

Russia and Israel in the Changing Middle East

Conference Proceedings

Zvi Magen and Vitaly Naumkin, Editors



Memorandum **129**



INSS
המכון למחקרי ביטחון לאומי
THE INSTITUTE FOR NATIONAL SECURITY STUDIES
INCORPORATING THE JAFFEE
CENTER FOR STRATEGIC STUDIES
תל אביב
TEL AVIV UNIVERSITY
אוניברסיטת תל אביב

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Institute for National Security Studies

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The purpose of the Institute for National Security Studies is first, to conduct basic research that meets the highest academic standards on matters related to Israel's national security as well as Middle East regional and international security affairs. Second, the Institute aims to contribute to the public debate and governmental deliberation of issues that are – or should be – at the top of Israel's national security agenda.

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July 2013

רוסיה וישראל במזרח התיכון המשתנה

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Preface

It is a pleasure to introduce this collection of articles, a joint publication of the Institute for National Security Studies (INSS) and the Institute of Oriental Studies of the Russian Academy of Sciences. The volume is an outgrowth of the international conference “Russia and Israel in the Changing Middle East,” sponsored by the two institutes in November 2012 at INSS in Tel Aviv. The presentations of leading experts from both countries in attendance at the conference, among them academics and representatives of governmental systems, are included in this publication.

The conference, designed to foster a fruitful dialogue among the participants, provided a setting for an array of positions on the most acute international and regional issues of the day, including the respective assessments of the situation in the Middle East, as well as various facets to the political and economic bilateral relations.

The political field encompasses issues such as Russia’s stance and efforts to promote its interests and goals in global and regional arenas in the face of global and regional opponents. In this context, the “Arab Spring” and its consequences have taken center stage. Russia takes seriously the threat of radical Islam in the Middle East spilling over to its territory. Even though Russia is not in a position to play a leading role in the Middle East, it is still trying to wield influence in the region, perhaps particularly in its attempts to serve as a regional mediator.

For its part, Israel is carefully watching the threats that could challenge its security and regional interests, keeping a close eye on both Iran’s ongoing attempts to acquire a nuclear capability as well as the changing situation in the neighboring states. On the bilateral level, Russia and Israel share good relations that have evolved over the years. Russia sees Israel as a strategic and economic partner and seeks to develop common ground to boost cooperation with Israel.

These and other topics in the publication are the background for the broad spectrum of positions concerning the issue of continual cooperation. The turbulent region that it is, the Middle East has undergone many momentous changes in the few months since the conference. Yet while certain actors and even governments may have changed in the intervening months, the issues defining the region remain very much the same. Russian interests in the Middle East continue to be actively pursued, and there are ongoing intense efforts for coordination and joint projects on the part of Russia and Israel. Bilateral cooperation was indeed a strong theme of the conference, and representatives of both countries agreed to work together and promote projects of shared interest within the framework of both institutes. This drive remains as strong as ever.

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of Sciences

July 2013

Part I

Middle East Challenges

Israel's National Security Challenges 2012-2013: The Need for Proactive Policy

Amos Yadlin

The following essay portrays Israel's national security challenges in light of the balance sheet for 2012 and the forecast for 2013. The essay is based on an assessment of the processes underway in the Middle East. The article includes an analysis of the threats and opportunities, together with policy recommendations.

The Upheaval in the Arab World

Although more than two years have passed since the upheaval known as the "Arab Spring" began in the Arab world, it is still not clear what political directions the regimes in the main Arab countries will take, what regional and global postures they will assume, and what their policies toward Israel will be. Assessments that the Islamic movements could become the leading political element were borne out in most states that experienced a change of regime. Not only were these groups the only political parties in Arab countries with a solid organizational structure; they also enjoy a broad base of popular support given the conservative and religious character of Arab societies, particularly in the agricultural countryside, which still account for a large proportion of the population. This electoral development, however, is in itself not sufficient to provide a complete answer to questions about the character of the regimes that these movements will establish and the policies they will pursue.

Indeed, the world of Islamic movements comprises a broad spectrum, and whether in the long term an Islamic party in the Arab world can possibly

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govern in the framework of a democratic regime remains an open question. The Egyptian and Tunisian examples do not provide definitive answers. On the one hand, the Islamic parties have adopted democratic rhetoric for themselves; on the other hand, their tendency to use nondemocratic methods and measures designed to buttress their power, e.g., repressing freedom of expression, is also evident. In both these countries, the more secular and liberal public, which is usually urban, has demonstrated its ability to remain vigilant and respond with strong protests to the actions of the Islamic governments that appeared to undermine democratic norms. In more than a few cases, the protestors have succeeded in blocking dictatorial tendencies. Yet just how this unstable balance will affect the situation in the long term is unclear. In any case, it appears that as long as democratic rules of the game exist, the Islamic parties recognize that in order to retain their new-found power, they must fulfill the aspirations of the public that granted them that power. These aspirations are mostly socioeconomic, although they also concern foreign and defense policy, because popular opinion, which is mostly nationalistic, recoils from foreign influences.

In addition to the Islamic parties and their constituencies, a third factor plays an important role, namely, the existing governmental agencies and establishments, especially the military and the judiciary. Each has its own agenda, and like the public, also exerts a restraining effect on an Islamist-controlled government. Here, too, an unsteady balance prevails, together with power struggles between the various players. For this reason, it is unclear whether the existing institutions will lose their power vis-à-vis the Islamist-controlled governments gradually, or perhaps in a rapid revolutionary process – if at all. The main question is whether the struggle between these forces will result in a focus on socioeconomic policy or a proactive foreign policy. The key problems facing these governments are rooted in the social and economic spheres, but it is possible that the new regimes will think that it easier to achieve success and win public support by presenting accomplishments in foreign policy. For example, Egyptian President Mohamed Morsi, a member of the Muslim Brotherhood, claimed some foreign policy achievements shortly after assuming the presidency, mainly benefits from Western countries – earned while he pursued an independent Egyptian policy and to some degree rehabilitated Egypt's status as the leader of the Arab world – and the ability to wield more influence in the Israeli-Palestinian arena than any other external player. On the other

hand, when Morsi tried to institute changes in internal policy, he encountered huge obstacles, primarily from the Egyptian public.

The dilemmas posed by regional instability will continue in 2013, both because various regimes are still under threat and because the direction of events is unclear. A broadly-based mass protest in Syria has deteriorated into a bloody civil war that smacks of a sectarian power struggle. The Sunnis are fighting against the regime and the minorities that support it, principally the Alawites and Christians. For their part, the Kurds are hoping that the struggle in Syria will enable them to obtain autonomy similar to that enjoyed by the Kurds in Iraq. There is no way of knowing what scenario will prevail – a prolonged civil war, or the fall of the regime, possibly accompanied by the rise of an Islamic regime. Syria could become a failed state defined by ongoing instability, or it could split into political entities along ethnic lines. All of these scenarios would have significant consequences for the region as a whole, and for Israel in particular. A destabilized regime in Jordan would also be highly significant, although there is not yet a concrete threat to the survival of the Hashemite regime, despite the many difficulties and the rising pressure it has encountered.

In certain cases, first assessments of the effect of the upheaval on the regional balance of power have proven erroneous. For example, the Iranian regime initially assumed that the region-wide disturbances were in its interest. It posited that the regimes linked to the West and hostile to Iran would fall, to be replaced by Islamic parties that would upgrade their relations with the Islamic regime in Tehran. These assessments, however, were not realized. Rather, it became clear that the basic conflict of interests between Arab Sunni countries and Iran has not subsided, and may have even intensified. The Sunni Arab public perceived the Iran-supported revolt against the regime in Bahrain and Iran's support for Assad's beleaguered regime in Syria as an Iranian threat to Sunni dominance in the Arab world, and as an attempt to strengthen the Shiites in the region. Furthermore, its support for Assad's government exposed the hypocrisy of the Iranian regime, which for years had portrayed itself as allied with the Arab peoples in their struggles against corrupt and oppressive autocratic rulers. The civil war in Syria has become a contest between the proxies of Iran and the Sunni Arab countries.

This new regional fault line requires each sovereign and sub-sovereign player in the Arab world to choose sides. Neutrality is out of the question. Qatar, which maneuvered between Iran and its rivals for many years, has

joined and taken a leading role in the camp hostile to Iran. Hamas, a Sunni organization and a branch of the Egyptian Muslim Brotherhood, found itself in a difficult position. On the one hand, its leadership wished to distance itself from Iran and the Lebanese Hizbollah in order to avoid being perceived by Arab public opinion as allied with “the bad guys.” On the other hand, it has found no alternative source of armaments, and has therefore been obliged to preserve its ties with Iran.

The 2012 Balance: Main Points

The five principal national security challenges that confronted Israel in 2012 were: Iran’s nuclear weapons program; preservation of the peace agreements with Egypt and Jordan in the face of the changes in the Arab world; the civil war in Syria and the danger that it may ignite the northern border; relations with the Palestinians, and in particular, efforts to renew negotiations and manage the military challenge from Gaza; and finally, maintenance of Israel’s international standing.

Israel’s government, which chose a passive stance in the form of a waiting game that minimized risks, survived the year without any dramatic security events altering Israel’s geopolitical situation. Israeli national security decision makers chose to focus on the Iranian nuclear issue and present it as the chief priority over all other issues.

Israel’s strong deterrence afforded another year of relative quiet on Israel’s borders and against its potential enemies. This quiet enabled Israel to continue to stabilize its economy and deal with internal affairs, which appeared to engage the public and the government more than external security issues.

Overall, 2012 ended with a mixed balance sheet, where the positive elements seem to have outweighed the negative.

1. Israel did not attack the Iranian nuclear program, even though to the Israeli public and the world as a whole the government insisted that there could be a need for such an attack as early as the fall of 2012.
2. The international community, which at least in the first half of the year took the Israeli intention of attacking Iran seriously, tightened the sanctions. For the first time in a decade the sanctions targeted significant sectors in Iran, namely, the energy and finance sectors, and seemed to have a substantive impact on the Iranian economy.

3. The peace agreements with Egypt and Jordan remained in effect, despite the establishment of the new government in Egypt, led by the Muslim Brotherhood. The peace agreements even withstood Operation Pillar of Defense, the military operation launched by Israel against Hamas in Gaza in November 2012.
4. Syria, the country with the strongest armed forces among all of Israel's enemies, is in the midst of a tiring civil war that is depleting its military's strength, readiness, and morale. Concern that fighting in Syria would spill over into Israel has proved unfounded, and other than some isolated shells that strayed into Israel, the Golan Heights and Lebanon fronts remained quiet.
5. In contrast with its satisfaction with the stable security situation and relative quiet on its borders (Operation Pillar of Defense restored tranquility to the only border that was not peaceful over the year) and the strengthened sanctions against Iran, Israel was noticeably unsuccessful in making progress toward a resolution of the two main long term challenges to its security and its regional standing: Iran, particularly its nuclear program, and relations with the Palestinians. Iran continues to progress toward a military nuclear capability. It remains unclear whether the sanctions, which increased in severity, will be effective enough to propel the regime to abandon its nuclear ambitions. Regarding the Palestinians, there is the impasse in the political process. Facing a politically and economically weak Palestinian Authority (PA) that chose to challenge Israel by way of the international arena and reconciliation with Hamas, Israel, given international constraints and the desire to avoid overthrow of the PA, adopted a passive position of punishing the PA with moderate measures. Against the background of the upheaval in the Arab world, the Israeli-Palestinian political stalemate is getting worse. Efforts to jumpstart effective negotiations on a permanent settlement appear to be fruitless. In the absence of alternatives to a permanent settlement, signs of instability and uncertainty among the Palestinians are increasing. If the current government in Ramallah falls – Israel's recognized partner in dialogue, which advocates a political solution to the conflict and cooperates with Israel on security matters – it may well be replaced by a regime that will be much less comfortable for Israel. A concomitant threat, of which there are already initial signs, is a renewed outbreak of violence between Israel and the Palestinians.

6. An extremely problematic parameter in the year's balance sheet is the continued erosion of Israel's international status and legitimacy, as well as international tolerance for its settlement policy.

The Transition from 2012 to 2013

Before any policy recommendations can be proposed, a broader perspective that includes the balance of the main threats and opportunities for Israel is in order. It is also important to assess which principal challenges invite a proactive policy to change the course of development and provide a better solution for Israel's national security needs.

The Threats

1. ***An Iranian nuclear breakout or an Israeli/American decision to attack Iran.*** Although the election campaigns in the US and Israel removed talk about an attack against Iran from the public and media agendas, it is clear that Iran's progress toward nuclear weapons capability is the main challenge facing Israel in 2013. A situation in which the Iranians stop short of the red line but greatly increase the number of centrifuges and the volume of enriched material facilitates a breakout to a bomb within a very short time is likewise a highly dangerous situation for Israel.
2. ***A military conflict with Iran and its proxies Hizbollah and Palestinian Islamic Jihad, and less likely, with Hamas, as a result of an attack against Iran.*** There are reasons to think that such a conflict will not necessarily be as broad, difficult, and extensive as is often projected. Iran's response capabilities are limited, it fears escalation, and action by Hizbollah and the Palestinian organizations is subject to the local considerations of these particular organizations, primarily concern regarding the political price and Israel's military response.
3. ***Erosion of the peace treaties.*** Thus far predictions that the peace treaties with Egypt and Jordan would be significantly affected by the shocks in the Arab world have not been borne out. Public opinion in these countries also shows an understanding that improving the economic situation runs counter to friction and direct confrontation with Israel. The question is what will happen if the economic situation in Egypt does not improve, the Muslim Brotherhood government cannot deliver on its promises, and public frustration grows. Protest might then be channeled against Israel and Egypt-Israel bilateral relations. The peace treaty with Jordan

also suffers from cold relations between the two countries and King Abdullah's dissatisfaction with Israeli policy on the peace process. Unrest in Jordan that undermines its stability and the stability of the regime would pose an extremely significant threat to the quiet on Israel's eastern border, and would require a significant change in the IDF's order of battle, security doctrine, and deployment along the border with Jordan.

4. ***Israel's diplomatic isolation.*** Israel's policy toward the Palestinians, combined with the perception that Israel is about to take action against Iran that may have dire consequences for the region and the global system, has had a harsh impact on Israel's international political standing. Anxiety has arisen about escalation in regional instability and ensuing international implications following a unilateral Israeli attack against Iran or an attack that the US has been dragged into as well. Israel's diplomatic isolation was manifested in the General Assembly resolution recognizing Palestine as a non-member observer state. Considerable potential for confrontation in 2013 between Israel and the US administration over a renewal of the peace process is emerging. Another danger consists of the pressures in Europe for boycott, divestment, and sanctions (BDS), which are liable to damage Israel's economy.
5. ***Expansion of uncontrolled regions on Israel's borders.*** A weakening of the central government, as reflected in the governmental vacuum in Sinai, for example, attracts terrorist groups, Muslim extremists, and crime. This phenomenon is liable to spread to Syria along the Golan Heights border. Syria's stocks of nonconventional weapons and long range missiles and rockets are a source of concern.
6. ***The collapse of the PA and the rise of Hamas.*** It appears that concerns about a Hamas takeover on the West Bank, similar to what happened in Gaza, are exaggerated. The IDF controls the West Bank, and operations by the IDF and the PA have prevented Hamas from consolidating a military infrastructure built on its terrorist cells in the West Bank and from there constructing a military force such as the force it had in Gaza before the 2007 takeover. A more likely scenario is the onset of chaos, following a collapse of the PA.
7. ***Restrictions on Israel's freedom of action due to the power of the "Arab street."*** The increasing sensitivity to public opinion on the part of Arab governments imposes severe restrictions on Israel's freedom of action, for example, avoiding a ground incursion into the Gaza Strip. Indeed, this

factor detracted from Israel's threat to expand its operation by sending ground forces into the Gaza Strip.

8. ***Restrictions on Israel's freedom of action due to concern about further delegitimization of Israel.*** The effect of these restrictions was highlighted during Operation Pillar of Defense. A large number of targets, perhaps more than necessary, were ruled out because of concern about a flagrant international response and acceleration of the delegitimization process.
9. ***Heightened security problems.*** The likely result of many of these developments is liable to be more security problems along the various borders. Sinai continues to be a focus for potential terrorism: jihadist, Palestinian, and a combination of the two. The Egyptian government does not appear determined to take forceful action to address the problem of governmental weakness in Sinai, and initial signs of the development of a similar problem can be seen on Israel's border with Syria, particularly given the increased chaos in Syria. In addition, it is not clear to what extent the relative quiet prevailing on the Gaza front since the recent round of fighting ended will prove stable and sustainable. It is possible, rather, that the familiar pattern of erosion of restraining factors will prevail in 2013. Outbursts of violence may become more frequent and widespread. The mutual deterrence between Israel and Hizbollah on the border with Lebanon is still stable, although developments concerning Iran could undermine this stability.

The Opportunities

Together with the threats, the current situation also presents several opportunities.

1. ***A possible change of regime in Syria.*** The fall of the Assad regime in Syria would severely damage the resistance axis led by Iran.
2. ***Aggravation of the conflict between Iran and the Sunni Arab countries.*** The two camps are essentially conducting a war on Syrian territory through proxies. The challenge of cooperation with more moderate Sunni Islam, which is supported by the Western countries, should prompt the search for opportunities and the promotion of new alliances.
3. ***Common interests with Turkey.*** The Turkish government's "zero problems with neighbors" policy, under which it developed its relations with Syria and Iran, collapsed with the events of the "Arab Spring." The common interests of Turkey and Israel are therefore emerging once again,

namely, the replacement of the Assad regime, the stabilization of Syria, and the obstruction of Iran's progress toward nuclear weapons capability.

4. ***Common interests with Egypt.*** The constraints felt by the Muslim Brotherhood regime in Egypt provide for several shared interests with Israel. First, President Morsi is driven by the vital need to improve Egypt's economic situation, and therefore he is in desperate need of Western aid. Cooperation with Israel in stabilizing the situation in the Palestinian arena will make it easier for Egypt to obtain the necessary assistance. On the other hand, the ideological affinity between the Muslim Brotherhood and Hamas, combined with the need to rehabilitate Egypt's status in the Arab world, bolster Egypt's ability to influence events in the Gaza Strip and restrain parties seeking to escalate the conflict with Israel.
5. ***International recognition and understanding for Israel's security problems.*** During Operations Cast Lead and Pillar of Defense in the Gaza Strip, it emerged that when Israel takes measured action against organizations like Hamas and Islamic Jihad, i.e., minimizes harm to civilians, keeps to a short timetable, and refrains from using ground forces, it receives significant support and freedom of action from Western governments. It also emerged that organizations like Hamas may win Arab public sympathy in such conflicts, but receive little practical support from Arab governments.
6. ***Potential for renewing the political process with the Palestinians.*** Some of the developments in the region may facilitate renewal of the political process with the Palestinians. The renewed mandate to pursue political initiatives earned by a new government following the elections presents an opportunity to turn over a new leaf in relations with the Palestinians and renew the dialogue with the PA. A resumption of negotiations will also make it possible to improve relations with the US and Europe, and buttress Israel's international standing.
7. ***Energy independence.*** Israel will enjoy more energy independence in 2013. In addition, the gradual freeing of the US from its dependence on Middle East oil as a result of increased production of its own natural gas and oil through the use of new technologies will lessen its dependence on Middle East energy resources.

Recommendations for Engaging with the Threats, Uncertainties, and Opportunities

In a state of uncertainty like that which prevailed in 2011-2012, the tendency is to adopt a policy of entrenchment and passivity aimed at minimizing risks.

At the same time, given the dynamic and risky situation, a passive policy does not halt negative processes, and does not facilitate the creation of opportunities or the realization of existing ones. A passive policy does not counter the negative influence of the increased importance of Arab public opinion in relations between Israel and the Arab world.

It is therefore necessary to introduce a strong proactive element into Israeli policy that will enable it to minimize risks and take advantage of the opportunities available in the regional and international theaters, such as:

1. ***Broadening the strategic dialogue with the United States, in order to reach clear understandings concerning the Iranian challenge.*** It is vital for the two countries to clarify together the answer as to when the non-military alternatives will be considered exhausted, and when preventing Iran from achieving a nuclear military capability requires a military attack. Consideration should be given to how common intelligence information, similar strategic understandings, and an identical strategic purpose (to prevent Iran from obtaining nuclear weapons) can be turned into agreement regarding the appropriate way that serves the interests of both countries to stop the Iranian nuclear weapons program. Mutual trust between the leaders is essential to reaching a plan of action that will be acceptable to both sides, and perhaps even coordinated between them.
2. ***Support for a diplomatic solution to the Iranian nuclear crisis.*** It is an Israeli interest that the US and/or the P5+1 reach an agreement with Iran that will define the terms for preventing a breakout by Iran to nuclear weapons capability. Israel should conduct an intensive dialogue with the US and the other countries negotiating with Iran that will include ideas about the various elements of an agreement with a positive attitude towards such an agreement, not in order to foil it. Israel must set criteria for a “reasonable agreement” with Iran – a solution that will both keep Iran several years away from a nuclear breakout and strengthen verification measures. Such a solution is preferable to a strategy with two exclusive alternatives of “an Iranian bomb” or “the bombing of Iran.”
3. ***Renewal of the Israeli-Palestinian diplomatic process.*** It will be difficult for Israel to improve relations with the Arab world and muster effective

cooperation to deal with challenges such as Iran's nuclear program without restarting the political process with the Palestinians. A renewal of the political dialogue is also important in order to block the weakening of the PA and the strengthening of Hamas at its expense, and to stop the slide toward a bi-national state. It is also important to consider unilateral measures coordinated between Israel, the US, Europe, and even the PA, and partial arrangements in order to maintain the relevance of the political process and the two-state solution. Even Palestinian unwillingness to proceed in negotiations can be leveraged in a way that will serve Israel's goal of realizing the vision of a secure and legitimate Jewish democratic state.

4. ***Building a stable relationship with the new Egypt.*** Israel and Egypt have a common interest in maintaining quiet in Sinai and the Gaza Strip, which can constitute a basis for relations with room for initiatives concerning both new security arrangements in Sinai and the ceasefire with Hamas and the other Palestinian groups active in the Gaza Strip. Amending the military appendix to the peace agreement with Egypt can also constitute ratification of the peace agreement as a whole by the Muslim Brotherhood government.
5. ***Extending cooperation with the Sunni Arab countries.*** In addition to the focus on Egypt, it is worthwhile focusing on other important countries. In Israel's immediate vicinity, this means Jordan. Israel can help Jordan grapple with its economic problems, and obtain aid from Western countries. Agreeing to a Jordanian role in the Israeli-Palestinian arena in the context of the effort to renew the political process could expand cooperation between Israel and Jordan. Where more distant countries are concerned, cooperation with the Gulf countries should receive preference.
6. ***Improving relations with Turkey.*** Better relations with Turkey will help Israel field the negative consequences of the upheaval in the Arab world and assist in the formation of a regional coalition against Iran that includes Israel. In order to promote this goal, the Israeli government should propose an initiative to end the crisis caused by the *Mavi Marmara* incident.

Conclusion

Israel successfully weathered the Arab upheavals in 2011-2012, and remained an island of stability in the stormy Middle East. Israel's military power, the

care it took to avoid being dragged into unnecessary conflicts, and its strong defense and political alliance with the US prevented large scale military clashes. The threat of a third intifada or a wave of non-violent marches on its borders in the style of “Arab Spring” protests did not materialize. Israel displays strong deterrence against both nations and sub-national organizations that control neighboring territories.

At the same time, Israel has not eliminated the existential threat of a nuclear Iran, and has not found a comprehensive solution to the increasing power of terrorist organizations in Lebanon and the Gaza Strip. The erosion in Israel’s international status and the challenge to its legitimacy have been the Achilles’ heel of Israel’s national security in recent years.

The concept of a “year of decision” has become a cliché, and should not be used to describe 2013. Nevertheless, a very challenging spring and summer await Israel in 2013: important and fateful processes have reached a stage in which courageous decisions are needed to change negative trends. The Iranian nuclear weapons program, the stability of the peace treaties, the internal struggle in Syria, and renewal of the political process with the Palestinians require a precise and measured combination of a cautious policy that balances a degree of passivity and the waiting for events to happen with an initiating and proactive policy that will enable Israel to deal optimally with the challenges it confronts in the Middle East and the international sphere.

Common Interests and Differences in the Changing Middle East

Vitaly Naumkin

The “Arab Spring” has created a widely shared perception that the Arab-Israeli conflict is losing its importance and that the issue of Palestine is now marginal in international politics. The reality, however, is proving to be the opposite: the Arab awakening has made this issue much more significant, and the necessity of bringing peace to the Middle East has become more acute than ever. As one of the members of the international Quartet, Russia is interested in working closely with Israel in seeking a comprehensive solution that would suit all sides.

Yet the Israeli-Palestinian conflict is far from being the only area where the two countries can work together. Russia and Israel share a common set of interests based on common threats and challenges such as terrorism and extremism.

The Arab awakening has increased the role of religion in some parts of the world, placing faith and secularism on opposite ends of the scale. In Turkey, for example, many believe that the European model is unacceptable because of its over-secularization. In Russia the opposite is true, with atheism becoming fashionable and outweighing the power of the Russian Orthodox Church. The greater Middle East, however, has witnessed a powerful rise of political Islam, including radicals and extremists who threaten both Russia and Israel.

Apart from common interests, however, there are also differences. The occupation of the Palestinian territories, which causes the radicalization of the Arabs, is one of these factors. Iran’s nuclear program is yet another issue.

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Although (exactly like Israel) Russia does not want to see Iran become a nuclear power, Russia does not demonize Iran or assert that it is behind all destabilizing factors in the region. Such assertions are the reason why the Shiite world feels cornered.

The Shiite world does not threaten Russia and has never caused us significant problems. In fact, Iran is our good neighbor. The main challenge lies in radical Sunni Islamism and the Sunni-Shiite conflict, which fosters radicalism on both sides. Groups such as al-Qaeda and its affiliates with their aspirations of reestablishing a caliphate pose a much greater threat to Russia than Iran. Although their ambitions are hardly feasible, those who are struggling for that goal seem to be intensifying their efforts.

In Syria, several Russian citizens fighting on the side of the opposition have been killed. Clearly, they were not fighters for democracy. The question is why they were showing support in Syria. Recent steps by our partners (i.e., creation of the “roof coalition” of opposition groups and its recognition as the sole legitimate representative of the Syrian people) led us nowhere. Russia does not support the Assad regime, but rather seeks to stop the rampant support of the opposition groups that unleashed the war. We believe that there should be more dialogue, fewer sanctions, and a greater effort to reach political compromise. Cambodia is an example of a political settlement where a crisis was resolved by granting immunity to the Khmer Rouge. It saved the country from a new wave of bloodshed. Can this model be applied to other states undergoing a bloody civil war?

Radicals are increasing their pressure on the moderate Islamic communities in Russia. The Wahhabis are gaining control over the mosques, seeking to break the traditional, tolerant Hanafi Sunni Islam and assert the influence of foreign centers of power, thereby terminating the comfortable co-existence of different communities in Russia. This challenge is very serious.

For Russia, as for Israel, terrorism is unacceptable. But Russia is not in a hurry to add certain organizations to the terrorists’ list. Russia’s approach is more measured, as one often has to deal in some way with those who are called terrorists, to enter into contact with them.

The Islamic world of today is divided, fragmented, and faced with serious confrontations. On the political arena, there are three large groups of Islamists: the Muslim Brotherhood (supported by Qatar and possibly able to become the main political force); Salafis (supported by Saudi Arabia);

and jihadists, who were particularly emboldened after the collapse of a number of secular regimes.

A further escalation of the crisis in Syria with its streams of jihadist volunteers and stocks of weapons could start a process that would lead to the destruction of not only Syria but other countries as well. The elimination of secular nationalist regimes, which boasted stability and maintained good ties with Israel, could pave the way to a chain of Islamist regimes. Algeria is one of the last bastions of secularism, but there too Islamist groups are active.

We need to determine our approach towards this kind of Islam, which has risen to the surface of political life and could generate a network of new regimes from Morocco to Afghanistan. The aftermath of the withdrawal of troops from Afghanistan might also be full of surprises. In this extremely difficult situation we need to rely on negotiations. We should build bridges and avoid confrontation.

Russia and the Challenges of a Changing Middle East: A View from Israel

Zvi Magen

The current situation in the Middle East, a region experiencing a complex process of revolutionary change, makes it necessary for all the major powers involved in the region, including Russia, to adjust their policy to the new challenges. Their emphasis is on restoring their influence over regional processes, based on their assumption that the outcome of these processes will have concrete implications for the shaping of a future regional and global order.

Russia occupies a rather prominent place in the events taking place in the region. Its political objectives are substantially influenced by the changes, and it is directing its efforts toward promoting solutions to its new challenges. Among the changes that have resulted from the “Arab Spring” is the dramatic and negative change in Russia’s status in the region. This includes friction with those who are working to push Russia out of the region and the development of a threat to Russian interests and Russia’s national security because of the increasing instability near its borders, along with the regional challenge of Islam in the areas of its “security zone” and even in Russia itself.

The background to this situation is that Russia, which attributes great importance to the Middle East, is first and foremost a global player that is promoting its ambitions as a major power. In this context, its presence in the Middle East – as in any other vital area in which there is international competition for influence – is seen as a necessary component of its global stature. Therefore, it has a great deal of interest in participating in the process

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of shaping the future order in the Middle East, and it is competing for its place in the region. In the years prior to the “Arab Spring,” Russia invested considerable effort in promoting its objectives in the Middle East and established its presence and influence in the region. Along with promoting its economic and security objectives, it also succeeded in establishing its own axis of support, the “axis of evil,” which was directed against the West. At the same time, it was able to strengthen its image as a positive and responsible international player that engages in active mediation and has influence in almost every regional crisis and the ability to speak with all players in the region. All of these assets were lost or badly damaged with the collapse of Russia’s regional policy as a result of the “Arab Spring,” when Russia was surprised and was seen as unprepared for the changes.

In this situation, negative from Russia’s point of view, Russia encounters a number of new challenges:

- a. The accelerated process of Islamization in the region that threatens to spill over toward the borders of Russian interests and toward the territory of Russia.
- b. A Sunni axis that is growing stronger and, according to Russia, is operating with Western support and aims to push Russia out of the region.
- c. The Sunni-Shiite conflict, which is endangering the basis for Russia’s presence in the Middle East after it found itself in the Shiite camp.
- d. The appearance of new actors in the competition to shape the future regional order and regional hegemony. Some of them challenge Russia directly, for example Turkey, which is clashing with the Russians in both the Middle East and in areas of Russian interest, such as the Caucasus.

Therefore, in this complex and challenging situation that endangers not only Russia’s regional position but also its global standing, and thus its national security and its future survivability, Russia has been forced to find new diplomatic solutions. The objectives of its developing alternative policy are aimed at preventing the collapse of its standing in the region and restoring the status quo ante while rehabilitating its influential regional standing; neutralizing the increasing Sunni-Western pressure on Russia; stopping the dismantling of the Shiite axis; and neutralizing the strength of its new rivals for regional hegemony.

Russia’s regional policy since the start of the upheaval has been implemented in two stages. In the first stage, following surprise and confusion, Russia sought to cooperate with the international community.

Its guiding assumption at that time was that the previous regimes in North Africa would have collapsed in any case, and that therefore it was better to be involved in the work of establishing new regimes in the hope of preserving its status in the region in the future as well. This policy left Russia helpless, especially as it has also been targeted by the emerging Sunni alignment, the rising force in the region, which in Russia's understanding is backed by the West.

In the second stage, given its negative experience in North Africa, Russia implemented a political shift: it supported the Shiite axis, with an emphasis on aid to the Syrian regime, against the pressures of the Sunni-Western axis. Although this can be considered a mistake that entangled Russia in a serious conflict on the wrong side, which is about to lose the battle, in practice, it turned out to be an effective way for Russia to survive in the region. The Russian gamble was based on curbing the pressure on the Assad regime, at least temporarily, and by so doing, stop the erosion of Russia's status, receive credit for initiating a foreign policy against the West, and gain time to formulate an alternative policy that would promote the shaping of a future order in the region that would include an influential presence for Russia.

The actions to protect the Syrian regime combined the approach of "isolating the battlefield" against outside intervention – mainly by flagrant use of Russia's veto power in the UN Security Council, in cooperation with the Chinese – and direct aid to the Assad regime, both economic and security. These Russian objectives were at least partially achieved, evidenced by the fact the Assad regime has survived longer than expected and that Russia has remained, at least thus far, an influential player in the region.

At the same time, Russia has worked energetically to promote alternatives to the policy of protecting the Syrian regime. In the meantime, Russian efforts to achieve a dialogue with the Syrian rebels have continued, albeit unsuccessfully, but with the clear intention of laying the foundations for Russia's remaining in Syria even after Assad's inevitable departure. Furthermore, Russia has made efforts at dialogue with every possible player in the region, with a similar goal of stopping itself from being pushed out of the region if the Shiite axis is dismantled. Russia's involvement with the Kurds, both in Syria and in Iraq, and apparently, indirectly in Turkey too; with Egypt, Saudi Arabia, and the Gulf states; with Iraq, and with considerable success (the multidimensional arms deal that is being arranged); and with other players in the region, is part of this effort. However, none of

this activity has yet produced concrete results, and as the end of the Assad regime approaches, Russia is at a new crossroads.

Among Russia's current challenges are the future of the Shiite axis (that is, Iran, Syria, and Hizbollah, backed by Russia), which is expected to collapse when the Syrian regime falls. The new forces challenging this Shiite-Russian axis are the Sunni-Western axis and the possibility that a Turkish-Egyptian axis will be established. All are competing for hegemony in a future regional order, and they do not view Russia's participation favorably. Moreover, Russia's friction with the West does not increase its stability. Direct Western pressure on Russia is developing along its borders, and Turkey, also involved, is presenting a far reaching challenge to Russia. This is in addition to the challenge in the Middle East (Syria and the competition over the Kurdish issue), both in the Caucasus and in other Russian areas of interest.

In the volatile situation facing Russia, there are still a number of possible courses of action. It is clear that in a rapidly changing situation in the Middle East, the possibilities do not remain open for long, and Russia, like the other players, must constantly work to formulate new solutions. What follows are some possibilities:

- a. Stop protecting the Assad regime, and thus the integrity of the Shiite axis, while attempting to reach understandings with the Sunni-Western axis and join it. Such a move involves Western willingness to cooperate extensively with Russia. In fact, Russian-American contacts are taking place on this issue, but it appears that Russia has not yet been offered appropriate compensation.
- b. Reach an independent Russian settlement with states in the region concerning the future of Syria and the restoration of Russia's previous status in the region. In fact, we can see Russian efforts to engage in dialogue with everyone: the Syrian rebels, Turkey, Egypt, Iraq, Saudi Arabia, Jordan. Even Israel is on this list.
- c. Engage in far reaching activity to promote a new regional order, a method of operation that cannot be ruled out if Russia is facing a breakdown of its overall policy in the region. The practical meaning of this course of action is to take advantage of the lack of stability in most countries in the region and the lack of stability in the region as a whole by intervening and speeding up processes of geopolitical change in the region, which according to Russia, are expected to take place in any case. In this context,

far reaching changes in various countries in the region are possible, including the dismantling and establishment of new political entities.

Behind all these Russian considerations, there is the dilemma of relations with the West, especially the United States. Russia, which is working to upgrade its status on the global level, is in fact under growing Western pressure on its borders. This is also a continuation of the trend toward expanding NATO eastward; American determination to place an array of anti-missile missiles in eastern Europe, in spite of vigorous Russian opposition; and American promotion of a new strategic plan that transfers US strategic deployment to Asia and the Pacific region, near Russia's borders. Recently, Western operations – with the participation of Turkey, which is a NATO member – against Russian interests in the Caucasus have even increased. Russia appears to have chosen its Middle East policy as one of the levers of influence for neutralizing these challenges, along with support for the Assad regime or other methods of operation mentioned above. In other words, compromise with the Russians in the Middle East is through Western concessions in the global arena.

In the Middle East, Russia has recently engaged in activity that appears to be part of a clear and coherent plan carried out as a political counterattack. It is likely that the purpose of this is to extricate Russia from its current position, which it finds uncomfortable, and restore it to its previous status. The focus is apparently leaning toward “breaking the embargo” and ending Russia's political isolation while finding the way to the hearts of countries in the region through a range of political maneuvers and promotion of “interesting” offers whose purpose is to aid in shaping a favorable political environment, and if possible, creating a group of supportive states.

Of course, in the state of uncertainty of the international system and the Middle East in particular, it is still too early to clearly determine the future. However, on the face of it, we can identify the assertive tendencies of Russia, which is navigating its way among rival camps in the region and is working to leave its mark on shaping the future regional order. As things appear now in the emerging situation, it is likely that Russia does not intend to leave the region, and we can expect it to attempt to stay in the Middle East as an active player no matter what develops there. Furthermore, we cannot rule out the possibility that Russia is devising complex plans that are even bolder than those being implemented now. These plans may be aimed at

jumpstarting a process intended to promote a change in the existing regional order, including one that has geopolitical implications.

In this context, we should note that the Israeli issue is part of the picture. After all, every regional development mentioned in connection with Russian intervention has implications for the strategic interests of Israel, which is following possible future scenarios with concern, among them scenarios that would be impossible to ignore. Russia, which recognizes Israel's importance to it in general and in the context of its overall goals in the region in particular, is working to promote cooperative relations with Israel on a growing range of issues. There is also an effort to identify and formulate joint Israeli-Russian interests. However, it is not inconceivable that future developments could test these relations, preferably with positive results.

Russia's Interests in the Middle East: A New Context

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Russia's interests in the Middle East can be defined as the prevention of instability that might come close to the Russian borders, protection of Russian business interests (primarily companies operating in the field of energy), and in terms of its military-industrial complex, supply of arms to countries in the region. Russia also perceives its Middle East policy as a means of bolstering its status in terms of influence and global power. The attention being paid to Syria's fate, despite related tensions and lack of mutual understanding among main international actors, has afforded the Russian Federation an opportunity to underscore the weight of its position in international affairs.

That said, the Middle East today is not at the top of Russia's foreign policy priorities. Russia's resources are limited and it cannot afford a role in the region comparable in scope and intensity to its relations with CIS countries, the US, the EU, or China.

The "Arab Spring" triggered an intensification of Russian policy in the region. Assessments in Russia of causes of the uprisings were extremely mixed. Although the majority of Russia's experts emphasized the domestic causes of the uprisings, there were also perceptions that any anti-government action was somehow or other organized with Western assistance. These perceptions were shaped above all by the "color revolutions" in the post-Soviet space (Ukraine, Georgia, Kyrgyzstan), whose objective, many in Russia believed, was to remove these states from the sphere of Russia's

influence, completely diminishing this influence even in regions of vital interests, thereby dealing a blow to Russian security.

Events in the Middle East have revived phobias characteristic of a portion of Russian political observers, with implications for the plans of outside forces (the US and the West in general). Many have begun to cite the theory of “manageable chaos,” which they believe the United States is orchestrating in the Middle East.

These attempts to reduce the complex and multi-faceted nature of present day social and international relations to a mere struggle among external forces for control over resources derived, first and foremost, from the specific circumstances of the domestic setting, that is, the election period. After the parliamentary elections that took place in late 2011, Russia saw the inception of a movement for fair elections and democratization of the political system. This movement gained momentum during the presidential campaign, and the hard liners then actively began to employ various kinds of propagandistic clichés; prominent among them was the threat of an “Orange Revolution” in Russia and the “Libyan scenario.” These options are essentially incompatible, but in the invective of those who accused outside forces of deliberate interference in Russia’s internal affairs and Russian liberals of treachery, they became inextricably and logically linked. This perception is illustrated by an interview for the mass media with a senior researcher from the Faculty of Sociology at Moscow State University who is keenly attuned to the spirit of the time: “In fact, at present foreign special services, with active support from the ‘fifth column’ inside the country, are mounting an effort to carry out a special operation in order to organize in Russia the next in a series of revolutions following the ‘Libyan scenario.’ Using various political technologies (manipulating the still immature minds of the youth, who lack corresponding knowledge and social experience), they are set to use the youth blindly for their ends.”¹

Accusations aimed at America have become not only a testament of patriotism but also a means of discrediting internal dissent. Charges of liaisons with the State Department were voiced in order to stigmatize “foreign agents” who dared to call into question both the achievements and election returns. Anti-Americanism became a new political fashion (fully consonant with the anti-Russian line of certain protagonists during the American electoral cycle), enthusiastically articulated by various Russian experts.

For example, while speaking at a rally at Poklonnaya Hill in support of presidential candidate Vladimir Putin, one of the organizers, Sergei Kurginyan, declared, “No to the orange plague!... Yes to our unity of diverse patriots. No to Americans and all who side with them.”²

Under conditions in which presidential candidate Putin was presented by the political elite as the only consistent fighter against the external threat and as a politician who had proved his ability to steer an independent course conforming to national interests, any compromise on international issues that hinted in any way at the possibility of outside interference into the affairs of sovereign states was flatly ruled out. However, there is no reason to consider the friction between Russia on the one hand, and the US and certain Western countries on the other, as a dominant trend. Anti-Western sentiments are in fact often used for tactical reasons in light of the dependence of Russia's modernization on ties with Western countries and on the connections and property of its elite in the West.

The energy factor is another important element of Russian politics that shapes the interpretation of events in the Arab world. In recent years oil prices have assumed particular significance for Russia. They have played an important role in ensuring domestic political stability, providing the authorities with a potentially successful means of fighting poverty, low wages in the public sector and in security agencies, and the most acute social problems. Moreover, the national economy found itself virtually addicted to oil, a situation that resulted in massive and fundamental problems of development that were impossible to solve using only revenues from oil. During years of high oil prices, domestic production in the Russian Federation developed very little, corruption was rampant, an enormous gap developed between the poor and the wealthy strata of the population, the infrastructure development was insufficient to meet needs, and the attractiveness of investment decreased. A form of self-complacency emerged – a belief that even in times of global crisis Russia's accumulated resources would help it come through with minimal losses. Even more significantly, energy resources became an important instrument of foreign policy.

Consequently the question of oil prices is at times a matter of the highest priority in assessing the significance for Russia of particular events that might affect it, whether directly or indirectly. The “Arab revolutions” were directly associated by some Russian experts with US attempts to impose its control over Middle Eastern oil and, correspondingly, to encroach on

Russian interests. Hence we were offered blood-curdling scenarios of increased American control over pipelines and oil sales. The Libyan events merely added fodder to these arguments, which pertain not only to the Arab revolutions but also to the situation regarding Iran. Among some Russian analysts the threat of action against Iran has engendered less concern about the potentially dangerous destabilization of the situation than it has about a new breathtaking hike in oil prices.

The benefit of high oil prices for Russia is very relative. Over the long term, according to Russian specialists of the leading academic IMEMO (Institute of World Economy and International Relations) institute, political instability in the main region of world oil extraction stimulates such processes as priority development of unconventional hydrocarbons, especially in the United States, and bituminous sandstones in Canada, as well as offshore deposits that are isolated from the local socioeconomic environment and a greater commitment to the promotion of alternative sources and reduced dependence on the import of Middle Eastern oil.³ It is not the carving up of the oil “pie” by outside forces but the strategic prospect of new energy sources that may, if the present orientation of the Russian economy towards raw materials is retained, have the most negative impact.

The Middle East conflict, a factor that has been shaping Russia’s policy in the region, is traditionally perceived in Russia as intensifying radical sentiment and military-political tension in the region. Russia participates in the settlement of the conflict both through international efforts (the Quartet of international mediators incorporating Russia, the US, EU, and UN) and on a bilateral basis. Against the background of the “Arab Spring,” US elections, and EU economic woes, the Arab-Israeli conflict gradually falls by the wayside. To a certain extent, this is connected also with the end of the Oslo process, which in the opinion of the majority of experts has exhausted itself, while the need for new approaches and ideas remains. The Quartet under present conditions is gradually losing its partners’ confidence. Countless appeals to sit down and talk continue, but they no longer convince anyone, and movement towards a settlement is clearly lacking. The US attempt to secure a long term freeze on the construction of settlements was not fully realized, while the negotiating process was in fact never resumed for both objective and subjective reasons. A certain divergence in positions developed among the Quartet, with the European Union forming its own approach to certain aspects of the settlement.

For its part, Russia was ready to support a line towards consolidation of political efforts by the Palestinians that might ensure stronger negotiating positions for them. From Moscow's point of view, sufficiently proactive steps in that direction were required, given the prospects for revolutionary change in Palestinian society. There are clearly manifested vectors of tension within this approach, and the current official leaders are not infrequently perceived by the more impatient younger section of the electorate as insufficiently legitimate. Russia has facilitated the process of national reconciliation, having made use of certain advantages allowing it to take a more active part in setting up the political process. Among these advantages are Russia's good relations with both Arabs and Israel. Moscow's relations with Tel Aviv have reached a new height with the abolition of visas and conclusion of the first-ever agreement on military-technical cooperation.

Russia's capacities are far from limitless. Nevertheless, Russia's leadership, though denouncing terrorist methods (which complicate the search for solutions and discredit any such organization), still deems it necessary to maintain contact with Hamas given the latter's strong influence on the situation and lack of political homogeneity within its leadership. Russia was able to contribute to the reconciliation of Fatah and Hamas in 2011, though for both objective and subjective reasons this process did not gain momentum.

For many years the Russian Federation has promoted its own idea pertaining to the mechanism of settlement, namely, the convocation of an international conference, although the concept increasingly requires amendment.

If one is to compare the influence of the Middle East conflict and the "Arab Spring" on Russia's interests, at the current stage the instability and strategic uncertainty generated by events in the Arab world still represent a far more serious challenge than the unsettled Palestinian problem. Moreover, the Russian Federation's involvement in international bodies dealing with the settlement is, from Russia's perspective, a positive instrumental role.

Notes

- 1 Sergei Yelishchev, "Ne dopustim 'liviiskogo stsenariya' v Rossii" ("Let us prevent the 'Libyan scenario' in Russia"), http://www.rusline.ru/news_rl/2011/12/19/.
- 2 Tzentr Kurginyana (Kurginyan's Center), <http://www.kurginyan.ru/publ.shtml?cmd=add&cat=6&id=247>.
- 3 S. V. Zhukov, *Nestabil'nost' v Severnoi Afrike i na Blizhnem Vostoke: vliyanie*

na mirovoi rynok nefi (“Instability in North Africa and the Middle East: The Influence on the World Oil Market) (Moscow: IMEMO RAN, 2012), p. 5.

The Civil War in Syria: Regional and Global Issues

Alexander Aksenyonok

The tragedy still unfolding in Syria, the hotbed of tension in the Middle East, has gone far beyond the process euphemistically described as the “Arab Spring.” Initiated primarily by Saudi Arabia and Qatar, the crisis in Syria has been virtually internationalized by the Arabs and has since become a serious challenge to the entire international community. The question today is whether the international community is capable of extinguishing tension in troubled areas through joint efforts, or whether the conformist geopolitical judgment of the world powers and excessive ambitions of their regional allies will gain the upper hand.

Eventually, all those concerned will have to answer the key question of global politics: Will the erosion-prone norms of international law, such as non-interference in internal affairs, national sovereignty, and non-use of force outside the UN Charter, continue to be operational, or is it time to develop new “rules of the game”? While the rule of the *fait accompli* is still in effect, Syria in this sense is actually the continuation of Yugoslavia, Iraq, and Libya.

The developments in Syria and around it arguably reflect sharp contradictions and conflicting interests in the region. The current confrontation involves not so much Russia and the West; it is actually between the Arab states themselves, as well as the US and the main initiators of the anti-Assad campaign among the Arabs, and between the Arabian monarchies and Iran, Syria’s ally. However, on the surface, the mass media made it look like a political confrontation between Russia, “patron of the bloody regime,” and the West, “defender of democracy.” Meanwhile, the longer the bloodshed

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continues in Syria, the less clear are the ultimate goals, and the slogans about fairness and democracy initially proclaimed by the protest movement have long since become a mere means of the struggle for power and radical Islam's pseudo-attempts at democracy. In any event, it is hard to imagine that Saudi Arabia, or the US for that matter, would have similar ideas about the state structure in Syria after the fall of the Baath regime.

With the internal conflict becoming more and more militarized, the allegedly democratic opposition manifestations have been reduced to one goal: to overthrow the regime at all costs, even with outside interference. The resulting military and political stalemate has seriously affected the Syrian people, setting back Syria's national development as a state. Is this not too high a price to pay, regardless of who comes to power after Assad?

Although the Assad regime is gradually losing control of the situation in the country, it still retains considerable reserves for survival, and the rebels are receiving military, financial, and human assistance through neighboring states. The amount of this assistance continues to grow. Therefore, if the attempts to force the Syrian government and the opposition to negotiate the terms of the transition period, possibly with international guarantees, fail, the bloodshed could drag on for a long time. But most dangerous of all is that this war of attrition is becoming openly confessional, making it especially cruel. One cannot but agree with the estimates of professionals, including those in the West, who see the conflict as a Syrian proxy war, whose strings are in the hands of Saudi Arabia and Iran. The world experience of such civil and especially religious wars shows that there are no angels or devils here. The cycle of violence spirals out of control, gaining its own momentum. If the well-known Arab Gulf countries sponsoring the Syrian opposition have their own regional ambitions and view the events in Syria from a position hostile toward Iran, the position of the West raises even more questions: Whose interests does it accommodate – their own or someone else's?

However, despite this gloomy picture, it looks as if UN Peace Envoy Ibrahim's mission may turn out to be less hopeless today than Annan's was. This impression is based on definite though still fragile trends in the development of the situation in Syria and around it. Given how events are currently unfolding in Syria, one can detect signs of anxiety in the psychological approach of the West towards Syria. They are just beginning, although belatedly, to think of the consequences of further uncontrolled developments there. Additionally, what would be the alternative to the Assad

regime, given the present correlation of political forces in the ranks of the Syrian opposition? This opposition has been torn by the conflict and by rivalry for influence, resources, and arms supplies. In my view, the factors at the heart of the new interpretation of the situation are as follows:

First, the Libyan scenario that foreign opposition and prominent Arab proponents of outside interference counted on did not materialize. At the time, Russia exercised its right of veto in the Security Council, thus preventing the possibility of direct military intervention at the cost of its own – albeit temporary – political and image losses. By doing so, it rightly proceeded on the assumption that military intervention would have been the worst of all evils. The Libyan precedent only confirms this conclusion. (The US Institute of Peace study has shown that foreign intervention prolongs civil war by 156 percent and is followed by renewed violence in many countries that have had this experience, with the transition to democracy becoming highly unlikely.)

At the same time, the Russian veto, paradoxical as it might seem, has actually serviced the West well. Today it is absolutely evident that neither the US nor Great Britain – and not even France, the instigator of the intervention in Libya – was in fact eager to open a new front in the heart of the Middle East. To criticize Russia was one thing, but to go for direct military intervention was another matter. Far from being easy, it would in fact be an expensive and extremely risky enterprise with consequences for the whole region. Simply put, Syria is not Libya. Intervention might have resulted not only in the disintegration of the Syrian state, followed by the redrawing of the map of the Middle East (Alawite enclave, the Kurdish factor, Lebanon, and Iraq), but also in the spread of violence to the entire region, possibly even sparking an Iranian-Arab military conflict.

Second, over time it has become apparent that the demonization of Russia due to its position on Syria exhausted its political impact. As the fighting dragged on and political efforts failed, the key elements of Russia's position began to sound increasingly rational and reasonable: joint efforts to bring the warring parties towards negotiations on an internationally monitored ceasefire, then compelling them to host an intra-Syrian dialogue. The resignation of President Assad might be among the items on the agenda, but it is for the Syrian people to decide.

However, the Geneva agreement, by which each participant of the meeting is expected to affect a relevant party in Syria where it is most influential,

should remain a reference point. Without it, reaching a peaceful political settlement on Syria's internal conflict appears virtually impossible.

The United States and the European Union made a big mistake in declaring the Assad regime illegitimate, thus making Assad's resignation a precondition for negotiations. Zbigniew Brzezinski called it "an irresistible temptation to look for simplified means for solving complex external challenges" (*Financial Times*, October 24, 2012). In fact, it was not Russia's veto, as presented by the mass media in the West and in some Arab countries, but this hasty statement that became an obstacle on the way to facilitating the negotiating process. Clearly, Washington and the Europeans cannot nowadays abandon their hastily taken position without losing face, even if the alternative to a Baathist Syria is an Islamist Syria with a jihadist slant.

Third, the realization that the foreign wing of the Syrian National Council (SNC) is unable to secure influence abroad or inside Syria served as an impetus to rethink the Syrian tragedy. Most estimates show that the armed opposition comprises about 300 competing groups and organizations. Extremists and Islamist members of many terrorist organizations from the entire Muslim world are gaining influence inside Syria, forming a sort of "green international." The Sunni fighters of al-Qaeda in Iran and Syria make no secret of their project to create a broad jihadist belt covering both states.

Finally, the US too, with then-Secretary of State Clinton as its mouthpiece, was forced to publicly admit that "extremists are trying to take control of the Syrian revolution" and demanded a renewal of the opposition leadership. Unfortunately, it becomes clear that the agreements reached in Doha and al-Marrakesh to establish a unified coalition and recognize it as a legitimate representative of the Syrian people did not result from readiness for negotiations, but rather from decisions reached in the context of continuing the armed struggle. Further development of events according to such scenarios is unlikely to provide a smooth transition to democracy in Syria. It would be a great mistake to bind the future of Syria with those who count on terrorist power and methods – a mistake that could cause more suffering for the Syrian people and the spread of armed violence throughout the region. Moreover, the opposition cannot represent the entire Syrian people, even assuming that it comprises all its opposition units, which is far from being the case. The Assad regime enjoys considerable support not only among Alawites, but also among most other ethnic minorities who

fear for their future under the new government of the Sunni majority (40 percent support).

Regarding the Kurdish factor, after the northeastern parts of Syria have been placed under the control of the Kurdish majority, Ankara is forced to reckon with the possibility of forming a de facto autonomous Kurdish area backed by the Iraqi Kurdistan. Turks consider this turn of events a serious threat. Moreover, Syrian Kurds are working closely with the Kurdistan Workers' Party, which noticeably stepped up its military activities in Turkey during the Syrian conflict. The Kurdish factor, the issue of Syrian refugees and Erdogan's personal failures regarding Assad's survival, and the readiness of the West for external intervention – all these have contributed to growing criticism of Turkey's policy regarding the Syrian issue within the internal opposition. Under these circumstances, Ankara also starts considering the consequences of Syria's disintegration and the struggle for power during the post-Assad period.

In conclusion, it should be noted that the Syrian crisis seems to be at a critical moment. The Syrian government claims to be ready for talks. Now the opposition, encouraged by the Geneva Action Group for Syria, needs to appoint its own representative. The document adopted in Geneva confirms that the idea was not to form a government in exile, but a governing body for a transitional period to prepare free and fair elections. Russia is doing its best to comply with the Geneva decisions.

As for the other participants of the Geneva meeting, their future intentions remain unclear regarding whether the new umbrella coalition set up in Doha is aimed at preparing a post-Assad political process or at finding a new political rationale for arms supplies to the "reliable" rebels who enjoy the trust of external sponsors. Much now depends on the position of the United States and the European Union. If they are going to encourage the coalition to accept a negotiated solution to the crisis, then I think there is a chance to break the cycle of violence and to set Syria on the path towards democratic reform. Otherwise, the dire predictions heard regarding the high possibility of a chaotic collapse of the government systems and the redrawing of the existing boundaries could become quite real.

Will Turkey Enter the Eurasian Union?

Alexander Mineyev

The ever-increasing role of Turkey as a Middle East player has lately attracted the attention of the international community.¹ The reasons for the growing influence of Turkey (whether in the region and the Islamic world or in the international arena) include but are not limited to the country's successful modernization (Westernization), its admission to NATO, the escalation of the "Arab Spring," and the weakening of other regional players (scattered on former Ottoman Empire territories).

Among more than 50 states that comprise the Organization of Islamic Cooperation (OIC), six countries (Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan, Turkey, and Uzbekistan) are of Turkish origin. With populations totaling some 150 million, they occupy a tenth of Eurasia. President Nursultan Nazarbayev of Kazakhstan referred to this area during his visit to Turkey on October 12, 2012: "As Ataturk once said: 'The time will come for all Turkic peoples to unite.' Therefore, I would like to greet all Turkic-speaking brothers. More than 200 million brothers live between the Altay Mountains and the Mediterranean Sea. If we all unite; we will be a very effective power in the world."²

His statement sparked a volcanic reaction, with experts and journalists suggesting that Nazarbayev was calling for a revival of Pan-Turkism as an alternative to the Eurasian Union with Russia and Belarus. But Nazarbayev's secretary was quick to come up with an explanation to calm the mood: "This quote was taken out of context and was presented in a distorted manner. The exact translation from the Kazakh language is different. During the meeting with the Turkish leadership, the President spoke about the preservation of culture and traditions of the Turkic world, not about relations with Russia."³

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In order to decipher what Nazarbayev actually said in Istanbul, one should pay attention to details rather than concentrate on the translation's accuracy.

The first detail is the 200 million figure. This number is largely disputed because the President of Kazakhstan spoke of "our Turkic-speaking brothers" rather than Turkic peoples who reside in territories where the Turkic language has an official status as well as in parts of Iran and Russia (like Dagestan). Additionally, it is possible to speak about tens of millions of Turkic peoples living outside this space, suggesting that Nazarbayev's remarks bear an expansionist character.

Interestingly, the figure of 200 million coincides with the standard assessment that says a state needs the minimum of 200 million to sustain an independent economy. This coincidence caused major concern among some members of the Common Economic Space and the Customs Union, whose populations total only 165 million (Russia, Kazakhstan, Belarus). Perhaps this could explain the reason for some experts urging acceptance of the Ukraine as a member (a mandatory precondition for the establishment of the Eurasian Union).

However, Nazarbayev's plan was not presented as an alternative to the Eurasian Union or as a replacement of the Ukraine. Indeed, in 2011 Nazarbayev stated: "Our main task is to convince our neighbors of the importance and viability of our union. Only then can we be *much more* than three states...It is important to increase the potential of all Eurasian associations, gradually promoting the rapprochement of their formats and contents."⁴

The second detail is Nazarbayev's point about the union of all Turkic peoples. It is important to remember that Nazarbayev is an open admirer of the doctrine of Lev Gumilev, according to whom Northern Russia and Central Eurasia belong to a super-ethnos (a combination of several nations) where the central role is given to the Turkic peoples. Indeed, Russia's Volga region, the Urals, and Western and Eastern Siberia house people of Turkic origin, who total some ten million. These include Tatars, Bashkirs, Chuvashs, Yakuts, Tuvinians, Khakas, and other peoples of smaller numbers, who along with Altaians, Karachays, and Balkars make up 9 of the 83 subjects of the Russian Federation. Some of these peoples have entire republics named after them (Tatarstan, Bashkortostan, Sakha-Yakutia, etc). If we add to this mix the Kumyks and Nogais, whose languages have an official status in the Republic of Dagestan, the number of the Turkic-speaking people of the

Russian Federation will reach 10. Their total area comprises over one-fifth of the Russian territory (before the abolition of the Dolgan-Nenets Autonomous Area in 2005, this area extended to a quarter of all Russian territory).

Despite the fragmented nature of the Russian ethnos, Russia feels extremely connected to the Turkic world, regarding the “Turkic question” as part and parcel of its domestic and foreign policies, especially considering that five of the newly formed Turkic states were a part of one country with its capital in Moscow.

The third detail is the quoting of Atatürk. Besides pleasing the Turkish host, this reference was meant to emphasize Kazakhstan’s commitment to a secular state system and its friendship with Russia.

Thus, it is possible to conclude that the President of Kazakhstan was making a barely veiled (and clearly coordinated – at least with the President of Russia) offer to Turkey, asking it to consider possible accession to a Eurasian Union created by Russia, Kazakhstan, and Belarus.

This interpretation is further supported by the fact that in the summer of 2012, Turkish Prime Minister Erdogan asked Russian President Putin to accept Turkey into the Shanghai Cooperation Organisation of (SCO), the largest Eurasian association, which includes such countries as Russia, Kazakhstan, and China. Of course, one might suppose that this plot was part of Turkey’s plan to play on both grounds simultaneously, making attempts to enter the EU⁵ and hold talks with Russia. President Putin did not meet Erdogan’s request with a direct refusal, and offered Turkey participation in other Eurasian organizations, where neither Russia nor China plays a key role.

The delegation of powers to Russia’s ally Kazakhstan, allowing it to make such an offer (and even let it choose an optimum form for it) does not, however, contradict the “Eurasian” logic.

In conclusion, I would like to quote President Putin, who proves that the chief designer of the Eurasian Union, contrary to any conjectures about the reincarnation of the USSR, does not limit the project to the space of the former Soviet republics: “The Eurasian Union is an open project. We welcome other partners to join it; first and foremost those in the Commonwealth of Independent States.”⁶

Notes

- 1 F. William Engdahl, "Syria, Turkey, Israel and the Greater Middle East Energy War," *Global Research*, October 11, 2012, <http://www.globalresearch.ca/syria-turkey-israel-and-the-greater-middle-east-energy-war/5307902>.
- 2 These words, published on the website of <http://www.inform.kz>, were soon changed into "The President of Kazakhstan stressed that the Turkic world unites people of 40 nationalities and ethnicities. The Turkic people, which number some 200 million, contributed to the world culture." Yet the initial phrasing, which sparked much reaction, appeared on numerous sites and blogs. See, for example, the following: http://www.bkgazeta.kz/news/politika/news_2012-10-15-04-37-09-375.html, or <http://www.golosarmenii.am/ru/20323/world/22184/>.
- 3 "Astana Denies Changing its Foreign Policy," *Vzglyad*, October 16, 2012, <http://vz.ru/news/2012/10/16/602844.html>.
- 4 N. Nazarbayev, "Eurasian Union: From an Idea to the History of the Future," *Izvestia*, October 25, 2011, <http://izvestia.ru/news/504908>.
- 5 Erdogan offered Putin to admit Turkey into SCO. In exchange, Turkey would agree to remove its participation in the EU, July 26, 2012, <http://mk-turkey.ru/politics/2012/07/26/erdogan-predlozhil-putinu-prinyat-turciyu-v-shos-togda-ona-otkazhetsya-ot-uchastiya-v-evrosoyuze.html>.
- 6 V. Putin, "A New Integration Project for Eurasia – A Future that's Born Today," October 3, 2011, <http://izvestia.ru/news/50276>.

Part II

Russia-Israel Relations

Russian-Israeli Relations, Past, Present, and Future: A View from Moscow

Tatyana Karasova

Relations between Russia and Israel have a short but very dramatic history, full of sharp twists and turns. As far back as August 1948, in the midst of the first Arab-Israeli war, the Soviet Union opened its mission in Tel Aviv, transforming it into an embassy in June 1954. Shortly thereafter, however, under the influence of a confrontational Cold War mentality, relations between the two countries began to deteriorate. The war of 1967 led to the rupture of diplomatic relations. Contact between the two countries dwindled to minimal.

Perestroika and the Normalization of Relations from 1991 to 2004

The situation changed during the years of perestroika and the general liberalization of the Soviet regime. The Soviet Union collapsed. Only in the late 1990s did Moscow begin its gradual transition to a so-called pragmatic foreign policy. The new concept of “selective engagement” formulated by Russia during this period set the course for a reasonable integration into world politics and the global economy.¹ In 1991 diplomatic relations between Russia and Israel were restored, marking a new phase of bilateral relations. It was a long and difficult process, which may be called normalization.

The first task was to create a comprehensive legal framework for Russian-Israeli relations and to identify priority areas for cooperation. This has become the core content of the normalization of bilateral relations. The existing bilateral mechanism is based on 16 inter-governmental agreements that continue to acquire new meaning and perspective as relations develop.

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Difficulties during this Period

Initially, the restoration of diplomatic relations with Israel prompted a sense of euphoria. The first years saw growing mutual interest and a noticeable increase in cultural and diplomatic contacts. Russians arriving in Israel saw a country where regional specifics and a Western way of life somehow mingled. But already by the mid-1990s more sober, at times frustrated, assessments emerged. During the first stage of the normalization period, relations were largely formal. Israel limited them to strengthening ties with Russia's Jews and the encouragement of their immigration to Israel, as well as the import of energy carriers. In terms of Russian Middle East interests, the Israeli track had long been relatively peripheral compared to Iran, Syria, and parts of North Africa. At the same time, however, the trade turnover, the flow of tourists, and the cultural ties between the two countries continued to grow steadily.

During this period it was apparent that the developing Russian-Israeli relations included matching interests, trends, and challenges. Russia and Israel are both multi-ethnic and multi-religious states. Both face the task of integrating people of different religions and cultures into a single sociopolitical environment. Security is the most important problem facing the two countries. Our countries face a common problem of Islamist terrorism. Both countries underwent economic and financial crises, working their way through the hardships of economic liberalization. Both states underwent the privatization process, involving a radical change in the status of state property and the state itself. The shared interests have always been at the core of a prospective partnership.

However, a number of discrepancies and contradictions between the positions of the two countries also emerged. Between Russia and Israel, there remain a number of "painful points" that have had a significant impact on their relationship. The intergovernmental relations between the countries can be understood only in the overall regional strategic context.

At the same time, conflicting interests and certain inconsistencies in positions are perfectly normal. All countries, even such close partners as the US and Israel, have contradictory interests or positions. It is quite natural that such discrepancies exist between Russia and Israel as well. Among them are the following:

- a. The countries have different positions on Iran's nuclear program.

- b. Russian supplies of advanced conventional arms to regimes hostile to Israel at times end up in the hands of Hizbollah and other terrorist organizations, contrary to Russia's intentions.
- c. In contrast to Israel's position, Russia sees the Israeli-Palestinian conflict as a "core" issue for the whole of the Middle East with a "key role in major regional crises."

The social dimension plays an important role in the development of Russian-Israeli relations. There is still a certain ambiguity, distrust, and suspicion in the attitude of Israeli society towards Russia. Traditionally the Israeli elite has perceived Russia as a country of alien values and alien political culture, while in Russia there are still vestiges of domestic anti-Semitism and suspicion towards Israel as an American satellite. Some Russians still oppose Israel, although more blame America for all the difficulties and failures of Russia's domestic and foreign policies, including in the Middle East. For example, the 2009 Levada Sociological Center polls show that when asked to identify who is to blame for "the continuation of bloodshed and instability in the Middle East," more than Arabs (14 percent of respondents) and Israel (12 percent), Russians blame Americans and NATO (30 percent). Interestingly, 6 percent of the population support Israel in its "efforts to stem terrorism," but those who are ready "to support the Palestinians in their struggle against Israel" are less numerous, constituting only 4 percent of the population. Roughly equal numbers of respondents voted for two mutually exclusive positions: "to make every effort to solve the conflict peacefully" – 38 percent – and "to stay away, without interfering in the conflict" – 34 percent.²

According to Israeli public opinion polls, the attitude of Israelis toward Russia is rather complicated as well. Polls of the Smith Institute confirm this: 62 percent of Israelis (Jews) believe that Moscow is pro-Palestinian, and only 5 percent of respondents said that Russia sympathizes with Israel.³

In Israel any manifestations of Russia's friendly policy toward the Arab and Muslim world meet with an openly pained and suspicious response. Anytime there is a crisis, however, inevitably Israelis stress the friendly character of their relations with Moscow and their refusal to further aggravate the situation, and vice versa.⁴ In the case of Iran, Israel needs a close, confidential relationship with Russia more than ever. Thus, despite the serious differences, at the governmental level bilateral relations are developing quite successfully overall.

The Current State of Relations

During the past five years, the Russian component of Israel's foreign policy has been gaining ground. In Israel the current period in relations with Moscow has been termed a "breakthrough in bilateral relations." This process in Moscow is partially connected with Avigdor Lieberman becoming head of the Israeli Ministry of Foreign Affairs and important government posts being held by immigrants from the former Soviet Union. But I believe this is not all. The process was largely shaped by the complex relations between the Israeli government and the Obama administration, with its "new interpretation" of US interests in the Middle East. Russia's growing influence in political, economic, and strategic processes around the world, as well as the regional situation after the "Arab revolutions," should also be considered increasingly influential factors.

In the new post-Arab revolutions environment, Russia needs to expand cooperation with friendly countries.

A substantial increase of the strategic capabilities that Russia had previously gained in the Middle East is only one of the visible changes in the region. The most painful aspect of this process is the total disappearance or weakening of regimes in some Arab countries that have been Russia's allies. Alarming changes in the region, on the other hand, have contributed to Israel's decision to raise its relations with Russia to a new level.

These days we are witnessing relations gradually developing in all spheres. Russia highly appreciates Israel's recent ideological support and understanding on extremely sensitive and important historical and political issues, such as the situation in Chechnya, the Georgian-Abkhaz conflict, and recognition of the role of the Red Army in the victory over the Nazis. A number of very important steps in this direction have been taken recently, including the transfer of property rights over the Sergevsky Compound in Jerusalem to the Russian Federation (negotiations on this issue took more than 20 years) and elimination of the visa regime between the two countries. Developing military ties and continuing cooperation in space exploration are also among the latest advances. The Israeli satellites Amos-2, Eros-B, and Eros-B1, to name but a few, were put into orbit with the help of Russian missile carriers. Israel Aerospace Industries and Russia have signed a deal worth \$400 million for the supply of drone vehicles, and the Russian President canceled a planned sale to Iran of S-300 missiles, which if deployed, would impede an attack on Iran's nuclear facilities. The agreement

on cooperation in science is under way, and other vital issues such as the establishment of a free trade zone are currently being negotiated.

There is an additional factor in what are commonly referred to as the peculiarities of bilateral relations: the so-called “Russian factor” with the nuances it brings to the relations. Russia needs to maintain a stable and friendly relationship with the Russian-speaking population of Israel. It is in Russia’s interests that the “Russian community,” while remaining loyal citizens of Israel, perceives Russia positively and maintains good relations with it. Russia is perfectly aware that Israel will continue to communicate with the Russian Jewish community, towards whose future Israel is far from indifferent. The interrelation between these aspects is a separate issue that needs to be dealt with soberly.

Russia understands that the community of immigrants from the former Soviet Union does not fully identify with Russia’s political interests. They do not in any way lobby Israeli-Russian rapprochement “with no strings attached.” But “Russian” Israelis may still become one of the key elements of mutually beneficial cooperation.

A working group on the strategic dialogue with Russia has been set up in Israel. In the past, Jerusalem could have had such a dialogue only with the United States. Some Russian and Israeli experts have even started discussing a strategic partnership between Israel and Russia, although this seems, at the least, premature. Bilateral Russian-Israeli relations are still far from the level of a strategic partnership. Let us recall that in the history of US-Israeli relations it took more than a decade for the two countries to sign their first memorandum on strategic cooperation (in 1979, with serious limitations). However, the potential for advancing the relationship between Russia and Israel is indeed quite high.

In planning for the future, the current Middle East situation poses the acute problem of choosing regional and strategic partners and identifying “friends and frenemies” (along the lines of “who is friends with whom, and who are allies against whom”). Like Russia, Israel is working to expand its influence on the international and regional arena by seeking new partners. Fundamentally new relations with Azerbaijan, Greece, and Cyprus are important stepping stones on this path.

The discovery of natural gas fields in Cyprus’s offshore territories and a cooling of relations between Israel and Turkey have led to a convergence of interests between Nicosia with Jerusalem. Shimon Peres’s visit to Cyprus

was a great success. Cyprus has close ties with the Russian capital. There is a possibility of a new alliance involving Russia, Israel, Cyprus, and Greece. Crete and the Balkans joining this alliance would generate even more new opportunities.

My position regarding the prospects for our cooperation is that of cautious optimism. The situation in the world, and especially in the Middle East, is changing rapidly. So are the causes of inconsistencies and contradictions between the national interests of our countries. Therefore we face a vital challenge to create certain mechanisms that would regulate the cooperation between our two countries while sustaining or overcoming contradictions. In general, the development of relations with Israel is, undoubtedly, in Russia's interests. Israel is "a small but smart country" as President Shimon Peres once remarked. Russia's enormous size and market alongside the Israeli hi-tech economy create ample opportunities for joint movement towards prosperity and security.

Notes

- 1 Departament informatsii i pechati MID RF // www.mid.ru.; Stenogramma vystupleniya i otvetov na voprosy SMI Ministra inostrannykh del Rossii S.V. Lavrova na sovmestnoy press-konferentsii s Ministrom inostrannykh del Izraila.
- 2 Levada Analytical Center, "Russian Public Opinion, 2009," <http://en.d7154.agava.net/sites/en.d7154.agava.net/files/Levada2009Eng.pdf>.
- 3 <http://www.peopleforum.cn/viewthread.php?tid=&extra+page%3D1>.
- 4 Zvi Magen, "Israel and Russian Foreign Policy," *INSS Insight* No. 132, September 22, 2009.

A Look at Israeli-Russian Relations

Yaakov Livne

Last year we marked twenty years since the establishment of relations between Israel and Russia. Looking back and attempting to weigh all the elements of the relationship today, we can be bearers of good tidings. If we compare the state of bilateral relations today with the situation in the 1990s, we see the very long road we have traveled together with our friends and colleagues in Russia.

In recent years we have found it increasingly appropriate to speak of the shared heritage of our countries and especially of our peoples – the Russian people and the Jewish people. During a visit to Moscow last fall, President Shimon Peres spoke about one thousand years of Jewish life in Russia. The President thanked the great Russian people for giving shelter to the small Jewish people and allowing it to live its life, practice its religion, and assert its national identity at a time when other countries refused to do so. This is a central part of our common history, a long and fruitful history and full of achievements, though not devoid of pain.

Sometimes we forget that for a long time most of the Jewish people lived in the Russian state and were influenced by it directly or indirectly. In the territory of the Russian empire, the Hassidic movement was established and a rich Yiddish literature developed. It was there that Hebrew was reborn as a language of philosophy, literature, and political theory.

During the late nineteenth century, some two thirds of the Jewish people lived in the Russian empire. Many Jews left in order to establish the Zionist movement in Israel, as well as to help form the large and impressive communities of Jews in the United States, South America, South Africa, and other places. Even today very large Jewish communities in Israel, the United

States, Germany, Canada, Australia, South America, and other countries can trace their origins to the territories of the Russian state throughout the ages.

Starting in the 1880s, the vast majority of leaders and activists as well as writers and thinkers of the Zionist movement came from Russia. The first waves of immigration to Palestine were directly affected by the events in Russia and were composed almost exclusively of the “Russian” aliyah (Jewish immigration to Israel): the first aliyah began in the wake of the pogroms of the 1880s, the second aliyah resulted from disappointment with the revolution of February 1905, and the third aliyah followed disappointment with the October 1917 revolution. Many other Jews believed in the Communist revolution and remained in Russia.

Almost all the heads of the Zionist movement and leaders of the State of Israel from Theodor Herzl to Benjamin Netanyahu lived in Russia and/or were influenced by its landscapes, spiritual culture, and political culture. Even after they arrived in the land of Israel, they carried with them the rich Jewish life that had developed in Russia. Among these figures were Chaim Weizmann, David Ben-Gurion, Levi Eshkol, Golda Meir, Menachem Begin, Yitzhak Shamir, and Shimon Peres. All these individuals and many others on both the political right and the political left served as leaders of the Jews who returned to their historical homeland, by drawing on what they had dreamt, conceived, and formulated while still living in Russia.

The Second World War placed the Jewish people and the Russian people on the same side in the fateful struggle against the Nazi exterminating machine. The Red Army bore the brunt of the war against Hitler’s Germany, and was the army that liberated the concentration camps and the death camps and put an end to the Holocaust of the Jewish people. Major Shapiro, a Jewish officer in the Red Army, was the first to enter the gates of the Auschwitz death camp on January 27, 1945. Symbolically, this is the day that was recognized by the United Nations and many countries as the official memorial day for the Holocaust. We are hopeful that the Russian Federation will also grant this day the appropriate status and make it a state memorial day.

Approximately half a million Jewish soldiers fought in the ranks of the Red Army, thus making it the largest army in the history of the Jewish people fighting under one flag. A great many won medals for bravery in battle. Some 200,000 Jewish Red Army soldiers were killed during the war. Their sacrifice was not in vain. As Defense Minister Ehud Barak recently stated,

they are also the silver platter on which we were given the State of Israel. As Israelis and as Russians, it is important that we recognize this chapter in our common history and learn more about it.

Following the Second World War, the Soviet Union consistently supported the establishment of a Jewish state in the land of Israel. We well remember the speech by Andrei Gromyko, Soviet ambassador to the UN and later Soviet foreign minister, who stood at the UN podium and vigorously defended the right of the Jewish people to establish an independent homeland after the horrors it had experienced during the Holocaust.

The Soviet Union was one of the first major powers to recognize the State of Israel. Subsequently it also supplied the young state with the weapons and critical political support that it desperately needed during its first years, thereby making an important contribution to the early days of the state.

However, from the early 1950s until the mid-1980s, Israel and the Soviet Union found themselves on opposite sides of the Cold War. At a time when the Soviets gave one-sided support to the Arab states, each of their steps vis-à-vis Israel was seen in terms of a zero sum game. In Moscow and Jerusalem, discussion ceased about what we had in common, and the emphasis was only on what divided us, what was offensive and hostile. In those years the Soviet Union did not permit Jews to emigrate to Israel, except as a bargaining chip in the game between East and West. Israel viewed this, and justifiably so, as a hostile step, and it did a great deal to neutralize Soviet influence in the region.

When the Cold War ended, we gradually began a return to normalcy. More than one million Jews have immigrated to Israel from the former Soviet Union in the past two decades. They are well integrated in Israel and contribute tremendously to its development and prosperity. They also act as a solid human bridge on which ties are built every day between Israel and the Russian-speaking world.

The end of the Cold War allows us to reexamine old truths and to give the relationship between the Jewish people and the Russian people the attention it is due. There is increasing awareness in Israel today of the role of the Red Army in defeating the Nazis, and in Russia there is growing awareness of the crimes of the Holocaust. We saw an important and symbolic expression of these positive trends in recent months when Russian President Vladimir Putin, during his visit to Israel, dedicated a memorial to Red Army soldiers in Netanya. The memorial was built at the initiative of the government of

Israel, in close cooperation with the government of Russia. Prime Minister Benjamin Netanyahu rightly noted that it is no coincidence that while other countries destroy Red Army memorials, in Israel, we build them. We will continue this activity in the future as well.

Jewish life in Russia represents the past, but it looks to the present and the future as well. It continues to exist and to flourish in Russia today. Hundreds of thousands of Jews live in Russia and enjoy complete freedom of religion. They maintain communities, attend synagogues, and learn about Israel and visit Israel while remaining loyal to Russia and continuing to live there.

During his recent visit to Moscow, President Shimon Peres dedicated the Jewish museum in Moscow, which is undoubtedly one of the most impressive Jewish history museums in the world. President Peres went to Moscow at the personal invitation of President Putin, which indicates again the importance of our people's history as a basis for building relationships for the future.

The Jewish community in Russia, as well as the State of Israel, maintains good relations with other religious communities in Russia, particularly the Russian Orthodox Church. Last November, Russian Patriarch Kirill visited Israel. This was a very important historic visit, and while it was underway, we were again witness to the tremendous interest of the Orthodox Church in continuing its active presence in the Holy Land and the great willingness of the Israeli government to allow and encourage this activity.

If in the past, there was talk of anti-Semitism in Russia, today we hear more and more about understanding, affection, curiosity, and "pro-Semitism." In our opinion, this is also true about Russia's leaders, who have demonstrated a positive attitude toward Israel and a true desire to increase and upgrade relations on all relevant issues today.

This is a good state of relations between our peoples, achieved following a long period of severed relations and hostility. Now, after twenty years of full diplomatic relations, we can say that we have succeeded in creating normal, close relations between Russia and Israel. Gradually, these ties are becoming relations of trust on issues important to the two countries. They are allowing us to rediscover the great potential inherent in cooperation between us for the benefit of both peoples.

In the realm of diplomacy as well, we have come a very long way from the near-total rift of twenty years ago to the current situation. Today we enjoy frequent and close interaction between our prime ministers, our foreign

ministers, and the speakers of our parliaments. These contacts take place at the highest levels, and both sides appreciate that the involvement of the senior political echelon gives added importance. It is no coincidence that Prime Minister Benjamin Netanyahu and Foreign Minister Avigdor Lieberman have visited Russia often in recent years. They and their Russian colleagues realize that these frequent meetings lead to a better understanding of the limitations, needs, and interests of each side. This lays the necessary foundation for finding common ground on difficult and complex political issues as well.

In these discussions, it is becoming increasingly clear that Russia's interests and those of Israel in the Middle East do not conflict even if they differ (often because of objective circumstances). We believe that today, it is more important and appropriate to find a common language on a range of issues that in the past were believed to be out of bounds for discussion. We should welcome this positive development and continue to encourage it.

Today the situation in the Middle East is complex and changing before our very eyes. A thorough examination of a variety of Russian and Israeli regional interests in the Middle East reveals many points of overlap. The two countries oppose terrorism anywhere as well as radical Islam, whose purpose is to destroy our common culture. Both Israel and Russia have suffered a great deal in recent years from terrorism aimed at innocents, and there is a desire and a willingness to cooperate in the war on terror. The defense establishments of the two countries are also engaged in an interesting and important dialogue, and we must continue this and make progress on this track. The two countries have identified a vital need to cope with the drug trade, which is becoming deadlier and more critical to the future.

It is not only at the senior political level that relations between officials of the two countries are close. Today, it is difficult to find a government ministry in Israel that does not have a relationship with its Russian counterpart. In Israel's Foreign Ministry alone, there are dozens of discussions every year on various issues with our Russian colleagues in diplomacy. Besides the United States, which we know has a very special place in terms of Israel's national interest, there is almost no country with which our relations are as intensive as they are with Russia.

Russia and Israel have signed important agreements on cooperation in space and nanotechnology. On these topics, which are at the cutting edge of technology, the two countries have great potential for working together, with

each benefiting from the relative advantages of its partner. We believe that hi-tech is one of the important areas in which we can continue to cooperate for the benefit of both countries.

Today we see that the level, scope, and importance of economic ties are unprecedented. In recent years, we have expanded bilateral trade to 3 billion dollars, and there is more in the making. The two countries have shown great interest in trade in food and agricultural products, and in reciprocal investments that benefit from the added value and relative advantage of each country. Currently, the Israeli company Teva is building a pharmaceutical plant in Yaroslavl, while the Russian company Metrostroy is building the tunnels for the new high-speed train between Jerusalem and Tel Aviv. These are only two examples among many others.

In recent years we have signed a long list of economic agreements, but we have not yet exhausted our potential in this important area. During the most recent joint economic committee meeting in Jerusalem in November 2012, headed by Israeli Deputy Prime Minister and Foreign Minister Avigdor Lieberman and Russian Deputy Prime Minister Arkady Dvorkovich, it was agreed that negotiations would begin on a free trade zone between Israel and the trilateral customs union of Russia, Belarus, and Kazakhstan. Once signed, this agreement will serve as a major catalyst for the continuing expansion of economic ties with these states.

For more than a decade now the two countries have been examining the possibility of significant cooperation in the area of natural gas. Until 2009, Israel was conducting advanced negotiations to purchase natural gas from Russia. Following the discovery of gas fields off the coast of Israel, interesting and important talks have been held on the possibility of Russian energy companies entering the Israel market, this time as strategic partners. This issue has tremendous potential whose scope will become clear in the future.

Elimination of the visa requirement between the two countries has removed a major obstacle to relations between the two nations. Today, more than half a million Russian tourists come to Israel every year. Russia has become the second largest source of incoming tourism to Israel, second only to the United States. Tourists come to visit the holy places in Jerusalem and Nazareth, to experience the vibrant life of Tel Aviv, to vacation in Eilat and the Dead Sea, and to enjoy the company of many Israelis whose Russian is fluent and close to their heart. Large numbers of Israelis visit Moscow,

Saint Petersburg, and other cities in Russia. They travel to meet friends and relatives and to reacquaint themselves with the great Russian culture to which the Jewish people has contributed so much, and by which it has also been profoundly influenced. Many Israelis live in Israel but work in Russia. The elimination of the visa requirement has been so successful that today it is hard to imagine how we managed when things were different. This is just one example of how the governments of the two countries can contribute to relations between our peoples.

After twenty years of full diplomatic relations, our challenge is to look at our historical legacy and accomplishments, and to draw lessons and move forward. We believe that today the role of the governments in Israel's relationship with Russia is not only to help, encourage, and create new frameworks. To a large extent, their role is not to interfere, because there is a broad base of natural, human relationships that are forming between our peoples practically by themselves.

We gradually encounter fewer and fewer colleagues who come to Israel or Russia for the first time. Most people who visit are favorably surprised, demonstrating once again that there is a need to continue with real dialogue, as equals. This will increase cooperation and reduce misunderstandings. On the basis of my own experience, I can attest that discussions with our Russian colleagues are very professional, fruitful, and productive, and nearly always pleasant as well. This is an excellent basis for continuing the relationship between our peoples, with our countries continuing to grow closer.

The Social Aspect of Israeli-Russian Relations: A View from Jerusalem

Vladimir (Zeev) Khanin

Israeli-Russian relations have always drawn considerable attention from the Israeli academic, political, media, and diplomatic community and their strategic partners. What is more, after waning somewhat for most of the 1990s, this interest is being revived today as a result of Russia's return since the early years of the twenty-first century to being one of the main players in the region, which directly affects Israel's interests.

Recent years have seen a wide variety of publications analyzing the strategic, diplomatic, and economic relations between the two countries, at the bilateral level, in the context of Russia's reciprocal relations with its allies in the Middle East – traditional allies, new allies, and allies inherited from the Soviet Union, and with the large powers that have a presence in the region, namely, the United States, the European Union, and in recent years, China.¹

Another aspect of Israeli-Russian relations – the human dimension – has received much less attention in Israel. This dimension refers not only to the influence of cultural, family, or historical-emotional ties between citizens of the two countries on Israeli-Russian relations, or to their involvement in a common informative space, though it is these aspects as well. Rather, this is primarily a factor that, *inter alia*, results from these relations and reflects how the citizens of each state view those of the other. Presumably the leaders of both states must take this factor into account to some extent. This article attempts to contribute to an examination of this topic.

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Israelis and Russia: Factors in Shaping Public Opinion

A review of the opinions expressed in scholarly research and literature² – beyond the inter-personal and cultural relations mentioned above, which probably require special attention – indicates that the greatest influence on the public attitude on either side, and the consequent willingness (or unwillingness) to cooperate and the nature of the cooperation, is based on four factors. First is the system of perceptions and values rooted in the collective consciousness of the population (in this case, in Israel) toward a particular country (in this case, Russia), which stems from historical experience and cultural-psychological circumstances. The second factor is how the leadership of the country operates in the realm of foreign policy. The third factor is the attitude of the experts and the media, or more specifically, the amount of information provided in the mass media about these questions, and the issues emphasized in the media by experts. Finally, notwithstanding the last two factors, there are aspects of the activities of the other country (Russia) in the areas of diplomacy, economics, and geopolitics that directly influence the worldview, future planning, socio-economic situation, and socio-psychological comfort of the population, in this case, in Israel.

With regard to the first factor, the picture is quite clear. As a phenomenon and as a symbol, Russia has a very important place in Israeli social consciousness. The generation of Israel's founding fathers grew up in the Pale of Settlement in the Russian Empire, and therefore, Russian cultural elements, world views, and ways of life became in many ways what is often called "the Israeli Zionist ethos." However, many of the descendants of the generation of the founding fathers are not aware of the Russian origins of these elements, including the Russian tunes used for Zionist songs and the influence of ideological currents existing in czarist Russia, or they do not pay attention to them.

On the other hand, Russia, as the successor to the Soviet Union, which headed the anti-Western camp in the Cold War, was for a long time identified in Israel as a power whose basic interests were antithetical to those of the State of Israel. Remnants of these perspectives still exist and characterize segments of the Israeli intellectual and political elite, although their influence is waning. At the same time, paradoxically, on the level of public consciousness in Israel, Russia has never been perceived as a "natural born enemy" of Israel, even during the Cold War. Consequently, there is a basic assumption underlying the dominant attitude of Israeli society to relations

between the two countries. This basic assumption is reflected in the fact that bilateral relations between Russia and Israel have not reached the level of strategic partnership, not as a result of insurmountable political-cultural differences, such as with the Arab world, but because the national interests of Israel and Russia in the Middle East are not always compatible with each other.

If we look at actions by the government of Israel, we see that during the four-year term of Benjamin Netanyahu's second administration, established following the Knesset elections in 2009, the role of Russia within Israel's foreign policy clearly increased. In March 2009, when Avigdor Lieberman became foreign minister, he made a strategic partnership between Israel and Russia one of the highest priorities of his term. It was not only Absorption Minister Sofa Landver and Tourism Minister Stas Misezhnikov, Lieberman's colleagues from Yisrael Beiteinu (two-thirds of whose voters are from the former Soviet Union) who contributed to this process. Their colleagues from other parties in other ministries had a similar orientation.

Many efforts were made to improve inter-parliamentary relations between the two countries, to nearly the same level as relations between the Knesset and the US Congress (including establishment of an inter-parliamentary committee on the issue of strategic security). Knesset speaker Reuven Rivlin and the heads of the Israel-Russia Friendship League, Ze'ev Elkin, coalition chairman and Likud chairman, and Robert Ilatov, chairman of Yisrael Beiteinu, were involved in these efforts. During this period, the Israel-Russia Joint Committee for Trade and Economic Affairs significantly increased its activity, and it was joined by the specially created Israel-Russia Business Council, which works actively in this area. In May 2010, President Shimon Peres paid a state visit to Russia, which commentators in many newspapers termed a "groundbreaking" visit for relations between the two countries. The importance attributed to this event may be due to the circumstances: in agreement with the prime minister (and contrary to political tradition in Israel, which gives the president mainly ceremonial duties), President Peres actually took on very delicate diplomatic missions that have been of tremendous importance in promoting Israel's foreign affairs.

In this sense, the Netanyahu-Lieberman approach to Russia is drastically different from the approach of previous governments (including during Netanyahu's first term), even though there has been a very high level political dialogue since diplomatic relations between the two countries were restored

in 1991. This dialogue has scarcely deviated from its focus on strengthening relations with the Jews of Russia and encouraging their immigration to Israel, importing energy resources, and making efforts (albeit rather weak) to use legal and diplomatic means to protect Israeli businessmen in the Russian market. In the past, visits to Russia by senior Israeli officials had no formal standing whatsoever. These officials were usually called upon to calm a sudden crisis in relations (for example, the attempted “assault” in 1997 by Netanyahu, who sought during his tour to prevent the implementation of an Iranian-Russian nuclear agreement), or to present to the Kremlin yet another regional initiative that had already been approved by the United States, the EU, and the Arabs. This was also what happened just prior to the elections, when the goal was to be seen on Russian television channels broadcast to Israel in order draw votes from the Russian-speaking electorate.

In fairness, we should point out that in the context of Russian interests in the Middle East, the Israeli track, compared to the Iranian, Syrian, or even North African track, was also marginal for a relatively long time. This was true even though the volume of commerce and tourism between the countries has grown steadily (though it has remained much lower than its potential); joint projects have been carried out successfully (including military-technological projects); references to “a million of their countrymen living in Israel” have taken on an almost ritual character; and in the Kremlin and Smolensk Square, an attempt has been made to preserve, at least outwardly, the principle of a “balance of interests,”³ with the understanding that Russia would have little political effect in the region if it stood on one (Arab) leg. Only recently has there been an increase in Russian interest in carrying out projects in Israel in the areas of investments, energy, gas, infrastructures and transportation, and cooperation on advanced technologies, particularly military technologies, aerospace, and nanotechnology.

The “new trend” in Israeli-Russian relations was entrenched during Vladimir Putin’s second visit as president of the Russian Federation in May 2012. Judging by information in the local media, Israeli leaders considered this visit to be unprecedented in its importance. It is still not clear how the meeting will influence relations between the two countries in the future. According to one of the leading Russian experts, Fedor Lukyanov, editor-in-chief of *Russia in Global Politics*, the visit was more symbolic than practical. Nevertheless, in his opinion, this symbolism in and of itself is rather intriguing. “For the first time, remarkably, Russia in fact has better

relations with Israel than with the entire Arab world. Aside from the Iranian question, there are no large differences between us and Tel Aviv. The cooling of our relations with most of the Arab world is actually connected to our support for Syria.”⁴

Attempts to find a simple explanation for the intensive activity of Israeli leaders on Russian issues can generally be divided into two parts. First is the attempt to find a new ally, given the state of Israel’s relations with its strategic ally the United States since Barack Obama became president in 2009 and put tremendous pressure on Israel as part of his new reading of American interests in the Middle East. Second, the Israeli political establishment recognizes Russia’s growing weight in strategic, political, and economic processes that are connected to Israeli motivations in the Middle East.

The Role of the Community of Experts

Of course, these considerations of the political leadership have not gone unnoticed by the Israeli public and have not been overlooked in the collective political consciousness, where the importance of the Russian track has clearly begun to grow. This is evident from the publication dates of articles on the subject in leading printed and electronic media and from the anticipated trend, after a ten-year decline, toward growing interest in academic research on Russia and Eurasia in Israeli universities and research institutes. At the same time, demand has grown in the Israeli media market for the scholarly and analytical review and discussion that the media and professional publications have continuously presented to the public.

From a general perspective, we can note that there are two main factions in this community today. Let us call them the “Kremlin optimists” and the “Kremlin pessimists,” in accordance with their differing assessments of how the new reading of Russia’s geopolitical and economic interests in the Middle East in the first decade of the new century is manifested.

It is known that Moscow’s new direction, particularly beginning with Vladimir Putin’s second term, is connected to attempts by the Russian foreign policy establishment to restore to Russia, as the successor of the Soviet Union, its status as a superpower, even if initially this aspiration existed only at the declarative level. In the regional context, the meaning of this policy is that Moscow is no longer content with a token presence in the Middle East, including in the realm of Israel’s direct interests, where for almost a decade its role was limited to the status of “joint sponsor of

the Middle East peace process,” a status that in the opinion of many was as much fiction as the peace process itself.

Many analysts believe that during his second term Putin has launched a diplomatic offensive intended to preserve Russia’s relations with the Shiite world and simultaneously draw Sunni governments into establishing a Russian-Arab alliance.⁵ More practically, according to experts, in the past decade Russian interests in the region have included four main scenarios.⁶

The first is connected to massive efforts at intervention by Russian companies that produce and process oil and gas and maintain a system for transport of hydrocarbons from Muslim Arab countries. The second is expansion of contracts for Russian arms shipments to local regimes (intended, *inter alia*, to provide economic resources for the Russian defense industry and for the ambitious plans to modernize the economy). The third involves the aim to concentrate efforts on delegitimizing the Chechnyan and Dagestanian separatists in the eyes of the “moderate” Islamic world and on reducing their support from Arab states.⁷ Finally, analysts hold that in a certain sense, the Kremlin’s policy in the Middle East also serves the anti-American mood in Russian public opinion. A similar theme in turn plays a role in stabilizing domestic policy and in the partial “governmental rotation” during the upcoming presidential cycle. The outcome in practice is a total break with the “equidistant approach” that dominated Russia’s foreign policy during Boris Yeltsin’s second term and Putin’s first. This retreat continued for the four years of Dmitry Medvedev’s presidency, without any significant changes when Putin was elected to his third term as president.

What most worried the Israelis, of course, was how these processes would be reflected in Israeli-Russian relations (and indirectly, their impact on the status and the mood of the community of nearly 1 million immigrants from the former Soviet Union in Israel). The Kremlin pessimists, accordingly, continue to suspect that the Kremlin’s current policy actually strengthens the pro-Arab, and hence anti-Israeli, tendency in Moscow’s strategy.

From the point of view of the more extreme advocates of this approach, Russia, in its attempts to restore its status as a global superpower – because of which it is clearly entering into political conflict with the United States and the West – will deteriorate eventually toward global political models until it revives the approaches of the end of the Soviet era.⁸ Given Israel’s strategic partnership with the United States, the significance in the regional context is that ultimately Israel will become a potential adversary.

Four circumstances are generally presented in support of this claim:

- a. Russia actively supports Iran's nuclear program, with the Iranian leader declaring the need to "wipe Israel off the political map."
- b. Russia is supplying modern weapons to regimes hostile to Israel, thus changing the strategic balance in the Middle East. Furthermore, some of these weapons, in contravention of all the agreements and countless promises by Russia, are finding their way to Hizbollah in southern Lebanon and to other terrorist organizations.
- c. Senior Russian officials have received Hamas delegations on four occasions, thereby supporting the terrorist organization responsible for the death of hundreds of Israelis in its struggle for international "normalization."
- d. Russia has declared that "the Israeli-Palestinian conflict is a major factor in the situation in the Middle East" and "plays a key role in the main crises in the region, which threaten security and stability in the region." This is contrary to Israel's position on these issues.

In contrast to these reservations, those who oppose the Kremlin pessimists are prepared to accept the Russian explanations that the country has returned to the Middle East not as the bearer of an ideology but from purely pragmatic considerations. The Kremlin optimists are also prepared to believe that Russian shipments to Syria and Iran are for business purposes only, and that the change in Russian policy toward these regimes is a question of value in the primary and simple sense of the word. In other words, even if global geopolitical interests are in principle likely to place Russia and Israel on opposite sides of the divide, the problem, according to this approach, is not in the nature of the conflict of interests between the two countries, rather in the "new" context of Russia's global interests. Therefore, in the opinion of the Kremlin optimists, if the context changes or Israel's place in it changes, then the state of relations between Russia and Israel will also change.⁹

Recent diplomatic moves by Russia on the Israeli-Palestinian track provide, to a large extent, a means of evaluating the two approaches. These moves are connected, among other things, to Russia's response to the unilateral campaign for recognition of a Palestinian state in the UN, which the leaders of the Palestinian Authority have been conducting for the past three years, in contravention of prior agreements with Israel.

For most of the other countries from the Commonwealth of Independent States and the Baltic states, we can assume that the Israeli-Palestinian conflict

has an emotional-theoretical character. In contrast, the position of Russia – the successor to (or the “replacement” for) the Soviet Union, one of the five permanent members of the UN Security Council, a member of the Middle East Quartet, and one of the official “sponsors” of the Israeli-Palestinian “peace process” – is a key position. The factors currently influencing the Russian choice are varied. Aside from Russia’s aspiration to regain the superpower status that it lost after the collapse of the Soviet Union, and aside from long term economic and political strategic interests in the Arab-Muslim world or strategic cooperation with Iran, Russian interests also harbor an “emotional-political” element based on the long relationship between the Soviet Union or Russia and the leaders of the PLO, expressions of which are still evident in Smolensk Square.

The opinion of the Kremlin optimists and the Kremlin pessimists, and as a result, of the general public, is divided on this issue. The optimists were prepared to show greater understanding in response to the new circumstances that Russia is facing in the Middle East. Waves of revolution have shaken the Arab states in the region during the past year, greatly increasing the strategic potential in the Middle East on which the Russian Federation toiled, against the backdrop of the implementation of the regional aspect of the Munich Doctrine in Putin’s foreign policy. Commentators count among the most sensitive aspects of this process the disappearance, or the expected disappearance, of Arab regimes that are among Russia’s closest allies: Libyan leader Muammar Qaddafi and Syrian president Bashar al-Assad.

Accordingly, the optimists among Israeli experts are seeking to persuade the Israeli establishment and public that Moscow has almost no alternative way to maintain advantageously its Middle Eastern assets that have experienced turmoil, other than to express support for the demands of the PLO and the Palestinian Authority in the UN Security Council and General Assembly. To the optimists, it would be preferable if this issue were not considered to be within the boundaries of the relationship, alongside other issues on which Israel and Russia have agreed to disagree. Furthermore, the optimists believe that certain circles in Moscow are gradually recognizing the possibility that what is perceived abroad as Russia’s clearly anti-Western policy in the Middle East is ineffective and liable to bring about Russia’s isolation in the Middle East, and that therefore they have made a certain effort to renounce this policy. For example, after both the vote that did not take place in the UN Security Council in September 2011 and the vote in

the UN General Assembly in November 2012, information was published from sources close to the Kremlin and in informal channels with the aim of creating a feeling among outside observers that Russia's uncompromising support for the Palestinian Arabs' unilateral declaration in the UN was "an aberrant initiative of the Russian Foreign Ministry that was carried out without a direct order from the president of the Russian Federation."¹⁰

Israeli, American, and even some Russian experts who are pessimists strongly disagree with this approach. They insist that it is precisely the diplomatic clash over the PLO's unilateral declaration at the UN that has created a dynamic that could possibly assist in taking the American-Russian rivalry in the Middle East to a new level. In other words, from a dispute among partners, the conflict over this issue could gradually turn into a direct confrontation that does not leave a great deal of room for compromise.¹¹

If this is the case, do Russians need Israel, and do the "Russians" in Israel need Russia?

Even considering that from the viewpoint of the Russian foreign policy elite the choice in this and similar cases is not necessarily between good and better but between bad and less bad, such a development does not in any way reinforce Israeli supporters of rapprochement with Russia in countering the claims of the Kremlin pessimists. Furthermore, it weakens the position of those within the Israeli public who still believe that a change in the role of the "Russian factor" in the current global and regional political system could theoretically contribute to a doctrinal change in Israeli foreign policy toward Russia by taking relations with it to a new level.

Ultimately, the precarious balance of power established during the past two years between the Kremlin optimists and pessimists today faces a challenge that is far from simple. It is reasonable to assume that movement in one direction or the other depends on many conditions, including, and no less important than public opinion in both countries, which the countries' leaders must take into account to varying degrees.

For example, in Russia, despite the abovementioned tendency, both objective and subjective, to favor the Arab positions (as it appears in Israel), public opinion is not unequivocal. It differs significantly from the largely anti-Israel approach or the neutral-to-negative attitude to Israel of past years, which according to the Levada Center, a sociological research organization, peaked in the summer of 2006, during the Second Lebanon War. Five years later, a change has occurred, and in late 2011 a new study by the Levada

Center addressing various aspects of Israeli-Russian relations revealed that most Russians (69 percent) expressed a positive attitude toward Israel.

In Israel, the choice between one approach or another toward foreign policy regarding Russia will depend, to a greater extent than in Russia, more on domestic policy than on external circumstances. For example, the decision to eliminate the visa requirement between Israel and Russia (and between Israel and the Ukraine a year later) was made by the government of Israel, first of all at the request of an Israeli party with a “Russian accent,” Yisrael Beiteinu, as one of its conditions for joining the ruling coalition at the time, even though most of the Israeli leadership did not know what political, diplomatic, and economic consequences this step was likely to have.

Inasmuch as we can judge, Israel’s political framework today appears to have three potential forces that are interested in strategic partnership with Russia, including submission by the government of Israel of far reaching proposals to the Russian leadership. The first force is represented by some of the Israeli political establishment, which believes that it is necessary not to make Israeli interests dependent solely on the country’s special relationship with the United States and instead to expand the Jewish state’s range of possibilities internationally and regionally by seeking new strategic partnerships. The second force comprises Israeli business circles, which are expressing growing interest in penetrating the Russian market. This market is not currently stable but is expected to grow, and therefore these business people are interested in having a strong political, diplomatic, and legal “umbrella.” Traditionally, the third force is considered to be the nearly one million-strong community of immigrants from the former Soviet Union and the Commonwealth of Independent States, who constitute 16 percent of the local electoral potential. In a sense they are the decisive force in the success or failure of prime ministerial candidates and in the achievements of most Israeli parties in the national elections to the Knesset, as evidenced unequivocally once again in the elections to the nineteenth Knesset on January 22, 2013.

According to the opinion formed by most Israeli politicians, good relations with Russia (or a display of such relations) are first of all a guarantee of good relations with Russian-speaking voters. However, a more careful analysis shows that this problem is much deeper. A poll by the Mutagim research institute conducted recently among Russian-speaking Israeli citizens at the request of the author, focusing on perspectives on

the Israeli-Russian strategic partnership, demonstrates that this topic is in fact perceived as relevant among the “Russian” community. Only about one-tenth of respondents (11.5 percent) did not express any opinion on this question. However, only 4 percent of respondents were so angry about the current American position toward Israel or had never trusted it, that they agreed with the statement that “it is better for Israel to abandon the unilateral orientation toward the United States and to begin to seek other strategic partners, including Russia.”

Considering that the percentage of supporters of this approach is equal to the possible statistical sampling error, we can conclude that such a radical approach has “no market” on the Israeli Russian street. The percentage of those holding a position contrary to that is seven times greater (27.9 percent). If we believe these statistics, then between one-quarter to one-third of Russian-speaking Israelis today agree with the claims of the Kremlin pessimists that “the interests of Russia will always be mainly with the Arab world, and therefore Russia will never be a loyal friend of Israel.”

However, participants in the poll certainly understand that Israel, as a technology superpower and a very important actor in regional politics and to a certain extent world politics as well, cannot afford, given current global politics, to adhere to the principle of “permanent neutrality.” (“Isolationists” who believe that “it is better for Israel to maintain an equal political distance from the various global centers of power” are only a relatively small percentage of respondents – 13.2 percent.)

Nevertheless, most immigrants from the Soviet Union and the CIS do not believe that an unconditional partnership with the United States, no matter how its leaders behave and no matter what demands they make of Israel, is the only realistic alternative for Israeli foreign policy. In contrast, the more commonly held opinion among respondents (43.4 percent, that is, nearly half) is that “it is preferable for Israel to strengthen and expand its relations with the Russian Federation, although not at the expense of existing relations with the United States.” Consequently, it was found that the percentage of Russian-speaking Israelis who are prepared to consider the ideas of the Kremlin optimists is 1.5 times greater than the percentage of those in whose assessment “it is advisable to keep a distance” from Russia in any scenario.

Thus, the community of immigrants from the former Soviet Union does not at all exhibit “expatriate political consciousness,” that is, a preference

for the country of origin and identification with its political interests (a phenomenon seen, for example, among communities of Muslims in many countries in Europe). During the twenty years that have elapsed since the large waves of immigration began, Russian-speaking immigrants have integrated into the local society and assimilated its dominant system of values and political views (including views on foreign policy). In this sense, the second word in “Russian Israelis” is the more important one, and it does not appear that they meet the definition popular among Israeli sociologists (and among some of the “old” Israeli elites) of “homo post-Sovieticus.”¹² In other words, they are in no way lobbyists for unconditional Russian-Israeli cooperation, but they are definitely willing to be a main bridge for cooperation between the two countries, a bridge built on a rational basis of mutual benefit. This course clearly requires not only slogans, but level-headed political moves by both sides.

Notes

- 1 For a detailed analytical review of publications on this topic, see Robert O. Freedman, “Russia, Israel and the Arab-Israeli Conflict: The Putin Years,” *Middle East Policy* 13, no. 3 (2010): 51-63, and Alek Epstein and Stanislav Kozheurov, *Russia and Israel: A Difficult Journey* (Moscow-Jerusalem: The Moscow Middle East Research Institute and Gescharim, 2011).
- 2 See, for example, Alfred Wittstock, *The World Facing Israel, Israel Facing the World: Images and Politics* (Berlin: Frank and Timme, 2011).
- 3 Robert O. Freedman, “Russia and Israel under Yeltsin,” *Israel Studies* 3, no. 1 (1998): 140-69.
- 4 Quoted in Viktor Savenkov, “The Object of Putin’s Prayers in Bethlehem,” *Svobodnaya Pressa* (Moscow), June 27, 2012.
- 5 Ariel Cohen, “Russia’s New Middle Eastern Policy: Back to Bismarck?” *Jerusalem Issue Brief* 6, no. 25, March 20, 2007.
- 6 Robert O. Freedman, “Russia, Iran, and the Nuclear Question: The Putin Record,” *Jerusalem Viewpoint* No. 544, July 2, 2006; Ilya Bourtnan, “Putin and Russia’s Middle Eastern Policy,” *Middle Eastern Review of International Affairs* 10, no. 2 (2006).
- 7 Robert O. Freedman, “The Putin Visit to Saudi Arabia, Qatar and Jordan,” *Analytical Report*, March 2007.
- 8 Eugene Rumer, *Dangerous Rift: Russia’s Middle East Policy* (Washington: The Washington Institute for Near Eastern Policy, 2011), and George L. Simpson, Jr., “Russian and Chinese Support for Tehran: Iranian Reform and Stagnation,” *Middle East Quarterly* 17, no. 2 (2010): 63-72.
- 9 See, for example, Zvi Magen, “Israel and Russian Foreign Policy,” *INSS Insight* No. 132, September 22, 2009, and Mark Katz, “Putin’s Pro-Israel Policy,” *Middle East Quarterly* 13, no. 1 (2005): 51-59.

- 10 A series of informal interviews, November-December 2011 and December 2012. Most of those interviewed, who are familiar with political decision-making processes in Russia, viewed many of the arguments made in favor of this version of events as unconvincing.
- 11 Personal interviews with experts and fellows at think tanks in Israel, the United States, and Russia (Tel Aviv, Herzliya, Jerusalem, Ramat Gan, Washington, and Moscow, September 2011). The author wishes to give special thanks to David Makovsky (Washington Institute for Near East Policy), Ariel Cohen (Heritage Foundation, Washington), David Mankoff (Center for Strategic and International Studies), Gerald Steinberg (Jerusalem Center for Public Affairs), Barry Rubin (GLORIA Institute, Herzliya), Efraim Inbar (Begin-Sadat Center for Strategic Studies, Ramat Gan), Zvi Magen (Institute for National Security Studies, Tel Aviv), and Russian experts Yevgeny Stanovsky, Alexander Shumilin, and Sergey Markedonov.
- 12 See Vladimir (Zeev) Khanin, “‘Immigrants,’ ‘Separatists,’ and ‘Fundamentalists’: On the New Round of Talks on the Role of the Russian-Jewish Community in Israel,” position paper, the Middle East Studies Institute, October 2010.

Part III

Economic Aspects of the Bilateral Relations

Bilateral Economic Relations: Main Trends, Forms, and Areas of Business Cooperation

Sergey Oulin

At the outset it seems important to point out one basic problem of bilateral relations that until quite recently neither Russia nor Israel made very explicit. It is a paradox of sorts: the large number of Russian-speaking people in Israel. We habitually view this factor as positive for bilateral relations development, which it is in many ways: contacts between scientists, businessmen, security services, and politicians have become easier. However, it also creates the illusion that we know everything about each other. Russians judge Israelis by looking at Russian-speaking citizens of Israel, while Israel does the same with respect to Hebrew-speaking Russians. Often this leads to an incorrect assessment and as a consequence – to mistakes in taking important decisions.

For effective dialogue it is necessary to study the social and cultural features of the two countries as well as their standard of political and business relations on a systemic basis. In Russia, perhaps because of highly professional training in the international relations area, this problem was rather quickly understood, at least at the expert level, and Israeli studies began to develop fast. This has resulted in increasingly frequent reliance on cross-cultural expert assessments during important decision making, which has not yet become a common approach in Israel. After the collapse of the USSR the interest in a system-based study of Russia faded and all the action taken to reconstruct this system has so far been unsuccessful. However, we need such expertise in order to foster easy communication as an important tool of effective cooperation, rather than “issue-hop” in this regard.

I therefore consider the creation of such organizations as the Russian-Israeli Business Council (RIBC) and the Israeli-Russian Business Council

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(IRBC) to be of great significance in this context, in addition to the contribution they make through high-level expert conferences.

After 20 years of renewed bilateral relations we can see positive dynamics in the economic and business contacts between our countries. Russia and Israel have moved on from mutual mistrust to intensive cooperation at various levels. At the same time, the bilateral economic relations structure – in which our country mainly supplies Israel with raw materials and primary processing products while importing high grade processing products and technologies from Israel (the import of agricultural products from Israel speaks of Russia's own problems) – can no longer satisfy Russia's ambition of creating an innovative economy at home.

Meantime, professionals engaged in Israeli studies in Russia have long been speaking about the significant potential of our bilateral relations in the area of innovation. Their assessment is based on the following assertions. First, the current situation in Russia in this area and our country's quest to develop domestic high technologies make it possible to establish cooperation with Israel on partnership terms, although by many parameters Israel may appear to be the senior partner.

Second, the abovementioned lack of a language barrier between Russian scientists and those in Israel who emigrated from the Soviet Union enables, provided proper management, the creation of an infrastructure for technology transfer that will significantly reduce the brain and knowledge drain from both countries to the US.

Third, the opening of operations engaging Israeli capital on Russian territory is absolutely justified within the framework of a technologies commercialization value chain. It is profitable for Israel because manufacturing is much less expensive in Russia. In turn, our country will benefit from the revival of currently inactive industrial facilities and the opening of new work places. All this will have a positive impact on the economic, social, and political situation in the country.

Fourth, cooperation in this area may facilitate substantial expansion of innovation technology markets in both countries. Israel, being deeply integrated into mature Western markets, may serve as a steward of sorts for Russian and co-produced commodities, while Russia has longstanding ties in the Islamic East, a region with high purchasing power for new technologies. For a variety of political reasons Israel has no access to these markets,

whereas our country may serve a conduit for promoting Israeli and joint projects in these markets.

One pleasing fact is that during the last few years the situation in this area began actively to change. Israeli advisers are invited by the Russian side to participate in implementation of R&D projects; they take part in creation of innovation infrastructure in Russia. The largest Russian innovation companies such as RUSNANO, Skolkovo, and Jandex work extensively in Israel. Particularly in this context it is worth mentioning a project initiated by an RIBC member company, “Ambika-agro”: the creation of an Israeli agricultural exhibition center in Russia. Currently the project has support at the government level. I mention this project not only because it is directly related to the Council’s activity, but also because I consider it to be a major landmark in the development of our relations, as it shows that innovational cooperation between our countries is possible not only in such hi-tech areas as nanotechnologies, biotechnologies, and others, but also in the primary sector of the economy as well. Likewise it is important to mention that Ambika does not represent big business; it is a relatively small company. It appears that such initiatives are a new trend in our bilateral business relations. In general, co-projects in such fields as energy, electronics, computer engineering, medicine, biotechnologies, agriculture, environmental protection, finance, tourism, and safety appear to be the most promising.

I would also like to focus upon one of the most problem-prone areas of our cooperation – finance. To date the appropriate financial infrastructure, without which the system-based development of business cooperation between our countries is impossible, has not been created. Finance is an area that needs fine tuning and a high level of trust. Unfortunately, it must be acknowledged that such trust does not yet exist between our countries. At the same time, the recent accession of Russia to the World Trade Organization will facilitate positive change in this area as well as towards the creation of a free trade zone between Russia and Israel, which is currently being dynamically negotiated, particularly within the Russian-Israeli Committee on Trade and Economic Cooperation, part of which is the RIBC.

One rather negative tendency in Russian-Israeli business relations development is that Israelis are not ready to see Russians as equal partners, including in the R&D area, evidently because a) Israel is interested in its technologies export; and b) its overall image of Russia in this context is

as not instrumental. Nevertheless, it seems to me that such an attitude to Russia does not contribute to the creation of a long term system of efficient cooperation. It is necessary to make an effort to change the situation.

The important factor in the efficient development of cooperation between our countries is closer direct cooperation between Israel and different regions of Russia not streamlined through the center. Many foreign business representatives think that the Russian market should be accessed via the federal center. There are projects where this strategy is justified, yet it would be wrong to view it as the mainstream. Regional level is the most convenient effort-targeting point for small and medium-sized business. Each region has a clear vision of concrete tasks facing the regional government and the community that need solutions for the region's effective development. This creates relatively easy openings for Russian as well as Israeli business representatives to find mutually beneficial spheres of cooperation. It is worth adding that many regions have the political will to develop such cooperation. The regional authorities have their own budgets as well as the possibility of receiving funds within the framework of the federal purpose-oriented programs, and they are prepared to use part of the incoming funds to create attractive conditions for foreign business – Israeli in this case – to enter the region. Today the regional elites are ready to assist in overcoming barriers to foreign access to local markets and create a friendly environment for business development.

In this connection the activity of Chamber of Commerce and Industry (TPP RF) deserves particular attention. Through its regional “rep-offices” network it in many ways links the regions of Russia on a horizontal level as well as the regional representatives and the federal structures, thereby providing the vertical connection. As of today, it seems that Israeli business representatives underestimate and do not make much use of TPP RF infrastructure and expert opportunities. RIBC, being a structure founded by TPP RF, has access to all structural components of the Chamber. Hence, with the help of the Council and TPP RF, an opportunity exists for Israeli business to build the successful system of cooperation with the regions of Russia that is necessary, in our opinion, for the establishment of long-term, effective cooperation between the business circles of both countries.

In general, in order to create a firm foundation for long-term cooperation between our countries, an in-depth analysis is needed of the causes impeding the effective development of this cooperation. This, in particular, is one of

the principal tasks of RIBC. The solution to this problem lies in different areas. First, business circles of both countries must discuss problems at the relevant opportunities, such as roundtables. Second, it is necessary to receive expert opinion on a regular basis, for which it is essential to support the appropriate scientific institutes such as the Institute of Oriental Studies of the Russian Academy of Sciences in Russia and INSS in Israel. Third, it is necessary to train competent specialists, which requires the support of respective university programs. The Business Council deals with all these issues because otherwise its activity on behalf of Russian-Israel business development will not, in our opinion, be as effective as we would like it to be.

Russian's Economy and Trade Relations with Israel

Michael Khoury

In order to evaluate the economic and trade relations between Russia and Israel, including trends and potential opportunities, basic facts and figures of Russia's economy and foreign trade should be reviewed. Russia today has a population of 142 million, and this number is expected to decline. In 1990 its population totaled 148 million, and the projection for 2015 is 138 million. Since the 2008 crisis, annual growth has been approximately 4 percent.

Russia is the world's largest exporter of natural gas, and the second largest exporter of oil. It has the world's seventh largest economy, with 3 percent of the global GDP. Per capita GDP is \$17,000, placing Russia at the seventieth position in global rankings, the highest among BRIC countries (Brazil, Russia, India, and China), which have an aggregate average per capital GDP of \$10,400.

In terms of foreign trade, Russia is the world's tenth largest exporter, with 70 percent of its trade comprising energy resources (oil and gas). Its principal trading partners are the European Union, China, Turkey, the US, and Japan. Russia's trade surplus peaked at \$104 billion in 2008. The surplus is shrinking, and is projected to fall to \$2 billion by 2016. Current foreign trade figures are summarized in table 1.

Trade between Israel and Russia increased over the past decade by a factor of 2.7, with exports up by a factor of 4.4 and imports by a factor of 2. The annual trade deficit plummeted 60 percent, from \$309 million to \$125 million. In terms of growth in trade, exports rose by an annual average of 19 percent over the past decade, and imports by an annual average of 15 percent.

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Table 1. Current Trade Figures, in dollars

Exports	Imports	Trade Volume	Balance of Trade	Principal Trade Items
516 billion: world's 10 th largest exporter	306 billion: world's 18 th largest importer	822 billion: up 31 percent, compared with 2010, and 49 percent, compared with 2007	About 100 billion – surplus is on a downward trend	70 percent energy (oil and gas), 11 percent metals and precious stones, 5 percent machinery, equipment, and transportation vehicles

In the event that a free trade agreement with Russia is signed in the coming years, a significant jump in Israeli exports to Russia (and to Kazakhstan and Belarus) is likely. The agreement will not be a bilateral agreement with Russia; it will be with the Customs Union, led by Russia. Seventy-four percent of Israel's exports to Russia are concentrated in four sectors. Diamonds account for 70 percent of Israel's imports from Russia. A significant downward trend in diamond imports began in 2008 as a result of a spurt in rough diamond prices. Although rough diamond prices have dropped by 10-15 percent, the price is still not attractive enough to fully reverse the trend. Other principal goods in imports and exports (2011 figures) by categories are as follows: salt, sulfur, earth and stone, plaster, lime and cement; ore, ash and slag, fossil fuels, mineral oils and refined products, bitumen materials, and mineral wax; and plant products – mostly fresh produce, such as fruits and vegetables and edible roots and bulbs.

The Russian economy is characterized first and foremost by the painful transition to a market economy underway since the 1990s. Russia also suffers from a discouraging business climate as a result of its low credit rating, yet this past decade has been characterized by rapid economic growth. However, many barriers hamper the development of trade between Israel and Russia, including but not only barriers related to customs. The volume of exports is still low compared to the potential because of a structure of complex customs duties and regulations and low transparency, among other factors.

Regarding the convenience of trade activity, a comparison between Russia and Israel shows a significant gap, with Israel ranking consistently higher

in the relevant global surveys. Russia was ranked 143 in the Transparency International Index, and Israel at 36. Russia is 112 in the Global Enabling Trade Index, whereas Israel is 28. This index further ranked Russia 127 in complexity of release of goods from customs. Moreover, Russia was ranked at 95 worldwide in logistics performance, and Israel at 31. As an illustration of the above discrepancy, the average cost (paperwork and charges) over the past five years per export of a (20 ft.) container from Russia was \$1,870, and \$1,820 for imports. In Israel, the cost of the export procedure was \$630 per container for exports and \$580 per container for imports.

The overall trends in Russia during this time of transition include a transition from exports of raw materials to sophisticated goods, the strengthening of the middle class (an increase in private consumption, a rise in demand for high quality products), and modernization of health and infrastructure systems.

On the Israeli side, Israel's Ministry of Industry, Trade, and Labor has deployed an attaché in Moscow and established a front office in St. Petersburg. Other activities of the Ministry relevant to trade with Russia include the review and approval of projects by the Chief Scientist. Recently an R&D agreement with Russnano and Skolkovo was reached, and two joint projects with Russnano were approved. Nine projects were submitted in the first call for a proposal with Skolkovo. The parties are currently in the preliminary examination phases. In addition, the director general of MATIMOP (Israeli Industry Center for R&D) visited Moscow in late October 2012 and met with senior Russnano and Skolkovo officials to promote cooperation. Negotiations have also commenced on a framework agreement for cooperation in financing for projects in order to facilitate financing of transactions and projects for Israeli exporters in Russia (a financial protocol).

The Ministry has also taken a number of steps aimed at creating or reinforcing the infrastructure for trade between Israel and Russia, including the establishment of a free trade zone. Following Russia's accession to the World Trade Organization, it was agreed that a team be created to examine the feasibility of a free trade zone.

Other measures being taken or pursued by the Ministry toward the creation of a trade infrastructure include the formation of a joint committee, an agreement for mutual recognition of standards, a financial protocol (state guarantee), a double tax avoidance agreement, and more. Negotiations are

currently taking place for an investment protection agreement. The Ministry also provides regular assistance to Israeli exporters in dealing with the formidable trade barriers in Russia.

Measures aimed at export promotion have included the following: a model agricultural farm for demonstration of Israeli technologies (a project that received support from the Russian Ministry of Agriculture), regional exhibitions, a seminar in Israeli technologies at the Stav HaZahav (Golden Autumn) Exhibition, a national pavilion at the Aquatech Exhibition for water technologies, and multi-year activities in the context of the 2014 Winter Olympics and the 2018 World Soccer Championship as well as the expansion of Moscow's municipal territory. Target companies in this context include Yandex, Rosagrolising, and Rosvodokanal. In addition, the Ministry has hosted senior business and executive-level delegations from Russia companies and relevant authorities.

The activities of the Ministry in the relevant target fields are illustrated by the following examples:

- Communications and IT – a visit by senior executives from VimpelCom (Russia's second largest cellular operator) and a series of business meetings with Israeli companies.
- Water technologies – Aquatech – the largest exhibition in Russia for water technologies. A national pavilion with eight Israeli companies and dozens of meetings with key players in the Russian market.
- New media – a day devoted to Israeli technologies at Yandex, a huge Russian internet search company.
- Homeland security (HLS) – a senior delegation to the HLS conference in Israel; a senior delegation from the Russian border guards.
- Agro-technology – establishment of an Israeli agro-technology center in Russia – a demonstration agricultural farm with a consortium of Israeli companies.
- Medical equipment – Medica: meetings between Israeli companies and procurement managers of leading private clinics; a delegation of hospital managers from Moscow in the framework of a visit by senior officials from the Moscow municipality.
- Consumer products – a visit by purchasers of leading Russian supermarket chains (a number of transactions were signed following the visit).

In conclusion, the Russian economy and the Israeli economy combine to offer opportunities for trade as well as challenges. A SWOT analysis of

each (tables 2 and 3) identifies the strengths, weaknesses, opportunities, and threats of today for each economy, respectively.

Table 2. SWOT Analysis of the Russian Economy

Strengths	Weaknesses
<ul style="list-style-type: none"> • Rapid growth • A market size of 140 million consumers • The economic leader of the Commonwealth of Independent States • A well-educated population • Large foreign currency reserves 	<ul style="list-style-type: none"> • Cumbersome bureaucracy • Absolute dependency on commodities prices • Outdated infrastructure • Lack of transparency in decision making • Wide income gaps
Opportunities	Threats
<ul style="list-style-type: none"> • A growing urban middle class • A Western consumer culture • Upgrading of outdated infrastructure • 2014 Winter Olympics and 2018 World Soccer Championship 	<ul style="list-style-type: none"> • Corruption • Government intervention in business • Effects of the global economic crisis

Table 3. SWOT Analysis of Israeli Exports to Russia

Strengths	Weaknesses
<ul style="list-style-type: none"> • Technologies (IT, hi-tech, medical equipment) • Ability to adapt (adapting to local market requirements) 	<ul style="list-style-type: none"> • Difficulties facing participation by Israeli companies in regional projects • The need to build trust and business relations (investment of time and resources by the exporter)
Opportunities	Threats
<ul style="list-style-type: none"> • A growing urban middle class • A Western consumer culture • Upgrading of outdated infrastructure (health and municipal systems) • Projects: 2014 Winter Olympics and 2018 World Soccer Championship 	<ul style="list-style-type: none"> • Corruption and lack of transparency in decision making processes • Crime in business

Participation of Russian Energy Companies in the Development of Israel's Natural Gas Discoveries

Dmitry Maryasis

Because of its specific geographical position Russia today is one of the largest developers and exporters of hydrocarbons in the world. Until recently Israel was considered to be extremely dependent on energy imports, making the country vulnerable. In the last several years this situation has changed significantly, as the total natural gas discoveries available to Israel along the Mediterranean coastal shelf, as of autumn 2012, come to 853 bcm. This paper analyzes potential ways for Russia and Israel to cooperate in exploiting the discovered gas deposits, along with the new opportunities and challenges that Israel faces given its own urgent need to develop a long term strategy for effective use of these discoveries.

As soon as substantial gas deposits in the Israeli Mediterranean shelf were verified, the options for their use became a matter of frequent discussion. The paradigm that gained the most support is one that stipulates the need to export part of the discovered gas. This would make Israel a net energy exporter even if it continues to import oil. At the same time, there is an alternative approach that would deny Israel an export-oriented strategy in this field. It has its own inherent logic and has drawn significant support, although the export-oriented approach seems to be the leading strategy for Israel. This is evident, in particular, in the final report published in August 2012 by a state inter-ministerial commission (known as the Tzemach Committee) created in December 2011 by Israel's Prime Minister's Office and the state ministry responsible for water and energy resources. According to this report, for large deposits (200 billion cubic meters and greater),

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owners will be granted the right to export 50 percent of the produced gas; for medium-sized deposits (100-200 bcm), they will be able to export 60 percent of the produced gas; and for small deposits (less than 100 bcm) – 75 percent. The total amount of gas approved for export will be 500 bcm, and for domestic use the approved amount will 450 bcm,¹ enough for 25 years. The Commission's experts assume that these figures will be updated five years after the report is adopted if new substantial gas deposits are found in the Israeli Mediterranean shelf.²

As Israel moved forward in elaboration of its gas export strategy, it became clear that in order to implement an effective strategy Israel would need a strong partner with expertise in both offshore gas deposit exploitation and gas export, taking into account the possibilities suggested by the liquefied natural gas (LNG) facility's operation and experience, primarily Leviathan – the largest offshore gas field, with a 25 percent probability of confirmed oil deposits.

The process of strategic partner selection took place in top secrecy in order not to harm bidders that have business relations with Islamic countries. According to media sources, among the bidders were European (Edison), Australian (Woodside), Korean (Kogas), and Chinese (CNOOC) companies. It was also noted that one of the “big three” American companies that actively operate in the Persian Gulf (Exxon Mobile, Conoco Phillips, and Chevron) was among the bidders to acquire a stake in the Leviathan gas field.³ The most frequent bidders were the French company Total and the Russian gas giant Gazprom. The latter for the last several years has been an object of expert and media attention in Israel because of its interest in somehow entering the country's gas market. This brings us to the question of why Gazprom is paying such attention to Israel and the probability of its success in the country.

A quote from an interview granted by Deputy Chairman of the Board of Gazprom and CEO of Gazprom Export Alexander Medvedev to a corporate magazine underscores the above. When asked about plans for future cooperation with Israel, Mr. Medvedev said that “Israel's oil and gas industry is of considerable interest for us both in geological exploration and exploitation projects and in gas marketing in Israel and other countries.”⁴

Interestingly, to date there has been very little information about the Russian gas giant's activities directed at entering the Israeli natural gas production and marketing market. Even now information is rather scarce.

It is known that for some time Gazprom wanted to become a natural gas supplier to Israel. But since the autumn of 2010, with the first substantial findings on the coastal shelf, the company has changed its tactics. Without abandoning the idea of supplying Russian gas to Israel, it has started to seek a way to acquire 50 percent of the share of an Israeli company that possesses the licenses for exploration and production of offshore gas.⁵ In January 2011, negotiations with various Israeli companies continued. Some sources even specified that there was a possibility for Gazprom to acquire some of the gas licenses of Isramco (owner of 28.7 percent of the Tamar gas field and other assets on the coastal shelf).⁶

A new round of negotiations began in June 2012 during the official visit to Israel by Russia's President Putin, who sought for Russian state-owned energy holdings be more active in the Israel's energy market. At the time there was a possibility that another large Russian player would appear on the scene within the Israeli energy market – “Rosneft”⁷ – which is headed by a major Putin supporter, Sechin.

In October 2012 it became known that in the context of the abovementioned bid to acquire a 30 percent share in the Leviathan project, Gazprom proposed the most profitable conditions to Israeli shareholders. Moreover, the company actually meets all other criteria: it has much experience in the exploitation and marketing of natural gas, and it is not dependent on contracts with Arab countries.

In light of the high degree of attention paid by Russian authorities to Israel's gas issue, Israel experts were rather concerned that Russian leaders might use Gazprom as a tool to put political pressure on Israel. Some also thought that being the largest natural gas supplier to Europe, Gazprom could interfere in Israel's plans to supply its own gas to the continent.⁸

It is not entirely clear why such a big company – with natural gas reserves 22 times larger than Leviathan and annual exports of more gas than this Israeli gas field possesses as a whole – is determined to enter the Israeli energy market. One of the possible answers, proposed by several experts, is that Gazprom wants to preserve its position in the European market, which could be undermined when Israel starts to export its gas to the continent. The quantity Israel could export would not claim a significant share of the market, but Israel could cause the price of natural gas in Europe to drop. For this reason a Russian company is interested in transferring Israeli gas in a liquefied form to the Far East,⁹ where it will strive to make long term

contracts with South Korea, India, China, Japan, New Zealand, and even Australia.¹⁰

This logic seems to be only partially right, as Russia has every opportunity to work with Asia directly through pipelines, and the amount of natural gas that could be exported from Israel is relatively small for a company as big as Gazprom. The combination of measures necessary to achieve the goals described above is too complicated and costly, and it is not clear that the game is worth the effort. It seems that besides the need to protect its European markets Gazprom has some other goals, among which could be to gain a key position in the Middle Eastern hydrocarbons market. Offshore gas deposits do not terminate in Israel's shelf but spread to Lebanon, Cyprus, and perhaps to Syrian and Egyptian territories as well, thus giving the Russian company a potential channel to the exploration and exploitation of all these deposits. Moreover, as a participant in these processes, Gazprom will be able to strengthen its position in negotiations with Turkey. These are protected future plans of course, but Israel could be a starting point.

Already we can see that Gazprom is active in the eastern Mediterranean region. A consortium of its subsidiary Novatek and the French Total E&P Activities Petrolieres won the bid for offshore gas exploration in the Cyprus field Block-9 situated near the Block-12 gas deposit, to be exploited jointly by the Israeli Delek Group and the American company Noble Energy. The amount of natural gas in this field is estimated to be 250 bcm. The Block-9 field constituted the second bid for oil and gas explorations in Cyprus's economic zone. Note that 29 international consortia, including the Israeli Delek Group Ltd. (together with Woodside Petroleum Ltd. and the Italian Edison SpA and Enel SpA), Isramco Ltd., Modiin Energy LP, Israel Opportunity Energy Resources LP, Israel Land Development Company Energy Ltd., and Alon Natural Gas Exploration Ltd./Sigma Exploration Ltd., bid, unsuccessfully, for the four licenses.¹¹

There is another noteworthy factor that could have a positive influence on Gazprom's entry into Israel's energy market. Israel puts much effort into trying to weaken the bonds between Russia and Iran and between Russia and Syria by strengthening mutually beneficial bilateral cooperation. Some experts think that Russia is so interested in preserving its position as one of the world's leading oil and gas exporters that it will be ready to reshape its cooperation with such unreliable partners as Iran and Syria, whose future is absolutely unknowable today, in case they offer an opportunity to acquire

gas contracts in the eastern part of the Mediterranean Sea.¹² It is difficult to overstate how important these considerations are for both Gazprom's top management and the Russian government. Two basic facts should be observed. First, Russia is not ready to see Iran as a country possessing a nuclear weapon, which is why it has joined in the economic sanctions imposed on Iran by the UN. Second, Russian energy companies show a keen interest in the eastern Mediterranean region as a whole, and in Israel in particular. One might assume, accordingly, that while negotiating how Gazprom is to enter the Israeli energy market, both sides are considering a broader approach to Russian-Israeli cooperation.

In early December 2012 it was announced that Israelis prefer the Australian Woodside to the Russian Gazprom. In a private conversation with the author of this paper, one Israeli expert in the field of energy markets said that according to his sources there are two main reasons for this decision, and both are economic: Gazprom has limited experience in LNG facilities operation and does not have any experience in gas marketing in Asia. The first element of this argument seems fairly justified, though Gazprom operates one LNG facility in the northeastern part of Russia (on Sakhalin), and is planning to build a second one,¹³ and the LNG facility in Israel most likely will be built not by the Australian company but a Korean one.¹⁴ The second argument appears less reasonable as there is no single opinion in Israel on the target destination of its gas export – whether Europe or Asia – but it is generally understood that Israel will be unable to do both because it lacks the necessary infrastructure and the amount of gas it possesses is not enough. Europe seems the preferable option because it may be easier to operate there and it includes relevant allies – Greece and Cyprus. There are some countries in Asia that are interested in Israeli natural gas imports, but there is at least one serious player in the Asian gas market – Qatar – who would not want to have another competitor there. Thus, it looks like political pressure and threats combined with lobbying on the Australian side outweighed the potential positive aspects of cooperation with Gazprom at this stage. According to Russian Vice Prime Minister A. Dvorkovich, however, Gazprom and other Russian energy companies are still willing to work with Israel on other shelf development projects, as Leviathan – thought the largest gas deposit in the Israeli coastal shelf – is not the only one. Mr. Dvorkovich also stated that Russia is interested both in exploitation of gas fields and in marketing the manufactured gas to other countries, and

export issues are of special interest to Israel.¹⁵ We can see, therefore, that it is premature to speak of the end of Russian-Israeli cooperation in the energy market.

It is interesting at this point to consider various scenarios for the situation developing around the offshore gas deposits whose discovery has dramatically changed the situation in the Middle East. The states that until now had been extremely dependent on imported energy resources (Israel and Lebanon foremost) have an opportunity to fully satisfy their internal needs and even to export some of the discovered gas. We shall elaborate on the most interesting scenarios.

Peaceful Scenario: Gazprom successfully finishes negotiations with Israel. The Russian gas giant remains one of the few major gas companies in the world not strongly dependent on the Middle East Muslim countries. This position gives Gazprom a potential opportunity to create an international holding for exploitation of offshore gas deposits in the eastern Mediterranean area with the participation of such countries as Israel, Egypt, Lebanon, Cyprus, and the Palestinian National Authority (PNA) under its lead. The holding will be able not only to organize effective exploitation of shelf gas discoveries, but also to settle the territorial dispute between Israel and Lebanon¹⁶ and to provide the PNA with its own natural gas. It would improve sustainability for Palestinians. It is possible that given the position of Russia as an equidistant arbitrator in the Middle East, with the help of Gazprom it will be able not only to prevent a potential conflict escalation between Israel and Lebanon but also to lay the foundation for long lasting regional cooperation on the basis of economically beneficial interaction. This could lead to the signing of a peace treaty between Israel and Lebanon, providing a new paradigm, an alternative to the relationship between Israel and PNA. Moreover, in this configuration Cyprus and Greece will have minor roles, easing concerns for Turkey, which is worried about the intensification of cooperation between Israel and these two countries.

In analyzing this scenario we must make some important observations. First, economic benefit until now has not led to peace process development in the Middle East. The experience of Israel-PNA relations is a vivid example of this thesis. Second, the creation of such a holding is a rather doubtful enterprise as it requires solving very complicated and time and money consuming problems. Nevertheless, the situation in the region changes all the time. Three years ago this paper would have been irrelevant as the topic

did not exist at all. One cannot exclude the possibility that such important changes in the Middle Eastern energy balance will facilitate positive political developments in the region. Russia has an opportunity to play a key role in these processes.

Conflict Scenario: Israel does not settle the matter with Lebanon. Russia has not been successful in attaining a meaningful position in the Israeli energy market. At the same time cooperation between Israel and Greece and Cyprus strengthens. Turkey, which is concerned about the Turkish Cypriots' rights and its own position as a natural gas transit country, puts pressure on local players as well as international organizations in order to prevent cooperation among these three countries in exploiting and exporting the natural gas to Europe.

Israel is now developing its new energy security strategy. It does not give in to Turkish pressure and continues all the necessary preparatory work in order to start offshore gas field exploitation in 2013. The Turkish navy reinforces its group on the borders of Israeli and Cypriot economic zones in order not to allow them to start gas discoveries exploitation. Violation of the maritime convention leads the Israeli navy to prepare for harsh retaliation measures. The armed forces of the two countries move towards high alert.

Iran, interested in weakening Israel and redirecting its attention from a potential strike on the country's nuclear facilities, uses the state of tension and initiates Hizbollah rocket strikes on Israel's northern border. The official reason is to protect Lebanese national economic interests in the Mediterranean Sea from Israeli aggression. Consequently Israel has again become involved in a hot conflict on its northern border.

The international community puts pressure on Israel and Cyprus to stop all questionable offshore gas deposit development until a fair solution acceptable to all parties is found. Fearing the transformation of a limited military conflict into a full-scale Middle East war, Israel obeys. The conflict with Hizbollah does not change the status quo. Israel-Turkey relations reach their lowest point, including withdrawal of ambassadors.

As a fair solution is unlikely to be found in the near future and Israel is not ready to receive Egyptian gas under new conditions, the country will have to reconsider its energy strategy once again. Perhaps the only way to solve the problem will be to import LNG, a rather costly energy source. Israel will have to change its budget so as to accommodate energy tariffs.

Our analysis finds that there are many possible situations that could evolve into the above scenario. But there is still hope that despite the uneasy relations between the two countries at present, neither the Israeli nor the Turkish establishment wants the tension to escalate. Russia, as a major player in the international energy market and the one country with good working relations with all the parties to a potential conflict, could have a positive role in this scenario as well, for example as an arbiter and a middleman.

Moderate Realistic Scenario: Israel does not settle the matters with Lebanon. Russian companies receive an insignificant stake in exploitation and export of the offshore gas. Turkey, while exerting constant pressure on Israel and Cyprus, is not ready to provoke another armed conflict on its borders, especially given the serious problems on its the border with Syria, so it seeks a balancing role.

The overall situation allows Israel to make progress in offshore gas deposits exploitation. Accordingly, in scheduled time the shelf gas begins to flow into the Israeli market, but its marketing outside the country meets significant difficulties. Only small amounts of this energy source can be sold abroad. The alliance with Cyprus proved to be a success but the plan for the transit of gas through Greece draws negative reactions from Turkey¹⁷ and Russia, and they put a stop to the project.

Generally speaking these developments are not negative for Israel, as it is still able to exploit its shelf gas discoveries, thereby decreasing its dependence on energy imports. Having reconsidered its energy strategy Israel will be able to redirect most of the gas manufactured to its local needs. But there will always remain the possibility of the second scenario emerging. This would undercut the country's energy security strategy while providing fuel for an alarmist mood and political speculation within society.

In conclusion, the mutual interest of Russia and Israel in cooperation regarding offshore gas deposits in the Eastern-Mediterranean region exploitation is clearly evident. But there are a number of objective and subjective factors that hinder this cooperation. As of the end of 2012 these obstacles prevailed and Gazprom was not allowed to buy 30 percent of the licenses in the Leviathan gas field. Meanwhile, the scenarios described here show that Gazprom could play a positive role in the region's energy development on the whole, and for Israel in particular. Recent unfortunate developments did not prevent Russian energy companies from expressing their interest in entering the Israeli energy market, and there is a relatively

high probability that soon we will see new twists in this story. One should not expect fast and easy decisions on cooperation in such a sensitive area, especially in as unstable and difficult a region as the Middle East. We also have to take into account that Israel faces elections in January 2013. The current government ministers and their teams are unlikely to want to make decisions now that will influence Israel's development in the following years.

Notes

- 1 The figures provided include a conservative estimate of future discoveries.
- 2 Cited in D. Maryasis "Izrail, 'Ekonomichesky Obzor'" (Russian), September 27, 2012, www.iimes.ru.
- 3 B. Ben, "Gazprom – Izrail: slova i dela" (Russian), www.iimes.ru, October 28, 2012.
- 4 Pravosudov S. Glavnoe pribyl (Russian), April 28, 2011, official Gazprom site, www.gazprom.ru.
- 5 N. Grib, Gazprom zaburitsya v Izraile (Russian), Guide Israel, Topical application to the "Kommersant" Issue No. 53, December 21, 2010, p. 8.
- 6 Koby Yeshayahou, "Gazprom in Talks to Buy into Isramco Gas Licenses," *Globes*, January 19, 2011, www.globes.co.il.
- 7 Rosneft already tried to enter the Israeli market in 2006, trying to take part in the Ashdod and Haifa oil refineries privatization process, but was refused by security services because of its projects in Arab countries, <http://www.newsru.co.il/finance/21jun2012/rosneft301.html>.
- 8 See, e.g., S. Korin-Lieber, "Israel not Gazprom Must Control its Gas," *Globes*, September 9, 2012, www.globes.co.il.
- 9 Ben, "Gazprom – Izrail: slova i dela."
- 10 A. Berenius, "Gazprom cherez Izrail prodvigaetsya v Sredizemnoe more I Aziyu" (Russian), August 20, 2012, www.is2day.co.il.
- 11 Cited in "Rossiyane odoleli Izrailtyan v borbe za kipsrskiy gaz" (Russian), October 31, 2012, www.izrus.co.il.
- 12 Peter C. Glover and Michael J. Economides, "Has Russia Sold out Iran for a Stake in Israeli Gas?" *The Commentator*, http://www.thecommentator.com/article/1560/has_russia_sold_out_iran_for_a_stake_in_israeli_gas_.
- 13 "V RF skoro poyavitsya vtoroy zavod po proizvodstvu SPG" (Russian), <http://top.rbc.ru/economics/22/06/2012/656457.shtml>.
- 14 A. Barkat, "Tamar Partners Sign Daewoo FLNG Engineering Design Stage Deal," *Globes*, November 28, 2012, www.globes.co.il.
- 15 Cited in "Izrail: Sotrudnichestvo s RF" (Russian), ITAR-TASS, 05.12.2012.
- 16 The two countries measure their offshore economic zones differently, and both are correct according to the international law of the sea. They have yet to settle the matter, as they are still in the state of war.
- 17 In late November 2012 the Israeli press reported that several lobbying groups in Turkey are interested in receiving Israeli natural gas and have proposed building a pipeline between the two countries. The only condition is that Israel-Cyprus

cooperation stop. Economically speaking this could be a rather beneficial project for Israel, but the ongoing political turmoil does not allow us to consider this possibility. For more on this issue, see, e.g., A. Barkat. "Turkish Official Proposes Gas Pipeline from Israel," *Globes*, November 21, 2012, www.globes.co.il.

Russia as a Possible Partner in Developing Israeli Gas Discoveries

Avinoam Idan

The visit by Russian President Vladimir Putin to Israel in June 2012 and his participation in dedicating the monument marking the Red Army's victory over the Nazis reflected the special place of the Second World War in Russia's heritage and its connection to the Jewish people. However, the focus and main purpose of the visit was President Putin's particular interest in including Gazprom, the Russian energy giant, as well as Russia itself in the development of Israel's gas industry. The Russian President's visit was the culmination of long term Russian activity directed at enabling Gazprom to enter this field. President Putin's interest in this area stems not from economic considerations, but from political interests focused on giving Russia a position of influence within the Israeli gas industry, and thus, strategic leverage on issues critical to Israel's national security.

To ensure an intelligent decision making process in Israel on the development of gas discoveries – an issue of national importance – it is important to understand Russia's special interest in Israeli gas.

Most of the discussion about the gas discoveries in Israel focuses on the economic advantages for the local energy industry and the benefits that will accrue from exporting the gas and receiving the revenues. The discussion also focuses on the identity of the foreign partner that will be included in the Israeli gas industry. The conclusions of the Tzemach Committee, which examined government policy on the natural gas industry in Israel, were

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submitted to the government in September 2012. The committee noted that “full and efficient development of the natural gas industry and the export infrastructures in particular will more likely be carried out if a leading international player has a presence in Israel, with knowledge and experience in efficient development of the natural gas industry... We recommend that the necessary steps be taken with the goal of encouraging their entry into the Israeli economy.”¹ However, the committee’s recommendations do not address the need to examine the identity of the leading foreign player on the basis of political parameters.

Russia’s special interest in Israeli gas is presented as stemming from the economic advantages of Gazprom’s entry into the development of gas discoveries in Israel. However, an examination of data on gas reserves discovered off the coast of Israel and the comparison of these reserves with the scope of production and export of Russian gas challenge this interpretation.

Israel’s total supply of recently discovered natural gas is 280 bcm of proven reserves, with another 520 bcm of contingent resources (reserves that are less recoverable and whose production depends on various conditions). This is a generous assessment, as the accepted practice is to consider the potential of proven reserves only. Even if we consider the optimistic assessments and do not engage in a discussion of the method of calculating Israel’s gas reserves, as the Tzemach Committee did (in contrast to standard practice elsewhere), the total of Israeli gas reserves according to the optimistic scenario is some 800 bcm. Given the government’s apparent intention of allocating some 450 bcm for use in the local market over a twenty-five-year period, the balance of Israeli natural gas intended for export is on the order of up to 350 bcm only.

Russia has the largest gas reserves in the world, with proven reserves of 47,570 bcm (figure 1). It is also the largest gas producer and exporter in the world, in addition to being the largest producer of oil. Russia’s production of natural gas in 2011 was 669 bcm, and its export of natural gas that year was 204 bcm. Thirty-five percent of Russia’s total export of natural gas is designated for the Commonwealth of Independent States. Seventy percent of gas exports not intended for the countries of the former Soviet Union are designated for Europe. Most of Russia’s natural gas exports to Western Europe are to Germany, Turkey, and Italy.² If we compare the extent of Russia’s natural gas reserves, gas production, and gas exports to Israel’s gas reserves, we see that the entire export potential of Israeli gas reaches

only slightly more than two years of Russian gas exports to Europe, and it is less than two years' worth of total Russian gas exports.³

Largest Proven Natural Gas Reserves Holders, 2012

trillion cubic feet

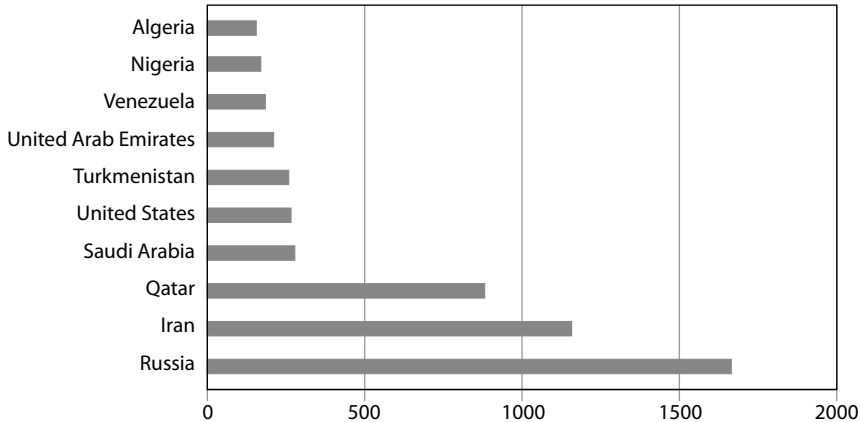


Figure 1. States with Largest Natural Gas Reserves

Source: *US Energy Information Administration, Country Analysis – Russia*; taken from *Oil and Gas Journal*, 2012

The size of Israel's gas reserves makes it a marginal player in the world energy market, in Russia's view as well. As Russia is the largest producer and exporter of gas in the world and possesses about a quarter of the world's total natural gas reserves, Russia's special interest in Israeli gas is not based on economic logic but on political considerations.

Natural resources in general and energy resources in particular are viewed by the Russian government as a means of establishing Russia's standing as a major power. This approach was expressed by President Putin as long ago as 1997, in a thesis he submitted to the Saint Petersburg Mining Institute and in an article based on the thesis that was published in 1999 and translated into English in 2006.⁴ In the article Putin advocates restoring the country's control over natural resources as the most effective way to restore Russia to its status as a major energy power and a superpower. He believes it is important to restore the country's control over large Russian energy companies. According to Putin, regardless of the question of who owns the natural resources, and more specifically the mineral (energy) resources, the

state has the right to control the process of their development and use, while acting in accordance with the company's interests.⁵

Following President Putin's success in pushing out the oligarchs and establishing the Kremlin's control over the country's energy resources, the Russian energy giant Gazprom, which is under government control, has served as an effective arm of the government in promoting strategic goals through Russia's global operations. Bringing in Gazprom as the leading international player in the development of Israel's gas industry means giving Russia a position of influence – conceivably one that includes control over Israel's gas exports and possibly even control over the local gas industry, if Gazprom is involved in building infrastructures to transport the gas from the marine gas fields to the Israeli market. According to various reports on the issue, this possibility is among those being examined.

As a result of the discovery of gas, natural gas is expected to become Israel's main source of energy in the coming years. The plan is to transform Israel's economy to massive use of gas, which will constitute more than 60 percent of all sources of energy. In addition, Israel is expected to enjoy revenues from the natural gas that is exported. Natural gas will therefore become a factor of major importance in the security of Israel's energy supply, and as such, an essential element of Israel's national security.

Because of the importance of natural gas to Israel, the decision making process regarding cooperation with a leading international player to develop gas discoveries must take into account political aspects of the international player's profile in addition to economic, business, or technological issues. This is especially important when the international player is a company considered to be an arm of a foreign government, such as Gazprom. The political issues should be foremost in the decision making process regarding whether to allow Gazprom's involvement in developing the Israeli gas industry. When considering Gazprom's integration, it is important not to view it in isolation but to look at the larger picture of relations between Israel and Russia.

Israel's relations with Russia are multifaceted. Along with the common cultural denominator, which has grown stronger in the wake of the large wave of Russian immigration to Israel in the 1990s, relations between the two countries were shaped over the years by the East-West configuration and Israel's place in it, along with Russia's longstanding support for countries that Israel saw as its adversaries. Regional changes following the "Arab

Spring” are creating new circumstances that ostensibly allow the dialogue between the two countries to deviate from the rigid frameworks of the past.⁶ However, it is important to view Russia’s entry into the development of Israeli gas not as a stand-alone issue, rather as an important element in the overall picture of relations between the two states.

Therefore, Israeli decision making on this issue should be viewed first and foremost as a strategic political decision. Gazprom’s connection to the Russian government and the government’s control of the company, along with the government’s method of operation, would actually mean giving a foreign government a key position that affects an essential Israeli national interest. It is also important that Israeli decision makers view the issue of gas as one of long term strategic importance, and that in the dialogue with Russia, natural gas not be considered a lever through which or in exchange for which it can seek an immediate return while entrusting Israel’s long term national security to a foreign country.

A comprehensive and continuous political dialogue as well as the removal of long term obstacles between the two states is a necessary precondition for allowing the entry of a leading international player into the development of natural gas discoveries in Israel. As long as this condition has not been met, it is premature and inappropriate to consider bringing a leading Russian player into a key position of influence over the Israeli gas industry.

Notes

- 1 Recommendations of the committee to examine government policy on the subject of the natural gas industry in Israel, September 2012, p. 19.
- 2 *US Energy Information Administration, Country Analysis—Russia*, September 2012, <http://www.eia.gov/countries/cab.cfm?fips=RS>, accessed January 14, 2013.
- 3 Ibid.
- 4 Harley Balzer, "Vladimir Putin’s Academic Writings and Russian Natural Resource Policy," *Problems of Post-Communism* 53, no. 1 (2006): 48-54.
- 5 Ibid., p. 52.
- 6 See also Zvi Magen, "Russia and the Middle East: Policy Challenges," Memorandum No. 118 (Tel Aviv: Institute for National Security Studies, 2012).

