

Scenarios in the Israeli-Palestinian Arena

Strategic Challenges and Possible Responses

Udi Dekel and Kobi Michael, Editors



Memorandum

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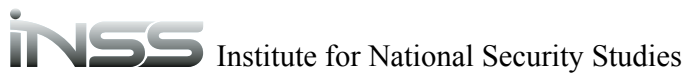
אוניברסיטת תל אביב

TEL AVIV UNIVERSITY



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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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December 2018

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האתגרים האסטרטגיים והמענים האפשריים

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Executive Summary

This document is the result of research conducted by the Institute for National Security Studies (INSS) to examine the security threats and challenges currently facing the State of Israel. Using a number of scenarios related to the Israeli-Palestinian conflict, the research focused on the potential Israeli response to the threats implicit in each scenario while considering the constraints and implications of each response.

A team of senior researchers at INSS carried out the research, with the assistance of external experts to verify their findings. In addition, the team presented some of the research findings and insights to Israeli and Palestinian stakeholders who had been involved in the peace process in the past and who are still familiar with it today. The goal was to obtain their feedback and to validate the research processes and the drawing of conclusions.

The project focused on identifying and analyzing the security threats, responses, and implications in six scenarios that could take place within the context of the Israeli-Palestinian arena. The potential for advancing the negotiating process or arriving at a peace settlement was not discussed; rather the research team examined only the scenarios, and their feasibility, stability, and implications in relation to the possible fundamental situations in the Palestinian, regional, and international arenas.

The research team was aware of the dynamics and complex mutual relations between each of the six scenarios and the fundamental situations that could occur in the different arenas, as well as their feasibility and additional potential developments. While it was impossible to consider and analyze every potential development, the scenarios examined reflect a broad range of possibilities, without overburdening the reader and the decision maker. The research validates some insights that were considered prior to

the research, weakens or negates others, and leads to new understandings, which could be valuable to decision makers in the future.

The different possible fundamental situations of the Palestinian Authority (functioning and cooperative with Israel; hostile to Israel; or failing and non-functioning government and therefore no relationship with Israel), which were considered in each scenario, could develop from internal processes within the Palestinian arena, in response to both its relations with Israel and regional influences. Under certain conditions, Gaza could become an independent entity, separate from the West Bank and the Palestinian Authority; this scenario was not included here, as INSS published a book in January 2018 that deals with the challenge of the crisis in Gaza and the ways of dealing with it [Anat Kurz, Udi Dekel, and Benedetta Berti, eds., *Crisis in Gaza—Response and Challenge* (Tel Aviv: INSS, 2018)].

As for the scenarios, the two-states-for-two-peoples scenario is conditional upon the willingness of the pragmatic Arab states in providing assistance to the Palestinian Authority so that it can achieve an effective level of functioning; the ability of Israel to integrate within the Middle Eastern environment; the involvement of Egypt, Jordan and perhaps other Arab states in the security arrangements; and the strengthening of cooperation with the Palestinian entity (authority or state) and the fulfillment of its security commitments. The two-state reality can be realized first in the West Bank, with implementation in Gaza being conditional upon changes to its conditions and regime.

The scenario of coordinated or unilateral steps toward separation will enable Israel to maintain its interests in the context of an impasse in the peace process. In addition, it will eliminate the ability of the Palestinians to veto the continuation or existence of the peace process. Furthermore, this scenario prevents a one-state situation, which would harm Israel's essential interests. Should Israel take steps toward separation, it will still be possible to return to negotiations for a two-state solution; risks are involved, however, as the process will damage the status of the Palestinian Authority, which is likely to interpret these steps as simply an alternative way to perpetuate the occupation. This scenario could serve as a transitional stage toward a two-state reality and that is how it should be packaged, with emphasis on the principles of a permanent settlement. This scenario is likely to be successful as long as the Palestinian Authority is stable and functioning. In this situation, it is important that the separation between Gaza and the West Bank be maintained so that Hamas will not be strengthened and will be

prevented from assuming control of the West Bank as well as to encourage genuine reconciliation between the sides that will lead the Palestinian Authority to resuming full control of the Gaza Strip and the dismantling of Hamas' military apparatuses or its assimilation within the Palestinian Authority's security apparatuses.

The large-scale annexation scenario most likely it means that the political process has ended and will lead to a hostile Palestinian Authority or one that lets itself disintegrate and to the increasing dominance of Hamas and even to the strengthening of the Salafi-jihadi forces within Palestinian society. This scenario poses a risk to the continued control of relatively moderate elements, such as Fatah, in the Palestinian arena. The annexation scenario, should it be carried out on a major scale, will essentially lead to a one-state reality and will eliminate the possibility of realizing the idea of two states for two peoples.

Finally, all of the scenarios converge to two possible endpoints: two states (with full or limited Palestinian sovereignty) or one state (with or without full rights for all its citizens). The continuation of the status quo and the annexation scenarios lead to a situation of confusion that will not allow the establishment of two separate entities in the future and will likely lead to a one-state reality, without being explicitly declared and without thoroughly examining its implications.

In all of the scenarios—except those involving one state—Israel has a vital interest in the existence of a responsible, stable, and effective Palestinian Authority, with which security cooperation is based on mutual concern of countering terror and Hamas. A Palestinian Authority that more closely resembles a state will be considered a moderating factor in this context.

The agreements between Israel and Egypt and Israel and Jordan, their support for a framework to achieve a settlement (even if it is not a permanent settlement at first) and Jordan's stability are of great importance. The Middle Eastern states, including the pragmatic ones, have a potential role in insulating the Israeli-Palestinian arena from negative influences while helping to establish a functioning Palestinian entity. Steps toward a settlement between Israel and Palestinians—not necessarily a permanent one—are likely to strengthen the relations between Israel and other pragmatic Sunni Arab states.

Seven main insights on security that are presented in this memo are as follows:

1. Most of the threats to Israel's security exist in all scenarios, with differing intensity and variation.
2. Israel needs to create diverse capabilities that provide a response to the different scenarios and to maintain their competence. Nonetheless, these capabilities should be used in combination, with varying intensity and capacities appropriate to each scenario, the underlying fundamental situation, as well as the dynamics and the characteristics of the relations between them.
3. Improvement and stability in the area's security are impossible when a condition is forced upon one of the sides, without considering the interests of the other side. Therefore, it will not be enough to strive for a desired end situation; rather it is most important to pave a way that both sides find acceptable (even if they only acquiesce to it).
4. The departure of President Mahmoud Abbas from the Palestinian political leadership and his replacement with a successor who does not support his consistent opposition to the use of terror, or alternatively, the absence of an agreed-upon leadership and the subsequent struggle for control will likely lead to the collapse of the Palestinian Authority. Should this occur, Israel's security threats potentially will increase, as will the likelihood that Israel will engage in a large-scale military response, to the point of reoccupying the West Bank.
5. There is a trade-off between the level of functioning of the Palestinian entity and its attitude toward Israel (hostile-aggressive or positive-agreeable) on the one hand and Israel's freedom of action in the territory of the Palestinian entity in order to counter security threats, on the other.
6. It is important to view the existence of peace as a component in the security policy and in its guarantee, even if its direct contribution in this context cannot be quantified.
7. Gaza is a problem that does not have any optimal solution, and therefore the region—and in particular the control of Gaza by Hamas or by other extremist elements—is considered a potential spoiler of any move toward the area's stabilization and its progress toward a settlement. In order to moderate the negative trends in Gaza, Israel is required to ease the closure of the Gaza Strip and regional and international efforts are needed to improve Gaza's civil and infrastructure situation, which is referred to as the reconstruction of Gaza.

Preface

The current study examines six possible scenarios for the Israeli-Palestinian conflict during the current reality of a political stalemate, namely, a lack of progress in negotiations for a two-state settlement. In addition to the scenario of a two-state settlement, this research seeks to assess the possible implications and challenges that each scenario creates for Israel as well as for implementing a negotiated settlement between Israel and the Palestinians in the future.

The three goals of this research are as follows: (1) to map and analyze the strategic challenges facing Israel in the conflict with the Palestinians, by addressing six possible scenarios that serve as the points of encounter between Israel's options and the different possible fundamental situations of the Palestinian, regional, and international arenas; (2) to examine Israel's foreign policy-security response to the scenarios and its effects; and (3) to present the challenges and ways of dealing with them in terms of the feasibility of implementing the two-state solution.

This project included a number of workshops, in which the research team formulated its methodologies, selected representative scenarios, mapped the various threats, and examined potential security responses. In addition, the team carried out a number of simulations in order to examine the implications of the scenarios. The research team presented the results of its analysis and insights to a group of external experts, including members of the political-security system and leaders in the Palestinian Authority, in order to receive feedback and to examine its feasibility.

The project team included Brigadier General (res.) Udi Dekel, Dr. Kobi Michael, Brigadier General (res.) Assaf Orion, Brigadier General (ret.) Shlomo Brom, Ambassador Dr. Oded Eran, Dr. Anat Kurz, Eldad Shavit, Sima Shine, Adv. Col. (res.) Pnina Sharvit Baruch, and Research Assistants Kim Lavi and Danielle Levin.

Chapter 1: Methodology and Research Process

Methodology

The research focused on the strategic dimension of the Israeli-Palestinian conflict, while emphasizing security and political aspects. The research does not address the political and social climate in Israel nor the related ethical and ideological issues.

Six scenarios serve as the points of encounter between Israel's options and the different possible fundamental situations of the Palestinians and regional arenas in the following three main categories:

1. The Palestinian arena—three possible types of fundamental situations—a functioning Palestinian entity (authority or state) that cooperates with Israel; a functioning Palestinian entity that is hostile to Israel; and a non-functioning Palestinian entity that has no relationship with Israel.
2. The regional arena (with emphasis on Egypt and Jordan)—two possible types of fundamental situations—the regional states adopt a positive and cooperative policy toward Israel; the regional states adopt a hostile policy that encourages aggressive actions against Israel from their territory or turns a blind eye to them.
3. The international arena—three possible types of fundamental situations—positive and cooperative; hostile; and indifferent.

Although the different types of fundamental situations are interrelated, connected, and mutually influential, the working hypothesis is that the fundamental situations in the regional and international arenas are more influenced by those in the Palestinian arena than the other way round.

The Scenarios

The scenarios reflect the options that could occur and have been named accordingly. The six scenarios are as follows:

1. The continuation of the existing political-territorial order (Managing the conflict)
2. A permanent two-state settlement
3. A coordinated or unilateral Israeli move to separate from the Palestinians both territorially and politically
4. Annexation of the settlement blocs and Area C
5. A one-state solution, with full rights for the Palestinians
6. A one-state solution, with limited/partial rights for the Palestinians.

There is essentially a seventh scenario, namely the reoccupation of the West Bank by the Israeli army; however, we decided to relate to it as an outcome of developments that could occur in the other scenarios.

Analyzing the Scenarios: Sensitivity Analysis of the Fundamental Situations and the Dynamic and Mutual Effects

The team conducted a sensitivity analysis at two levels, taking into consideration the fundamental situations in the Palestinian, regional, and international arenas and their effect on the policy options available to Israel and the impact of those options on the various fundamental situations. In addition, the sensitivity analysis took into account the existing dynamics in the context of the conflict, as well as the possible transition from one situation to another and from one scenario to another.

Each scenario includes the following: (1) characteristics; (2) feasibility; (3) sensitivity analysis of the three types of fundamental situations in the Palestinian Authority (positive and functioning, hostile, and non-functioning); (4) sensitivity analysis of the two types of fundamental situations in the regional arena (positive or hostile); and (5) sensitivity analysis of the three types of fundamental situations in the international arena (positive, hostile, and indifferent). Although the research focused on the West Bank, Gaza emerged as a critical issue in all of the scenarios. The situation in Gaza constitutes a potential spoiler for any option that involves a negotiated settlement between Israel on the one hand and the PLO and the Palestinian Authority on the other. The scenarios reflect the interactions between Israel's policy options and the fundamental situations in the Palestinian, regional, and international

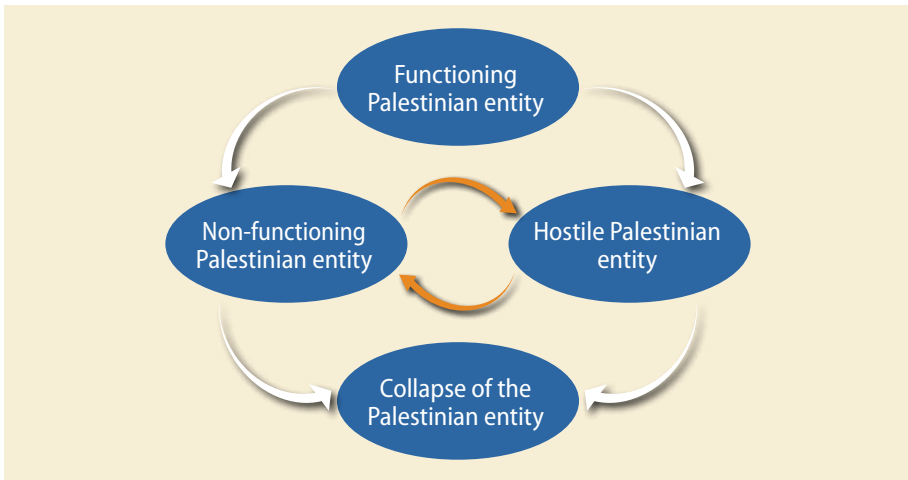


Figure 1. The dynamics and transitions between the fundamental situations in the Palestinian arena

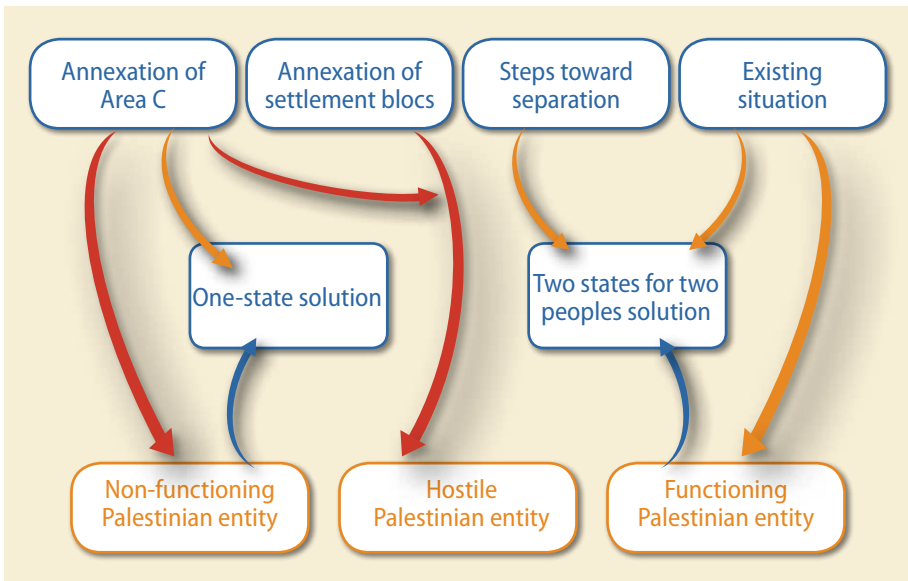


Figure 2. The possible transitions between scenarios and the connections between the scenarios and the fundamental situations of the Palestinian entity

arenas. Potential dynamics and developments in the Palestinian arena and in Israel’s strategy could give rise to these fundamental situations.

The analysis relates to all fundamental situations in the different arenas as a possible reality. While Israeli policy assumingly will affect each situation, and the policies of the leading Arab countries and the degree of attention given

by the international community will influence the fundamental situations, the events in the Palestinian arena alone will have greater impact on the different fundamental situations. For this reason, the team analyzed the trends in the domestic Palestinian arena and their possible implications. Internal circumstances (some of which, as already mentioned, are likely to be influenced by Israeli policy and regional developments) could transform the Palestinian Authority from a functioning authority that cooperates with Israel to a hostile or non-functioning authority. These circumstances could include a grassroots protest against the Palestinian Authority's leadership; a struggle over succession once Mahmoud Abbas is no longer the president of the Palestinian Authority; a failure in the reconciliation between Fatah and Hamas; a deepening of the rift between Gaza and the West Bank; the strengthening and success of Hamas in the struggle against Fatah and the Palestinian Authority; and elections in the Palestinian Authority and the assuming of power in the West Bank of Hamas or another player that is hostile to Israel.

A grassroots protest against the leadership of the Palestinian Authority (medium possibility): Although the Palestinian Authority's loss of public support and the significant erosion of its legitimacy has already occurred, these are not necessary conditions for a grassroots protest. This development could take place with the following conditions: deterioration in the economic situation; loss of control—civil or military—by the Palestinian Authority; a rise in subversive activity by opposition organizations, particularly Hamas; declining motivation among the Palestinian security services and reduced security cooperation with Israel or its termination; growing involvement of players who view themselves as candidates to replace the current leadership (such as the Tanzim, senior officials in the security apparatuses or other Palestinian players who are external to the existing Palestinian system); increased tension between the Israeli security forces and Palestinian organizations; and a growing number of Palestinian casualties as a result of internal unrest and friction with the Israeli security forces, due to an escalation in the security-based reality.

A struggle over succession (high possibility): This development is likely to occur as a result of the incapacitation or death of president of the Palestinian Authority, Mahmoud Abbas or his decision to retire; if there is another failure in the peace process should negotiations be renewed, most likely with the goal of reaching a permanent settlement (as the result, for example, of an



Figure 3. Development of the fundamental situations in the Palestinian arena as a result of the prevailing conditions

American initiative to reach the “ultimate deal”); or that leads to the end of Abbas’ political career; an effort to solidify the legitimacy of the Palestinian Authority by hardening its line against Israel; the undermining of public order by Hamas; violent events (the gravity of which depends upon the casualties); the undermining of the Palestinian Authority’s control of the security forces, who will join the opposition and take part in the violence; the coalescence of an alternative leadership, whether positive or hostile; a prolonged instability that creates a vacuum in authority, which will be filled by extremist elements, such as Hamas; and finally, the collapse of the Palestinian Authority.

Failure of the reconciliation process between Fatah and Hamas (high possibility): This development could occur as a result of failing to fulfill agreements signed between Fatah and Hamas in Cairo on October 12, 2017; a delay by President Abbas in cancelling the sanctions imposed on Gaza by the Palestinian Authority; the difficulty of the Palestinian Authority in ensuring the continued employment of tens of thousands of Hamas officials in Gaza; and a lack of agreement between Hamas and Fatah on the holding of general elections for the parliament and the presidency. Other sources of tension between the organizations include lack of agreement over Hamas’

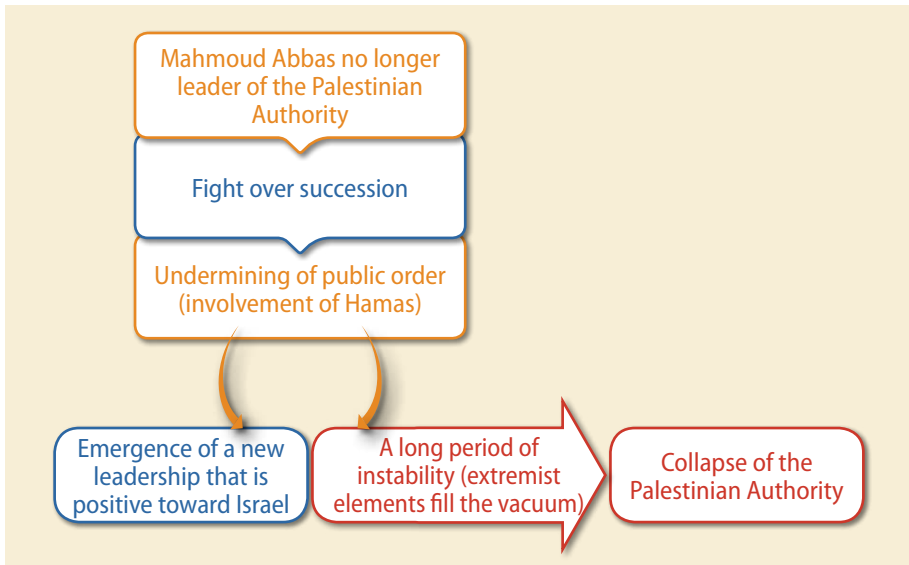


Figure 4. Development of the struggle for succession

representation in PLO institutions and Hamas’ refusal to disarm and transfer military authority over Gaza to the Palestinian Authority. It is assumed that Hamas is seeking to exploit the reconciliation process in order to build up its legitimacy for assuming control of the Palestinian system, while the PLO and the Palestinian Authority leadership are determined to maintain institutional control and to protect their bases of power and influence.

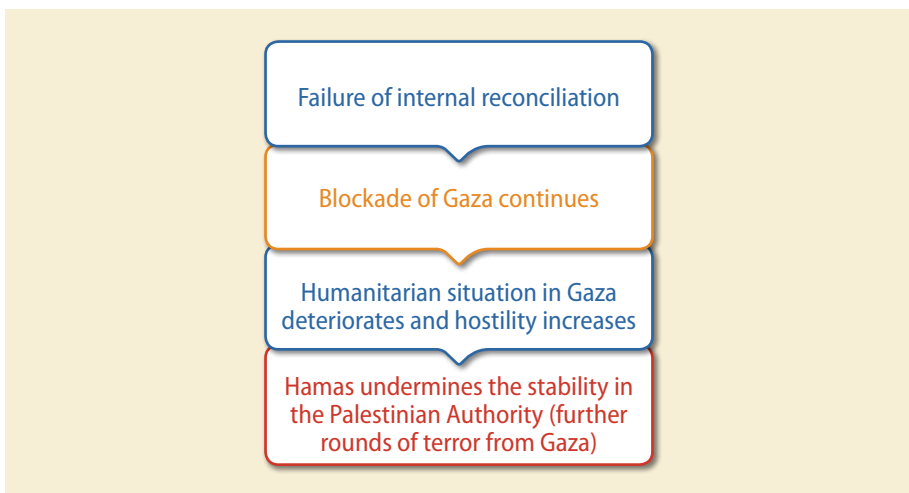


Figure 5. Failure of the reconciliation process

Elections in the Palestinian Authority (low possibility): The main circumstances that will lead to this development are the success of the reconciliation agreement between Fatah and Hamas; a decision by Abbas or some other leader to hold elections in view of the stagnation in the peace process or to present an alternative policy to the Palestinian public. As a result of elections, Hamas or some other hostile player could win a majority in the Parliament, and if this happens, it will create internal instability and Fatah is expected to resist; a rise in violence against Israel as a result of the crisis in the Palestinian arena would possibly lead to an Israeli response, which, in turn, would increase Palestinian willingness to adopt violent means and generate a round of escalation.

The formation of a functioning and positive Palestinian Authority: The primary circumstances that could lead to this situation are a stable and responsible leadership (even after the struggle for succession); a reasonable level of functioning of the Palestinian Authority institutions and of the security forces, which will be effective against terror and in imposing law and order; motivation to maintain the Palestinian Authority as a responsible, stable and functioning government as a result of: (1) containment/neutralization of attempts by Hamas to undermine stability; (2) economic stability (also with external aid); (3) a desire among many in the Palestinian leadership to maintain the status quo, due to personal interests and survival interests; (4) a US administration that shows understanding for Palestinian needs and encourages a peace process; (5) a peace process with proven benefits to both sides as it progresses; (6) readiness of the states in the region to take part in the process and to provide their backing; (7) public legitimacy for the Palestinian leadership and the processes that it initiates; and (8) a low level of violence.

The developments in the Palestinian arena may lead to two additional processes, whose likelihood is low: (1) the breakup of the Palestinian Authority is initiated due to the lack of a political horizon and given the loss of regional and international interests in the Palestinian issue. This situation may lead to unrest and increased violence against Israel; and (2) disengagement of the Palestinian Authority from Gaza or vice versa and further separation between the two Palestinian entities is undertaken.

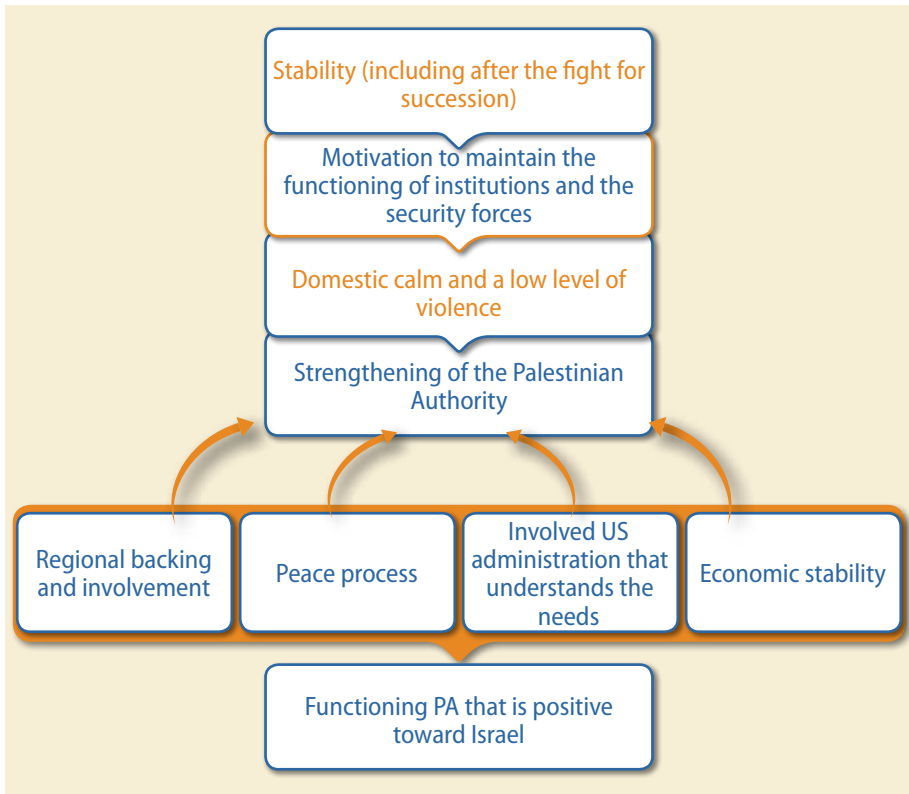


Figure 6. Establishment of a functioning and positive Palestinian Authority

The Threats and the Methodologies of their Analysis

The security threats were classified into three main categories:

1. Organized terror
2. State terror—originating from the Palestinian Authority and from external state players
3. Grassroots struggle—violent demonstrations and riots.

The intensity and severity of each threat were evaluated according to the following variables: The scope of the threat, whether the threat targets a single region or a particular context or is more general and more broadly targeted; frequency and immediacy; the target being threatened in relation to strategic sites and population centers in Israel; and the likelihood of threat realization. The intensity of the threats was also considered according to Israel’s ability to respond: serious threats, for which there is no sufficient Israeli response, as opposed to threats with an intermediate or low level

of severity for which Israel's security response is sufficient (even if not entirely effective).

The threats are presented according to the level of the Palestinian Authority's position (hostile toward Israel or cooperative with Israel) and its level of functioning (functioning or failing). The combination of a hostile and failing Palestinian Authority is the most dangerous from Israel's point of view while a functioning and positive/cooperative Palestinian Authority is the most desirable.

		Level of the Palestinian Authority's Commitment	
		Hostile	Positive – Cooperative
Level of functioning of the Palestinian entity	Functioning	Serious threat	No threat
	Failing	Most Serious threat	Serious threat

Figure 7. Severity of the threat based on the conditions in the Palestinian sphere

The Response to the Threats

In examining the response to the threats in the various scenarios, we focused on distinguishing between the central and fixed elements and methods of operation in the Israeli response and unique responses to a specific event or development. In addition, we considered the element of security cooperation in three spheres: in the first sphere, with the Palestinians; in the second sphere, with neighboring countries that border Israel, namely Egypt and Jordan; and in the third sphere, with third parties and international players, should they be involved in the security arrangements, which the Israelis and the Palestinians will have to agree upon in a full or partial settlement.

In analyzing the response to threats in the various scenarios, we considered the relationship between the response on one hand and the fundamental situations and the scenarios on the other. The Israeli response to threats is liable to affect the fundamental situations and the level of functioning of the Palestinian Authority, which, in turn, are liable to influence the scenarios and the possibility of a transition from one scenario to another. The fundamental situations and the levels of functioning of the Palestinian entity also are likely to determine the severity of threats and their frequency, in addition

to encouraging the transition between scenarios. Any transition between scenarios will require Israel's response, which, in turn, could influence the fundamental situations and the scenarios, causing a vicious cycle.

Chapter 2: The Scenarios, the Strategic Challenge, and Israel's Response

The scenarios reflect Israel's policy options as follows:

1. The continuation of the existing political-territorial order (managing the conflict)
2. A permanent two-state settlement
3. A coordinated or unilateral Israeli move to separate from the Palestinians both territorially and politically
4. Annexation of the settlement blocs and Area C
5. A one-state solution, with full rights for the Palestinians
6. A one-state solution, with only partial rights for the Palestinians.

All the scenarios relate to the Palestinian arena in the West Bank, under the control of the Palestinian Authority. Since Gaza is controlled by Hamas, as opposed to being under the Palestinian Authority or Israel—nor does Israel have any intention of reoccupying it—Gaza is not considered an integral part of the Palestinian Authority. Our working assumption is that Gaza will continue to exist as an independent semi-state entity under the control of Hamas and will remain separated from the West Bank.

Some of the fundamental situations in the scenarios also exist in the current reality while others could be realized as a result of internal processes in the Palestinian arena as a result of Israeli policy or regional and international processes that could affect both Israel and the Palestinian arena. Some of the scenarios strengthen or weaken existing fundamental situations while others are liable to strengthen more problematic fundamental situations, such as a Palestinian entity that is hostile toward Israel or a non-functioning Palestinian entity.

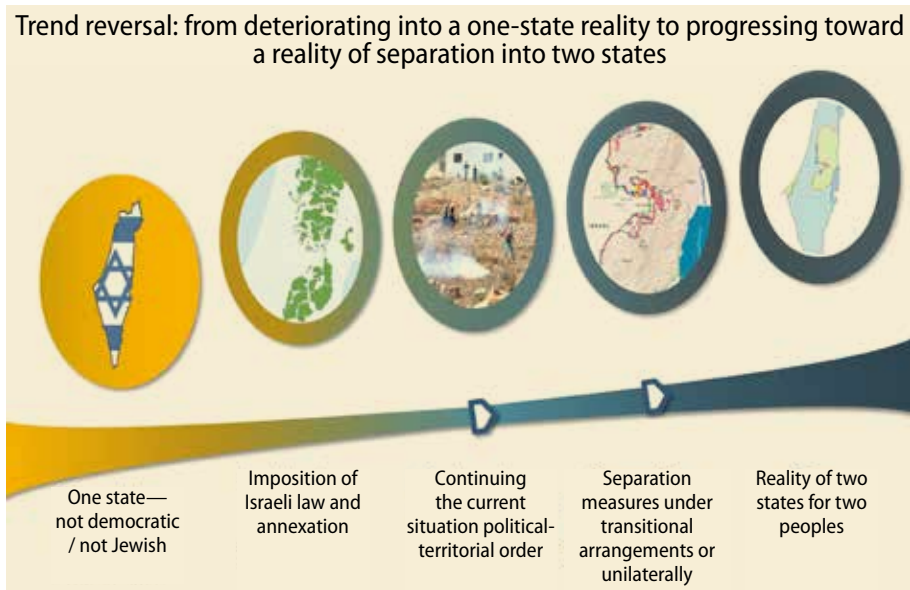


Figure 8. Trend reversal

Scenario 1: The Continuation of the Existing Political-Territorial Order (Managing the Conflict)

Characteristics

The basic assumption in this scenario is that negotiations do not take place because either one side or both sides do not agree to negotiate. The Palestinians may lack the incentive to return to the negotiating table and may decide to adhere to a strategy of internationalization (which in turn increases Israeli opposition to continuing the process) and popular resistance and/or the Israeli government prefers to continue the status quo, based on its perspective of the risks implicit in the other options. Other factors could be the lack of international influence, due to the weakness of the international community and its indifference, as well as the backing (whether explicit or behind the scenes) of the Trump administration for Israel's preference, given the absence of any possibility of advancing a regional process as an alternative to a bilateral Israeli-Palestinian process. These factors and any combination of them make it easier for the two sides to remain in their comfort zones and to stick with strategies that do not require any sort of change. The Palestinians' adherence to the strategy of internationalization has reinforced their lack of

confidence in the resolving the conflict at the negotiating table, while the current Israeli policy, which includes restrictions on the Palestinians and continued construction in Israeli settlements, is not conducive for making progress in negotiating a settlement with the Palestinians.

In this reality, powerful players in the Palestinian system assumingly will exert pressure on the president of the Palestinian Authority and those loyal to him to adopt a confrontational policy toward Israel. The influential factors in this case are the status and position of the Palestinian Authority in the international arena, primarily given the Trump administration's policy; the failure to generate a breakthrough toward reconciliation among the Palestinians following the understandings reached between Fatah and Hamas (the Cairo agreement in October 2017) regarding the establishment of a national consensus government and the transfer of the administration of Gaza to the Palestinian Authority; the difficulty of the Palestinian Authority in attempting to improve the economic situation in the West Bank; the accusations of corruption in its ranks; and the eroding legitimacy of the Palestinian leadership. These factors all are likely to lead to protests against the Palestinian Authority and to demands to end the security coordination with Israel. In practice, this coordination has been curtailed as a result of the escalation of violent incidents and riots, following the murder of two Israeli policemen on the Temple Mount in July 2017, and later in response to the efforts to achieve internal Palestinian reconciliation and President Trump's recognition of Jerusalem as the capital of Israel.

At the same time, the leadership of the Palestinian Authority and its administration is highly motivated to ensure that the Palestinian Authority continues to exist, as the alternatives are perceived as more problematic and less stable. Furthermore, the international and regional players can be expected to support the Palestinian Authority in a crisis and will prevent its breakup, even if that means pressuring Israel in order to avoid deterioration into chaos in the Palestinian arena and the erosion of the two-state solution.

Moreover, Israel assumingly is motivated to preserve and strengthen the Palestinian Authority and to cooperate with its security apparatuses. In terms of its economic development, Israel is expected to continue promoting joint economic projects with the Palestinian Authority, assisting and supporting the development of its infrastructure (especially energy and water), maintaining the possibility of employing Palestinian workers in Israel and in the settlements, and even may increase the number of work permits for Palestinians. At the

same time, Israel presumably will continue building in the settlements and East Jerusalem, as well as maintaining its freedom of action, even in Area A. Israel's control of Area C and the security regime that Israel maintains in all of the West Bank will continue to adversely affect the day-to-day lives of many Palestinians, but it is presumed that Israel will make a long-term effort to reduce the friction by reducing the number of checkpoints (subject to the security situation) and improving the infrastructure at the checkpoints between the West Bank and Israel.

Feasibility

The scenario of continuing the political-territorial order is considered highly feasible relative to other scenarios, since it represents a kind of comfort zone for the two sides, neither which is required to make any major decisions. The level of feasibility will decrease if the conditions change, such as escalating events that lead to a military confrontation or an American initiative that will pressure the sides to soften their conditions for returning to the negotiating table, or the emergence of a regional initiative based upon changes to the strategic configuration of the Israeli-Palestinian arena and the region (as well as by a high level of commitment of the Saudis to support the process). This is also true in the case of reconciliation between Fatah and Hamas in the Palestinian arena. Another factor may be a political transformation in Israel, manifested by the creation of a new government that will encourage the Palestinians to return to negotiations.

Sensitivity Analysis—Palestinian Sphere

A functioning entity that is positive toward Israel. In the case of a functioning Palestinian entity, the existing reality presumably will continue, with fluctuations in the levels and outbreaks of violence, such as the wave of violence that began in late 2015. The Israeli security forces will have the ability to contain the events and to continue their efforts to prevent the terror infrastructure and counter individual terrorists. The Palestinian security services will continue to operate in their current format, if only to ensure the survivability of the Palestinian Authority and to prevent an outbreak of violent protest and armed resistance against it. Progress in the reconciliation between Fatah, the Palestinian Authority, and Hamas will strengthen the status of the Palestinian Authority and will likely enhance its institutional functioning, giving Israel greater flexibility in granting powers and freedom

of action to the Palestinian Authority, even in parts of Area C. To this end, Israel must refrain from expanding the settlements beyond the main settlement blocs; at the same time, it needs to encourage the employment of Palestinians in Israel, to support the Palestinian economy, and to reduce the level of day-to-day friction with the Palestinian population.

A hostile entity: The implication is of a Palestinian entity that operates against Israel in the international arena, encourages incitement against Israel—primarily among groups who are not directly identified with the Palestinian Authority—and does not make any efforts to counter the violence and terror against Israel. Under these conditions, the level of violence and friction in the West Bank between the IDF and armed Palestinian terrorist groups will presumably increase, as will the potential for outbursts that spin out of control, which will harm the functioning of the Palestinian security services and their level of cooperation with Israel (which would be limited in any case). In these conditions, the Palestinian Authority is liable to lose control; even if it is not the target of violence and its stability is not undermined, the Palestinian Authority will find it difficult to contain the outbursts and to restore order.

A non-functioning entity: In the event of a non-functioning Palestinian Authority, its collapse can be expected, which will be accompanied by an increased level of violence and terror. This development is liable to lead to anarchy in the West Bank. Israel will then need to operate deep in Palestinian territory in order to destroy the terror infrastructures, which will lead to a high level of friction with the local population, the Palestinian security forces, and the armed militias. As the terror becomes more intense and the Palestinian Authority is less able to moderate the violence and disorder, Israel will have a greater chance of taking over the West Bank and increasing its military presence in all areas of the West Bank. Such a development will essentially mean the end, even if not declared, of the Oslo Accords and the renewal of a violent struggle, similar to that of the Second Intifada, which erupted in 2000. In such a case, a transition to the scenario of restoring Israeli control over the West Bank may occur, followed by the scenario of annexing Area C or even beyond (with a lower likelihood).

Continuing the existing situation will weaken the Palestinian Authority and harm its level of functioning, if only due to the erosion of its legitimacy among the local population (already an existing trend) and the increasing difficulty of the Palestinian security services in maintaining comprehensive

and stable cooperation with the Israeli security forces. Given the continuing impasse in the peace process and the despair among the Palestinian population, the personnel of the Palestinian security services, primarily at the junior and mid-levels, could face growing difficulties in containing the criticism and frustration of the Palestinian street, such that the Palestinians will have little interest in continuing the security cooperation with Israel. Continuing the current situation is also liable to cause the Palestinian Authority to adopt a more extreme internationalization strategy, to the point of becoming a hostile entity.

The Palestinian Authority could become non-functioning as the result of a severe crisis, such as if President Abbas leaves his position; if the armed militias of the Fatah factions engage in confrontations with the Palestinian Authority's security forces; if the reconciliation process between Fatah and Hamas collapses and Hamas tries to take control of the Palestinian administration to the point of causing a violent confrontation with the Palestinian Authority; and if massive strikes in the public sector occur as well as unrest in the refugee camps due to economic distress.

Sensitivity Analysis—The Region

Neighboring countries that are functioning and positive toward Israel: As a result of the continuing stagnation in the peace process, the leaderships in Egypt and Jordan will likely face growing public pressure, which is highly critical and hostile toward Israel. Egypt's interest to return to a position of regional influence and to take a leading role in the Israeli-Palestinian peace process motivates its president, Abdel Fattah el-Sisi, in the initiatives he promotes, particularly in the process of reconciliation between Fatah and Hamas, which led the organizations to an understanding about transferring the civil powers in Gaza to a Palestinian consensus government and passing control of the border crossings to the security forces of the Palestinian Authority. With the backing of the American administration, Cairo pressured both Hamas and Mahmoud Abbas to reach an understanding, and it is possible that Israel will also be later compelled to change the status quo and lift the security closure imposed on Gaza. Nonetheless, at this stage and due to the common strategic interests between Israel, Egypt, and Jordan, the stalemate in the peace process is not expected to cause a major crisis, and it is doubtful that Egypt and Jordan will join the regional camp that is hostile to Israel.

Good relations between Israel and these countries will improve the feasibility of maintaining the status quo, while constraining the capabilities of the Palestinian terror infrastructures—primarily those of Hamas—and will help Israel and the Palestinian Authority contain the threats and operate effectively against them.

Neighboring countries that are hostile to Israel: These countries will permit the smuggling of weapons and terror activity directed against Israel from inside their borders. It can be assumed that in such a reality, violent Palestinian resistance within the West Bank will intensify. This situation will also facilitate greater coordination and cooperation between jihadi terror organizations and Palestinian organizations, increasing the space in which Palestinian terror infrastructures can operate and maneuver. In these circumstances, tensions may escalate along Israel's borders, causing strategic and security coordination between Israel and its neighbors to deteriorate.

Sensitivity Analysis—International Community

Given the reality of a functioning Palestinian entity that assumes a positive position toward Israel, the international community assumingly will be indifferent to the situation and will engage in minimal actions aimed at generating a breakthrough in the peace process. The international community will be prepared to support the development of the Palestinian Authority's economy and infrastructure, in addition to providing assistance to improve the state and institutional functioning, subject to agreement between Israel and the Palestinians. The international community will give support to interim agreements related to the economy and infrastructure, and even agreed-upon changes in the status of the territories in the West Bank and certainly to agreements between the sides that do not require the formal approval of international institutions.

However, in the reality of a hostile Palestinian Authority, the international community is expected also to be hostile. For example, Israeli steps toward unilateral annexation will lead to international support for the Palestinian Authority; if Israel uses force against the Palestinian Authority, the international community will be expected to condemn Israel for “non-proportional” response; and it is highly likely that international forums will approve decisions that are adverse to Israel or will express support for such proposals, put forward directly Palestinian initiatives or by supportive states. It is reasonable to assume that international organizations will advance resolutions critical

of Israel, together with relatively weak resolutions against the Palestinian Authority. In circumstances of unqualified support for Israel by the US administration, active attempts at international intervention—as well as the promotion of peace initiatives by Russia and France—are highly likely to take place while initiatives by China and perhaps Japan are less likely.

In the reality of a non-functioning Palestinian Authority, the international community is expected to take action, ranging from consultations to attempts at creating an international presence within the territory of the Palestinian Authority, in order to create a wedge between it and Israel and to reduce Israel's sphere of maneuvering.

Strategic Implications for Israel

This scenario has a risk of shifting into a one-state reality. Events have their own dynamics, which the players cannot always control, and therefore changes in the existing reality can shift rapidly, from the perspective of both Israel and the Palestinian Authority. The current territorial arrangement could potentially cause serious clashes between the IDF and the Palestinian population, and it is highly feasible that the status of the Palestinian security forces among the Palestinian public will increasingly deteriorate. The present Israeli territorial control also increases the likelihood of friction between the Jewish and Palestinian populations and reduces chances of transforming the situation in the future, when Israel decides that the time is ripe strategically to change the current regime.

Israel can maintain the current security approach but loosen its reins of control, from a territorial perspective, in order to enable the Palestinian entity to have territorial continuity and to develop its economy and infrastructure. Given the unlikelihood of reaching a negotiated settlement, Israel can loosen its reign in order to reach an understanding with the Palestinian Authority in order to improve its control and the lives of the Palestinians, while Israel continues to maintain its strategic interests by violating the condition that any change on the ground necessitates the renewal of negotiations (as well as preserving the political horizon of two states for two peoples).

Security Implications

Organized terror: In this scenario, Hamas and the other opposition factions presumably will be motivated to operate in the West Bank, targeting Israeli settlements, religious and heritage sites, and Israelis on the roads. Furthermore,

Hamas can be expected to intensify its efforts to carry out terror attacks from the West Bank into Israel proper.

Currently, the effectiveness of high-trajectory fire from the West Bank is limited; however, if the status quo and the stagnation of the peace process continue, presumably the motivation will increase to develop and use such capabilities against sensitive targets in Israel, such as Ben-Gurion Airport, population centers, and strategic facilities in the center of the country.

The responses to terror threats: The Israeli response to security threats is comprised of a number of essential and specialized elements and methods of operation. The essential elements in the Israeli response are as follows:

1. The Palestinian Authority is deprived of military capabilities that threaten Israel;
2. Israel controls the security of the external parameters of the West Bank;
3. Completion of the security fence/barrier between Israel and the territory of the Palestinian Authority is necessary;
4. IDF has freedom of action in the entire territory of the Palestinian Authority;
5. Israel has superior intelligence capabilities;
6. Israel has the ability to respond independently of the capabilities or desires of other players;
7. The agreements/arrangements are implemented gradually according to the performance of the Palestinian Authority's security apparatuses.

Additional security factors are as follows:

1. Israel has unhampered access to emergency deployment areas;
2. The Palestinian security apparatuses must function sufficiently in the sphere of domestic security—policing and law and order.

The security cooperation between Israel and the Palestinian security services is highly important in dealing with terror threats, especially the organized terror infrastructures of Hamas. In addition, Israel requires long-term efforts to limit Hamas' ability to build up its power in Gaza and to maintain its deterrence, in order to prevent Hamas from passing its capabilities from Gaza to the West Bank and from positioning itself as the leader of violent Palestinian resistance to Israel. The security cooperation with Jordan and Egypt is also highly important in preventing terrorism, the smuggling of weapons across the borders, and the cooperation between Hamas and the jihadi organizations in the West Bank and Gaza on the one hand and

organizations affiliated with ISIS and/or Iran on the other, which operate in the neighboring countries.

Grassroots terror: Grassroots terrorism by individuals, characterized by stabbings, hit-and-run incidents, and shootings are expected to continue, primarily where contact and friction between Israelis and Palestinians occur, such as at IDF checkpoints, bus stations, and crowded public areas—for example, religious and heritage sites—as well as areas where Israelis tour, whether individually or in groups. The individuals who carry out these kinds of terror attacks are motivated by continued incitement and glorification of terrorists; the growing frustration with the lack of progress in the peace process; the lack of an economic and personal horizon, especially among young and educated Palestinians; and the loss of confidence in the Palestinian leadership.

In addition, the current reality maintains points of friction between the IDF and the local population and between the Israel Police and Palestinian worshippers on the Temple Mount, which is a sensitive and explosive site. Massive unrest could occur if local incidents lead to Palestinian casualties. Moreover, the continuing loss of the Palestinian Authority's legitimacy and the lack of a political horizon may lead the Palestinian security forces to loosen their reigns of control. Should a dramatic event take place with mass Palestinian fatalities, a grassroots revolt against both the Palestinian Authority and Israel could develop.

Another potential threat is a mass convergence of Palestinians at the security checkpoints and border crossings into Israel, in the hope that Israel will lose control and resort to violence. With the help of traditional and social media, this situation could be leveraged into a regional and global wave of protest. Under these circumstances, Israel will find itself in a precarious position and facing growing pressure, which may compel it to restrain its responses and alter its policy.

At the same time, the continuation of the present scenario will weaken the Palestinian Authority. Its institutional and security functioning will decline as a result of the economic distress and the continuing loss of legitimacy of its institutions and leadership, including growing criticism of the security coordination with Israel and the lack of ability to change the political reality. Under these conditions, a humanitarian crisis—including devastating damage to the environment and infrastructure—is possible, which will lead to an increasing level of nationalistic crimes.

A severe domestic crisis could evolve if there is no improvement in the Palestinians' living conditions, and threats of separatism among Israeli Arabs could intensify since they may view Israel as solely responsible for the crisis. If this is the case, relations between Jews and Arabs in Israel will deteriorate and could lead to massive civil disorder and confrontations that will undermine Israel's domestic security.

Responses to grassroots terror: In order to deal with grassroots terror, Israel relies upon the essential security components, as well as on intelligence capabilities to monitor social media, in order to identify individual terrorists, their intentions, and to prevent terror attacks. In addition, Israel tries to show greater sensitivity in order to reduce the potential for friction with the Palestinian population. Thus, cooperation with the Palestinian Authority's security forces is important as is Israel's having a more lenient approach in issuing Palestinians work permits within Israel and the settlements and in enabling economic and infrastructural development, which will help improve the economic conditions in the West Bank. Furthermore, a long-term effort to counter Palestinian incitement and the glorification of individual terrorists who have been killed is also essential, as is continuing the cooperation with the Palestinian Authority's security forces, particularly in order to prevent mass gatherings and riots in areas where the friction is high.

Political Threats from the Palestinian Authority

Israel assesses the major threats that are leveled by the Palestinian Authority according to the quality and degree of security cooperation; the Palestinian Authority's level of institutional functioning and the degree of institutional incitement, including in relation to the Temple Mount; and finally, Israeli policy. Therefore, a more flexible Israeli policy on Palestinian freedom of movement, economic development, and quality of life in the West Bank assumingly will reduce the potential of threats from the Palestinian Authority. Should Israel's security cooperation with the Palestinian Authority decline or even terminate; or should members of the Palestinian security forces participate in hostile activity and thus magnify the threats, Israel's ability to respond to threats may be hindered but not be eliminated. Should the security cooperation diminish or terminate, Israel will have to reinforce its intelligence and operational activity in Areas A and B, which will likely lead to increased friction with the Palestinian population as well as the Palestinian security forces.

A far more serious problem for Israel is if the Palestinian Authority ceases to function, leading to anarchy in the West Bank. In this case, the Palestinian Authority would shift from a scenario of hostility toward Israel to non-functioning, which is liable to intensify Israel's security efforts in the Palestinian Authority's territory. In an extreme case, Israel could be compelled to reoccupy the entire West Bank.

The Temple Mount is one of the most problematic points of friction within this context. It has also become a point of contention with the Islamic coalition, which consists of Israel's Northern Branch of the Islamic Movement, Hamas, Turkey, and Qatar. Both Turkey and Qatar seek to undermine Jordan's role on the Temple Mount. In a struggle extending beyond the Israeli-Palestinian context, both Turkey and Qatar consider Hamas and the Northern Branch of the Islamic Movement as their allies in the political Islam camp against the pragmatic Sunni camp, which includes Jordan and the Palestinian Authority. The agreements and understandings between Israel and Jordan—particularly regarding the Temple Mount—and the quiet and ongoing cooperation between the two countries, constitute the most important layer in the site's security arrangements.

The response to these threats is likely to be manifested by taking measures unrelated to security. These include reducing the friction with the Palestinian population; expanding the freedom of operation of the Palestinian security forces instead of engaging in independent Israeli measures, such as arrests deep within the Palestinian Authority's territory; civilian freedom of movement; economic development; refraining from construction of settlements outside the settlement blocs; and maintaining a horizon for a two-state solution. All of the aforementioned will moderate the threats.

Scenario 2: A Two-State Solution

Characteristics

In this scenario, a permanent settlement signed between Israel and the Palestinians, at least with regard to the West Bank, is implemented. The format of the permanent settlement assumingly will be in line with the bridging proposals of former US president Bill Clinton and the proposal presented by Israel's former prime minister Ehud Olmert to Palestinian president Mahmoud Abbas and will be based on the following principles: An independent Palestinian state will be formed on the basis of the 1967 borders, while Israel will annex the settlement blocs near the Green Line and in exchange, Israel will transfer an identical size of territory to the Palestinians. Although Jerusalem will be divided, the holy basin will be placed under joint or international administration. No refugees—or only a very small number—will be allowed to return to Israel; however, the refugees will receive compensation and will be rehabilitated according to one of several options: return to the territory of the Palestinian state or to the territory transferred in exchange for Israel's annexation of the settlement blocs, permanent settlement in the Arab countries in which they already live, or immigration to other countries. In addition, Palestinian security forces will be limited in their use of weapons, and they will be restricted only to internal security.

Besides the commitments of each side to prevent the use of their territories for attacking the other, the sides—with regional and international participation—will agree to security arrangements, which will include the stationing of peacekeeping forces; prevention of smuggling and illegal entry into the Palestinian state from third countries, which will include continuing the stationing of Israeli forces and adding an international one in the Jordan Valley for a number of years; management of the airspace and electromagnetic domain, which will prevent friction; and also engaging in security coordination between the two sides and joint counter-terror activities. These arrangements will not allow Israel's security forces to have freedom of action in the Palestinian territory, except for the right of self-defense in the case of a tangible threat to Israel.

Feasibility

At this stage, the feasibility of this scenario is low. This is due to the large gaps in the positions of the two sides; the internal political situation on both sides, which is preventing progress; the lack of leadership that can make the decisions necessary to advance a settlement on both sides; the Palestinian rift between Gaza and the West Bank; and the low regional and international priority given to the issue.

The probability of this scenario will increase, however, if new leadership assumes control on one or both sides (a coalition government in Israel that supports a two-state solution or a Palestinian leadership that enjoys legitimacy and is prepared to take the necessary risks); if unifying the West Bank and Gaza is possible; or if there is regional and international willingness to promote an agreement and to pay the price (both financial and otherwise) of implementing it.

Sensitivity Analysis—Palestinian Sphere

A functioning entity that is positive toward Israel: This scenario assumes a higher probability of both the existence of a functioning Palestinian entity and the development of more positive relations with Israel than in the other scenarios, since the relationship between the two is regulated by the agreement, which includes their commitments. The agreement will reduce the motivation of the Palestinian public to change the political/territorial order, and will provide the two sides with a basis for cooperation—particularly in economic and security issues—while international assistance should be rendered more effective in this scenario.

The main danger with this fundamental situation of the Palestinian entity is the illegal migration of Palestinians to Israel (essentially, implementing the right of return), given the major gap in GNP between the two states. In this scenario, some groups, both in the Palestinian state and outside it, assumingly will reject the agreement. Nonetheless, the scope of terrorist activity will decline and become much lower than in the status quo scenario, while the two sides will coordinate counterterrorism efforts, assisted by a regional security system, including the countries bordering the Palestinian state.

A hostile entity: Even though the probability of a hostile entity is low in this particular scenario because of the greater security coordination with Israel and the increased political legitimacy of the political camp that “delivered the goods” and signed an agreement with Israel, groups opposed to Israel

still could assume control of the Palestinian state and transform it into a hostile entity. If this was to occur, the Palestinian state would likely violate the agreement and allow the establishment of a terror infrastructure against Israel, which would include various capabilities, including the launching of weapons and using unmanned vehicles and tunnels to penetrate into Israeli territory.

The tools at Israel's disposal for dealing with such a situation are separating the two populations, which makes it easier to prevent the infiltration of terrorists and counter their activity; deterrence by threatening to harm the assets of the Palestinian state and its independence; creating joint interests; and engaging in security cooperation with regional states and international organizations, which will legitimize Israel's actions and its use of military force. Deterrence can be particularly effective since the Palestinian entity will have assets that will be at risk. Furthermore, even if the Palestinian entity becomes hostile, joint interests can still exist. The examples of the relations between Israel and Hamas in Gaza and with the Egyptian government under Mohamed Morsi, who was a member of the Muslim Brotherhood, should be studied and their lessons learned.

The purpose of using military power will be to strengthen deterrence and prevent the Palestinians from having the capacity to harm Israel. In the scenario of a settlement that the Palestinians clearly violate, Israel will have greater regional and international legitimacy to use military force. In this scenario, however, the political constraints on Israel's use of its security forces will be much greater than if it was the controlling force in the territory. Nonetheless, as historical experience has shown, the use of force will be possible, particularly in an extreme situation, such as in 2002 during Operation Protective Shield when Israel recaptured the cities in the West Bank and in the case of Israeli actions against Hamas in Gaza over the years. The chance of a direct military confrontation between Israel and the Palestinian security forces will be low, as long as Israel maintains cooperation with the countries in the region in order to keep the Palestinian state demilitarized, as dictated by the settlement.

A non-functioning entity: As already mentioned, the likelihood of a non-functioning entity is lower in this scenario than in others. In such a situation, non-state entities and external players will use the Palestinian state as a platform for attacking Israel. In this case, a terror infrastructure will be established in the Palestinian state against which Israel will not be able

to operate. The main risk facing Israel will be attacks from the Palestinian state's territory and the launching of missiles. In this case, lessons can be learned from the efforts to deal with the terror infrastructures in Gaza: These risks can be neutralized, albeit the threat in this case will be more severe than that originating from Gaza due to its close proximity to Israel's center. As the deterrence against the Palestinian state will be less effective due to its low level of functioning, deterrence should be applied to the non-state entities, a more difficult task to accomplish. Cooperation with the Palestinian security forces will be possible, however, and Israel will need to reinforce it. Another option is for Israel to assist the Palestinian state, including the provision of economic aid and tools for counterterrorism, in order to improve its functioning.

Sensitivity Analysis —The Region

In general, the fundamental situations in the region will result more from internal developments within the neighboring states and from the influence of external players, both regional and global, which are stronger than that of the Palestinian state. On the margins, however, the establishment of the Palestinian state itself may also have an effect. Thus, the Jordanian government believes that a permanent settlement and the creation of a Palestinian state will contribute to its own stability since the Palestinian population in Jordan will be less affected by confrontations between Israel and the Palestinians, and the possibility of mass migration of Palestinians to Jordan will diminish. At the same time, however, Jordan fears being in close proximity to a Palestinian state and is concerned about any irredentist effect among the Palestinians in Jordan; that is, they fear that Palestinians who are Jordanian citizens might aspire to unite with their brethren and families in the Palestinian state.

Neighboring countries that are functioning and positive toward Israel:

These countries are an important stabilizing factor as they can ensure that the agreements between Israel and the Palestinians are implemented, and they can prevent the Palestinian state from becoming a platform for attacks against Israel by countering the smuggling of weapons and the movement of terrorists. The classic example is Jordan under the Hashemite regime. This scenario also has a positive influence on the probability of neighboring states that are functioning and assume a positive position toward Israel, since the existence of a Palestinian state will contribute to the stability

of the neighboring states and will strengthen their common interests with Israel. Even in the absence of a shared border, these countries will serve as a barrier between Israel and hostile nations. In this scenario of a two-state arrangement, the probability of establishing regional security cooperation will increase, due to both the public legitimacy of such cooperation and the threat that a non-functioning Palestinian state will pose to the neighboring Arab countries.

Neighboring countries that are hostile to Israel or non-functioning: These countries will increase the risk that the Palestinian state will become a platform for attacks against Israel and will make it more difficult to ensure that the Palestinian commitments in the agreement—preventing the creation of a terror infrastructure, the smuggling of weapons, and the movement of terrorists—are fulfilled. In addition, these countries will make it possible for destabilizing players from outside the Palestinian state to enter its territory and use it as a base against Israel, thus undermining the stability of the Palestinian state, its functioning, and its relations with Israel.

Security Implications for Israel

The security implications will be examined according to the following parameters:

1. The motivation for involvement in terror activities
2. The possibility of establishing a terror infrastructure in the territory of the Palestinian state
3. Israel's ability to deal with Palestinian terror
4. Israel's ability to deal with hostile groups from outside the Palestinian state.

The motivation for involvement in terror activities: The creation of a Palestinian state in an equitable settlement will reduce the motivation of the Palestinian public to undertake and engage in terror activities. Nonetheless, an ideological core with an irredentist vision assumingly will continue advocating for the struggle against Israel. Should there be a hostile and/or non-functioning Palestinian state, the number of individuals who are motivated to struggle against Israel will increase.

The possibility of creating a terror infrastructure: This will be very limited in this scenario should there be a functioning state that has a positive position toward Israel and cooperates with it in countering terrorism. The neighboring Arab countries will also become more cooperative with Israel in fighting terrorism and preventing the movement of weapons and terrorists

from their territory into the Palestinian state. A hostile Palestinian state is liable to consider creating a terror infrastructure but will have to consider Israeli deterrence and the possibility that an Israeli response will harm its assets.

In the situation of a non-functioning Palestinian state, whether hostile or not, the Palestinian state mechanisms will find it difficult to prevent the creation of a terror infrastructure, even if they wish to do so. Therefore, this is the most dangerous situation. If the neighboring countries become unstable or hostile, the chances are great that weapons and terrorists will infiltrate the Palestinian state and create connections among terror organizations inside and outside the Palestinian state.

Israel's ability to respond to Palestinian terror: Following a settlement with the Palestinian state, cooperation in countering terrorism assumingly will increase. Should the Palestinian state become hostile or non-functioning, cooperation will be harmed. Israel's ability to carry out unilateral actions in the sovereign territory of the Palestinian state will be limited due to the fear of international reaction, particularly if the regional players and international community do not perceive the Palestinian state as hostile. Nonetheless, if it becomes clear that the Palestinian state has become a source of terror and is not fulfilling its commitments to prevent terror, it can be assumed that Israel will initiate unilateral actions and that the international reaction will be restrained.

The separation between the populations as a result of a settlement between Israel and the Palestinians will make it easier to counter terrorism to some extent. The massive burden needed to protect the Israeli settlements in the West Bank and the daily routine of their inhabitants—the main reason for the deployment of IDF forces in the Palestinian territories—and the resulting friction between the Israelis and the Palestinians will no longer be necessary.

Dealing with hostile players from outside the Palestinian state: In the case of a functioning Palestinian state that cooperates with Israel, it will be possible to prevent hostile groups from outside the Palestinian state from using its territory. In addition, the very existence of a functioning Palestinian state will reinforce the cooperation between Israel and the Western countries as well as between Israel and the rest of the Arab countries and will help preclude the activity of hostile groups located in those countries or thwart the countries themselves from becoming hostile toward Israel. If this cooperation does not materialize, however, and the Palestinian state does not function

effectively and/or is hostile itself, the constraints on Israel's freedom of action will make it difficult to deal with terror groups, particularly in unclear and ambiguous situations.

Strategic Implications

From Israel's perspective, the implementation of a reasonable settlement with the Palestinians according to a two-state solution will improve Israel's strategic situation for the following reasons:

1. Israel will then be able to achieve peace and normalization with the entire Arab world on the basis of the Arab peace initiative, guaranteeing Israel's participation in the regional security configuration and the Arab states' involvement in implementing the agreement;
2. Israel will enjoy improved international legitimacy;
3. Israel will have a greater chance of security cooperation with the Palestinian state and also with the countries that border it;
4. The conditions will become optimal for the creation of a functioning Palestinian entity;
5. The Muslim and Arab publics will be less motivated to act against Israel (even if there will always be extreme elements);
6. Separation between the two populations will be beneficial for security, beyond just ensuring the existence of Israel as the democratic homeland for the Jewish people;
7. Palestinian, regional, and international cooperation will create better options for dealing with the issue of Gaza.

The main security price in implementing a two-state solution will be the limitations on Israel's freedom of action in the territory of the Palestinian state, as it will not be able to violate the sovereignty of the Palestinian state nor the international and regional guarantees of sovereignty promised to the Palestinian state. This situation will make it more difficult for Israel to respond to any development of a terrorist infrastructures should the Palestinian state assume a more pessimistic position toward Israel.

Scenario 3: Political and Territorial Separation— Unilaterally or as Part of an Interim Agreement

Characteristics

Israel will choose the option of separation if and when it becomes clear that negotiations will not lead to an agreement and that the conditions on three levels—internal Israeli, Israeli-Palestinian, and regional—have reached an impasse and the closure of options for the future. In order to preserve a Jewish state that is democratic, secure, and ethical, Israel will have to take steps to separate from the Palestinians, while preferably not to close the door on negotiations at a later stage and done in a way that preserves the feasibility of a two nation-state solution.

The fourteen main characteristics of a scenario for political and territorial separation are as follows:

1. Israel will give up any demand for sovereignty over the majority of territory in the West Bank;
2. The settlement blocs will be connected (not annexed at this stage) to Israel and their development continued;
3. The security fence will be completed, demarcating the separation line;
4. Israel will maintain the option of separating from the Arab neighborhoods and villages of East Jerusalem;
5. Israel will freeze construction of settlements beyond the route of the security fence (the separation line) and will initiate long-term plans to transfer settlers from the more remote settlements to the settlement blocs or to Israel proper;
6. The powers of the Palestinian Authority in the territories under its control will be expanded;
7. Israel will maintain strategic flexibility for the future, including the possibility to return to the peace process and a prolonged pause in the new situation without an agreement;
8. The IDF will continue to have freedom of action in order to counter terror without having a fixed presence in territory under Palestinian control. Nonetheless, it will make an effort to maintain security coordination with the Palestinian security apparatuses;
9. Israel will maintain security control in the Jordan Valley in order to prevent the smuggling of weapons and the infiltration of terrorists, including jihadi elements. Israel will also maintain control of strategic sites and roads to

- be used in response to a threat scenario from the neighboring countries, as well as control of the airspace, and the electromagnetic space;
10. The Palestinian Authority will be able to develop an independent economy and create a free trade zone. At the same time, Israel will continue to grant work permits to Palestinian workers to work in Israel, according to its economic needs;
 11. An international program for the development of the Palestinian economy and infrastructure will be initiated;
 12. The flow of goods from the West Bank to Israel and to Jordan will be facilitated and restrictions lifted;
 13. The Palestinian Authority will receive assistance in establishing a stable administration and effective control, which will serve as a basis for reaching an agreement in the future;
 14. Efforts will be made to obtain Egyptian and Jordanian support for the process, as well as that of the international community, or at least avoid their active opposition.

Feasibility

As long as there is anticipation of President Trump's "ultimate deal," any unilateral Israeli move seemingly will lack legitimacy without first attempting to reach a bilateral settlement with regional support. The Arab Quartet (Saudi Arabia, the Emirates, Egypt and Jordan) or the international community will support a series of Israeli steps to separate only if they are coordinated between Israel and the Palestinian Authority and if Israel will express its commitment to a two-state solution and if these steps are presented as advancing a peace process and are intended to create an atmosphere conducive to such a process. Therefore, it is correct for Israel to call for—or respond to the call for—negotiations with the Palestinians and to start implementing measures that will support a peace process, such as helping to develop the Palestinian economy and infrastructure and a firm foundation for an independent and functioning Palestinian entity, as part of the preliminary stage before taking concrete steps toward separating and promoting the realization of two separate states or entities.

It is important to first try to exploit the bilateral negotiation channel to reach some kind of settlement—an interim or permanent settlement—but if that should fail and the situation deteriorates into violence or results in a stalemate that could lead to realizing one state, which most of the Israeli

public opposes, then the preferred option will be independent steps toward separation. At the same time, it is dangerous to wait for the negotiating channel to fail before taking steps toward separation, because terror and violence could develop, which would cause the Israeli public to resist any move that it perceives as a gesture to the Palestinians. It is essential that there be a responsible leadership that can persuade the public that this policy is necessary given the lack of success in reaching a settlement and that out of a crisis, it is possible to create an opportunity to initiate steps toward separation. To increase the chances of achieving regional and international support, Israel should emphasize that it is prepared to return to the negotiating table and that it champions two states for two people and even two capitals in Jerusalem.

Sensitivity Analysis—Palestinian Sphere

A functioning entity that is positive toward Israel: The following opportunities could present themselves:

1. The Palestinian Authority will be given full powers in civil domains, law and order, and internal security in the territory that Israel evacuates and transfers to its control.
2. Security cooperation will continue, as well as sharing of intelligence and operational coordination. The greater the effort the Palestinian security apparatuses exert in preventing terror and breaking up the terror infrastructure within its territory, the less the IDF will have to operate in the Palestinian territories.
3. Israel will enable and assist economic development in the West Bank and in constructing the infrastructure for the Palestinian state. Israeli flexibility in economic relations is essential, as Israel has an interest in the growth of the Palestinian economy as a stabilizing and hostility-reducing factor. Should it be possible to mobilize the support of the Sunni Arab world, then the Palestinian Authority will enjoy greater financial and economic assistance.
4. There will be greater opportunity for international and pan-Arab assistance and support for the Palestinian Authority to help create a strong basis for a responsible and functioning state and to assist in building up the Palestinian economy.
5. Israel will present separation as part of an interim stage toward a two-state settlement and therefore will be prepared to return to negotiations. At

the same time, efforts will be made to convince the Palestinian Authority to return to the negotiating table and to the peace process, with assistance from the international community and the Arab world.

6. Stable security and economic growth in the Palestinian Authority will improve the chances of reaching an agreement between Hamas, and the Palestinian Authority/Fatah for returning the control of Gaza to the Palestinian Authority. Once in control, the Palestinian Authority will be able to advance the project to reconstruct Gaza, with the help of regional and international aid, in order to contribute to long-term stability.

The following risks could also occur:

1. To the extent that the Palestinian Authority functions efficiently and maintains stability, Israel will face increased international pressure to curtail its civil and security intervention in the territory under the Palestinian Authority, which means constraining its operational freedom of action for purposes of self-defense.
2. As long as it is not a part of the developments, Hamas will try to challenge the Palestinian Authority and Israel by escalating its terror attacks from Gaza, including launching high-trajectory fire, infiltrating by tunnel or sea, initiating incidents near the border fence between Gaza and Israel, and encouraging terror cells and individual terrorists in the West Bank. Efforts to achieve calm in Gaza will require the involvement of Egypt, the Gulf states, and even Turkey (even though Egypt can be expected to oppose its involvement), as well as changes aimed at restraining Hamas and minimizing its negative influence. The rehabilitation and development of the Gazan economy will require international efforts.
3. Increased fragmentation between the West Bank and Gaza is both a cause for and an effect of Israel's steps toward separation. Hamas will not agree to cede security control over Gaza and will prevent the Palestinian Authority from assuming full control of Gaza, even if the Palestinian Authority demonstrates its ability to govern in the West Bank and to manage civil affairs in Gaza. Nonetheless, in the event of economic prosperity and efficient governance by the Palestinian Authority in the West Bank, the population in Gaza will exert pressure on the Hamas leadership to become involved in the building of the Palestinian state.

Despite the risks, should conditions develop for the process to succeed, it is expected that the Palestinian Authority will cooperate, particularly if the Arab Quartet and the international community are supportive. Implicit in

the process is a potential for creating the conditions for a future settlement. In such a case, Israel will become increasingly more flexible in preparing for future challenges and for returning to the negotiating table, as well as prepared for remaining in the situation for an extended period of time, which is strategically preferable, given its reduced control over the Palestinians.

A hostile entity: It is difficult to identify opportunities in this situation, apart from the strengthening of Israel as a Jewish and democratic state and reduced control over the Palestinian population. The following risks could present themselves:

1. Security cooperation will be terminated with the Palestinian Authority. The Palestinian Authority will not be willing to fight against terrorism because it is perceived as only serving Israel's interests. In the less pessimistic case, the Palestinian security forces will not prevent terror against Israel and Israelis, and in the worst case, they will engage in terror against Israel.
2. The Palestinian Authority will refuse to cooperate in the transfer of powers from Israel, whether civil or military, and will blame Israel for any problem or failure to provide for the needs of the Palestinian population.
3. Terrorist attacks against settlers (in the settlements and on the roads) and against the IDF will increase. This will cause the security situation to deteriorate and will lead to attacks in Israel proper. If members of the Palestinian security forces take part in the attacks, then wide-scale escalation can be expected, including the involvement of Hamas in terrorist attacks and violence from the Gaza Strip.
4. As the situation escalates, organized terror will increase and will involve the Palestinian security forces. This terror will be characterized by shootings on roads and inside settlements, roadside explosions, suicide bombings, attacks against strategic assets within Israel—such as Ben-Gurion International Airport—electromagnetic disruptions of military and civilian communications, damage to the Israeli electrical grid, water sources, and so forth.
5. An economic crisis in the West Bank is highly likely. Due to its instability, the Palestinian Authority's external assistance will be reduced because countries will have no interest in investing in an entity that supports terror. In addition, Israeli policy will likely restrict Palestinian laborers from entering Israel and will become more stringent in its security checks at border crossings. The Palestinian public will become increasingly

frustrated with the Palestinian Authority and Israel. As a result, negative processes are liable to gradually develop, including a Palestinian grassroots uprising (intifada) throughout the West Bank and East Jerusalem, and the collapse of the Palestinian Authority as a result of its lack of functioning and its branding as a hostile entity, which is likely to be a byproduct of the cutting off or reducing contact with it.

6. We can expect that Israel's relations with Jordan will be severely harmed, because Jordan will be concerned about events spreading into its territory and will blame Israel for creating the situation. The relations with Egypt may also be affected, particularly if the situation in the Gaza Strip deteriorates and if Hamas participates in terrorist attacks from the Gaza Strip and encourages terror cells in the West Bank and along the borders.
7. Should the Palestinian Authority, Fatah, and Hamas unite in the battle against Israel, it will serve as a basis for internal Palestinian reconciliation, which will be redirected against Israel.
8. Salafi-jihadi elements will try to exploit the situation in order to create terror cells in the West Bank and to attack Israel from Gaza.
9. The settlers in the West Bank, who will be a target of the terror and violence, will encourage the government—by means of political pressure and provocations—to reoccupy all of the West Bank and to dismantle the terror infrastructures and the hostile Palestinian security apparatuses.

This fundamental situation of a hostile Palestinian entity will lead to a reality that contradicts the idea of separation, which will eliminate the strategic flexibility of both sides due to the increase in terror and violence and the lack of a functioning Palestinian entity. In contrast to the idea of separation, Israel will increase its involvement and security activity in the territory controlled by the Palestinian Authority, perhaps to the point of reoccupying the Palestinian cities and territory. Even if the international community remains silent or reacts favorably to the Israeli course of action, its support will dissipate if the situation intensifies; Israel's actions will be denounced, including statements by the Security Council (assuming that a US veto will be imposed on draft resolutions). The international community assumingly will continue to see Israel as an occupier that is responsible for the situation.

A non-functioning entity: The opportunities in this fundamental situation are as follows:

1. Israel will find it difficult to exploit the opportunities, which, in principle, are implicit in the separation process, except for strengthening its status as a Jewish and democratic state and reducing its control of the Palestinian population.
2. In the scenario of the dissolution of the Palestinian Authority into cantons that are controlled by the leading clans, Israel's assistance to the main forces in each canton could stabilize the situation, provided that the clans are capable of responding to the needs of the population. If the clans are not capable, Israel might retake control over the territory from which it had withdrawn.

The risks in this situation are as follows:

1. The Palestinian Authority will become progressively weaker, which could lead it to the point of collapse, due to having lost its monopoly on the use of force; its inability to provide for the needs of the Palestinian population; corruption within its institutions; the strengthening of the clans and families that have lost its trust in the Palestinian Authority; the loss of legitimacy among the Palestinian population; unmet expectations, and lack of progress toward the goal of establishing a Palestinian state.
2. Even if during the separation process, security cooperation continues between Israel and the Palestinian security forces, it will be ineffective, due to the dysfunction of the Palestinian security apparatuses, its process of disintegration from within, and its loss of legitimacy among the Palestinian public.
3. The weakening and failures of the Palestinian Authority will be reflected in a lack of governance and in the strengthening of the move toward cantons, in which the leading families and clans or the local militia who no longer recognize the legitimacy of the Palestinian Authority take control of their own affairs and reinforce the Palestinian Authority's collapse from within.
4. The weakening of the Palestinian Authority and its lack of functioning will cause an economic crisis, partly due to the cessation of donations and foreign aid. The population will grow increasingly frustrated and will look for alternatives to the leadership of the Palestinian Authority.
5. Non-governance, lack of functionality, dissolution, and instability will provide fertile ground for the growth of terrorist infrastructures, of the Tanzim (the military faction of Fatah), Hamas, and jihadists. Therefore, terrorist attacks against Israel and Israelis will increase, and it will be

difficult to counter them, given the absence of a responsible party that could restore the calm. At this point, the acts of violence could transform into a grassroots uprising, characterized by marches and massive unrest, popular support for terrorist groups, and the creation of an atmosphere conducive to individual terrorism.

6. Israel will be obligated to remove the limitations on the actions of its security forces within the territory under the control of the Palestinian Authority, including the cities, and will assume responsibility for the overall security (and likely civil law and order as well), thus further weakening the Palestinian security apparatuses.
7. The increase in terror will lead to the hermetic closure of Israel's border with the West Bank. Palestinian workers will no longer be allowed to enter Israel, which will make it more difficult for the Palestinian population to earn a decent living and will adversely affect the West Bank economy. In the absence of any reasonable options, more individuals will turn to terror and violence.
8. The IDF will invest greater efforts to protect the settlers, the settlements, their connecting roads, and the border area between Israel and the West Bank, in order to prevent the infiltration of individuals and groups intent on carrying out terrorist attacks in Israel.
9. The settlers, by means of political pressure and provocations, will demand that the government reoccupy all the West Bank and even impose military law. This development could lead to the scenario of annexation (described separately below).
10. The situation in the West Bank will incite the population in Gaza and the terror organizations and will escalate attacks from Gaza against Israel, including the launching of high-trajectory fire, infiltration by tunnels and the sea, marches toward the border fence, and the use of drones and remote-control airplanes.
11. An escalating security situation, a move toward the disintegration of the Palestinian Authority, and loss of control on the ground will exacerbate the tensions between Israel and Jordan, due to Jordanian concerns that demonstrations in support of the Palestinians and terror incidents could spread to Jordan. An analogous situation may also develop between Israel and Egypt.

This is a scenario of failure: the elimination of future options, the collapse of the Palestinian Authority, and Israel's reoccupation of the Palestinian

territories, including imposing a military administration or the annexation of territory. This scenario also could potentially damage the peace prevailing between Israel and Jordan and between Israel and Egypt as well as Israel's international standing. In this scenario, the Arab states and international community will increasingly pressure international organizations that fulfilled various roles—whether assisting in the administration of the Palestinian Authority or creating a buffer between Israel and the Palestinians—to carry out policing missions. Israel's attempts to regain full control of territories in which security and/or civilian control is in the hands of the Palestinian Authority will lead various international forums to condemn Israel and pass resolutions against it. The collapse of the Palestinian Authority may cause international aid to the Palestinian population to possibly be curtailed or even stopped completely. In addition, Israel's international situation will be particularly affected if Israel interrupts the supply of water and electricity to the West Bank as a result of non-payment.

Sensitivity Analysis—The Region

Functioning states that are positive toward Israel: The opportunities in this situation are as follows:

1. The main components in achieving stability and an atmosphere conducive to the peace process between Israel and the Palestinians are the level of functioning of the neighboring states—Jordan and Egypt—and the nature of their relations with Israel, alongside their willingness to be part of a process toward a two-state reality—although not necessarily a permanent settlement—and their willingness to help the Palestinian Authority to continue functioning and to obtain external aid. Particularly important is their view of the separation process and whether Israel can successfully persuade them that moving toward separation is essential in order to overcome the stalemate and to advance toward realizing two states, including a sovereign Palestinian state.
2. The neighboring countries constitute an important layer in the security response, since they maintain security and intelligence cooperation with Israel in order to prevent the smuggling of weapons and the infiltration of terrorists, as well as to thwart development of terror infrastructures in their own territory—terror that could harm them as well as Israel. This cooperation is critical in order to maintain Israel's external security

perimeter and to uphold the security and stability of the Palestinian entity, so that terrorist groups will be unable to exploit the circumstances.

3. Another key component that contributes to the stability of the separation scenario and to realizing its advantages is the assistance provided by regional players to the Palestinian Authority in building a suitable government, a functional economy, and a foundation for the nascent Palestinian state. The position of the Palestinian Authority toward this scenario will considerably affect the conduct of the neighboring countries and on maintaining peaceful relations between them and Israel.
4. If the Palestinian Authority is prepared to accept or even just acquiesce to the scenario of Israel moving unilaterally toward separation, the neighboring countries will have no interest to exacerbate the tensions in the area, and they can be expected to accept the move and even to encourage the Palestinian Authority to take advantage of it. Should the Palestinian Authority cooperate with such developments, there will be a greater chance of promoting regional cooperation—particularly in terms of security as well as economic cooperation—at least with the Arab Quartet. In any case, the Arab Quartet will be expected to pressure the sides to return to the negotiating table; however, should the Palestinian Authority oppose this scenario, the neighboring states will be forced to align with it due to their own internal public pressure and to publicly condemn the process at the very least. Nonetheless, they will not have any interest in increasing the tension with Israel and will seek to maintain a dialog with the two sides in order to prevent escalation.
5. Israel will maintain its intelligence and security cooperation with Egypt and Jordan as long as the processes in the Palestinian territory remain smooth and the Palestinian Authority manages to function and govern. If convinced that the Israeli course of action has potential and will contribute toward realizing the main goal of a two-state settlement, the neighboring states will be able to recruit Saudi Arabia and the Gulf states to support the Palestinian Authority so that it can realize its right to exist.

The risks in this situation are as follows:

1. Fearing illegitimate movement of Palestinians over their borders, the neighboring states will tighten supervision at the border crossings, including restrictions on movement to and from the West Bank and Gaza. These measures will reinforce the feeling of a blockade among the Palestinians and abandonment by the Arab world.

2. The neighboring states will refrain from taking responsibility for the West Bank and will likely blame Israel for any negative developments.
3. If the security calm is maintained, the international community and the Arab states will increase their pressure on Israel to refrain from taking military action in the territories of the Palestinian Authority and will demand to limit Israel's freedom of action.

In summary, the regional states will play a central role in the success of the separation process, should they see it as leading to return to the negotiating table and the realization of two states.

Neighboring states that are non-functioning or hostile: The risks in this situation are as follows:

1. Weak and hostile neighboring states will not be able to provide the political backing necessary for a separation process and will not support continued cooperation between Israel and the Palestinian Authority in such a situation. These states can be expected to cut military-security ties with Israel, to not prevent terror and smuggling across their borders, and even to challenge Israel and force the Palestinian Authority to adopt a hostile stance toward Israel. Similarly, they are expected to support negative and extremist elements in the Palestinian Authority rather than stabilizing and moderating elements. In this scenario, Israel's situation could deteriorate in all aspects.
2. International forums will denounce Israeli attempts to recreate the situation that had existed prior to the separation, while they will downplay the role of the neighboring states in contributing to the arena of conflict. This particularly will be the case in terms of the influence of the Arab Quartet on the international quartet (the United Nations, Russia, the European Union, and the United States).
3. As long as the neighboring states are preoccupied with their own domestic problems to the extent that their stability and functioning is weakened, their contribution to the separation process will be limited, as will be their ability to challenge Israel.
4. Public opinion in the neighboring states against both Israel and the Palestinian leadership, which allegedly would allow Israel to harm Palestinian interests, will be expected to increase. Such developments are likely to undermine the internal security of these states and may even lead them to freeze or terminate relations with Israel.

5. Growing attempts to smuggle weapons into the West Bank and Gaza, as well as attempts by terrorist and Islamic jihadi elements to infiltrate Gaza and the Palestinian Authority, will reduce the operational effectiveness of both the Jordanian and Egyptian armies. In this situation, border incidents with terrorist and jihadi groups, including those operating in the West Bank and Gaza, can be expected, causing tensions to increase between Israel and its neighbors. As a result, Israel will be called upon to substantially increase its military operations along the borders.
6. This scenario will make it impossible to provide economic and diplomatic assistance to the Palestinians and to promote regional economic and security cooperation. Furthermore, Israel will be blamed for any failure or deterioration in the situation.
7. Domestic instability in Egypt and Jordan will strengthen the groups that are hostile to Israel and will cause their governments to take action, including turning a blind eye to terrorist and jihadi actions within their borders against Israel. This will include the infiltration of terrorists to carry out attacks and firing into Israel. This situation will also encourage extremists in Gaza and the West Bank to intensify their efforts to topple the Palestinian Authority.

This situation, which is expected to create security challenges beyond the territories of the Palestinian Authority and the Gaza Strip, will make it particularly difficult to achieve stability and cooperation between Israel and the Palestinian Authority and is liable to accelerate the decline of the Palestinian Authority into a non-functional situation.

Sensitivity Analysis—International Sphere

In the past, the international community has emphasized that their preferred solution is an overall permanent settlement resulting in two states, following negotiations between the sides. The international community has not yet faced a situation in which the two sides agree to an interim and/or partial solution. The positive response to unilateral Israeli moves toward separation will be dependent upon the following considerations:

1. The extent of agreement on the process between Israel and the Palestinian Authority;
2. The degree of support for the process among the relevant Arab states;
3. The similarity between the separation process and the concept of two states for two peoples;

4. The burden that the separation process places upon the international community in each fundamental situation of the Palestinian Authority.

In any case, the international community will continue to view Israel as an occupying force responsible for the situation in the entire territory between the Jordan River and the 1967 demarcation lines, as long as it is not replaced by some other legal status with the consent of the two parties and/or by a decision of the Security Council. The international community is not open to considering an arrangement that is anything but a permanent settlement based on a two-state solution or that, at least, will lead to such a settlement. The international community can be expected to oppose realizing two states not by means of a settlement, unless it is an interim stage on the way to a permanent settlement, whose principles are clear and agreed upon by the sides ahead of time. The international community will form its position based on whether this scenario means continued management of the conflict or a real effort to resolve it. Moreover, it is expected that international entities will refrain from investing in the Palestinian Authority if it does not cooperate with the Israel's moves as well as if the Palestinian Authority assumes a hostile and non-functioning position. In order to receive international economic assistance, Israel will have to provide guarantees that it will not harm the infrastructure that international bodies have created for the Palestinians.

Strategic Implications for Israel

In this scenario, Israel's interests are maintained, namely the preservation of its Jewish and democratic character, security for the state and its citizens, and removal of responsibility for most of the territories and the Palestinian population.

The separation scenario will be feasible when it becomes clear that Israel and the Palestinians are incapable of arriving at a comprehensive settlement even if the Palestinian Authority is responsible, stable, and functioning and has the backing and support of the neighboring states. In order for the Palestinian Authority to cooperate, Israel needs to leverage the advantages for the Palestinians in the event of an agreement, namely the advancement of economic projects and improvement in the Palestinian population's standard of living. Israel's steps that support the realization of two states, in particular, freezing settlement construction outside the settlement blocs and

encouraging settlers to move their place of residence, will send a message that Israel is determined to advance toward a two-state solution.

Separation by means of unilateral Israeli moves, without reaching any understanding and coordination with the Palestinian Authority, will weaken the Palestinian Authority in the long term. If Israel wants to stay ahead of the game with the Palestinian Authority, Israel will need to make concessions, including the curtailment of the IDF's freedom of action in the Palestinian territories, in exchange for stronger security cooperation with the Palestinian security apparatuses. The implementation of separation without any limitation on Israel's freedom of action will weaken the Palestinian Authority and will limit the scenario's opportunities. This is also liable to bring the Palestinian Authority and Hamas closer, which could harm Jordan. Therefore, it is critical to maintain the separation between Gaza and the West Bank and to bolster the Palestinian Authority in the West Bank to the greatest extent possible.

Gaza is an unresolvable problem as long as Hamas is in control and retains an arsenal of missiles, rockets, and tunnels and providing that there is no progress in a genuine internal reconciliation between the Palestinians. In order for Gaza and Hamas not to constitute a spoiler, every positive initiative—including separation and the shaping of a two-state reality—must comprise a parallel project to rehabilitate Gaza. Nonetheless, progress in one area should not be conditional on the other, as Hamas will have veto power, impairing Israel's flexibility. Another constraint is the provision of aid for rehabilitating Gaza without preventing Hamas from gaining power, which will be interpreted as a reward for terror and will hurt the legitimacy of the Palestinian Authority in the West Bank.

If two states are realized, Israel will have the opportunity to improve its position in the region through integration instead of being a fortified “villa in the jungle.” This scenario should include making clear demands to the Palestinians about security and taking responsibility and moving from coordination to full cooperation. At the same time, this scenario has potential for increasing Israel's significance vis-à-vis Egypt and Jordan, which are in need of a strong regional supporter. In the two-state reality, the importance of maintaining the separation between the West Bank and Gaza will diminish, but the Israeli interest to shed responsibility for Gaza will remain. Another challenge relates to maintaining the Palestinian Authority's traditional orientation and preventing it from moving toward alliances with Iran and Russia.

One of the main barriers to agreements between Israel and the Palestinians is the way the Palestinians perceive the solution of the conflict, namely their focus on national liberation, self-determination, and the right to land before having built the necessary political institutions and having prepared them for responsible, functional, and stable governance. This tendency is also reflected in the Palestinian educational curriculum, which denies the rights of the Jewish people to its land, glorifies terrorists as freedom fighters, and accompanies incitement. Similarly, Israeli society is not ready for the concessions required to reach an agreement. Although the Israeli public on the whole supports a two-states-for-two-peoples solution, its vision does not include a “complete” Palestinian state that has full sovereignty but rather “less than a state,” which is demilitarized, free of terrorist threats, and whose sovereignty is only partial.

Security Response

In the separation scenario, the Israeli security response must take into account the deterioration of the Palestinian Authority, from a functional entity that maintains security cooperation with Israel, as it does now, to one that becomes non-cooperative or even hostile. This situation creates security threats of three types: (1) organized terrorist cells that carry out attacks along roads, against settlements, and IDF bases, suicide bombings in Israel’s population centers, and attacks on strategic assets such as Ben-Gurion Airport or civilian air traffic; (2) a grassroots uprising against continuing Israeli control of the territories, including terror attacks by individuals; (3) escalation to an all-out war involving terrorist organizations and the Palestinian security apparatuses (threats on the state level from the Palestinian entity).

Escalation in the West Bank will trigger a parallel situation in Gaza, including launching high-trajectory fire aimed at the communities in the periphery bordering the Gaza Strip and at the population centers in Israel, the use of drones, attempts at infiltration through tunnels or by sea in order to carry terror attacks, as well as the incitement of Hamas and Islamic Jihad terrorist cells in the West Bank and in Israel proper. As the security situation in the West Bank deteriorates, the chaos will intensify and the Palestinian Authority will lose control on the ground—including its ability to restrain terror and violence—and potentially will cause another intifada.

Israel’s security response to these threats is based on a mix of efforts, some basic and others specialized, so that the intensity of the response can

be modified to meet the specific situation. To the extent that the situation is stable and close cooperation between Israel and the Palestinian security apparatuses takes place, it will be possible to minimize the use of certain modes of response, particularly those that disrupt the day-to-day life of the Palestinian population, and to reduce the visibility of the IDF and General Security Services. The response will consist of:

1. Restrictions on arming the Palestinian security forces in order to prevent a military threat against Israel. This can be accomplished by agreement of both sides to a supervisory mechanism and by means of Israeli security checkpoints, as well as the gathering of intelligence.
2. IDF operational freedom of action deep in the Palestinian territory, including urban areas. This is the core of Israel's security approach, and it involves a prolonged effort to destroy the terror infrastructure before it grows, to prevent access to Israeli territory, and to intercept suicide bombers or terrorist cells. If there is greater security cooperation with the Palestinians, Israel will be able to reduce its operations in Palestinian territory, based on the formula that "the more the Palestinian security apparatuses does, the less Israel will have to do." In any case, Israel will not give up its operational freedom of action in defending itself against actual threats.
3. Cooperation with the Palestinian Authority's security apparatuses. This is essential in order to stabilize the situation over time; to transfer responsibility to the Palestinian side wherever possible; to support the ability of the Palestinian security apparatuses to disarm extremist elements; to strive toward a situation of one authority, one law, and one armed entity; and to create conditions that will facilitate the realization of a separation process.
4. Development of an effective Palestinian security apparatuses. Israel should encourage the Palestinian Authority to develop an effective and professional strong security apparatuses in the West Bank and—when conditions allow—in Gaza. This should be done according to the apparatuses' organizational structure and tasks, which will be defined as part of the security arrangements in a two-state reality; that is, responsibility for law and order, dismantling of the terror infrastructure, preventing terror and smuggling, and preventing friction between the populations.
5. Israeli military control in the Jordan Valley. Israeli military control in the Jordan Valley will be necessary in order to prevent smuggling of

weapons and infiltration of terrorists into the Palestinian territory, and to maintain security cooperation with the Jordanian army (although not admitted in public, the Jordanians prefer cooperation with Israel out of fear that the Palestinian security apparatuses have other motives, such as criminal activities, and that they will allow the smuggling of advanced weaponry).

6. Security checks at the border crossings. Security checks both of goods and personal baggage is necessary in order to prevent smuggling of weapons or dual-use components for the production of missiles, rockets, drones, and so forth, as well as to identify and arrest security suspects and persona non grata. The security checks at the Allenby crossing (and also at the Damia Bridge if it is renovated) can be carried out by an international security company that has expertise in operating international border checkpoints and uses remote means of monitoring, which will provide Israel with a reliable picture of the checks being carried out.
7. Cooperation with Jordan and Egypt. This cooperation is essential in order to prevent smuggling and infiltration of terrorist elements. It is also essential in combating Salafi-jihadi groups in Sinai and Jordan and preventing them from creating a foothold in order to carry out terrorist attacks. If a project to rehabilitate Gaza is launched, then Egypt will have an essential role in preventing Hamas from exploiting the project in order to gain power, which will include combating the smuggling tunnels, preventing smuggling, and thwarting any connection between the Salafi-jihadi elements in Sinai and groups in Gaza.
8. Completion of the security fence. The closing of breaches in the fence, along with improving the conditions for Palestinian laborers crossing into Israel to work, is essential in order to maintain the area's stability and calm. Around the Gaza Strip, it is also necessary to complete the under- and over-ground security barriers in order to prevent infiltration of terrorists that wish to carry out attacks in Israeli territory.
9. Economic, social, and employment endeavors. These endeavors are essential for maintaining stability. To this end, efforts should be made to encourage the development of economic and employment infrastructure and to allow greater freedom of movement of goods to and from the Palestinian territory and within it, by reducing the number of roadblocks to a minimum.

10. Protection of the roads used by the settlers. As part of the unilateral separation plan, settler traffic will be redirected in order to avoid friction with the Palestinian population. This will enable protection of fewer roads and better conditions than in the current situation. Nonetheless, it is essential to maintain control of the more strategic roads (roads 1, 443, 5, 35, 80, and 90) and to ensure the security of the traffic of the settlers and the IDF.
11. Protection of the settlements. This task will continue until the more isolated settlements and the clusters of settlements deep in Palestinian territory are evacuated. Defense of the settlers and the settlements will be more sensitive than in the current situation, due to the dynamic conditions and the need to not provide the opponents of separation among the settlers any pretext and means to torpedo the scenario.
12. Control of airspace and the electromagnetic space. The lack of strategic depth and the minimal time and room to maneuver needed in order to intercept threats from the air—whether manned or otherwise—will require consolidated Israeli control of the airspace. Nonetheless, the Palestinians can be included in supervision of civilian air traffic and they can be compensated for Israel's use of Palestinian airspace. In the electromagnetic domain, a mechanism for coordination can be created, while taking into consideration Palestinian civilian needs.
13. Protection of Ben-Gurion Airport. In order to prevent direct or high-trajectory fire at the runways, as well as shooting at descending aircraft with shoulder-fired weapons, Israel needs to maintain security control of the ridges overlooking the airport and the land along the runways. According to the unilateral separation plan, most of these areas are within the settlement blocs that Israel is interesting in keeping in any case.
14. Intelligence gathering abilities. In order to provide warning of terrorist activity and to neutralize terrorist infrastructures, the freedom to gather intelligence must be maintained on three levels: electronic, human, and visual.
15. Israel must continue to act against threats originating from Gaza and discourage the Hamas government from permitting attacks against Israel from Gaza. This can be accomplished by determined and systematic deterrence. This requires effective border security procedures and tight cooperation with the Egyptian army in Sinai in order to prevent the terrorist buildup, smuggling into Gaza through the tunnels, and infiltration of

extremist Salafi-jihadi elements into Gaza, which will attempt to create chaos and use terror against Israel.

Scenario 4: Annexation—Application of Israeli Law to all of Area C

Characteristics

In this scenario, Israeli law is applied to parts of Judea and Samaria, as was done in East Jerusalem in 1967 and in the Golan Heights in 1981. The practical implication of this move is the annexation of the territory to the State of Israel (even if it is not defined as such by Israel). Currently, Israeli law does not apply in Judea and Samaria, including the settlements; in contrast, the local laws, which were valid until 1967, continue to be valid, in addition to laws enacted by the commander of IDF forces in the region. With respect to the settlements, the commander issues municipal directives that have adopted numerous arrangements from Israeli law, such as in the areas of education, welfare, and local government.

Several different options of annexation are possible: (1) The municipal territory of a small number of defined settlements, such as Maaleh Adumim; (2) The municipal territory of defined blocs, such as Gush Etzion; (3) All Israeli settlements according to their defined jurisdictions; (4) All or some of the Israeli settlements, including the territory that provides access to them, which is beyond their jurisdiction; (5) Area C; (6) All territory in Judea and Samaria (not analyzed here since it is equivalent to the one-state scenario, which is discussed separately).

The territory would receive the same status as that of the State of Israel and would no longer be considered from Israel's perspective as held/occupied territory. Accordingly, the military government would no longer have any power in this territory, military law would no longer apply in these areas, and instead the Israeli authorities would hold all powers. The IDF would continue to operate in these areas but would be subject to the restrictions imposed by Israeli law. If the annexation includes territory outside the jurisdictions of Israeli settlements, Palestinian laws that currently apply there would no longer be relevant.

The act of annexation would constitute an explicit violation of the Interim Agreement, which prohibits the sides from unilaterally changing the status of the territory in question. In addition, annexation would be a violation

of international law, which prohibits the annexation of occupied territory. Annexation is also in violation of Security Council Resolution 2334, passed in December 2016. Moreover, annexation, even if carried out on a limited scale, is a major political act, which would be perceived by the vast majority of the international community as illegal and lacking legitimacy.

According to Israeli law, any concession by the government of territory upon which Israeli law is applied will require a referendum, unless it is approved by eighty members of Knesset. Therefore, annexation will make it difficult for any future political process that involves giving up these territories.

Moreover, annexation on a large scale, especially if it includes large areas of Judea and Samaria in which there will be two separate systems of law—one for Israelis and one for Palestinians—is liable to create a reality of “apartheid” that will lead to the destruction of Israel’s democratic values.

Providing legal backing for such a move will harm the status and power of the judicial system in Israel, both internally and externally. Prior steps may be taken to weaken the judicial system in order to preclude its intervention. Such actions will overall impair the government’s supervisory mechanisms and the ability to protect civil rights and the state’s democratic values. In addition, annexation is likely to lead to an internal rift within the Israeli public, between supporters and opponents, as well as a crisis involving Israel’s Arab citizens.

In terms of applying Israeli law in all of Area C, four points are relevant:

1. Area C constitutes about 60 percent of the West Bank. It also includes large agricultural areas that are cultivated by Palestinians residing in Areas A and B. About 50,000 Palestinians are registered as living in Area C, although according to estimates, more than 100,000 Palestinians actually live in Area C.
2. Currently, the Palestinian Authority has jurisdiction (over the Palestinians) in Area C in the areas of education, health, taxation, industry, and so forth. In addition, it has authority over certain types of infrastructure, such as water. The cancellation of these powers means that Israel will have to pass laws in these areas and supply all of the services to the Palestinian residents of Area C, unless Israel decides to allow the Palestinian Authority to continue exercising its control in territory to which Israeli law has been applied (subject to the continued existence of the Palestinian Authority, as discussed below).

3. All residents of Area C will receive the status of residents of Israel (like the population of East Jerusalem). They will also have the possibility of requesting Israeli citizenship, although it will not be automatically granted and will also require, among other things, a declaration of loyalty to the State of Israel.
4. Although Area C will be considered part of the State of Israel, it will be difficult to fully impose restrictions on the entry of Palestinians into the State of Israel. It will be necessary to allow residents of Areas A and B to pass into Area C, so they are not placed under a blockade and to allow them access to their land located in Area C. If there is no control of entry of Palestinians into Area C (and it is difficult to see how this could be done effectively given the volume of traffic and the length of the boundary), it will have to be maintained between Israel and Area C in order to prevent the free passage of Palestinians into areas within the Green Line.

Feasibility

This scenario will require Israel to pass legislation. Israel will have to make numerous amendments at both the practical and legal levels in order to annex all of Area C, and it is particularly difficult to implement. Presumably, the international pressure will be significant, in particular from the US administration, which will reduce the feasibility of the government approving such legislation. Furthermore, annexation will be met by opposition within Israeli society, particularly if it is on a large scale. Therefore, the feasibility of this scenario is low. Apart from that, the moves toward annexation will lead to vehement opposition from the international community, also reducing its feasibility. Again, the greater the scope of annexation, the more intense the opposition will be.

Sensitivity Analysis—Palestinian Sphere

By annexing large areas, particularly all of Area C, Israel will be perceived as having totally abandoned the two-state solution and as keeping the Palestinians under Israeli control without an end date. The Palestinian leadership will respond with extreme reactions and the Palestinian public will level harsh criticism. The wider the annexation, the more severe the reactions will be. Annexation will harm the relations between the Palestinian Authority and Israel and could sever relations, including the cooperation in security and

other domains. Palestinian efforts against Israel in international forums would likely intensify. In addition, this scenario will lead to the weakening of moderate elements in Palestinian society and possibly to their loss of influence. In contrast, this scenario would strengthen the extremist elements such as Hamas who call for continuing the armed struggle against Israel and could potentially cause violent strife. As a result, this scenario is expected to weaken the Palestinian Authority and possibly lead to its collapse.

A functioning Palestinian entity that is positive toward Israel: Given the aforementioned, the chances of a functioning Palestinian entity that is positive toward Israel in this scenario are low. Even if the Palestinian Authority continues to function and is positive toward Israel, the expected annexation will undermine its relations with Israel. The Palestinian Authority will also reduce cooperation in all domains, including the security cooperation, which will lead to an increase in the scope and intensity of terror and violence on the ground. The Palestinian Authority will continue its efforts at restraint as long as it feels that this activity still serves its interests. However, the greater the annexation, the higher chance that the Palestinian Authority will view progress toward a permanent settlement as having no chance of success, and this will influence its decision whether to continue to cooperate with Israel. The lack of cooperation will reduce Israel's response capability and is also likely to result in Israel's assuming responsibility for the Palestinians in civilian domains.

A hostile Palestinian entity: A hostile entity is expected to operate against Israel using all available channels, including the involvement of the Palestinian security forces, whether by refusing to act against armed organizations that seek to attack Israel or even by encouraging them, as well as in the international arena by supporting diplomatic activity against Israel.

A hostile entity will seek to hinder Israel's ability to control areas that have been annexed. To the extent that Palestinians will be living in the annexed areas, they will be pressured to act against Israel, while exploiting the freedom of movement granted to them. This reality will create major security challenges, particularly in Judea and Samaria, although these challenges will also spill over into Israel. Frequent confrontations can be expected with the Palestinian population in Area C, which will be in constant strife with the Israeli authorities.

A non-functioning Palestinian entity: Under this scenario, Israel will be forced to retake control of the territory of the Palestinian Authority and

assume responsibility for the Palestinians and all that this implies from an organizational and budgetary perspective. In this reality, the differentiation between Palestinian residents of the annexed territory who will become Israeli residents and other Palestinians (who will also find themselves under Israeli control) will constitute another point of friction. Hostility and acts of violence can be expected due to the lack of control and the absence of the Palestinian security forces. A high level of strife can also be expected among the civilian population, as well as difficulties in distinguishing between Palestinians in Area C and the rest of the Palestinians, who will also return to being under Israel's responsibility.

Sensitivity Analysis—The Region

The intensity of the region's reaction and the degree of damage to its relations with Israel will depend upon the scope of annexation. Annexation will meet with harsh criticism by all states in the region and will harm the relations with them. The regimes in Egypt and Jordan will face public pressure that may force them to adopt uncompromising positions toward Israel and the steps it has taken. This will be reflected in their declarations, in the damage to diplomatic relations, and also in the scope and depth of security relationships, which are influenced by shifts in public opinion. Annexation assumingly will make it difficult for these countries to continue cooperating with Israel, apart from what is absolutely necessary from their point of view. In particular, it will be difficult to maintain cooperation that has any external visibility. Annexation will also strengthen elements in the region that are hostile to Israel and will weaken the voices in support of maintaining relations with Israel.

Neighboring countries that are functioning and positive toward Israel:

As a result of the annexation, tension can be expected between Israel and the Palestinians, in addition to international pressure. The countries that have signed peace treaties with Israel, as well as the pragmatic Arab countries and Turkey, can be expected to significantly curtail cooperation with Israel up to the point of complete termination, which will make it even more difficult to deal with various threats, such as those from Gaza and Sinai, as well as on the border with Jordan.

Hostile neighboring countries: These countries are expected to support the Palestinian side in any event of friction, and none of these countries will

prevent various sources from providing assistance to hostile Palestinian groups, up to the point of direct involvement in the struggle against Israel.

Sensitivity Analysis—International Sphere

The international community will react proportionately to the scope of annexation and its implications for a future two-state solution. If the US administration expresses support for annexation or a lack of opposition, the implications on the international level will be less severe. However, the US administration is expected to oppose annexation given the regional implications—with emphasis on the position of the Sunni states—and because annexation explicitly goes against the US policy over the years. The rest of the international community will vehemently oppose annexation. International organizations, including NGOs and civil society organizations, will express strong criticism. The call for a boycott of Israel will increase, as well as legal steps against Israel. Another likely reaction will be the cutoff of international aid to the Palestinian Authority and shifting the economic burden of Palestinian society onto Israel.

Strategic Implications for Israel

The charged reality is expected to feed cycles of hostility and incitement and lead to an increase in all kinds of violence—from massive demonstrations to organized terrorist attacks as well as by individuals. The Israeli settlements in Judea and Samaria, the settlers, the roads, and IDF forces will continue to be targeted. Special focus will be given to attacks on the settlements in the annexed territories and along the security barrier, whose symbolism in this context will be even more pronounced. Also expected are increasing attempts to carry out terrorist attacks in Israel and greater difficulty in preventing them given the absence of cooperation between Israel and the Palestinian security forces. Israel will be required to carry out more military operations in Palestinian territory on its own initiative, as a result of the anticipated termination of any cooperation, and is liable to encounter resistance from Palestinian security forces. While Israel is more powerful, it can be assumed that such operations, which will be accompanied by casualties on the Palestinian side, will lead to intense criticism.

If the annexation scenario leads to the collapse or inability to function of the Palestinian Authority, Israel assumingly will have to reoccupy all of its territory. Should the Palestinian Authority collapse, Israel will find

itself responsible for the Palestinian population, including the urban areas, and all that that implies from a logistical and budgetary perspective. This development will require the IDF to revise its missions, which will become more intense and continuous in the entire area, in order to ensure security and to carry out its responsibility for maintaining public order and all aspects of the Palestinians' lives, including in densely populated and hostile areas where people are armed and weapons systems are located.

Annexation may cause the Palestinians in Gaza, Lebanon, and Syria—with the support of Hezbollah—the Assad regime in Syria, and Iran to decide to open a hostile front against Israel. Under these conditions, the risks of escalating into a multi-front confrontation will increase. It is also possible that the international community—the US administration included—will reduce its aid to Israel and will create obstacles to its approval, even aid needed to deal with a broad military conflict. If annexation is carried out in spite of the explicit opposition of the US administration, Israel will likely face punitive American measures at all levels, including in security assistance, diplomatic backing, and economic cooperation. American Jewry assumingly will also oppose annexation and will not support Israel on the US domestic front. Following annexation, various countries, including the European Union, will likely suspend cooperation with Israel and will even take diplomatic steps, such as the return of ambassadors and the imposition of sanctions on Israel.

The Security Council will undoubtedly consider a resolution against Israel. The resolution will pass only if the United States does not veto it, which is dependent upon US-Israel relations as well as on US-UN relations. If a resolution against Israel is passed, it is likely that subsequent resolutions will include sanctions against Israel. Moreover, annexation is expected to accelerate criminal investigations against senior Israeli officials in the International Criminal Court.

Security Response

Israel will continue to control the security of the entire area, having full freedom of operation in Area C and in the other areas to a degree. Israel will control the external parameters. The IDF will have to deploy a large number of forces to maintain the security situation in the West Bank and Gaza, at the expense of other missions and preparing for war on other fronts.

Scenario 5: One State without Equal Rights for the Palestinians

Characteristics

This scenario involves one state from the Mediterranean Sea to the Jordan River and does not include the Gaza Strip. One law will apply to all of the territory. The Israeli military government will be dismantled in addition to the Palestinian Authority (or it will remain as an autonomous entity within the framework of a single state).

Some 2.4 million Palestinians in Judea and Samaria will be added to Israel's population, although the exact number is disputable. The state will be Jewish in its foundation and will prevent the Palestinians from achieving equal civil rights so that they cannot change the state's Jewish character, although it is possible that the Palestinians will be given autonomy. If the state has two separate judicial systems—one for Israelis and one for Palestinians—it will result in a reality of “apartheid.”

This scenario will directly confront the state's democratic values, as well as create internal conflict within it. This scenario will weaken the democratic system in general and lead to a built-in denial of human rights and individual freedoms. Judicial backing for processes that systematically discriminate against the Palestinians will weaken the judicial system's status and power as well as Israel's supervisory mechanisms. Overall, protecting the individual and maintaining the state's democratic values will be eroded. Within this context, the Israeli public will suffer a rift between supporters of the one-state solution and its opponents. In addition, this scenario will lead to a total schism with Israel's Arab citizens.

Feasibility

There is no way that the Palestinians will consent to a single state; by definition, this is a unilateral move on Israel's part. So not to provide equality to all of its citizens and to discriminate against the Palestinian Arabs in the state, the state will have to fundamentally change the way it defines itself, which will lead to conflict with its judicial establishment. In addition, large sectors of the Israeli Jewish public and, even more so, the Arab public will fiercely oppose this move. Moreover, implementing built-in inequality will lead to conflict with the United States and other countries and will leave

Israel without any allies. It is difficult to assess whether a responsible regime in Israel would adopt such a course.

There is the possibility of moving into a one-state reality, namely imposing Israeli sovereignty, whether formally or de facto by creating facts on the ground in parts of Judea and Samaria and by preventing any practical possibility of territorial separation between a viable Palestinian entity and Israel. Such a state will come very close to the one-state scenario, even if two types of citizenship are never explicitly defined.

Sensitivity Analysis—Palestinian Sphere

This scenario will depend upon the dissolution of the Palestinian Authority. Any attempt to leave it as an autonomous entity that manages the day-to-day lives of the Palestinians will likely be unsuccessful, given that the Palestinians are not expected to cooperate in such a framework. It would be a setback in relation to their present situation and their hopes for the future. Implementing this scenario would therefore face Palestinian refusal, making it difficult to dissolve the Palestinian Authority, to impose Israeli law in the areas currently under Palestinian control, and to impose authority over a hostile public. Given the absence of Palestinian institutions that could aid the Palestinians, a high level of conflict to the point of anarchy with the Palestinian population can be expected. In addition to the opposition of the Palestinian public, including increasing violence and terror, confrontations will likely occur between the Palestinian security forces—who will oppose their dissolution—and the IDF.

In this scenario, the likelihood of Palestinian autonomy is very small and not worthy of analysis. Nonetheless, if a Palestinian political framework remains and retains some powers in Judea and Samaria, it will most likely be hostile to Israel. Such an entity will work to undermine the stability of the one-state scenario in any way possible, including by force and through diplomatic and judicial channels.

Sensitivity Analysis—The Region

The states in the region are expected to harshly condemn the move and can be expected to take action against Israel. The move will likely pose a risk to the peace agreements with Jordan and Egypt. If large-scale violence occurs, the Arab nations are likely to provide assistance to the Palestinians. In any case, cooperation with the government of the one state cannot be expected.

Neighboring states that are functioning and positive toward Israel: The states in the region will refuse to assist in stabilizing the security situation. It is highly likely they will close their borders in order to prevent the violence from spilling over and the Palestinians from fleeing into their territory.

Hostile neighboring states: The hostile neighboring states will cease any kind of relations and cooperation with Israel. They will no longer prevent the smuggling of weapons and infiltration of terrorists into Israel. They are likely to encourage schisms within the state and to support elements that try to harm its security and undermine its stability.

Sensitivity Analysis—International Sphere

Following the Israeli move, harsh condemnation can be expected, including the possibility of severing diplomatic relations and imposing sanctions by various governments and even by the Security Council. In particular, relations between Israel and the United States will likely be damaged, having lost the common denominator of democratic and liberal values that have bound the two nations. Similarly, relations with diaspora Jewry will be harmed, including with American Jews, most of whom have a liberal world outlook. The scenario will provide ammunition for the campaign against Israel as an “apartheid” state, based on the precedent of South Africa.

Strategic implications for Israel

1. This scenario will severely compromise the democratic character of the state, to the point of the demise of Israeli democracy and the abandonment of liberal values. The scenario will also require the weakening of democracy’s “watchdogs,” i.e., the judicial system, the media, and civil society organizations, which will emasculate the system of checks and balances in the government.
2. The scenario will create a threat of increased tension between the Palestinian and Jewish populations in the state in all aspects of life and on a daily basis.
3. In this scenario, Israel will have to take responsibility for all matters, both civil and security, in the territories that today are under the control of the Palestinian Authority. Israeli activity in these territories, among a hostile population, will create a major security challenge.
4. Palestinians can be expected to fiercely oppose annexation. The scope of terror and violence will increase, as a result of the Palestinians’ lack

of hope to achieve their national aspirations and their leadership's lack of cooperation with Israel, which will also intensify the opposition.

5. Arab citizens of Israel may be forced to choose sides and to join forces with Palestinian groups that operate against the state.
6. The scenario may even deteriorate into a civil war.
7. If Gaza remains outside the framework of one state it will remain a potential source of instability without any solution on the horizon, even if it is included in the one state. The loss of hope among the residents of Gaza will likely lead to greater violence.
8. In the case of large-scale hostility between Jews and Palestinians within the state, states in the region are likely to intervene on behalf of the Palestinians.
9. The international arena, including the US administration, is liable to refrain from providing any assistance to Israel for security needs in the Palestinian sphere or any other and it may even assist the other side against Israel.
10. The scenario is likely to distance diaspora Jewry from the State of Israel and from supporting it, due to the conflict with democratic and liberal values.
11. Heavy international pressure can be expected, to the point that the United States will terminate its assistance and support. Similarly, various states and organizations, including the Security Council, are expected to engage in boycotts and sanctions.
12. Israel's economy may be harmed by having to address the needs of the Palestinian population. This is particularly the case given the expected loss of international economic assistance, including from the United States.
13. If indeed countries cut off ties with Israel and/or impose sanctions on Israel, Israel's economy will be affected, and Israel will experience a decline in the standard of living.

Scenario 6: One State with Equal Rights for the Palestinians

Characteristics

This scenario involves one state from the Mediterranean Sea to the Jordan River, which could or could not include Gaza. One law will apply to the entire territory. The military government will be dismantled as will the Palestinian Authority (or it will remain as an autonomous entity within the framework of one state). The one-state scenario will encompass the population of the State of Israel and the 2.4 million Palestinians in Judea and Samaria (and if Gaza is included in the scenario, another 1.8 million Palestinians would be included, making 4 million Palestinians in total); there is some dispute over the exact number. All the state's citizens will enjoy full equality, including the Palestinians, and in this framework they will enjoy the right to vote and be elected, freedom of movement, and freedom to choose their place of residence, and equal opportunity. It also means that Israel's immigration policy will be the same for Jews and Palestinians; that is, either the Law of Return will be cancelled or an equivalent law for Palestinians will be added. Such a state may be Jewish by definition with full rights for the Palestinian minority but the Jewish character of the state cannot be guaranteed, since it is likely to change if non-Jewish elements come to power. Another possibility is that the state will be defined as binational or as a state without any nationality (a nation of all its citizens).

Feasibility

The chances of arriving at a consensus on implementing this scenario within Israeli society are negligible. A single egalitarian state will require basic changes to the fundamental definition of the state, with the implication that it may give up the state's Jewish character and transform into a state of all its citizens or a binational state. In addition, the Palestinians are unlikely to agree to this scenario since it will require them to give up their aspirations for a national state and similarly will require them to live as a minority with equal rights in a Jewish state or in a binational or non-national state. From an economic point of view, the one state would burden the Israeli economy, due to the need to provide for the Palestinian inhabitants and given the huge gap between the Israeli and Palestinian economies.

Sensitivity Analysis—Palestinian Sphere

If the scenario is implemented, theoretically it will end the Israeli-Palestinian conflict and will serve as the basis for cooperation between the two peoples; however, the likelihood of success is quite low. More likely, the move will lead to severe criticism from wide swaths of the population on both sides. The sharing of a state between Jewish and the Palestinian populations will create hostilities at every level, which is liable to deteriorate to the point of a civil war. Reaching a consensus on many issues will be difficult, due to the national, religious, social, economic and ideological differences. One example is realizing the Palestinian refugees' right of return to places where they had once lived. The economic gap between the two communities will also lead to tensions, which is liable to cause a rise in crime and violence. Finally, should the move include Gaza, the region will remain a focus of instability and a threat to security.

In this scenario, the Palestinian Authority will not exist in its present format. A Palestinian autonomous entity with civil powers over the Palestinian population could be formed, and if functional and not hostile, it could take on part of the responsibility borne by the state. If it is hostile, then it will assume part of the hostility and will even fan the flames. If it is non-functioning entity, Israel will have to provide a direct and indirect response to the needs of the Palestinian population.

Sensitivity Analysis —The Region

The states in the region are expected to welcome this scenario. Nonetheless, if the situation descends into civil war, they are likely to intervene on behalf of the Palestinians or at least assist them indirectly. In any case, if a civil war breaks out, cooperation with the Jewish side is not expected.

Neighboring states that are functioning and positive toward Israel: States in the region that are positive toward Israel could help in stabilizing the situation in the case of hostilities and could assist in countering elements that try to violate its equilibrium. However, these states will seek to prevent the spillover of the Palestinian population into their territory and, conversely, are likely to encourage the immigration of Palestinians to the new one state.

Hostile neighboring states: Most likely, there will be no security or strategic cooperation with the one state. These states are likely to encourage dissent within the new one state and to support elements that will try to undermine its security or stability.

Sensitivity Analysis—International Community

International support for this scenario can be expected if indeed the state encompasses full and genuine equality. This scenario assumingly will only be implemented as a result of an agreement with the Palestinians or following heavy intervention by the international community that forces the solution on Israel.

Strategic Implications for Israel

1. This scenario constitutes a threat to the continued Jewish character of the state, and this threat will intensify if the one state also includes Gaza.
2. This scenario will cause increased hostility between the Palestinian and Jewish populations in the state in all aspects of life and on a daily basis.
3. The scenario will require Israel to be responsible for the day-to-day functioning of the territories, including civil and security matters, which are today under the jurisdiction of the Palestinian Authority. Activity in these populated territories among a hostile population will constitute a major security challenge.
4. Jews who oppose this scenario will be hostile to it and are liable to create pockets of violent resistance against the state.
5. The scenario is liable to cause the state to deteriorate into civil war.
6. In the case of extreme hostility within the state between Jews and Palestinians, countries in the region are likely to intervene on behalf of the Palestinians.
7. If Gaza is not included in the one state, it will remain a focus of potential instability, without hope of a solution on the horizon; therefore, the inhabitants of Gaza will experience a complete loss of hope, which is liable to lead to greater violence.
8. The scenario is liable to distance diaspora Jewry from identifying with and supporting the state, especially should the state lose its Jewish identity.
9. The Israeli economy may be affected since it will have to provide for the needs of the Palestinian population.

Chapter 3: A Comparative Mapping of the Security Threats and the Israeli Responses

Based on the analysis of the scenarios, the security threats with which Israel could contend are relevant to most of the scenarios, although they differ in levels of intensity and gravity. This chapter presents the threats from various perspectives and in a comparative framework, while relating to their gravity and the response to them.



Figure 9. Assessment of threats

The severity of the threats in the various scenarios can be classified according to three levels, where each level is represented by a different color:

1. Threats of high severity due to a limited ability to respond

2. Threats of medium severity due to a partial ability to respond
3. Low intensity threats severity due to low intensity or the ability to respond effectively

A matrix of four variables in two categories (see Figure 7 on p. 21) is used to present an additional perspective for analyzing the threats, which focuses on the conditions in the Palestinian sphere. One category relates to the level of the Palestinian entity's commitment (is it hostile to Israel, meaning an offensive approach, or is it cooperative with Israel, meaning a consensual approach) while the other relates to the Palestinian entity's level of functioning (a functioning entity or a non-functioning entity). The combination of a hostile and non-functioning entity is the most dangerous from Israel's point of view, due to its not taking responsibility, and Israel's inability to establish the rules of the game, even in the face of a hostile entity. The combination of a functional and positive or cooperative entity is optimal for Israel and has the lowest threat level.

The Israeli response to the possible situations derived from the cross-section of categories in the matrix can be analyzed on two levels: (1) an Israeli response that relies upon cooperation with the Palestinian entity; (2) an independent Israeli response. In the case of consensus, the threats will remain but the motivation to carry out terror attacks will be reduced and an independent Israeli response will become less critical, while more significant weight will be attributed to cooperation with the Palestinian security forces. This level of analysis can assist decision makers in evaluating the threat severity in each scenario.

In formulating a response to the security threats, the framework of the response is relevant to most of the scenarios and the threats that accompany each scenario:

1. A demilitarized Palestinian entity, limiting the size of the Palestinian security forces and the weapons at its disposal
2. Israeli security control of the West Bank's security parameters
3. IDF freedom of action in the entire territory
4. A security fence/barrier between Israel and the territory of the Palestinian entity
5. Israeli superiority in intelligence
6. Access routes for use by the IDF in an emergency

7. The capability of independent response that is not dependent on the abilities or desire of other players (the principle that Israel needs to be capable of protecting itself with its own forces)
8. Internal security subject to the responsibility of the Palestinian security mechanisms: policing, law and order, and security measures based primarily on the capabilities and willingness of the Palestinian entity
9. Gradual implementation of agreements/arrangements conditional upon the Palestinian entity's ability to implement them.

To these components, security cooperation should be added in three circles. In all the scenarios (apart from the one-state scenario), it is important to achieve cooperation and a high level of coordination with the Palestinian security forces and to maintain intelligence and security cooperation with Egypt and Jordan. Cooperation in the third circle, namely with other states in the region, is also relevant in all the scenarios, but its implementation is conditional on arrangements between Israel and the Palestinians on the basis of a two nation-state solution.

Each scenario has unique components; even if some of them are not security-related, they are nonetheless necessary in order to improve the response. Thus, for example, promoting the creation of economic infrastructure for the Palestinians and increasing the number of work permits in Israel both will contribute to stability and security. In addition, provisions for the movement of people and goods within the Palestinian territories and access to and from the territories should be considered a component of the security response since they will contribute to improving the Palestinians' day-to-day life. Freedom of access and worship at the holy places, especially the Temple Mount, and at other sites such as the Tomb of the Patriarchs in Hebron, should be part of the security response. Efforts should be made to avoid friction between Jewish and Muslim worshippers at sites that are significant to both (such as the Tomb of the Patriarchs and Joseph's Tomb in Nablus).

The Palestinian Authority will be responsible for ensuring that the security forces are able to fulfill tasks of internal security and policing (enforcement of civil law and order), as well as effectively counter terrorists and their infrastructure. As long as the Palestinian security mechanisms are determined to deal with the internal challenges, all while maintaining intelligence and operational cooperation with the Israeli security forces, Israel will be able to reduce its level of intervention and activity in the Palestinian territory. The tension between Israel's permanent need for operational freedom of

action under the conditions of a settlement and in the reality of security cooperation with the Palestinian security forces and the insufficient level of functioning by the Palestinian security forces—particularly should the threats become more acute—must be emphasized.

Israel cannot abandon the buildup and maintenance of a variety of independent capabilities (the basic components) in its response to the security threats in the various scenarios. The buildup of capabilities and their maintenance does not mean that they will be fully deployed in every scenario and under every condition; their very existence serves as a deterrent to the Palestinians. The need to deploy independent capabilities at some level of intensity will be determined by the relevant scenario, by the type of Palestinian entity, and by the threats in that scenario. On this basis, it is possible to characterize or define the range of intensity in the deployment of the various capabilities.

Shortfalls in the Security Response in the Various Scenarios

As a result of having analyzed the severity of the threats under the different scenarios and the quality of the responses, a number of shortfalls were discovered that are relevant to all the scenarios:

1. Failure in Palestinian functioning due to problems of governance and internal instability;
2. Tension between the basis of the democratization of the Palestinian state/entity and its expansion (freedom of speech and assembly, including criticism leveled at the Palestinian regime) on the one hand and good relations with Israel on the other, which is liable to adversely affect the quality of security cooperation. This is due to the fact that Palestinian public opinion and the political and religious opposition are highly critical of cooperation with Israel and accuse the leadership of the Palestinian Authority of putting its survival and its interests above those of Palestinian society;
3. Restrictions on the IDF's freedom of action, under the conditions of an arrangement and cooperation with the Palestinian security forces. This shortfall will arise primarily in the case of poorly functioning Palestinian security forces. The expansion of Israel's freedom of action may lead to a political crisis and will harm security cooperation. This problem will be more pronounced in the two-state scenario, in which Israel will be under the constraints of international law and will also be hesitant to violate

the sovereignty of the Palestinian side. In this scenario, Israel will not be able to prepare ahead of time any infrastructure within the Palestinian territory for military deployment in case of emergency, even should a military threat develop from east of the Jordan River;

4. The presence of a third party will reduce Israel's military/security freedom of action. The more responsibility that a third party has, Israel will have less freedom to take independent action. The dependence on a third party will become increasingly problematic as long as the Palestinian state/entity is weak and non-functioning and as long as the mandate of that third party is limited (for example, the mandate of UNIFIL does not allow it to expose terrorist infrastructure in Lebanon's urban areas).

The severity of the security threats has been classified into several categories: terror, grassroots violence, threats from the Palestinian entity, and threats from neighboring states. Most of the potential threats are relevant to all the scenarios. The nature and intensity of the threats is derived according to three levels of analysis:

1. The sensitivity of the scenarios in relation to the fundamental situations toward Israel—three fundamental situations in the Palestinian sphere, two fundamental situations in the regional sphere, and another three fundamental situations in the international sphere;
2. The severity of the threat, which is examined according to four variables: the scope of the threat, its immediacy, its frequency, and the extent to which it threatens Israel's population centers;
3. Quality of the reciprocal relations between the need and the ability to employ Israel's independent capabilities and the effectiveness of cooperation with the Palestinian entity.

In the two-state scenario with a settlement, if the Palestinian state is stable, responsible, and functioning, the severity of the threats will be the lowest and the mix of threats less complex and less problematic. In this case, it will be possible to build an effective response. In contrast, in the one-state scenario, threats will arise primarily in the domestic sphere and will involve a high level of risk, even to the point of threatening the ability of the state to function. These threats do not exist in the other scenarios and could potentially lead to an internal civil war, as well as to the loss of Israel's Jewish and democratic identity.

Apart from the basic capabilities needed to respond to security threats, Israel has additional capabilities that are unrelated to security, which can

be used to reduce the intensity of a threat or the motivation to develop it, as well as improve the response to it. These measures are “soft” in nature, such as increasing the number of work permits granted to Palestinian workers; granting greater freedom of movement in the West Bank; reducing the friction between the IDF and Jewish settlers in the West Bank on the one hand and the local Palestinian population on the other; providing assistance in development of the nascent Palestinian state’s infrastructure and economy; allocating territory in Area C that is adjacent to Areas A and B for economic and infrastructure development in order to benefit the Palestinians or for Palestinian residential development; engaging in joint economic projects; and creating joint industrial zones; and so forth.

Moreover, the intensity and severity of security threats are not only a result of factors within the Palestinian sphere as they are also affected by Israel’s conduct and the nature of the response. The very existence of a peace process and a reconciliatory atmosphere also will have an effect on the types of threats and on the motivation of the Palestinian security forces to counter them. On the other hand, progress in the peace process could also intensify threats from parties that view a settlement as a threat to the Palestinian national and religious vision.

Security cooperation with the Palestinians is highly important for handling the security threats. This is also true regarding cooperation with the neighboring states—Jordan and Egypt—whose goal will be to prevent the spillover of negative phenomena, such as the infiltration of terrorist and jihadi elements and the smuggling of weapons. The political reality (which scenario prevails) and the Palestinian entity’s position will determine the level and quality of cooperation. There is an inverse relationship between the level and quality of security cooperation on the one hand and Israel’s operational freedom of action and the employment of its basic capabilities on the other. The higher the level of security cooperation, the less freedom of operation the IDF will have in the Palestinian territory. Israel will be able to tolerate this inverse relationship as long as the Palestinian entity deals efficiently with the security threats in its territory. The reality will become more complicated, however, if indeed security cooperation takes place and the Palestinian security forces make an effort to counter terror; because their capabilities are limited, however, the only option for countering the security threats will be independent Israeli action deep in Palestinian territory. A more complicated and dangerous situation is the collapse of the Palestinian

entity and deterioration into chaos. In this case, Israel will have to employ a variety of its capabilities and on a scale that could include reoccupying the entire West Bank.

Table 1. The security response to threats in relation to the fundamental situations of the Palestinian entity and the characteristics of Israel’s response: Independent capabilities or cooperation

Fundamental situations of the Palestinian entity	Israel’s independent capabilities	Cooperation with the Palestinian Authority
A deteriorating entity	There are no rules of the game in the absence of a responsible entity. Israel will have to utilize its capabilities independently, to the point of reoccupying the territory and imposing a military regime/government.	Security cooperation will have no meaning since the level of functioning of the Palestinian security forces will be low-to-non-existent. The level of the threats is very high due to the chaotic reality.
A hostile but functioning entity	High-intensity hostility is expected when Israeli capabilities are employed unilaterally; however, Israel has the ability to deter a hostile but functioning entity and to require it to play by agreed-upon rules of the game. The use of independent capabilities will create pressure on the Palestinian security mechanisms to prevent terror and violence against Israel and even to return to a more committed and effective framework of cooperation.	A low and ineffective level of security cooperation and an increase in the level and intensity of the threats. Ability to bring in a third party, such as Egypt or Jordan, in order to restrain hostile Palestinian activity against Israel.
A functioning, cooperative entity	Limited ability to maintain freedom of action in security matters. On the assumption that the high level of cooperation between the sides reduces the intensity of a threat, Israel will not require freedom of action on a major scale. The problem will become more serious when, despite the cooperation, the security threats from the Palestinian security mechanisms do not deal sufficiently with security threats from the territory of the Palestinian entity. In this case, Israel will require independent action, which is expected to be met by opposition from the Palestinian entity.	A high level of security cooperation and likelihood of an appropriate response to security threats from the territory of the Palestinian entity.

Conclusion: The Main Insights

During this research, we reached several general insights and have chosen to present them here, given their significance. The internal processes within the Palestinian sphere and the relations between it and Israel, as well as regional processes influence the differing fundamental situations of the Palestinian Authority (functioning and cooperative with Israel, hostile toward Israel, or failing and non-functioning). Under certain conditions, Gaza could be an independent entity that is separate from the West Bank and the Palestinian Authority. This situation is not included in the sensitivity analyses of the scenarios, although threats and challenges originating from Gaza were considered in the various scenarios. Moreover, shifts between scenarios are possible, as are hybrid scenarios (for example, the combination of a functioning and cooperative Palestinian entity that turns a blind eye to specific cases of hostile activity against Israel from its territory), primarily in the longer term.

The two-states-for-two-peoples scenario: This scenario requires the pragmatic Arab states to assist in achieving an effective and functioning Palestinian state and to reinforce cooperation with it, as well as to ensure that it fulfills the agreement and security commitments. Furthermore, this scenario should also include establishment of formal relations with Israel and its inclusion within the region, while Egypt, Jordan, and perhaps other Arab states should be included in regional security arrangements. The two-state reality can be implemented first in the West Bank, with implementation in Gaza being conditional upon a change in conditions and regime.

Separation: This scenario enables Israel to maintain its interests in the reality of an impasse in the peace process and eliminates the possibility of the Palestinians being able to veto initiatives to renew the peace process, while it also prevents gliding toward a one-state situation that will harm

Israel's interests. Steps toward separation will create options for the future, such as a return to negotiations for a two-state solution; however, this scenario has risks, as moving toward separation may harm the position of the Palestinian Authority, which is likely to interpret it as the occupation being perpetuated by other means. Therefore, coordinated steps toward separation are preferable and they should be presented as a transitional stage on the way to a two-state reality. The chances of this scenario succeeding will increase if the Palestinian Authority is stable and functioning. In this situation, it is important to maintain the separation between Gaza and the West Bank in order to prevent the strengthening of Hamas and its taking control in the West Bank. In the case of genuine reconciliation between the sides, it can be used as leverage in order to restore the Palestinian Authority's full control—both civilian and security—of Gaza.

Annexation of Area C: It is highly likely that this scenario means the end of the political settlement and will lead to a hostile Palestinian Authority or one that intentionally allows itself to collapse, thus increasing the dominance of Hamas and even reinforcing Salafi-jihadi elements; it will also constitute a risk to the control held by the relatively moderate elements in the Palestinian sphere, such as Fatah. Annexation, particularly if it is carried out on a large scale, will gradually deteriorate into a one-state reality and will eliminate any possibility of implementing two states for two peoples. Another implication of large-scale annexation is that it threatens the existence of the Palestinian Authority. The Palestinian Authority most likely will refuse to cooperate with Israel, will assume a hostile position, and may even encourage violence and terror. The annexation process will harm the relations between Israel and the pragmatic Arab countries and will reduce Israel's cooperation with Egypt and Jordan. Furthermore, annexation is likely to encourage internal friction within Israel, which will affect internal solidarity and may even lead to overt hostility between the camps.

All the scenarios converge into two possible situations, namely two states (full or limited Palestinian sovereignty) or one state (even if it is not officially defined as such). It is highly probable that the continuation of the current situation, as well as the annexation scenarios, will result in a one-state reality, even if the intention is not declared and the intentions are not clarified.

In all the scenarios, except for the one-state scenarios, Israel has an interest in maintaining the existence of a Palestinian Authority that is responsible,

stable, and functioning and with which it can engage in security cooperation in countering terror and Hamas. A strong Palestinian political entity is considered a moderating factor in this context.

Israel has greater room to maneuver regarding the Palestinians' national goals and less with respect to their religious motives. Therefore, Israel needs to strengthen the Palestinian Authority under Mahmoud Abbas or his successors, on the assumption that they will continue his policies, and avoid undermining or weakening it. Nonetheless, without any significant progress toward a Palestinian state, the Palestinian Authority will find it difficult to maintain security cooperation with Israel over time and to rebuild the public's confidence in it. The Palestinian Authority will also find it challenging to deal with Hamas, which advocates an "Islamic solution" to the Israeli-Palestinian conflict. Continuing the current situation and the various annexation scenarios will weaken the Palestinian Authority to the point that it will lack the legitimacy to coordinate with Israel, with respect to both security and state functions, while at the same time, religious motives will be strengthened.

Stabilizing or improving the security situation is not possible without considering the interests and emotions of the other side. Therefore, it will not be enough to aspire to the desired end state; rather, it is highly important to pave the way to it, so that it is at least the two sides acquiesce to it, if they do not agree explicitly. Even the reality of a two-state arrangement, however, will likely be unstable due to the fragmentation and rivalries within both Palestinian society and in the region and also in Israeli society. However, in the case of a settlement, the conditions may be more favorable for managing instability, and it is reasonable to assume that the situation may be less severe than what could develop in the other scenarios.

Israel requires extensive freedom of action, which is the basis for its approach to dealing with terror infrastructures and preventing them from building power; that is, neutralizing or eliminating terrorists' abilities before they become a threat. Nonetheless, there is an inverse relationship between Israeli freedom of action and the stability of the Palestinian entity: the more freedom Israel has, then the less stable the Palestinian entity will be, which the Palestinian public perceives as collaborating with Israel and therefore subject to criticism. The weakening and undermining of the internal stability of the Palestinian Authority constitutes a security threat and therefore Israel must constantly balance between safeguarding and utilizing its freedom

of action in the Palestinian territory while also maintaining the stability of the Palestinian entity. A sufficient response to the various security threats is impossible if the IDF does not have freedom of action in the entire territory. The way to bridge the gaps is based on the formula that the more the Palestinian security apparatuses do to deal with terrorist elements, the less the IDF will be required to operate in the territory of the Palestinian Authority.

The nature of the conflict during the era of President Abbas, who abandoned the armed struggle and channeled it to the international arena, means that the international community perceives Israel as the oppressor, which underlies the efforts to delegitimize it. Under the current conditions of the Abbas regime, the majority of the international community and the UN (the General Assembly) recognize a Palestinian state. This serves to block the option of annexation while preserving the two-state option. At the same time, the reality that is taking shape is empowering the voices of those in the Palestinian camp who propose abandoning the two-state solution in favor of one state with full and equal rights for all its citizens. When Abbas leaves the stage, the existing regime will likely weaken, along with its anti-terror policy.

Gaza is a problem with no solution in the foreseeable future. There is only a slight chance that the Palestinian process of reconciliation will succeed and that Hamas will give up control of security in Gaza, despite its willingness to transfer civilian control to the Palestinian Authority. Given Gaza's difficult economic, infrastructural, and social situation, it will require a massive project to solve the humanitarian problem and rehabilitate its infrastructure, dependent upon the assistance of the pragmatic Arab countries, namely Egypt, Saudi Arabia, and the Arab Emirates, as well as the international community. Transferring civilian responsibility for Gaza to the Palestinian Authority, on the basis of a reconciliation agreement, would constitute an opportunity to initiate such a project, so that the Palestinian Authority—rather than Hamas—would be credited for its success. It is important that the reconstruction project be managed by an international taskforce, which would verify that the investments are channeled to civilian uses and are not used to empower Hamas.

The international community is not open to ideas other than those that lead to a two-state solution or at least a permanent status agreement. It opposes the creation of a two-state reality without an agreement, unless it is an interim stage on the way to a permanent agreement whose main points are clear

from the outset. Therefore, it is expected that the international community will judge any scenario by the extent to which it reflects a strategy of conflict management while maintaining the existing political-territorial framework or by aspiring toward a resolution of the conflict.

Some in the right-wing of Israeli society, as well as in the Arab public in Israel and among the Palestinians, prefer a one-state solution to the conflict, while ignoring the fact that the two national-religious groups do not have any intention or ability to merge with the other. Nonetheless, there is a danger of deteriorating into a one-state situation, whether the result of ideology—as in the case of the two extreme ends of the spectrum on both sides—or due to the lack of leadership on both sides, who are unable to make far-reaching strategic decisions with any historic significance and therefore retreat to their “comfort zone” of maintaining the political-territorial status quo. On the assumption that this situation does not change in the short term, the option of reaching and implementing a two-state solution becomes less feasible, and the likelihood of one of the other scenarios occurring increases.

Most of the Israeli public would like to separate from the Palestinians and still supports a two-states-for-two-peoples solution. Support for separation and the willingness to pay the price for it will increase should the Israeli public clearly understand and internalize the implications of one state with equal rights (for example, the Law of Return being replaced by the right of return) as well as without equal rights (an undemocratic state). At that point, an active opposition to this option will emerge. In any case, Israeli society will not agree to equal rights for Palestinians in a one-state scenario. An attempt to create a situation of equality will not be stable, since a Palestinian struggle will develop to close gaps and to achieve equal rights. Under these conditions, the potential for a violent conflict is liable to lead to civil war.

One of the main obstacles to reaching an agreement between the Israelis and the Palestinians is that the Palestinians focus on advancing toward their goals in the peace process, while continue to engage in incitement against Israel, and without giving sufficient attention to the practical aspects of creating a stable and functioning state. In addition, Israeli society is not yet ready for the concessions necessary for reaching a settlement. The public, even though it supports a two-states-for-two-peoples solution, rejects a Palestinian state with full sovereignty in all aspects and would consider only an entity short of a state. Under these conditions, there is greater risk that the conflict will intensify and that it will shift to a more religious conflict.

At the same time, even if a two-state solution is achieved, a number of questions without satisfactory answers remain, such as the ability to implement the agreement; the chance that peaceful relations will develop between the states and the peoples; the consequences of violating the agreement; and the effect of the situation in Gaza on the ability to reach and implement an Israeli-Palestinian permanent status agreement.

INSS Memoranda, February 2018–Present

- No. 186, December 2018, Udi Dekel and Kobi Michael, eds., *Scenarios in the Israeli-Palestinian Arena: Strategic Challenges and Possible Responses*.
- No. 185, December 2018, Assaf Orion and Galia Lavi, eds., *Israel-China Relations: Opportunities and Challenges* [Hebrew].
- No. 184, November 2018, Gabi Siboni, Kobi Michael, and Anat Kurz, eds., *Six Days, Fifty Years: The June 1967 War and its Aftermath*.
- No. 183, October 2018, Meir Elran, Carmit Padan, Roni Tiargan-Orr, and Hoshea Friedman Ben Shalom, eds., *The Israeli Military Reserves: What Lies Ahead?* [Hebrew].
- No. 182, August 2018, Dan Meridor and Ron Eldadi, *Israel's Security Concept, The Committee Report on Formulation of the Security Concept* (Meridor Committee), Ten Years Later [Hebrew].
- No. 181, August 2018, Avner Golov, *The Israeli Community in the United States: A Public-Diplomacy Asset for Israel*.
- No. 180, August 2018, Gabi Siboni and Ido Sivan Sevilla, *Cyber Regulation* [Hebrew].
- Special publication, July 2018, Udi Dekel and Kim Lavie, eds., *A Strategic Framework for the Israeli-Palestinian Arena* [Hebrew].
- No. 178, July 2018, Carmit Padan and Meir Elran, *Communities in the Gaza Envelope – Case Study of Social Resilience in Israel (2006-2016)* [Hebrew].
- No. 177, June 2018, Yotam Rosner and Adi Kantor, eds., *The European Union in Turbulent Times: Challenges, Trends, and Significance for Israel*.
- No. 176, June 2018, Udi Dekel and Kobi Michael, eds., *Scenarios in the Israeli-Palestinian Arena: Strategic Challenges and Possible Responses* [Hebrew].
- No. 175, May 2018, Yotam Rosner and Adi Kantor, eds., *The European Union in a Time of Reversals: Challenges, Trends, and Significance for Israel* [Hebrew].
- No. 174, April 2018, Avner Golov, *The Israeli Community in the United States: A Public-Diplomacy Asset for Israel* [Hebrew].
- No. 173, March 2018, Meir Litvak, Emily B. Landau, and Ephraim Kam, eds., *Iran in a Changing Strategic Environment*.
- No. 172, February 2018, Meir Litvak, Emily B. Landau, and Ephraim Kam, eds., *Iran in a Changing Strategic Environment* [Hebrew].

Scenarios in the Israeli-Palestinian Arena: Strategic Challenges and Possible Responses

presents the results of research conducted at the Institute for National Security Studies, which examined the security and strategic threats and challenges Israel faces in several possible scenarios in the Israeli-Palestinian conflict. The research focused on the strategic challenges to Israel in each of these scenarios and Israel's possible responses to them.

The memorandum addresses six scenarios: 1) a continuation of the status quo (conflict management); 2) two states by mutual agreement; 3) unilateral Israeli moves to separate from the Palestinians; 4) annexation of the settlement blocs and Areas C; 5) one state with full rights for Palestinians; 6) one state with limited rights for Palestinians.

Most scenarios clearly demonstrate that the existence of a responsible, stable, functional Palestinian Authority with which Israel can cooperate on matters of security is critically important because both Israel and the Palestinian Authority have a shared interest in combatting terrorism and Hamas. The research also demonstrates that strengthening components of statehood in the Palestinian Authority will serve as a restraint in future security contexts.

Overall, the scenarios lead to two possible conclusions: two states (with full Palestinian sovereignty or limited Palestinian sovereignty) or one state (with full rights for all or without full rights for all). The probability is high that preserving the current situation or annexing territories would lead to a one-state reality by default, without declaring intentions nor clarifying the ramifications.

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