adha, Assad's forces, with massive Russian air support, continued to attack all of the rebels in the Aleppo region, causing severe harm to civilians and the civilian infrastructure, including hospitals, and prevented international elements from providing humanitarian aid in the besieged battle zones. In light of these developments, the United States announced that it was suspending its participation in the Joint Implementation Center. Washington explicitly ascribed responsibility for the escalation to Moscow, due to its intensification of the air strikes (3,265 civilians were killed during a year of Russian air strikes) with weapons that also cause significant environmental damage,[7] along with its lack of desire or ability to restrain Assad, to force him to respect the ceasefire and prevent attacks against noncombatant civilians.

The situation in the Syrian war zone provoked harsh criticism in Washington of the policy of non-intervention led by President Obama, and various proposals have been sounded for American military action against Assad's forces. Ideas include a no-fly zone for combat aircraft and attack helicopters; offensive action to ground Assad's planes and helicopters; security zones designated as safe havens for Syrian civilians fleeing the killing zones; and equipment of the moderate rebels with advanced weapon systems, including shoulder-fired surface-to-air missiles that can bring down planes and helicopters. The very discussion of US military intervention against Assad's forces provoked deterring Russian messages, which included reference to a harsh response and even reinforcement of the Russian forces stationed in Syria with advanced air defense systems – S-300VM (SA-23).

In October 2016, the Iraqi government launched an offensive to liberate Mosul in northern Iraq from the control of the Islamic State. The United States is the power that drove and has guided the attack; Iraqi forces were joined by Kurdish Peshmerga and Shiite militias backed by Iran. The campaign to liberate Mosul prompted the question of the liberation of al-Raqqa. To

this end, American forces created the Syrian Democratic Forces (SDF), comprising Syrian, Kurdish, and Sunni forces. The Obama administration hoped that Syrian rebel forces (other than Salafi jihadist groups) would liberate al-Raqqa, before the pro-Assad coalition or Turkey would accomplish this.

Significant changes have also occurred with regard to prominent regional forces, namely Turkey, Saudi Arabia, and Iran. Of these three states, only Turkey shares a border with Syria, and hence its policy is particularly influential. While Ankara has declared that it is interested in the existence of a unified Syria within the state's borders,[8] its priority in Syria is clear: preventing Kurdish autonomy. Indeed, the questions of Assad's future and the fighting against the Islamic State have proven to be less important. In the summer of 2016, Turkey launched a ground operation to take control of the town of Jarabulus, and via the United States push Kurdish forces out of the Manbij pocket, which allows them control of the Turkey-Syria border area west of the Euphrates. Saudi Arabia has continued to support the rebel groups by transferring weapons and money, but contrary to its declarations has not succeeded in creating, and in fact has not even attempted to create, an inter-Arab force to fight against the Islamic State in Syria. Saudi Arabia has been careful to coordinate policy actions regarding Syria with Turkey, and is eager to keep Ankara within the Sunni axis that it is trying to lead. Meanwhile Iran has stood firmly behind the Assad regime, reinforcing the Revolutionary Guards' Quds Force with regular Iranian army forces and Afghani and Pakistani Shia militias under Iranian command. These forces, along with Hezbollah, have borne the brunt of the ground battle against the Syrian rebels (and not against the Islamic State). After the failed coup attempt in Turkey, there were signs of Turkish rapprochement with Russia and Iran. However, Turkey, a member of NATO, sees the Western alliance as its most important framework, certainly more than any possible military alliance with Russia. Indeed, Turkey is highly suspicious of Russia, given its support of the Kurds and the air strikes it carries out against rebel organizations that are associated with Turkey and are not Jabhat Fateh al-Sham (the al-Nusra Front) or the Islamic State.[9]

The American Dilemma

The United States was hard pressed to formulate plans of action and clear defined goals about the future of Syria, unlike Russia, which is working steadily to achieve its goals, among them, destroying Syrian opposition forces and translating the military success into a political achievement, whereby the process of deposing Assad will evolve into a process that will ensure his continued rule. President Obama adhered to his decision not to send US ground forces to Syria, based on the assumption that creating, training, and arming rebel groups who share common interests with the West, especially those that belong to the Free Syrian Army (FSA), "would get the job done on the ground." However, as the fighting continued, it became clear to the United States that there is no real alternative within Syria to the Assad regime and that the Sunni organizations, hostile and divided, are unable to unify. Moreover, it appears that their natural tendency is actually to connect – practically and ideologically – with Salafi jihadist groups, especially Jabhat Fateh al-Sham.[10] The ceasefire agreements served the jihadist propaganda that claims that the United States seeks to leave Assad in power. Consequently, the United States has not been able to achieve its goals, foremost among them preventing radicalization of the rebels and achieving an agreement – and instead is witnessing the opposite.

Against this background, in the sixth year of the Syrian civil war, some administration officials criticized American policy in Syria. In particular, there has been criticism of the White House's decision not to insist on a new regime in Syria, especially in light of Assad's continuing to massacre his people, and despite his consistent violations of the ceasefire agreements achieved with Russian and American intervention. The strategy formulated by President Obama focused first on defeating and dismantling the Islamic State, and only then on shaping Syria's future. But this strategy did not take into account the fact that as long as Assad continues to rule, there will be enough Sunni groups and volunteers willing to join the Islamic State and other Salafi jihadist organizations with the goal of overthrowing him. Thus, the dynamic in effect preempts the requisite process, since to dilute the potential reservoir of volunteers, the element catalyzing the process, namely, Assad's ongoing rule, must be neutralized.[11]

Initial signs of US policy under the Trump administration do not signal a change in tendency to allow Russia to lead the external intervention in Syria, even if is clear to the top bureaucracy in Washington that leaving the arena in the hands of the United States' main rival, Russia, or in the hands of Iran – especially after the nuclear agreement – would be to shoot itself in the foot. Accordingly, Washington tried to refute allegations that the United States has allowed Iran to advance its regional standing under the mantle of the nuclear agreement and at the expense of American allies – Israel, Saudi Arabia, Jordan, and Turkey – and in effect ignores the brutal damage caused every day in Syria to the universal values that the United States has tried to promote worldwide.

It seems that the United States will not step up its military intervention in northern Syria at least until reformulation of its policy under the Trump administration, despite the collapse of the ceasefire in September 2016 and despite the fact that the massive increase in air and ground attacks by the pro-Assad coalition in the Aleppo region, in part with chemical weapons, has led to increased pressure on the United States and on President Obama in particular to respond militarily. The interim period between administrations is an opportunity for Assad forces to take over the rule of Aleppo in Syria. Meanwhile, the offensive to free Mosul in Iraq formed a kind of competition, who would free the areas still held by the Islamic State in northeastern Syria and especially the city of al-Raqqa.

Possible Scenarios

It is hard to predict the future, and certainly to foretell how the war in Syria will end, but it is possible to outline a number of scenarios. Some may be temporary and constitute a transition period toward an end state, while others relate to the regional dimension such that different end states may be possible in different regions. Through these scenarios it is possible, if not to predict the future, at least to highlight the strategic factors that will influence the future of Syria.

a. *Syria as a unified country under Alawite rule*. Russia and Iran still believe that they have the ability to ensure the survival of the Alawite regime, with or without Bashar al-Assad as president. This would allow both countries to maintain their influence in Syria. This scenario is not compatible with

long term American interests, but in order to achieve stability in the short term, the United States will not attempt to torpedo the continuation of Alawite rule – as long as Assad does not remain in power at the end of the transition period. The likelihood of this scenario increases if the Trump administration deposits the Syrian portfolio with Russia. In contrast, in the internal Syrian arena, there is likely to be a lack of consensus regarding the continuation of Assad's oppressive regime, especially considering the hundreds of thousands of civilians murdered during the war. It is hard to believe that the rebel organizations would agree to disarm and that practical agreements could be achieved to prevent revenge killings and settling of accounts. Saudi Arabia and perhaps even Turkey would not accept leaving the Alawite regime in place, which would result in an Iranian-sponsored Shiite dominance in Syria. In order for such a scenario to be viable in the long term, the international community would have to be responsible for promoting inter-ethnic reconciliation and offering massive international aid for the rehabilitation of Syria's infrastructure and economy.

b. *Syria as a unified country under Sunni rule*. Despite the clear Sunni majority in Syria, Sunni rule appears at present to be a distant vision. In order for such a scenario to materialize, the different rebel factions would have to set aside their disputes and rivalries, and come together to form a critical mass with the power to overthrow the Alawite regime. Even if this happens, there would likely be internal Sunni tension regarding the future character of Syria: secular and democratic, or political Islamic (dominated by the Muslim Brotherhood), or Salafi Islamist governed by *sharia* law. Russia could accept such a situation on condition that the new regime would grant it control over its strategic outposts in the Mediterranean – the naval facility in Tartus and the Khmeimim Air Base – for an unlimited time period, and that its influence in Syria would be maintained. Unlike Russia, Iran could not accept this scenario, and would continue to operate its proxies in order to undermine the situation from within and prevent consolidation of a Sunni regime. The United States could support a Sunni government led by the Muslim Brotherhood, as long as it ensured that minorities would not be oppressed and it did not develop links with al-Qaeda and the Islamic State. Turkey would prefer

this scenario over continued chaos or Syria remaining under Alawite rule. As for the local population, it would likely accept a Sunni identity for the country, and it is also likely that the majority would demand a form of government based on the involvement of citizens in the political process, while promoting governance that would not be based on oppression of the masses. A central question would thus be the balance between secularism and Islamism. The Kurds, it seems, would agree to accept a Sunni regime, on the condition of receiving autonomy – which for lack of alternatives and the limits of force, would likely be granted. If a secular regime with a democratic approach were to be established, this would make it easier to recruit the international community to participate in rehabilitating Syria's infrastructure and economy and rebuilding its institutions. Otherwise, Syria will continue to wallow in its problems, with no real solution.

c. *A federal structure for Syria*. The idea of a federation arises periodically, when it becomes clear that there is no dominant group that can impose its authority and rule over Syria's main populated areas, and in light of the fact that different groups control different areas, with none capable of military victory. The idea rests on the organizing principle that preserves the state of Syria within its borders. This option could figure on the agenda if it receives a significant boost from the United States and Russia, especially considering the absence of alternatives to end the war. Russia has already hinted that it will promote the federal idea in order to guarantee its outposts on the Syrian coast. To this end, maintaining an Alawite province on the Syrian coast would be essential for Russia. The United States would be willing to accept this option in order not to close the door on the possibility of a unified Syria, and when it realizes that this is the scenario with the best chance of preventing the continued violence and murder of civilians. This option would also help the United States meet its commitments to the Kurds and provide them with expanded autonomy in a Kurdish province in northern Syria. However, it is more likely that the sub-state regions – provinces or cantons – would be established first, with a dominant power in each one, and only later would the nature of their relationship and the mechanism connecting them to a centralized government be determined.

The prevailing discourse in Syria reflects clear support for a unified Syria and rejects the idea of breaking it into pieces. Local players would only support it on the condition that the principle of "Syrian unity" be maintained, and that the federation would be shaped based on geography and not sect (community, ethnic group, religious group, or party), while taking into consideration the mixed population in urban areas (in any case, it is not very feasible to transfer populations on the basis of ethnic divisions). The prevailing assessment is that a federation, if and when it is established, would be unstable. Much depends on the way it is created, whether it would be shaped top-down or bottom-up.

d. *The dissolution of Syria into autonomous units*. In the event of inability to agree on a ceasefire and transition to a political process for shaping Syria, it is possible that an interim situation (perhaps prolonged) could be created that would reflect the internal reality in Syria: internal and external recognition of the dissolution of Syria into new entities based on the relative strength of different groups, potentially according to ethnic group. Such a situation could constitute a preliminary stage toward a federal framework. Russia would have an essential role in implementing this scenario due to its relationship with the Alawite regime. It would act to maintain Alawite rule at least in the coastal region, and attempt to expand its rule along Syria's backbone – the Aleppo-Damascus axis. It is likely that Russia would then aspire to reach bilateral understandings with each of the autonomous groups. At the same time, an attempt to divide Syria by ethnic provinces would be complex, if not impossible. Regarding the Alawite sect, for example, the Assad regime accelerated the process of urbanization and dispersal of Alawites in various urban centers. The two Assad presidents promoted the integration of Alawites alongside Muslims in Syria as a secular state. This created ethnic heterogeneity in the main cities and provinces.

Saudi Arabia and Iran are interested in a united Syria in order not to undermine the existing regional order and to maintain their influence. Therefore, they will not cooperate with an initiative to dismantle Syria, certainly if conditions essential for them are not met: Saudi Arabia seeks a special status for the Sunni population and significant reduction of the areas under Alawite control, while Iran would want to maintain the Assad

regime and the convenient access to Lebanon. The Syrian public still aspires to a united Syria, and there is a conceptual difficulty in separating populations that have belonged to the same state entity for nearly a century. Thus, it is likely that the forces opposed to partition would not accept this situation, even if defined as temporary (out of fears that temporary becomes permanent). That being said, fatigue, political deadlock, and even the balance of forces may lead to a partition situation that reflects the reality on the ground and the minimum goals of the local players. Achieving stability will require recognition (even if only de facto) of entities controlled by Salafi jihadist groups, alongside an effort to remove Islamist groups from the big cities. For their part, the Kurds are likely to work to achieve control of contiguous territory in northern Syria along the border with Turkey. Partition of Syria (whether by force or in practice) would make it difficult for the international community to formulate and apply a uniform approach to the state's rehabilitation and reconstruction. It will also likely be very difficult to implement a reconciliation process, due to concerns about the intensification of revenge campaigns based on ethnic and religious rivalries and sectarian clashes.

e. *Deadlock: the de facto partition of Syria based on the situation on the ground*. This situation could emerge due to the inability of any side to achieve victory in the civil war, and agreement between the world and regional powers that a cessation of hostilities and recognition of the balance of forces on the ground and the groups in control of the different areas must come first, postponing the settlement. That said, in reality there is no such possibility as a "freeze frame," and developing dynamics create continuous changes, be they quick or gradual. As such, Russia is likely to accept a situation where it continues to retain its assets on the coast. In contrast, the United States would have difficulty accepting the partition of Syria due to the implications for Iraq, Jordan, and Lebanon. In this situation it is possible that a non-belligerency agreement could be forged between Assad and some of the rebel organizations cooperating with the West, under the mantle of cooperation between the powers for restricting the actions of the Salafi jihadist organizations
f. *Continued fighting*. As time goes by, it becomes more likely that the current situation will continue, with the establishment of a new and united Syria

increasingly less likely. This is until the terrorism and violence reach a level where the world can no longer ignore the brutal acts of murder in Syria, or cope with additional masses of refugees arriving in Europe. At that time, it will attempt to impose an end to the war on the sides. The saddest part of the Syrian story is that many of the external players have an interest in the fighting in Syria continuing, with "bad guys killing bad guys." A proxy campaign in which Sunnis fight against Shiites in Syria (and also in Yemen and Iraq), rather than in Riyadh, Tehran, or the Gulf, is more comfortable for the regional powers. Saudi Arabia and Turkey will not accept Iranian dominance in Syria, and vice versa. Likewise, the war in Syria is a warning by the Middle East regimes to their populations what may happen to them if they rise up. Continued fighting would require continued active and vigorous Russian-Iranian support for the Assad regime, and the support of Saudi Arabia and the Sunni countries for the rebel organizations, including the Salafi jihadist groups. The United States for its part would continue to focus on destroying the Islamic State and containing the desire of the regional players to exploit its removal for their own interests. To this end, it would need to expand its military involvement.

Strategic Factors

The scenarios outlined above point to five strategic factors that have significant influence over future developments in Syria:

The first factor concerns developments in the combat zone between the Assad regime and the rebels, and especially the results of the battle for Aleppo. The fall of the Aleppo-Idlib region into the hands of Assad's forces could signify a victory for Assad over the rebels and create a sense of victory among the Syrian public – even if it does not bring about calm and stability – and the model of Afghanistan or Iraq could exist for a prolonged period. Alternatively, the success of the rebels in maintaining their outposts in northern Syria and paving an access route to the border with Turkey would signify a dead end and the continuation of the fighting.

The second factor is the scope and quality of Russian involvement in Syria and the depth of the cooperation between Russia and Iran**.** Developments in this context, in the form of the deployment of Russian fighter and bomber

aircraft squadrons in western Iran for a limited time period (in order to shorten the strike range to areas in Syria, including the areas under the control of the Islamic State), as well as Russia's announcement that it is willing to supply Iran with advanced S-400 air defense systems and Su-30 fighters, perhaps indicate what lies ahead. It appears that the close coordination between Russia and Iran has not prevented disagreements or Russian dissatisfaction with the performance of Iranian troops in ground combat. The Iranian leadership has also had difficulty explaining losses among its forces without clear results in the field, and has thus reduced the size of its forces in Syria.[12]

The third factor is the level of willingness among the various rebel organizations to join forces and create a critical mass to resist the Assad regime. Thus far, the rebel organizations have not succeeded in uniting on a wide scale, and are wasting their energy fighting one another. Nonetheless, it is possible that the establishment of Jabhat Fateh al-Sham will provide a wider basis for coordination between the organizations. Its leader, al-Julani, has suggested the creation of a joint rebel force that would fight against the Assad regime and thus foil the "Russian-American plot to keep him [Assad] in power."[13] The question is what role organizations with a Salafi jihadist orientation can fill in a future arrangement.

The fourth factor is the regional dynamic: the Sunni camp led by Saudi Arabia vs. the Shiite camp led by Iran, both of which seek to increase their influence in Syria. Within the Sunni camp, it is uncertain how much coordination and unity of purpose there is between Riyadh and Ankara. The effect of the coup attempt in Turkey and a series of actions by President Erdogan demonstrate his volatile policy: if he were to go one step further and join the Russian-Iranian coalition at the expense of his relations with the Sunni world, the United States, and his NATO allies, this would be a significant blow to the relative strength of the external forces who are involved in what is happening in Syria. This would be felt mainly in strengthening the rule of Assad and the ability to transfer supplies to rebel forces in northern Syria, in weakening the Kurdish force, and in reducing the impact of the Western coalition led by the United States.

The fifth parameter is a possible change in US policy under the new Trump administration. Former Secretary of Defense Robert Gates has claimed that the next president must draw red lines for Putin, and that there

are two options: a serious deterioration in US-Russia relations, or the loss of American leadership in the world. Gates noted that since 1970 the United States has succeeded in distancing the Soviet Union, and later Russia, from the Middle East. The equation has now changed, and all of the serious decisions on the region will need to take Russia into account, which is increasing its involvement and driving a wedge between the United States and its allies in the Middle East.[14] Trump's remarks before entering the White House suggest that he would be willing to give the "Syrian portfolio" to Russia and reduce the degree of US involvement in shaping the future of Syria.[15]

A Look at the Coming Year

In the near future, it is likely that the Syrian population will opt for any possible way to bring about a ceasefire in order to return to some semblance of normal life, although a political solution, even temporary, seems like a distant goal. Both inside and outside Syria, those who dreamt of a free, democratic, and liberal Syria connected to the West understand that this vision becomes less and less likely each day. Syria will not return to what it was, and the chances of any positive result emerging from the chaos are ebbing. The figures that could have been seen as legitimate rulers – both internal and external – have faded in the absence of effective political and military support from the United States, the West, and the Sunni Arab countries, while the policy of the pro-Assad coalition, led by Iran and Russia, is eroding the possibility of an alternative to Assad's rule.

In order for the rebels to serve as a significant and influential element in the future regime, they must first join forces against the Assad regime and the coalition supporting him. There are over 200 rebel organizations active in Syria, and their ability to take joint steps would be the first test of their maturity. Organizations coming together under the auspices of Jabhat Fateh al-Sham – formerly Jabhat al-Nusra – is more cosmetic than practical at this point. Nonetheless, Jabhat al-Nusra's freeing itself from affiliating with al-Qaeda have made Jabhat Fateh al-Sham a force that can cooperate with other organizations that are not Salafi jihadist, and even receive external assistance. Many rebel groups and local leaders have joined this umbrella organization not out of opposition to al-Qaeda's ideology, but because they see it as a practical alternative to the Assad regime. The organization is

organized and funded (by Saudi Arabia), well-equipped, and with far better performance levels than other rebel groups. However, a critical practical test facing the unified organization will be the ability to retain the Aleppo-Idlib region. The next test will be the need to convince the masses that its top priority is the welfare of Syria and its population, who are tired of Assad's tyrannical regime but concerned about the ideology and extreme behavior of the rebel factions.

In order for Syria to exist as a united single unit, with a legitimate and effective central government, all the armed groups and militias must be disarmed, and one government, one legal system, and one military must be established. Otherwise, stability will not be achieved and the civil war between different organizations and groups, as well as violent gangs that have gained significant strength during the war, will continue. It is hard to imagine the unification of all the streams, groups, and sects against the Salafi jihadist groups, as long as the Syrian people do not know the fate of the dictator they rose up against in the first place. In this context, how the rebel organizations will be integrated alongside the Syrian army and the bureaucracy that were loyal to Assad is critical in the transition process toward a future end state. In any case, it is essential to maintain the bureaucratic mechanisms of the state while dismantling the apparatus of oppression. It is necessary to start to create a mechanism that will enable discourse, understandings, and even compromises between the hawkish sides, while providing space for the population's participation in the political game.

President Obama and Secretary of State Kerry have said that there is no military solution to the Syrian conflict.[16] Russia and Iran, however, believe that a political arrangement will only be feasible after they have harmed the rebels severely, especially in the Aleppo region, and strengthened the Assad regime. The experience of the two collapsed ceasefires demonstrates that the United States can trust no one: not Russia, which has deceived it twice; not the Assad regime, which has not demonstrated commitment to international decisions and is not afraid to commit war crimes; not the "moderate" rebels, who are hard pressed to unite and are drawn toward Salafi jihadist groups. Nor can the US trust its allies in the region, especially Saudi Arabia and Turkey, who have no qualms about undermining American interests and

values. In the coming months the Tramp administration will decide whether to change its policy.

The roadmap required for progress toward a functioning political entity in Syria must include a number of essential milestones. First, Assad must be removed from power, even at the price of leaving the Alawite government in place; second, true coordination between the United States and Russia is necessary, without mutual attempts to challenge one another; third, the Islamic State must be defeated, and Salafi jihadist groups must be dismantled such that they cannot serve as a governmental alternative that attracts the frustrated masses; fourth, the intervention of other countries in Syria – especially Iran, Saudi Arabia, and Turkey – must be reduced; fifth, an international program for rehabilitating Syria's economy and infrastructure and the conditions for a functioning society must be set up, with commitments received from all organizations not to undermine Syria's rehabilitation as a precondition for the program; and finally, all of the relevant parties, internal and external, must agree how to cleanse Syria of all the organizations that draw it toward violence and dangerous schisms, especially Salafi jihadist groups. The absence of these milestones means the continuation of Syria's chronic illness, with no way to heal it.

Implications for Israel

Throughout the war in Syria, Israel has maintained a wise and responsible policy of non-intervention, except when faced with tangible threats, including the transfer of advanced weapons from Syria to Hezbollah in Lebanon.

This policy has reflected the thinking that Israel must see the Syrian arena through the prism of the external influences. In practice, Syria is divided internally and divided into zones of influence of external forces. The center and coast of Syria are under Russian influence, which overrides the Iranian influence, although the two countries are in coordination; northeast Syria, especially the Kurdish region, is, with American backing and assistance, close to achieving Kurdish autonomy; eastern Syria is the United States' main battleground against the Islamic State; and the central sector from Damascus to Homs and the Syria-Lebanon border are under Iranian influence, aided by Hezbollah. What remains is southern Syria, including the Golan Heights sector, where a status quo has been maintained for a long time. It is essential

for Israel to maintain operational freedom in this region and in Lebanon, and thus Israel has fostered operational coordination with Russia as to air activity there. Regarding the situation on the ground in southern Syria, it is important that Israel broaden its coordination with Jordan, to the point of cooperation by aiding, albeit with a low profile, the Free Syrian Army, the main rebel organization in this area. At the same time, it is important that Israel develop and expand its leverage with local communities, especially in the Syrian Golan Heights, through economic, security, and humanitarian assistance to those interested in a connection with Israel.

In parallel, Israel should prepare for a scenario in which Iran benefits from the war in Syria, especially if the Assad regime survives and the new US administration will withdraw from shaping the future of Syria. Under such circumstances, Iranian influence in Syria would increase, enabling Iran operational freedom and easy access to Syria and Lebanon. Iran is seen by Russia, and even by the international community, as a responsible actor that can contribute to stability and order in Syria, and it will therefore be included in future agreements. Nonetheless, Israel would have difficulty accepting the presence of Iranian forces and Hezbollah in the Golan Heights, and if there are developments in this direction, Israel will need to reconsider its policy of non-intervention in Syria. It is possible that understandings can be reached via the Russian channel regarding the rules of the game vis-à-vis the Iran-Assad-Hezbollah axis.

It appears that in the near future, the world will need to learn to live with the Syrian syndrome and abandon the belief in complete solutions for Syria's international and domestic problems. Instead, there should be efforts to manage risks with a flexible approach and tools for damage control. This conclusion emerges against the background of the growing understanding that artificial solutions in the form of formal arrangements imposed by external actors, which were relatively easy to implement in the previous century – such as the Sykes-Picot agreement – are no longer valid. Syria serves as a field where the rules of the game are not clear to many of the numerous actors, both internal and external, that are driven by contradictory rationales. In this reality there is no point in looking for magic solutions or long term arrangements; rather, the ongoing focus must be on events, processes, trends, and opportunities, in order to formulate policies that can

provide optimal solutions in the short term. The respective actors respond variously to changing influences and rationales, such that it is difficult to identify congruent interests and goals over time. In addition, the zeitgeist, which shapes the dynamic nature of events, demands the creation of tools that enable high levels of vigilance, preparedness, and flexibility, while maintaining perseverance and recognizing that the results of processes will not always be unequivocal or known in advance.

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Egypt: The Struggles of the Sisi Regime

Ephraim Kam

More than three years after General Abdel Fattah el-Sisi rose to power in Egypt, the Egyptian regime still faces acute problems. Some of these problems are fundamental and have plagued Egypt for many years, and some have worsened in recent years in response to the sweeping changes in the Middle East. The challenges facing el-Sisi's leadership are rooted in three interrelated spheres: the political sphere, particularly the need to consolidate the regime's status in the face of its political rivals, first and foremost, the Muslim Brotherhood; the internal order, led by the need to fight terrorism, particularly Islamic terrorism, which is on the rise in Egypt; and the economic sphere, particularly the need to strengthen the economy, which affects both the political struggle and the war on terrorism.

El-Sisi's Regime and the Muslim Brotherhood

One year after the Muslim Brotherhood rose to power in Egypt in a relatively free election, it lost the trust of the public, and was forced to pay the price for its pretensions, errors, and inexperience, as well as the cost of the deteriorating economic situation and the gradual loss of order, neither of which the Brotherhood was able to control. In a move supported by most of the Egyptian public, the Muslim Brotherhood was toppled in June-July 2013 and replaced by a military regime, with el-Sisi at the helm. Although a relatively new figure in the political arena, el-Sisi won a great deal of popularity and raised hopes that he would be able to build a stable and effective regime.

One of the first problems el-Sisi's regime had to face was the threat posed by the Brotherhood. The Muslim Brotherhood understood that it enjoyed a broad popular base of support and that its opportunity to lead was earned legitimately in a democratic process that reflected the will of the people – and that this mandate was wrested from it by force and illegitimate means. Its sense of victimhood did not allow compromise or rapprochement with the army and with liberal elements, and therefore it rejected proposals – also issued by the army – to participate in the government established under the military's aegis. The Muslim Brotherhood demanded that reconciliation and cooperation be contingent on the return of Mohamed Morsi to the presidency and recognition of the constitution drafted during his term in office.

These demands were unacceptable to the army, and the lack of a basis for cooperation led it to an all-out confrontation with the Brotherhood. Indeed, since the summer of 2013, the regime, in a show of power, has taken a series of moves against the Brotherhood: the movement was declared a terrorist organization and enemy of the regime; its political and social activity was banned; its political party, the Justice and Freedom party, was dispersed, with branches closed and assets and money frozen; its leaders were arrested on the charge of incitement to violence and some were sentenced to death (though the verdict has not been carried out); and thousands of its members were killed in confrontations with the security forces or fled into exile.

Even if the 2012 election proved that the Muslim Brotherhood has a fairly extensive base of support, at this point, the threat it poses to the regime and the possibility of its return to power is not great. Some of the popular support for the movement has waned, the regime's countermeasures have significantly weakened the Brotherhood and paralyzed leaders and activists, and those who remain free in Egypt fear that many of them will be killed if they take to the streets in protest. The movement's dire situation has led to internal dissatisfaction, rifts, and disagreements between the veterans and the younger generation. Among the Brotherhood's leaders, some feel that the public would condemn a recourse to a violent struggle, ascribe responsibility for the deterioration to the movement, and justify its repression by force. On the other hand, the aversion to a violent struggle has aroused criticism within the organization's own ranks. In fact, the Brotherhood does not have a clear sense of how to deal with its difficult situation: the path of

violence will lead to even greater damage from the regime, while the path of passivity will lead nowhere.

The Brotherhood must also confront the propaganda spread by the regime, which seeks to link the movement's activity to the wave of terrorism afflicting Egypt in recent years and creates the impression that the Brotherhood takes part in or bears responsibility for the attacks. In practice, it is difficult to assess the measure of the Brotherhood's involvement in the terrorism, and the extent to which the regime is right in its accusations. Perhaps individuals from the movement are involved in terrorism or have joined Islamist organizations operating in northern Sinai and urban centers. In any case, one may assume that Islamist elements, mostly linked to the Islamic State, are trying to enter the vacuum and exploit the Brotherhood's confusion and weakness to build terrorist cells in different locations and draw in Brotherhood members favoring a violent struggle.

The War on Terrorism

Since the upheaval that began in early 2011 with the toppling of Mubarak's regime, Egypt has experienced the worst wave of terrorism in recent decades. This spree of violence encompasses three principal trends: terrorist activity by Islamist organizations in Sinai, especially in the north; growing Islamist violence in other parts of Egypt, especially its urban centers; and terrorist activity caused by the deterioration in Libya, which periodically spills over into Egypt, and includes arms smuggling to organizations operating in Egypt and the Gaza Strip.

The first dimension is the most urgent and problematic. The Sinai Peninsula has been a difficult and lawless region since Mubarak's tenure, but the situation has grown worse because of the struggle between the regime and Islamist elements, and even more so since the appearance of the Islamic State on the global stage. The most important and violent organization is Ansar Bayt al-Maqdis ("The Guardians of Jerusalem"), which gained notoriety in late 2011 after the toppling of Mubarak. The organization attacked infrastructures; military targets – including security forces personnel, particularly in Rafah, Sheikh Zuweid, and el-Arish; and tourist spots in southern Sinai in order to destroy the economy and security in Sinai. In November 2014, the organization took an oath of loyalty to the Islamic State

and changed its name to Wilayat al-Sinai (the Sinai Province, i.e., of the Islamic State). Organization activists include jihadist Bedouins, veterans of other Egyptian terrorist organizations, former members of Hamas from the Gaza Strip, and foreign volunteers who entered Sinai from outside Egypt. The largest attack carried out by the organization occurred in July 2015, when hundreds of members invaded Sheikh Zuweid, the third largest city in northern Sinai, as a small scale reproduction of the Islamic State's seizure of territories in Syria and Iraq.

In January 2015, el-Sisi's regime established a united command to lead the activity against Wilayat al-Sinai. However, despite infusing Sinai with troops, expanding operations, and killing hundreds of organization members, the regime has yet to uproot the organization and oust it from Sinai. In part, this is because of the army's limitations in the war on terrorism. The army is not eager to carry out ground operations; its presence is fairly static and its movements often predictable. In contrast, the organization is slippery and quick, manages to surprise the military with its initiatives, and gets help – in the form of money, weapons, and fighters – from the Islamic State. The regime is beginning to understand that part of its struggle must be political: it must gain the support of the local population and drive a wedge between it and the terrorist organizations. However, to date the security forces have often achieved the opposite result, turning the locals against the government. For example, the government declared the establishment of a security zone along the border with the Gaza Strip in the Rafah area, which involved destroying hundreds of homes and tunnels and evacuating local residents from the area, as well as establishing checkpoints, closing roads, and severing lines of communications – all measures that affect the local population. While the tribal leaders in Sinai promised to cooperate with the security forces and not help Wilayat al-Sinai, they also expected the government to launch significant investments in infrastructures and services, which would reduce unnecessary harm to the people because of emergency situations, and would at least yield greater protection against the jihadists' retaliations.

Since mid-2013, terrorist attacks and other manifestations of violence have spread elsewhere in Egypt, including Cairo and Alexandria, and, to a lesser extent, western Egypt near the Libyan border. Wilayat al-Sinai has

likewise assumed responsibility for attacks in the Nile Delta. While its ability to carry out attacks in the heart of Egypt is lower than its potential in northern Sinai, such attacks have become more frequent, especially in Cairo. The attacks target the various security forces, government representatives, infrastructures, transportation, and banks, the overarching goal being to damage the government's ability to impose law and order. In the summer of 2016 the Egyptian security forces achieved considerable success in the struggle against the organization, when a series of precise attacks killed dozens among the organization's top commanders. Yet while the complexity and effectiveness of the ongoing frequent attacks by the organization against military and police targets have declined, it is too early to determine whether it is on the verge of defeat.

The terrorist attacks on the Libyan borders are less significant. Their scope is much smaller than those in Sinai, and since the middle of 2015 they have been less frequent, as Libyan terrorist groups are focusing their efforts within Libya itself, where two governments compete for supremacy. Since June 2014, the country has known an armed struggle between Islamist and nationalist militias, including groups linked to the Islamic State. The problem is that Libya serves as the infrastructural and logistical rear for Egyptian jihadist groups thanks to the vacuum and the vast amounts of weapons stolen from Qaddafi's huge weapons caches now trafficked across the border to Egypt, Sinai, and the Gaza Strip. The long Libyan border is difficult to seal, and the Egyptian air force, aided by UAE airpower, has attacked Islamist militia and Islamic State targets within Libya twice (in 2014 and 2015).

The terrorist attacks generate a general sense of insecurity and have a negative effect on the government's standing. The government is worried about the possibility that the attacks will grow more sophisticated, spread to other regions, and focus on critical targets, such as the Suez Canal, especially with attacks on ships passing through the Canal, which would lower international trust in Egypt's ability to protect its shipping lanes. The regime sees the Muslim Brotherhood's activities, the terrorist attacks in Sinai and elsewhere in Egypt, the terrorist organizations in the Gaza Strip, and the Islamist militias in Libya as a single, cohesive, inter-connected entity of radical Islamist challenges. In particular, the regime accuses the Brotherhood of encouraging violence in Sinai. The bonds forged between

the armed groups in northern Sinai and Libya on the one hand, and the Islamic State on the other, help the regime present the struggle in Sinai and the steps taken against the Brotherhood as part of the international war on jihadist terrorism and accuse the Brotherhood of all that ails the country.

This attitude has made the regime focus on the use of military force and punitive measures to stop the waves of attacks. For now, most of the public supports the approach, given the disasters in Syria and Libya, and especially because of the Islamic State's worrisome growth in Sinai. But reliance on military tools without incorporating political measures vis-à-vis the opposition makes it difficult to restore stability and order; besides, it has yet to defeat the terrorists. Moreover, the approach has generated criticism of el-Sisi's regime in the United States and Europe for disproportionate use of force, including extra-legal killings, torture of prisoners, and restrictions on freedom of expression, freedom of the press, and the freedom to organize and assemble.

The Economic Plight

For decades Egypt's economy has suffered from inherent dysfunction, particularly given several weaknesses: rapid population growth; high population density, especially in the Delta and Nile Valley, which results in only minimal expansion of agricultural land and produce; high government involvement in manufacturing and marketing processes; the government's reluctance to implement drastic cutbacks, and in general, apply necessary reforms, fearing domestic resentment; and a severe budgetary deficit coupled with rising internal debt. All of these have resulted in low economic growth, rising inflation, depletion of foreign currency reserves, and relatively high unemployment among the young.

Since the fall of the Mubarak regime, the economy has suffered other blows: the internal political struggle; the wave of terrorism, which has affected tourism and economic targets; the inexperience of the new governments; and the reluctance of many foreign companies to invest in Egypt given the uncertainty and teetering internal security. The GDP growth rate between 2011 and 2014 was approximately 2.1 percent, less than the population growth, which was 2.2 percent in the same period. This means that because of the accelerated population growth, the per capita GDP dropped and the

rate of unemployment rose. The government's budget continued to shoulder a very large annual deficit, and any attempt to balance the deficit was liable to lead to worse social unrest; almost 75 percent of the budget was spent on salaries, subsidies, and interest payments.

2015 was the first year of more significant growth, and the GDP rose to an annual rate of 4.2 percent. This growth was the result of an infusion of large amounts of cash and investments from the Gulf states, which want stability in Egypt and oppose a Muslim Brotherhood-led regime. Since the middle of 2013, only a few days after Morsi and the Brotherhood regime were ousted, Saudi Arabia, Kuwait, and the UAE promised urgent economic aid to Egypt for a total of $12 billion. They subsequently continued transferring billions of dollars to the Egyptian economy and treasury, provided grants in cash and credit, and invested billions more in the private sector. 2016 saw the rise of tension between Egypt and Saudi Arabia, caused by harsh rhetoric and damaging moves on both sides, including suspended shipments of oil from Saudi Arabia to Egypt. Thus far the tensions have not risen uncontrollably, and both sides are making an effort to prevent further deterioration in their relations.

The help from the Gulf states has strengthened el-Sisi's regime and provided it with breathing room and an ability to take certain unpopular steps to stabilize the economy, such as reductions in fuel subsidies. It has also expanded Egypt's foreign currency reserves, enabling it to import critical goods. However, as important as these have been, the fundamental problems have not been solved, and some of the negative economic indexes have not improved. Moreover, in August 2015, the new Suez Canal was inaugurated. The canal runs parallel to the original one, and thus allows two-way traffic of ships. The canal project, which was carried out with impressive speed by the Sisi regime, aroused great expectations in Egypt. The government had hoped that the double canal would double the income from shipping fees, create hundreds of thousands of new jobs, and help develop the urban centers along its banks. Some of these hopes have already been dashed, however, and it is still unclear if the project can meet the high expectations, and if the projection of doubling traffic in the canal and doubling the related revenue will in fact occur.

The Stability of the Sisi Regime

El-Sisi's appearance on the Egyptian political stage and the rapid ouster of the Muslim Brotherhood regime was met with widespread approval among the Egyptian public. The public's reservations regarding the failing Brotherhood regime and the lack of order prevalent then in Egypt were so great that el-Sisi was greeted like a savior who had come to extricate Egypt from its morass of problems. The Brotherhood regime was taken over by a loose coalition of the army, liberal groups, the business sector, and veterans of the Mubarak regime. They did not share many goals other than the ouster of the Brotherhood from power, the return of law and order, and improvements to the Egyptian economy, and were not aligned on how to achieve these goals.

The confrontation with the Muslim Brotherhood and the war on terrorism made it clear to the regime and its supporters that it would be necessary to use force, including widespread arrests, a series of military operations in Sinai, the repression of hostile political activity, and other emergency measures. This meant a return to the period of political repression typified by Mubarak's term in office, when the army was the major political force in the country standing squarely behind the civilian government, at least until the return of order and stability. But the persistent lack of order, the wave of terrorism, and especially the teetering economy have damaged el-Sisi's standing and his ability to mobilize others to his cause, among his partners in the regime and even within the army. Liberal elements as well, including those that supported el-Sisi in the past, have criticized the political repression that at times has targeted them – in their opinion, to a much greater extent than necessary.

Is the Sisi regime facing the threat of collapse? Some factors are at work to stabilize the regime and help it survive. One, it came to power through general support. Even though some of that support has been lost, there is still hope in Egypt that el-Sisi will manage to improve the situation. Moreover, in the meantime, no viable potential replacement has appeared on the political stage. Two, the army is the strongest political force in the country, and despite the criticism, it supports el-Sisi, at least for now. In any case, the failure of the Brotherhood government united most of the public against it, and only a few desire the return of an Islamist regime to power.

Three, despite the faltering economy, there is still hope for improvement. The economic and political assistance provided to Egypt by the Gulf states is significant, and sometimes the nation rides the waves of high expectations, such as were attached to the Suez Canal project and the discovery of natural gas reserves off of Egypt's coast. Four, the ongoing horror in Syria, and to a lesser extent in Iraq, Libya, and Yemen, deters even the regime's opponents from trying to revolt. Therefore, the general sense in Egypt – at least among the regime's supporters – is that, at least for now, no popular uprisings or serious political earthquakes are about to occur.

At the same time, there are factors liable to undermine the regime. Above all, if the economic situation worsens, the political problems might be exacerbated in kind. One possibility that could have negative ramifications for the economy is a significant reduction – certainly a cessation – of economic aid from the Gulf states, for either economic or political reasons. This might occur if Cairo and Riyadh are unable to overcome the tension between them. Another possibility is that el-Sisi's status will be affected if there is a split in the upper echelons of the regime and army. In practice, a significant surge in terrorism might motivate top leaders in the security forces to try to change the leadership of the regime, claiming that the current leadership is incapable of meeting expectations.

At this point, there are no signs pointing to regime collapse, and factors operating in favor of the regime seem to outweigh the factors endangering it. But among the lessons of the Arab Spring in 2011-2012, including in Egypt, is that internal deterioration can happen quickly and without much advance notice. In addition, unrealized great expectations yield greater disappointments, which in turn can lead to unrest. If such a development occurs in Egypt, it will presumably originate not with the Islamist groups, including the Muslim Brotherhood, but rather from within the military and the younger generation.

Implications for Israel

The Sisi era has been a good period in Egypt-Israel relations, with the nations' respective interests converging more than ever before. Israeli sources say that relations with Egypt have never been better. The starting point for this improvement is increased security cooperation. The major change stems

from the terrorist attacks in and from Sinai, and to a lesser extent in other parts of Egypt. Israel is actively supporting the Egyptian effort to curb and eliminate the terrorist loci in Sinai, primarily by agreeing to Egyptian army boots on the ground beyond what was stipulated in the military appendix to the peace treaty. Israel is also helping the Egyptian army by transmitting intelligence about terrorist bases, and there may be other types of military cooperation as well. In another context, Israel took action in Washington when the Obama administration suspended guaranteed weapons shipments to Egypt following Morsi's ouster from government. Israel's help in improving Egypt's hold on Sinai and the Israeli effort to smooth the wrinkles in Egypt's relationship with the US administration have presumably been appreciated by el-Sisi's regime.

In this context, there is great importance in Egypt's attitude to Hamas. The Sisi regime views Hamas – particularly its military branch – as a terrorist organization and an enemy, representing the link connecting the Muslim Brotherhood (Hamas's parent organization) to tribal and Islamist groups in northern Sinai and cooperating with them. This attitude was reflected by the Egyptian court's decision of February 2015 to declare Hamas a terrorist organization. While this decision was later changed when Egyptian-Hamas relations improved (in tandem with worsening Iranian-Hamas relations), the regime's fundamental stance toward the organization still stands. Based on this attitude, and in order to isolate Hamas and harm its terrorist capabilities, Egypt destroyed the smuggling tunnels on the Egyptian-Gaza Strip border, which were also used to smuggle arms into the Gaza Strip, established the security zone on the border, and imposed severe limits on passage between Sinai and the Gaza Strip, with the Rafah crossing opening only three days a month for humanitarian aid.

The improved relations between Egypt and Israel are likewise reflected in the Sisi regime's attitude to the peace treaty with Israel. Like the Mubarak regime, the Sisi regime views peace with Israel as a strategic asset, but el-Sisi shows a more positive attitude to normalization and stresses its inherent benefits to Egypt, not only in terms of security but also in the political and economic spheres. Thus, el-Sisi returned the Egyptian ambassador to Israel in early 2016, and in July the Egyptian foreign minister visited Israel, the first visit of this kind in nine years. After his return to Egypt, the Foreign

Minister, in a meeting with high school students, refused to define Israel's actions toward the Palestinians as terrorism. The Egyptian oil minister has stressed that importing gas from Israel is acceptable and legitimate. The regime continues to show interest in promoting an Israeli-Palestinian agreement, its attitude stemming from a real desire to achieve a settlement rather than from a desire to apply pressure to Israel.

Improved relations with Israel also have regional significance. Egypt has always been interested in normalization between Israel and other Arab nations so as not to remain the only Arab state with peaceful relations with Israel (joined in 1994 by Jordan). The fact that at present there is a quiet process of messages being exchanged between Israel and Saudi Arabia, and there are closer relations between Israel and other Gulf states, is certainly seen as positive by the Sisi regime. To Egypt this is important not only because of its own relations with Israel, but also for its strengthening the group of moderate states in the Middle East, given the regional shocks, the emergence of Islamist terrorist organizations, first and foremost the Islamic State, and the challenge Iran continues to pose to the moderates.

Yet the regime's desire to strengthen cooperation with Israel does not necessarily reflect the attitude of a large portion of the Egyptian public. Elements such as the Islamic establishment, the trade unions, groups of leftists and Nasserites, and some of the intellectual and student groups still show hostility to Israel. The main reasons may be the difficulty of accepting Israel as a legitimate nation after the signing of the peace treaty, a sense of frustration in light of Israel's military and technological power, and fury toward what they perceive as Israel's evading its responsibility in promoting a resolution to the Palestinian problem. It is precisely this hostility that emphasizes the importance of the Sisi regime when it stresses the benefits to Egypt from peaceful relations with Israel. If the regime continues to stress these advantages, and if Israel acts in a way that demonstrates them in practice, this could gradually effect a changed attitude among some of the Egyptian public that is hostile to Israel.

Challenges Confronting Saudi Arabia

Yoel Guzansky

Saudi Arabia is at one of the most sensitive points in its history. The combination of the steep drop in oil prices since 2014 and the sensitive process of a generational transition in leadership that began in 2015 poses a heavy array of challenges to the kingdom. These are joined by subversion in Saudi territory by the Islamic State, the struggle against Iran in several arenas (with the struggle in Yemen at its doorstep), and a deterioration of relations with the United Sates. Together these factors paint rather pessimistic forecasts for the kingdom's future.[1] Even if it currently appears that Riyadh possesses adequate tools for coping with the challenges before it, it is quite possible that the political stability in the kingdom will be upset in the coming years.

The following is an analysis of the main challenges to the stability in Saudi Arabia, the kingdom's responses to them, an assessment of their effectiveness, and the consequences for the region in general and Israel in particular, if the royal house's grip on power loosens.

Dependency on Oil

The gravest threat to Saudi stability lies in the prolonged low level of oil prices. Income from oil exports accounts for a decisive majority of the kingdom's revenues. As a result of high oil prices over the past decade, Saudi Arabia accumulated substantial foreign currency reserves, which enabled it to channel large amounts of money to its citizens in the early stages of the regional upheaval. These reserves, however, are depleting, and foreign currency balances fell from $724 billion at the end of 2014 to $576 billion in April 2016.[2] The reserves are still large, but the pace of their depletion

and uncertainty regarding the duration of the lower oil prices require a cut in spending, which incurs risks. The large deficits are financed by withdrawals of money and the sale of assets, and even through debt. The International Monetary Fund warned in October 2015 that at the current level of oil prices, Saudi Arabia's reserves will be exhausted by 2020, if the depletion continues at the same rate.[3]

In April 2016, after decades of talk about the need to diversify the kingdom's sources of revenue, Saudi Arabia unveiled its ambitious plan, "Saudi Vision 2030." Prepared by external consultant agencies for Deputy Crown Prince, Minister of Defense, and Chairman of the Council for Economic and Development Affairs Muhammad bin Salman, the plan set an interim target for 2020 of creating additional budget resources with enormous growth in revenues outside the oil sector through spending cuts and taxes. The aim is to enable Saudi Arabia to escape the large deficits it is now experiencing, even in years in which the oil market is at a low point. The plan is also designed to foster employment, both to spur growth and to reduce unemployment. The official unemployment figure for Saudi Arabia is approximately 12 percent, but actual unemployment is much higher, especially among young people. There is also concealed unemployment. Many citizens who do not work enjoy exceptionally high salaries and benefits, while others do not wish to perform manual labor, which is relegated to foreign workers. Spending cuts in the budget have already begun, including cuts in subsidies for fuel (fuel prices were doubled on December 31, 2015), electricity, and water.[4]

Although the plan focuses on rescuing Saudi Arabia from dependence on oil, it appears that development of the oil and gas sector will continue intensively in order to maximize the revenues from it in the long term. There is also no change, at least for now, in Saudi policy in the global oil market. The kingdom has a significant interest in stabilizing oil prices at a higher level, but it is in no hurry to limit or cut back its production in the framework of an agreement between the oil producers, in whom it has no confidence. The worst scenario for Saudi Arabia is that the other oil producers will not adhere to their commitments (if an agreement is reached), and will take away some of Saudi Arabia's market share. A situation is liable to occur if oil prices do not rise as expected, and Saudi Arabia's oil revenues shrink. In addition, as a long term policy, Saudi Arabia does not support a very steep

price rise that is liable to prove temporary, because it fears that this will accelerate development of oil substitutes and expensive oil drilling, thereby increasing the supply of energy and pushing oil prices down still further. The plan for reducing dependency on oil is the only way Saudi Arabia can escape these long term dilemmas related to the oil market.

On paper, the Saudi plan reflects an array of targets and economically essential measures required for the kingdom's long term survival. At the same time, it is premature to assess the feasibility of the plan's implementation based on the material made public. It is particularly doubtful whether dependence on oil can be greatly reduced by 2020. If there is a renewed rise in oil prices, there will likely be increased public pressure to abandon the streamlining measures, and motivation for economic structural reform will fade. Evidence of this can be found in the similar plan formulated in 2000, following the slide in oil prices in the 1990s. The plan was abandoned in 2003 when oil prices resumed their upward trend. Furthermore, in the event of continued low oil prices, which is one of the plan's basic assumptions, the kingdom will have difficulty financing the investments necessary for accelerated development of the non-oil-dependent sector.

Yet the main challenges to implementation of the plan concern the need to develop Saudi Arabia's conservative and closed economy, and adapt it to the rules governing modern economies. A culture of entrepreneurship, which is essential for development of a private sector, is limited in Saudi Arabia, where the state traditionally pays salaries and supplies almost all the needs of the population. This state of affairs has led many Saudis to adopt a mentality of taking entitlement to services and income almost for granted. In other words, citizens no longer regard oil profits as temporary benefits from the rulers; they conceive of them as their rights as loyal subjects of the kingdom. Accordingly, if and when welfare decreases, loyalty among groups of citizens is also liable to decline.

Palace Infighting

Despite the media focus on the kingdom's foreign relations, especially its conflict with Iran in various theaters, internal threats, including a power struggle within the royal family, are a far graver threat to Saudi Arabia's stability. Since 2015, the generation of grandsons of Ibn Saud, the dynasty's

founder, has begun taking the reins of government. As expected, this process is accompanied by power struggles, mainly behind the scenes. Most of the dispute centers on the growing power of Muhammad bin Salman, the king's favorite and inexperienced son, at the expense of Crown Prince and Minister of the Interior Muhammad bin Nayef and other branches of the royal family. Bin Nayef, who was reported in 2016 to be ill, fears that the king will prefer bin Salman over him, even though he is the crown prince.[5] The fact that bin Nayef has more experience and no sons of his own has earned him considerable support within the royal family.

Bin Salman was appointed to his various positions (Deputy Crown Prince, Minister of Defense, and chairman of the Council for Economic and Development Affairs) in 2015 by his father, while at the same time, the associates of the late King Abdullah were kept away from most centers of power, except for Prince Mutaib, who remained Minister of the National Guard. These appointments, and the assertive policy adopted by bin Salman in internal and foreign affairs, have lent the kingdom a more energetic and active image than in the past, and have added a dimension of uncertainty to its stability and aroused internal opposition. This was publicly expressed in 2015, an exceptional step for politics in Saudi Arabia, whose unwritten code requires consensus and the solving of disputes within the family and behind closed doors. In two letters distributed among the princes and published by *The Guardian*, one of the princes, who was not identified, called on the remaining sons of Ibn Saud to unite in order to depose King Salman.[6] The letters – which criticized Salman's weakness (he apparently suffers from dementia) – claimed that a number of senior princes were involved in writing them and that their sentiments were endorsed by many among the public and by important tribal leaders. At the same time, in contrast to the past, it appears that ruling authority is concentrated in a restricted group of princes led by bin Salman. With the support of his father, he has fortified his position since taking office and accumulated critical experience. While there is opposition to him, he enjoys (to the extent that support can be measured in an absolute monarchy) backing among young people in the kingdom and from the current American administration (which initially preferred his uncle, Muhammad bin Nayef).[7] It is likely that if bin Nayef does indeed

suffer from a serious disease, the road for bin Salman to inherit his father's crown will be open.

Terrorism at Home

Another challenge facing Saudi Arabia comes from the Islamic State, which denies the kingdom's political and religious legitimacy. In the preceding decade, Saudi Arabia was relatively successful in its struggle against al-Qaeda. Since 2014, however, it appears that the dilemmas posed by the Islamic State, which arose from within al-Qaeda, have become more serious. The Islamic State competes with the puritan strand of Sunni Islam as represented by the Saudi royal family – Wahhabism. Like the call by al-Qaeda leader bin Laden to overthrow the kingdom, Islamic State leader Abu Bakr al-Baghdadi is also calling for the "liberation" of Saudi territory, home to Islam's holiest places, from the control of the Saud dynasty. The organization first threatened to attack Saudi Arabia in an audio recording issued in November 2014, in which al-Baghdadi called for attacks against Shiites, foreigners, and the royal house itself, and announced the expansion of the Islamic State to the Arabian Peninsula (the Najd district).[8] That same month, the organization began to launch suicide attacks in the eastern district of Saudi Arabia, where most of the Shiite population is concentrated. At the time of this writing, the last bombing offensive took place in the streets of the kingdom, including in the holy city of Medina, on July 4, 2016.[9]

The achievements of the Islamic State and its ideology are enthralling for many young people in the kingdom, who are liable to direct their anger against the Shiite population or against the royal house itself – certainly if it appears to be appeasing the Shiites. Note that the Shiites, who are also regarded in Saudi Arabia as an Iranian fifth column, have never challenged the kingdom's stability; those who have done so have been the extremist Sunnis. Furthermore, the royal house itself bears some of the responsibility for the tension, because it uses anti-Shiite rhetoric in order to bolster support for the regime and its goals in the struggle against Iran.

The Salafi jihadist threat to Saudi Arabia can be expected to persist in the coming years. Until now, the Islamic State has concentrated primarily on attacking Shiites, under the assumption that this will increase religious tension and destabilize the Gulf states, especially Saudi Arabia. At the

same time, the Islamic State has already declared its intention of attacking the regimes themselves. Targets for attack will include government assets, strategic installations, and senior members of the royal family.

The campaign against the Islamic State is focused on the attempt to undermine its economic resources in Saudi territory, an attempt to stop the flow of Saudi young people leaving the kingdom for other Islamic State theaters of conflict and later returning, and activity directed through the religious establishment, the media, and the law enforcement and penal system against the distribution of Salafi jihadist messages and propaganda. Another factor making it difficult for the royal house to cope with the growing tension between Saudi Arabia's Sunnis and Shiites is the incitement against Shiites by the Wahhabi religious establishment: any attempt to take strong action against this establishment is liable to undermine the very basis of the royal house.

Potential internal instability in Saudi Arabia is not limited to Sunni-Shiite tension. Several of the reasons for the protests in the "republics" in the Arab world, including economic distress, unemployment among young people, the desire for a just distribution of resources, and the aspiration for personal freedom are also present today in Saudi Arabia. This accumulation of internal challenges at a time of regional upheaval is liable to accelerate processes that will eventually severely shake the kingdom's stability and change its face. In any case, voluntary major political reforms are not expected in Saudi Arabia, as absolute rulers are not generally inclined to give up their influence. Furthermore, since the beginning of the upheaval in the Middle East, rulers in the region fearful of revolution, including the rulers of Saudi Arabia, have adopted a policy of harsh repression. Draconian laws have been enacted in the kingdom against terrorism and cybercrime, providing for the imprisonment of non-violent demonstrators and imposing restrictions on freedom of information and assembly. Efforts to include citizens in decision making processes have been few, limited, and accompanied by repressive measures, thereby eliminating their immediate practical significance, but not the latent revolutionary potential in the impatience among the kingdom's residents.

External Challenges

The immediate external threat facing Saudi Arabia, although not existential, is the ongoing war in Yemen. Despite the initial accomplishments of the regional coalition led by Saudi Arabia, the campaign is still far from achieving its declared goals, which include the disarming of the Shiite Houthis. The Houthis remain well established in most of the territory of "essential Yemen" – the areas under their control, which contain most of the country's population, border Saudi Arabia, and contain vital resources – despite repeated air and land attacks by the coalition forces against targets belonging to the Houthis and their allies.

Even if the talks underway in Kuwait between the rival parties end in agreement, Yemen will be far from long term stability. After seven years of civil war that have fragmented the country's delicate political fabric, it is difficult to envision any political or military force maintaining sovereignty and effective government in the country's territory, and the Houthis themselves are expected to continue to pose a considerable threat to southern Saudi Arabia. For this reason, Saudi Arabia is likely to continue to play a key role in Yemen, which will remain an arena of conflict and competition for various regional and local forces.

Saudi Arabia also faces substantial challenges beyond the Yemeni theater. The nuclear agreement signed by the major powers with Iran in the summer of 2015 and the removal of sanctions against Iran aroused concern in Riyadh and other Gulf states that Iran would have resources enabling it to expand its subversive activity in the region. There has been no dramatic development in this direction, but it is feared that Iran's regional policy will become more aggressive. If so, the Saudi Arabia-Iran confrontation could assume a more direct character that jeopardizes the kingdom. In any case, as long as the current game rules and limits are respected, the kingdom will prefer to continue to conduct wars against Iran by proxy and attempt to stabilize a broad Sunni front against the Iranian threat, even if this front currently appears rather fragile and far from the Saudi vision of a united Sunni Arab front.

At the same time, to the chagrin of the Saudi leadership, the United States continues to show signs of wishing to cut back on its defense commitments in the region. Over the years, the royal house has regarded the United States

as a stable defense prop, despite differences in interests and policy goals. During the Obama years, however, this conviction was undermined. The disputes between the parties grew sharper following the American policy vis-à-vis the Assad regime and the signing of the nuclear agreement with Iran, culminating in expressions of public criticism.[10]

At the same time, the set of challenges facing the royal house highlights for the United States its interest in maintaining the kingdom's stability. Despite the disputes, it appears that Washington prefers that the house of Saud remain stable, if only because of the possible consequences of its fall and the emergence of chaos in the kingdom, with the accompanying regional consequences. Like other regimes in the Middle East, the Saudi royal house is considering the future of American policy in the Middle East, and whether it constitutes the beginning of estrangement (and a "pivot to the Far East"), or whether the Obama administration's deviation will be corrected under the next administration. If the US continues to divert its attention from the region, the most significant challenge for the Saudi kingdom will be dealing with the consequences of a post-American Middle East. It appears that the Saudi royal house has begun preparing for such a possibility, as reflected in its adoption of a more assertive and independent policy than in the past, sometimes in opposition to the American interest, while trying to improve its relations with Russia and China.

Conclusion

Over the years the Saudi royal house has been able to cope with internal challenges, to a considerable extent due to its ability to achieve consensus among its decision makers, alleviate internal tensions, and buy external support with oil profits. Today, its deficit is growing, and it is becoming increasingly difficult to achieve a consensus among the princes. It has to a large extent become a one-man show of Muhammad bin Salman. In addition, the kingdom can no longer isolate itself from the wars surrounding it, as it did in the past. It is involved, often deliberately, in regional conflicts that likewise affect the internal scene.

Moving forward with the Saudi Vision 2030 constitutes a national challenge of the first order, as well as a personal challenge for Muhammad bin Salman. Rivals from within the royal house unhappy about his increasing power are

liable to stand in his way, as well as parties in the conservative religious establishment fearful about excessive openness, particularly in the social elements of the plan. At the same time, it appears that the prince is winning support among the young people of the kingdom eager for a change. The burden of proof is on him – as well as the bloody stalemate in Yemen. Failure of the economic plan will damage not only his personal reputation and his chances of inheriting the throne, but is also liable to send the kingdom into a downward – and destabilizing – economic and social spiral.

It is unpredictable when, if at all, the turning point will come. Decision makers in Israel and elsewhere must therefore understand the changes taking place in the kingdom, which may have consequences for the regional order in the Middle East and beyond. Along with the opportunities created by the many common interests with Saudi Arabia and the noticeable change in its attitude toward Israel, the risks and the degree to which expectations on cooperation are feasible should be taken into account. For example, the more internally vulnerable Saudi Arabia is, and certainly as long as the deadlock in the Israeli-Palestinian arena persists, the less the Saudi regime, anxious about public opinion at home, will be able to cooperate with Israel.

Notes

1 See for example Karen Elliott House, "Uneasy Lies the Head that Wears a Crown," Senior Fellow Paper, Harvard Kennedy School, Belfer Center for Science and International Affairs, March 2016.
2 "Saudi Arabia: International Reserves and Foreign Currency Liquidity," International Monetary Fund Country Notes, last updated on April 28, 2016.
3 "World Economic and Financial Survey, Regional Economic Outlook: Middle East and Central Asia," International Monetary Fund, October 2015.
4 Shmuel Even and Yoel Guzansky, "Saudi Vision 2030: Preparing to Reducing Dependence on Oil," *INSS Insight* No. 819, May 8, 2016.
5 Robert Windream and William Arkin, "U.S. Officials Fear Saudi Collapse if New Prince Fails," *ABC News*, June 17, 2016.
6 Hugh Miles, "Saudi Royal Calls for Regime Change in Riyadh," *The Guardian*, September 28, 2015.
7 "Powerful Saudi Prince to Meet Obama, Ban on US Visit," *Reuters,* June 13, 2016.
8 "Islamic State Leader Urges Attacks in Saudi Arabia: Speech," *Reuters*, November 13, 2014.

9 Ben Hubbard, "Suicide Bombings Hit 3 Cities in Saudi Arabia, One Near a Holy Site," *New York Times*, July 4, 2016.
10 For example, see Jeffrey Goldberg, "The Obama Doctrine," *The Atlantic*, April 2016, and Turki al-Faisal, "Mr. Obama, We are not 'Free Riders,'" *Arab News*, March 14, 2016.

The Sunni and Shiite Axes in the Middle East

Sima Shine

One of the defining characteristics of the Middle East of recent years has been the worsening crisis between Iran and Saudi Arabia, and the efforts on both sides to consolidate regional coalitions in order to increase their regional influence. Over the last decade, the region witnessed a series of dramatic developments, caused by both endogenous and exogenous factors, while in the background the Saudi-led Sunni axis and the Iran-led Shiite axis took shape. On the one hand, the region saw the collapse of some Arab states as a result of their populations' pent-up disappointment with the oppressive regimes that were unable to meet civilian needs. This development, along with the failure of secular pan-Arabism, paved the way for the rise of political Islam and the return of religion – in itself fertile ground for factionalism and sectarianism – to the region's political arena. The strengthening of the Sunni sector, which lacked a universally recognized spiritual-religious center, enabled the development of a range of Sunni groups, who are now fighting each other while exploiting the disintegration of some state frameworks, and nurturing the Sunni-Shiite conflict. On the other hand, the American invasion of Iraq, the removal of Saddam Hussein's Sunni regime, and the rise of the Shiite majority led to the first-ever Shiite regime in an Arab country and paved the way for Iran's massive entry to the arena. This is how the "Shiite crescent," comprising Iran, Iraq, Syria, and Lebanon, was formed. The war in Yemen, in which Iran is aiding the Shiite-allied Houthis, strengthened the image of the spread of Iranian influence from the Gulf and the Strait of Hormuz to the Mandeb Strait and the Red Sea.

At the heart of the rising tension and rivalry is the relationship between Iran and Saudi Arabia, which has known many ups and downs in the almost four decades since the Islamic Revolution in Iran and Ayatollah Khomeini's blunt statement that the House of Saud must be overthrown. Strong ideological rivalry marks the bilateral relationship, along with the struggle for influence in the Middle East. These struggles began in the early days of the establishment of the Islamic Republic in Iran, and were exacerbated by Saudi Arabia's support for Iran's two main enemies: Saddam Hussein, in his long war against Iran; and the Taliban in Afghanistan, beginning with the Soviet invasion of Afghanistan. At the same time, Iran saw the American presence in Saudi Arabia and the Gulf states as a direct threat to its national security, through third parties (Shiites in Saudi Arabia, especially Hezbollah al-Hejaz, an extremist Shiite organization operating there) acted against the American presence and, according to Saudi accusations, launched the 1996 terrorist attacks against the American forces in the Khobar Towers.

The Regional Conflict

Tension between Iran and Saudi Arabia has grown in recent years, as the use of proxies in a series of developments placed them in indirect confrontations on a number of regional stages. The Saudis saw the Shiite uprising in Bahrain in 2011 as an Iranian attempt to exploit the events in the Arab world to attack the Bahraini royal house of Khalifa. The uprising prompted an unusually strong response in the first widespread launch of the Saudi military in Bahrain, whereupon the Saudis were joined by American and other special forces under the Gulf Cooperation Council (GCC) flag.

During this operation Saudi Arabia drew a clear, binding red line for Iran, intended to emphasize that in all matters connected to the GCC states, the Saudis were prepared to use force against any perceived attack on its national security. This Saudi move, which helped the Bahraini regime violently suppress the Shiite civilian uprising while clearly violating basic civil rights, posed a difficult dilemma for the United States. On the one hand Bahrain and Saudi Arabia are important American allies – the American fleet in the Gulf has been based in Bahrain since 1946, and Bahrain has a security pact with the United States and is a non-NATO ally. The Saudi-Bahraini resolve underscored that their action should be categorized as "homeland"

defense against Iranian attempts to exploit the turmoil in the Arab world to advance the standing of Shiite communities and therefore its own standing in the region. On the other hand, Saudi Arabia's actions conflicted with basic American values and interests. These events have already illustrated the gap, which will only continue to widen, between American interests in resolving the Iranian nuclear issue with willingness to lift the sanctions, and what is perceived by countries in the region, including Saudi Arabia and the Gulf states, as American disregard of Iran's aggressive regional policy.

Likewise in March 2015, Saudi Arabia chose to respond severely to the uprising of the Houthis, a Zaidi Shiite minority in Yemen that established a militia similar to Hezbollah that threatened to take control of the country. Yemen shares a border of some 1800 kilometers with Saudi Arabia and overlooks the Mandeb Strait; Saudi Arabia launched a round of airstrikes to prevent an Iranian-backed Houthi takeover of Yemen. This move was accompanied by the establishment of a coalition of 34 Sunni countries, headquartered in Riyadh, nominally to fight terrorism, but in essence intended to block Iranian attempts to strengthen its hold in the region. The United States had no choice but to support these moves, and even provided intelligence and logistical assistance, while also attempting to separate the conflict in Yemen from nuclear talks with Iran, which were a few months from their July 2015 completion. The United States subsequently aided in the blockade of Iranian ships that in violation of Security Council resolutions were transporting military equipment to the Houthis.

Another example of Saudi intervention is in the ongoing war in Syria, with Saudi Arabia supplying weapons and money to Sunni groups fighting for the ouster of Bashar al-Assad, an Iranian ally. The source of the difficult relations between Saudi Arabia and Syria lies in the years before the Syrian civil war, in the assassination of former Lebanese Prime Minister Rafiq Hariri in 2005, allegedly at the hands of the Syria-Hezbollah-Iran triangle. Saudi aid to the various Sunni groups fighting in Syria has succeeded in causing heavy losses to Iranian Revolutionary Guard units and other Shiite forces recruited by the Iranians, and has also prevented the regime from conquering the city of Aleppo.

Hezbollah's deep involvement in the fighting in Syria and its political moves in Lebanon place Saudi Arabia in direct conflict with the Shiite

organization, which acts in concert with Iran and the Assad regime. Therefore, in March 2016, the Saudis had the GCC adopt a resolution defining Hezbollah as a terrorist organization, and accused it of actions designed to harm the sovereignty, security, and stability of GCC member states. Immediately afterwards, the Arab League also adopted a resolution labeling Hezbollah as a terrorist organization. Furthermore, at a summit meeting attended by 30 heads of state, including Iranian President Rouhani, the Organization of Islamic Cooperation passed a resolution – much to Rouhani's distress – condemning Hezbollah for terrorist activity in the region. It later passed another resolution condemning Iran for its support of terrorism and its interference in Bahraini, Somalian, Syrian, and Yemeni internal affairs. Lebanon's refusal to support this resolution in the Arab League prompted Saudi Arabia to renege on its $4 billion commitment to arm the Lebanese military and security forces, clarifying unequivocally that the reason for the withdrawal of funds was Iranian and Hezbollah influence on the country. Simultaneously, Saudi Arabia and other Gulf states issued travel warnings to their citizens to prevent them from traveling to Lebanon in order to undermine tourism, Lebanon's main source of income.

The Bilateral Conflict

While the main struggle between Iran and Saudi Arabia is waged between third parties, in the past year direct tension between the two countries has increased. One example is the August 2015 precedent-setting arrest by Saudi intelligence of the individual who planned the attack on American soldiers at the Khobar compound. The accused is a Shiite Saudi citizen with deep ties to Iran and Hezbollah who was captured by the Saudis in Beirut. Another example is the execution of Shiite Sheikh Nimr al-Nimr, a move that caused a stir in Iran and led to an arson attack on the Saudi embassies in Iran, and later to the severance of diplomatic ties between Saudi Arabia and Iran. In the economic sphere, in April 2016 the Saudis blocked an OPEC resolution to lower oil export quotas by demanding that the resolution also apply to Iran, which is currently attempting to raise its oil exports following the lifting of sanctions. Had it passed, the resolution would have raised the price of oil, which would have assisted Iran. While the September meetings showed some sign among OPEC members of willingness to compromise,

the outcome became clear two months later. On November 30, 2016, OPEC ministers succeeded in reaching an agreement regarding the overall cutback while allowing Iran to export oil at the same level of export as before the sanctions were imposed.

In addition, the Saudis acted strongly toward Iran regarding the Hajj. Following the Hajj of 2015, which led to the deaths of hundreds of Iranian pilgrims, the Iranian government issued a list of demands, which in turn were rejected by the Saudis. In May 2016 Iran took the unusual step of cancelling this year's Hajj permits, a move that also affected Lebanese Shiite pilgrims. For its part, Bahrain arrested senior Shiite religious figure Sheikh Isa Qassim, revoked his citizenship, and threatened to prosecute him for terrorism and money laundering, after banning the Shiite political group al-Wefaq. These developments prompted strong responses and threats from Iranian officials. The commander of the Quds force, Soleimani, called the move a red line and even published a threat against the royal family, warning that they will "pay the price for their actions, and the price will be no less than the annihilation of the regime." He also hinted at the sponsors of the move, the Saudi royal house, saying that continuing pressure will lead to a "bloody uprising."

However, it seems that Saudi Arabia has not been deterred by these threats, and has even escalated its campaign against Iran. The Saudis have taken a number of steps that taken together, indicate willingness to attack Iran's internal stability. In July 2016, Saudi former intelligence chief Turki al-Faisal, in an unprecedented move, participated in a conference in Paris convened by the Iranian opposition party, Mojahedin-e-Khalq, and expressed support for the organization's agenda, including its call for the overthrow of the Iranian regime. This is not an insignificant act by a non-sitting official, because it is doubtful that he would dare to take such an unusual step without permission from the kingdom, and the event's widespread coverage in Saudi media indicates quiet support for the move. Moreover, a few weeks later, Saudi Foreign Minister Adel al-Jubeir publicly accused Iran of responsibility for the Khobar Towers attacks and providing refuge to al-Qaeda leaders in Iran in 2003, when they ordered terrorist attacks on Riyadh residential neighborhoods. Saudi officials even expressed concerns that Iran, in partnership with Hezbollah al-Hejaz, recruited and trained separatist elements in Saudi

Arabia. For their part, the Iranians blame the Saudis for supporting separatist elements in Iran, mostly from the Arab minority – the Ahvaz who live in an oil-rich region in the Khuzestan province. The Iranians have accused the Saudis of involvement in Kurdish terrorist activity against the Revolutionary Guards and the Iranian military, the first of which took place two decades ago, as well as activity by the Baloch people against the Iranian regime.

These confrontations have religious elements, which play into the Sunni-Shiite conflict and expand its consequences beyond those directly involved. For example, the Saudi Arabian Grand Mufti, Abdul-Aziz ash-Sheikh, declared in September 2016 that Iranians are not even Muslims. He claimed that they are descended from Zoroastrians and that their "hostility toward Muslims, especially Sunnis, is ancient." The Iranians in turn accuse the Saudis of deviation from Islam, and denounce them in extremely strong language.

In addition, suspicions have been raised by senior Iranian officials, including Supreme Leader Khamenei, concerning what they define as increased cooperation between Saudi Arabia and Israel against Iran. Significantly, on August 1, 2016, Khamenei announced publicly that "Saudi Arabian attempts at normalizing relations with the Zionist regime are a knife in the back of the Muslim people, an enormous crime, and a betrayal." These statements directly from the Supreme Leader are unusual and reflect a real Iranian fear of Israeli ingenuity joining forces with Saudi resources and Saudi Arabia's geographic proximity to Iran.

From the Saudi perspective, the nuclear agreement between Iran and world powers signed in July 2015 represented a game-changing development. For years, Saudi Arabia benefited from the rocky Iranian-American relationship; Iran faced military threats, and the sanctions eroded its economy and its standing on the global stage. Suddenly the picture changed, and the agreement is seen by Riyadh as an extremely significant achievement for Iran. Not only did it lift economic sanctions and international isolation, but it testified to another facet of improved Iran-US relations. As Riyadh saw it, the US favored Iran over its allies in the region, which include Saudi Arabia. From the Saudi perspective, the main message of the American nuclear agreement with Iran was American betrayal of its historic commitment to the security of the Gulf. Moreover, American officials including President Obama stated that America is interested in establishing a balance between Saudi Arabia and

Iran in the Gulf, a statement that places an American ally on equal footing with Iran, which until recently was an enemy of the United States, while Iran is strengthened by the nuclear agreement and America continues to withdraw from the Middle East. Riyadh is concerned that any vacuum will be filled by Iranian subversion and instability, which in Saudi eyes are planted in the region with the clear intention of destabilizing the Saudi kingdom.

The Strategic Balance Sheet

Iranian-Saudi relations have reached an unprecedented low, with each side attempting to advance its own interests and influence in the Middle East and the Gulf. It currently seems that the strategic balance is somewhat weighted toward Iran and the Shiite axis, which is more united than the Sunni axis, both among its various elements, as well as around the goals it has defined for itself, mostly in Iraq and Syria. It has managed to connect to Russia, the only global power willing to apply military force in the region. At the same time, Iran, even if only partially, has managed to connect to the American and Western agenda against the Islamic State, while being perceived as an island of stability among the chaos of the Middle East – in Iraq, Syria, Libya, and Yemen.

Saudi Arabia may have succeeded in preserving stability during the current Middle East upheaval. Since the beginning of the war in Syria, Riyadh has been in close cooperation with the United States and has even benefited from extensive sophisticated arms deals, but the coalition it is trying to lead is not sufficiently coherent. For example, Egypt and Turkey, two important Saudi allies, have conflicting interests and views regarding Syria, Yemen, and positions on Iran. Egypt is only partially willing to be involved in fighting in Yemen, and a crisis arose regarding Cairo's support for Russia's proposed Security Council resolution. Turkey and Iran are engaged in complex relations despite the ongoing disagreement over the solution for Syria and the proximity of Turkey's position on this issue to the Saudi position. Pakistan, too, whose special relationship with Saudi Arabia is of great importance, prefers not to belong to the Sunni coalition in Yemen led by Riyadh.

In conclusion, the Saudi-Iranian conflict, which reflects many aspects of the Sunni-Shiite conflict, is highly intense. Each side recruits partners and

grooms local actors to be dependent on them and follow their orders. They thereby widen and deepen existing rifts, endow the continuing fighting in conflict regions, and make it difficult to formulate agreements in the near future. The Iranians and the Saudis are both fighting for interests essential to their security and their status, and at this stage neither side has shown willingness to compromise. Only in the future, after the administration changes in Washington, and should international players, primarily the United States and Russia, reach agreements and manage to impose them on all the regional players, can calm be restored between the two axes and the countries that lead them.

Challenges and Opportunities for Israel

Israel and the Palestinians: Ongoing Crisis and Widening Stagnation

Shlomo Brom, Anat Kurz, and Gilead Sher

The deadlock in relations between Israel and the Palestinians worsened in 2016, marked by continued violence, the lack of communication between the parties, and a mutual avoidance of one another's political constraints. In the not-so-distant future, this stagnation is expected to bring about at least two crises on the two main Palestinian fronts – the Palestinian Authority (PA) in the West Bank, and the Gaza Strip, controlled by Hamas. The ongoing weakening of the PA following the loss of legitimacy on the part of its leadership may well cause its collapse, and a severe inheritance crisis is expected to develop at the end of President Mahmoud Abbas's term. The humanitarian and infrastructure crisis in the Gaza Strip is expected to worsen, and is liable to cause an outbreak of violence, unless measures are taken to improve the situation and ease the pressure in the area. Along with the dark atmosphere in the Israeli-Palestinian arena, following the wave of terrorism that began in October 2015, continuation of the status quo threatens to undermine what remains of viable possibilities for separation between Israel and the Palestinians and a two-state solution.

This chapter discusses the political situations on both the Israeli and Palestinian sides that feed the political deadlock and as such, the inherent threats to the future relations between the parties. The discussion is followed by a series of recommendations that aim to maintain the relevance of the two-state solution, both in principle and in practice.

The Israeli Political Situation

Perhaps Prime Minister Benjamin Netanyahu intended to change his policy and adopt measures to prevent the anticipated crises. For this policy change to be viable, however, a change in the composition of the government coalition and the addition of the Zionist Union party (in place of the Bayit Hayehudi party) is necessary. Nevertheless, Netanyahu's attempt to change the coalition structure failed, probably because he refused to commit himself to political measures in the Palestinian arena that were more than purely cosmetic. Instead, the Yisrael Beitenu Party, headed by Avigdor Liberman, joined the coalition, highlighting the government's clearly right wing nature and in effect eliminating the possibility of a change in policy toward the Palestinians. The replacement of Minister of Defense Moshe Ya'alon by Avigdor Liberman amplified the consequences of this development (the Ministry of Defense is responsible for ongoing management of the policy toward the Palestinians, and also serves as the Israeli organ for actual management of the West Bank). In contrast to the assessments that stressed Minister Liberman's "pragmatic" tendency relative to his previous belligerency, the measures he took upon entering his position, such as the widely reported directive to the IDF to prepare to overthrow the Hamas government in the Gaza Strip by military force and additional restrictions on the Palestinians' freedom of movement (including for humanitarian and economic purposes) reflected an escalation in policy toward the Palestinians.

Minister Liberman is also likely to promote a policy in line with his previously expressed idea that the PA and its leadership are the problem, not part of the solution, and will not be a partner in the regulation of relations between Israel and the Palestinians. Implementation of this policy is liable to hasten the PA's collapse, a development that will inevitably exact a high price from Israel. Furthermore, the Israeli government in its current composition will be unable to conduct more effective negotiations with the Palestinians than the preceding unsuccessful round of negotiations mediated by US Secretary of State John Kerry. Although Netanyahu continues to insist that he seeks a dialogue with the Palestinians, it is doubtful whether he has any real interest in undertaking direct negotiations aimed at achieving a concrete breakthrough toward a settlement and making progress toward the declared goal of the establishment of a Palestinian state alongside Israel.

The Palestinian Political Situation

The PA leadership's loss of legitimacy is to a large extent due to its problematic performance; its undemocratic tendencies – since 2006, it has prevented any efforts to hold new elections, the main means of obtaining public legitimacy; the use of PA institutions, including the security forces, to suppress political opposition; and allegations of corruption and cronyism. The main reason for the loss of legitimacy, however, is the collapse of the paradigm of Mahmoud Abbas and Fatah to advance Palestinian national aspirations through negotiations with Israel toward implementation of a two-state solution. This failure and the ongoing status quo, in which Israel maintains its full control of 60 percent of the West Bank (Area C) and partial control elsewhere in the territories, along with the ongoing expansion of the settlements, obstructs progress toward a Palestinian state and the improvement of daily services for the Palestinian population. The Palestinians have lost all hope for a positive change in the situation through this paradigm, and therefore seek alternatives. For his part, Abbas is unwilling to renew the negotiations with Israel without preconditions anchored in several previously concluded understandings, including the outline of borders between the two states on the basis of the pre-1967 lines. Not believing that Netanyahu is sincere, Abbas is loath to conduct useless talks that will only serve to reduce the pressure on Israel to make progress in a political process.

Abbas, who opposes a violent struggle, has based the PA's operational strategy on the internationalization of the Israeli-Palestinian conflict by combining diplomacy, lawfare, and the media campaigns. This longstanding Palestinian policy option, which reflects the idea that only international involvement can narrow the gap in the balance of power between the two sides, was previously considered an auxiliary factor. Given the prolonged political stalemate, however, and for lack of a viable alternative, the international effort has become the sole channel for action. The first measure taken by the PA in this direction was a request for recognition of the Palestinian state, which was obtained in November 2012 when a large majority of the UN General Assembly recognized Palestine as a non-member observer country. The Palestinians translated this ability to join international organizations and conventions into pressure on Israel. The most prominent example of this was the accession of the "State of Palestine" in 2015 to the Rome Convention,

the basis of the International Criminal Court in The Hague. Consequently, the court's jurisdiction was applied to the Palestinian territories, and the PA filed a series of complaints against Israelis for their activities in these territories, including on the issue of the settlements, which (in contrast to Israel's opinion) are considered illegal under international law. If the court decides to hear these complaints, Israeli politicians and military personnel might stand trial for their activities. The BDS movement, led by non-state organizations seeking to boycott Israel, is another example of the Palestinian turn to the international theater as a means of pressure on Israel. The effectiveness of the Palestinian internationalization strategy will be tested over the next year; it may be that the threat itself of applying to international institutions creates pressure in Israel, at least judging by the response of the government and political system, but its implementation will likely reveal its practical ineffectiveness.

Among the general Palestinian public other alternatives have emerged. One of these, common among frustrated young people, is unorganized violence, sometimes referred to as the "knives and car-rammings intifada," incidents that became less frequent over the course of 2016. Presumably this trend is an expression of cumulative fatigue following actions that accomplish nothing, as well as the result of countermeasures by the Israeli security forces and the PA, and Israel's success in dealing with terrorists and distinguishing them from the general Palestinian population, mainly by avoiding collective punishments and allowing most Palestinians to continue their daily routine.

At the same time, among the intellectual class, there is new discussion of a one-state solution in place of the aspiration toward two states. The resulting operative conclusion is the abandonment of pressure on Israel to reach an agreement on the establishment of a Palestinian state based on the pre-1967 borders, to be replaced by pressure on Israel to grant the Palestinians equal rights in the framework of one country. This line of thinking also underlines the arguments that Israel conducts a policy of apartheid; on this basis, the answer is a South Africa-type struggle for equal rights. There is also discussion of another trend, which to date has garnered little enthusiasm, calling for a renewal of the connection between the West Bank and Jordan.

The PA's weakness is likewise reflected in the undermining of its rule and that of its security organizations in the territory under its authority. On the West Bank, mainly in refugee camps and in some of the towns, there are areas that Palestinian security personnel fear to enter, and shooting incidents are common if they attempt to enter and arrest suspects. Thus far, Abbas has adhered to a policy of cooperation between Israeli security and PA agencies. As perceived by many Palestinians, however, when there is no chance of a political process leading to the establishment of a Palestinian state, such cooperation is illegitimate. The resulting pressure on the PA is gradually liable to erode the security cooperation between the parties.

Abbas has already declared that he will not be a candidate for president in the next elections, although there are no signs that such elections will be held in the foreseeable future. Fatah has no interest in holding new elections when its public standing is poor and there is no guarantee that it will win, and in the absence of a binding democratic tradition, the PA can postpone the elections indefinitely. It was decided in August 2016 to hold local elections, perhaps also for the sake of testing the possibility of holding general elections at a later date. But the lack of organization, the split, and the fierce power struggles within Fatah, however, will probably result in the defeat of Fatah and victory for Hamas, which has decided to take part in the local elections. Defeat for Fatah at the municipal level will certainly not encourage Abbas to declare general elections. All these factors strengthen the feeling among the public and in the Palestinian political system that the Abbas government is approaching the end of its days, although when it will fold is unknown. In any case, the struggle over succession has already begun, as shown by the struggles between various factions and individuals. It is commonly assumed that Marwan Barghouti is the most popular Palestinian leader and certainly the most popular figure in Fatah, but it does not appear that Israel will release him from prison, and his rivals therefore believe that they will be able to win the leadership, although no one of them seems to have better chances than the rest.

The Situation in the Gaza Strip

The split between the West Bank and the Gaza Strip continued and intensified further. No serious effort is currently underway to hold reconciliation talks

between Fatah and Hamas, even though several rounds of such talks were held during 2016. Reconstruction in the Gaza Strip, following Operation Protective Edge in 2014, proceeds at a slow pace, due to difficulties in the transfer of construction materials and money to the Gaza Strip. The main responsibility for these difficulties lies with Egypt and the PA – these two parties regard Hamas as a formidable threat, and are unwilling to allow measures that will reinforce the rule of Hamas, even indirectly. As far as they are concerned, the distress experienced by the population in the Gaza Strip and the growing bitterness there promote their own interests, namely, undermining Hamas's rule. However, a continuation of the existing situation means further deterioration: a severe humanitarian crisis already prevails in the Gaza Strip, reflected in many important areas, including the supply of drinking water, energy, and employment. The crisis is projected to worsen in the not-too-distant future. Israel is aware that the crisis will eventually cause an outbreak of violence that will drag it into another round of conflict in the Gaza Strip, and has accordingly changed its policy by adopting a more liberal attitude toward permits for the entry and exit of goods to and from the Gaza Strip, including construction materials. The establishment of a port in the Gaza Strip is also under discussion, but even if such a plan is approved, its implementation will take time and therefore does not constitute a solution to the approaching crisis.

The measures taken by Egypt to prevent smuggling into the Gaza Strip and the destruction of the tunnels dug between Sinai and the Gaza Strip have restricted Hamas's military buildup. Thus, the organization is focusing on the local production of rockets and mortar shells, and on an effort to rebuild its system of tunnels, including tunnels penetrating beyond fences. This situation contributes toward maintaining the deterrence achieved in Operation Protective Edge. Quiet for the most part has been preserved on the Gaza Strip border since the last round of conflict, and it appears that Hamas has no interest in another conflict with Israel.

The background to the escalation that caused the conflict in 2014 was a situation where Hamas had nothing to lose. This was also one of the main reasons why the campaign lasted for 50 days. Thus in view of the growing distress in the Gaza Strip, Hamas is liable to conclude that a flare-up will serve its interests by creating a dynamic of international pressure on Israel

to remove the restrictions imposed on the Gaza Strip, and will reinstate the issue of the Gaza Strip on the regional and international agendas. At the same time, the Hamas leadership has not yet exhausted its political channels for improving the situation in the Gaza Strip, and aims to exploit the aid offered by Qatar to the organization and the moderation of the hostility toward Hamas on the part of Sunni regimes. An agreement formulated in August 2016 for financing the salaries of Hamas government officials (following two years of deadlock), to which Israel was a party, indicates that Hamas's efforts in this direction are achieving at least partial success.

A Possible Israeli Policy

There is general agreement in Israel, including even more than a few on the political left, and certainly in the political center, that in the current situation, it is doubtful whether negotiations with the Palestinians on a permanent settlement are possible. It is also commonly believed that such negotiations will certainly not end in an agreement. It is therefore necessary to devise other concrete political objectives, which would of course be linked to a guiding political concept, in response to the question whether Israel should adhere to the goal of a two-state solution. Most of the Israeli public still responds to this question in the affirmative, and believes that separation from the Palestinians is an important interest, because without it, Israel will be unable to exist as the democratic state of the Jewish nation. After the elections in March 2016 Prime Minister Netanyahu reiterated that he stood by his remarks in his Bar Ilan speech, in other words, that he supported the two-state solution. It therefore follows that Israel's concrete political goals should be to maintain the viability of this solution by means of measures that will prevent the current situation of one state becoming an irreversible reality, and to carry out preparatory measures that will make future negotiations effective. These goals should be the criteria for assessing various actions under consideration in the local, regional, and global discourse.

There are two types of such measures. Some involve preventing actions that contribute to a drift toward an irreversible situation of one state. The question of the settlements in the West Bank is central in this context. Some assert that the number of Jews residing in the West Bank and their distribution over the territory have in effect rendered separation between Israel and the

Palestinians impossible. A demographic examination of the Israelis living in the West Bank, however, suggests that separation that leaves blocs of settlements near the Green Line under Israeli control in the framework of a unilateral Israeli plan or an agreement based on the pre-1967 borders, including an exchange of territory, is still possible.

It therefore appears that Israel should act gradually, but urgently, to promote conditions that will facilitate a situation of two states for two peoples for sake of its future as the nation state of the Jewish people and the security of the country and its citizens. Measures to be initiated in this context can contribute to future negotiations or take place in the absence of dialogue. A government willing to adopt this path, and to create a situation of two states, must see the imperative of designing of a temporary border between Israel and the Palestinian entity that will not impact negatively on the possibility of future negotiations for a permanent settlement, will enable Israel to continue its essential security activity, and will lead to progress in the Palestinian project of building a state. Such a border, beyond which there will be no Jewish settlements, will prevent the continued expansion of Jewish settlements in a manner that prevents implementation of a two-state solution.

In the absence of a government capable of such an ambitious move, it may still be possible to carry out a series of actions that will limit construction in the settlements to places that Israel can be expected to annex in a future agreement (settlement blocs near the Green Line and Jerusalem neighborhoods).

The second type of measure is aimed at building the infrastructure of a Palestinian state, its economy, and its institutions. In this framework, the development of Area C, constituting 60 percent of the West Bank, is of key importance. Palestinian inability to use most of the West Bank area creates cantonization and prevents economic development and stabilization of PA institutions. For example, Area C has become a refuge for Palestinian criminals, but lack of authority prevents the PA from dealing with this problem. Extending the PA's access to at least some of Area C is essential for the state-building project. In this essential sphere of building an infrastructure for a future Palestinian state, there can be useful cooperation between Israel, the countries in the region relevant to the political process, and the international community in general. Israel can create the conditions that will facilitate the

actions necessary for this – which is likely to help the countries in the region and outside it in providing financial, consulting, and practical assistance.

Israel's measures can be either unilateral or based on specific agreements with the Palestinians on particular matters. It is likely that in the first stages, most of the measures will be unilateral, because in the current atmosphere of deep mutual distrust, the parties will find it difficult to reach any agreements. If a certain level of trust is created, however, even if as a result of unilateral Israeli measures indicating an intention of promoting a two-state solution, it is likely that it will also be possible to reach specific agreements. For example, it appears that the time is right for an agreement on water and sewage issues, which will have important consequences for construction of infrastructure for a Palestinian state. In order to make progress along this road, it is important to abandon the principle of "nothing is agreed until everything is agreed," which was the logic guiding the Annapolis talks, and to replace it with the principle that "what has been agreed and can be implemented will be carried out."

Finally, preparatory measures for a renewal of negotiations, once the political situation in Israel and on the Palestinian side allows this, are likely to interface with various conceptual frameworks proposed during 2016 for a regional and international agenda aimed at ending the deadlock. The regional upheaval and the crises it has created – unstable regimes, civil wars, refugee problems, and terrorism – have relegated the Israeli-Palestinian conflict to a lower priority on the regional and global agenda, which is also one of the reasons for the sense of crisis and deadlock on both sides: the motivation among the leadership and the public on both the Israeli and Palestinian sides for initiating measures toward a settlement and paying the ensuing costs has fallen drastically. Nonetheless, growing engagement in the issue has been tangible in the second half of 2016, resulting from concern about the creation of an irreversible situation in the theater of conflict and a feeling that while this is not the leading regional priority, it is still important to many in the region and around the world.

France is promoting an initiative involving an international conference that will formulate principles for the two sides toward a renewal of negotiations. These principles will apparently include a timetable and a number of basic principles for a framework agreement. In the United States, the Obama

administration is considering whether to take advantage of the period between the presidential election (in November 2016) and the beginning of the new administration (January 2017) in order to establish principles for the form of an agreement on the basis of the negotiations mediated by Kerry. These principles, if the administration does indeed decide to leave them on the agenda, may be presented in a presidential statement, or through a proposed resolution in the UN Security Council. At the same time, several Sunni Arab countries are trying to persuade Israel to embark on a dialogue concerning the Arab Peace Initiative aimed at formulating an agreement on several principles as a basis for negotiations between Israel and the Palestinians. The invitation issued by Egyptian President Abdel el-Sisi to Netanyahu and Abbas for a meeting in Cairo is directly linked to this regional format.

Israel's current policy rejects any initiative originating in the international arena, which it regards as a means of imposing a solution. On the other hand, voices are heard in Israel encouraging a regional approach, i.e., the formulation of a settlement with the Palestinians through negotiations that from the outset involve pragmatic regional parties. In contrast to the belief common among several groups in Israel, however, these regional actors do not intend to negotiate with Israel in place of the Palestinians; they mean to aid the beginning of negotiations between the parties, and to assist in their progress. El-Sisi's invitation was also free of pretensions for shaping a political process that was guaranteed to succeed; it is designed to motivate the two sides to renew the dialogue between them. Consequently, it appears that it is preferable for Israel to avoid an (almost automatic) rejection of any international initiative whatsoever, and instead consider the set of regional and international initiatives from an overall perspective for the purpose of utilizing them to shape the future of its relations with the Palestinians, and to maintain the relevance of the two-state solution.

Israel and the Palestinians: Conditioning and Capacity Building for Future Arrangements

Assaf Orion and Udi Dekel

The common political discourse surrounding the Israeli-Palestinian conflict is dominated by a perceptual and conceptual framework formulated two decades ago, ranging between a negotiated final status agreement on a two-state solution and unilateral disengagement; and between conflict resolution and conflict management. The negotiations toward resolving the conflict – a two-state final status agreement in the framework of the Oslo process – were based on a number of central understandings: mutual recognition – the PLO recognizing the State of Israel, and the State of Israel recognizing the PLO as the legitimate representative of the Palestinian people; rejection of violence; and engagement in negotiations in order to resolve the conflict and gradually create a reality of two states. This reality depends on state structures that are subject to national leaderships, augmented by regional assistance and international support.

However, since the formation of this conceptual framework, major changes have occurred in the conflict's strategic environment, and the two sides have experienced political and security developments that have contributed, directly or indirectly, to an ongoing deadlock: repeated waves of terrorism on the part of the Palestinians since the signing of the Oslo Accords, and an armed insurgency (the second intifada), which led Israel to reoccupy city centers in the West Bank and build the security fence in order to protect Israeli citizens from Palestinian terror; Israel's disengagement from the Gaza

Strip, and Hamas's electoral victory, forceful takeover of the Gaza Strip, and consolidation of its power there; meanwhile, ongoing security coordination between Israel and the Palestinian security forces; gradual but significant growth in the size and population of Israeli settlements in the West Bank; and regional upheaval that has weakened central political actors in the region and enabled the rise of Salafi jihadist Islam, widespread destruction, and waves of displaced persons and refugees inside and outside the region. These join the ongoing inability of the sides to complete negotiations and reach a permanent status agreement – a dynamic that has in turn fueled mutual distrust and has therefore made it more difficult to continue with negotiations.

Against the backdrop of these developments, two trends are apparent: on the one hand, adherence to the negotiations approach based on the Oslo principles, even in a changing environment and under changing conditions, and despite the fact that this approach has failed repeatedly; and on the other hand, the drive to manage the conflict and maintain the status quo, under the assumption that it is sustainable with minimum investment, despite rising costs – the principal cost being the growing difficulty in implementing a two-state solution in the future and maintaining the State of Israel as a Jewish and democratic state over time.

This article outlines an updated strategy with a variety of future options for Israel and, figuratively speaking, seeks to "change the gradient," from a slope leading toward a one-state reality that forces a choice between a Jewish state and a democratic state, to an outline that enables movement among a variety of options, a two-state reality included.

Negotiation as a Conceptual Center

Negotiation is a strategic interaction in which the parties work to advance interests and shape a better future reality and relationships based on overlapping or at least complementary interests, with controlled or contained areas of disagreement; flexibility to bridge gaps; and a willingness and commitment to fulfill obligations of understandings and agreements. Under these conditions negotiations can be fruitful, while in their absence there is only minor importance, if any, to negotiation management and a process carried out for its own sake.

A review of the rounds of negotiations between Israel and the Palestinians over the years indicates that the Palestinians have retained their original positions, while Israel has softened its positions and during the process of negotiations moved significantly toward the Palestinians – until the right wing government that was formed in 2009.[1] Thus, the Palestinians have improved their bargaining positions, but not sufficiently for the purpose of signing an agreement, and have clung to their "all or nothing" approach. The main points of disagreement were (and remain): recognition of Israel as a Jewish state; Israel's security demands, with the Palestinians seeing these demands as undermining their full sovereignty; Israel's alleged responsibility for the Palestinian refugee problem and its partial resolution by the "right of return" of Palestinian refugees within the borders of the State of Israel; and a special area under shared management in the Historic Basin of Jerusalem. The Palestinian side rejects ideas for a political process that are not aimed at a comprehensive permanent status agreement such as transitional arrangements or the establishment of a Palestinian state within provisional borders (the second stage of the Roadmap). Thus Israel remains captive to the Palestinians' refusal to form a zone of shared understandings or other rules of the game as a way out of the deadlock or in order to progress toward coexistence in peace and security.

Those calling for a renewed political process between Israel and the Palestinians, especially in the international community, assume that improving management of the negotiations, expanding areas of flexibility, and bettering communication between the sides would bring about the desired result. Though dialogue between the sides is important, a systematic analysis of the rounds of negotiation that have taken place leads to different conclusions. There is no point in striving to achieve a better result in the framework of the same concepts and paradigms that have failed repeatedly in previous rounds, given that the same reasons for the failure of the previous rounds of talks are still extant.[2] Nonetheless, in the respective political situations of the two sides, there is significant difficulty in changing fixed paradigms and concepts.

"The State" as an Organizing Concept?

The most widespread regional and international proposal to resolve the Israeli-Palestinian conflict is the establishment of two independent states, with each one viable and enjoying full sovereignty and territorial contiguity (and with the Palestinian state somehow connecting the Gaza Strip and the West Bank). In the Palestinian context much attention must be paid to the implications of what is underway in the Middle East, where the state as an institution is at the heart of the regional turmoil. Publics in the region confront governments that do not meet expectations of civilian needs of security, stability, economy, employment, services, housing, political influence, representation, and "justice." At the same time, nation states are no longer successful at serving as the primary common core of identity for different ethnic groups, religions, and tribes. One of the most prominent consequences of these processes is the loss of state monopoly over the organized use of violent force. The use of violence has become a primary means to advance political goals, whether on the part of governments (for suppressing populations and oppositions and stabilizing regimes) or on the part of populations and subversive groups seeking change (for advancing interests within states, or subverting state frameworks and the existing social-ideological structure).

In the wider regional context, the attempts to regulate conflicts today combine different conceptual frameworks: real states; de jure states (for example, Lebanon – officially a state but much less so in practice); de facto states (for example, Kurdistan, a state in practice though not in name); and other formulas that are also tested, such as federated structures based on autonomous regions (for example, in the future context of Syria and Iraq). This diverse thinking is missing from the channels of discourse and initiatives on the Israeli-Palestinian conflict, which remains bound in its pure state conception – a complete and lasting agreement of "two states" or a decline into a reality of "one state" ("binational" or a "state of all its citizens"). Also ignored are the trends toward the fragmentation of Palestinian society and its leaderships, the lack of stable and functioning governance in both Gaza and the West Bank, succession struggles for the day after Mahmoud Abbas, and the leaderships' loss of legitimacy.

The Strategic Environment vis-à-vis the Conditions for a Successful Agreement

Under current conditions, it is difficult to foresee reaching a stable political agreement with an entity that represents a sovereign, accountable, and stable Palestinian state that controls its population and has a monopoly on the exercise of force within its territory. The Palestinian entity is fragmented into two political leaderships in the West Bank and the Gaza Strip, and both lack legitimacy in the areas they control.[3] The Palestinian Authority (PA) is moving toward a leadership vacuum due to Mahmoud Abbas's advancing age and his refraining from appointing a successor or deputy. Already the survival of the PA's rule is to a large extent due to broad international backing and Israel's thwarting of Hamas's efforts to topple it and take over the West Bank. The Palestinian public is not ready to come to terms with the existence of Israel (Hamas is ideologically committed to its destruction, and the PA refrains from recognizing the State of Israel as the national home of the Jewish people and from agreeing to parameters in an agreement that imply an end of claims). Both the West Bank and Gaza are in significant economic distress, and the damage in the Gaza Strip after the last round of fighting in Gaza between Israel and Hamas (Operation Protective Edge, summer 2014) adds to a growing, multi-dimensional infrastructure crisis (electricity, water, sewage, housing), and employment, economic, and social crises in the area.[4] This distress (economic, social, and political) among the Palestinian public, along with incitement by various groups toward violent conflict with Israel, widens the cycle of violence, as seen in the wave of lone shootings, stabbings, and terrorist vehicle attacks that broke out in the fall of 2015, sometimes even against the will of the leaderships.

Against the backdrop of terrorism and the failure of negotiations, as well as the expansion of the Israeli settlement enterprise in the West Bank and the crisis in Gaza, the Palestinian public has become increasingly skeptical about reaching a political arrangement with Israel. Meanwhile, there is growing pressure for a one-state solution, with equal rights for all citizens on the one hand, as well as support for terrorism and violence on the other hand.[5] In the Gaza Strip and the West Bank, there are power centers competing with the central government of Hamas and the PA, respectively (Islamic Jihad, Salafists, and in the West Bank, Hamas as well, along with local gangs and

Fatah Tanzim forces) against whom, for political reasons, Fatah and Hamas security forces limit their activity – namely, the fear of being seen in the eyes of the public as serving the interests of Israel and acting as collaborators and traitors. In addition, the Gaza Strip saw a significant military buildup following the withdrawal of IDF forces in 2005, all the more so in the absence of an effective border regime under Israeli supervision and given Egyptian policy, which was not always determined to fight stringently against the smuggling of weapons into Gaza (during the Mubarak and Morsi regimes).

As for Israel, the waves of terrorism and political deadlock over the years eroded public confidence in a peace agreement (from 70 percent in 2005 to 50 percent in 2016[6]), and led to the growing belief that Israel has no partner for such an agreement, and that even if a political agreement is achieved, the Palestinian side will have difficulty fulfilling it and will not be able to meet Israel's security demands. Public opinion in Israel has moved to the right, a development reflected in the political composition of the Knesset and the government. At the same time, throughout this period the settlements have continued to expand, which is understood by the Palestinians as well as the international community as an Israeli policy intended to preempt a two-state solution. In the Israeli public today, more than in the past, there are those denying the viability and or desirability of a two-state solution and working toward annexation of most of the West Bank to the State of Israel, without granting full civil rights to the Palestinian population.

The general mood, as is clearly apparent in the discourse on social media among both Jewish and Palestinian populations, accelerates the radicalization of attitudes and the strength of the voices of extremists in both populations and both political systems. This is because the radicalization among the general public, alongside feelings of being trapped, lack of confidence, and hopelessness, places a significant constraint on the political leaderships, which refrain from challenging the radicalizing discourse and preparing the political groundwork for a new path toward coexistence in peace, security, and cooperation.

Outline of a Political-Security Strategy

In light of the gaps between Israel and the Palestinians, both among the general public and the leaderships, as well as the complete distrust between

the leaders, it is presumably not possible to advance a permanent status agreement in one fell swoop, certainly not in the near future. Accordingly, Israel must change its policy and try to mobilize the international community to help in shaping a reality of stable, secure coexistence for Israel and the Palestinians, while improving and advancing the conditions for an agreement when it becomes possible in the future.

To this end state, the strategic center of gravity must be redirected from attempts to renew negotiations and improve ways of managing them (for example, in the framework of holding an international conference, as was the basis of the French initiative) toward the creation of improved conditions for maintaining the option of two states and/or independent Israeli steps. This must be done without putting an end to the essential elements of negotiations for a future agreement: striving to establish mutual trust, respect and reconciliation, as well as creating a foundation for implementing and fulfilling commitments. Throughout this process, Israel has an interest in the survival of the PA leadership, which favors political processes and security cooperation over terrorism and violence. Creating these strategic conditions involves changing the current "gradient," which undermines the feasibility of a two-state solution and shapes a reality of one state, thereby endangering the long term future of Israel. This is at a time of increasing distress, to the point of emerging crises, which increase the likelihood of growing violence.

Security

Security is a necessary component of progress toward a successful arrangement between Israel and the Palestinians at every stage. Threats of Palestinian terrorism will likely continue in the foreseeable future, whether on the part of those who continue to oppose Israel's right to exist and refuse to come to an agreement with Israel, or whether as a means for Palestinian authorities to exert pressure for political purposes or for internal Palestinian considerations. Therefore, the level of violence must be reduced as much as possible and the number of people involved in terrorism minimized, as well as the number of casualties on both sides. This must be done through military means as well as civil and economic efforts and infrastructure development, detailed below. The maintenance of security must rely on complete freedom of action for the IDF and the Israel Security Agency in the West Bank in order to

prevent terrorism (including that of Jewish extremists), dismantle terrorist infrastructures, and remove threats. There must be a minimalist approach (optimum necessary and not maximum possible) that operates with low visibility and a restrained profile, in order to minimize the political impact of critical operational activity. It is also vital to maintain and even increase security coordination with the Palestinian security apparatuses, with the goal that they address the majority of security threats, while the IDF is ever ready to act to cover gaps in their activity. Threats originating in the Gaza Strip must be defused, with the Hamas government, via a determined and systematic deterrence discourse, dissuaded from allowing attacks against Israel from within Gaza. Both areas must include effective border security regimes in order to control the envelope and prevent military buildup, weapons smuggling, and infiltration, with as much cooperation as possible with Jordan and Egypt, the countries with whom Israel has peace agreements.

Economy and Infrastructure

The economic and humanitarian hardship in the Gaza Strip and the growing humanitarian crisis in the region, as well as the poor economic situation in the West Bank (though not as dire as in Gaza), alongside the major gaps between the economic situation of Palestinians and that of Israelis, are factors that undermine stability, expand the circle of animosity, increase motivation among Palestinians to resort to violence, and weaken the ability of Palestinian authorities to govern. In order to reduce this hardship, steps must be taken to stabilize the economy, including the development of infrastructure in both the West Bank and Gaza. This involves critical civil infrastructure: water, electricity and gas, sewage, and housing. Furthermore, sources of income and employment must be developed, extensive controlled entry of Palestinians from the West Bank to work in Israel enabled and enhanced, and Israeli-Palestinian-regional economic cooperation encouraged, for the benefit of all sides. These steps can be initiated by agreeing to revisit the Paris protocol, which regulates the economic relations between Israel and the Palestinian Authority, and generating innovative ideas, such as instituting regional free trade, dividing the customs union, establishing special status industrial zones, encouraging the private sector to invest in new businesses, and establishing technology incubators, factories, and training and employment centers.

In order to enable the integration of the West Bank and Gaza into regional and world trade relations while maintaining security, it is necessary to regulate and improve arrangements regarding the movement of people and transfer of goods between these territories and via the external border crossings: the Allenby Bridge between the West Bank and Jordan, the Rafah crossing between Egypt and the Gaza Strip (subject to Egyptian agreement), as well as assessing possibilities for a sea outlet for the Gaza Strip – starting with the Ashdod Port and continuing to the establishment of an island/floating port off the coast of Gaza, with appropriate security measures in order to prevent weapons smuggling and terrorist infiltration into Gaza.

An international task force could assist in infrastructure rehabilitation in general, and a Gaza port in particular. This task force would be based on donor countries and would be responsible for allocating budgets and resources and supervise the implementation and construction process. It would be preferable for select countries from the international community to be involved in operating sensitive complexes, such as a Gaza port and supervision of what enters and exits from it.

The Palestinian Authority

A Palestinian leadership that is weak, corrupt, fractured, and lacking internal legitimacy cannot be an effective and a reliable partner for a successful agreement. In order to create the conditions that would enable future successful negotiations toward an agreement (not necessarily a permanent status agreement), bottom-up processes must be encouraged that aim to create government institutions and infrastructure and capacity for a Palestinian state in the making, such that the leadership will be stable, responsible, and functional. For Israelis, most of whom do not want to control the Palestinian people and advocate separation from the Palestinians, it is essential that Palestinian government institutions at all levels be strengthened. Israel can even assist in strengthening the legitimacy of the PA leadership in the eyes of the Palestinian public, by improving the economic situation and daily life conditions.

Israel must actively encourage strengthening the PA's security forces and their performance in the West Bank, and in the future – when conditions are ripe – in the Gaza Strip as well, as effective and professional organizations. This is

in accordance with the organizational structure and purposes of the Palestinian security forces, as formulated in the context of security arrangements in a two-state reality – responsibility for law and order, dismantlement of terrorist infrastructure, prevention of terrorism and weapons smuggling, prevention of friction between populations, and creation of a reality of "one law, one arm" in accordance with the vision of PA President Mahmoud Abbas.

Groundwork for a Future Agreement

Now is the time to put innovative ideas on the table that can be implemented in the framework of step-by-step provisional arrangements. There is a great advantage in reaching an arrangement or at least understanding with the Palestinian Authority on the joint implementation of these steps, which may be presented as continued realignment in the framework of the interim agreement (FRD-Further Redeployment). But there is also much benefit to the fact that Israel can carry out these steps without the consent of the PA, which would presumably accept the recommended steps, though not endorse them publicly. These steps would expand the PA's civilian and security powers, without adding to its commitments beyond the current situation. The principles of the proposal include:

a. *Reorganization of the West Bank map, both conceptually and physically:*
   i. Transferring all authorities of security and civilian control and management of daily life of the Palestinian population to the Palestinian Authority in Areas A and B, to be designated as "Area P" (40 percent of the West Bank). This area includes 99.7 percent of the Palestinian population in the West Bank, excluding East Jerusalem.
   ii. Designating part of Area C (up to 25 percent of the West Bank) as "Development Area D," intended for infrastructure and Palestinian economic projects, and providing opportunities for economic initiatives and infrastructure construction for the Palestinian state (in addition to the development in Area P).
   iii. Designating settlement blocs west of the security fence (including Ma'ale Adumim) as "Area E" under full Israeli control (approximately 10 percent of the West Bank). This area includes 86 percent of the Jewish settlement population (Jerusalem is not included).

iv. Designating Area S – security interest area, including the Jordan Valley and the vital security sites and the strategic roads (up to 20 percent of the West Bank). This area is home to 2 percent of Jewish settlement residents.
v. The rest of the territory would remain under its current status – Area C. This area is also defined as an area of settlements not included in the settlement blocs, with 12 percent of the settler population.

b. *Given cooperation between the sides in gradually preparing the ground toward expanded Palestinian self-government, Israel could recognize Areas P and D as a Palestinian state with provisional borders* (up to 65 percent of the territory). This stage would not require evacuating settlements inside or outside of the blocs, or stopping free operation of security forces in the entire territory, but does require validating the division of powers and security responsibility between Israel and the Palestinians in the area mentioned. In addition, transportation infrastructure should be advanced, to enable a better quality of life for Palestinians once the new stages are implemented.
c. *Updating construction policy in the West Bank*: construction in settlement blocs (area E) and in Jerusalem would continue, while construction outside these blocs and deep in Palestinian areas would be halted. At the same time, this stage would include preparing areas in the blocs and within Israel and building communities, encouraging those who choose to relocate from isolated outposts to the new communities.
d. *Modular solutions for problematic issues, without waiting for their solution in a permanent status agreement*: encouraging the process of building the Palestinian state from the bottom up, expanding water allocations to the Palestinians; coming to agreements regarding electricity and energy, the environment, and sewage treatment and waste removal; initiating joint projects for alternative energy and tourism ventures for Palestinians; and examining models for strengthening local communities, provided that they do not obviate the central government.

Conceptual Change

In order to create the political conditions for a future agreement, both the Israeli and Palestinian leaderships must prepare their publics for the possibility

of living in security, peace, and mutual respect beside one another. This will require gradually changing attitudes toward the other nation, from a current enemy to a permanent neighbor, and ending propaganda and incitement. These changes require resolute leadership, which involves risks to the status of leaders, since it means going against the main conceptual stream that has shaped the conflict for generations (sometimes encouraged by those same leaders), and recently has worsened and even radicalized.

In order to minimize the depths of distrust and hatred, efforts toward dialogue between civil societies (people to people), communities, and localities must be initiated. In this context, Arab society in Israel can partner and serve as a bridge between Jewish Israeli society and Palestinian society in the West Bank and Gaza Strip; there are already reflections of this bridge in the economic realm. At the same time, these connections are complicated, and it is necessary to manage the potential risks of radicalization of the societies on both sides and of possible negative and undesirable influences.

Conclusion

The policy suggested here is based on the understanding that under current conditions it is impossible to make the leap to a permanent status agreement between Israel and the Palestinians, let alone ensure that such an agreement would be successful and sustainable. On the other hand, managing the conflict in the current manner does not sufficiently address the negative trends and risks to Israel and its future. Therefore, there must be gradual movement forward to build the infrastructure and conditions that enable a variety of options in the future, first and foremost in order to maintain Israel as a Jewish, democratic, and secure state.

Stage-by-stage steps, which can be framed as a series of transitional arrangements toward the goal of two states or independent entities, require extensive, honest, and serious efforts to improve the living conditions and self-governance of the Palestinians, while maintaining Israel's security needs. This can help create the conditions that will enable future successful negotiations toward a realistic agreement for ongoing coexistence in peace, security, and respect between Israel and its neighbors in the region.

Alternatively, these conditions will enable Israel to choose the option of separation (governmental but not military) from the Palestinians through

independent steps, if the Palestinians refuse to cooperate and to promote a reality of coexistence with Israel. It is essential to conduct an ongoing dynamic dialogue with the Palestinian Authority and with different groups in Palestinian society, not only in the narrow framework of negotiations toward a permanent status agreement, but also in order to support the advancement of secure and fair coexistence between the two nations toward a two-state reality that releases Israel from control of the Palestinians.

A new Republican administration in the United States is an opportunity to bolster the understanding that there is a range of options between a permanent arrangement and a dead end; one of these is transitional arrangements, which also create opportunities for the future. These arrangements can be based on the principles outlined by the Bush administration – with the Roadmap the key path to advance the conditions for an Israeli-Palestinian arrangement, and the Bush letter, which distinguishes between the settlement blocs and the isolated settlements deep in the Palestinian area. If the Trump administration is persuaded to adopt the approach of transitional agreements, whereby anything agreed on will be implemented gradually, it will be possible to mobilize the international community to create the conditions and build the capacity for patiently constructing the institutions of the Palestinian-state-in-the-making, such that it will be stable, accountable, and functional, and not another failed regional entity. At the same time, the international community, along with the leading Arab states, can assist in advancing the relations between Israel and the Palestinians in the direction of mutual recognition, multifaceted cooperation, and civil coexistence. This should be done instead of investing efforts in pressuring Israel and the Palestinians in a single direction of resuming negotiations for agreement on a comprehensive permanent status agreement, under conditions that have failed in the past, and are likely to fail again until they successfully change.

Notes

1 Omer Zanany, *The Annapolis Process (2007-2008): Negotiation and its Discontents* (Tel Aviv: Tel Aviv University, 2015).

2 Ibid.

3 In a Jerusalem Media and Communications Centre (JMCC) survey from July 2016 conducted among Palestinians in the West Bank and Gaza Strip, over a third of respondents stated that they do not trust any of the central political leadership figures

(Abbas, Barghouhti, Haniyeh, Mashal). See http://www.jmcc.org/documentsandmaps.aspx?id=872. In a Palestinian Center for Policay and Survey Research (PSR) survey from March 2016, 64 percent of respondents said that they want Abbas to resign. See http://www.pcpsr.org/sites/default/files/poll%2059%20%20fulltext%20English.pdf.

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Arab Approaches to the Political Process and Normalization with Israel

Ofir Winter

In the course of 2016, the Sunni Arab states, led by Egypt and Saudi Arabia, were noticeably engaged in efforts to break the deadlock in the Israeli-Palestinian political process and renew peace negotiations.

On two separate occasions, including from the podium of the UN General Assembly in New York on September 20, 2016, Egyptian President Abdel Fattah el-Sisi called directly on the people and leadership of Israel to recognize the importance of resolving the Palestinian issue and strive to reach a solution. He stressed that today is "a real opportunity to write a bright page in the history of our region," which in turn would grant stable security and economic prosperity to Palestinians and Israelis.[1] These remarks follow his declaration in May that a solution to the Palestinian issue would pave the way for a "warmer" peace between Israel and Egypt.[2]

In a related development, in July 2016 a delegation of Saudi academics and businessmen visited Israel with the permission of the King, and met with the Director General of the Foreign Ministry and Knesset members to encourage discussion in Israel on the Arab Peace Initiative.[3] In response, Prime Minister Benjamin Netanyahu declared in a speech at the UN General Assembly in September that Israel welcomes "the spirit of the Arab Peace Initiative" and is interested in engaging in dialogue with Arab countries about a comprehensive peace that would include the Palestinians. He noted with satisfaction that many Arab states now recognize that Israel is not their enemy, but rather an ally in the struggle against Iran and the Islamic State, and in achievement of regional goals of security, prosperity, and peace.[4]

The positive exchanges between Israel and Egypt and Saudi Arabia, however, have thus far not translated into a political breakthrough, or into a summit meeting convened by Egypt or another state between the Israeli Prime Minister and the Chairman of the Palestinian Authority, or senior officials sent on their behalf. The reasons for this are connected to all of the stakeholders: Israel and the Palestinian Authority are not ripe for historic compromise on the core issues of the conflict, particularly Jerusalem, the settlements, the right of return, and recognition of Israel as a Jewish state. Israel's right wing coalition and the internal Palestinian divisions between Fatah and Hamas likewise constitute major obstacles to adoption of a conciliatory and consensual policy. The United States, the main candidate to broker the negotiations, was preoccupied with its presidential election, and its leverage for influence over Israel and the Palestinians is too limited given the wide gaps between the positions of the respective parties. The political impasse is a source of frustration among Arab states that see the peace process as in their national and regional interests, yet these states are hard pressed to devise a formula that would extricate the political wagon from the proverbial mud. For Israel, this period may prove to be a historic missed opportunity for large scale normalization toward multi-dimensional and overt regional cooperation. Conversely, if peace negotiations are renewed and if a breakthrough is reached, under the current regional circumstances this will most probably create an opening to integrate Israel as a legitimate actor in the Middle East arena.

Arab Interests in Jumpstarting the Political Process

The significant interest displayed by Sunni Arab countries (especially Saudi Arabia, Jordan, Egypt, and the UAE) in an Israeli-Palestinian agreement is explained officially by shared interests, some common to all and some unique to specific countries. An obvious issue, prominent at least on a rhetorical level, is the historic and ongoing Arab commitment to the Palestinians, which was and still is defined as a primary pan-Arab concern. While visiting Israel in July 2016, Egyptian Foreign Minister Sameh Shoukry repeatedly emphasized political efforts to solve the Palestinian issue. In el-Sisi's speech at the summit of the Non-Aligned Movement in September in Venezuela, he stressed Egypt's support for the legitimate rights of the Palestinian people

to establish an independent state with East Jerusalem as its capital, and his rejection of the ongoing occupation and increased pace of settlement construction. Yet at the same time, in a changed posture, Egypt's solidarity with the Palestinians was joined by a measure of responsibility ascribed to the Palestinians for the political deadlock, given the ongoing rift between Fatah and Hamas, which impedes the Palestinian Authority's ability to negotiate on behalf of all Palestinians and settle the status of the Gaza Strip.[5]

An additional reason to promote the political process stems from the common belief shared by Arab countries that continuation of the conflict creates fertile ground for the spread of radical Islam and increases instability in the region, while a peace agreement would quash a significant source of terrorism. Egypt, which is recovering from two revolutions, and Jordan, which is dealing with waves of Syrian refugees, place stability at the top of their national agendas. As far as these two states are concerned, the status quo and the periodic eruptions of violence between Israel and the Palestinians fan internal unrest and strengthen destabilizing forces challenging their regimes. Given Jordan's delicate demographic composition, flare-ups of violence in the Israeli-Palestinian conflict pose a substantive threat, with any escalation serving to increase support for the Islamist forces undermining the monarchy. For its part, Egypt is interested in an arrangement that prevents violent conflicts between Hamas and Israel that may foment incendiary Egyptian public opinion. In addition, its efforts to ease tensions in the Middle East are an integral part of its intensive efforts to improve its economy by restoring the image of the region as safe for tourism and foreign investment. El-Sisi's statement at the UN – "the Arab-Israeli conflict remains the major [source] of instability in the Middle East, and requires countries in the region and the international community to join forces to achieve a permanent settlement to the conflict"[6] – may be understood in this context. Saudi General Anwar M. Eshki, chairman of the Jeddah-based Middle East Center for Strategic and Legal Studies, explained during his visit to Israel that the Palestinian-Israeli conflict serves as a breeding ground for the growth of Iranian ideology and strengthens terrorist elements that benefit from the Palestinian issue; resolution of the conflict would undermine this environment.[7]

For Egypt and Saudi Arabia, an additional reason to promote the peace process involves their desire to leverage their influence – in the case of

Egypt, through mediation between Israel and the Palestinians, and in the case of Saudi Arabia, through promotion of a framework for a permanent settlement – to strengthen their regional leadership among Arab countries and thereby improve their status in the eyes of the West, especially the United States. Egypt, the pioneer of peace with Israel, has played a major role over the years in mediating between Israel and the Palestinians. Cairo sees its peace agreement with Israel and its involvement in promoting the peace process between Israel and the Palestinians as part of its international stature. For the Sisi regime, fostering Egypt's image as a peace-seeking country and cultivating the current President's image as continuing the path of Sadat is part of the branding of Egypt as a "responsible adult," an anchor of stability in an unstable and divided region suffering from terrorism and bloody civil wars. Furthermore, some in Egypt hope that their contribution to regional peace will clear the way for increased American aid and assistance from international financial bodies in Washington.[8] For its part, Riyadh believes it would improve its political standing and image in the international arena should the Arab Peace Initiative, approved by the Arab League in 2002 under Saudi leadership, finally be accepted by Israel and the Palestinians as the formal basis for negotiations on a comprehensive Arab-Israeli settlement.

An alternative perspective, carefully obscured in official Arab statements but clearly evident in semi-formal public discourse, sees the resolution of the Israeli-Palestinian conflict as an opening for a new regional order, in which the Arab states and Israel can freely join forces on security and economic issues. The novelty here is the Arab interest in promoting normalization: if as part of the original Arab initiative normalization was a "lure" to urge Israel to enter the peace process, now it reflects authentic Arab interest in creating a new Middle East that includes broader and more open partnerships with Israel than in the past. According to this perspective, the resolution of the Palestinian issue is meant to help the Arab regimes legitimize in the minds of their people the transformation of yesterday's enemy into tomorrow's ally. In the security sphere, significant progress on the peace process will facilitate Arab-Israeli cooperation against common enemies that threaten regional stability and peace, particularly Iran and Salafi-jihadist terrorist groups. In the economic sphere, it should clear the way for establishing

cooperation between the region's countries in areas such as energy, water, agriculture, tourism, transport, and trade.

Future Relations between Israel and the Arab States

The instability that has plagued the region in the current decade has weakened the traditional linkage between Arab-Israeli normalization and progress on the Israeli-Palestinian track. The weakened dependency between the two is the result of several processes: the decreased centrality of the Palestinian issue; the growing focus of Arab countries on their internal needs; enemies common to Israel and the Arab states; and most of all, the military, political, and economic interests that can be pursued once Arab states and Israel tighten their relations. Consequently, promoting normalization and progress on the Israeli-Palestinian peace process are no longer integrated processes, but rather independent variables that are harder to balance. Hence, Arab-Israeli collaborations may evolve in a discreet and measured manner even without a political breakthrough. However, these relationships can thrive and emerge from behind the scenes only with the achievement of progress in the political process, even if this progress is on a symbolic level. Achievement of the full potential of these relations, especially in light of the unprecedented Arab willingness today for a deep change on Israel's status in the region with concrete and cultural dimensions, depends on a new political reality of an Israeli-Palestinian agreement.

The political stalemate is not necessarily a recipe for decline or stagnation in Israel-Arab relations. Arab countries soberly analyze the chances of achieving a permanent settlement between Israel and the Palestinians, and are reluctant to make their vital interests in promoting ties with Israel hostage to a political breakthrough that may not come in the foreseeable future. These interests join the widespread assessments in Arab circles that conditioning normalization on comprehensive peace has not proved its effectiveness, and its use as an instrument of pressure against Israel must be revisited. According to these assessments, the gaps in the balances of power between Israel and its neighbors have only widened in recent years, and Israel therefore no longer sees its relations with Arab countries as sufficient incentive for political concessions.[9] These circumstances require the Arab states to examine alternatives for managing their relations with Israel. For

example, Tarek Fahmi, head of the Israeli Unit at the National Center for Middle East Studies in Cairo, who was known until recently for rejecting normalization, has determined that Egypt cannot remain captive to past patterns of behavior and must formulate a new peace strategy to extend the relationship with Israel beyond the security and intelligence spheres. He notes Egypt's ability to use Israel's good relations with Washington to build a new foundation for three-way strategic, economic, and security relations: Israel-Egypt-United States.[10]

A survey of Arab discourse in Egypt, Jordan, and Saudi Arabia shows that the normalization issue remains charged, and that its legitimacy continues to be a matter of public controversy in the absence of comprehensive peace. However, open public debate on the topic is underway, with opinions on both sides being heard – in itself a noteworthy change, as for many years the subject was considered taboo. David Pollock, a researcher at the Washington Institute for Near East Policy, has labeled the relationship developing between Arab countries and Israel as "the new normal," as "the Israeli enemy of my enemy may not be a friend, but could become my partner."[11] Under current geopolitical conditions, sweeping opposition to normalization is seen among Arab regimes as an anachronistic policy that does not serve the national interests of their countries, and may not produce any benefit to the Palestinians. As Egyptian journalist 'Abdel Monem Sa'id, chairman of *al-Masry al-Youm*, made clear in his article in *al-Ahram* about the current Arab position on considering new variables: "Conflict with Israel or peace with it, normalization or boycott of it, cannot be based on the realities of two decades ago, but rather on the current realities of Israel, of the region, of Egyptian and Arab interests, and of Palestinian interests. What we need, perhaps, is a kind of calm reflection and understanding that international relations are based on networks of conflict, competition and cooperation, and we must continually assess the situation so that we avoid fighting windmills or fighting the wars of the past."[12]

Although Palestinian interests were the last item on Sa'id's list, they are still present. This means that slow covert movement toward normalization is possible under current conditions, but the Arab regimes will not put their full weight behind it without significant progress in the Israeli-Palestinian peace process. Arab demands of Israel are decisive and clear, foremost the

establishment of an independent Palestinian state based on the 1967 borders with East Jerusalem as its capital, with the potential compensation for Israel, if it meets these demands, of unprecedented opportunities. These plans, with terms such as "new Middle East," "regional cooperation," and "shared regional front," which led to backlash and suspicion in the Arab world when they were proposed by Israel in the past, are now offered to Israel as informal Arab initiatives.[13] One example is the plan proposed by Sa'd ed-Din Ibrahim of the Ibn Khaldoun Center for Development Studies in Cairo, which was published in August 2016 by *al-Masry al-Youm*, entitled "From Struggle and Boycott to Integration and Development." The plan includes establishing regional economic partnerships, with Egypt and Israel at the center, to be carried out subject to the establishment of a Palestinian state and Arab recognition of Israel. The proposed model for the program is the Franco-German relationship: after World War II the two states created an economic bloc that formed the basis for the establishment of the European Union. According to Ibrahim, the fruits of this model in the Middle East would include renewed land, civilian, and commercial connections between states in the Levant (Syria, Lebanon, Iraq, and Jordan) and the Maghreb (Algeria, Morocco, Mauritania, Tunisia, and Libya) through Egypt and Israel; established Middle East labor and consumer markets to attract extensive regional and international investments; end of the arms race and the transfer of weapons budgets to development goals; and promotion of democratization.[14]

Conclusion

Arab Sunni states are currently interested in advancing the Israeli-Palestinian peace process out of commitment to the Palestinians, but even more so, out of concern for their own interests: weakening the Islamist forces that threaten their regimes and in their view are fed by the conflict with Israel; strengthening their regional and international status by filling a position of responsibility in peace negotiations; and gaining public legitimacy to expand normalization with Israel. For Israel, these trends underline the added value in a regional settlement of the Israeli-Palestinian conflict and the potential of turning the Arab Peace Initiative, amended and adjusted, into the basis for peace negotiations. With wide Arab and Islamic backing, the Palestinians may become flexible in their positions and demonstrate willingness for historic

compromise on the most explosive core issues of a permanent settlement, particularly the right of return and the status of Jerusalem. The success of negotiations of this kind, which would take place under an Arab umbrella, can be expected to pave the way for unprecedented cooperation between Israel and its neighbors at various levels – political, security, and economic.

When Israel assesses regional opportunities available to it at the start of 2017, it must take into account the predicament of Arab regimes in light of the considerable gap between the benefits inherent in developing mutual relations with Israel and their public's reservations about such developments. An appropriate metaphor for the ambivalence of the past year surrounding this Arab dilemma was a judo match at the 2016 Olympic games in Rio: Egyptian judoka Islam el-Shehaby, set to compete against Israeli opponent Or Sasson, refused to shake his hand; bowed at the beginning of the match, but not at its end; in effect, he acquiesced to normalization with the Zionist enemy, but also denied it. These contradictions in the individual athlete's conduct reflected the wider dissonance characteristic of the Arab world, which must maneuver between the myth of Israel as the "historic enemy," the reality of strong Arab-Israeli peace agreements, and shared strategic interests, as well as the Palestinian issue whose solution, at present, is not in sight.

Notes

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Turkey after the Failed Coup Attempt: Inward Focus and External Assertiveness

Gallia Lindenstrauss

The failed coup attempt in Turkey on July 15, 2016 has emerged as a watershed in internal Turkish affairs, and in turn has affected Ankara's foreign policy on both regional and international levels. Already in the early weeks following the successful suppression by President Recep Tayyip Erdogan and his supporters of the attempted coup, changes were evident in Turkish policy on issues that were on Turkey's agenda before the episode: Syria, the Kurdish question, and Turkey's relations with Russia and Iran. Emerging tensions likewise required a revisiting of Ankara's relations with the European Union (EU), the United States, and NATO. It appears that all these developments have created a new context for the normalization agreement signed by Israel and Turkey in June 2016 – both a positive development in the bilateral relations themselves and of general regional importance. It is possible, however, that the events in Turkey not long after the reconciliation agreement was signed have reduced its potential effect on the region.

Changes in Turkey's Foreign Relations

Even though the authorities in Turkey have found it difficult to produce clear evidence that Fethullah Gulen, a Muslim religious preacher living in voluntary exile in the US, was the ideological inspiration and the "mastermind" behind the military coup, there is evidence that many supporters of the Gulen movement were involved in the unsuccessful coup.[1] Following the events,

the Turkish authorities launched a purge of the movement's supporters, detaining and arresting more than 40,000 people and dismissing more than 100,000 from their public positions.[2] Clearly the opportunity was taken in the framework of this large scale purge to act against groups unrelated to the Gulen movement, but that are perceived as critical of Erdogan and the Justice and Development Party. Even before the attempted coup, pro-government elements referred to the movement as the "Fethullahist Terror Organization (FETO)," and following the unsuccessful coup this name has gained traction among additional parts of the Turkish public. Particularly for the younger generation, which did not personally experience the military coup of 1980, the death of about 290 people during the coup attempt and the bombing of the Turkish parliament by its perpetrators are regarded as events that are barely imaginable as possible in today's Turkey. All the political parties in the Turkish parliament condemned the coup attempt, and support for Erdogan skyrocketed from 47 percent in June 2016 to 68 percent the following month.[3]

Gulen's presence in the United States and his status as an American citizen have sparked tension between the United States and Turkey, and this tension, not confined to decision makers, has also spread to the Turkish public. In tandem, criticism was sounded in the United States regarding a number of Turkish statements asserting that the United States aided the plotters. The US administration regards such statements as not only groundless accusations, but also potentially damaging to relations between the two countries. The Turks, however, are demanding the extradition of Gulen, and regard American claims that extradition is a legal issue that will take a long time to settle as evasion and assistance to Gulen, even if only indirect. Turkey-United States relations have known other crises, but the demonization of Gulen in Turkey has exacerbated the destructive potential of this crisis. At the same time, the United States has not succeeded in allaying Turkish fears that the support given to the Syrian Kurds by the United States will lead the Kurds to conquer more territory, thereby creating territorial contiguity along the Turkish-Syrian border. For Turkey, this is a red line, and its fears regarding the matter prompted the decision to launch Euphrates Shield, a military operation in northern Syria, in late August 2016. The Turkish military

intervention has further exacerbated the US-Turkey tensions concerning the role the Syrian Kurds should play in the struggle against the Islamic State.

Since the attempted coup, criticism of the West's ostensible lack of empathy for the trauma suffered by Turkish citizens has been a recurring theme in articles by Turkish commentators and opinion makers on the subject of Turkey's relations with Western countries.[4] The argument was that instead of focusing on condemnation of the coup organizers, particularly the Gulen movement, Western pundits have focused on condemnation of the large scale purge in Turkey following the coup's failure, with reiteration of past criticism of Erdogan's autocratic tendencies. Presidential palace spokesman Ibrahim Kalin wrote on his Twitter account that those leading the critical discourse against Erdogan's ostensible dictatorial tendencies over the past year or two in effect set the stage for the attempted coup.[5] In addition, the West is criticized for not paying enough attention to what is described in Turkey as a positive trend toward increased unity among the Turkish public following the attempted coup.

While the tension between the United States and Turkey centers on the issue of Gulen's extradition, which is directly linked to the coup episode itself, the tension between Turkey and the EU is an ongoing dynamic related to the faltering process of Turkey's accession to the EU and the implementation of the agreement signed by Turkey and the EU in March 2016, whereby Turkey is to receive significant aid and other benefits in exchange for increased monitoring of efforts to smuggle refugees into Greece from Turkish territory. Following the failed coup, demands were made in Turkey for the restoration of capital punishment, which was canceled in 2004 as part of Turkey's efforts to join the EU. In response, senior EU officials made it clear that the restoration of capital punishment would remove Turkish candidacy for membership from the agenda. While it is doubtful whether the Turkish parliament will indeed restore capital punishment, this issue has become an incendiary one in Turkish public opinion.[6] Austrian Chancellor Christian Kern stated in early August that the negotiations between Brussels and Ankara were nothing more than a diplomatic fiction, and Austrian Foreign Minister Sebastian Kurz said that his country would veto the introduction of new topics for discussion with respect to Turkey's accession to the EU. Following these remarks, Turkish Foreign Minister Mevlut Cavusoglu called Austria the "capital of radical

racism."[7] Although these exchanges can be attributed to internal factors in the two countries and the need to let off steam, they appear to be typical of the hostility between Ankara and many European capitals. The EU has also been criticized in Turkey for failing to keep its promise to go ahead with the lifting of the visa requirement for Turkish citizens traveling to European countries. For its part, the EU asserts that the main problem lies in Turkish laws against terrorism, which do not meet the European standards on this matter.[8] The Turkish government's classification of the Gulen movement as a terrorist organization, and the renewal of the violent confrontation with the Kurds in Turkey are to a large extent eroding Turkey's willingness to be flexible in this regard.

In contrast to its criticism of the West, Turkey is clearly satisfied with the responses of Russia and Iran to the attempted coup and the strong condemnation in those countries of the anti-Erdogan conspirators. The Turkish President's first foreign visit following the attempted coup was to Russia, and Iranian Foreign Minister Mohammad Javad Zarif was the most senior foreign diplomat to visit Turkey following the events. The thaw in relations between Turkey and Russia began earlier, and it appears that the tension created between the two countries following the downing of a Russian airplane in Turkish airspace in November 2015 is dissipating. On June 27, 2016, Erdogan wrote to President Vladimir Putin, promising to "do everything to rebuild relations."

Both Russia and Iran believe that there has been some change in Turkish policy on the issue of Syria – in other words, Turkey is less opposed to the continued rule of the Bashar al-Assad regime, at least in the interim period – and they want Turkey to continue in this direction. In an interview during his visit to St. Petersburg, Erdogan said that Russia was the central actor for bringing about peace in Syria.[9] At a joint press conference at the end of Zarif's visit to Turkey, he and Cavusoglu declared that they intended to tighten the connection between their countries concerning the preservation of "Syria's territorial integrity."[10] Turkish Prime Minister Binali Yildirım also made remarks to this effect in his meeting with foreign reporters on August 20, 2016, and said that Turkey was planning on assuming an active role in events in Syria over the coming months in order to prevent Syria's division along ethnic lines.[11]

These statements inter alia reflect Turkish concern about the strengthening of the Syrian Kurdish forces and the possibility that they will expand their control further in northern Syria. It is against this backdrop that Operation Euphrates Shield can be understood. Turkey would not have begun this operation without some sort of tacit consent of Russia, and Russia would not have agreed to Turkish actions without assurance that Ankara's policy vis-à-vis Assad has changed somewhat. Turkey's persistence in this policy means that the Kurdish question is the most important issue in the Turkish order of priorities, while issues such as the future of Assad and the fighting against the Islamic State are of lesser importance. Such a policy is likely to cause some contention between Turkey and Saudi Arabia, which hoped for the long term to keep Turkey in the Sunni axis it is trying to lead. Turkey's initial successes in Euphrates Shield have also led it to present a more assertive stance regrading developments in Iraq, and this has put a strain on relations between Baghdad and Ankara.

Following Erdogan's visit to St. Petersburg, a NATO spokesman stated on August 10, 2016 that Turkey's membership in the organization was not in doubt. The need to deliver such a message, which took many by surprise, reflected the confusion and tension that have emerged in relations between Turkey and NATO following the failed coup. Particularly upsetting were the incidents at Incirlik Air Base, where dozens of NATO tactical nuclear weapons are stored, and from which warplanes take off in the framework of the campaign by the international coalition against the Islamic State. The activity at the base, including that of American warplanes, was temporarily suspended when the base commander and other officers were arrested for involvement in the attempted coup. Although there is a tendency to regard Turkey-NATO relations and Turkey-Russia relations as a zero sum game, the harsh dispute between Turkey and Russia following the shooting down of the Russian plane was also inconvenient for NATO, as it gave rise to concern that Turkey would demand the implementation of Article 5 (Collective Defense) of the NATO charter. The improvement in relations between Turkey and Russia therefore also had a positive aspect from a Western perspective. Nevertheless, this positive aspect was of minor importance, compared with the tension created between Turkey and other NATO members following the attempted coup.

The Attempted Coup and Israel-Turkey Relations

The signing of the normalization agreement between Turkey and Israel on June 28, 2016 constituted a landmark in the bilateral relations, although its prominence was relatively eclipsed by the mass terrorist attack at Ataturk Airport that same day and the subsequent coup attempt. In contrast to a number of previous cases, in which accusations were leveled in Turkey of Israeli involvement in negative developments in the country (such as the terrorist attack by the PKK in May 2010 and the accusation that Israel was part of "the interest rate lobby" allegedly behind the Gezi Park events in 2013),[12] almost no accusations of this nature were leveled with respect to the failed coup. This was particularly remarkable given that one of the first signs of an estrangement between Erdogan and Gulen was the latter's condemnation in June 2010 of the *Mavi Marmara*'s attempt to reach the Gaza Strip without Israel's consent. The fact that Israel was not blamed regarding the coup can be attributed to the normalization agreement.[13] The attempted coup delayed the vote in the Turkish parliament on ratification of the agreement and the passage of a law canceling all legal claims against IDF soldiers and officers involved in the events relating to the Gaza Strip flotilla, but representatives of the two countries expressed hope that the agreement would be implemented as decided, and the vote indeed took place successfully on August 19, 2016.[14]

The Turkish-Russian crisis played a major role in pushing Turkey toward the normalization agreement with Israel. Turkish anxiety about a military confrontation with Russia and possible disruption of the supply of Russian gas to Turkey spurred a rethinking of Turkish foreign policy in general, and relations with Israel in particular. The thaw in relations between Ankara and Moscow took place simultaneously with progress on the normalization agreement with Israel, and as a reflection of a more pragmatic line in Turkish foreign policy. Turkey's rapprochement with Russia is therefore not expected to come at the expense of continued normalization with Israel, except perhaps for the possibility of natural gas imports from Israel. In any case, however, Turkey has an interest in diversifying its sources of energy, and it remains to be seen whether the signing of the agreement between Ankara and Moscow about the Turkish Stream project (the planned gas pipeline between Russia

and Turkey, which could possibly also be used for exports to Europe) will indeed result in the materialization of the this project.

In the framework of the understandings related to the normalization agreement, Israel undertook to allow Turkey greater freedom of action in sending humanitarian aid to the Gaza Strip and the development of projects there, including the construction of a power station (in cooperation with Germany) and desalinization plants. Yet in view of the increased contacts between Israel and Turkey on the Gaza Strip, a possible Turkish contribution to efforts at reconstruction in the Gaza Strip also involves potential for friction between the two countries. There were concerns about a delay in unloading the first shipment of Turkish aid at Ashdod Port since the reconciliation agreement, both because of wildcat sanctions by the port workers and problems in transferring the money from the Turkish Red Crescent to banks in Israel, which claimed that the funds were illegal.[15] Turkish aid to the Gaza Strip is not a new phenomenon; nevertheless, with the increase in the scale of assistance, the question arises how the relations between the countries will be affected if buildings and facilities constructed with Turkish aid are damaged, or Turkish citizens involved in construction are unintentionally injured during a future violent clash between Israel and Hamas.[16]

A Look Ahead

The attempted coup has led Turkey to concentrate mainly on internal affairs, although Ankara has also presented a more assertive foreign policy, as manifested mainly in its military action in Syria. Still, it is highly doubtful whether dramatic changes in Turkish foreign policy, such as a withdrawal from NATO or discontinuation of the talks on Turkey's accession to the EU, will take place in the near future. At the same time, the question arises concerning the proper functioning of the public systems in Turkey, especially the army, following the extensive purges carried out in these systems, which some have compared to the Cultural Revolution in China and the destructive de-Baathification process conducted by the Americans in Iraq.[17] The purging of more than 100 people of the Turkish military staff that is responsible for the coordination with NATO, has been received in the West with concern.[18] Very worrisome in the NATO context is also the growing impatience with

Turkey in many Western circles, and the doubts concerning the continuation of relations with it in the current format.[19]

Questions arise also about the future of the conflict between Turkey and the PKK and Turkish policy toward the Syrian branch of that organization. The Gulen movement was among the opponents of the peace process between Ankara and the PKK (which collapsed in 2015), and tried to sabotage it. The People's Democratic Party (HDP), the pro-Kurdish party in Turkey, condemned the attempted coup, and contended that the Gulen movement was behind the conspirators. In contrast to Erdogan's outstretched hand toward the other opposition parties following the failed coup, there was no similar policy toward the pro-Kurdish party. In this context, HDP's Co-chairman Selahattin Demirtas accused Erdogan of stirring up Turkish national chauvinistic feelings, and noted that he saw no positive signs of restarting the lapsed dialogue with the Kurds.[20] Moreover, in November 2016 several HDP elected members of parliament were detained and arrested including the party's co-chairs, an act which likely sealed the lid on the resumption of the peace process anytime soon. In view of these developments, the thaw in relations with Russia and the warming of relations with Iran can be regarded in part as an attempt to stem the further strengthening of the Syrian Kurds, whose leading force is the Syrian branch of the PKK.

Turkey's estrangement from the West is not beneficial for Israel, especially if it means a rapprochement with Iran. At the same time, previous Turkish attempts at a turn to the East have shown that Turkish relations with both Russia and Iran are far from tension-free. Ankara has not reversed its intention of going ahead with its normalization agreement with Israel. On the contrary – the Turkish Foreign Minister even stated that Israel had (so far) fulfilled its obligations, and the Turkish parliament approved the agreement between the two countries. In October 2016, the first ministerial visit since the *Mavi Marmara* affair took place, when Israel's Energy Minister, Yuval Steinitz, attended the World Energy Congress in Istanbul and met with his Turkish counterpart.[21] Nevertheless, it is likely that the weak state of the Turkish army following the attempted coup will complicate the development of any significant military cooperation between Turkey and Israel – a sensitive undertaking in any event following the years of crisis between them. From the Turkish side at least, it appeared before the coup that there was an interest

in renewing defense procurement from Israel, yet it is now nearly certain that any development of this kind will take much longer.[22]

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Relationship Reset: Israel and the United States

Oded Eran and Michal Hatuel-Radoshitzky

Like many new office holders, the new United States President will likely utilize a fresh set of personal, ideological, and practical tools as he confronts domestic and international developments. A shift in US policy is bound to occur, however, not only because of the changing of the guard, but also because of a new response warranted by unstable circumstances and by changing patterns among actors in the region and beyond.

The Regional and International Backdrop

The bilateral relations between Israel and the United States cannot be separated from the greater regional and international contexts.

US conduct during President Obama's second term illustrates the administration's difficulty in charting a policy that reflects the political, economic, and societal changes in the Middle East. While navigating between allies that have not necessarily followed the liberal values and norms embraced by the US has always been a difficult task, this is particularly true in the current regional turmoil, which has already cost hundreds of thousands of lives and resulted in millions of refugees.

President Obama reduced the US presence in Afghanistan and Iraq, two fronts inherited from his predecessors, and the policy was extended to new battlegrounds in the Middle East, particularly Syria. In general, the reason to limit American engagement in the Middle East can be attributed to two factors. The first is that the US relies increasingly on domestic energy resources and is becoming a net energy exporter, which potentially increases

tension with OPEC in general and Saudi Arabia in particular, in light of Riyadh's attempt to control markets. As such, the incoming President is likely to promote domestic production of energy sources. A second factor is the desire to avoid heavy investments in conflicts that do not stand to yield clear military, strategic, political, and economic gains.

Whether or not the President-elect's rhetoric during the campaign about rechanneling American resources inward is translated into policy, the government of Israel would do well to analyze the strategic implications for Israel regarding a gradual and partial US withdrawal from the region. One implication of such a development, for example, is reduced American involvement in the peace process. Even in the face of an American withdrawal mode, however, the US will continue to be involved in shaping Middle East processes (the President-elect has expressed his wish to negotiate an agreement between Israel and the Palestinians), and Israel has no better alternative to be a part of such developments than through close dialogue with the US. An Israeli-American engagement of this sort requires trust at the highest level – a factor that was clearly missing in the relationship between the US President and the Israeli Prime Minister over the past eight years.

Israel's ability to distance itself from the regional wars and disputes of the past six years served to strengthen the argument that there is no rational linkage between the Israeli-Palestinian conflict and other regional conflicts, and that solving the former will have no impact on settling the others. While this basic rationale appears to have been accepted by the United States, it has not resulted in an easing of pressure on Israel regarding its policies toward the Palestinians, either by the US under the Obama administration or by other international actors. While Trump the candidate spoke very little about the Israeli-Palestinian conflict (beyond commitments to Israel's security and transferring the US embassy to Jerusalem), it is a mistake to assume that this issue will disappear from the new administration's agenda. In fact, it is likely that the Israeli-Palestinian conflict will not only surface in the Israeli leadership's first meeting with the new President, but also in related discussions regarding Israel's relations with regional and international actors.

In the coming period – and here too, irrespective of campaign rhetoric – there will presumably be no demands made of Israel to chart precise borders or detail future plans for Jerusalem. The current regional instability, the

weakening of state power, the particularly grim state of affairs in the West Bank, and the policy line adopted in the July 2016 Quartet Report whereby international efforts will be channeled to keep the two-state solution viable, lessen the likelihood of such demands.

The Twilight of One Administration and the Dawn of the Next

Two major issues affected the bilateral relations during the Obama administration: the Joint Comprehensive Plan of Action (JCPOA), i.e., the deal reached between the P5+1 and Iran over Iran's nuclear program; and the ongoing Israeli-Palestinian conflict.

In the summer of 2015, Iran emerged from years of international political and economic pressure with an agreement that fails to prevent it from pursuing certain nuclear, political, and military activities that can adversely affect the interests of Israel and the United States alike. Yet while the JCPOA with Iran is a fact, the entire Iranian file, including future possible violations of the nuclear agreement, still loom. Prime Minister Netanyahu may face a tempting situation in which President Trump will seek to reopen the JCPOA. Such an attempt, however, would rekindle political battles in the Congress, replete with familiar repercussions for Israel, and would most likely be opposed not only by Iran, but by America's partners to the negotiations as well. The Israeli Prime Minister's preferred alternative on this issue should thus be to focus on initiating an Israel-US dialogue concentrating on a response to any Iranian violation of the JCPOA.

Before the JCPOA was concluded, the strained personal and political bilateral relations between the Israeli and American leaderships likely damaged the potential for the two states to cooperate effectively on related issues. A long term consequence of the tense relations is Israel's 2015 decision to delay the talks over the renewal of the Memorandum of Understanding (MOU) on the next decade of US security assistance to Israel, in order to avoid the impression of accepting or conceding to the deal negotiated with Iran. Thus, Israel's policy line was to suspend the talks until after the negotiations with Iran were concluded.

The new MOU, signed in September 2016 following an extended period of negotiations, will govern US security assistance to Israel for the decade

that begins in 2018. Changes from previous agreements reflect the Obama administration's dissonance vis-à-vis Israel: fierce criticism of the Israeli government's conduct regarding the Iran deal (including Prime Minister Netanyahu's speech to Congress in March 2015) and the Israeli-Palestinian arena, versus the major foreign policy tenet of deep US commitment to Israel's security. In this state of affairs, the terms of the MOU include two prominent changes from previous agreements. The first is an Israeli commitment to refrain from approaching Congress directly with a request to increase the level of assistance following the conclusion of the MOU. This is significant since the revisiting of Israel's security needs on a frequent periodical basis (in addition to the ten-year deal) has not been an uncommon occurrence. This stipulation, if unchanged, will make it difficult to persuade US administration officials and lawmakers of a deteriorating security balance calling for adjustment in the US security assistance. The second change from the existing framework is a gradual annulment of the provision enabling Israel to spend a quarter of the amount on the purchase of goods manufactured by Israeli defense industries (which is a potentially detrimental condition for some of them).

It is of course possible that President Trump will review the MOU in light of political or security-related developments, or that Congress will decide to increase the level of America's security support beyond the administration's request, even absent Israel's request. In such a scenario, however, a certain amount of Israel-bashing can be expected, and therefore the Israeli government should avoid being perceived as initiating a move to change the MOU. Moreover, a move by the new US administration and especially the Department of Defense to improve the terms of the MOU is preferable to a similar initiative by Congress. For its part, Israel should engage the new US administration in dialogue regarding the Qualitative Military Edge (QME) that could be negatively affected, in the event that the United States or other powers forge new military deals with Israel's regional neighbors.

The second issue that contributed to the erosion of the bilateral relations during the Obama term, the ongoing Israeli-Palestinian conflict, has in fact been a major stumbling block in US-Israel relations since 1967, notwithstanding the expansion of cooperation between the two states in defense, science, trade, and other fields. In this respect, the Obama administration has not

deviated significantly from a longstanding pattern of heavy US criticism regarding two issues: Israel's settlement enterprise and what is perceived as excessive Israeli military force in dealing with Palestinian acts of terror. The tense relations between Prime Minister Netanyahu and President Obama, however, seem to have set a precedent in their long duration. It is no secret that the Obama administration, and especially Secretary of State John Kerry, invested extensive efforts in the Israeli-Palestinian channel during the second half of the President's term, and American officials involved in the process did not hide their sense of Israel's intransigence and their ascribing Israel at least partial responsibility for the failure of the efforts. Simultaneously, however, it would be wrong to accuse the Obama administration of being substantially more critical of Israel in comparison to previous administrations.

Notwithstanding official US criticism regarding Israel's policies toward the Palestinians, throughout President Obama's term the United States vetoed – or when necessary, threatened to veto – draft resolutions in the UN Security Council aiming to create a new legal basis for resolving the Israeli-Palestinian conflict other than Security Council Resolutions 242 and 338. Extensive discourse whether this policy could be subject to change in the immediate period before the new administration is inaugurated in January 2017 is yet another poignant indication of the deterioration of mutual trust between the Israeli and incumbent US leaderships. Yet regardless of America's UN policy line in the final months of President Obama's term, the Israeli government would do well to propose pragmatic ideas toward ending the Israeli-Palestinian deadlock, including seeking to reaffirm the United States positions put forth in President Bush's letter of April 24, 2004 to Israeli Prime Minister Sharon concerning future borders and the resolution of the Palestinian refugee issue. This is based on the assumption that the incoming Republican administration will be more comfortable adopting ideas cultivated by a former Republican administration, rather than those advocated by President Clinton or President Obama.

Finally, it is during President Obama's term that an important base for the bilateral relations, i.e., the notion that the two nations have "shared values," appears to have eroded with the perceived weakening of Israel's democratic ethos. Surveys show continued American support for Israel among conservatives, with liberals displaying more ambivalence and a

greater inclination to view the Palestinian plight as analogous to apartheid. The Boycott, Divestment, Sanctions (BDS) civil society campaign, which is by now widespread on American campuses, feeds on this rhetoric and thus, despite its lack of significant impact on the two states' bilateral relations to date, should not be dismissed lightly.

Relations between Israel and the American Jewish Community

The 1967 Six Day War played a pivotal role in the relations between Israel and the American Jewish community. The war ushered in an era of close bilateral political activity centered on increasing the United States role in the Middle East in general and vis-à-vis Israel in particular. At the same time, 1967 sowed the seeds of American discontent with Israel, and these seeds have blossomed in recent years.

All US presidents and administrations have adopted the spirit and content of UN Security Council Resolution 242, which the US co-authored and which passed in November 1967, and stipulates Israel's withdrawal from territories occupied in 1967 in return for peace. In the domestic aftermath of the 1967 war, Israel's religious parties adopted a nationalist-based agenda advocating retention of the Biblical areas of Judea and Samaria (the West Bank) as integral parts of Israel. Following the political shift that resulted from the 1977 general Israeli elections, these national religious parties became vital parts of consecutive right wing coalitions, enabling them to push their dual agenda, which fuels tension between significant parts of the American Jewish community and Israel.

For decades after the Six Day War, the American Jewish community refrained from engaging in a discussion regarding the 1967 borders, essentially adopting the Israeli approach. In recent years, however, pro-Israel Jewish groups advocating for an end to the conflict with the Palestinians at the cost of withdrawal from most of the land occupied in 1967 and halting settlement building have become active in the US. The erosion of the conviction that the Jewish communities in Israel and the US share human, religious, and political values may have harmful implications, in that the linkage between the two communities underlies support for Israel among the broader American public as well as among members of Congress. Another factor influencing

American support for Israel has to do with the almost instinctive understanding that the unwritten alliance between Israel and the US serves the interests of both parties. The active involvement of the American Jewish community in US political arenas has contributed to this support far beyond the Jewish community's actual demographic size. A change in the perception that the American Jewish community identifies itself with the Jewish nation at large and with Israel in particular is therefore bound to have harmful repercussions for Israel.

In acknowledging the importance of the bond between the world's two largest Jewish communities, the Israeli government, political parties, and NGOs should consider the wider implications that the bilateral relations have for Israel, beyond the Israeli domestic arena. As such, Israel's political echelon should pursue specific moves, e.g., a symbolic move such as a trip to Washington by Israel's President in order to meet with major Jewish communities in the US. On the practical level, there could be a periodical forum in the US in which the entire Israeli government will convene with heads of American Jewish organizations.

Looking Ahead

The Middle East that President Trump will encounter is dramatically different from the region that President Obama sought to engage in his Cairo speech during his first year in office. The new realties in the region, many of which do not involve Israel directly, will affect Israel's strategic standing in the future. Whether the United States slowly withdraws or remains cautiously engaged in the region, it will continue to be a key international and regional actor. Israel ought to embark on a fresh start in its relations with the new US administration and present it with a comprehensive analysis of major regional developments (including in Iran), and proposals for regional economic, political, and security cooperation (soft and hard). Since it is unclear how the US policies vis-à-vis the Israeli-Palestinian conflict will evolve, Israel should carefully monitor potential provocative and escalatory actions, taking all possible scenarios into account and weighing the long term implications of its short term policies.

The First Circle of Military Challenges Facing Israel: Multiple Arenas and Diverse Enemies

Kobi Michael and Gabi Siboni

The upheaval that began in the Arab world in late 2010, which brought down the central government in several states and upset the regional order, is still potent. Six years later, the IDF faces a number of geographic arenas representing different challenges: the borders arena – with countries with which Israel has peace treaties (Egypt and Jordan); the Gaza Strip; Judea and Samaria; and Lebanon and the Golan Heights. Joining these fronts are the Iranian threat, the cyber challenge, and the threat of a conventional conflict against Arab armies in the area (albeit an unlikely reference scenario).

The IDF's deployment on the borders with Egypt and Jordan relies on inter-state cooperation, and military and intelligence coordination. Despite the presence of non-state actors in Sinai (including Wilayat Sinai, an organization affiliated with the Islamic State), the underlying logic of Israeli activity on these borders is state logic. In the conflict arenas in the Gaza Strip, southern Lebanon, and the Golan Heights, on the other hand, Israel faces armed non-state actors that wage terrorism and guerilla warfare, while assimilated and concealed among the civilian population, which it uses as a human shield. These patterns of action remain dominant even when those actors are to some extent formally established, when they control territory, and when they are responsible for providing services to the population under their control (Hamas and Hezbollah, for example). The Judea and Samaria conflict arena is different, due to the existence of the Palestinian Authority

(PA), a semi-state entity that functions poorly. At the same time, Israel and the PA security agencies cooperate in the struggle against the terrorist infrastructure of individual terrorists and cells linked to Hamas, which also operates against the PA and builds on the prevalent frustration among the local population. The military activity in this area comprises typical police missions requiring, in addition to counter-terrorism measures, acting vis-à-vis the civilian population in a manner designed to prevent violence and mass rioting.

The variety in type and modus operandi among the enemies in the respective arenas requires adaptation of the military response, different deployment, and individual buildup of the relevant forces. At the same time, the effort to use military units for diverse and fundamentally different missions, as shown by the lessons of the conflicts in which the IDF has been involved in recent years, indicates that this approach leads to a decline in the professional level of the forces, mental confusion in the transition from one arena to another, and high costs resulting in operations by untrained and irrelevant forces and lack of efficiency in organization and resources.

This article explores the military challenges in the various arenas of the first circle. The difficulties in the use of force by the IDF in the respective arenas are cited as a basis for proposing possible directions for action that provide a response to most of the challenges. The primary goal is to build and train special and specialized forces, while maintaining the existing overall military capability, and thereby provide a response to the challenges facing the IDF on the various fronts at this time.

The Arenas and Challenges Facing the IDF

Judea and Samaria

The most prominent characteristic in the Judea and Samaria arena is the existence of the PA, which has state institutions and security agencies, and which bears direct and complete responsibility for part of the Palestinian population (in Area A) and civilian and policing responsibility in another part of the territory (Area B); Areas A and B are home to some 95 percent of the Palestinian population in Judea and Samaria. Israel bears complete responsibility for Area C, which includes a Jewish population numbering 400,000 people living in hundreds of settlements, most of which are located

west of the security fence, with some areas, including more isolated settlements, located east of the security fence. The IDF, assisted by the Israel Security Agency (ISA), is present in the territory, and operates cooperation and coordination mechanisms with the Palestinian security agencies. IDF and ISA activity in Area A also constitutes an essential security envelope for the PA, because the latter is hard pressed to cope on its own with Hamas's efforts at subversion.

The situation in the area is shaped by a number of principal elements: the continued occupation under a military government (particularly in Area C) functioning in a prolonged political stalemate, with no significant indication that negotiations might be renewed any time soon; an Israeli presence and control in a large portion of the territory, which includes relatively intense activity in PA-controlled Area A; division and alienation in Palestinian society; a difficult economic situation, marked by a high unemployment rate among the population, especially well-educated young people; and a feeling of anguish in the young generation, which sees no better future for itself. The loss of confidence in the PA and its leadership, combined with despair at the strategic ineffectiveness of Hamas's violent resistance and the absence of hope for the future among the young generation have resulted in the violence that began in October 2015, as reflected in the lone wolf terrorism of knife stabbing and car-ramming; the outbreak itself was likely triggered by the intentions attributed to Israel regarding the Temple Mount and the accompanying incitement, and heightened by the glorification of the perpetrators and the demonization of Israel. In addition, there was a rise in terrorist attacks involving shooting, stone throwing, and Molotov cocktails, plus rioting in areas of friction with the IDF and Jewish civilians. It is likely that in the background of this wave of terrorism in Judea and Samaria, beyond the incitement of the Palestinian establishment and social media discourse, was the general mood in the region and the rise of the Islamic State and the Salafi jihadist ideology it represents.

Treaty Borders: Egypt and Jordan

The Israel-Egypt and Israel-Jordan borders are Israel's longest land borders. They are sparsely populated areas and relatively remote from large population centers. At the same time, these borders differ from each other in their

topographic and demographic characteristics. Many parts of the border area with Egypt are unpopulated, while other parts are inhabited by a Bedouin population that does not accept the rule of the central government; the Egyptian government has difficulty exercising control in these areas. The border area with Jordan is sparsely inhabited by a rural Bedouin population. The city of Aqaba, located at the southernmost point on the border, is developing rapidly municipally and in tourism, and a tourist infrastructure on the shores of the Dead Sea is also developing. These assets, coupled with Amman's proximity to the border and Jordan's commitment to the peace treaty with Israel, have motivated Jordan to invest heavily in the deployment and activity of its security forces, resulting in effective security control along the border.

The most significant challenge on the Egyptian border is the presence and activity of the Islamic State-affiliated Wilayat Sinai terrorist organization. Although this organization is fully engaged in its war of survival with the Egyptian security forces, it also has an interest in carrying out terrorist attacks in Israeli territory as an expression of its identification with Hamas, and in an effort to embarrass the Egyptian regime. In addition to this threat, the IDF must deal with attempts to cross the border illegally, mainly by drug smugglers, labor migrants, and refugees. The challenge on the Jordanian border, on the other hand, is less difficult, because the threat is not as great, and the Jordanian army responsible for security on the Jordanian side is relatively effective. Israel enjoys a high level of military and intelligence cooperation with both Egypt and Jordan, and the three states share a mutual understanding of the importance of preserving tranquility on the border.

Lebanon

Since the Second Lebanon War, UN Security Council Resolution 1701 notwithstanding, Hezbollah has taken advantage of its political and military power in Lebanon to continue developing its military capabilities without interference from the Lebanese government. Hezbollah has become no less than an army, boasting a range of firepower and maneuvering capabilities and special forces. Iran's connection with Hezbollah is Tehran's means of influencing Lebanese politics. Iran, the main supplier of Hezbollah's military capabilities, provides the organization with financing, weapons, and strategic support that will enable it to confront Israel effectively. Hezbollah

ignores the authority of the Lebanese army, and since the organization joined the Lebanese government, the Lebanese army has gradually enhanced its cooperation with the organization.

Hezbollah bases its military operational approach on several aspects. One is the construction of a military infrastructure in a civilian environment, with the understanding that this environment will protect it, because Israel will have difficulty in operating against it; indeed, Hezbollah's bases are deployed in hundreds of villages in southern Lebanon.[1] Another element involves the use of advanced weapons generally employed by regular armies, but in combination with guerilla tactics. The organization has many firepower capabilities, some with long range improved accuracy and great destructive capability. In addition, Hezbollah is equipped with sophisticated anti-tank weapons, dozens of unmanned aerial vehicles (UAVs), advanced anti-ship missiles, and aerial defense systems that challenge the supremacy enjoyed by the Israeli air force in recent decades. The threat on the Lebanese front is also significant, given that there are dozens of Israeli communities along the border. A surprise attack by Hezbollah aimed at taking control of a community or military outpost is not an unimaginable scenario. Hezbollah's force buildup, together with the operational experience it has accumulated in the fighting in Syria, the geographic features of the area, and the proximity to the border of Israeli communities, make this potential threat very grave.

The Golan Heights

The situation on the Golan Heights is different because of the civil war underway and the large number of actors operating in the area. Many rebel organizations operate in this region, which is home to weakened remnants of Assad's army and a sparse population, alternatively cooperating and fighting with each other. What they all have in common is the struggle against the Assad regime and the desire to overthrow it. On other matters relating to Syria's future, however, they do not necessarily agree. In contrast to the cases of Hezbollah and Hamas, which usually act as the sole ruler of well-defined territories, there is no single ruling group on the Golan Heights. In this sense, Israel has no clear address, as it does in the Gaza Strip and southern Lebanon, and must therefore deal with a number of players having different agendas.

The Gaza Strip

The security challenge in the Gaza Strip results from a number of factors. Hamas controls the Gaza Strip, consolidating its status as a semi-state with a (relatively) strong military infrastructure and the ability to attack many areas in Israeli territory with its firepower. Hamas is not the sole armed group in the area; it is joined by Palestinian Islamic Jihad and Salafi jihadist organizations, which have adopted the ideology of al-Qaeda and the Islamic State. All of these organizations use terrorism and guerilla warfare. Like Hezbollah, they are assimilated among the civilian population, and use it as a human shield. The border with the Gaza Strip runs next to Israeli rural and agricultural communities and the town of Sderot, so any friction in the area of the Gaza Strip border fence affects the nearby communities and their daily life, enabling Hamas to create pressure on the Israeli civilian population. One of the main methods Hamas has adopted (also following Israel's success in using active defense systems to counter rockets launched from the Gaza Strip) is digging tunnels across the border that make it possible to bypass the obstacle at the border and bring forces to the Israeli side. The proximity of the Israeli communities to the border makes this threat particularly serious. It has a severe psychological effect on the Israeli population and causes protests, backed by a political lobby, thereby keeping the issue alive in Israeli security discourse and exerting pressure on the political and military echelons in Israel.

The humanitarian situation in the Gaza Strip is complicated and difficult, and the ability to improve the situation there depends on the following factors: (a) relations between Hamas and the PA, and between Hamas and Egypt (as part of the Muslim Brotherhood, Hamas is regarded by the Egyptian regime as a dangerous and subversive enemy that aggravates instability in Sinai, due to Hamas's cooperation with jihad groups in the area such as Wilayat Sinai); (b) Hamas's willingness to limit its efforts to rearm, which come at the expense of efforts at reconstruction in the Gaza Strip; and (c) Israel's policy and the willingness in the Arab world and the international community to take more substantial responsibility for improving the situation. The humanitarian situation in the Gaza Strip, a ticking bomb, has caused flare-ups and escalation, leading to major IDF operations in the area (the most

recent one being Operation Protective Edge in 2014). Without a material change in the Gaza Strip, further escalation can be anticipated in the future.

The strategic partnership between Israel and Egypt requires Israel to take Egyptian interests into account in this context, and to maintain a high level of coordination with Egypt on all matters pertaining to the Gaza Strip. Given the Egyptian hostility to Hamas and the tension between Egypt and Turkey, Israel will have to show great sensitivity in the context of the measures it initiates to speed up reconstruction in the Gaza Strip (particularly in view of Turkey's expectation of substantial involvement in this process), which will tend to consolidate the Hamas rule in the area.

The Israeli Response

Israel must deal with the variety of threats in times of routine, while maintaining its readiness and fitness for escalation, and even for full-scale war. Non-state actors are operating in three arenas facing Israel – Lebanon, Syria, and the Gaza Strip. Despite the special characteristics of each, there are a number of prominent features common to all. These groups have taken control of territories and populations in all three arenas – they have become the actual rulers of those territories, and are responsible for the people living there. Over the years, therefore, these groups have had to undergo a process of institutionalization involving the use of state institutions and the provision of state services to the civilian population. Their military wings have undergone a similar process, and have become what amounts to armed forces of a semi-state. The cases of Hezbollah in south Lebanon and Hamas in the Gaza Strip are the clearest examples of this pattern.

The IDF's challenges in the first circle can thus be divided among three areas: the Judea and Samaria arena, in which the main focus is on counter-terrorism and police missions; treaty border arenas – the Israeli-Egyptian border and the Israeli-Jordanian border: despite the difference in threats, these theaters are more similar than different; and borders with sub-stage organizations in states with which Israel does not have a treaty: the Israeli-Syrian border, the Israeli-Lebanese border, and the Israeli-Gaza Strip border, in which the threats are also similar. This categorization demands the adaptation of operations according to the respective characteristics of the arenas, and enables the IDF to devise three kinds of relevant responses, which can make

regular security work and defense of the borders at routine times more effective, while improving readiness and fitness for war.

The IDF governs in Judea and Samaria through the military government established in the area following the Six Day War. Since then, the IDF has based its response to the variety of threats in this area on regular army units and reserves, which perform police and regular security missions in cooperation with the ISA. The area is under the command of an area division, divided into fixed area brigades, to which combat forces are assigned as needed. In the event of escalation, the army reinforces the area with additional troops.

The complexity and sensitivity typical of the Judea and Samaria arena require a great deal of familiarity and understanding of the area and the population living there. The extent of the friction between the IDF and the Palestinian population in a situation of terrorism by individuals, ongoing efforts by Hamas to rebuild its terrorist infrastructure and launch terrorist attacks, and the PA's functional problems are liable to turn incautious, irresponsible, or unprofessional handling into a significant strategic blunder. The likelihood of mistakes is relatively high when there is extensive turnover of the military forces in the area, and when these forces lack extensive knowledge of the territory and the expertise needed for military missions of a police nature.

In view of the operational need, the Kfir Brigade was founded as a designated specialized brigade. Even so, however, most of the forces deployed in the area are regular army battalions (infantry, armored forces, combat engineers, field intelligence, and others) and Border Police. Before assigned to the area, the battalions hold a short training session designed to train them for police missions, make arrests, and guard Jewish settlements. This model is questionable for many reasons. The first is the fatigue among soldiers and commanders as a result of ongoing friction with the Palestinian population (and in some cases, also with the Jewish population in Judea and Samaria). The second is the inherent lack of professionalism among the forces performing police missions according to this model. A few days of training are not adequate preparation, while the operating experience acquired during the months spent performing these tasks is not utilized. The establishment of the Kfir Brigade is designed to compensate for some of these limitations. Due to the IDF ethos, however, the commanders of this brigade have acted over the years to expand its capabilities to those of an

ordinary infantry brigade with extra training. This phenomenon (which is not confined to the Kfir Brigade),[2] has a negative impact on the goals for which the brigade was founded.

The solution to this challenge can be a greater use of specialized forces through the establishment of a military deployment based on the Border Police, which includes soldiers in their regular compulsory military service and permanent army soldiers. The latter are experienced and trained in dealing with the civilian population, and have specialized army units and special forces at their side. Increasing the size of the Border Police will require more recruits from conscripts at the expense of the IDF.[3]

The treaty borders pose a substantially different challenge, which also does not require the use of standard military forces. The Caracal battalion is already operating in this area as a specialized force.[4] The nature of the threat (terrorist penetration and smuggling of drugs, arms, and merchandise) makes it possible to use a relatively limited number of forces as centrally controlled interception teams. For this purpose, the intelligence gathering system on the Egyptian border has been significantly upgraded. Widespread Jordanian counter-terrorism operations are conducted on the border with Jordan. The sharing of intelligence with the Jordanians can help reduce the extent of the necessary efforts on the Israeli side of the border. Separate control centers can be set up for each arena, but the establishment of a single central operations room to conduct operations jointly in both arenas should be considered,[5] due to the extent and character of the area, the characteristics of the threat, and the approach to the operational response, which facilitates rapid reinforcement of forces between the borders, as needed. Due to the fact that in many cases interception forces encounter hostile activity involving smuggling rings working in tandem with Israeli civilians, it is also necessary to include police forces with the appropriate authority in the control and operations center.[6]

The characteristics of the Israeli-Syrian, Israeli-Lebanese, and Israeli-Gaza Strip borders require the maintenance of the IDF forces' fitness and readiness for immediate escalation, while dealing with a range of threats requiring a large scale military response to major asymmetric threats on all three of these fronts. In the event of escalation and deterioration into a large scale violent conflict, the IDF will have to deal with armed and trained

militias operating like guerilla forces that sometimes possess the military capabilities and weapons of a state, operating in densely populated areas, while assimilating and concealing themselves within that population as an asymmetric response to a balance of power unfavorable to them, thereby turning the IDF's power into a weakness, due to self-imposed restraints. One of the most prominent challenges on these fronts will be high trajectory fire, which requires dealing with the threat of rockets and missiles launched from areas populated by civilians toward population centers and military infrastructures in Israeli territory. These theaters will continue to require deployment of a regular military force capable of maneuvers, firepower, and intensive fighting in areas densely populated by civilians and underground.

Conclusion

The unique features of each of the five arenas in which the IDF operates, and the major differences between them, require rethinking the IDF's current response patterns. In the context of the Gideon IDF multi-year plan, and in view of the realization of the importance and contribution of special units to the war against non-state actors and its new characteristics, a depth corps has been established, a commando brigade has been founded, and it was decided to turn the special forces division into a regular division. Furthermore, the buildup of the threat on the borders requires up-to-date thinking about the types and characteristics of the forces and responses needed to ensure military relevance and effectiveness in the respective arenas.

The Judea and Samaria arena requires specialization in police missions, maintenance of public order, and counter-terrorism activity. Consolidation of operations by specialist forces, the Border Police, and special forces is likely to improve the effectiveness of operations in the area. On the treaty borders, preference is to be given to small interception forces in a central command and control model (similar to air force operations) over operations in military frameworks of battalions, companies, platoons, and squads. Small interception forces will be substantially more effective against the threat in both Judea and Samaria and on the treaty borders, and can be reinforced in escalation scenarios. On borders where there are asymmetric conflicts, despite the differences between arenas, the IDF can continue operating in the existing format, in which regular military forces are responsible for

defending the borders, with the IDF ready for escalation scenarios and a rapid transition from defense to attack.

Adjustments of the response in Judea and Samaria and on the treaty borders can aid the IDF in improving the quality and effectiveness of regular security, while at the same time making it possible to release resources for improvement of the readiness and fitness of the other forces in the event of full scale war.

Notes

1 Isabel Kershner, "Israel Says Hezbollah Positions Put Lebanese at Risk," *New York Times*, May 12, 2015.

2 A similar phenomenon can be seen in the Caracal mixed battalion stationed on Israel's peace borders. Here too, continual pressure exists to deepen the brigade's capability to operate in war scenarios.

3 Using the Border Police also has disadvantages, mainly concerning the volume of missions that a Border Police company is capable of carrying out, as opposed to an IDF combat company, due to the character and conditions of service in the Border Police. The increased operational effectiveness of the force, however, can be expected to make up for this.

4 There is also continual pressure by commanders in this battalion to extend its capabilities and training for the purpose of being included as a combat battalion in a full-scale war.

5 In the Jordanian theater – at least up to the southern Dead Sea.

6 Units of haredi (ultra-Orthodox) yeshiva students can be deployed along the borders as a response and interception force in order to better utilize the potential of haredi recruits, and to enable them to observe their religious rules and customs, engage in religious studies, and become part of the military deployment in a variety of essential combat support and logistics roles.

The First Cognitive War

Gabi Siboni

Israel's strategic environment has witnessed dramatic changes in the array of threats. The nuclear agreement between the world powers and Iran took the immediate Iranian nuclear threat off the table and postponed it for several years. The threat of conventional war declined significantly once peace treaties were signed with Egypt (1979) and Jordan (1994), and following the destruction of the Iraqi army in the two Gulf wars (1991 and 2003). It has since been reduced further now that the Syrian army no longer poses a risk, due to its involvement in the civil war and the tremendous losses it has sustained there. The sub-conventional threat, especially from Hezbollah, has not lessened; in fact, it may become more severe in the not-too-distant future because of the resources that Iran has invested to beef up the organization. Nonetheless, Hezbollah's involvement in the Syrian civil war should at least delay its decision to embark on another major operation against Israel.

The current security threats to Israel are rooted in three sources:[1] a) states, e.g., Iran; b) sub-state organizations such as Hezbollah and Hamas, which control defined territories and/or operate in areas where failing states lack a firm grasp, such as Syria and Lebanon, and even states that are not failing but have difficulties imposing control on certain parts, such as Egypt in the Sinai Peninsula; and c) global jihadist groups without defined territories, such as al-Qaeda organizations, and organizations with expansionist visions, such as the Islamic State operating in Iraq, Syria, the Sinai Peninsula, Libya, and many other states. In addition, efforts persist in establishing terrorist cells in the West Bank, and these join the phenomenon of individual terrorism, typical of the terrorism Israel has tackled since October 2015. In other

words, Israel faces a wide range of non-state elements possessing different motives and capabilities.

Most of the elements Israel confronts have a range of kinetic fire capabilities allowing them to attack targets on Israeli soil from afar, some of which are significant and extensive. The extreme example is Hezbollah, which threatens Israel with high trajectory fire, including long range fire capabilities endowed with great destructive power and ever-improving accuracy. In addition, the organization has other fighting capabilities that were enhanced over its years of fighting in the Syrian civil war. Speaking about the experience the organization has accrued in Syria, Hezbollah's special ops commander stated that "in certain ways, Syria is the dress rehearsal for war with Israel."[2] For its part, Hamas continues to grow in the Gaza Strip, although because of Egypt's revamped stance on smuggling, the organization has been severely curtailed and is experiencing greater difficulties. The other non-state organizations have less advanced kinetic capabilities, forcing them to concentrate on terrorist attacks in their immediate vicinity.

By definition, terrorism is designed to attain psychological ends by means of force. Kinetic action on the physical level always has a cognitive effect on a range of target groups (that of the attacker, that of the attacked, decision makers, various groups in neighboring countries, and so on), and in many cases the main goal of the action is precisely to attain that cognitive effect rather than to cause any particular physical damage. An important trend of recent years is the developing ability to affect mass consciousness by means of actions in the realm of cyberspace (at times in conjunction with actions in the realm of the physical world).[3] Indeed, the development of technology and the information revolution often allow for attaining significant outcomes without any kinetic action at all or in conjunction with some physical action, making it possible to influence different target groups immediately and with less effort needed to attain similar results by relying on efforts on the kinetic level alone.

The IDF Strategy states: "The enemy has changed its use-of-force characteristics posing new challenges to the IDF: a decrease in the threat from regular state militaries and an increase in that of sub-state organizations, either irregular or semi-regular…This means, a decrease in the threat of invading Israel's territory, while maintaining the threat of limited penetration

for terrorist activity or for…[cognitive] achievements"[4] It seems that the enemy's current social media and other psychological efforts are growing more sophisticated and include a large presence and much activity on the internet. Action on the web is not the sole province of non-state organizations; many others are active there, including hostile nations, terrorist organizations, and NGOs, all with different objectives and agendas.

Cognitive Warfare

Beginning in the fall of 2015, Israel faced a wave of terrorist attacks perpetrated by individuals operating alone in the domestic arena; concurrently, there is a worldwide campaign at work seeking to attain a range of objectives, including the undermining of Israel's legitimacy and its judicial system, promotion of an academic and economic boycott, and attacks on Israel at the diplomatic level within the international community. The terrorism of individuals is fueled by incitement to carry out spontaneous attacks, requiring no organizational infrastructure or organized logistics. Common to these attacks is the extensive use of social media to foment and promote action against Israel, both within Israel and abroad.

The information revolution underway over the last few decades has created a new reality, allowing for an unmediated flow of information. Along with its many positive aspects, the phenomenon includes some highly problematic components. For example, it allows the influence of large groups by means of cognitive manipulation, encouragement of potential terrorism, high levels of incitement, and the attainment of measurable outcomes affecting decision makers and public opinion – at far lower costs than in the past, when it was necessary to create effects and impact by non-virtual action in the physical realm. Thus, in an ongoing process, the effectiveness of classical force components in the cognitive battle is steadily on the wane. Militaries find it difficult to face phenomena associated with the cognitive battle, as the relevance of resource-intensive, kinetic means of warfare lessens.

Many societies face this phenomenon; in this sense, Israel is not alone.[5] The direct broadcast of mass media through social and other digital media allows for the transmission of messages targeting different audiences in a way that tries – and often succeeds – in influencing their behavior, opinions, and the perception of their own interests. Action on the internet significantly

affects the classical media, such as TV, radio, and print journalism, thus generating more intense reverberations of the original message. The global wave of terrorism is in part a result of the messages transmitted over the internet; in addition, elements behind terrorism use the internet to amplify the impact of the events, thereby gaining two objectives vis-à-vis two major groups: an effect on other potential attackers, and a concurrent and magnified effect on the levels of fear among civilian populations.

Beyond the challenge of terrorism affected by messages in social media and other internet platforms, Israel also has to deal with target groups investing extensive efforts into damaging its image and policies. Different audiences in the international community are subjected to internet-based efforts aimed at altering their consciousness in order to promote a boycott of Israel and oppose its policies and actions. These efforts have a direct impact on decision makers as well as on a range of relevant groups – be they NGOs, politicians, or others. One of the goals is to undercut the legitimacy of Israel's court system to affect relevant decisions in international institutions. Although these efforts operate independently and in a decentralized fashion, they fuel one another in a perpetual echo chamber.

Operation Protective Edge demonstrated the true dimensions of the phenomenon. The enemy's successes in the war cannot be measured only from kinetic outcomes; from the enemy's perspective, the operation had – and still has – significant achievements on the consciousness level, and Hamas's adoption of the "victim doctrine"[6] serves to maximize those successes. The legal campaign confronting Israel (before, during, and after the operation) by many elements in the international community reduces the IDF's freedom of action in future confrontations in general and in the use of certain weapons in particular. For the enemy, these are all important long term accomplishments, of no lesser importance than physical damage and physical casualties. Another cognitive effort is aimed at affecting the Israeli public and weakening its fortitude. Hamas, for example, makes focused efforts aimed solely at generating cognitive-related victories while also incorporating physical means, e.g., by firing rockets at Ben Gurion International Airport during Operation Protective Edge. Even though the rockets hit nothing, the idea was to generate a cognitive victory against the Israeli public and vis-à-vis foreign airlines.

This type of warfare makes extensive use of information infrastructures to reach a wide variety of important target groups. In a cognitive war against enemies and rivals spread all over the globe, the main effort is aimed at success using modern communications technologies. Israel's security greatly depends on the IDF and the other security agencies, but it seems that the potency of the cognitive warfare threat has yet to be fully appreciated. While Israel formulated a proactive approach that succeeded in tackling suicide terrorism, the wave of lone wolf terrorists besetting Israel since the fall of 2015 challenges that approach and requires the formulation of updated methodologies. Moreover, it is far from being the only and perhaps even the most dangerous of the threats, as the effort to constrain the IDF's freedom of action is a very severe and troubling threat.

How to Confront the Challenge

The IDF's main operation of force takes place in physical space, and its force buildup is also informed by the traditional dimensions of space. Thus, the IDF equips itself with maneuvering capabilities, armored vehicles, airplanes, means of precision fire, and so on. Every IDF action will have a cognitive effect on different groups, but the classical objective of the use of military force has always been to attain real, physical achievements, while the cognitive effect was mostly an inevitable consequence or byproduct, e.g., the destruction of the Egyptian and Jordanian air forces in the Six Day War. It is true that the IDF undertook some kinetic actions whose rationale was mainly psychological, such as the supersonic booms above Assad's palace in Damascus, sending him the message that he ought to rein in terrorism coming from the Golan Heights. Alongside these, the IDF operates some softer efforts, such as defensive and offensive cyber actions, designed to support the primary action, which remains kinetic. Although there is an inherent difficulty in assessing achievements in the realm of consciousness, the effectiveness of kinetic means against the threat inherent in a consciousness war is generally low. This is like a knight of the Middle Ages suiting up in his armor before going to war, who is brought to knees by fire ants crawling under his chainmail.

Kinetic force construction and capabilities remain a protective shield against a range of threats Israel still faces. But the IDF and the State of Israel must

balance their investments in kinetic force buildup with the development of a current method of action, supported by the range of cognitive capabilities on the web and other mediating elements, so that it is possible to fight this war effectively. The IDF cannot be the only element conducting this war. The war has broad national aspects, and therefore its prosecution requires radical reorganization at the national level. Some of the challenges Israel faces are relevant to other nations too: the fight against terrorism and lone wolf attackers, motivated primarily by incitement and cognitive efforts invested by jihadist organizations, or the effort to undermine the legitimacy of any use of force, which is liable to damage the freedom of action of other Western states.

In this war, the confrontation requires several components, first of all full recognition that we are, in fact, already in the midst of a mixed, multi-dimensional battle at the national level and that this requires the formulation of a comprehensive approach. Such an approach would have to combine all force operators in the state, as well as legal, economic, and diplomatic efforts. The IDF would obviously play a central role, and to do so requires development of an updated method of operation, which requires action in several ways, including: the development of intelligence guidance capabilities by means of relevant essential elements of information, and intelligence gathering and analysis capabilities to generate an ongoing, up-to-date, relevant situational assessment. The army must also develop methods to evaluate success at the cognitive front, in order to try to link action to results. Intelligence analysis and a concrete situational assessment would allow Israel to undertake a cognitive assessment, with this being an inherent part of the overall situation assessment, both at the national level and at the level of the IDF. Therefore, it is necessary to develop the ability to undertake an integrated situational assessment that would involve all the relevant elements at the national level (the IDF, the various security agencies, the Foreign Ministry, the Justice Ministry, the state's public diplomacy organizations, and others). It is likewise necessary to develop the ability to act on the consciousness of a range of different target groups. The approach must make provisions for reactive (defensive) actions to existing threats, the ability to foil threats in the making, and also proactive (offensive) actions to attain goals with reference to a range of relevant target groups, including the potential lone

wolf terrorists, the enemy's leadership, commanding officers and fighters, and elements in the international community (decision makers, public opinion leaders, and NGOs).

To realize the ability to make such a situational assessment at the national level and to monitor actions and their results, it behooves decision makers to set up a National Cognitive Situation Room where all the relevant parties would be partnered. Such a situation room would have to formulate an ongoing situational assessment based on intelligence, research insights, and a continual evaluation in order to synchronize all actions of the different organizations fighting the battle. The civilian sector is developing a discipline focused on action in the realm of consciousness, mostly toward marketing, advertising, and media campaigns. It is necessary to train and develop manpower at the national level that can operate effectively in the cognitive war in a similar way. The IDF will have to be involved, even though traditionally, the army's fighting ethos was geared at the kinetic sphere. True understanding of the potency of the threat requires an adjustment in the development and training of commanding officers and manpower to fill newly defined jobs. The importance of technology as a critical component in operating in the realm of consciousness must not be underestimated. Realizing the method of action requires significant investments in technology, but these investments are negligible compared to the sums going toward kinetic force construction. It is therefore necessary to find the right balance.

Israel is not alone in this war. Even though there are differences between the challenges it faces and those confronting other nations, a platform for cooperation with states confronting similar threats must be established. Extensive intelligence cooperation with many nations is already in place. In addition, it is necessary to expand cooperation in developing joint capabilities and constructing broad coalitions involved in common actions. Cooperation is likewise needed in dealing with the giants of technology. Israel has already started a legislative process to handle incitement in general, and on the internet in particular. Attempts have been made with hi-tech companies to remove problematic contents from the web.[7] This effort requires international cooperation to promote a dialogue with the large technology firms, as well as regulation and legislation, which may help reduce incitement on the basis of international law.[8] This would reduce the freedom of action of potential

terrorists and terrorist elements on the internet and their use of information technology.

Conclusion

A decade after the Second Lebanon War, the public discourse has once again turned its attention to Israel's preparedness for the Third Lebanon War and what that war would look like. Indeed, the threat from Hezbollah in the northern sector is serious, and the IDF must prepare for it in every way. But concurrent with this threat, Israel is at this very moment in the midst of a cognitive war that uses internet infrastructures to attack Israel and its citizens with terrorism. Most of the action is aimed at people's psyches, whether it is to persuade the international community to act against Israel or to incite individuals to commit lone acts of terrorism. At the same time, the country's enemies use the web for a host of ends, including promoting the BDS movement, harming Israel's legal system, and damaging Israel's legitimacy in using force, in part so as to significantly reduce the army's freedom of action and the legitimacy of the State of Israel.

Israel must appreciate the potency of this war, and take action in a way that would allow it operate effectively against enemies and hostile entities. Some of these challenges are shared by other states, and it is therefore imperative to identify areas of cooperation with them. The first cognitive war is not in the future. It is underway here and now. It would be best were the country's decision makers to internalize this insight as soon as possible so that appropriate action can be taken.

Notes

1 *The IDF Strategy*, August 2015, English translation, November 2015, https://www.idfblog.com/blog/2015/11/23/idf-strategy/.
2 Jamie Dettmer, "Hezbollah Develops New Skills in Syria, Posing Challenges for Israel," *Voice of America*, April 27, 2016.
3 Hans-Luidger Daniel, Yair Sharan, Christian Repp, and Niv Ahituv, *Terrorism and the Internet* (IOS Press BV, 2010).
4 *The IDF Strategy*.
5 *An Analysis of Terrorist Attacks Inspired by ISIL in the West*, The Meir Amit Intelligence and Terrorism Information Center, August 9, 2016.

6 Gabi Siboni, "Operations Cast Lead, Pillar of Defense, and Protective Edge: A Comparative Review," in *The Lessons of Operation Protective Edge*, eds. Anat Kurz and Shlomo Brom (Tel Aviv: Institute for National Security Studies, 2014), pp. 27-36, http://goo.gl/pU8i4k.

7 Tova Tzimuki, "Terrorism Online: Facebook Law en Route to the Government," *Ynet*, July 5, 2016, http://www.ynet.co.il/articles/0,7340,L-4824249,00.html.

8 Wibke Kristin Timmermann, "Incitement in International Criminal Law," *International Review of the Red Cross* 88, no. 864 (December 2006).

Hatred and Racism between Jews and the Arab Palestinian Minority in Israel: Characteristics, Consequences, and Coping Strategies

Ephraim Lavie, Meir Elran, and Muhammed Abu Nasra

The relations between the State of Israel and its Jewish majority and the Arab Palestinian citizens directly affect national security, in the wider sense of the term. As such, these relations require consistent and responsible government policy, based on the interests of the state and all its citizens. However, it appears that the policy implemented over the years does not adequately reflect this need. Although over time the awareness by Israeli governments of the need to narrow the deep social and economic gaps between the Jewish majority and Arab Palestinian minority has increased, in practice most of the recommendations of the Or Commission, established in the wake of the bloodshed of October 2000,[1] have not been implemented. The overall reality of extreme inequality has changed only slightly. Relations between Jews and Arabs have deteriorated: alongside the increased integration of Arabs in the Israeli work force and economy, ultra-nationalist and fundamentalist religious streams in both communities have strengthened, and serve to deepen, the schism between them. In practice, the Or Commission's vision of "existing together in mutual respect" has become harder to fulfill. Senior government leaders have occasionally made offensive statements that could be understood as incitement against Arab citizens,[2] and Arab leaders have made harsh statements that have fanned the flames against the state and cast it as an enemy.[3]

The policy of Israeli governments toward the Arab population in recent years suffers from a deep internal contradiction. On the one hand, the state invests significant budgets in developing the Arab community and integrating it into the national economy, out of awareness that this policy (as with respect to the ultra-Orthodox sector) contributes to Israel's economic growth. This understanding is shared by senior government officials as well as experts on the national economy. On the other hand, those same governments take steps whose clear implication is exclusion of the Arab population from Israel's political, cultural, and social arenas, in part through legislation that reduces the civil rights of the Arab minority (for example, the laws on admissions committees, the electoral threshold, and the suspension of Knesset members).[4] In this way, the state contributes directly to the deepening of Arabs' subjective feelings of alienation, as individuals and as a community.

Expressions of Hatred between Jews and Arabs

Recent years have seen recurring examples of blatant racism and raw hatred, as well as offensive actions, by Jews toward Arabs.[5] Extremist groups exploit the porous borders of free speech to spread incitement, chauvinism, and exclusion, which encourages young people to carry out ultra-nationalist violent crimes and terrorism while receiving support from religious leaders.[6] Dangerous "price tag" attacks have been carried out against Arab citizens of Israel.[7]

The chant "death to Arabs" against Arabs in Israel has been heard at nationalist events and at mass demonstrations and public disturbances, sometimes accompanied by graffiti and actual acts of violence. This chant is especially common at soccer games and is directed toward Arab teams or toward Arab players on Jewish teams. The chant is an act of incitement to racism and as such is prohibited by law. The late Justice Edmund Levy said that "it is regretful that real steps to prevent this unacceptable practice have not yet been taken at a level that would enable its elimination."[8] Israeli President Reuven ("Ruvi") Rivlin has taken it upon himself to denounce expressions of hatred and racism at soccer stadiums.

Discussions of political events on the social media are connected to racist discourse toward Arabs in Israel. For example, upon submission of the Begin-Prawer Bill on the Arrangement of Bedouin Settlement in the Negev

to be read in the Knesset (November 2013), Arab news websites raged, the Arab public went out to demonstrate in various places around the country and an anti-Arab discourse arose online that combined political opinions with racist rhetoric.[9] A report by Buzzilla on the nature of the discourse online during Operation Protective Edge in the summer of 2014 showed that conversations including racist statements and incitement accounted for nearly half of all online discourse on the situation. This discourse connected Arabs with leftists and did not differentiate between political statements and racist statements, or between Arab residents of Gaza and Arab residents of Israel.[10]

Social media has contributed to the rise and quick organization of groups with ultra-nationalist and racist motivations. During Operation Protective Edge, a number of Facebook groups were created with the goal of identifying people who expressed opposition to the war and harming them in various ways. The pages included "Not in our school," "Boycott the Israel haters," and "Concentration of enemies of Israel." They gathered information on people who opposed the operation and called for their ouster. Each of these pages received tens of thousands of likes. Another example is organizations such as Lahava ("for the prevention of assimilation in the Holy Land") and Lions of the Shadow,[11] which brought people together for demonstrations throughout the country during Operation Protective Edge and influenced the nature of online discourse. During the operation, Facebook removed Lahava's page a number of times due to user complaints that it was used for incitement, and a number of indictments were filed against its activists.[12] The Lions of the Shadow, led by the rap singer Yoav Eliasi (known as "the Shadow"), blurred the line between protest and racism, and their declared goal was "to stand up in force against the real enemy among us, the radical left." This turned into violent behavior against leftist activists and Arabs in Israel who expressed solidarity with the residents of the Gaza Strip.[13] Here too, it seems that the lines between political protest and racism were blurred.

It therefore appears that in recent years, racism has become widespread and is growing among various groups, including young adults and teenagers, especially among the extreme right. They make statements and take actions against Arabs, feeling that "the government is with them." They make use of social media to spread their extreme opinions against Arabs, and these seep into the center of the public discourse in Israel. As during Protective

Edge, this rhetoric often does not differentiate between Arab residents of the Palestinian Authority and Arab citizens of Israel, or between them and left wing Jews. Activists in these groups do not distinguish between political, socio-cultural, and racist actions. In their view, there is one enemy and one front. Thus, "price tag" attacks, whose original goal was to cause the government to reconsider the evacuation of outposts in the West Bank, have also, in the view of their perpetrators, served the goal of maintaining the Jewish character of the state or silencing political opposition. The same activists who engage in political incitement on one occasion are prone to perpetrate racist acts toward Arabs in Israel on other occasions.[14]

Recent years have likewise seen expressions of hatred and incitement on the part of Arabs in Israel toward the Jewish public. "Death to Jews" was spray-painted on synagogues in Safed,[15] and Jewish soccer teams playing in Arab towns and Jewish soccer players on Arab teams have encountered Arab fans who openly expressed their hatred of Jews.[16] The leaders of the Islamic Movement have voiced incitement, including demonization of Jews.[17] As part of their political and civil protest, Arab Knesset members and other Arab leaders have made provocative declarations toward the state and society, and have taken steps that contributed to deepened tension, anxiety, and mistrust between Jews and Arabs.[18]

Addressing Hatred and Racism

Although these are serious and worrying processes, they have thus far not received an adequate critical response in the public discourse, and in particular have not received the proper response required from the state leadership and the Arab leadership. Governments have ignored the illegal and harmful phenomena of incitement and racism; there has been minimal activity by law enforcement agencies; and there has been unwillingness by the state to deal effectively with the problem. All these tendencies have enabled, and perhaps even encouraged, the growth of the expressions of hatred and racism.

There are laws criminalizing racism. The past decade has witnessed increased willingness to fight against expressions of racism and exclusion of the "other."[19] In April 2003, a program called "Kicking racism and violence off the fields" was initiated with the goal of exposing and uprooting expressions

of racism and incitement at the National League and the Israeli Premier League soccer stadiums.[20] This activity facilitated Israel's inclusion in 2006 in the organization Football against Racism in Europe (FARE). The trend of denouncing expressions of racism and violence was given legal force on July 30, 2008, when the Knesset passed the Prohibition of Violence in Sports Law, 5768-2008. The law determined that the punishment for racist statements at soccer stadiums was up to two years in prison.[21] In 2013, the Israel Police and the Israel Football Association declared an all-out war against all expressions of racism at soccer stadiums, in the wake of media and political pressure and international pressure. Within this framework, dozens of fans have been arrested and interrogated by the police; some of them have been banned from stadiums, and some fans from certain teams (Beitar Jerusalem, Maccabi Umm al-Fahm, and others) have faced indictments for racism.[22]

In 2013, the Justice and Education Ministries put together a joint curriculum called Preventing Racism, Violence, and Incitement. It observed the International Week of Tolerance, and aimed "to instill a discourse based on the values of love, acceptance of others, tolerance, and mutual support."[23] The Ministry of Education implemented the program in 2013-2014 as part of a curriculum plan called "from tolerance to prevention of racism and living together." The program was launched among all sectors and age groups in Israel's education system and their educational staff. However, the curriculum did not address the Arab-Jewish schism as an issue of national importance. Lesson plans did include content on "Bedouin heritage" or "tolerance in Islam," but they were intended for Arab educational institutions, not Jewish schools. Thus the right idea was neutralized of its core content.

In their paper "Education toward Democratic Values and the Struggle against Racism through Education," Prof. Mordechai Kremnitzer and Dr. Amir Fuchs stated that there has been a steady erosion of the universal view of the equality of human value for all people, and the view of the state's Arab citizens as deserving equal rights. They argue that a special effort is required to remedy the situation, given the contents of the education system, which at all grade levels emphasizes the Jewish character of the state in curricula, ceremonies, and holiday celebrations. Depending on the educators and the

material learned, this may take on aspects of extreme particularism, ultra-nationalism, condescension, and hostility toward the "other."[24]

It appears that condemnations of hatred and racism by leaders and public figures, both Jewish and Arab, have thus far been too weak. The law enforcement system and the education system have not managed to reduce hatred, violence, and racism significantly in society in general, and toward Arabs in particular. Adar Cohen, former coordinator of civics at the Ministry of Education, wrote an article entitled "What Else Do We Need to Do to Fight Extremism and Racism in the Education System?" In the article he writes that the severe incidents in Jewish-Arab relations are an expression of the wider phenomenon of hatred and fear of the "other" (ultra-Orthodox, immigrants from Ethiopia, gays, refugees, migrant laborers). This is expressed in acts of violence, provocation, flagrant statements, and destruction of property, all resulting from racist motivations. These types of incidents are sometimes called hate crimes. Incidents of severe violence have also occurred among youth and even at schools, resulting from hatred of the "other." One of the most shocking and severe incidents was the murder of Muhammad Abu Khdeir of East Jerusalem in 2014.[25]

Cohen stated that civics teachers and educators throughout the country expressed frustration and helplessness at the intensity of expressions of hatred and racism in the classroom. Many reported that they had almost stopped discussing controversial topics in class, especially the Jewish-Arab issue, due to their inability to cope with the extremism and racism of some students, and with the emotional storm aroused by the issue. In his opinion, civics educational activity does not provide a true response to one of the main problems threatening society and the education system. Cohen noted that in the 2013-2014 school year, the theme "the other is me" was incorporated into the curriculum, which purported to address the fight against racism, but did not focus on it. Cohen offered possible solutions within the educational system for addressing the problem of extremism and racism, including incorporating the topic of racism into the annual work plans of the Ministry of Education.[26]

Conclusion and Recommendations

The Or Commission ascribed responsibility to the state leadership and the Arab leadership for the existing state of relations between Jews and Arabs. However, the committee's recommendations have barely been implemented; to this day Israel's leadership and institutions do not have an agreed-upon strategy or clear aims on this issue, and there is insufficient dialogue between them.

It seems that Jewish and Arab leaders and public figures have failed in the critical task of condemning hatred and racism, as have the legal system and the education system, which have not significantly reduced these harmful phenomena in society in general, and toward Arabs in particular. Furthermore, the addition to the political and cultural exclusion of the Arab community, reflected in legislative initiatives intended to limit the civil rights of Arabs, as well as expressions of racism and hatred toward them, deepen feelings of alienation on the part of Arabs, individually and collectively.

Despite the damage caused by the worsening state of relations with the Arab community over the past decade, the weight of processes integrating Arabs in Israeli society remains the dominant and most influential component shaping the status and performance of this sector within the state. In recent years, these processes have deepened and expanded in various aspects (economic, social, cultural), and they contribute to the existence of normative relationships in many areas and to routine management based on mutual interests. As these processes are challenged regularly among both sides by tendencies to exclusion and racism, it is imperative that society cultivate the positive trends and reduce the influence of destructive phenomena.

It is essential that policymakers and decision makers recognize the centrality of the integration and acclimatization processes undergone by the Arab community within Jewish society. A consistent, long term policy shaped in accordance with this recognition can enhance the Israeli civic identity of Arabs without harming their unique identity, and at the same time serve the interests of the State of Israel. The December 2015 five-year plan for the Arab sector is a major step in this critical direction. Consistency and perseverance are required in complete and unconditional fulfillment of the plan in order to advance substantial Israeli interests and to convey an important message to Israel's Arab citizens, that the State of Israel is also

theirs, as declared by the Prime Minister in Tamra at the opening of the 2016-2017 school year.

This policy requires mobilizing law enforcement and the education system to address incitement and racism thoroughly and comprehensively, as well as conduct a responsible public debate on the issue. The country's leadership must renounce populist racist attitudes, such as support for the transfer of Arabs and limitations on their political rights as citizens. For its part, the Arab leadership must renounce statements that have undertones of Islamic or Arab ultra-nationalist racism, and facilitate the advancement of critical integration processes.

Notes

1 The full name: The State Commission of Inquiry into the Clashes between Security Forces and Israeli Citizens in October 2000, known as the Or Commission.

2 See, for example, the Prime Minister's statement on March 17, 2015, when elections for the 20th Knesset were held: "The right wing government is in danger. Arab voters are coming out in droves to the polls. Left wing organizations are busing them out." Also by the Prime Minister, after the terrorist attack in Tel Aviv in January 2016: "We will increase law enforcement dramatically in the Arab sector. We will not accept a state within a state. We will not accept a state in which there is Islamist incitement and an abundance of illegal weapons, where people shoot at celebrations and in criminal incidents. We will dramatically increase law enforcement in the Arab sector. We will enforce the law in every part of the country – in the Galilee, in the Negev, in the triangle, everywhere. We will open new police stations and we will demand loyalty to the country's laws from everyone."

3 This was reflected especially in the Islamic Movement, whose Northern Faction was outlawed, as well as in the Balad party, which was on the verge of being disqualified.

4 On this legislation, see Ephraim Lavie, *Integrating the Arab-Palestinian Minority in Israeli Society: Time for a Strategic Change* (Tel Aviv: Institute for National Security Studies and Tami Steinmetz Center for Peace Research, 2016), pp. 149-72.

5 For example, racism emerged at Hapoel Hadera's soccer school, when due to pressure from parents, activities for Jewish and Arab children were separated. See the following articles on the issue: Raz Zehavi, "The Parents Pressured: Jews and Arabs were Separated in Hadera," October 15, 2016, http://www.sport5.co.il/HTML/Articles/Article.4440.227176.html; Raz Zehavi, "The Segregation in Hadera is a Stain on Israeli Society," October 16, 2016, http://www.sport5.co.il/articles.aspx?FolderID=4440&docID=227239&lang=HE.

6 On Lehava's activities, see for example, Lavie, *Integrating the Arab-Palestinian Minority in Israeli Society*, pp. 173-83.

7 Gideon Aran, "Between Hooliganism and Avant-Garde: The Hilltop Youth Revolution," *Haaretz*, May 12, 2014, http://www.haaretz.co.il/magazine/the-edge/.premium-1.2327822.

8 See Criminal Appeal Authority 1252/06, "Tahan vs. the State of Israel," April 23, 2006, http://elyon1.court.gov.il/files/06/520/012/O04/06012520.o04.htm.

9 Examples: Television personality Avri Gilad's statement that "there must be one law for all citizens of Israel – for Jews who close balconies and for Bedouins who fence off 5 dunams with a fence stolen from Omer." Also, a Jewish worker at a sports club in Haifa wrote that Arabs are a "genetic defect" and Arab businesses should not be supported. These kinds of statements caused uproars on social media and led in turn to expressions of racism. Avri Gilad on the Bedouins: "We Need to Reconquer the Negev," *Globes*, April 28, 2013, www.globes.co.il/news/article.aspx?did=1000839387. See also Nasar Porat, "Uproar at Sports Club Due to Offensive Status," *Mako*, December 5, 2013, www.mako.co.il/news-israel/local/Article-6f442c12533c241004.htm?sCh=31750a2610f26110&Partner=facebook_share.

10 Buzzilla, "Violent Discourse on the Internet, July 11-14, 2014," from the website of the Coalition against Racism, http://www.fightracism.org/Article.asp?aid=465&kw=%D7%91%D7%90%D7%96%D7%99%D7%9C%D7%94.

11 About this group, see: "Who Are You, the 'Lions' of the 'Shadow,'" *Mako,* www.mako.co.il/special-mako-news/Article-882d859b27f2741006.htm.

12 Nadav Neuman, "Fighting against Incitement: Facebook Removes Lehava's Page," *Feeder*, July 23, 2014, www.feeder.co.il/article-facebook-shuts-racist-pages-1000957383.

13 Yarden Skop, "Right Wing Activists Beat Left Wing Activists at Rally in Tel Aviv," *Haaretz*, www.haaretz.co.il/news/local/1.2374629.

14 See, for example, Yoav Eliasi's thank you letter on the Facebook page of Lions of the Shadow after a rally in Tel Aviv on July 12, 2014, in which he wrote: "Thank you to Lehava for coming, thank you Beitar Jerusalem folks, and thank you Maccabi Tel Aviv folks, thank you to the al-Yahud gang, and thank you Kahane Chai folks."

15 Maor Buchnik, "'Death to Jews' Spray-Painted on 4 Synagogues in Safed," *Ynet*, October 12, 2011; Kobi David, "Wave of Vandalism at Jewish and Muslim Holy Sites Continues: 'Death to Jews' Spray-Painted on Four Synagogues and a Car in Safed," *Walla News*, October 12, 2011. Two residents of the Achbara neighborhood of Safed confessed, explaining that they did it in retaliation for the arson attack by Jews on a mosque in Tuba-Zangariyye. See Adi Hashamonai, "Two Residents of Safed Confess to Graffiti on Synagogues," *NRG*, October 12, 2011.

16 Moshe Scheinman, "The Decision to Renew the Games Tomorrow," *Yediot Ahronot,* January 12, 2009; Gidi Lipkin, "No Soccer this Weekend," *Yediot Ahronot*, January 6, 2009.
17 See for example Itamar Inbari, "'You are Gambling on the Future of your Nation': In Venomous Sermon, Sheikh Raed Salah Attacks Israel and Warns: Jerusalem will be an Islamic Capital," *NRG, Maariv*, February 16, 2007, http://www.nrg.co.il/online/1/ART1/545/008.html.
18 On MK Haneen Zoabi's statement equating the reality in Israel today with 1930s Germany, see for example Eric Bender, "Zoabi at Kristallnacht Ceremony: Israel is Reminiscent of 1930s Germany," *NRG, Maariv*, November 8, 2015, http://www.maariv.co.il/news/politics/Article-511904. Actions such as the participation of Arab MKs in flotillas to break the Gaza blockade, support for an international boycott of Israel, meeting with families of terrorists and standing at attention in their memory, and opposition to declaring Hezbollah as a terrorist organization have been seen by the Jewish public as explicit support for terrorism, and have aroused anger. In this context, see Gidi Weiss and Jacky Khoury, "Balad MKs have no Regrets," *Haaretz*, March 10, 2016, http://www.haaretz.co.il/magazine/.premium-1.2878308.
19 See details in Lavie, *Integrating the Arab-Palestinian Minority in Israeli Society*, pp. 180-81.
20 See on the website of the New Israel Fund: http://nif.org.il/programs/football/about.
21 See http://www.knesset.gov.il/Laws/Data/law/2182/2182.pdf.
22 See in the 2013 racism report of the Coalition against Racism, http://www.fightracism.org/print.asp?aid=390.
23 See Ministry of Education, edu.gov.il/owlHeb/CHativa/YozmutHinochyotVRefurmot/other-one/Pages/Tolerance-week.aspx.
24 See in Lavie, *Integrating the Arab-Palestinian Minority in Israeli Society*, p. 181.
25 Adar Cohen, "What Else Do We Need to Do to Fight Extremism and Racism in the Education System?" *Education Policy for Democracy*, The Israel Democracy Institute and the Open University (as part of the Dov Lautman conference on education policy, June 2, 2015), pp. 54-58, http://www.idi.org.il/media/4055584/lautman_conference_book.pdf.
26 Ibid.

Internal Elements of National Resilience

Moshe Ya'alon

The last war in which Israel was called on to use all of its force was the Yom Kippur War, 43 years ago. Since then, Israel has been challenged by clashes, conflicts, and wars that did not require it to tap all of its available power. Instead, the main element put to the test was the endurance of Israeli society.

In his famous "victory speech" in May 2000, Hezbollah leader Hassan Nasrallah declared: "This Israel, which has nuclear weapons and the strongest warplanes in the region, I swear by Allah, is actually weaker than spider webs." The spider web image reflected the idea that Israeli endurance is the weak link in Israel's national resilience, and the idea has since taken hold among Israel's enemies, particularly as a result of Israeli withdrawals in the wake of force exerted against it. The Oslo Accords (1993) have been explained as a withdrawal after the first intifada (1987-1991); the withdrawal from Lebanon (2000) is seen in the wake of IDF casualties in the security zone and the Four Mothers campaign; and the disengagement from the Gaza Strip (2005) is considered a direct result of the terrorist attacks in the area and rocket fire from Gaza. Exchanges of prisoners and hostages, in which Israel paid heavy prices, have also strengthened the "spider web" metaphor.

On the other hand, the sense of Israeli fortitude was strengthened in the wake of the resilience the society demonstrated in the face of both suicide terrorism, which peaked with the so-called al-Aqsa Intifada (2000-2004), and rocket fire during the Second Lebanon War (2006); with the mobilization of reserves in operations in the Gaza Strip: Cast Lead, Pillar of Defense, and Protective Edge; the public's mobilization for overall assistance – to

soldiers, injured people, civilians, and bereaved families – in the wake of the wave of stabbing, car-ramming, and shooting attacks (2015-16); and the refusal to give in to the demands of the other side.

I believe that the fortitude of Israeli society will continue to be put to the test, when Israel is targeted by its enemies and faced with various security challenges in the coming years. Since the conventional force of Israel's enemies has declined significantly – in the wake of the peace agreements and establishment of strategic relations with Egypt and Jordan, the erosion of the Syrian army, the irrelevance of additional Arab forces, and the distance from Iran – the main option that remains to them, in the absence of the ability to conquer significant territory and/or to damage the IDF seriously, is the recourse to terrorism, rockets, and missiles. These instruments are mainly directed against the civilian population, and thus civilians will continue to be a preferred target for attack.

The response to the threat against civilians is of course defensive: "active defense" for interception of rockets and missiles; and "passive defense" – early warning and protection. Removal of the threat, however, requires an offensive response – "the best defense is offense," with the means to attack the enemy's capabilities and assets and exact a cost that renders it not worthwhile to continue the conflict. All of these are important for improving Israeli society's fortitude, but fortitude includes psychological elements of resilience, whose importance is no less than that of the physical elements.

Israeli society has struggled from the dawn of Zionism until today. The struggle for the establishment of a permanent Jewish national home and its defense in the present and in the future require unity and belief in the righteousness of the chosen path, as well as the willingness to defend the State of Israel, to the extent of risking one's life. The belief in the righteousness of the path, unity, solidarity, mutual responsibility, mobilization of individuals for the sake of the common good – these are the "soft" elements of national resilience, whose importance is invaluable.

As part of this year's strategic assessment, it is necessary to evaluate the status of these elements in the present and estimate their status in the future. Israeli society has proven itself in recent security tests, and demonstrated strong socio-national mobilization. It seems that successful confrontation of the security challenges, from Operation Defensive Shield (2002) until

today, casts doubt on the validity of the "spider web" theory. I believe that in the future as well Israeli society will enlist in support of necessary fighting, mobilize for mutual aid, and project strength in its fortitude. At the same time, there are phenomena that threaten these elements of resilience.

The discourse of fear, separation, hate, and delegitimization harms society's unity and solidarity. This discourse has intensified in recent years against the backdrop of widespread use of social media. Expressions invaliding "the other," to the point of racism and violence against Arabs, settlers, leftists, ultra-Orthodox, the LGBT community, and others, harm an important element of national resilience. This discourse also seeps into the traditional media and the Knesset. Political use of this discourse in order to garner votes is cynical and irresponsible.

The disparity between rich and poor also harms national resilience. The sense of alienation of have-nots, while others have an abundance and at times over-abundance, harms social unity (this, aside from moral aspects of the disparity).

The Israeli-Palestinian conflict causes divisive internal debate as well as violent and dangerous phenomena. Isolated incidents of Jewish terrorism, "price tag" attacks, and violence from the right wing against police and soldiers, along with Breaking the Silence, Yesh Din, and other left wing groups are phenomena involving slander and lack of solidarity. In addition, against the backdrop of the conflict, a phenomenon of self-incrimination has developed. Many blame Israel, and especially the government, for not solving the conflict, even though the facts prove that Arab intransigence from the 1930s until today has not allowed a "solution of the conflict." These phenomena, connected to the external conflict and resulting from it, affect internal social unity in Israel very negatively.

The rule of law is of prime importance, specifically in situations of internal debate and polarization. A number of events that occurred in the past year have undermined the rule of law. These include the political leadership standing aloof from phenomena such as illegal construction, illegal invasion of homes, and the Hebron shooting incident, as well as individual conduct that does not maintain integrity – all these undermine the respect that citizens, especially young people, should feel toward the law, and thus undermine national resilience. "Were it not for the fear of government, a

man would swallow his neighbor alive" (*Pirkei Avot*, Ethics of the Fathers, Chapter 3, Mishnah 2).

Government corruption undermines the nation's confidence in its leadership. Police investigations, indictments of senior officials, and convictions of the President, Prime Minister, ministers, and heads of government authorities cause a lack of confidence in the leadership, and serve as a negative example for citizens, especially the younger generation. This too causes serious harm to national resilience.

Belief in the righteousness of the Zionist path is of the utmost importance to the existence of a Jewish national home. Particularly when Israel's enemies work to delegitimize the state and the Zionist path, there is great importance to internal mobilization in Israel and in the Jewish nation around the world, and in support for the State of Israel's right to exist as the nation state of the Jewish people. This position must rest on a strong moral basis, which requires attention to all of the topics mentioned above.

The national camp's attack on the media, courts, and senior state officials harms governance in a way that threatens the checks and balances of a democratic society, with disastrous consequences, and harms the public's confidence in the country's leadership and law enforcement system. The state and society require leadership that enjoys public confidence. When this confidence is undermined, national resilience is also undermined.

In coming years, given the absence of an existential threat to the State of Israel at this time and in light of the recognition that the Israeli-Palestinian conflict is unlikely to be settled in the near future, our efforts should be directed internally: to repair what needs repair among ourselves, in order to strengthen confidence in the leadership and to strengthen the internal unity and fortitude of Israeli society, with the aim of reinforcing these critical elements of the State of Israel's national resilience.

Conclusion

Israel 2016-2017 Situation Assessment: Challenges and Responses

Amos Yadlin

A review of Israel's national security balance sheet in late 2016, with a look to the coming year and beyond, shows that the factors with a positive effect on Israel's strategic situation have remained steadfast over the past year. Israel is militarily strong, the direct military threat to it has lessened substantially, and it has successfully avoided conflicts and large scale wars, particularly with the declining threat posed by the surrounding Arab countries. The nuclear agreement signed by the major powers and Iran in July 2015 has postponed the materialization of Iran's threatening nuclear potential. The conflict in the Sunni Arab world against Shiite radicalism and the struggle against the Islamic State and the Muslim Brotherhood has highlighted a set of interests shared by Israel and the Sunni Arab world. In addition, positive developments in energy discoveries and market trends stand to bolster Israel's economy, and are also likely to improve its relations with other countries.

At the same time, there are ongoing negative trends and disturbing developments in Israel's strategic environment. The status of the United States in the Middle East has weakened, and the region ranks lower among the priorities of the Obama administration (looking ahead, the Trump administration is expected to reinforce isolationist trends). The Russian military power in Syria strengthens Iran and Hezbollah, and is liable to restrict Israel's freedom of action. The stalemate in the Israeli-Palestinian political process continues, while both the growing despair and rampant incitement in the Palestinian arena have fed a spate of terrorism of knives and car-rammings by individual terrorists. Israel's relations with Europe

continue to deteriorate, internal solidarity in Israel has weakened, and social divides have widened. Attacks against the legitimacy of IDF commanders and efforts to drag the IDF into a new political clash likewise reached new low points this year.

At the heart of the policy recommendations I proposed one year ago in *Strategic Survey for Israel 2015-2016* was a call for decision makers to leverage Israeli military, technological, and economic power and Israel's improved standing in the region as a basis for initiatives to improve its political status and promote processes toward political arrangements with the Palestinians and Sunni countries in the region. One year later, and as the government of Israel continues to pursue a passive and cautious policy that maintains the status quo, this recommendation is still valid in principle. At the same time, it is important to take note of strengthening trends in Israel's strategic environment and those that are now better understood in order to sharpen the insights and policy recommendations derived therefrom. In addition, the entry of a new President into the White House, whose policy is still to a great extent unknown, highlights the need for renewed thinking about Israel's current strategy for promoting national security.

Presented below are principal assessments concerning Israel's strategic position in late 2016 and its anticipated position in 2017. They are followed by recommendations for a strong political and security grand strategy, with a look at the main causes of tension that will influence Israeli policy as it meets the various challenges before it.

Elements of the Strategic Environment

1. The military balance

Israel's military power is undisputed. The conventional threat has receded greatly, Israeli deterrence is effective, and Israel is successfully avoiding high intensity wars and conflicts. Despite the civil war raging near Israel's northern border, regional instability, the consolidation of terrorist organizations along its borders, and three conflicts in the Gaza Strip since 2009, Israel has devised a policy of non-intervention in Syria, and has successfully avoided being dragged into a full scale war. The conventional threat from the regular armies of the neighboring countries has essentially vanished, following the stable peace between Israel and Egypt and between Israel and Jordan, the

disintegration of the Syrian army, the focus by Israel's principal enemies on other conflicts, and the deterrent image furnished by Israel's military capabilities. Israel continues to be the strongest and most technologically advanced military power in the Middle East, with extremely high quality offensive and defensive capabilities. Its deterrence against semi-state terrorist organizations remained effective in 2016, and its cautious and measured actions prevented deterioration and escalation on all fronts. Israel's strong military-security standing, and the synergy between its relatively strong and stable economy and cyber and hi-tech sector, one of the most advanced in the world, constitutes a positive magnet for economic and technological ties with many countries. All these factors enable Israel to continue its economic growth and maintain strategic stability.

2. The weakened status of the United States

The status of the United States in the Middle East continues to weaken, and uncertainty prevails about the inclinations of the incoming Trump administration – isolationism or strengthened United States power and readiness to use massive force against enemies around the world in general, and especially the Middle East. President Obama's reluctance regarding military involvement, combined with the concern among authoritarian regimes that the United States will exert pressure on them to become more democratic and will not stand by their side against internal threats, has eroded the country's status in the region. Although the Obama administration adapted its policy to the situation in the region over the years, and preferred stability and a slow and gradual process of reform over sudden changes and far reaching reforms, none of the various political and social forces in the region – neither those that support nor those that oppose democratic reforms – are satisfied with this administration's efforts to dodge crises. Russia has exploited this stance to return to the Middle East based on its loyalty to allies with no strings of values and ideology attached. Another factor reinforcing the image of the United States as abdicator in the Middle East is the American "pivot to Asia" pushing the region's actors, including Israel, to look for other powerful allies.

On the other hand, Israel's special relationship with the United States is one of the important elements in Israel's power and deterrence. The

image of United States weakness, combined with the tension prevailing between the Obama administration and the Israeli government, has negative ramifications for Israel. The negotiations between Israel and the United States on the Memorandum of Understanding concerning the security aid for the coming decade highlighted the basic commitment that still exists in the United States to the security of Israel, which enjoys bipartisan support in the United States, and it is likely that this will not change with the entry of a new president into the White House. However, the negotiations exposed fissures in the relationship, due mainly to the way Israel managed its political conflicts with the United States concerning both the nuclear agreement with Iran and its policy on Jewish settlements in the West Bank, which are seen as a key obstacle in the political process. Israel expects an improvement in its relations with the United States under President Trump's leadership – a change that will be reflected in a restoration of trust and closeness between the leaderships of the two countries, as well as in closer coordination on strategic issues.

3. Escalation in tension between the major powers

It appears that the ghosts of the Cold War have returned to the international theater. Tension between the global powers – the United States, Russia, China, and even Europe – rose over the past year. The tension between the United States and Russia escalated to the point of a possible military clash between them – in Europe as a result of the crisis in Ukraine, and in the Middle East over the war in Syria, despite the joint struggle against the Islamic State. The South China Sea was another arena of tension, this time between China and the United States.

The United States and Russia are involved in the fighting in the Middle East with one common goal – fighting against the Islamic State and other Salafi jihadist organizations – but they have almost completely contradictory agendas on other issues. Russia seeks to regain the status of a superpower that cannot be ignored, preserve its hold in Syria, strengthen its alliance with Iran, and restore its influence in Egypt, Iraq, and Libya. Russia is also looking for a foothold in Saudi Arabia. Overall, Moscow is operating from a global perspective in an attempt to leverage consent to arrangements in Syria, and translate these arrangements into removed or at least reduced

sanctions, imposed on it following its annexation of the Crimean Peninsula and its activity in Ukraine and potential threat vis-à-vis the Baltic states. On the other hand, energy independence and the US pivot to Asia have led the Obama administration to pursue a strategy that regards the Middle East in general and Syria in particular as of lesser importance. Both the United States and Russia want to avoid putting boots on the ground, and both have elected to depend mainly on local allies whose reliability and effectiveness are not guaranteed. Despite intensive diplomatic efforts and occasional understandings, agreements are highly temporary, and in an environment with so many actors with conflicting interests, the tension between the major powers escalates, with a greater possibility of a military clash between them than what has been seen for a generation. However, it is unclear what policy the United States will pursue in Syria under a Trump administration – whether he will find a mechanism that will lead to a ceasefire and transitional arrangements, succeed in reaching understandings with Russia about Syria's future, increase cooperation with Russia against the Islamic State, or pursue an even more extreme isolationist and noninvolvement policy than the Obama administration. The most interesting question about the future policy of the Trump administration is its policy toward Russia.

Israel has adopted a passive position regarding the military activity of the major powers in the region. In contrast to prior eras, Israel is not involved in the conflicts between the major powers and maintains good relations with both of them, further strengthening its regional status.

4. The nuclear agreement with Iran

In the short term, the nuclear agreement has not damaged Israel. Both sides have for the most part complied with the JCPOA since it was signed, despite a number of mutual complaints. The agreement has achieved its limited purpose in the short term by rolling back the Iranian nuclear project and lengthening the time required for an Iranian breakout to nuclear weapons by a year or more. The primary remaining problem is that most of the restrictions imposed on Iran under the terms of the agreement will expire; after 10-15 years, Iran can legitimately resume massive construction of a nuclear infrastructure, and make its breakout time extremely short. The predictions of a huge increase in Iran's financial capability following the

removal of sanctions that would enable it to increase its aid to its proxies have not been borne out. However, the hopes for progress in Iran's relations with the West and for positive changes in its policy in various areas, including subversion in other countries and human rights, have also been confounded. Iran still suffers from severe economic problems caused by low oil prices; continued sanctions relating to terrorism and human rights violations; and structural governmental and economic failures. Iran's behavior is dictated by Supreme Leader Ali Khamenei, who is anxious about the fate of the Islamic regime, does not want close relations with the West, and is a leading proponent of Iranian expansion in the Middle East. The main obstacle to Iran's aspirations to regional hegemony is the strong Sunni opposition to its policy in Syria, Iraq, and Yemen.

For Israel, the significance of these developments is that barring a dramatic negative turn in events, it can expect a decade of less tension on the nuclear level before the problem resurfaces in full force toward the middle of the next decade. Iran's ability to attack Israel through its proxies and satellites is also somewhat limited, because these are fully engaged in conflicts that are much more important to Tehran, mainly in Syria and Iraq.

5. The weakness and vulnerability of the non-state actors

Non-state actors, who have become quasi-state actors that control population and territory and have armies, have become more vulnerable and subject to deterrence as a result. The leading such actor is the Islamic State, but Hamas and Hezbollah are also discovering the constraints of their advance to quasi-state status: limited resources, obligations to the populations they control, and growing vulnerability resulting from the signature of their weapons – as has happened with many classic terrorist organizations. One result of the Arab countries' weakness was the appearance of non-state actors in the region, but the strengthening of these actors was reversed in 2016, because international and regional coalitions made it possible to halt their progress and even reverse the momentum.

The primary example of a weakened actor is the Islamic State. More than once during the two and a half years since the Islamic State became a threatening element on the international scene and especially in the Middle East, I pointed out the constraints on its power and destructive capability

caused by the balance of power between it and the global and regional powers that rose and enlisted to fight against it. I have also noted the Islamic State's lack of a modern military apparatus, the absence of a sustainable advanced economy, and especially its lack of strategic depth. The organization lost large sections of its territory (the important cities of Ramadi, Fallujah, and Palmyra) during 2016. Late in the year, a multinational offensive was launched to liberate the key city of Mosul, the Islamic State capital in Iraq, from the organization's control. This will be followed by a campaign to liberate Raqqa, the counterpart capital in Syria. The campaign features large scale air strikes by the United States and its Western allies, and movements by the Iraqi army in coordination with Kurdish forces. Syria has seen participation by the Turkish army in coordination with both the Free Syrian Army and Shiite militias, and Russia has also conducted attacks. This broad-based offensive has severely damaged the organization's economic, territorial, and public relations infrastructure. At the same time, if the Islamic State loses the territory under its control, it will remain a guerrilla and subversive movement in Sunni territory, especially in territory controlled by the Shiite Iraqi army and the Shiite militias. The organization is also expected to continue its terrorist attacks in the international theater. In any event, the Islamic State will certainly survive as an idea and will continue to live on the social networks, fanning the flames of jihadist ideology originating in socioeconomic problems and alienated groups in Sunni areas of the Middle East and Africa.

From Israel's standpoint, the non-state actors in the region are deeply involved in fighting for their existence, making them less able to concentrate on the struggle against Israel mandated by their ideology. The Islamic State branch that controls territory bordering Israel in the Golan Heights is for the most part inactive against Israel. Hezbollah is preoccupied with a bloody war in Syria, is experiencing a budgetary crisis, and is the subject of vitriolic criticism in the Arab world because of its support for the Assad regime. Hamas is rebuilding its forces after failing to achieve its strategic goals and suffering severe damage in Israel's campaign against it in the summer of 2014 – Operation Protective Edge – but it must take the public under its rule in the Gaza Strip into account, in addition to the destructive consequences to its status and capabilities that another conflict with Israel would cause.

Although Hezbollah continues its military buildup and poses a significant strategic threat to Israel, and despite the substantial resources invested by Hamas in rebuilding its military force, Israel's overall strategic position gives it unprecedented freedom of action to initiate military operations aimed at preserving its security interests and restricting the increase in quality of its enemies' military buildup.

6. The civil war in Syria is far from resolution

A year of Russian involvement on behalf of Assad has strengthened the radical axis hostile to Israel. The intervention on Assad's side by Russia, Iran, and Hezbollah has enabled the regime to reverse the war's direction and regain control of many areas it lost in previous years. Nevertheless, the regime has neither achieved a decisive victory nor reunited Syria within its 2011 borders, and it does not appear that it will succeed in doing so in the future. The opposition, with all its various organizations, still controls a significant amount of territory in Syria.

From Israel's perspective, the best scenario is the disappearance of the Assad regime, along with the removal of Iran and Hezbollah from Syria on the one hand, and the defeat of the Islamic State and the establishment of a moderate Sunni regime in Syria on the other. This model has materialized in limited form in the Golan Heights, where moderate Sunni rebels are successfully combating both the Assad regime and the Islamic State. As of late 2016, however, the materialization of this model in Syria as a whole is unlikely, given the Russian and Iranian intervention and the Assad regime's advance in Aleppo. Three less than optimal scenarios for Israel are far more likely. The first is continued chaos and civil war, with possible incidents of shooting into Israeli territory, either deliberate or not. The second is the stabilization of the Assad regime in the areas bordering Israel in the Golan Heights, with even closer relations between the regime and Iran and Hezbollah than in the past. The third is the stabilization of a Sunni Islamist political entity on Israel's border in the Golan Heights. The first is the most likely course of events – continued civil war with growing dominance by the Assad regime, owing to the massive Russian support. A strengthened radical axis led by Russia and Iran in Syria in cooperation with Hezbollah is

a negative strategic development for Israel. Israel should formulate a policy aimed at weakening this alliance, despite the Russian support.

7. The persistent weakness of the Arab world

The transformation underway in the Arab world since 2011 will likely continue for many years. Its principal consequence is weakened Arab states, resulting in their dysfunctionality and even disintegration (Syria, Yemen, and Libya, and to some extent also Iraq and Lebanon). Countries that have maintained their state framework are focusing on internal security threats; most of them face armed groups that pose a threat to their regimes. Consequently, the countries that led the radical strategy against Israel have been weakened and thus now lend priority to the existential threats against them, at the expense of their conflict with Israel. Both the Sunni-Shiite conflict and the conflict within the Sunni world (between Salifi jihadist/Islamic State radicalism, the Muslim Brotherhood, and the secular groups) are likely to continue and hamper recovery in the Arab world. Fundamental economic, demographic, and social problems, including a shortage of water and low energy prices, high unemployment, and rampant despair among the younger generation will impede the Arab world's ability to recover from the prolonged crisis. Civil wars with many local and external players will likely continue, and will impact negatively on the stability of countries in the region and in Europe (due to the stream of refugees).

Saudi Arabia persists in the proactivism that has characterized its policy since the accession of King Salman, and his son, Minister of Defense Muhammad bin Salman, continues to play a major role in the country's leadership. The new Saudi leadership believes that it faces an existential struggle against the Shiite axis led by Iran, and with unprecedented assertiveness, Riyadh is trying to lead an axis of Sunni countries against Iran. Long willing to tap financial resources to support rebels in Syria and elsewhere fighting against the Shiite axis, it is now also embarking on direct military intervention. This began in Bahrain, and is particularly prominent in Yemen, where Saudi Arabia continues its campaign against the Houthi rebels, mostly through air strikes. Most of the Gulf states support Saudi Arabia's efforts, particularly the United Arab Emirates, which has also sent ground troops into Yemen. In addition, Saudi Arabia is involved in a confrontation with the Salafi jihadist

threat, although this threat is at least partly connected to radical Wahhabism, which relies on Saudi sponsorship and financing.

Riyadh's efforts to enlist other Sunni countries in the struggle, even those receiving extensive Saudi aid, such as Egypt and Turkey, have achieved limited success. Turkey and Egypt's threat assessments depart from those of Saudi Arabia, and their strategic priorities are accordingly different. For Egypt, the main threat comes from the Muslim Brotherhood, followed by the Salafi jihadist organizations. For Turkey, which has completed its transition from a secular republic to a country controlled by a Muslim Brotherhood movement, the Kurds are the main threat, followed by the Islamic State. At the same time, the massive resources invested in regional involvement and the effort to prevent the upheavals in the Arab world from having a negative impact on its internal arena could potentially lead Saudi Arabia to a socioeconomic crisis. An internal crisis could also occur as a result of struggles in the royal house over the succession, efforts to promote reform in the country, and tensions with the Shiites in the eastern part of the state.

Israel's peace treaties with Egypt and Jordan have withstood the tumult in the Arab world. The Cairo and Amman embassies in Tel Aviv are an expression of a stable element in the regional system, and constitute an important part of Israel's strategic position. Furthermore, the need to combat a common threat from common enemies, led by Iran and the Islamic State, has reinforced strategic cooperation and ties between Israel and these two countries. The Egyptian regime, fighting both in the Sinai Peninsula against armed terrorist groups that are a branch of the Islamic State and in the heart of the country against active terrorist cells, regards Israel as an important strategic ally, not an enemy. Internally, Egypt is preoccupied with its deteriorating economic situation, the decline in its relations with Saudi Arabia, and political, social, and economic circumstances similar to those before the 2011 revolution. The change in Saudi policy has expanded Riyadh's base of shared interests with Israel, thereby facilitating closer ties between the two countries and possibly encouraging Saudi Arabia to make those ties public. However, Saudi public opinion, which is still hostile to Israel, and the concern about the effect of ties with Israel on the country's ideological struggle against Iran and the Islamic State, constitute an obstacle to closer relations with Israel, certainly at the public level.

8. The political stalemate in the Israeli-Palestinian arena and Palestinian violence

The complete standstill in the political process and the deterioration of security in the Palestinian arena continued in 2016, and Israel continues to pay a price in lives, and in its economy, international standing, and internal political arena. The terrorism by individuals consisting mostly of stabbings and car-rammings, which began in the fall of 2015, has abated somewhat, due to fatigue in Palestinian society and effective countermeasures by Israel. A renewed outbreak of violence in the fall of 2016, however, ignited by events during Eid al-Adha (the Muslim Festival of the Sacrifice) and the Jewish High Holy Days highlighted the existing potential for escalation created by frustration among Palestinians at the lack of a political horizon and their poor socioeconomic situation. The Palestinian government in Ramallah, headed by Mahmoud Abbas, continues to lose support and suffers from a lack of legitimacy. Efforts to achieve legitimacy through elections (initially at the local level) have so far failed. The Palestinian struggle over succession has gathered momentum and will probably contribute to further inflexibility in the Palestinian positions.

At the same time, initiatives for renewing the political process continue to surface. Over the past year, the French government, Egyptian President Abdel Fattah el-Sisi, and Russia all proposed initiatives, but these proved futile. For its part, the Israeli government is concerned that the outgoing Obama administration will present an initiative during the period between the November elections and Trump's taking office. This initiative will seek to shape the results of the negotiations by setting parameters for an Israeli-Palestinian agreement through a new UN Security Council resolution or a presidential declaration. Such an initiative would pose a substantial challenge to the Israeli government, and the Israeli government must take steps, preferably to prevent it, and at the very least, to influence its parameters.

The socioeconomic situation in the Gaza Strip continues to deteriorate. The distress in several critical aspects, first and foremost water, sewage, and energy, is liable to cause a severe humanitarian crisis soon. Awareness that such a development is imminent has prompted a change in Israel's policy on the Gaza Strip and the adoption of a more liberal attitude toward the movement of goods and people to and from Gaza. This new openness

is limited, however, due to concern about Hamas's military buildup, and therefore cannot prevent a crisis, and from there, the road to an outbreak of violence is decidedly short.

9. Israel's political standing continues to decline

Israel's image in Western countries continues to decline, a trend that enhances the ability of hostile groups to engage in actions aimed at depriving Israel of moral and political legitimacy and launch boycotts in various areas. Indeed, the international campaign to delegitimize Israel continues, as reflected in the BDS movement. Israel's current right wing government has contributed to this deterioration. Other domestic factors include the anti-democratic legislative initiatives that have arisen during its term, tensions in relations between religion and state, allegations concerning overreaction to the wave of terrorist attacks, the political deadlock with the Palestinians, and the appointment of a right wing political figure as Minister of Defense. The government's efforts to enhance political ties with non-democratic countries, especially Russia and China, are looked down upon in the international arena, not merely because of the character of the regimes in these countries and the fact that they have deeply rooted interests in countries hostile to Israel, but because there is no sign that they are willing to give Israel the political, scientific, technological, and military support it receives from other countries, mainly the United States and some European countries.

10. Tension in the internal arena

Solidarity and the feeling of a common purpose in Israeli society have weakened. The issues arousing international criticism of Israel have affected its unity, resilience, and political system. Social and political polarization in Israel has grown, reflected in extremist statements and incitement. The frequent statements by political groups and campaigns on the social networks against the IDF hit record levels this year. Undermining public support and legitimacy of the army, its commanders, and its value and normative infrastructure can weaken Israel's resilience. At the same time, relations between Israel's Arab minority and the Jewish majority continue to deteriorate, despite the government decision to implement a five-year plan for investing large scale resources in the Arab sector in order to promote its socioeconomic integration

in the country. Many Arabs who do not trust the government believe that this plan will go the way of similar past plans, with various excuses being made for failure to implement it. An examination of the fate of past plans for the Arab sector indeed shows that this concern is not unfounded. Regarding extremism, the radical ideas led by the Islamic State are less attractive among the Arab minority in Israel than in other Muslim societies, and the number of individuals seeking to volunteer in its ranks or act in accordance with its ideology is smaller. One positive recent development was the decision by the security forces, after considerable hesitation, to act with determination against the price tag terrorist attacks carried out by Jews against Arabs in Judea and Samaria and in Israel proper. This determination has caused a substantial drop in the frequency of such attacks.

Policy Recommendations

Israel's military power and economic resilience, combined with the weakness of its enemies who are preoccupied with acute crises, have shunted the war against Israel to the margins of the regional agenda. The international system, which is in the midst of conflicts between the major powers as well as economic and social crises, is also currently less focused on leveling political pressure on Israel, thereby giving Israel a respite that is in fact a strategic window of opportunity. Implementation of the nuclear agreement between the major powers and Iran, which reduces the risk to Israel posed by the Iranian nuclear program, has also improved Israel's ability to deal with the immediate security challenges. The key question is whether Israel is making the right use of this interval in the short and medium term to bolster its ability to deal with the graver challenges awaiting it in the longer term. The leadership in Israel would be ill-advised to see the current relatively comfortable strategic situation as a reason to evade discussions and difficult decisions essential to the formulation of a coherent national security policy.

The most likely scenario for the outbreak of a violent conflict in the coming years is another round between Israel and Hamas in the Gaza Strip. Friction is also possible on the border in the Golan Heights and on the border in the Sinai Peninsula, and the worst scenario is a conflict with Hezbollah on the border with Lebanon. Conflicts in the Gaza Strip will probably be limited, and Israel is well equipped to deal with them – if it defines the goals of the

fighting wisely, and investigates and corrects the strategic and systematic mistakes made in similar conflicts over the past decade. A conflict with Hezbollah will be more difficult, and has the potential for escalating into a conflict with Syria and Iran. While the Israeli home front would pay a heavy price for this conflict, improved intelligence capabilities, precision attack weapons, appropriate rules of warfare, and correct definition of goals in the fighting will enable Israel to take advantage of its overall power. It is important not to let the immediate challenges divert Israel from the challenges expected in the longer term, including an Iran with nuclear weapons after the restrictions on its nuclear program expire, the challenges resulting from the upheaval in the Arab world, and a possible erosion of Israel's qualitative military edge (QME) caused by eased Western restrictions on the supply of weapons to the Arab world. All of these are significant for Israel's relations with the countries in the region and the major powers, and for its military buildup and political policy.

The following policy recommendations for Israel address the challenges currently before it:

1. Strengthen strategic relations and trust with the Trump administration

The United States will remain Israel's principal partner as it copes with security and political challenges. Israel should therefore not be tempted to overemphasize the value of alternative powers, i.e., Russia and China, which do not support Israel in any votes in the UN Security Council and General Assembly. Despite good relations between Moscow and Jerusalem, Russia is not a substitute for security, political, and economic support by the United States and the West; furthermore, Russia is neither desirous nor capable of rendering Israel such support. As for China, it is doubtful whether Israel will be able to achieve anything beyond economic ties. Israel should thus take advantage of the change of administration to rebuild its damaged relations with the United States, while seeking to restore the personal trust and warm working relations between the leaders and formulating strategic understandings on basic issues: Iran and its drive toward hegemony, subversion, and terrorism; the Israeli-Palestinian conflict – which should certainly not be left to the realm of the Europeans; understandings about Russia's negative

role in Syria, which strengthens Iran and Hezbollah; the need to strengthen Egypt and Jordan; and preparations for problematic developments in the Gulf. Relations between Israel and all factions of the American Jewish community are also highly important, with an emphasis on Israel's impaired standing among the younger generation.

2. Build the capability to thwart an Iranian breakout to nuclear weapons

Israel likely has a period of 10-15 years to build a credible operational capability for this purpose, and if its efforts at preventing a breakout fail, for coping with an Iran armed with nuclear weapons. Nuclear capability in the hands of Iran is likely to drive other Middle East states to procure nuclear weapons. For this reason, a plan to deal with an Iranian breakout to nuclear weapons must include both a "made in Israel" preventive capability and strategic understandings on this matter with allies, principally the United States. The point in time when it will become necessary to open and revise the nuclear agreement must be identified and prepared for, in order to prevent Iran from being only a small step from a bomb during the final years of the agreement, as allowed by the agreement. Trump's election also makes it possible to renew discussions with an administration that is not committed to the nuclear agreement (JCPOA), and to reach understandings and even "a parallel agreement" on joint Israel-United States preparations for the risks stemming from the agreement signed with Iran, especially in the long term.

3. Initiate measures in the Palestinian arena

Even if there does not appear to be a partner on the Palestinian side for reaching or implementing an agreement, Israel has an important interest in halting the gradual drift toward an irreversible one-state situation, and instead, progressing toward a two-state situation that ends Israel's rule over Palestinians, while carefully maintaining and even improving Israel's security. This requires a proactive effort to restore trust in the sincerity of Israel's intention to reach an agreement. All possible channels for promoting an arrangement with the Palestinians should be explored – bilateral, regional, interim agreements, and the independent track. A proactive policy on defining a border between Israel and the Palestinian entity, even if only temporary, should be adopted,

together with aid for building Palestinian state institutions. Expressions of willingness to renew the political process with the Palestinians will generate credibility if accompanied by more flexible positions concerning a framework for the agreement. Independent Israeli initiatives are needed to bolster Israel's standing and relations with countries in the region and beyond, including its Western allies. Such initiatives will also help to counter the delegitimization campaign conducted against Israel.

Trump's election makes it possible to act in a less suspicion-laden and more pro-Israel atmosphere in Washington, but requires Israel to clarify to the new administration about "what kind of Israel we are talking about" and what borders Israel sees itself accepting in an agreement with the Palestinians, or in the absence of such an agreement.

A dialogue with the new US administration on ways to avoid a military conflict in the Gaza Strip is another important move. This depends to a large extent on the ability of Israel and its allies, both in the region and in the West, to undertake a reconstruction of the Gaza Strip and prevent a humanitarian disaster there. Stabilizing the Gaza Strip will require a prolonged dialogue with Egypt, the Palestinian Authority, the Gulf states, Turkey, the United States, and the European Union. Specific ideas can be considered in the framework of this dialogue, including construction of a port in the Gaza Strip, establishment of a gas pipeline, and construction of desalinization facilities in the area.

4. Undertake military preparations for large scale conflicts with Hezbollah and Hamas

It is important to implement the lessons of previous conflicts and make an effort to reduce the likelihood that such conflicts will recur. The main potential for escalation with Hezbollah lies in Israeli operations to stop weapons shipments to the organization and Hezbollah's effort to establish a military apparatus and terrorist bases in the Golan Heights. Such an apparatus could result from continuation of the war in Syria, or from a decisive victory by the Assad regime. Israel must therefore constantly review its policy and continue its effective disruption of high quality weapons supply to the organization, while minimizing the risk of escalation. Israel must also continue gathering intelligence on Hezbollah's forces in order to facilitate a preemptive strike

and/or neutralization of the organization's high quality apparatuses shortly after a conflict breaks out. Israel must prepare measures against Lebanon's national infrastructure without distinguishing it from Hezbollah, and develop capabilities for a ground campaign, while considering the nature of such a campaign and its contribution to a systematic and strategic victory.

In contrast to previous years, Iran, with the tacit consent of Western countries and in cooperation with Russia, currently has substantial forces in Syria. If Israel succeeds in dealing Hezbollah a damaging blow that jeopardizes its status in Lebanon, direct military intervention with large forces by Iran or by Shiite "volunteers" under Iranian command could ensue. Likewise unlike previous occasions, Israel will be restricted by the presence of Russian forces in Syria, an envelope of Russian air defense systems over the skies of Lebanon and Israel, and intelligence and strategic cooperation between Russia and Hezbollah. The rules of the game vis-à-vis the Russians should be defined and clarified in advance of and not during a conflict with Hezbollah. It is also important to take advantage of a possible contribution by Russia to restrain Hezbollah and Iran and prevent unwanted escalation. Against Hamas in the Gaza Strip, military preparation should aim to shorten the duration of the next campaign and anticipate the tactical and systemic surprises that will be encountered. An operational way to deal effectively with the tunnels and mortar fire must be found – in addition to maintaining the achievements in coping with the rockets. Here too, a ground operation must be prepared as an essential modular part of the operational toolbox. A ground operation and air operations will not necessarily aim to conquer the Gaza Strip, rather to cause serious damage to the extent of destroying Hamas's military wing.

Both arenas, against Hamas and Hezbollah, should be discussed with the Trump administration, with understandings reached about Israel's red lines, and about what will be considered a legitimate policy on the use of force against these groups in the event of another military conflict.

5. Exhibit assertiveness vis-à-vis the strengthened Iran-Hezbollah axis in Syria

Israel must manage the risks posed by the radical axis in Syria that has strengthened with Russian support, with an eye to distance the threat posed by

this axis on the northern front. Israel's policy should include an unequivocal stand against the mass killing in Syria; judicious and calculated efforts to thwart the radical axis; prevention of shipments of high quality arms to Hezbollah; a high price exacted from any element attacking Israel, measures to prevent the consolidation of terrorist groups on its borders, and strengthened ties and continued humanitarian assistance for the moderate Sunni population on the other side of the border.

6. Improve relations with Sunni Arab countries

The dialogue between Israel and Saudi Arabia and other Gulf states indicates that an effective process with the Palestinians, even if it does not include negotiations for a permanent settlement ending in a full agreement, will make a breakthrough in relations with the Gulf states possible, including making these relations public. Even though the Arab regimes no longer ascribe the Palestinian issue the same dominance of years past, they still believe that it is important for domestic public opinion. It therefore constitutes a stumbling block to their ability to deepen their ties with Israel and act on their common interests. The Israel-Palestinian process will make it possible for Israel to realize the potential of these extended relations as a strategic asset and enhance its status and acceptance as a legitimate country in the Middle East. These relations also have significant economic potential, and can contribute to efforts against common enemies.

7. Prepare for "soft power" conflicts against Israel

Israel can expect conflicts in both the military sphere and in soft power areas – economics, diplomacy, communications, the social networks, and the courts (lawfare). Israel's enemies are generally deterred from direct military attacks given Israel's military power, but they are rapidly stepping up their actions in the legal, diplomatic, and economic spheres in order to inflict long lasting damage. It is therefore necessary for Israel to devise organizational frameworks, strategies, and multidimensional, coordinated methods to handle the challenges facing it.

8. Continue to develop Israeli cyber power

Israel is one of the world's six leading powers in cyberspace. The Israeli hi-tech industry is an important economic engine and an essential export element in a country with limited natural resources. Development of Israeli cyber capabilities should continue, based on technological education and training, and the cultivation of a culture of entrepreneurship, innovation, and improvisational capability, in part through military service that provides Israel's young entrepreneurs with a good preparation for coping with the latest cyber challenges.

9. Implement the plan for the domestic Arab sector

In order to improve the prospects of the plan for the domestic Arab sector, the integration of Arabs in Israel's society and economy should be encouraged. This is a significant strategic interest for Israel in various contexts of national security, and a basis for cooperation between the Jewish majority and the Arab minority. Such cooperation would help steer Israeli society in positive directions and lead to significant economic improvement. In order to bring about substantial change and realize the vision of integration and equality of Arabs in the country, the government should adhere to three main tracks: complete and unconditional implementation of the five-year program; avoidance of legislation aimed at political and cultural exclusion of the Arab sector; and responsible postures on issues involving Arabs in Israel, with public disavowal of racist attitudes in Jewish discourse.

10. Launch a national political and social dialogue about Israel's basic characteristics and values

A dialogue about Israel's basic characteristics and values will try to define ways to ensure a democratic, secure, and moral Jewish state. Led by the political leadership, it must engage the public, including through the social networks and other media. Rules of the game for the political and social arena must be defined that avoid trends and phenomena of polarization, including anti-democratic legislation and incitement. Inter alia, discussion should be renewed on a change in the system of government and the balance between the bureaucracy's ability to carry out policy and legal and regulatory

oversight that will not paralyze, but will be able to prevent corruption and violation of fundamental civil rights.

These policy recommendations are designed to constitute a foundation for Israel to confront the diverse threats before it. They require giving objective long term strategic considerations priority over short term tactical considerations that are within the comfort zone of the dominant political actors in Israel. The ability of policymakers to overcome the temptation to satisfy immediate political interests will be the true test of their leadership.

Furthermore, Israel's national security policy requires addressing important tensions in its internal and external strategic environment and striving to achieve a balance between them. This effort will not be easy at all, because concrete tensions are involved, including:

a. Between the desire to lengthen the security lulls and the need to initiate action to shape a more secure situation by preventing the enemy's force buildup, which will exact a higher price in the future;
b. Between Israel's military, economic, and technological power and its political weakness, most of which results from its rule over the Palestinians;
c. Between issues that are urgent in the short term – another conflict with Hamas in the Gaza Strip; and more substantial threats in the medium term – a large scale conflict with Hezbollah; and in the long term – an Iranian breakout to nuclear weapons and the nuclearization of other Middle East states;
d. Between investment and building "hard" military kinetic power and the need to invest in capabilities that can be leveraged into cyber and "soft" power;
e. Between Israel's value-based restrictions and those of its enemies regarding the use of force and rules of war;
f. Between Israel's military supremacy and difficulties in defining policy objectives regarding the use of force to achieve those objectives;
g. Between the political establishment and the public on the definition of victory;
h. Between the resources allocated to national security and economic security, high quality education, and social resilience;

i. Between the status quo as a solution for short term security threats and the need to embark on initiatives for shaping a different situation in light of the risks to Israel's character in the long term;
j. Between the chance to promote a political process with the PA and the security risks it incurs;
k. Between the traditional defense concept, comprising the four pillars of deterrence, warning, decision, and defense, and the necessity to adapt to the current environment of threats and required achievements;
l. Between the need for a penetrating debate about what country Israel will be and the intersection of the state's Jewish character and elements that guarantee it is democratic, secure, and just.

Only wise, sophisticated, and innovative management of these tensions will make the aforementioned recommendations a solid basis for a political-security grand strategy for Israel.

Contributors

Editors

Anat Kurz, a senior research fellow, is director of research at INSS and editor of *INSS Insight*. She has lectured and published widely on insurgency-related issues, sub-state political organizations, and conflict resolution, and her current research focuses on the Palestinian national movement and Israeli-Palestinian relations. Among her publications are *Fatah and the Politics of Violence*: *The Institutionalization of a Popular Struggle* (2005) and *The Palestinian Uprisings: War with Israel War at Home* (2009). Dr. Kurz is co-editor of *Strategic Survey for Israel* (2009, 2010, 2011, 2012-2013, 2013-2014, 2014-2015, and 2015-2016); *The Lessons of Operation Protective Edge* (2014); and *Negotiating in Times of Conflict* (2015), and a contributing author to these volumes.

Shlomo Brom is a senior research fellow and head of the research programs at INSS. A former director of strategic planning in the planning branch of the IDF General Staff, he participated actively in peace negotiations with the Palestinians, Jordan, and Syria, and served as deputy national security advisor. His primary areas of research are Israeli-Palestinian relations and national security doctrine. Brig. Gen. (ret.) Brom is co-editor of *The Second Lebanon War: Strategic Perspectives* (2007); *Strategic Survey for Israel* (2009, 2010, 2011, 2012-2013, 2013-2014, 2014-2015, and 2015-2016); *The Lessons of Operation Protective Edge* (2014); and editor of *In the Aftermath of Operation Pillar of Defense: The Gaza Strip, November 2012*; and a contributing author to these volumes.

Authors

Muhammed Abu Nasra, a Neubauer research associate at INSS, is a doctoral candidate in the department of Sociology and Anthropology at the Hebrew University in Jerusalem. His research focuses on technological entrepreneurship in Israel's Arab sector. He holds a B.A. in behavioral science and an M.A. in organizational sociology, both from Ben Gurion University. He has published articles on ethnic entrepreneurship, technological entrepreneurship, and leadership and employee performance.

Ephraim Asculai, a senior research fellow at INSS, worked at the Israel Atomic Energy Commission (IAEC) for over 40 years, mainly on issues of nuclear and environmental safety. For a number of years he worked at the IAEA in Vienna on issues of radiation protection of the public, and upon his return to Israel, became heavily involved in the deliberations leading to the conclusion of the Comprehensive Test-Ban Treaty (CTBT). He has published widely on WMD nonproliferation, particularly as it relates to the Middle East, and the Iran nuclear threat. He is the author of *Rethinking the Nuclear Non-Proliferation Regime* (2004).

Udi Dekel is the Managing Director of INSS. He served as head of the negotiating team with the Palestinians under Prime Minister Ehud Olmert during the Annapolis process. In his last position in the IDF he served as head of the Strategic Division in the Planning Directorate of the General Staff. Brig. Gen. (res.) Dekel headed the Israel-UN-Lebanon committee following the Second Lebanon War and was head of the military committees with Egypt and Jordan. He also served as head of the working groups on strategic-operational coordination with the United States; on developing a response to the threat of surface-to-surface missiles; and on international military cooperation. He was a member of a committee to update Israel's security concept in 2006 and coordinated the formulation of IDF strategy. Brig. Gen. (res.) Dekel is the co-author of *Syria's New Map and New Actors: Challenges and Opportunities for Israel* (2015).

Doron Ella, a Glazer research associate at INSS, is a doctoral candidate in the department of International Relations at Hebrew University. His research focuses on China's foreign policy and international institutions.

He holds a B.A. in International Relations and East Asia Studies – China from the Hebrew University, and an M.A. in a special program combining International Relations and Asia Studies from the Hebrew University.

Meir Elran, a senior research fellow at INSS, is head of the INSS Homeland Security Program and co-head of the INSS Israeli Society and National Security Program. Brig. Gen. (ret.) Elran served in a variety of senior positions in the IDF Intelligence Corps, and was assistant head of Military Intelligence. He participated in the peace talks with Egypt and was a member of the IDF delegation to the peace talks with Jordan. He served as a strategic consultant to several government offices, and as a special advisor to the Winograd Commission. His main area of interest is resilience in various fields, particularly social resilience and the resilience of national infrastructures. He is co-author of *Securing the Electrical System in Israel: Proposing a Grand Strategy* (2016) and co-editor of *Military Service in Israel: Challenges and Ramification*s (2015) and *IDF Strategy in the Perspective of National Security* (2016).

Oded Eran is a senior research fellow and a former director of INSS. In his most recent post before joining INSS, he served as the World Jewish Congress representative in Israel and Secretary General of the WJC Israel branch. Dr. Eran has served as Israel's ambassador to the European Union (covering NATO as well), Israel's ambassador to Jordan, and head of Israel's negotiations team with the Palestinians (1999-2000). Other previous positions include deputy director general of the Ministry of Foreign Affairs, and the deputy chief of the Israeli embassy in Washington. He also serves as a consultant to the Knesset Subcommittee on Foreign Affairs.

Shmuel Even, a senior research fellow at INSS, is an economist and the owner of Multi Concept (Consultants) Ltd., which deals with financial and strategic consulting. Dr. Even retired from the IDF with the rank of colonel, following a long career in the IDF's Intelligence Branch. His publications deal with Middle East economies, the Israeli economy, the defense budget, the world oil market, intelligence, and terrorism. He is co-author of *The Intelligence Community – Where To?* (2009) and *Cyber Warfare: Concepts and Strategic Trends* (2012), and the author of *The Cost of Defense in Israel:*

Defense Expenditures and Recommendations for Drafting the Defense Budget (2015).

Sarah Fainberg is a research fellow at INSS and a Visiting Professor at Tel Aviv University's Harold Hartog School of Government and Policy. Her current research focuses on Israel's interests and relations with the Eurasian states and Israel's relations with the American and French diasporas. She has taught at Georgetown University's School of Foreign Service, Columbia University, and St. Petersburg's State University in Russia. She is the author of *Les Discriminés. L'antisémitisme soviétique après Staline* (2014), and co-author of S*ecularism on the Edge: Church-State Relations in the US, France, and Israel* (2014).

Yoel Guzansky is a research fellow at INSS, a National Fellow at the Hoover Institution at Stanford University, and a post-doctoral Israel Institute Fellow. Before joining INSS, he coordinated work on the Iranian nuclear challenge at the National Security Council in the Prime Minister's Office. Dr. Guzansky specializes in issues affecting security in the Gulf and has published extensively in international academic publications. He is the author of *The Gulf States in a Changing Strategic Environment* (2012) and *The Arab Gulf States and Reform in the Middle East: Between Iran and the Arab Spring* (2015), and co-author of *The Arab World on the Road to State Failure* (2016).

Michal Hatuel-Radoshitzky is a Ph.D. candidate in the Political Science Department at Tel Aviv University and a Neubauer research associate at INSS, researching the stigmatization of states in the international arena, with a focus on Israel's standing in the international arena. She was the Israeli representative of the Institute for Inclusive Security, and was responsible for overseeing and managing the work of Forum Dvorah: Women in Foreign Policy and National Security. Prior to this position, she was the Director of Foreign Relations at H. L. Education for Peace – The Geneva Initiative, Israel; and she managed the European Desk of the resource development department at the Center for Jewish-Arab Economic Development.

Mark A. Heller is a principal research associate at INSS and the editor of the INSS quarterly *Strategic Assessment*. He earned his doctorate in political

science at Harvard University, and joined the Jaffee Center for Strategic Studies, now incorporated into INSS, in 1979. He has taught international relations at Tel Aviv University and at leading universities in the United States, including the University of California at San Diego and Cornell University. He served as research coordinator at the Canadian Institute for International Peace and Security, visiting professor of government at Harvard University, research associate at IISS, and public policy scholar at the Woodrow Wilson International Center for Scholars. Among his publications: *A Palestinian State: The Implications for Israel* (1983); *The Middle East Military Balance*, which he co-edited and co-authored in 1983-1985 and again in 1996, 1997, and 1998; *Israel and the Palestinians: Israeli Policy Options* (co-editor, 2005); *The Middle East Strategic Balance 2007-2008* (editor, 2008); and *One Year of the Arab Spring: Global and Regional Implications* (co-editor, 2012).

Ephraim Kam, a senior research fellow at INSS, served as assistant head of the research division of IDF Military Intelligence and retired with the rank of colonel. Dr. Kam's main fields of expertise are the Iranian challenge, Arab states' security problems, the US entanglement in Iraq, strategic intelligence, and Israel's national security issues. His most recent studies are *From Terror to Nuclear Bombs: The Significance of the Iranian Threat* (2004); *A Nuclear Iran: What Does it Mean, and What Can be Done* (2007); *and Israel and a Nuclear Iran: Implications for Arms Control, Deterrence, and Defense* (editor, 2008).

Israel Kanner is an Israel Institute research associate at INSS and a Ph.D. candidate in the Zvi Yavetz School of Historical Studies at Tel Aviv University. His research focuses on Qing dynasty martial arts, especially as a tool for social resistance and mobilization. He holds a dual B.A. in East Asian studies and Archeology from Tel Aviv University, and an M.A. on Chinese philosophy. Early in his doctoral studies he was a visiting scholar at the Center for Chinese Studies, Taipei.

Emily B. Landau is a senior research fellow and head of the Arms Control and Regional Security Program at INSS. Her principal fields of research are new trends in arms control thinking, Middle East regional security, the

Iranian threat, and the challenge from North Korea. Dr. Landau is active in Track II meetings and conferences and teaches at Tel Aviv University, the Interdisciplinary Center, Herzliya, and the University of Haifa. Dr. Landau is the author of *Arms Control in the Middle East: Cooperative Security Dialogue and Regional Constraints* (2006) and *Decade of Diplomacy: Negotiations with Iran and North Korea and the Future of Nuclear Nonproliferation* (2012). Her most recent publications (co-editor) include *The Nuclear Nonproliferation Regime at a Crossroads* (2014); *The Interim Deal on the Iranian Nuclear Program: Toward a Comprehensive Solution?* (2014); and *Arms Control and Strategic Stability in the Middle East and Europe* (2016).

Galia Lavi is a research assistant in the China Program at INSS. She prepares a bi-monthly newsletter focusing on bilateral relations between Israel and China, the Chinese economy, and relations between the United States and China. She received her B.A. in East Asia Studies from Tel Aviv University, and is currently completing her M.A. in Chinese history.

Ephraim Lavie is the Director of the Tami Steinmetz Center for Peace Research at Tel Aviv University, and research fellow at the Moshe Dayan Center for Middle Eastern and African History. A retired colonel, Dr. Lavie specializes in Palestinian society, the PLO, the Israeli-Palestinian conflict, and relations between Israel's Jewish majority and Arab minority. Among his recent publications: *The Peace Process: Seventeen Plans in Ten Years* (co-author, 2010); *Israel and the Arab Peace Initiative* (editor, 2010); *"Palestine": A State in the Making* (co-editor, 2012); *Nationalism and Morality: Zionist Discourse and the Arab Question* (editor, 2014) *The Nakba in Israel's National Memory* (co-editor, 2015), and *Integrating the Arab-Palestinian Minority in Israeli Society: Time for a Strategic Change* (2016).

Gallia Lindenstrauss is a research fellow at INSS, specializing in Turkey's current foreign policy. Among her other areas of expertise are ethnic disputes, the foreign policy of Azerbaijan, the Cypriot issue, and the Kurds. She holds a Ph.D. from the Department of International Relations at the Hebrew University. Her opinion pieces and commentaries have been widely published in Israel's leading media outlets, as well as in *National Interest, Hurriyet Daily News*,

and *Insight Turkey.* Dr. Lindenstrauss lectures at the Interdisciplinary Center in Herzliya, and formerly lectured at the Hebrew University.

Zvi Magen, a senior research fellow at INSS, joined the INSS research staff following a long career in Israel's intelligence and foreign service. From 1993-1997 he served as Israel's ambassador to Ukraine, and in 1998-1999 he served as Israel's ambassador to Russia. From 1999-2006 he served as head of Nativ, the liaison group for the FSU and Jewish diaspora affairs at the Prime Minister's Office, and in 2006-2009 he was head of the Institute for Eurasian Studies at the Interdisciplinary Center, Herzliya. He is the author of *Russia and the Middle East: Policy Challenges* (2013).

Kobi Michael is a senior research fellow at INSS, and was formerly on the faculty at Ben Gurion and Ariel Universities and a guest lecturer at Northwestern University. His main fields of research include strategy and security studies, politics and the military, the Israeli-Palestinian conflict, and peacekeeping and state building campaigns. Dr. Michael served as a senior officer in GHQ Intelligence Branch, and following the Oslo Accords, was one of the founders and commanders of the Israeli-Palestinian Security Coordination Mechanism in the Gaza Strip. Among his other positions, he served as Deputy Director General and head of the Palestinian and Neighboring Countries Branch in the Ministry of Strategic Affairs. Among his many publications: *The Arab World on the Road to State Failure* (co-author, 2016) and *IDF Strategy in the Perspective of National Security* (co-editor, 2016).

Assaf Orion is a senior research fellow at INSS and head of the research program on Israel-China relations. In his final posting in the IDF, Brig. Gen. (res.) Orion served as head of Strategic Planning in the Planning Directorate in the IDF General Staff, responsible for strategic planning and policy formulation, international cooperation and military diplomacy, and ties to neighboring militaries and peacekeeping forces in the region. For more than two decades he served in Israel's National SIGINT Unit 8200 and Israeli Defense Intelligence, in SIGINT, OSINT, and international intelligence cooperation command positions. His fields of interest include national and regional security, applied strategy, human learning systems, and leadership

challenges in a fast changing world. Brig. Gen. (res.) Orion holds an M.A. from the Kennedy School of Government at Harvard University.

Gilead Sher is a senior research fellow at INSS and head of the Center for Applied Negotiations. Col. (res.) Sher was the Head of Bureau of former Prime Minister Ehud Barak and was one of the chief negotiators with the Palestinians at the Sharm el-Sheikh agreement (1999), Camp David (2000), and the Taba talks (2001). Prior to that, he served under Prime Minister Yitzhak Rabin as delegate to the 1994-95 Interim Agreement negotiations with the Palestinians. Mr. Sher was a visiting professor on conflict resolution and negotiations at the Wharton School at the University of Pennsylvania and is a visiting professor in the Master's program in conflict resolution at Tel Aviv University. Sher serves as chairman of the board of Sapir Academic College. Mr. Sher, an attorney and senior partner in Gilead Sher, Kadari & Co. Law Offices, is the author of *The Israeli-Palestinian Peace Negotiations, 1999-2001 – Within Reach* (2005) and contributing author to and co-editor of *Negotiating in Times of Conflict* (2015).

Sima Shine joined INSS as a senior research fellow following her departure from the Israel's Ministry of Strategic Affairs, where she served as deputy director general, responsible for the Iranian file (2009-2015). In this framework she was heavily involved in the diplomatic contacts in recent years on the Iranian issue. Prior to that, she served as deputy head of the National Security Council for Strategic Affairs (2008-2009). For most of her professional life, Ms. Shine served in the intelligence community, in the IDF Intelligence Corps and the Mossad. Ms. Shine holds an M.A. in political science and security studies, and is a graduate of the National Security College.

Gabi Siboni is a senior research fellow at INSS, director of the Military and Strategic Affairs Program and Cyber Security Program at INSS, and editor of the journal *Cyber, Intelligence, and Security*. Dr. Siboni is also the deputy and chief methodologist of the IDF's Research Center for Force Deployment and Buildup. Colonel (ret.) Siboni served as a commander in the Golani Brigade and completed his service as the brigade's reconnaissance unit commander. Within the scope of his reserve service, he served as the chief of the Golani Brigade staff, and chief of staff of a division. He is co-

author of *Guidelines for a National Cyber Strategy* (2015) and co-editor of *IDF Strategy in the Perspective of National Security* (2016).

Shimon Stein, a senior research fellow at INSS, served as Israel's ambassador to Germany (2001-7). Prior to this appointment he served in the Ministry of Foreign Affairs as deputy director general for the CIS, as well as Eastern and Central Europe. Ambassador Stein held additional MFA posts in Washington, Germany, and Israel, and was a member of Israel's delegation to multilateral negotiations on arms control.

Ofir Winter, a research fellow at INSS, holds a Ph.D. from the Department of Middle Eastern and African History at Tel Aviv University. His doctoral research focused on Egypt and Jordan's quest to legitimize their peace treaties with Israel between the years 1973-2001. He lectures at the Yezreel Valley College and was head of the Syrian news desk at MEMRI. He is co-author of *Zionism in Arab Discourses* (2016); and *Syria's New Map and New Actors: Challenges and Opportunities for Israel* (2016).

Moshe Ya'alon is a senior research fellow at INSS. The 17th chief of staff of the IDF, Lt. Gen. (ret.) Ya'alon served in numerous leading public offices, including as: Deputy Prime Minister; Minister of Defense, member of the security-political cabinet; and Minister of Strategic Affairs.

Amos Yadlin was appointed Director of INSS in November 2011, following forty years of service in the IDF, nine of them as a member of General Staff. From 2006-2010 Maj. Gen. (ret.) Yadlin served as head of Military Intelligence, following a term as IDF military attaché to the United States. In 2002 he earned the rank of major general, and was appointed commander of IDF colleges and the National Defense College. Maj. Gen. (ret.) Yadlin served as deputy commander of the Israel Air Force. Prior to that he was a commander of two combat squadrons and two IAF bases, as well as head of the IAF Planning Department. He served as a fighter pilot in the Yom Kippur War, Operation Peace for Galilee (the First Lebanon War), and Operation Tammuz (the raid on the Iraqi Osirak nuclear reactor). Maj. Gen. (ret.) Yadlin holds a Bachelor's degree with honors in Economics and Business Administration from Ben Gurion University of the Negev, and a Master's degree in Public Administration from Harvard University. He is

the co-author of *Regime Stability in the Middle East: An Analytical Model to Assess the Possibility of Regime Change* (2013).

Eran Yashiv, a senior research fellow and head of the research program on economics and national security, is a macroeconomist, specializing in labor market issues, including labor search and matching, financial markets, immigration, and exchange rate economics. Prof. Yashiv is a faculty member of the Eitan Berglas School of Economics at Tel Aviv University. A former chair of the Public Policy Department at Tel Aviv University, he founded the Center for Regulation Policy at Tel Aviv University and was its first director. For the past decade, Prof. Yashiv has been a research fellow at the Centre for Economic Policy Research at the Centre for Research and Analysis of Migration (CREAM) at University College, London and at IZA, Bonn. In recent years, he has been a consultant to the Bank of England and to the Bank of Israel on labor market issues. He is the academic director of the Sapir Forum for Economic Policy. a consultant to the Economics Ministry, and chair of the steering committee of the Vacancies Survey of the Central Bureau of Statistics.

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