



Special Publication

A Strategic Framework for the Israeli-Palestinian Arena

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Kim Lavi



המכון למחקרי ביטחון לאומי

THE INSTITUTE FOR NATIONAL SECURITY STUDIES



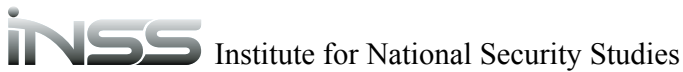
אוניברסיטת תל אביב
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The Institute for National Security Studies (INSS), incorporating the Jaffee Center for Strategic Studies, was founded in 2006.

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March 2019

מתווה אסטרטגי לזירה הישראלית – פלסטינית

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Foreword

A New Paradigm for Israel on the Palestinian Issue

Amos Yadlin

The last thirty years have seen an intense ideological struggle in Israel between two contradictory paradigms concerning the Israeli-Palestinian conflict. The first paradigm is the “two-state-agreement-now” solution. It reflects the belief that it is both necessary and possible to end the conflict immediately and arrive quickly at a signed peace agreement that will lead to the founding of a demilitarized Palestinian state, coexisting peacefully alongside Israel, based on modified June 4, 1967 borders. The second paradigm is a one-state paradigm veiled behind a “status quo preservation effort.” Based on the premise that as long as a negotiated agreement is unattainable, there is no other way to address the conflict but for Israel to continue to control, in one way or another, the entire West Bank, build and expand settlements, and deny the Palestinians the right of self-determination.

But the truth is that both of these paradigms are unrealistic, and the dichotomy between them is artificial. The two-state solution is indeed moral and noble, but the essential conditions are lacking: there is no Palestinian leadership that is capable of reaching an agreement and has enough political weight to implement it, and there is no united and stable Palestinian system capable of effective and secure governance. Accordingly, attempts to reach a two-state permanent status agreement through the Oslo Accords (1993), the Camp David Summit (2000), the Annapolis process (2008), and the Kerry initiative (2013-14) have failed miserably, and are bound to fail again, lacking the necessary conditions. However, preserving the status quo, which is tantamount to a strategy of conflict management, is an illusion. In fact, it

leads to an inevitable reality of one state, which endangers the very existence and future of a secure, prosperous, and just Jewish democratic state.

In order to untie this dangerous Gordian knot, and following extensive research conducted by the Institute for National Security Studies (INSS) together with senior Israeli security experts, INSS has constructed a third paradigm, presented here to Israel, the Palestinians, the Arab states, and the international community. The contention is that lacking the conditions to achieve the peace of its dreams in the near future, Israel must do all it can now to arrest the slide into an untenable one-state reality by adopting an innovative, flexible, and adaptive strategy. The strategy seeks to effect a paradigm shift by proactively creating the conditions for successful future agreements. Combining bottom-up and top-down efforts, it adopts a three-pronged integrated approach: bilateral, regional, and independent.

Bilateral: Eyeing a horizon of peace, Israel will avow its fundamental willingness to reach a comprehensive permanent status agreement, if the Palestinians recognize Israel's right to exist, agree to an end-of-conflict without a right of return into Israel, and acknowledge the legitimacy of Israel's security needs. In the meantime, however, Israel will visibly strive to improve the Palestinians' conditions and encourage their emergence as a stable and reliable partner, through partial agreements and informal arrangements, while adamantly safeguarding its own stability and security.

Regional: Pragmatic Middle East countries will be invited to participate in a regional process to advance conditions for peace between Israel and the Palestinians. The Arab Peace Initiative can serve as a basis, but not a diktat, for this new process. The leaders of pragmatic states, many of whom have developed behind-the-scenes relations with Israel, will find it easier to assist and support the framework politically and materially once it proves to reflect genuine, substantive progress toward the end of this conflict.

Independent: To avoid a deadlock due to a Palestinian veto or lacking a capable partner, Israel maintains an independent strategic alternative. Navigating conditions toward its desired future and destiny, it will determine borders that will safeguard its Jewish identity, its democratic character, its long term security, and its international legitimacy.

Built on these overarching principles, the INSS framework calls on Israel to redouble its commitment to a two-state solution that is based on parameters that allow it to thrive securely. Following this commitment, Israel will freeze all settlement construction beyond the security fence and gradually transfer

additional West Bank land to Palestinian Authority control. These two steps allow a contiguous Palestinian area, encompassing up to 65 percent of the West Bank, which could serve as a substantial territorial basis for a long and meaningful process of Palestinian nation building. At the same time, a comprehensive development plan will dramatically transform the West Bank economy, mobilizing regional and international support led by the United States, Europe, and other interested parties.

In order not to repeat the mistakes of the unilateral withdrawal from Gaza, Israel will maintain full security control of the Jordan Valley and preserve its full operational freedom to both prevent and counter terrorism. It will not annex the major settlement blocs, but will allow further building therein. Thus, a new reality will be inaugurated in the West Bank, improving the political, economic, and civic welfare of the Palestinians and allowing them freedom of movement, while ensuring Israel's security, stability, and future. The two-state vision will continue to guide both sides as a common horizon, and an ongoing strategic dialogue will enable resumed peace negotiations at any time, when conditions ripen for success.

Adopting the principles of this third paradigm will provide hope through deeds, beyond words alone. It will help to hedge against dashed expectations of peace-at-hand deepening the destructive forces that have led Israel and the Palestinians to inevitable clashes – and to perpetuation of the conflict. The new paradigm devised at INSS is neither nostalgically dogmatic nor messianic. It does not offer any simple or immediate solution, but entails a long and complex process that while not risk-free, will dynamically continue forward movement. It identifies the two-state solution as its clear destination, recalculating courses according to actual conditions, and seeks to progress along the most efficient and available routes, while attempting to circumvent obstacles in the most realistic manner.

In the final analysis, this new paradigm, which is both creative and realistic, offers Israel the only possible strategy to extricate itself from the present problematic status quo that leads to a one-state reality. To the United States, it offers a realistic and success-focused strategy – which reflects the transactional, groundbreaking, and practical approach of the current administration – showing the Palestinians that time will not work in their favor by adhering to their current intransigence. To the regional partners, the framework confers the legitimacy they need to work shoulder-to-shoulder with the United States and Israel for peace and against Iran. To the Palestinians,

it provides a genuine horizon of hope and proffers an opportunity to launch a constructive process that will allow young Palestinians to live in dignity while pursuing the road to future independence. For Israel, it provides the ability to use its current, unprecedented power to fortify the future of the Jewish democratic state.

Much time and too many lives have been lost because of the addiction to the unattainable “two-states-agreement-now” paradigm, and the dangerous allegiance to a paradigm that will inexorably lead to “one-state-tomorrow.” It is time for Israel to shape its destiny and guarantee its future as the national homeland of the Jewish people. It is time to embrace a third paradigm that is integrative, adaptive, practical, and creative. Only a new strategy and a gradual yet determined and ongoing process can create stable Israeli-Palestinian coexistence and give real hope to both Israelis and Palestinians to live side-by-side, in peace, security, and dignity.

Executive Summary

The public and political discourse in Israel today about the future of the Israeli-Palestinian conflict is grounded in a conceptual binary approach that was formed over the last two decades: striving to resolve the conflict by negotiating a permanent status agreement based on the principle of two states for two peoples between the Jordan River and the Mediterranean Sea, or continuing to manage the conflict, as has occurred since 1967. Given that Israel and the Palestinians are currently enmeshed in a political deadlock, the Institute for National Security Studies (INSS) formulated a political-security framework for action on the Palestinian issue that has two objectives: to improve Israel's strategic position and to prevent it from sliding into a one-state reality. The gist of this framework is to design an improved situation that will retain future options for the end of Israel's rule over the Palestinians in the West Bank, and ensure a solid Jewish majority in a democratic Israel. In other words: the objective of the framework is to prepare the groundwork for a two-state reality for the purpose of preserving a Jewish, democratic, secure, and moral Israel.

Within the scope of strategic planning, and based on the insights gleaned from comprehensive study, a research team examined the key alternatives discussed in the public and professional discourse regarding the Palestinian issue.¹ It found that the most stable alternative that enables Israel to contend with future challenges in the best possible way while preserving Israel's unique character and its fundamental and security interests is the alternative that advocates political, territorial, and demographic separation from the Palestinians leading gradually to a reality of two states for two peoples.

1 These alternatives are: two states for two peoples; one state for all its citizens; one state without equal rights; transitional arrangements; annexation of Area C; Israeli-Palestinian federation; Israeli-Palestinian confederation; Palestinian-Jordanian confederation; one space for two states; independent separation steps; continued conflict management; regional arrangement.

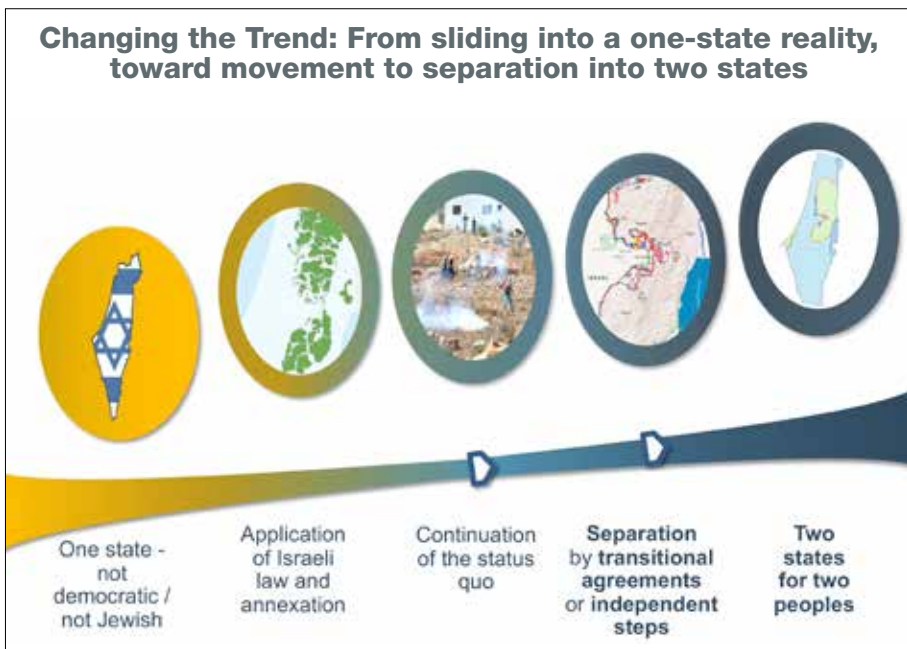
In light of the current obstacles to a comprehensive permanent status agreement with the Palestinians built on parameters that are critical for Israel, the framework presented here proposes measures that serve Israel's interests and offers a variety of options for the future – even in the absence of a Palestinian partner to a permanent status agreement – in order to progress toward political, territorial, and demographic separation from the Palestinians, and to create long range strategic stability. From that point, Israel will be able to pursue additional political alternatives carefully and gradually, as it deems appropriate. The proposed framework hopes to recruit domestic support among the Israeli public, and allow Israel to reach understandings with the international community, the pragmatic Arab countries, and the Palestinians themselves. Above all, it reflects Israel's resolve to shape its own future.

The framework does not propose an end state or a final political status agreement, but rather, a way to create an improved strategic reality that will enable Israel to reinforce its vital interests and retain most of the options in its own hands.

The new approach that defines the framework is built on the need to change the paradigm. The longstanding model of direct negotiations between Israel and the Palestinians resulting in a permanent status agreement and the establishment of a peaceful Palestinian nation state making no further claims of Israel is currently an impossible scenario. However, in order to proceed toward a reality of two states, a comprehensive permanent status agreement is not essential. It may be achieved in other ways, such as approaching it from the opposite direction: not from an agreement on a reality of two states, but rather, building conditions enabling the reality of two states, and later, moving toward an agreement. In other words, promoting a reality of two states can be a significant catalyst for ultimately achieving a comprehensive agreement that will resolve most of the issues on the agenda. A comprehensive agreement must remain Israel's objective, but until it is achieved, it must take action in order to create the conditions that are needed to design a safe and stable reality of separation.

The framework combines the benefits of three tracks. (1) The negotiations track will be expressed in transitional arrangements, which are partial and sometimes very specific arrangements, subject to the logic that any agreement in the course of negotiations is implemented immediately (unlike the failed formula that “nothing is agreed until everything is agreed”); sometimes they

will be simply understandings as part of the cooperation with the PA (moves that are acceptable but do not require a signed agreement to be viable). (2) At the same time there will be a regional track, to provide legitimacy to both sides, together with guarantees and collateral for political progress and aid to the PA on the economy and infrastructure. (3) In any case, Israel will retain the ability to promote independent separation steps that prove the seriousness of its intentions and create the conditions for further advances toward agreed separation, while depriving the Palestinians of the veto over moves that in Israel's view serve its clear long term political and security interests.



Highlights of the Framework

The main advantage of the framework is the modularity that facilitates considerable flexibility: it enables Israel to choose continually among the alternative modes of action, but also allows it to pull back, depending upon the changing conditions in its strategic environment.

What follows are the framework's driving principles:

- a. *Strengthen security elements* while minimizing the friction with the Palestinian population, maintaining the IDF's freedom of action throughout

- the West Bank, from the Jordan River westward, and cooperating with the Palestinian Authority's (PA) security apparatuses – the more they do, the more the IDF can reduce its operational activities in Palestinian territory.
- b. *Anchor Israel's political, security, and territorial interests* in the West Bank in preparation for future agreements, and in order to improve Israel's strategic position in the absence of political progress. The framework demonstrates Israel's intentions to advance political, demographic, and territorial separation from the Palestinians and thereby create the conditions for a two-state reality.
 - c. *Strengthen Israel's regional standing and international legitimacy* through regional-security, political, and economic-infrastructural cooperation.
 - d. *Strengthen Palestinian governance, economy, and infrastructure*. To this end, gradual action – taken with international assistance – will improve the PA's performance and expand its powers. Inter alia, areas will be allocated for economic and infrastructure development and for building a foundation for a future functional independent Palestinian state.
 - e. *Adopt a policy of differential construction in the West Bank*. Construction will continue in the settlement blocs – west of the security fence – that are within the broad public consensus as a permanent part of Israel and in accordance with Israel's positions in previous negotiations. At the same time, construction will be frozen in isolated settlements deep in the territory, and government support for their expansion will end. The issue of evacuating settlements will be raised only within the context of a permanent arrangement with the Palestinians.
 - f. *Demonstrate a clear preference for agreed courses of action* (or at the very least, coordinated courses of action) between Israel and the Palestinian Authority. However, even without Palestinian consent, Israel will be able to take steps toward separation by taking independent actions according to its interests, thereby neutralizing the Palestinian veto, which is one of the main reasons for the political deadlock.

Framework Stages

Israel will declare its commitment in principle to a two-state solution, and will be willing at any time to enter direct negotiations toward a comprehensive status agreement. Concurrently, Israel will begin implementing the principles of the framework on the ground in order to progress in separating from the PA and ending Israeli rule over the majority of the Palestinian population in

the West Bank. In order to achieve international support for the framework – including Arab support – Israel will not only express willingness to enter negotiations, but will be required to present parameters for a permanent status agreement. If the negotiations hit a dead end or fail, Israel will be able to proceed with implementing the framework and designing a stable political, security, and civil reality that is better for Israel over time.

Israel will take action to complete the security barrier, which will also demarcate the separation line and Israel's territorial interests for the future, and will declare that it is freezing construction in the isolated Israeli settlements located in Palestinian territory east of the barrier. In addition, Israel will declare that up to 20 percent of the territory of the West Bank is of security interest (most of which is in the Jordan Valley, including strategic sites and transportation routes), and will remain under Israeli control until agreement is reached about security arrangements that satisfy Israel and until an effective and responsible Palestinian entity is established.

Israel has an interest in the establishment of an effective, stable Palestinian Authority that cooperates with it in progressing toward a political solution. Therefore, Israel will take the following measures in order to support and strengthen the PA:

- a. Israel will transfer security authorities in Area B to the PA, similar to the authorities it now has in Area A, so that a uniform Palestinian region will be created (A + B) that will be the foundation for the future Palestinian state, and in the meantime might serve as a Palestinian state with provisional borders. This territory extends over nearly 40 percent of the territory of the West Bank, and is home to more than 95 percent of the Palestinian population in the territories.
- b. To encourage the Palestinian economy and expand the area for Palestinian communities, Israel will allocate up to 25 percent of Area C for the development of infrastructure and economic projects, and will transfer Palestinian-populated areas that extend beyond Areas A and B to Area C to Palestinian control. Combined efforts with the international community will be made for the establishment of industrial and green energy enterprises, tourism and hi-tech ventures, residential construction, and other projects. At the initial stage, Israel will not transfer security and planning authorities to the Palestinians in these development regions, but they will be “ready and waiting” and gradually transferred to the Palestinian Authority if it cooperates with the development.

- c. The Palestinian territory will be contiguous; a contiguous transportation system will be established in the West Bank from north to south, thus reducing the daily friction between the IDF, the Jewish residents, and the Palestinian population; and the obstacles to Palestinian economic development will be removed.
- d. An economic program will be launched with the short-term objective of improving the Palestinians' standard of living and the long-term objective of encouraging Palestinian economic independence, which will enable economic separation from Israel. Establishing an ad hoc international mechanism to promote this objective is necessary.

These measures will enable infrastructures to be built for an independent Palestinian entity on a significant portion of the West Bank (up to 65 percent of the territory). During this stage, Israel will continue controlling the remaining territory; of this, approximately 10 percent will be defined as settlement blocs that Israel aspires to retain as part of Israel in any future agreement with the Palestinians.

Israel will strive to achieve international recognition of its efforts and will demand international quid pro quo, primarily a commitment to support the framework even in the event of a failure in the bilateral negotiations track. In addition, Israel will demand: a renewal of the US commitments as worded in the letter from President Bush to Prime Minister Sharon (2004); the establishment of an ad hoc international mechanism for Palestinian economic development, which will ensure its effectiveness and prevent corruption; PA commitment to prevent terrorist activities and violence; and recognition of the security arrangements that Israel requires.

A solution for the Gaza Strip problem is not a precondition to the advancement of this framework. It is crucial to mobilize international efforts in every way possible to improve the humanitarian situation in the Gaza Strip and to rehabilitate infrastructures in exchange for the establishment of an international mechanism that will take action to stop the military buildup of Hamas and other terrorist groups. Israel should advance this issue in parallel to its implementation of the framework in the West Bank, as well as independently of it.² Israel should act to create the conditions that will

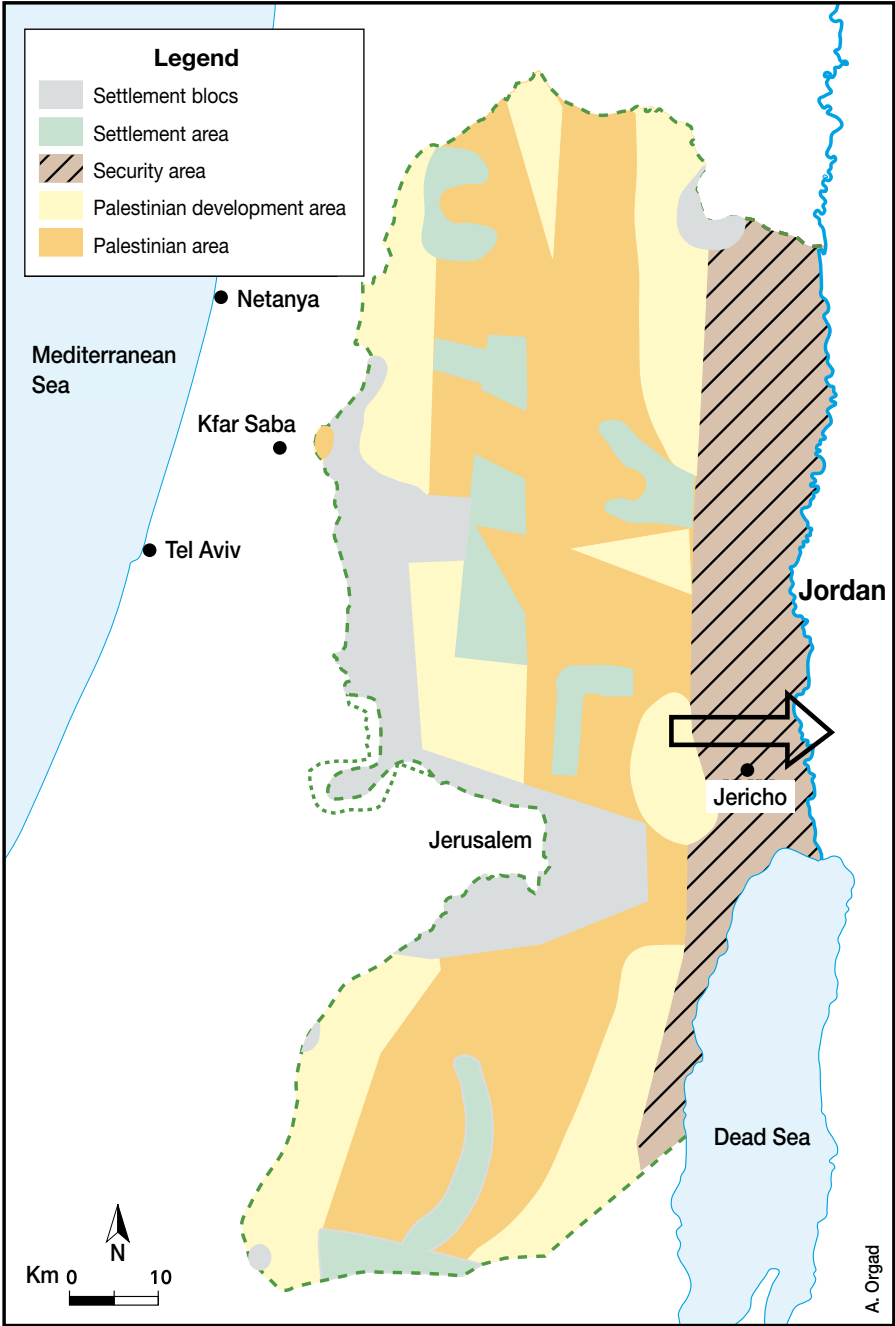
2 Anat Kurz, Udi Dekel, and Benedetta Berti, eds., *The Crisis of the Gaza Strip: A Way Out* (Tel Aviv: Institute for National Security Studies, 2018).

enable the return of PA control in the Gaza Strip through an international aid package that would be granted only to it and not to Hamas.

The reality emerging on the ground will create a more convenient political and international basis for Israel to proceed along additional tracks in the future according to its security and political considerations. Transitional arrangements with the Palestinians can be established, under the principle that “everything that is agreed upon is implemented,” while abandoning the “all or nothing” approach. If the PA plays a positive role, and in order to advance political arrangements, Israel can agree to discuss establishing a Palestinian state with provisional borders; this would change the nature of the Israeli-Palestinian conflict from a battle for national liberation to an inter-state conflict based on direct negotiations to achieve a political agreement of two states. In the event of a complete lack of Palestinian cooperation, Israel can proceed with independent separation measures according to its interests.

The long and in-depth research study of the range of possibilities available to Israel led to the conclusion that the proposed framework is viable today. It preserves Israel’s security interests and national values, and enables the recruitment of regional and international support. It does not call for evacuating Israeli settlements in the near future, and affords Israel room to maneuver politically. At the very least, the proposed framework substantially improves the current reality: it stops the trends that are dangerous for Israel that have been erroneously dubbed “the status quo,” but in essence comprise a slow slide toward the major national risk of a one-state reality, without any ability to separate from the Palestinians.

Schematic Map for the Proposed Framework



The Research Methodology

A research team was formed at the Institute for National Security Studies (INSS) to formulate the most suitable political framework for Israel as it contends with the present and future challenges embodied in the conflict with the Palestinians. The objective was to identify a policy and outline steps to its realization, so as to preserve a Jewish, democratic, secure, and moral Israel.

The team, which conducted intensive research over the course of 2017, included professionals with firsthand experience and expertise on the Israeli-Palestinian conflict; some were active participants in the various rounds of negotiations with the Palestinians in recent decades. A steering committee composed of former government and security establishment officials helped oversee and guide the process and critiqued the research findings and recommendations. The research focused on all aspects of the relevant issues. Inter alia, the team analyzed studies and proposals of various research entities, held meetings with external experts from many fields and disciplines, and held meetings with political and security senior officials in Israel, the Palestinian Authority, the Arab world, Europe, and the United States.

The project comprised four stages: mapping and creating a knowledge base; mapping and drafting alternatives for progress toward desired end states; building a control model for the various alternatives; and formulating a political framework. What follows is a description of the stages.

Mapping and Creating a Knowledge Base

The research team mapped the existing information regarding the relevant topics and researched what was missing in relation to critical issues. During this process, the team examined, inter alia, the following subjects: the positions and gaps between Israel and the Palestinians as recorded in the rounds of negotiations held to date; the security arrangements that are critical

for Israel; the legal aspects of the conflict; public opinion surveys among the Israeli and Palestinian populations; the positions of Arab countries on the conflict and the possibilities for normalization with Israel; the international community's positions toward the conflict; the prevailing and accepted political alternatives in the public and professional discourse; the changing conditions on the ground; the Palestinian economy; and the possibilities for compensation and voluntary relocation by the residents of the Jewish settlements.

Mapping and Drafting Alternatives for Progress toward the Desired Outcomes

The team mapped a series of viable political alternatives for resolving the Israeli-Palestinian conflict, and divided them into three categories: agreement-based moves; political courses of action supplementing an agreement; and independent courses of action. A total of 12 political alternatives were mapped, defined, and analyzed. The highlights of the analysis and the conclusions appear in Appendix A.

Agreement-based moves are precisely that: moves where the political alternative that is reached between Israel and the representative of the Palestinians (the PLO and/or the PA) are anchored in an agreement. In this category, the team analyzed: alternatives for a comprehensive status agreement; transitional arrangements; one state (with equal rights for all citizens, and without equal rights); a Palestinian state with provisional borders; two states in one space; and an Israeli-Palestinian federation.

Arrangements supplementing an agreement are political alternatives relevant only after an agreement between the parties is reached. These include: a regional agreement; an Israeli-Palestinian confederation; and a Jordanian-Palestinian confederation.

Independent moves include alternatives that Israel can implement other than within the scope of agreements, rather, as it chooses: coordinated or independent separation; annexation of Area C; dismantlement of the Palestinian Authority; and the division of Palestinian governance to the local level of cantons.

Stage 1	Stage 2	Stage 3	Stage 4
Formulating a Knowledge Base <ul style="list-style-type: none"> • Research knowledge • Practical experience • Basic data • Insights 	Mapping Alternatives <ul style="list-style-type: none"> • Permanent status agreement • Transitional arrangements • Independent separation • Regional arrangement • 1 state – full equal rights • 1 state – limited rights • Israeli-Palestinian federation • Israeli-Palestinian confederation • Jordanian-Palestinian confederation • State with provisional borders • Division of West Bank into cantons • Continuation of status quo 	Model to Test the Alternatives <ul style="list-style-type: none"> • Scenarios • Criteria • Feasibility • Risks 	Alternative of Choice and Detailed Implementation Plan <ul style="list-style-type: none"> • Implications • Implementability • Limitations • Extreme scenarios • Method of implementation • Comprehensive considerations

Building a Control Model

In the next stage, criteria were formulated to evaluate the various alternatives, so as to compare and determine systematically which alternatives best meet Israel's needs, interests, and objectives, and are compatible with the changing conditions in the strategic environment. The criteria that were analyzed are:

- Ability to preserve and strengthen Israel as a Jewish and democratic state
- Ability to preserve and strengthen Israel's stability and security
- Ability to strengthen Israel's regional standing
- Ability to strengthen Israel's international standing
- Existence of a functioning Palestinian political entity that can be a "responsible address"
- Ability to define clear rules of the game between Israel and the Palestinians
- Extent that the alternative is dependent upon Palestinian performance capability

- h. Impact of the split between the West Bank and the Gaza Strip
- i. Ability to stabilize the Gaza Strip
- j. Feasibility of implementing the alternative in Israel's political system
- k. Feasibility of implementing the alternative in the Palestinian political system
- l. Extent that implementation of the alternative is dependent upon outside forces
- m. Impact on Israel's economy and on opportunities for regional cooperation
- n. Impact on the Palestinian economy
- o. Degree of compatibility with existing official "anchors" (agreements and understandings)

Each of the alternatives was analyzed according to these criteria by multi-criteria decision analysis in order to evaluate the extent of its compatibility with Israel's basic requirements, determine which alternatives are entirely irrelevant vis-à-vis Israel's needs, and consider whether there are alternatives that are decidedly preferable over others. Since the various criteria have differing imperatives and significance, it was decided that the key criterion is feasibility; i.e., viability, which is a critical factor in deciding relevance.

Next, a sensitivity analysis was performed by analyzing the alternatives' stability and viability given a series of future scenarios and considering possible future challenges.³ The sensitivity analysis included the following scenarios: security deterioration in the Palestinian arena; loss of governance by the PA; the emergence of a hostile Palestinian entity in addition to the Gaza Strip; the collapse of the Gaza Strip; Palestinian internal reconciliation; the collapse of countries in the region and exacerbation of the regional chaotic trends; and internal trends of radicalization within Israeli society. In addition, the impact of the alternatives on the evolution of these scenarios was analyzed.

Choosing Optimal Alternatives and Formulating a Political Framework

It was concluded that the alternative that produces the safest and most stable reality and optimally achieves the objective defined at the outset of

3 Udi Dekel and Kobi Michael, eds., *Scenarios in the Israeli-Palestinian Arena: Strategic Challenges and Possible Responses*, Memorandum 186 (Tel Aviv: Institute for National Strategic Studies, 2018).

the research, preserving a Jewish, democratic, safe, and moral Israel, is the alternative of a two-state solution through a comprehensive permanent status agreement. However, the feasibility of achieving this alternative under the current reality is low. Therefore, action should be taken through alternatives with greater feasibility that could enable Israel to contend with future challenges and preserve its unique character, its core interests, and its security interests. These are alternatives that advance the conditions for separation from the Palestinians and for the future creation of a reality of two states for two peoples, as significantly and as rapidly as possible. Nevertheless, the success of these alternatives does not depend solely on Israel's actions, but also on the existence of a stable, functioning, and responsible Palestinian entity. Chances of successful implementation will increase if the PA is committed to the new reality.

In other words, since the alternative of a comprehensive permanent status agreement has little probability of success under the current reality, action should be taken through alternatives with better prospects of success, primarily, promoting separation from the Palestinians, creating conditions that will improve the reality in the short to medium terms, strengthening the Palestinian Authority, and progressing in the future toward an agreement based on two states for two peoples.

There is a consensus among the Israeli public about the need to separate from the Palestinians in all possible areas and dimensions⁴ (even though, at least in the short term, the Palestinians' economic dependence on Israel and the need to maintain freedom of action for security purposes throughout the territory cannot be disregarded). However, in light of the current obstacles to an agreement with the Palestinians under parameters that are acceptable to Israel, the research team focused on formulating the framework for political, territorial, and demographic separation from the Palestinians, which will constitute a sound foundation for promoting other alternatives in the future, including

Since the alternative of a comprehensive permanent status agreement has little probability of success under the current reality, action should be taken through alternatives with better prospects of success, primarily, promoting separation from the Palestinians, strengthening the Palestinian Authority, and progressing in the future toward an agreement based on two states for two peoples.

4 For elaboration on the subject of public opinion, see Appendix F.

achievement of the objective of two states for two peoples living side by side in peace and security. The most significant components of the most promising political alternatives mentioned above are incorporated in this framework: transitional arrangements, measures based on understandings between the parties, independent Israeli measures, a regional agreement, and ongoing efforts to reach a comprehensive agreement. The key components of the framework – including security, political, economic, and infrastructure elements – are explained in this study. Their objectives are to advance separation measures in tandem with the feasibility of the two-state solution.

During the examination of future scenarios in the Palestinian arena, we identified a critical need for a stable, responsible, and performing Palestinian Authority that will be a constructive partner in advancing agreements and building a stable reality of two states for two peoples. Consequently, an extensive portion of the framework is devoted to ways to strengthen the PA and encourage it to cooperate in implementing the framework.

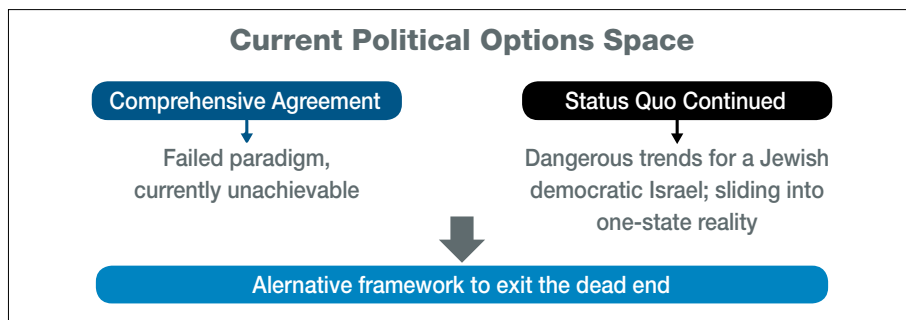
In a regional perspective, the processes underway appear to improve Israel's ability to recruit support from the pragmatic Sunni Arab states in advancing arrangements with the Palestinians, and even to promote official relations with Israel. However, the research team reached the assessment that those countries will cooperate in implementing the proposed framework only in exchange for significant Israeli concessions to the Palestinians. Therefore, and because the regional conditions are liable to change adversely, Israel would be wise to promote opportunities within this context through initiatives in the Palestinian arena – initiatives that reflect an intention to advance all stages of the proposed framework.

The Current Political Space: Between a Crossroads and a Dead End

The public and political discourse in Israel today about the future of the Israeli-Palestinian conflict is grounded in a conceptual binary approach that was formed over the last two decades: striving to resolve the conflict by negotiating a permanent status agreement based on the principle of two states for two peoples between the Jordan River and the Mediterranean Sea, or continuing to manage the conflict as has occurred since 1967, which basically involves maintaining the current freedom of security activity, while shaping the reality by establishing facts on the ground according to the policy of the incumbent government. Recent years have seen an increase in the voices heralding the death of the two-state solution. The partners to this perspective are those who oppose dividing the land of Israel and strive to undermine the two-state solution, as well as those who advocate negotiating a permanent status agreement, but have lost hope in the possibility of arriving at a final outcome in which two states – Israel and Palestine – coexist in peace and security. At the same time, extremes of both the Israeli right wing and left wing have become more vocal, calling for the establishment of one state on the entire territory of Israel and the West Bank. The main difference between these groups is their perspective regarding the nature of the shared governance and citizenship options for the Palestinians in this state. In the gap between the two-state solution and the one-state solution, various ideas have been raised for changing the situation that has emerged on the ground in recent years, in an attempt to circumvent the core problems: control of another people; the fate of the Israeli settlements within the framework of an agreement; the Palestinian refugees; and the future of Jerusalem.

The two prominent alternatives today in the public discourse reflect both the political crossroads and the dead end that Israel faces today: the paradigm of negotiating a permanent agreement – a paradigm that has failed to date and has caused the majority of the public to lose confidence in it –

versus the paradigm of adapting to the reality that is gradually leading to one state, with no ability to separate the peoples, and which poses a grave risk to Israel's Jewish and democratic character.



The Paradigm that Failed: Negotiating a Permanent Status Agreement

The paradigm of negotiating a permanent status agreement – in an attempt to arrive at a two-state solution and peaceful relations between Israel and the Palestinians – has ostensibly dominated Israeli policy in the years since the Oslo Accords, but to date, all attempts to translate it from theory into practice and reach a historic political achievement have failed. The main obstacles that have thus far prevented the successful negotiation of an agreement are: unbridgeable gaps relating to the core issues – gaps that became clearer and wider during the talks; the distrust between the sides; the attempts to resolve and settle all issues and disputes at once within the framework of a comprehensive permanent status agreement; and the change in the strategic and political environments in both the Israeli and Palestinian camps. What follows is an explanation of some of the gaps and the intransigence that have constituted an obstacle to bridging between the parties in relation to the core issues.

Borders and Territory

Israel's position, as presented during the rounds of negotiations, is that the 1967 lines (as Israel understood these borders with reference to Security Council Resolutions 242 and 338) are not defensible, and that the situation created on the ground since 1967 – i.e., the settlement blocs that have been established – must be taken into account when demarcating the future border between the two states. In contrast, the Palestinians argue that their

willingness to make do with a state that includes only the West Bank and the Gaza Strip (the 1967 borders) represents their painful relinquishment of most of the territories of their homeland. According to the Palestinians, the State of Israel (of the 1967 borders) extends over 78 percent of historic Palestine. Therefore, in their view, the 1967 borders are not only the starting point for negotiations, but also the minimum aspired endpoint. From the Palestinians' perspective, they cannot be flexible in relation to this issue, but they might agree to a limited number of land swaps, provided that for every piece of land that they relinquish in the West Bank, they receive a plot of land of equal size and quality from Israel. Although during the rounds of negotiations Israel has agreed that the territories conquered in June 1967 are the foundation for calculating the area of the future Palestinian state, the parties are hard pressed to agree on the volume and ratio of the land swaps in terms of quantity and quality.

Security

Israel maintains that security is essential to the establishment of peaceful relations, and over the years, Israel has demanded security arrangements that both ensure that its security is not compromised in any given situation and enable it to respond to current and future threats. In contrast, the Palestinian stance is that peace is the principal means to ensure security. Recognizing Israel's security needs, the Palestinians have agreed to a state that is demilitarized of capabilities that threaten Israel, but insist that Israel's security cannot come at the expense of their full sovereignty over the land, air, and sea. For its part, Israel is not willing to accept an arrangement that would, in its opinion, jeopardize its security situation.

Although particular restrictions are currently imposed on the IDF based on the Oslo Accords – such as restricted entry into Area A – they do not prevent it from operating freely throughout the West Bank, including deep in Palestinian urban centers. The IDF utilizes the freedom of action in its ongoing and unrelenting anti-terrorism campaign – against terrorist infrastructure, organizations, and activists. In recent years, Prime Minister Benjamin Netanyahu has repeated Israel's demand for freedom of action in Palestinian territory for security purposes, even if an independent Palestinian state is established. This demand is unreasonable in the eyes of the Palestinians, because it is tantamount to depriving them of full sovereignty over their state.

The Palestinian Refugees and Recognition of Israel as the National Homeland of the Jewish People

For the PLO, which represents the Palestinian population both in the territories and the Palestinian diaspora, the refusal to recognize the refugees' right to return to their homes of 1948 means a loss of the dream that is at the heart of the Palestinian national narrative. Mahmoud Abbas, President of the PA and Chairman of the PLO, argues that he has no authority to relinquish the right of return, since at issue is the vested right of every Palestinian refugee. Therefore, he cannot accede to Israel's demand that the Palestinians recognize Israel as the national homeland of the Jewish people, just as the future Palestinian state will be the national homeland of the Palestinian people. This is because such recognition is an actual waiver of the right of return to the historic Palestine and reduction of that right to territory within the borders of the Palestinian state only. On the other hand, Israel considers its demand as a means to preserve its identity and its uniqueness as a Jewish and democratic state. Recognizing a right of return for the Palestinian refugees – and certainly the exercise of this right – would mean that Israel would essentially cease being the national homeland of the Jewish people.

Against the backdrop of the wave of refugees from the Middle East and Africa that has inundated Europe in recent years as a result of wars, political upheavals, and economic hardship, it appears that the Palestinians understand that realizing their demand for the return of a substantial number of refugees to Israeli territory is not feasible, although they are still unwilling to officially relinquish this demand. In Israel, there is a broad consensus against the idea of Palestinian refugees returning to Israel.

Jerusalem

Over the years, the Palestinians have demanded a Palestinian capital in East Jerusalem, within the scope of an agreement that includes two capitals in the city, and Palestinian control over the places that are sacred to Islam and Christianity, mainly al-Haram al-Sharif (the Temple Mount). Israel's right wing government opposes the idea of two capitals in Jerusalem, and all Israeli governments have resisted conceding Israeli sovereignty over the Historic Basin, which encompasses the Temple Mount, the City of David, the Old City, and the Mount of Olives.

President Trump's announcement in December 2017 of United States recognition of Jerusalem as the capital of Israel has had no effect on the

need to discuss the issue of Jerusalem within the framework of a future agreement, since this declaration does not define Jerusalem's borders or provide a response to the Palestinian demands for a capital in East Jerusalem and control over the holy sites. Furthermore, additional stakeholders and countries, primarily Jordan, have their own interests in Jerusalem as a place of religious and historic importance, such that notwithstanding the importance of the US declaration, Jerusalem will continue to be a core issue in the dispute.

The Core Issues Package

With each of the core issues by itself a hard nut to crack, past efforts to resolve all of them together, as a single unit, only further undermined the chances – slim to begin with – of reaching agreements. In the past, when a round of negotiations reached the last stretch toward a final status agreement (as in the Camp David Summit and the Annapolis process), and discussed the core issues as a unit, with various exchanges between them, the parties were unsuccessful in reaching a meeting of the minds, and the Palestinians usually opted to leave the negotiating table. Furthermore, the principle whereby “nothing is agreed until everything is agreed” originally served the purpose of affording the parties maneuvering room during the discussion of each issue separately, by considering the negotiations as a process of give-and-take. However, in practice, this principle became an insurmountable barrier that prevented any progress, even on issues where there were indications of agreement, because they were contingent upon agreements on all the other issues too.

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Other Impediments

Another inherent weakness in the negotiated agreement paradigm is the invalidation of any political process that does not lead to a comprehensive permanent status agreement providing a full response to the demands of both sides within a defined timeframe.

The Palestinians' refusal to agree to interim or transitional arrangements that would lead to the establishment of a Palestinian state with provisional borders subjects the entire process to a potential Palestinian veto, thereby

thwarting any possibility of breaking the political deadlock and gradually moving toward a reality of two states, even before agreements, understandings, and arrangements are reached on all issues.

Over the last decade, the Palestinians have opted to refrain from proceeding along the bilateral track with Israel, where they are in an inferior position, and have chosen instead to focus on challenging Israel in the international arena, where they enjoy a better position, thanks to the support they receive from influential entities that see them as a people under occupation deprived of the right of self-determination. Those entities hold Israel responsible for the failed negotiations to date.

Furthermore, over time security events and political developments in the conflict arena made it difficult to resume negotiations. At issue, *inter alia*, were the recurring waves of Palestinian terrorist attacks; Israel's construction of the security barrier; Israel's disengagement from the Gaza Strip and evacuation of the Jewish population and IDF forces from Gaza (2005); Hamas's rise to power and its takeover of the Gaza Strip (2007); Hamas's military buildup, attacks on Israel, and three rounds of wide-scale confrontations in the Gaza arena since 2009; the failed repeated attempts at reconciliation between Hamas and Fatah; the PA's incapability and disinterest in regaining its governing responsibility over the Gaza Strip; the gradual increase in the Jewish population in the West Bank and expansions of the Jewish settlements there; and the weakened Palestinian governing institutions

In short, on both sides there is still public support for the vision of two states, but there is very little faith in the ability to realize this vision.

and the PA's difficulties in establishing a stable, responsible, and functional government system. The fact that already for a decade the Palestinian Authority has been split, both geographically and politically, between two competing leaderships – Fatah in the West Bank and Hamas in the Gaza Strip – undermines any agreement signed with a

leadership that has no authority over all PA territories and limited influence over the Palestinian public, while those opposing it will raise challenges and strive to upset it. In short, on both sides there is still public support for the vision of two states, but there is very little faith in the ability to realize this vision.⁵

5 See Zipi Israeli, "National Security Index: Public Opinion Survey 2017-2018," Institute for National Security Studies, <https://bit.ly/2SVyaFq>; Ephraim Yaar and Tamar

Many developments occurred in the regional arena as well, led by the wide scale socio-political upheaval that weakened many of the political entities in the region. In Egypt, there were two revolutions: the first transferred the regime from the old establishment to the Muslim Brotherhood, while the second restored the old military establishment to the helm. In Syria, Iraq, Yemen, and Libya civil wars have enabled the flourishing of the Salafi jihadist movement, headed by ISIS (the Islamic State). The rift in the Palestinian camp and the hostilities between Fatah and Hamas raise doubts whether following an agreement with Israel, a strong and effective Palestinian Authority can be formed that will be able to contend with regional terrorist organizations and religious radicalization. The greatest concern in Israel is that the PA will become another dysfunctional Arab state, which will leave Israel with an agreement that cannot be implemented but imposes restrictions, and with a security situation worse than it was before the agreement.

Due to these gaps and obstacles, it appears that both sides now believe that it is not possible to reach a permanent status agreement, but at the same time, the leaders glean benefit from the deadlocked negotiations. From the Palestinian perspective, the advantage of the current situation is clear: they do not have to make painful compromises and can continue adhering to their stance of “all or nothing.” They await a better proposal or a solution to be imposed on Israel by the international community. On the other hand, the Israeli government rationalizes that as long as there are upheavals in the Middle East and the Palestinian camp is fragmented, this is not the time to take unnecessary risks. According to this approach, it is preferable to wait for a more convenient environment that will ensure that the establishment of a Palestinian state does not exacerbate Israel’s security situation, and Israel will avoid the need to confront hostile radical Islamic groups that have seized control over the Palestinian entity. Such a policy of procrastination enables the Israeli government to refrain from making decisions about the future of the West Bank, compromises on Jerusalem, and the evacuation of settlements – decisions that can be expected to trigger political opposition among the government’s constituents up to the point of a bitter internal

Herman, “Peace Index Project,” Tel Aviv University and Israel Democracy Institute, <http://www.peaceindex.org/DefaultEng.aspx>; “Palestinian-Israeli Pulse,” Tami Steinmetz Center for Peace Research (TSC), Tel Aviv University; and the Palestinian Center for Policy and Survey Research (PSR), <http://www.pcpsr.org/en/node/731>.

confrontation. Concurrently, the Israeli government is advancing a policy of deepening Israel's hold over the West Bank – a policy that includes expanding settlements in the territories and creating a reality that will severely impede or even preclude the establishment of a Palestinian state in the future.

Direct negotiations between Israel and the Palestinians resulting in a permanent status agreement and the establishment of a peaceful Palestinian nation state having no further claims from Israel is currently an impossible scenario. However, in order to proceed toward a reality of two states, a comprehensive permanent status agreement is not essential. It may be achieved in other ways, such as by approaching it from the opposite direction: not from an agreement on an end state, but rather, by building conditions enabling the reality of two states, and later, moving toward an agreement. In other words, promoting a reality of two states can be a significant catalyst for achieving a comprehensive agreement that will resolve most of the issues on the agenda. A comprehensive agreement must remain Israel's objective, but until it is achieved, Israel must take action in order to create the conditions that are needed to design a safe and stable reality of separation.

Continuing the Status Quo (“Managing the Conflict”): A Dangerous Trend for Israel

Israel currently maintains a policy of conflict management, which focuses on a response to security challenges, but jeopardizes Israel's continued existence as a Jewish and democratic state. Although it is customary to say that Israel maintains the status quo, i.e., upholds and essentially freezes the current situation, in fact, it is sliding into a reality that will not enable it to separate from the Palestinians in the future, and by allowing this to happen, loses any hope of reaching an agreement.

In order to proceed toward a reality of two states, a comprehensive permanent status agreement is not essential. It may be achieved in other ways, such as by approaching it from the opposite direction: not from an agreement on an end state, but rather, by building conditions enabling the reality of two states, and later, moving toward an agreement.

It is quite easy to prove that the current situation is not static, but is, rather, a dynamic, changing reality. On the one hand, the PA is weakening steadily – inter alia, due to its undermined basis of legitimacy and its diminished ability to meet the needs of the Palestinian population and combat terrorism and radical elements. On the other hand,

Israel is deepening its hold and control over territories in the West Bank. The Palestinians and the international community consider Israel's construction policy in the West Bank – i.e., the expansion of Jewish settlements – as a unilateral establishment of facts on the ground for the purpose of expanding Israel's territory at the expense of the Palestinians and, perhaps, also for the purpose of preventing the establishment of a Palestinian state. The world considers this policy as proof that Israel does not intend to arrive at an agreement. The continued construction of Jewish settlements, coupled with the political deadlock, has caused serious tensions between Israel and the United States – mainly with President Obama's administration – which damaged Israel's international standing, reflected particularly in Security Council Resolution 2334: it includes a harsh condemnation of Israel's settlement policy, and was passed after the United States set a precedent and abstained from using its veto power against the resolution.

Continuing the current situation also adversely affects the Palestinian Authority and strengthens trends that endanger Israel. The PA's governing institutions are weakening, while local forces grow stronger and challenge the effectiveness of the PA's central control; the Palestinian security apparatuses are increasingly hard pressed to prevent terrorist activities, dismantle terrorist infrastructure, and enforce law and order; the internal legitimacy of the Palestinian Authority and Abbas's government continues to erode – which deepens the rift inside the Palestinian camp; and the Palestinian Authority is unable to find a response to the challenge posed by the Hamas government in the Gaza Strip and to the challenges presented by more radical Islamic factions.

In the meantime, the economic and humanitarian situation in the Palestinian territories is steadily deteriorating – particularly in the Gaza Strip and, to a lesser extent, in the West Bank – and includes a multi-faceted infrastructure crisis (housing, electricity, water, and sewage) and an employment crisis. The economic dependence of the Palestinian economy on the Israeli economy and on external donations is increasing. Concurrently, the Palestinian public is losing faith in the prospects for a political agreement with Israel, and instead there is a growing aspiration – particularly among the younger generation – for a one-state solution that will grant equal rights to all citizens. Alongside this trend is an opposite trend of growing support for violence, terrorist activities, and incitement against Israel – including in the education system and in the media – and the PA has pursued measures in the international arena

not merely to pressure Israel to soften its positions in the political process, but with the objective of undermining Israel's right to exist.

The current situation also has ramifications for Israeli society, including evident trends of widening rifts and increased divisiveness among population segments (between right wing and left wing, between Arabs and Jews, between religious and secular). Over the years, the waves of terrorist attacks and the political deadlock have led to a loss of public support in Israel for a peace agreement based on two states (from about 70 percent in 2005 to approximately 58 percent in 2018), and to a crisis of faith concerning the existence of a Palestinian partner, let alone its capability to reach an agreement and guarantee its implementation. Furthermore, the ongoing friction between IDF soldiers and the Palestinian civilian population has spawned aberrant incidents, such as the incident involving IDF soldier Elor Azaria, who was convicted of killing an injured and disarmed Palestinian terrorist. This and other incidents demonstrate that the IDF and Israeli society are struggling to maintain ethical codes in face of the prolonged military rule over the Palestinian population. They expose the gaps between the political echelon and the military echelon, mainly pertaining to control of the Palestinian population and how this control affects the fabric of Palestinian life; they may undermine the authority of IDF commanders in the eyes of politicians.

Notwithstanding the persistent dissonance between Israeli society's democratic values and the military rule in territories with Palestinian populations, the passage of time fosters a sense that this is a normal situation. Added to this are initiatives to pass legislation that would impose Israeli law in the West Bank without granting full equal rights to the entire population.

In the international arena, negative positions vis-à-vis Israel have grown, not only in relation to its policies, but also in relation to its legitimacy. Within this context, a systemic campaign is underway around the world to delegitimize and boycott Israel, mainly in the West (the BDS movement). At the core of this movement are elements that strive to destroy Israel completely by ostracizing and weakening it, but many of those who support the BDS movement have joined in order to bring about an end to the Israeli occupation of the West Bank. Consequently, Israel's policy has a substantial impact on the number of supporters for this movement who do not advocate Israel's collapse. From an objective perspective, the BDS movement has not recorded significant success in its efforts to impose a boycott, block investments, or impose sanctions, but it is having an impact – even if difficult

to measure – reflected in silent boycott activities, such as in academic and cultural circles.

More serious is the BDS movement's success in recruiting many Jews in the United States to its ranks, a group that tend to have a liberal worldview and believe that the ongoing rule over the Palestinians runs contrary to their values in terms of human rights. Continuing the current policy thereby contributes to strengthening an anti-Israeli movement, which in part is also anti-Semitic and strives to create a rift between Israel and the largest Jewish community in the diaspora. Already today Jews around the world suffer from more demonstrations of anti-Semitism, anti-Zionism, and anti-Israelism, and the ongoing occupation serves as the main leverage to incite more such incidents. These – in conjunction with the blow to Israel's international standing against the backdrop of the political deadlock and the continued construction in Jewish settlements – are exceedingly detrimental to Israel's international legitimacy.

Furthermore, the less viable the two-state solution becomes, and the longer the existing trends persist, the more various initiatives by Israeli right wing factions for the partial or full annexation of Area C (which constitutes about 60 percent of the West Bank) become a major topic in the public discourse and in legislative processes in the Knesset. Similarly, the trend of sliding into a reality of one state between the Jordan River and the Mediterranean Sea continues to grow. Such a state, which will include about 2.7 million Palestinian residents of the West Bank and Jerusalem, will not be able to be both Jewish and democratic. If those same 2.7 million Palestinians become citizens with equal rights, then Israel will ultimately not remain a Jewish state, but if they are not granted equal rights, then Israel will no longer be a democracy.

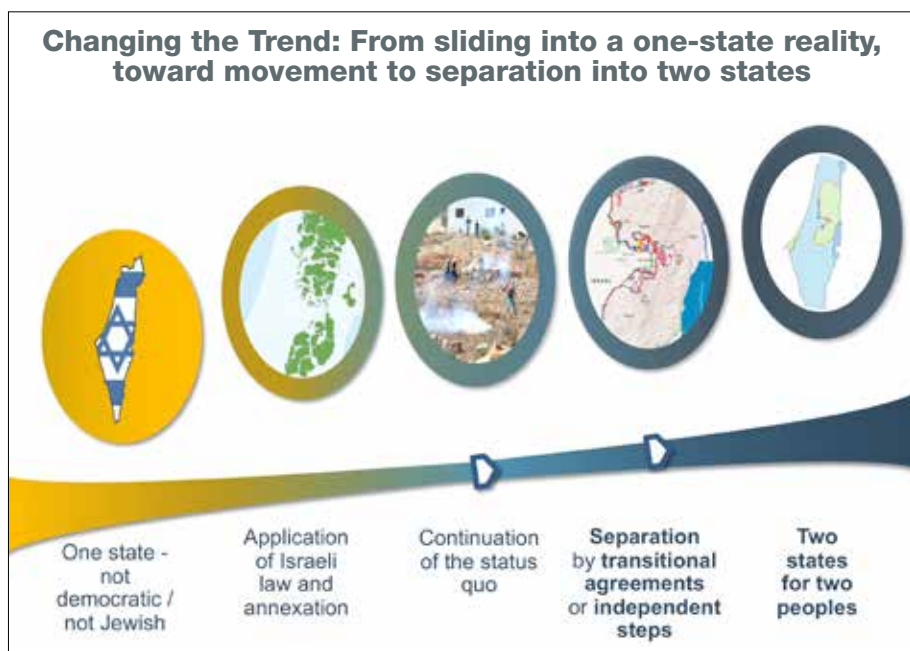
Israeli annexation of only Area C, which contains hundreds of Palestinian enclaves that are geographically isolated from each other, is highly likely to lead to outbreaks of violence and to substantial security deterioration in the West Bank and in the Gaza Strip, and possibly also in other arenas – without Israel having any international backing, and with forecasts that this security situation will persist over time, possibly for years.

Allowing the current trends to continue may generate several scenarios, from continued conflict management at prices Israel has proven that it can tolerate on a short term basis, to the outbreak of an additional Palestinian violent grassroots uprising, which the Palestinian security apparatuses are

The solution of two states for two peoples remains, therefore, the best option for Israel among the options available to it. The majority of the public on both sides still support a two-state solution, even if a permanent status agreement is not achievable at the present time.

liable to join. Such an uprising could spread rapidly to both the West Bank and the Gaza Strip, and is liable to be accompanied by significant activity against Israel in the international arena. The more that Israel continues its policy of maintaining the current situation, the faster it will forfeit the various opportunities for future agreements, and facts will be established on the ground that will jeopardize Israel's Jewish and democratic character. The requisite conditions for promoting understandings and agreements between the parties become more and more complicated as time passes; the populations on both sides are losing faith in the possibility of

reaching a stable political agreement, certainly a peace agreement, and the trends that endanger Israel are intensifying.



Political and Territorial Separation from the Palestinians: Israel's Preferred Strategic Horizon

The solution of two states for two peoples remains, therefore, the best option for Israel among the options available to it. The majority of the public on both sides still support a two-state solution, even if a permanent status agreement is not achievable at the present time.

Those who strive for a one-state reality or Israel-Palestine federation and argue that both sides can reach an agreement about an entity of this sort disregard the fact that Israeli-Palestinian agreement on the characteristics of the one state is simply not plausible. Even if an agreement is reached that it will be a binational state (a state of all its citizens), in which all citizens will enjoy full equality, far-reaching agreements will still be needed regarding a long list of issues defining this state's character and its institutions. For example: What will its flag look like? What will its national anthem be? How will it design its educational programs and curricula? What will be its policy on immigration? How will it build its security forces, and how will their joint commands function? It is difficult if not impossible to fathom how both sides will be able to agree on these matters. And if at issue is a state in which the Palestinians will be citizens with limited rights, the chances that they will agree to this are even slimmer. Why would they agree to accept limited autonomy that is subject to Israel's absolute control? And if at issue is imposing a solution on the Palestinians and relegating them to the status of second-class citizens, then it will be impossible to reconcile between such a solution and Israel's democratic nature.

Preserving Israel's Jewish and democratic identity by demographic separation, as well as by physical separation – which thereby reduces the friction between the two populations – will produce greater stability and more security than

Israeli-Palestinian agreement on the characteristics of the one state is simply not plausible. Even if an agreement is reached that it will be a binational state (a state of all its citizens), in which all citizens will enjoy full equality, far-reaching agreements will still be needed regarding a long list of issues defining this state's character and its institutions.

Preserving Israel's Jewish and democratic identity by demographic separation, as well as by physical separation – which thereby reduces the friction between the two populations – will produce more stability and security than any other solution.

any other solution. Despite doubts about the Palestinians' capability of maintaining a stable and functional state, the members of this research study have concluded that ending Israeli rule over the Palestinians is the preferred alternative, over all the alternatives that were analyzed, including a federation or confederation, annexation of Area C to Israel, Palestinian autonomy in Area A and B, and so forth (Appendix A). Defining a physical, permanent border between Israel and the Palestinian Authority, enabling the Palestinians to fulfill their national aspirations within the framework of a Palestinian state to be established alongside Israel, defining a responsible "address" beyond Israel's border, and ensuring a Palestinian state's commitment to international political game rules are factors that can be expected to promote stability. This option is definitely preferable to solutions that do not involve separation and that leave many disputes unresolved, as well as constant friction. These disputes will necessarily be a source of security instability.

Throughout the world and in the Middle East in particular, the two-state solution is likewise deemed the necessary solution to the Israeli-Palestinian conflict. A broad international consensus supports the realization of the Palestinians' right to self-determination. In 2012, the United Nations General Assembly granted the Palestinian Authority non-member observer-state status (although not unanimously). Moreover, the PA (and previously the PLO) has had diplomatic offices in dozens of countries throughout the world for many years. In addition, the two-state solution was endorsed by all of Israel's allies, including the United States and the European Union, and there is an ongoing battle in the relevant international arena (at varying degrees of intensity) to ensure that the two-state solution remains a viable option, as stated for example, in the Middle East Quartet document of 2016⁶ and in Security Council Resolution 2334.⁷ After President Donald Trump entered the White House and formed his administration, questions were raised about United States policy toward the Israeli-Palestinian conflict, particularly following the President's statement, "I'm looking at two-state and one-state, and I like the one that both parties like....I can live with either one.

6 Barak Ravid, "Quartet Releases Report on Impasse in Israeli-Palestinian Peace: 'Two-state Solution in Danger,'" *Haaretz*, July 1, 2016, <https://bit.ly/2BmHzQ2>.

7 Pnina Sharvit Baruch, "Security Council Resolution 2334: The Legal Significance," *INSS Insight* No. 883, December 30, 2016, <http://www.inss.org.il/publication/security-council-resolution-2334-legal-significance/>.

I'm happy with the one they like the best.”⁸ However, since that statement, administration officials have clarified that the United States still considers the two-state solution the foundation for resolving the Israeli-Palestinian conflict,⁹ and the United States has worked diligently over a long period to formulate principles for an arrangement that will be “the deal of the century” between Israel and the Palestinians.

After the Trump administration took office, the pragmatic Arab states also clarified that the only solution acceptable to them was the establishment of a Palestinian state alongside Israel.¹⁰ In addition, notwithstanding the events in the Middle East that pushed the Israeli-Palestinian conflict from center stage, and despite the confluence of interests between the pragmatic Arab countries and Israel against the backdrop of the regional instability and the Iranian challenge, the pragmatic Sunni Arab countries are not willing to translate these shared interests into formal or normal relations, as long as a Palestinian state is not established alongside the State of Israel, or at least until significant progress is achieved between Israel and the Palestinians in the political process toward such a reality. Israel's close friends in the West believe that resolving the conflict is critical to inducing stability in the Middle East. The validity of this position was questioned during the years of the regional upheaval, but it is still steadfastly maintained in the West in a way that will make it difficult for Israel to disregard over time without paying stiff prices.

The idea of a Palestinian state can no longer continue to be swept under the rug. An independent Palestinian-Hamas quasi-state entity exists in the Gaza Strip, while in the West Bank, the process of building the Palestinian state is already at an advanced stage, despite the increasing challenges it encounters. Former Palestinian Prime Minister Salam Fayyad's program, which was launched with much fanfare, waned over time, but laid the proper foundation for the future state and built the infrastructure for a Palestinian state in terms of security, economics, governance, and civil society. It is difficult to believe that the Palestinians will relinquish this state entity, including its

8 “Remarks by President Trump and Prime Minister Netanyahu of Israel in Joint Press Conference,” White House, February 15, 2017, <https://bit.ly/2DMjfcF>.

9 Barak Ravid, “Trump's UN Envoy: U.S. Still Supports Two-state Solution, but We're Thinking ‘Out-of-the-Box,’” *Haaretz*, February 16, 2017, <https://bit.ly/2S27t11>.

10 Channel 2 News, “Abdullah and el-Sisi: Two-State Solution is Non-Negotiable,” *Mako*, February 21, 2017, www.goo.gl/m5Ayxh (Hebrew).

institutions and many components, in favor of a limited autonomy within the framework of one state.

A New Political Framework for Israel

Strategic Purpose: Preserving a Two-State Option and Building Options for the Future

Given the inability to advance a permanent status agreement between the parties in the near future on the one hand, and considering the dangerous trends caused by continuing the current situation on the other hand, Israel needs a new political strategy that will achieve the following objectives: extricate Israel from the political deadlock; reverse the current trend of sliding into a reality whereby Israel cannot separate from the Palestinians and instead is enmeshed in a reality of one state; improve and encourage the conditions for an agreement with the Palestinians; create movement toward political, territorial, and demographic separation, and in the future, even economic separation between Israel and the Palestinian entity; and expand Israel's future options.

This strategy is driven by a policy of shaping the reality rather than a policy of maintaining the status quo. This will prompt Israel to move from a reactive role, which includes opposing external initiatives and preventing them from gaining momentum, to a proactive role. In addition, the framework enables Israel to extricate itself from the ambiguity that characterizes its policy, while clarifying its intentions and aspirations, both in the domestic arena and in the regional and international arenas. Upon the adoption and implementation of the framework, the strategic center of gravity will shift from efforts to resume negotiations and improve modes of managing the conflict, to the creation of conditions for separation from the Palestinians,

Upon the adoption and implementation of the framework, the strategic center of gravity will shift from efforts to resume negotiations and improve modes of managing the conflict, to the creation of conditions for separation from the Palestinians, reduced control over the Palestinian people until Israeli rule over them ends, and preservation of the two-state option.

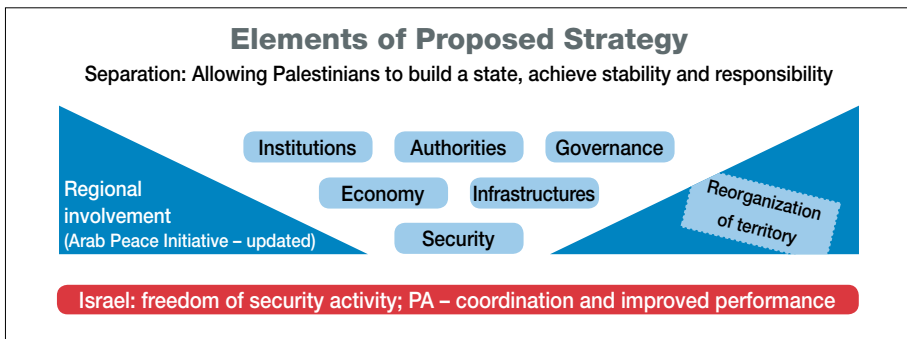
reduced control over the Palestinian people until Israeli rule over them ends, and preservation of the two-state option. This effort will be exerted without quashing the elements vital to the formulation of negotiated transitional arrangements with the Palestinian Authority, and while building conditions for negotiated separation into two states or for a comprehensive agreement in the future. Concurrently, Israel will continue to strive to build mutual trust, respect, and reconciliation, and will continue building the infrastructure for implementing its undertakings.

The following are the driving principles of the proposed framework:

- a. *Anchoring Israel's political, security, and territorial interests* in the West Bank in preparation for future agreements, and in order to improve Israel's strategic position in the absence of political progress. The framework demonstrates Israel's intentions to advance political and territorial separation from the Palestinians and create the conditions for a reality of two states.
- b. *Strengthening security elements* on the basis of operational freedom of action throughout the West Bank from the Jordan River westward, while minimizing the friction with the Palestinian population and expanding the security cooperation with the Palestinian Authority's security apparatus to the greatest extent possible.
- c. *Strengthening Israel's legitimacy and regional and international standing* by proving the seriousness of its intentions to advance a reality of two states, while simultaneously promoting regional security, political, economic, and infrastructure cooperation.
- d. *Building a broad coalition of regional and international assistance to strengthen Palestinian governance, economy, and infrastructure*, which will focus on gradual actions to improve the performance of the Palestinian Authority and expand its authorities. Inter alia, areas in the West Bank will be designated for economic and infrastructure development; these will constitute a part of a future Palestinian state.
- e. *Defining a policy for differential construction in the West Bank*. This includes continued construction in Jewish neighborhoods in Jerusalem and the settlement blocs: there is broad public consensus that these blocs should remain within Israel's borders. On the other hand, construction will be frozen in the isolated settlements deep in the West Bank, and the government will withdraw its support for settling and expanding them. At this stage, the framework does not address the evacuation of

settlements – certainly not before a comprehensive agreement with the Palestinians is signed – but rather, assistance and encouragement of voluntary evacuation.

- f. *Maintaining Israel's flexibility* to shift between alternative modes of action, depending upon the changing conditions in the strategic environment.
- g. *Demonstrating a clear preference for agreed courses of action* (or at the very least, coordinated courses of action) between Israel and the Palestinian Authority. However, even without Palestinian consent, Israel will be able to launch the separation campaign by taking independent actions according to its interests, thereby neutralizing the Palestinian veto, which is one of the main reasons for the political deadlock. Israel needs a policy that will enable it to take modular action, so that problems that have temporary solutions can be implemented immediately, without having to wait for a comprehensive agreement.



Principal Components of the Framework

Dynamic Political Approach

The proposed framework is characterized by a modular structure based on a dynamic approach that includes several tracks for moving toward the separation target. It will be possible to move along these tracks in tandem or, alternatively, to switch from track to track with considerable flexibility depending upon the progress and the conditions that are created while in motion. From an overall perspective, movement will proceed along three tracks: transitional arrangements in coordination

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In order to build infrastructure and conditions that will gradually extricate Israel from the deadlock, it appears preferable to proceed along the track that includes a sequence of transitional measures en route to the target of two states for two peoples. Such measures, a few of which will be elaborated upon below, can include a wide range of courses of action that Israel can take – preferably with the consent of the Palestinian side and in coordination with it. However, when consensual measures are not possible, Israel will be able to turn to unilateral separation steps relating to political, governmental, and territorial aspects, though not relating to security and economic aspects.

Attempts to recruit regional support for the process, even if partial, are very important in order to garner regional involvement. Beyond support for the process, Israel's strategic objective includes the establishment of a regional safety net, formal relations with the pragmatic Arab states, assistance to the Palestinians in building a stable and functional state, and guarantees to the Palestinians.

Presumably the Sunni Arab states (mainly the Arab Quartet – Egypt, Jordan, Saudi Arabia, and the United Arab Emirates) will not publicly support this policy and will not offer significant involvement as long as Israel has not taken substantive and binding measures on the ground in favor of the Palestinians. Nevertheless, attempts to recruit regional support for the process, even if partial, are very important in order to garner regional involvement. Beyond support for the process, Israel's strategic objective includes the establishment of a regional safety net, formal relations with the pragmatic Arab states, assistance to the Palestinians in building a stable and functional state, and guarantees to the Palestinians that the courses of action will not be discontinued or abandoned mid-way toward the establishment of an independent state. The regional component cannot be in lieu of an arrangement with the Palestinians, but is rather a supplementary layer only.

Realigning the Territory toward a Future Agreement

The proposed framework includes ideas for realigning the territories of the West Bank – ideas that may be implemented in stages within the scope of transitional arrangements. There are considerable advantages to consent or at least understandings and coordination with the Palestinian Authority with regard to the joint implementation of measures that can be designed

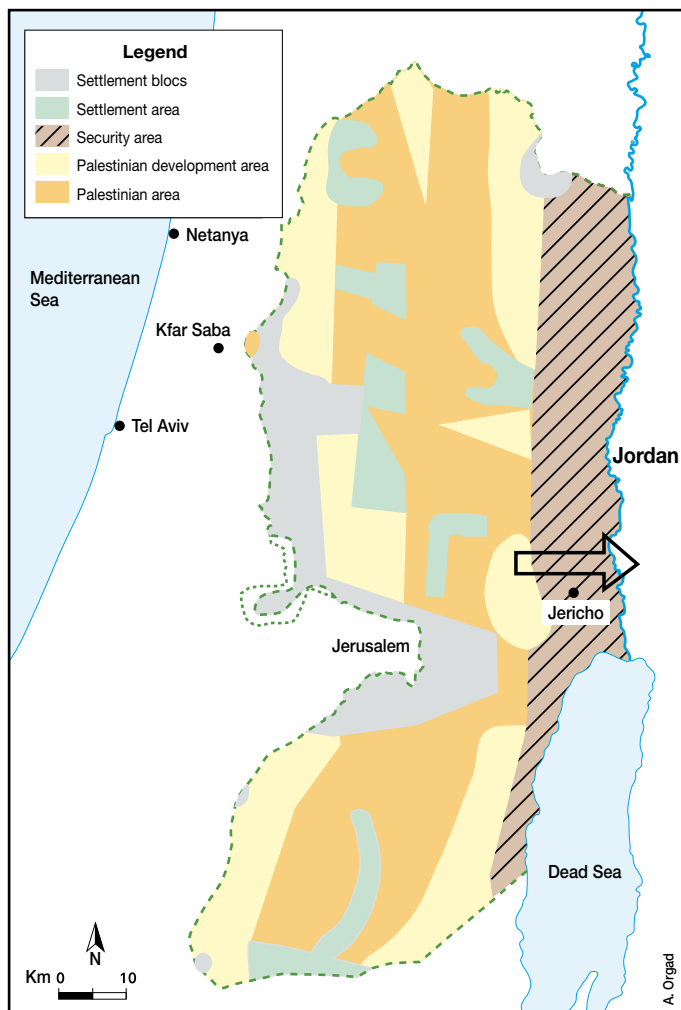
and defined as “redeployment in stages” within the framework of an interim agreement or within the scope of the second stage of the Roadmap in preparation for the establishment of a Palestinian state with provisional borders. However, Israel can also carry out the redeployment in stages without the PA’s consent. Presumably the PA will reconcile itself to these measures – even if it claims that it opposes them publicly – because they will expand its civil and security authorities in the West Bank. At issue, *inter alia*, are the following measures:

a. *Reorganizing the map of the West Bank, both conceptually and physically.*

The status of the territory as designed within the scope of the interim agreements (division into Areas A, B, and C) should be changed so that it will be possible to advance toward achieving the following objectives: ending Israel’s rule over the Palestinians; minimizing the friction between the Jewish and Palestinian populations by arranging free movement for both sides; creating a contiguous, expanded Palestinian territory that is essential for independent Palestinian rule and economic development; and delineating Israel’s settlement blocs and current and future critical security interests. Accordingly:

- i. Israel will transfer security authorities in Area B to the Palestinians, similar to those that exist in practice today in Area A; in other words, the responsibility for domestic security and civil law and order will be transferred to the Palestinian police. However, the IDF will be able to operate in these territories when the Palestinian security apparatuses do not take action against terrorists – whether due to a lack of capability or a lack of desire. In this way, a uniform Palestinian region will be created (A + B) that may be marked in its entirety as Area A, which will constitute the foundation for the establishment of a Palestinian state with provisional borders. This state is intended as an interim stage en route to the establishment of a Palestinian state with permanent borders. Areas A + B account for about 40 percent of the territories of the West Bank, and are home to about 95 percent of the Palestinian population in the West Bank. The regions where Palestinian communities extended into Area C may be added to these territories for inclusion under PA rule.

Schematic Map for the Proposed Framework



- ii. To encourage the Palestinian economy, Israel will allocate up to 25 percent of the West Bank territories in Area C for the development of infrastructure and economic projects. These areas will be designated, inter alia, for industry, green energy production, tourism ventures, hi-tech enterprises, and residential construction. At issue is an area in which Israel has no security, settlement, or infrastructure interests. This area may be labeled C(d) (C–development). At the initial stage, Israel will retain the security and planning authority in this area, but will transfer those to the PA in the future, depending upon the effective

- execution of agreements and cooperation by the Palestinian Authority in relation to security, economic, and civil aspects.
- iii. In the Palestinian region of the West Bank, the Palestinians will have a contiguous territory and a contiguous transportation system from north to south, thereby reducing the daily friction between the IDF and the Palestinians and between the Jewish and Palestinian populations. Major obstacles to Palestinian economic development will also be removed. Concurrently, Israel will allow the Palestinians more convenient access through the Allenby border crossing into Jordan, and improve the passage of goods and people there.
 - iv. An economic plan will be launched with the short range objective of improving the fabric of Palestinian life and with the long range objective of encouraging Palestinian economic independence toward economic disengagement from Israel. A designated international development mechanism will be established that will be responsible for implementing the plan (see Appendix D on a Palestinian economic stabilization plan).
 - v. The major settlement blocs and the Jerusalem environs (including the Maale Adumim region) will be marked as Area C(e): the settlement blocs under full Israeli control (8-10 percent of the West Bank) based on the route of the security barrier; more than 85 percent of the Jewish population of the West Bank live in this area. Israel will ask the United States to reaffirm President Bush's letter to Prime Minister Sharon of 2004, which stated that the US administration recognizes that these areas should be deemed part of the State of Israel.
 - vi. A special security zone will be marked as Area C(s), which encompasses Israel's security interests. This area includes the Jordan Valley (an extensive tract of land) and strategic sites and arteries, extends over 19 percent of the West Bank, and is home to 2 percent of the residents of the Jewish settlements.
 - vii. The rest of the territory will retain its current status – Area C – and will be defined as an area of Jewish settlements not included in the settlement blocs. This area, which includes those settlements' lifelines, extends over about 7 percent of the West Bank and is home to 12 percent of the Jewish settlement population. In distinguishing this area, Israel signals that it would be willing to transfer it to the Palestinian state within the West Bank, while Israel at this stage continues to control

the rest of the territory and retain full responsibility for security in the Jewish settlement areas, strategic sites and arteries, and areas that are critical for counterterror activity.

- b. *Based on this territorial realignment* and in order to encourage PA cooperation, Israel can declare that it deems Areas A + B and Area C(d) as a Palestinian state with provisional borders (up to about 65 percent of the territory). This stage does not require the evacuation of Jewish settlements, including outside the blocs, nor does it require the suspension of IDF security freedom of activity throughout the territory, but it does require a clear division of authorities and responsibility between Israel and the Palestinians in this area. In addition, already at the initial stages of the realignment, new transportation infrastructure and traffic arrangements can enable contiguous mobility for the Palestinians. Such a measure should grant Israel regional and international recognition of the seriousness of its intention to progress to a reality of two states, and allow it to benefit from political and economic quid quo pro. As the Palestinians might object, out of concern that the provisional border will become the permanent border, it is important to coordinate the course of action with them, including defining the terms that will reflect the change in status on the ground and confirming that it is a transitional stage en route to a comprehensive agreement.
- c. *Implementing an updated construction and settlement policy in the West Bank.* As was defined as a driving principle, construction will continue in the Jewish settlement blocs and in Jerusalem, but expansion of the Jewish settlements in areas outside the settlement blocs and deep in the Palestinian territory will terminate. Jewish settlements will not be evacuated at this stage. Concurrently, it is recommended to begin groundwork in the settlement blocs and inside Israel for the construction of communities under preferred conditions for settlement residents who choose to leave their homes in the isolated settlements, and to promote legislation to effect this.

Security

The Israeli security response for implementing the proposed measures must take into account potential deterioration, from a functional Palestinian Authority that maintains security cooperation with Israel to a PA that is recalcitrant or even hostile. Ensuing security threats comprise three types:

organized threats, mainly by terrorist cells using attacks modes such as firing on traffic arteries, communities, and IDF bases, suicide bombings in population centers in Israel and attacks on strategic assets, such as Ben Gurion International Airport or civil aviation; grassroots rebellion against the ongoing Israeli rule, including lone wolf terrorist attacks; and escalation to wide scale terrorist warfare by terrorist organizations with the participation of the Palestinian security apparatuses.

Escalation in the West Bank may trigger a parallel escalation in the Gaza Strip (and vice versa), which could translate into high trajectory fire toward communities in the Gaza envelope and toward population centers in Israel, the use of drones, attempts to infiltrate Israel through tunnels and by sea in order to carry out terrorist attacks, and encouragement of Hamas and Islamic Jihad terrorist units to carry out attacks in the West Bank and deep in Israel. The graver the security situation becomes in the West Bank, the greater will be the chaos; in turn, the Palestinian Authority could lose control over the territory and the ability to contain the violence and terrorist activities, and the situation might deteriorate to the point where Israel will be forced to retake control over the entire territory.

The security response to these threats comprises a mix of efforts, some generic and some singular, so that it will be possible to customize the intensity of the response to the conditions on the ground. The more stable the situation is and the more synchronized the cooperation is between Israel and the Palestinian security apparatuses, the more Israel will be able to reduce its security efforts, mainly those that are liable to adversely affect the fabric of life of the Palestinian population, and reduce the visibility of IDF operations.

Maintaining security – which is an imperative for success of the framework – must be based on the following components:

- a. *Full freedom of activity by the IDF and the Israel Security Agency throughout the West Bank to*

The security response to these threats comprises a mix of efforts, some generic and some singular, so that it will be possible to customize the intensity of the response to the conditions on the ground.

The more stable the situation is and the more synchronized the cooperation is between Israel and the Palestinian security apparatuses, the more Israel will be able to reduce its security efforts, mainly those that are liable to adversely affect the fabric of life of the Palestinian population, and reduce the visibility of IDF operations.

thwart terrorist activities (including those by radical Jewish groups), dismantle terrorist infrastructure, and eliminate threats. However, it is advisable that the PA security apparatuses handle most of the security threats in the Palestinian territories, with the IDF intervening only when the PA apparatuses fail in their mission. In other words: the IDF must maintain a restrained and low profile in the Palestinian territories. It must also reduce the friction with the Palestinian population to a minimum, and take action to minimize the political repercussions of critical operational activities.

- b. *Cooperation with the PA security apparatuses*: It is crucial that Israel stabilize the situation over time and transfer the security responsibility to the Palestinians in every possible aspect; augment the Palestinian security apparatuses' capability to disarm radical groups; promote the paradigm of "one authority, one law, one weapon"; and create conditions that will enable the implementation of the separation outline.
- c. *Completed security barrier*: The barrier was erected during the second intifada as part of the counterterrorism efforts but was not completed. The result is wide remaining gaps in Gush Etzion, on the southwest and southeast sides of Mount Hebron, and near Maale Adumim. In recent years, the measure gained additional validity with the construction of physical barriers along other Israel borders. Completion of the barrier will reduce the friction between IDF forces and the Palestinian population, improve security, in that it will impede attempts to infiltrate Israel from the Palestinian side in order to carry out terrorist attacks, and sharpen the separation between the populations.
- d. *Israeli security control in the Jordan Valley*: Israeli military control over the Jordan Valley, in its broadest sense – including the ascents up the mountain and up to the Alon artery – is critical in order to prevent smuggling of war materiel and terrorist infiltrations into Palestinian territory. It is also necessary for continuing the security cooperation with the Jordanian military.
- e. *Full Israeli security control* will also apply to the settlement blocs and the isolated settlements as well as their lifelines, the strategic arteries (routes 90, 1, 5, 80, 443, and 35) and strategic sites. Israel will retain exclusive control over the air space and the electromagnetic spectrum.
- f. *Weapons restrictions on the Palestinian security mechanisms* to prevent any military threat against Israel. The Palestinian security mechanisms

will be equipped with weapons and supplementary gear – with foreign assistance and with Israel’s approval – according to the agreements reached in the past with regard to demilitarizing the PA of capabilities that could threaten Israel. This restriction can be implemented under mutual consent, which will be supported by a supervisory mechanism, Israeli security checkpoints at border crossings, and intelligence collection.

- g. *Ensuring the effectiveness of the PA security apparatuses*: In order to ensure that the framework is successful and serves as a proper foundation for a subsequent comprehensive political status agreement, the capabilities of the Palestinian security apparatuses must be improved and their cooperation with the IDF must be enhanced. It is in Israel’s interest to encourage professionalization of the PA’s security apparatuses in the West Bank and to transform them into effective security forces. Their force buildup should match the agreements formulated in the past with regard to the organizational structure and their defined mission in a two-state reality: these are security forces and not an army, which will bear the responsibility for maintaining law and order, dismantling terrorist infrastructure, preventing terrorist attacks and smuggling, preventing friction between populations, and ensuring that the recognized Palestinian leadership holds the monopoly over force (“one law and one weapon”). In coordination with the Palestinians, Israel will also allow the expansion of the Palestinian national security regiments that are training in Jordan and built under American supervision (USSC). Within this context, Israel will allow expanded deployment of the Palestinian security forces throughout Areas A and B.
- h. *Security checks at border crossings* of both goods and personal baggage, to prevent smuggling of war materiel or dual use components that can be used to manufacture missiles, rockets, drones, and so forth, and to identify, prevent entry, and detain suspects.
- i. *Defense of Ben Gurion International Airport* to prevent direct or high trajectory fire on runways or on landing aircraft with shoulder launched missiles. For this purpose, Israel must retain a security presence in mountain ridges overlooking the airport and in areas from which personal shoulder launched missiles can be fired. According to the unilateral separation framework, most of these areas are already located within the settlement blocs that Israel plans to retain.

- j. *Security cooperation with Jordan and Egypt*: Israel will deepen the existing security cooperation in order to enhance security stability, maintain peaceful, safe, and stable borders, and prevent smuggling of war materiel into territories of the Palestinian Authority or infiltration by terrorist groups and radicals.
- k. *Economic and employment efforts* are critical for containment and calm. To this end, an economic and employment infrastructure should be developed, to allow more freedom of movement of goods to and from the Palestinian territory, and free movement inside the Palestinian territory without Israeli check points and barriers. Israel will continue its policy of issuing work permits in Israel to Palestinian workers from the West Bank as a confidence building measure that also contributes to economic growth in the Palestinian Authority.
- l. *Response to threats from the Gaza Strip*: Israel will maintain its operational approach of strengthening defense capabilities (above-ground and underground barriers and interception), mainly by counter-attacks, strengthened Israeli deterrence, and the assignment of responsibility to Hamas for any hostile activity originating from the Gaza Strip, in order to spur it to prevent terrorist attacks against Israel.

The Framework Security Response

Independent Capabilities	Cooperation	Civil-Economic
<ul style="list-style-type: none"> • Demilitarization – limitations on Palestinian security apparatus • Control of the external perimeter • Operational freedom of action • Security barrier • Security checks at crossings • Control of airspace and electromagnetic spectrum 	<ul style="list-style-type: none"> • With PA security apparatus • USSC – strengthening security performance in internal security • Jordan and Egypt • Regional 	<ul style="list-style-type: none"> • Work in Israel • Freedom of movement • Fewer restrictions in travel to Jordan • Economic and infrastructure projects • Employment centers

Strengthening PA Governance

In order to promote conditions toward a negotiated permanent status agreement, Israel should help the Palestinian leadership overcome the weaknesses that typify it today: lapses in governance; inability to exercise its authorities due to Israeli restrictions (relating to security, infrastructure, and economic aspects); the split between the PA-controlled West Bank and the Hamas-controlled Gaza Strip; and erosion of its internal legitimacy.

To this end, Israel should facilitate internal Palestinian processes designed to establish effective government institutions, build infrastructure for the future Palestinian state, and expand the control of the Palestinian security apparatus. It is clearly in Israel's interest to help strengthen the Palestinian government institutions at all levels by expanding their civil authorities, and help strengthen the legitimacy of the PA's leadership in the eyes of the Palestinian public by improving the population's economic situation and fabric of life. To this end, Israel should, *inter alia*, gradually transfer authorities to the Palestinian Authority that will establish and strengthen its governance on the ground and boost its public legitimacy. Concurrently, Israel should demand that the Palestinian Authority stop the incitement against Israel and introduce educational curricula that teach peace and coexistence.

Economic Plan for the Palestinian Economy

Today the Palestinian economy relies heavily on the Israeli economy and cannot sustain itself without Israel. An economic plan was formulated as a component of the proposed framework (Appendix D); its main objective is to strengthen the Palestinian economy and develop it for future independence. The plan's principles were formulated following a series of meetings with Israeli, Palestinian, and international professionals (including senior economists, professionals from the Israeli Ministry of Finance, representatives of the European Union and the Middle East Quartet in Israel, and foundations and organizations that finance projects in the West Bank), and while taking into account the research and recommendations of the Portland Trust.¹¹ The proposed economic plan is based on a modular solution for existing problems – solutions that should not be put off until after a permanent agreement is achieved.

The economic plan is built on the assumption that economic independence, which will strengthen Palestinian governance, is a strategic target that is clearly in Israel's best interest. Therefore, separation should be advanced in stages, taking gradual steps in this direction, with Palestinian consent: updates to the Paris agreements, relief in relation to customs, and more. Furthermore, in order to improve the economic situation of the Palestinian population rapidly, Israel should increase the number of work permits in

11 *Beyond Aid: A Palestinian Private Sector Initiative for Investment, Growth and Employment*, Portland Trust, November 2013, www.goo.gl/KR2Juz.

Israel, as well as Israeli and international investments in economic projects, mainly those that create jobs. The accepted assessment is that international parties should lead the plan in order to ensure its effective management, and in order to soften any opposition to Israeli involvement in the plan.

The economic plan takes a two-pronged approach: allocating extensive territory in the West Bank – in Area C – for Palestinian economic and infrastructure development, and establishing an international development bank in the Palestinian Authority. With regard to the allocation of land for development, an ad hoc committee will be formed to initiate projects in Area C. Planning and zoning authorities in these areas will not be transferred to the Palestinians at the outset, but only after work has begun on the initial projects and the Palestinians have proven their performance capabilities and their assumption of responsibilities.

The international development bank in the Palestinian Authority will be an instrument for international financial assistance to the Palestinian economy. It will provide both the economic support and the expertise needed to build a modern market economy. Such an economy will substantially improve the Palestinian population's standard of living and will be helpful in implementing any agreement between Israel and the Palestinian Authority.

This plan is built on an incremental progression that proceeds according to proven successes, and includes short, medium, and long range ventures intended to establish human and physical infrastructures for an independent

The economic plan takes a two-pronged approach: allocating extensive territory in the West Bank – in Area C – for Palestinian economic and infrastructure development, and establishing an international development bank in the Palestinian Authority.

economy. Each milestone will undergo evaluation, and measures will be taken to ensure that funds are not diverted to private sources or political purposes, and certainly, not for military purposes. International experts and technocrats who are not political figures will be involved in the plan and will operate under the auspices of the international bank. The broadest possible variety of countries will provide both the funds and the experts who will operate within the framework of the bank, so that the bank will not rely on a limited group of countries. This will ensure that no country will be

able to monopolize the bank's agenda and interests.

The International Bank of Palestine's economic plan will be built gradually in stages:

Short term	Individual projects to provide relatively fast results Example: employment centers, regional employment authority, technological ventures
Medium term	Projects to focus on strengthening economic performance and creating capital, promoting existing international projects, reinforcing infrastructures Example: industrial parks, agricultural upgrades, tourism ventures
Long term	Depending on progress in earlier stages and proof of capability – huge acceleration of ventures Example: construction of a port in Gaza, development of an independent tax collection system, reforms in education and higher education

In the initial period, specific projects that can yield relatively rapid results will be promoted, such as employment centers, a regional labor authority, and small scale hi-tech enterprises. Later, in the medium range, projects that focus on improving the economy and on generating capital will be launched, by continuing existing international projects and by strengthening infrastructure. Such projects include industrial parks, tourism ventures, and upgraded agricultural technologies. In the long range – subject to progress achieved in the previous stages and based on proof of capability – wider scale ventures can be promoted, such as platforms at Israeli ports for Palestinian use, an independent tax collection system, and reforms in the primary and higher education systems.

The Palestinian economy suffers from numerous ailments and hindrances, including poverty, high unemployment rates, restrictions on movements of people and goods, both within the West Bank and between the West Bank and Gaza Strip, and shortages of know-how, initiative, and resources to maximize Palestinian human capital, which is the key to an improved economy. In addition, the Palestinian government and Ministry of Finance function merely as a treasury rather than as policymaking institutions, and are plagued by wide scale corruption.

Until now, international assistance to the Palestinian economy has been primarily in the form of extensive money transfers to the Palestinian Authority without any real control over how the money was used. The establishment of the international development bank will provide the control mechanisms needed in order to overcome this problem and the deficiencies of the Palestinian economy, since it will serve as a kind of parallel economic authority assisting

the Palestinian economic authority, which will continue operating until the Palestinian economy is capable of operating independently.

The Gaza Issue: The Reconstruction Project

The Hamas government in Gaza does not recognize the State of Israel's right to exist. It incites hatred against Israel and is an obstacle to a political arrangement between Israel and the Palestinians. Therefore, Hamas will presumably resist the proposed framework. Over the last decade, rounds of confrontations and violence have erupted between Hamas in Gaza and Israel on an average of once every three years (in addition to waves of sporadic firing). These rounds of violence are destructive to the economic-civilian infrastructures and to the humanitarian situation in the Gaza Strip, but have neither stopped Hamas's military buildup nor diminished its control over the Gaza Strip. Thus Hamas's military buildup and the acute humanitarian crisis in the Gaza Strip are challenges that remain unresolved. Allowing this reality to continue is liable to accelerate processes of escalation and deterioration to further rounds of violence between Hamas and Israel, and to increase the pressure on Hamas applied by extremist organizations in the Gaza Strip. Nevertheless, for the time being, Israel, which cannot repair the Palestinian political split, has accepted the reality of the Hamas government and considers it a responsible, albeit hostile, address for the Gaza Strip. In the eyes of the international community, Israel is still responsible for the Gaza Strip, despite the disengagement, given the closure that limits freedom of movement to and from the Gaza Strip and makes it difficult to improve the humanitarian situation there.

A full or partial solution to the Gaza problem is not part of this framework and is not a precondition for promoting the framework in the West Bank. Inclusion of a proposed solution for Gaza within the framework is liable to lead to a stipulation that progress in one region is contingent upon progress in the other region – which will weaken the Palestinian Authority, afford veto rights to Hamas, paralyze progress in implementing the framework, and impede Israel's operational flexibility. On the other hand, enabling the reconstruction of the Gaza Strip, without collecting any political quid pro quo from Hamas, will be considered as rewarding terrorism and challenging the legitimacy of the PA government in the West Bank. Therefore, it is crucial that the reconstruction of the Gaza Strip be made contingent upon

the establishment of effective mechanisms to prevent any Hamas buildup and upon a long term ceasefire commitment from Hamas.

In this context, the main question is: How can Israel prevent the situation in the Gaza Strip from deteriorating to an outbreak of violence that will spill into a confrontation between Israel and Hamas – a confrontation that will necessarily affect the implementation of the proposed framework? In other words, how can Israel prevent the Gaza Strip from becoming a “spoiler” that will torpedo any positive progress in the West Bank? In response to this question, a parallel plan was formulated for the reconstruction of the Gaza Strip in exchange for Hamas stopping its buildup (Appendix C), which will operate without any connection to developments in the West Bank. The purpose of the plan is to improve Israel’s security situation by providing a response to the needs of the Gaza population, and in parallel, to exert efforts to prevent any Hamas buildup and activities by other terrorist organizations in the region. The magnitude of the problem in the Gaza Strip and its complexity also require action using a combined regional and international mechanism. More detail is available in *The Crisis of the Gaza Strip: A Way Out* (INSS, 2018), edited by Anat Kurz, Udi Dekel, and Benedetta Berti. The book presents the results of an extensive research project conducted over one year at INSS, in collaboration with Israeli and international experts. The study reviewed and analyzed the various aspects of the situation in the Gaza Strip, and then formulated recommendations regarding measures that should be taken in the context of a new policy for Israel.

Jerusalem

The issue of Jerusalem is particularly complex, due to its religious importance to Judaism, Christianity, and Islam, and because the Jewish and Arab residents of Jerusalem are intermingled. Given the intensity of this problem, some believe that it is preferable not even to approach such a volatile issue. These voices strengthen the claim that it is already impossible to separate Jews and Arabs in Jerusalem and create a reality of two capitals for two states.

The wave of terrorist attacks that began in Jerusalem in the autumn of 2015 disproved two basic assumptions of Israeli governments up until now. The first basic assumption is that the status quo could be maintained in the city, including on the Temple Mount. However, the outbreaks of violence relating to the Temple Mount in recent years have proven that there is no agreement about the status quo there between the key stakeholders directly

involved – Israel, the Palestinians, and the Kingdom of Jordan. As a result, the site has become the focus of a protest by Jews (due to the restrictions imposed on their access to it), and the focus of riots by Palestinians and Muslims (against the backdrop of the false allegation that Israel intends to change the status, and also as a result of the multitude of actors operating on the Temple Mount, each with its own logic – the Palestinian residents of Jerusalem, the northern faction of the Islamic Movement in Israel, the Palestinian Authority, and Jordan; Turkey too interferes with developments regarding the Temple Mount). The tension surrounding the Temple Mount likewise increases tensions in the relations between Israel and Jordan.

The second basic assumption is that Jerusalem is a united city, and that political rhetoric is enough to establish this reality. However, anyone who thinks this way is oblivious to what is actually transpiring in East Jerusalem, mainly in neighborhoods and villages that were added to East Jerusalem, which are barely visited by Israeli Jews and where pervasive neglect has persisted over the past 50 years. Already today, Israel's control there is limited, particularly in areas that are beyond the security barrier. According to public opinion surveys, a clear majority of the Israeli public today agrees that Jerusalem is, in fact, divided into Jewish Jerusalem and Arab Jerusalem.

The framework also includes a set of measures that may be implemented in Jerusalem, depending upon the situation and the level of cooperation with the Palestinian Authority. The main change is the formation of a separate municipal authority for the Arab neighborhoods and villages in East Jerusalem, which were added to the city after the Six Day War and do not include the Old City and the Historic Basin. The role of this authority, which could be called "Metropolitan East Jerusalem," will be to manage the aforesaid neighborhoods and villages. This authority will be subordinate to the Israeli Ministry of Interior, and its officials will be elected by the Arab residents of East Jerusalem. The municipal authority of East Jerusalem will initially be distinct from the Municipality of Jerusalem and will receive the budgets it needs in order to develop and improve the welfare of its residents (nearly 40 percent of the population of Jerusalem today are Arabs living in East Jerusalem, but the budget allocated to their residential neighborhoods is only at the ratio of about 20 percent).

The establishment of an effective Metropolitan East Jerusalem municipal authority will serve Israel's interests whether the current political situation continues over time or whether transitional arrangements are established

en route to a reality of two states. Later, once the new situation stabilizes, and with the cooperation of the Palestinian Authority, Israel will be able – subject to a majority vote by 80 Knesset members or subject to the results of a referendum as is required in instances of relinquishing sovereign territory – to transfer Metropolitan East Jerusalem to the responsibility of the Palestinian Authority. If a separate municipal authority is not established, it will be necessary to adjust Jerusalem’s municipal jurisdiction to the route of the security barrier. It is advised to gradually transfer the neighborhoods and villages beyond the barrier (such as Kafr ‘Aqab and the Shuafat refugee camp) to the control of the Palestinian Authority.

Regardless of the solution that is chosen, Jerusalem’s prosperity is contingent, *inter alia*, upon: improved traffic infrastructure, to facilitate Palestinian workers’ mobility from Jerusalem’s periphery to its center; improvements to Palestinian municipal services, infrastructures, and quality of life; incentives to the Arab population to take part in managing its own life – by establishing neighborhood administrations, community centers, youth centers, training centers, neighborhood police units and more; encouragement of the emergence of local leadership in the neighborhoods and villages; and the appointment of local leaders to public offices. Furthermore, budgets should be allocated to assist in realizing initiatives of local activists that benefit the Arab neighborhoods. A local leadership that emerges from the grassroots, rather than being appointed from above, can gradually assume responsibility over the lives of the population and attend to their needs.

Israel would likely benefit from this idea, even if it will not be possible to implement it as a result of opposition from the Palestinian Authority, since in that case it will prove that the Palestinians are those refusing an actual opportunity to improve the fabric of life in East Jerusalem and to improve relations with Israel.

The Framework: Advantages and Opportunities

The proposed framework does not purport to be the solution that resolves the age-old Israeli-Palestinian conflict, but rather, a way to promote Israel’s interests at the current point in time and under the existing environmental circumstances. The minimum achievement of this framework – if implemented – is a new, more convenient Israeli political and security arrangement that will reinforce stability over time and increase Israel’s stamina and political maneuvering room.

The framework changes the rules of the game and extricates Israel from its current path, which allows it to choose between only two options: one with very poor prospects of materializing (a comprehensive permanent status arrangement requiring agreements on all of the core issues and painful concessions by both sides), and the other fraught with danger (sliding into a reality of one state without any ability to separate in the future). Implementing the framework will reduce Israeli rule over the Palestinians, will advance political, territorial, and demographic separation, and will strive to shape a two-state reality (or at least a reality in which the State of Israel exists alongside a separate Palestinian entity). Furthermore, the framework will demonstrate Israel's genuine intentions to strive to reach a solution of two states for two peoples.

The greatest advantage of the framework is Israel's ability to advance it through coordinated and agreed courses of action as well as through independent courses of action that are not dependent upon Palestinian consent. This prevents them from being able to veto or torpedo the measures. Consequently, implementation of the framework, that is, initiating movement toward separation, is contingent solely upon the belief among the political leadership in Israel that this is the preferred course of action and that it is able to overcome political objections to the plan.

Moreover, the framework proposed here is not a one-time action plan, but rather, is a process with a modular and staged structure that enables Israel to control its pace and content: the progression from stage to stage

Implementing the framework will reduce Israeli rule over the Palestinians, will advance political, territorial, and demographic separation, and will strive to shape a two-state reality.

will be based on an assessment of the success of the previous stage and on an analysis of its strategic implications. If necessary, it will be possible to decide on a lengthy "strategic halt" for the purpose of rethinking and preparing groundwork.

The framework meets Israel's security interests, since it retains Israel's freedom of intelligence and operational action in the Palestinian territories. It includes demilitarization of the Palestinian entity, Israeli control over a western security zone that

protects Israel's narrow waist and Ben Gurion Airport, establishes an eastern security zone in the expanded Jordan Valley in order to prevent smuggling of war materiel and infiltration by terrorist groups and jihadist radicals from the east, and retains Israel's control over strategic arteries and sites in the

West Bank. In this way, Israel will clearly delineate its security interests that must be properly safeguarded within the scope of the permanent status agreement. The security risks involved in this framework are considerably lower than the risks incurred in a permanent agreement, since according to the framework, Israel will continue to retain freedom of military action throughout the territory, without the restrictions that will certainly be included in a final status agreement. Moreover, the framework is designed to strengthen the cooperation with the Palestinian security apparatuses – which can be expected to limit the freedom of action of anyone who tries to torpedo it through terrorist attacks – and facilitate gaining Israeli public support for it.

According to the framework, an expanded, contiguous Palestinian area will be delineated where the vast majority of the Palestinian population in the West Bank reside. At issue is a geographic region that enables the building of infrastructure for a stable, independent Palestinian state and attending to the welfare of the population in terms of housing, employment, and mobility. Implementation of the framework will significantly reduce the friction between the Jewish and Palestinian populations in the region: it provides for free movement for both sides by constructing bypass roads and overpasses. This will reduce Israel's control over the daily lives of the Palestinian population in the West Bank and might soften the criticism of Israel for its rule over another people.

Within the parameters of the framework, Israel will encourage the Palestinian Authority to assume full authority and responsibility over the area under its governance, inter alia, through Israel's declaration that it recognizes the Palestinian state with provisional borders. Two of the main criteria affecting decision making with regard to progress toward a comprehensive status agreement will be the performance of the Palestinian leadership and the foundations for the Palestinian state. The implementation of the framework should forge an inter-state relationship between Israel and the Palestinians – and thereby transform the core controversy between Israel and the Palestinians from a struggle for national liberation and self-determination to a border dispute between states.

The framework meets Israel's security interests, since it retains Israel's freedom of intelligence and operational action in the Palestinian territories. It includes demilitarization of the Palestinian entity, Israeli control over a western security zone that protects Israel's narrow waist and Ben Gurion Airport, and establishes an eastern security zone in the expanded Jordan Valley.

As for the status of the Jewish settlements, which currently constitute a main obstacle to separation and progress toward an agreement – Israel will define the settlement blocs that are vital to it and which it intends to retain in any future situation; construction and expansion will continue there. Within these settlement blocs, it will be possible to prepare areas for the construction of community neighborhoods, and residents of settlements outside the blocs will be encouraged to relocate to them. In any event, no new construction will be allowed in settlements outside of these blocs, and government incentives and the flow of budgets to them will be terminated. We also recommend that areas inside Israel be delineated for the development of communities for settlement populations that choose to leave the isolated

settlements deep in Palestinian territory.

The implementation of the framework should forge an inter-state relationship between Israel and the Palestinians – and thereby transform the core controversy between Israel and the Palestinians from a struggle for national liberation and self-determination to a border dispute between states.

These measures will create a clear distinction between settlement blocs and settlement outposts and will highlight Israel's intention to separate from the Palestinians. This signal is important for Israel's relations with the international community and is even more important for the Israeli public, which for the most part wants to retain the settlement blocs and is willing to relinquish the settlements deep in the territory. As a result of the policy change regarding settlements – from encouraging settlement in outposts to encouraging residence in the settlement blocs and within the Green Line – Israel can expect a natural reduction in the number of residents in the isolated settlements, thereby also reducing the need for massive settlement evacuation efforts when the time comes.

Israel will define the settlement blocs that are vital to it and which it intends to retain in any future situation; construction and expansion will continue there.

Even those who oppose a Palestinian state and prefer a smaller Palestinian political entity (threshold state) will be able to accept the conditions of the proposed framework. Indeed, the framework barely addresses the most sensitive issues in a permanent status agreement, including evacuation of Jewish

settlements, the future of Jerusalem and the holy sites, a solution to the Gaza problem, a solution for the refugee problem, and the final borders.

Sidestepping these difficult issues will facilitate recruiting Israeli public support for the framework.

One expected argument is that the framework adopts the process approach – i.e., the Oslo approach toward interim agreements – which many consider a bitter mistake. It is true that the Oslo Accords were based on a gradual, staged approach, but attempts to take the opposite approach – to direct conclusion of a final status agreement (the Camp David Summit of 2000, President Clinton’s parameters, the Annapolis process of 2008) – likewise did not advance any arrangement. Therefore, the current conditions mandate the adoption of a responsible and controlled process approach, based on actions and on the creation of conditions for separation and for a two-state reality.

From the legal standpoint, the framework is consistent with the principle of dividing the territory as defined in the interim agreement, even if a change is made in the components of the territory in terms of both regional definitions and the division of authorities. Over the years, both the Israeli side and the Palestinian side have committed material breaches of these agreements, such that even if Israel unilaterally deviates from the agreement, without the consent of the Palestinians, it will not constitute a precedent; moreover, at issue is the granting of more authority to the Palestinian Authority than what is defined in the agreements. Of course, if the deviation from the agreement is by mutual consent, this problem will not arise at all. Moreover, the framework provides a response to the demands raised in the Middle East Quartet report of July 2016: promoting the two-state solution; allocating territories in Area C for Palestinian development; stopping the expansion of the isolated Jewish settlements deep in Palestinian territory; developing Palestinian infrastructure and construction; and easing the restrictions on movement. The framework also helps the Palestinians respond to what is demanded of them in the Quartet report: building effective governance institutions; stopping the incitement; improving governance; and developing the economy.¹² Accordingly, Israel will be able to use the Middle East Quartet report in order to gain the international community’s support for the framework.

The framework can be expected to receive international support, since it demonstrates significant and substantive political advancement toward a two-state solution – the sole solution for the Israeli-Palestinian conflict that is acceptable to the international community. The framework also has the

12 Ravid, “Quartet Releases Report on Impasse in Israeli-Palestinian Peace.”

potential to gain the support of the Trump administration, particularly if the President fails to promote his “ultimate deal,” given his interest in examining

The framework has the potential to gain the support of the Trump administration, particularly if the President fails to promote his “ultimate deal,” given his interest in examining new modes of action to achieve political progress between Israel and the Palestinians.

Another advantage of the framework is the fact that it does not preempt the traditional political process. This process can be resumed during any of the implementation stages of the framework.

new modes of action to achieve political progress between Israel and the Palestinians. Alternatively, the framework can constitute a preliminary stage in the implementation of President Trump’s plan, or a Plan B for “the deal of the century.”

Another advantage of the framework is the fact that it does not preempt the traditional political process. This process can be resumed during any of the implementation stages of the framework and enable progress toward the creation of a two-state reality and, to the extent possible, achievement of a permanent status agreement. Many aspects that are relevant to a permanent agreement will be advanced within the scope of the framework, and their implementation will create the requisite conditions for progress toward a comprehensive agreement in the future. This is because the framework opens possibilities for a wide range of political measures, including independent measures (whether more or less coordinated), recognition of a Palestinian state with provisional borders, involvement of the pragmatic Sunni Arab countries and the international community in various courses

of action, and leverage for Israeli-Palestinian cooperation that could mature into negotiations regarding the core issues.

The Framework: From Impetus to Rationale

Disturbing Trends	A Way, Not a Solution
<ul style="list-style-type: none">• A threat to the character of the state: Jewish, democratic, secure, and moral• A slide into a one-state reality• Loss of future ability to separate from the Palestinians or to exercise other options	<ul style="list-style-type: none">• Anchoring Israel’s security, territorial, settlement, and political interests• Building an independent infrastructure for a future Palestinian state• Release from a demographic, economic, and moral burden• Continued coordination and cooperation• A supportive regional component• International support and recognition

Weaknesses of the Framework

The framework does not fulfill the objectives of a permanent status agreement and does not include elements for ending the conflict – solutions for the core issues and delineation of an agreed, final border – so that even if it is successfully implemented, the core conflict remains. The framework's lack of reciprocity and its inability to guarantee the final outcome will arouse political opposition in Israel, mainly on the part of the right wing. Furthermore, the common assumption is that a zero-sum game is underway between Israel and the Palestinians in relation to nearly every issue, and therefore, any action that Israel takes that “benefits” the Palestinians will be perceived as a “forfeit” and an Israeli loss.

Opponents of the framework on the Israeli side are liable to apply political and legal pressure on the government to reject it and expand settlements in areas to be defined as “areas of isolated Jewish settlements.” Opponents are also liable to try to establish illegal outposts to create increased friction with the security forces and the Palestinian population, and even to engage in “price tag” tactics of vandalism. On the other hand, the opposition of those who view the plan as establishing facts on the ground unilaterally, regardless of Palestinian interests, reflects the lack of will to bring about the end of the conflict.

As for the international arena, Israel might have a hard time convincing the international community that the proposed framework is an adequate step in the direction of a comprehensive arrangement and is not merely a strategy for improving the reality in its favor. Even if Israel does succeed initially in receiving global credit points for its courses of action, the legitimacy and support it gains could erode over time, and Israel is liable to find itself facing a gamut of pressures to proceed toward a comprehensive agreement even in the absence of preconditions for its success. Israel is also liable to find itself facing international criticism in relation to its security activity in the Palestinian territories, since Israel can expect that the international community will consider this as impinging on Palestinian sovereignty and hindering the prospects for building the appropriate foundation for a Palestinian state.

Most likely, the Palestinians will refuse to cooperate overtly, and will view the framework as an Israeli attempt to establish unilateral facts that will remain valid over time, a sophisticated attempt to deny them political independence, and continued Israeli rule over the territory (the occupation) in new ways. The Palestinian Authority will step-up its internationalization

strategy; i.e., continue to challenge and confront Israel in the international arena. Furthermore, there is insufficient incentive for the PA to invest in capabilities to establish an independent, effective, and responsible government in the territory to be transferred to its responsibility. There is no certainty that once the framework is implemented, the Palestinians will take action to build their economy and design their state institutions. There is even a possibility that as a result of Israel's courses of action, the Palestinian Authority will reduce its security cooperation with Israel out of political pressures from the Palestinian public. Concurrently, Israel can expect attempts to thwart the Israeli measures by radical groups on the Palestinian side, including Hamas in the Gaza Strip, intensifying the violence and terrorist attacks. In order to reduce the Palestinian opposition, it is crucial to recruit the pragmatic Arab countries, mainly the Arab Quartet, to convince the Palestinian Authority to cooperate with the framework, and to grant it economic assistance and political guarantees. Israel must also strive to promote understandings with the Palestinian Authority and coordinate the implementation of the separation, coupled with measures to strengthen PA performance that will not be perceived as a Palestinian concession or surrender to Israeli dictates.

Implementation of the Framework

Creating a Political Infrastructure to Advance the Framework

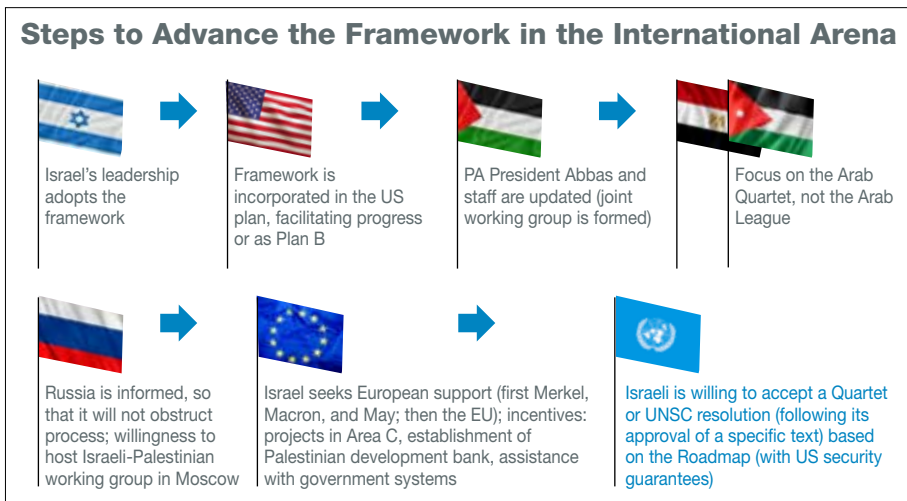
Of the many measures detailed in the framework, some require the involvement of the Palestinians, the Arab world, and the international community, while others Israel can implement on its own. However, the preferred starting point to advance the framework's objectives is with the acceptance by all parties involved: the Palestinians, Arab countries, the United States, and the European Union. There is a significant need to reach understandings with the Palestinians: if they oppose the Israeli measures, Arab countries, the United States, and Europe will have a hard time supporting them, and then, not only will the reality not improve, but it is liable to become even worse.

Nevertheless, the Palestinians' refusal to cooperate with the framework's principles might represent continued recalcitrance, and if so, it could stir harsh criticism against them in the United States and in the Sunni Arab countries. Therefore, it might be possible to gain some regional and international support for the framework even without Palestinian consent. Furthermore, it is advisable for Israel to implement at least some of the framework's measures – even without international support – in order to advance the separation between Israel and the Palestinians according to Israel's interests, assuming that these measures will not prompt the Palestinians to react with violence against them and cause security deterioration or significant harm to Israel's international standing. The very presentation and attempt to advance it – even in the face of Palestinian efforts to undermine it – could earn Israel credit, while the international community might blame the Palestinians for preventing progress toward resolution of the conflict.

What follows are the key conditions that Israel needs in order to create a political infrastructure to advance the framework:

- a. *Full coordination with the US administration* and integration of the framework in the US political plans for the Middle East. In addition, international trust in Israel's intentions concerning the framework and its

objectives must be gained. If the international community is convinced that Israel is indeed committed to a two-state solution and takes action to change the reality in this direction, their support of the framework and the measures to implement it will most likely be enhanced. In this context, it is important to persuade the American administration and Congress to lift the restrictions imposed on the Palestinian Authority if it cooperates with the implementation of the framework, while persuading the Arab Gulf states to support the PA in state building process and the infrastructure for a future state.



- b. *Transformation of the Palestinian Authority into a responsible entity with effective governance mechanisms.* Israel has an interest that the PA becomes a functional, stable, and reliable partner in realizing the framework and, when the time comes, in formulating a permanent status agreement. Without such a partner, the framework's measures will be blamed for any undermining of the security situation, similar to the accusations after the disengagement from the Gaza Strip.
- c. *Palestinian non-opposition to the framework.* Active Palestinian opposition will prevent Arab countries from helping to promote it, will make it difficult for the United States to support it, and might even cause the security situation in the territory to deteriorate. To avoid this, Israel needs to recruit the United States, Egypt, and Jordan to support the framework and convince the Palestinian leadership that implementing the

framework not only will not harm the Palestinians' rights, but rather, that this course of action is vital in preparation for a permanent agreement. Involving the pragmatic Arab countries will legitimize the Palestinian leadership's support of the framework and will provide it with guarantees and insurance for later stages in the process. Such involvement might also be translated into economic assistance to the Palestinians, which is critical to the success of the process.

In order to convince the international community, the Arab Quartet, and the Palestinian leadership of its genuine and serious intentions, Israel must take the following measures:

- a. *Israel's leadership must demonstrate commitment to a political course of action that aims to end the conflict through a two-state solution.* Israel must present its position with regard to the desirable outcome: the existence of a Palestinian state, with borders demarcated during negotiations (on the basis of the Green Line and land swaps) and a Palestinian capital in the Jerusalem region alongside the capital of Israel. Israel must clarify that the final consent on the core issues will be achieved only during bilateral negotiations for a comprehensive status agreement.
- b. *The leadership in Israel must convince all relevant parties that the framework is not an alternative to negotiations for a permanent status agreement, but rather is a catalyst for subsequent agreements.* Israel must explain that the framework proposes a series of measures that seek to create a positive atmosphere that will support the political process for successful negotiations for a permanent status agreement and its implementation, and that at issue is not an alternative to negotiations. The initial steps in the framework – freezing construction in the isolated Jewish settlements outside of the settlement blocs; shifting the Israeli government's encouragement of settlement away from expansion of the isolated settlements to relocation to the settlement blocs and within the Green Line; declaring that parts of Area C are designated for Palestinian development; and transferring authorities to the Palestinian Authority – will demonstrate that Israel indeed intends to advance a two-state reality.
- c. *Israel will declare that it considers the Arab Peace Initiative a basis for discussion with the Arab world and will call for an examination of its components in exchange for Arab countries' willingness to participate in the process.*

- d. *Israel will take action to establish a dialogue mechanism* comprising three channels: regional, bilateral, and international.
- e. *A mechanism will be created for implementing understandings regarding the framework.* At a later stage, the mechanism will be used to create conditions for implementing agreements.

Concurrent with demonstrating its willingness to take action to advance a two-state reality, Israel will demand international considerations and guarantees, due to the fact that the Palestinian Authority is an unstable entity with an uncertain future. Inter alia, Israel must take action to obtain international recognition of its measures advancing a solution of two states for two peoples – Israel, the national homeland of the Jewish people, and Palestine, the national homeland of the Palestinian people. Israel must also demand recognition of the critical nature of the security arrangements that it needs. These demands are not preconditions for the framework, but they must be placed on the agenda during the political process toward a comprehensive arrangement.

Engaging the Regional and International Arenas

The Regional Component

The desire to improve the relations with the pragmatic Arab countries (mainly the Arab Quartet) cannot be fulfilled without progress on a bilateral Israeli-Palestinian track, and certainly cannot substitute for it. Arab countries (even the pragmatic ones) will not support a political track that circumvents the Palestinians, and the degree of their support and involvement in any course of action will be influenced by the extent of the Palestinians' support.

Arab countries can be of assistance in persuading the Palestinians to accede to the spirit of the framework and to key components of it, or at the very least, not to publicly oppose them.

Nevertheless, Israel can presume that Arab countries can be of assistance in persuading the Palestinians to accede to the spirit of the framework and to key components of it, or at the very least, not to publicly oppose them. The persuasion can be accomplished by providing a regional guarantee that Israel will fulfill its commitments over time. It is in Israel's best interests that any major political course of action vis-à-vis the Palestinians is acceptable to the Sunni

Arab countries and that they help advance it and reap from its success. The upheaval in the Middle East in recent years has indeed undermined regional

stability, but has also provided an opening for political opportunities and a confluence of interests between Israel and Sunni Arab countries. The current rift in the Arab and Muslim world, the Sunni countries' hostility toward Iran, and their focus on domestic problems and on the war against the Islamic State all provide opportunities for Israel to score strategic gains. In order for Israel to be able to achieve them, it must identify how to prompt the leading Sunni Arab countries to help resolve the core problems in the Israeli-Palestinian conflict – Jerusalem, refugees, borders – and how it can recruit them to promote the conditions for an agreement through economic development.

Involving the Arab countries in the agreement processes with the Palestinians can significantly expand the span of political flexibility – particularly of the Palestinians, but Israel's as well – thus facilitating compromises. Arab countries' involvement can legitimize Palestinian cooperation with the framework, enable a flow of resources and investments to construct infrastructure for a Palestinian state and open the Palestinian economy to outside markets, facilitate solutions for religious problems, such as administration of sites that are sacred to both Judaism and to Islam, assist in maintaining border security (e.g., by involving these countries in regional security arrangements), and assist with resolving the internal rift in the Palestinian camp.

In order for it to indeed be possible to recruit Arab countries to promote the framework, Israel must take two essential courses of action: first, it must declare its commitment to a solution of two states for two peoples, must agree to the principles of a permanent status agreement, and must back its commitments with practical measures that prove its seriousness. Second, Israel must demonstrate a positive approach toward the Arab Peace Initiative and willingness to consider it an appropriate starting point for negotiating a future agreement. These two courses of action by Israel should lead to substantive progress in the dialogue with the Palestinians and to Palestinian consent to the framework – or at the very least, non-rejection – and to Arab countries' willingness to participate in the process. The position of the US government is particularly critical, since its position and backing of the framework, as well as American pressure

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or quid pro quos to the Sunni Arab countries, will facilitate the recruitment of support.

The factors that can be expected to curb the Arab countries' support of the framework are misgivings about Israel's intentions and concerns about domestic public opinion, which clearly tends to oppose cooperating with Israel while supporting Palestinian nationalist objectives. Therefore, despite Arab countries' desire and willingness to become involved in Israel's agreements with the Palestinians, and notwithstanding their current openness to a dialogue with Israel about shared interests, Israel should not expect their public support of the framework, and it is unreasonable to assume that they will apply overt pressure to force the framework on the Palestinians.

Israel must strive to achieve tripartite understandings, between itself and the Palestinians and the Arab Quartet. If mutual trust is created between Israel and the Sunni Arab countries, then making progress in the framework might also be possible without providing a comprehensive solution within the scope of a permanent status agreement, but rather, only partial courses of action, provided that they are significant and ensure that political and territorial progress will continue, given the right conditions.

Various Arab countries currently enjoy covert cooperation with Israel. They glean considerable benefit from it without having to pay a public price for it, and therefore, even in a situation of progress in the political process, they will not necessarily have any incentive to promote normalization of their relations with Israel. Although the Arab countries' involvement may be significant, and even critical to a resolution of many issues between Israel and the Palestinians, this involvement is not a precondition for implementing the proposed framework, since it includes many measures that Israel can take independently.

Elaboration on the subject of regional involvement may be found in Appendix E, in an essay written by Philip Gordon, a senior research associate at the Council of Foreign Relations (CFR) and a former senior advisor to President Obama.

The United States and the Trump Administration

After Donald Trump was elected President of the United States, many believed that the Trump administration, unlike the Obama administration, would not place the Israeli-Palestinian conflict in the center of the US foreign policy agenda, would support Israel's policy towards the Palestinians, and would

grant it relative freedom in its political conduct. This assessment was based mainly on Trump's declarations during his election campaign and on the fulfillment of his promise to move the United States Embassy from Tel Aviv to Jerusalem. Unlike previous administrations, the Trump administration has refrained from criticizing Israel's policy regarding the construction of Jewish settlements. Nevertheless, it appears that the administration's political plan for resolving the Israeli-Palestinian conflict is not far from the principles set by all of the previous US administrations, but its advantage is that it seeks to create a regional coalition to advance the agreement.

President Trump has clearly adopted the prevailing view that continuation of the Israeli-Palestinian conflict is detrimental to American interests, hinders the resolution of other conflicts and crises in the Middle East, and spawns radicalism in the region. He has also repeatedly undermined the basic principles of the Palestinian position. This stance is unprecedented in US policy, and deviates particularly sharply from the policies of the Obama administration. From the administration's perspective, it has removed the problematic issues from the negotiation's agenda, thereby eroding the relevance of the Palestinian political path, most importantly, what it views as elements blocking the political process. President Trump recognized Jerusalem as the capital of Israel and moved the US embassy to the city; reduced US economic support for the Palestinian Authority; ceased its support of UNRWA, which operates under UN auspices and perpetuates the refugee status of the Palestinians and therefore the Palestinian refugee problem as a whole; nullified the Palestinian veto on the establishment of formal relations and normalization between Israel and the pragmatic Arab countries that are close to Washington; and closed the PLO mission in Washington. But it can be understood that the United States policy continues to be based on a solution of two states for two peoples, direct negotiations between Israel and the Palestinians, and the attempt to launch such negotiations with the help of a significant regional "umbrella" that will lead, inter alia, to a regional conference.¹³ Other statements and measures of the Trump administration likewise indicate that concurrently it will strive to take action to improve

13 Barak Ravid and Amir Tibon, "Trump Tells Saudis: I Have Strong Desire to Reach Comprehensive, Just Israeli-Palestinian Deal," *Haaretz*, March 15, 2017, <https://bit.ly/2BrL9sh>.

the Palestinian economy and reconstruct the Gaza Strip.¹⁴ At the time of this writing, the US plan on resolving the conflict has not yet been published, but already now it appears that the two-state solution from the viewpoint of the Trump administration differs materially from the way in which the solution was perceived in American policy to date.

These measures by the administration led Abbas to declare that he will no longer accept United States exclusive mediation, and called for other countries to take part in the political processes to resolve the conflict. Despite this, the Trump administration continues to demonstrate that it remains the most relevant mediator and also has the power to recruit many countries and entities in favor of the matter. An example was the Gaza Strip reconstruction conference held in Washington in March 2018, which despite the boycott by the Palestinians was attended by representatives of more than 20 countries and international organizations, including Arab countries.

The European Arena

European countries have traditionally supported the two-state solution and negotiations toward a permanent status agreement, and vehemently opposed Israeli construction of settlements. Recently, however, senior European officials have said that in light of the persistent deadlock in the political process, Europe may also support gradual progress and transitional arrangements en route to a permanent agreement based on a two-state solution.

Evidence of European openness to the idea of a gradual political-territorial process between Israel and the Palestinians can be found in the Roadmap adopted by the Middle East Quartet, even though the Roadmap stresses that the gradual process needs to be acceptable to both sides. Therefore, if the Palestinians oppose the proposed framework, Israel should not expect European countries to force the framework on the Palestinians. The degree of European involvement will, in any case, be dependent upon the American policy and how high the Trump administration ranks the goal of resolving the Israeli-Palestinian conflict on its agenda. The more significant a role in the process that the United States fulfills, the more diminished will be

14 Barak Ravid and Amir Tibon, "Alongside Ultimate Deal, Trump Administration Eyes Preventing Gaza's Next Crisis," *Haaretz*, April 7, 2017, <https://bit.ly/2zmhPBX>.

Europe's role in promoting it. The European Union is currently waiting for America's official statement in this regard.¹⁵

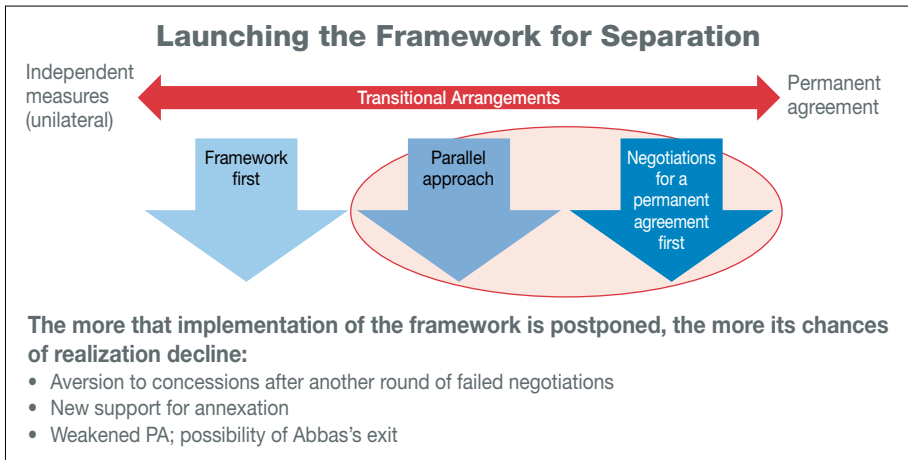
If the Palestinians do not vehemently resist the proposed framework (and even if they do not publicly support it), then the principles that the Europeans will insist on in order to promote the framework can be expected to be consistent with the European Union's traditional demands regarding the political process, and therefore will include demands to stop the construction in settlements and in East Jerusalem, ease restrictions on Palestinian economic activities, implement infrastructure projects in Area C, stop the Israeli punitive actions such as the deportations and house demolitions, open the economic agreement between Israel and the Palestinian Authority, and improve the exterior border-crossing arrangements for the Palestinian population.

For the most part, these demands are met in the proposed framework. In any case, Europe can be expected to adopt a position that is closer to that of the Palestinians with regard to ensuring the final target outcomes (two states, with full sovereignty, that co-exist peacefully side by side) and with regard to the borders (return to the 1967 lines with agreed land swaps). The Europeans will also support anchoring these targets in a Security Council resolution or in international guarantees.

Launching the Framework

It is recommended that Israel encourage the Palestinians to return to the negotiating table and engage in negotiations on the core issues, with the aim of reaching a permanent status agreement. If Israel is not willing to do so, the framework will not gain outside support. Simultaneously, Israel should begin implementing the framework in order to advance a reality of two states, in order to create a positive atmosphere that will support the political process, and in order to prove Israel's determination to progress toward the target. If the negotiations again hit a dead end or fail, Israel will be able to continue implementing the framework, advancing political separation, and designing a more stable situation for itself for the long range. Postponing the implementation of the framework until it is feasible to arrive at a comprehensive status agreement through direct negotiations is liable to jeopardize implementing the framework later. Why? Because another

15 Uri Savir, "What are European Union's Plans if Trump Fails on Mideast Peace?" *al-Monitor*, May 7, 2017, <https://bit.ly/2FCG7gy>.



failure in negotiating a permanent status agreement is liable to cause material changes in the conditions and circumstances on the ground – primarily, an escalation in terrorist attacks and damage to the cooperation between the IDF and the Palestinian security apparatus. Such developments would undermine the very ability to launch the framework.

Conclusion

In recent years, and especially since President Trump entered the White House, voices are heard in Israel and elsewhere calling for a reexamination of the paradigms that have prevailed with regard to the Israeli-Palestinian conflict. Among these voices are those that doubt the feasibility of the two-state solution and propose various alternatives, such as annexation of portions of the West Bank to Israel; a one-state solution; or institutionalization of a Palestinian sub-state entity.

The framework proposed in this document is based on the conviction that political, territorial, and demographic separation of Israel from the Palestinians and adherence to the two-state concept are the preferred strategic targets to ensure the existence of a Jewish, democratic, safe, and moral Israel. Therefore, it is proposed that Israel take a series of clear measures to extricate itself from the political deadlock and reverse trends that thwart the prospects of separation and accelerate conditions for annexation that jeopardize Israel's future and its identity. Some of the measures require consent and coordination between Israel and the Palestinians, while others are separation measures that Israel can implement independently. The adoption and implementation of the framework, even in a minimal format, will necessarily lead to a change in the current trend and will generate numerous advantages for Israel:

- a. Fortification of the founding idea of a Jewish, democratic, safe, and moral state
- b. Advancement of political separation from the Palestinians, which will reduce Israel's rule over the Palestinian people
- c. Continued provision of security to Israel's population
- d. Improvement of Israel's international standing
- e. Opening of political possibilities in the future toward a reality of two nation states living in peace and security side by side.

The reality that will be created on the ground will enable the establishment of state, political, and international infrastructures that are more convenient for Israel for future progress on additional tracks, as per Israel's understanding and depending upon actual progress: the establishment of transitional arrangements with the Palestinians according to the principle that "everything agreed upon is implemented" and abandoning the "all or nothing" approach; the possibility of establishment of a Palestinian state with provisional borders according to the second stage of the Roadmap; direct negotiations for a political agreement on the basis of the two-state solution; and, in the event of a complete lack of Palestinian cooperation – the advancement of independent separation measures, according to Israel's interests.

A solution for the Gaza Strip problem is not a precondition to the advancement of this framework. It is crucial to mobilize international efforts in every way possible to improve the humanitarian situation in the Gaza Strip and to reconstruct infrastructures in exchange for the establishment of an international mechanism that will take action to stop the military buildup of Hamas and other terrorist groups. Israel should advance this issue in

This framework will protect the identity and future of a Jewish and democratic Israel, will protect Israel's security and settlement interests, will enable the recruitment of regional and international support, and will stop the trends that are dangerous to Israel that are erroneously called "the status quo," but in fact are a steady slide into a one-state reality, with all of the grave national risks this entails.

parallel to its implementation of the framework in the West Bank, as well as independently of it. Israel should act to create the conditions that will enable the return of PA control in the Gaza Strip.

The comprehensive research study of the variety of possibilities available to Israel strengthened the assessment that this is the most responsible course of action that is viable today, due to its underlying engine of gradual implementation, which ensures that in the event that progress in the process is halted, Israel will still find itself in an improved strategic position. Furthermore, the framework has a high probability of feasibility, since it depends almost exclusively on Israel, regardless of the willingness of outside forces. This framework will protect the identity and future of a Jewish and democratic Israel, will protect Israel's security and settlement

interests, will enable the recruitment of regional and international support, and will stop the trends that are dangerous to Israel that are erroneously called "the status quo," but in fact are a steady slide into a one-state reality,

with all of the grave national risks this entails. The framework does not address the issue of evacuating Jewish settlements in the near future, and affords Israel political maneuvering room; it will significantly improve the current political reality, and will ensure an improved strategic stopping point compared to the present.

In order to convince the Palestinian Authority that at issue are not measures intended to cement a situation whereby Palestine will remain a sub-state entity, Israel must issue a letter of undertaking to the United States or to the Arab Quartet in which it affirms that it intends to achieve a reality of two states for two peoples. Such a guarantee must include the principles of the permanent agreement that Israel strives to achieve: two sovereign nation states; the reference line for the final border between the two states will be the ceasefire line between Israel and Jordan (the June 4, 1967 line), but adjustments will be made to it according to the reality on the ground; the two capitals of the two sovereign states will be within the Jerusalem region; the Palestinian state will be demilitarized of capabilities that could threaten Israel; an international mechanism will be established for compensating and rehabilitating the Palestinian refugees without any actual return to the State of Israel; and an agreement will be reached to put an end to reciprocal claims.

In conclusion, the framework is not a solution, but a way to prevent the possibility of sliding toward a one-state reality and to preserve future options for Israel. We recommend a paradigm shift: instead of engaging about the end state and another failed negotiation for a permanent status agreement, we present a way to promote and create conditions for a two-state reality. The territorial realignment of the area is based on the map of Israel's security, territorial, settlement, and political interests.

The plan is based on four pillars: continued coordination and cooperation with the Palestinians, and the promotion of transitional arrangements for immediate implementation; an Israeli initiative to shape a reality of separation through a series of separation steps on the ground; mobilization of the pragmatic Arab states to convince the PA to cooperate and help it in building the conditions for a functioning state; retention of the security keys and stability in Israel's hands.

There are those who believe that in implementing the plan, Israel is handing over strategic assets without proper compensation. Israel will allow the construction of infrastructure for a separate and independent Palestinian

state, but it is not handing over assets. Rather, it is shedding a demographic, economic, and moral burden.

Even if the implementation encounters many difficulties and obstacles, it is possible to stop at any stage, in a better strategic situation that can exist over time, and in so doing, curb the dangerous trends for Israel.

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Appendix A

Mapping the Political Alternatives

In order to obtain a broad picture of the possibilities facing Israel as it seeks to formulate a long term strategy regarding the Palestinian arena, a range of political alternatives were mapped. The alternatives that were reviewed are the central ideas proposed by political elements and civilian organizations and debated today in the public discourse, and other ideas that have arisen over the years. After they were mapped, these alternatives were tested against Israeli interests. What follows is a summary of the principal alternatives, and the comparative review highlights which alternatives best suit Israeli interests.

Alternatives Reached by Agreement

Permanent Status Agreement

This alternative represents a negotiated agreement between Israel and the Palestinians on all the core issues, and a signed permanent status agreement that reflects the obligations and commitments of both sides. Since for Israel the significance of a permanent agreement is that its demands are met and interests served, this is the most stable alternative and provides the best response to Israel's interests. Its main weakness is its questionable feasibility. The permanent agreement can exist in various configurations: two independent, separate states; a type of Israeli-Palestinian federation (two states in one region); an Israeli-Palestinian confederation (after a Palestinian state is established); and a Jordanian-Palestinian confederation adjacent to Israel (after a Palestinian state is established).

Any solution that will be chosen will require close communications between Israel and the Palestinian state. At the present time, Israel can expect major difficulties in achieving a permanent status agreement through negotiations, and after a permanent agreement is signed, the difficulties implementing it are expected to be equally overwhelming.

Advantages

Consent is achieved about ending the conflict and ending the reciprocal claims; borders are set that gain international recognition, including by countries in the region; an effective supervisory mechanism is established, whose role is to ensure that the Palestinians uphold their commitments; Israel receives an optimal security package containing security arrangements that meet Israel's requirements, as well as international and regional guarantees; the Palestinians' motivation for violence is lowered; and Israel's self-defense capabilities and deterrent power are maintained. In addition, a comprehensive agreement enables security cooperation between Israel and the Palestinians and regional security cooperation; resolves the Palestinian refugee problem within the framework of the Palestinian state; and increases Israel's range of possibilities for developing official relations and cooperative efforts with the pragmatic Arab countries in a variety of fields, which leads to economic prosperity.

Disadvantages

The primary disadvantage for Israel of a permanent status agreement is its cost. Since such an agreement requires Palestinian consent, Israel can expect that the Palestinians will demand major concessions, particularly in relation to two sensitive issues: they will demand the evacuation of Jewish settlements and of many Jewish West Bank residents (approximately 70,000), and will deny Israel freedom of security action within the bounds of the Palestinian state in the future. Furthermore, such an arrangement can be expected to arouse vehement opposition in Israel by factions in the political system and large and important population segments; it will leave Israel dependent upon the implementation and governance capabilities of the Palestinian side; and finally, Israel, together with the international community, will have to support the Palestinian state financially. The need for this economic support is liable to continue for many years.

Summary and Conclusions

Political difficulties on both sides make this agreement elusive. The main difficulties on the Israeli side are a significant political camp that opposes a two-state solution; the reluctance to take the risks entailed in promoting an arrangement; and an increasing lack of interest in arriving at such an agreement. The main political difficulties on the Palestinian side are: the split between

the West Bank and the Gaza Strip; the rivalries between Fatah and Hamas; the weakness of the Palestinian leadership and Palestinian institutions; and the Palestinian public's lack of support for the concessions needed in order to reach a comprehensive agreement. There are also difficulties common to both sides: a high level of mutual distrust; unwillingness to take risks – inter alia, due to the upheavals in the Middle East and the limited ability to foresee the future; and a lack of faith in achieving a permanent solution among the public and the political establishment. Finally, the weakness of the international actors contributes to the overall despair in the region about the chances of achieving a permanent status agreement.

Thus without relinquishing the vision of a comprehensive solution or a permanent status agreement in the near future, other routes should also be analyzed. Their objectives:

- a. Retain the feasibility of a comprehensive agreement at a later stage
- b. Retain the ability to physically separate the two populations – the Israeli and Palestinian.

The ways to advance toward the objectives include:

- a. Actions on the ground that will reverse the slide into a one-state reality, to a gradual progression toward a reality of separation
- b. Preparatory measures for effective negotiations for the permanent agreement in a more extended timeframe.

Transitional Arrangements

The goal of transitional arrangements is to neutralize the obstacles that are entailed in a permanent status agreement, which demands resolution of all issues at once. The idea is to extricate the political process from the deadlock and to gradually shape a reality in which there are two states for two peoples. The means is a series of arrangements, understandings, and agreements between Israel and the Palestinian Authority for progress toward the objectives of separation and a two-state reality.

Transitional arrangements aim to implement preliminary separation measures according to the principle whereby “everything agreed upon will be implemented.” This is contrary to the formula that drove the dialogue between Israel and the Palestinians until now, that of “nothing is agreed until everything is agreed.” Within this context, emphasis must be placed on strengthening a stable, effective, and responsible Palestinian government in the West Bank and, to the extent possible, also in the Gaza Strip, through

strengthening the Palestinian Authority's hold in the territories. Progress in this process – while signs of the Palestinian state's independence will be gradually implemented, including a freeze on construction in the Jewish settlements outside the settlement blocs (i.e., beyond the security barrier) and redeployment of the IDF in the region – will be contingent upon the progress made in building the Palestinian state. The criteria for measuring this progress are counterterrorist activities, improved governance, the establishment of effective institutions, and the establishment of economic infrastructure. Of course, preconditions for proceeding along this track are that both sides uphold their commitments pursuant to the negotiated agreements and that the economy and standard of living of the Palestinian population are significantly improved.

A secondary alternative within this context is a return to the Roadmap so that it will serve as a principal framework for advancing toward a reality of two states for two peoples. In order to prevent the process from collapsing due to (known) difficulties, such as an inability to arrive at agreements about the core issues of the permanent agreement, the progress will focus on the willingness to implement the second stage of the Roadmap – the establishment of a Palestinian state with provisional borders. Currently, the PA controls approximately 40 percent of the West Bank. A Palestinian state can be established on this 60 percent, without having to evacuate any Jewish settlements, and the Gaza Strip can be added – provided there are orderly relations between the two rival Palestinian camps. This course of action, which can be completed even before the permanent borders and the rest of the basic disputes are resolved, will materially change the nature of the conflict, impose the burden of proof on the Palestinians, and improve Israel's international standing. Even if it will not be possible to proceed from this stage to a permanent agreement, a situation would be created that is preferable to Israel in all respects over the current situation, including the security, economic, governance, and international aspects.

Handling the Core Issues in Stages:

The discussion of the core issues will initially focus on security and borders. Prior to the discussion, Israel should strive to receive international support for several key issues: recognition of the Palestinian state that will be established alongside the State of Israel; recognition of Israel's borders; guarantee of the security conditions that Israel requires, particularly Israel's

effective security control around the perimeter of both states; and Israel's retained freedom of operational action.

Regional support will be needed in addition to the international support. At issue is a Middle East coalition based on cooperation with the pragmatic Arab countries that will grant legitimacy to the political process, provide guarantees that the Palestinian side will proceed in stages towards the establishment of a stable and functional state, support the building of the Palestinian state, combat the rebellious factions opposing a political agreement, and provide guarantees that both sides will implement the agreements. Determined Israeli efforts to promote an agreement with the Palestinians, and Israel's willingness to view the Arab Peace Initiative as a terms of reference document for promoting regional cooperation will help Israel recruit Arab countries to support the process.

Advantages

The advantages of this alternative are its feasibility and the high prospects of implementation. Transitional arrangements provide a response to Israel's security demands, since they are based on IDF control of the security perimeter of the Israeli and Palestinian arenas and on Israeli freedom of operational action against terrorist infrastructure in the Palestinian arena. Arrangements that meet Israel's security needs will enable Israel to demonstrate flexibility in transferring lands and authorities to a Palestinian government, and will enable the Palestinians to focus on the process of building their state and establishing governance, rather than having to contend with factions seeking to disrupt the process. Other advantages of this alternative are: higher prospects of continued and perhaps even expanded operational cooperation with the Palestinian security forces; higher prospects of expanding the cooperation with the pragmatic Arab countries and recruiting them to ensure the success of the process; and economic opportunities for Israel in the Middle East, which may boost its prosperity.

Disadvantages

The main weakness of this alternative is that it is contingent upon the good will of the Palestinians and on the PA's capacity to function effectively, maintain stability, and continue the trend toward progress. Currently, the Palestinian leadership opposes transitional arrangements and considers them a prolonged interim stage that will prevent the Palestinians from realizing

their objectives. Thus, the feasibility of this alternative will increase if there is a subsequent stage once the proposed framework has been implemented, which circumvents the issues that prevent the sides from arriving at a permanent agreement, such as the issues of Jerusalem, the final border, and the right of return.

The One-State Alternative

The one-state alternative can be reached either by an agreement, or be implemented by force. In terms of geography, there are two possibilities for a one-state alternative for the Jews and the Palestinians: (a) Israel + the West Bank + the Gaza Strip; (b) Israel + the West Bank without the Gaza Strip. This option has no solution for the Gaza Strip. This alternative occurs with full annexation of all the territories (with or without the Gaza Strip) and imposition of Israeli law on the entire territory, dismantlement of the military administration, and dismantlement of the Palestinian Authority (there is also an alternative whereby the PA remains an autonomous entity within the one state, provided it agrees to this).

If this alternative is indeed implemented, about 2.7 million Palestinians from the West Bank and East Jerusalem will be added to the State of Israel. If a decision is made to annex the Gaza Strip as well, approximately 1.9 million additional Palestinians will be added to Israel.

There are two main options for implementing a one-state alternative. One is a state with full equality for all its citizens, Jews and Arabs alike, including the right to vote and be elected, the rights of freedom of movement and choice of place of residence, and the right to equal opportunities. The second option is a state that limits the Palestinians' civil rights.

There are three ways to implement the one-state alternative. The first is by agreement, and while the latter two are not by agreement, they appear here as part of this discussion.

- a. Consensually between Israel and the Palestinians. Presumably Palestinian consent will be contingent upon granting full and equal rights to the Palestinians, including regarding immigration policy – i.e., rescinding the Law of Return (or enacting a parallel law for Palestinians based on “the right of return”); obviously, an agreed solution will gain the support of the international community.
- b. Through an Israeli unilateral course of action to annex the territory, without the Palestinians' consent. In this instance, the Palestinians might

- not receive full civil rights; such a measure can be expected to arouse vehement opposition in the international arena and among the Palestinians.
- c. Through a course of action that the international community will impose on Israel. In this instance, Israel can assume that the solution will include full equality for all citizens of the state, which is liable to eliminate Israel's Jewish character.

Advantages

If this course of action is coordinated with the Palestinians and implemented with their consent, and it grants them full equal rights, this alternative could resolve the conflict (at least in its current format) and gain international legitimacy (even though it will not resolve all of the points of friction and might even augment them, as explained below). Most likely, the "New Israel" will have ties with many Arab countries, and new markets in the Middle East will be opened to it. In addition, it will not be necessary to evacuate the Jewish settlements or divide Jerusalem. The one-state solution would be worthy of serious debate were it realistic – if there were even a remote chance that Jews and Palestinians could run one state together and treat each other with mutual respect and full equality.

Disadvantages

As a result of the wide gaps in the socio-economic situations and aspirations of both the Jewish and Arab populations, internal security would likely collapse, and might then deteriorate to a bloody civil war and destruction of the economy. Eliminating the physical separation between the two feuding and antagonistic societies will most certainly lead to extreme acts of violence, since Israel cannot expect that tens of thousands of Hamas activists in the West Bank will suddenly be enthusiastic regarding the Jewish presence in the land of Israel, and it cannot expect the Jewish population to be willing to pay heavy prices in terms of physical and economic security. Moreover, imposing Israeli law over the entire territory will revoke authorities vested in the security establishment by virtue of the security legislation currently in effect in the territories, and will limit its freedom of action.

Dismantling the Palestinian Authority and governing over the entire Palestinian population and territory will require major financial investments in infrastructures, services, and welfare for the Palestinian population. Israel cannot rely on significant international support even if the state is established

as a result of an agreement with the Palestinians, and certainly no assistance whatsoever can be expected if this course of action is implemented against the Palestinians' will. If the annexation does not include the Gaza Strip, then this region will be left without any solution and will remain a source of instability, persistent security threats, and in turn, negative sentiments against the Palestinian population living in the state.

Israel can expect problems that are no less grave if it fulfills the one-state vision other than through an agreement with the Palestinians and without granting them full equal rights:

- a. Implementing this alternative negates Israel's democratic values and would require Israel to redefine its fundamental values, deviate from the principles of its Declaration of Independence, and enact profound amendments to its Basic Laws.
- b. This alternative will seriously weaken the state's judicial institutions, since they cannot approve such a course of action and therefore are liable to lose their domestic standing or even dissolve, with no appropriate alternative for maintaining legal and judicial control over the government in all spheres of life. The outcome is liable to be violations of the basic rights of all citizens of the state.
- c. Implementing this alternative – when presumably this would occur in defiance of the international community, including the United States – will trigger harsh international condemnation, to the point of severance of diplomatic relations with Israel and termination of the strategic relations with the United States.
- d. Implementing this alternative will be met with Palestinian refusal, which will make it very difficult for Israel to dismantle the Palestinian Authority, impose Israeli law on the territory that is currently under Palestinian rule, and govern a hostile population that has no recourse to authorities for assistance. Therefore, Israel can expect major friction when it attempts to take control over the Palestinian territories – friction that is liable to deteriorate into anarchy.
- e. Maintaining a policy of discrimination between the populations comprising the state will lead to increased hostilities and persistent violence in the heart of the state and to constant undermining of homeland security and public order.
- f. The state's economy can be expected to be adversely affected, due to the need to finance the needs of the Palestinian population, which will come

under Israel's responsibility, and due to expectations of international economic sanctions.

- g. The drastic erosion of Israel's liberal democratic values can be expected to alienate large segments of Diaspora Jewry, as well as large segments of the Israeli population who are aligned with the liberal camp. The outcome is liable to be less immigration to Israel and more emigration from Israel, which clearly would have repercussions for Israel's strength, its economy, and the demographic balance of forces between Jews and Muslims.

At the same time, there are disadvantages to the one-state solution in which the Palestinians enjoy full equal rights:

- a. Granting equal rights to the Palestinians will challenge the existing legislation, which defines the state's Jewish character. The non-Jewish public will be able to rise to power and amend these laws.
- b. Granting freedom of movement and the right to choose place of residence means that Palestinians from the territories will be able to live anywhere in the state, including in the localities where their families used to reside, which is a kind of exercise of the "right of return."
- c. In an egalitarian state, the Palestinians will demand the application of uniform immigration laws on all populations. The outcome will be either revocation of the Law of Return, which allows any Jew to immigrate to Israel, or the application of the "right of return" to the Palestinians.
- d. Opponents on both sides to the one state and to regular relations between Arabs and Jews can be expected to react with violence, possibly extreme violence, and undermine the stability in the state.
- e. Relinquishing the Jewish character of the state will trigger opposition by extensive segments of Israel's Jewish population in the state, and might spark a civil war among segments of the Jewish population.
- f. There is a substantive concern that if the Jews become a minority and the government is controlled by an Arab majority, the government will begin to significantly infringe on the rights of the Jews, to the point of making their lives in Israel miserable and pushing them out of the state. There are quite a few extremist groups in Palestinian society that are unwilling to accept any Jewish presence in the region.
- g. The full exercise of equal opportunities can be expected to require considerable economic investments in Palestinian areas, which are less

developed, and require opening the market and workplaces to all citizens, in a way that may lower the wages and standard of living compared to the current situation in Israel.

Summary and Conclusions

The feasibility of this alternative is very low. Realizing the one-state idea by way of reaching consent with the Palestinians would require both sides to concede much of their independence and freedom of action, would eliminate some national symbols, and would require far reaching compromises on critical issues that are more painful than the concessions required for a two-state solution. Eliminating the Jewish character of the state would require fundamental amendments to basic definitions of the state, and Israel cannot assume that this will earn public support in Israel. Implementing arrangements where citizens of the state do not have equal rights – i.e., discrimination against the Palestinian population – requires fundamental amendments to basic definitions of the state, will lead to confrontations with the judiciary, will generate a rift with the United States and other countries around the world, and will leave Israel without any allies. It is inconceivable that a responsible government in Israel would decide to take such a course of action. Finally, there is no precedent in history of a successful unification of two entities having different ethnicities into a single country – particularly following decades of bloody nationalist and religious conflicts between them. On the contrary, the historic examples show countries being split on an ethnic basis.

One Space (Land) with Two States

According to this alternative, there will be two independent, sovereign nation states in the region between the Mediterranean Sea and Jordan, with independent governments and agreed and clear borders. This alternative may be achieved through a peace agreement, which means an end to the reciprocal claims between the parties. Both states will mutually recognize each other's sovereignty and autonomy, and will grant equal rights to all citizens. The Palestinian state will be sustainable and will include the West Bank and the Gaza Strip, which will be politically united. Citizens of both states will be allowed to move, work, trade, and reside in all parts of the land; i.e., also in the neighboring state. Both states will agree on the number of citizens of the other state who can reside in their territory as permanent residents. Therefore, if residents of Jewish settlements remain within the

borders of the Palestinian state, Israel will agree to a similar number of Palestinian refugees settling within the borders of the State of Israel. Each of the states will have its own government, but supra-state security and economic institutions will also be established. Furthermore, both governments will operate with tight coordination.

Sovereignty and borders:

- a. Two-layered method – an outer border and an inner border to be jointly managed by Israel and Palestine. Israel will be primarily responsible for maintaining the outer (“hard”) border (which is currently not acceptable to the Palestinians). The inner (“soft”) border will be similar to the borders between European countries: based on open border crossings, but with an agreed level of border control. Border control will be under the joint responsibility of Israel and Palestine.
- d. A security barrier is possible between the two states according to the agreed final border line.
- e. The Jordan Valley will be under Palestinian sovereignty, and special security arrangements will apply under the responsibility of Israel, Palestine, and Jordan. The integration of the Palestinian security forces in guarding the border with Jordan will depend upon their level of performance.
- f. The Palestinians will manage Palestine’s outer border crossings. Israel will be able to supervise the border crossings using an electronic monitoring system and through an agreed third party, which will be responsible for security checks (goods, cargo, and people).
- g. The Gaza Strip and the West Bank will be linked by a highway and a railway on a route that will largely be underground, which will be used for transporting goods and for public transportation.

Political cooperation:

Israel and the Palestinian state will draft an open confederative model whereby each state maintains a strong autonomy. Under this model, an agreed economic regime will be instituted, apparently based on a free trade agreement that includes a joint customs regime, and a joint defense agreement that enables Israel to be granted enhanced security responsibility and freedom of operational action.

Supra-state government institutions (to be designed gradually):

- a. Initially, joint coordination committees will be formed to handle such issues as security, conflict resolution, borders and immigration, commerce, environmental management, and the development of cooperative efforts.
- b. At a later stage, these coordinating and advisory bodies may be upgraded to executive bodies within the scope of building the confederative model.
- c. Regional cooperation will be promoted – mainly with the neighboring countries (Egypt and Jordan) – primarily in the fields of security, economics, and regional development.

Israel in Palestine, Palestine in Israel, and the right of return:

- a. Israelis and Palestinians will enjoy freedom of movement within the one space. The inner borders will be open, and traffic through them will flow freely.
- b. The issue of residency will be arranged through mutual agreements between Israel and the Palestinian state. Israelis and Palestinians will be able to apply for work and residency visas in the other state (in the final analysis, the Israel-Palestine model will be advanced in the direction of the Shenzhen model).
- c. Israelis who choose to remain in the territories of the Palestinian state and to live in Israeli enclaves (settlements) will be able to do so after they receive the appropriate permits. They will retain their Israeli citizenship, but will be residents of Palestine. A similar right will be granted to the Palestinians. The Israeli enclaves will not be guarded by the IDF, but rather, will be under the responsibility of the Palestinian security forces.
- d. Palestinians will be able to exercise the right of return in Palestine, and a reconstruction and compensation mechanism will be established for them. The Law of Return will continue to apply to Jews who choose to immigrate to Israel. Palestinian refugees will be allowed to return to Israel – in equal number to the number of Israelis who decide to become citizens of Palestine.

Jerusalem – joint capital of Israel and of Palestine:

- a. In terms of jurisdictional responsibility, the city will be effectively divided into an Israeli area, a Palestinian area, and a united area (the Historic Basin).
- b. A special Israeli-Palestinian regime under international control will be established in the united area. Special governance and security arrangements

will be instituted in the united area through a joint police force that will have designated authorities in this area. This police force will initially include a foreign force and Israeli and Palestinian liaison officers. Joint administration institutions will also be established for Jerusalem/the metropolitan al-Quds region.

Advantages

The alternative of two states in one space enables circumvention of several obstacles to a permanent status agreement, based on separation into two nation states: it obviates the need to evacuate Jewish settlements, retains Israel's security deployment along the outer perimeter of the Palestinian state, enables a symbolic exercise of the right of return, retains shared access to the holy sites, and serves as a basis for economic integration and for joint management of the environment, development, commerce, and economic policy. This alternative can be expected to receive extensive international and regional support on the diplomatic, political, and economic levels.

Disadvantages

The asymmetry in power and capabilities, as well as the unbridgeable economic, social, and political gaps will necessarily lead to jealousy and hostilities between the populations. Open inner borders and freedom of movement are contingent upon effective Israeli security control along the outer perimeter; i.e., the constant presence of the IDF in the Jordan Valley, which is inside the Palestinian state. The chances are slim that the Palestinians will agree to this. Added to this is the deep mutual distrust between the populations, when implementation of this alternative requires considerable mutual trust. One of the reasons for this lack of trust is that both sides are currently incapable of recognizing each other's historic narrative. Finally, both sides are required to accede to substantial concessions without receiving what appears to them as fair recompense:

- a. Israel will be required to end its military control over the territories and will have to accept in principle the right of return and the division of Jerusalem.
- b. The Palestinians will be required to agree to the presence of the Israeli settlements inside their state, only a limited exercise of the right of return, an Israeli military presence in the Jordan Valley for an indefinite length of time, and Israel's dominant security responsibility.

- c. The inability to protect Israelis inside the territory of the Palestinian state will be a source of instability.
- d. Absence of political feasibility in Israel.

Independent Alternatives

Independent Separation Steps

Several assumptions underlie this alternative. First, the prospects of achieving a permanent agreement in the foreseeable future are slim. Second, allowing the current situation to continue will gradually cause security, economic, and political deterioration in Israel and will concurrently deepen the internal rifts within Israeli society. Third, Israel must take gradual but urgent action to promote conditions that enable a reality of two states for two peoples, in order to prevent it from sliding into a one-state reality. Fourth, unilateral courses of action are highly feasible, since they do not depend on Palestinian or external consent. Furthermore, they are likely to serve as catalysts for new processes and create opportunities for Israel, including a return to the negotiations track.

The logic behind the unilateral separation alternative is as follows: If Israel reaches the conclusion that it has exhausted the prospects of achieving a political agreement with the Palestinians, it must launch an initiative that ensures that it remains a democratic and Jewish state in the future. Demarcating a border (even a provisional one) based on its security needs (according to the route of the security barrier), while taking the Jewish settlement map into account, will enable the creation of a reality of separation and of two states, and preservation of a solid Jewish majority in a democratic State of Israel.

The framework:

- a. Israel will announce that it still views a two-state solution as a binding framework for negotiating the end of the Israeli-Palestinian conflict, and that until a negotiated final status agreement is realized, it will defend itself and will, at its own initiative and independently, maintain its Jewish and democratic identity and its security.
- b. Israel will declare that the borderline between Israel and the Palestinian region will be based on the route of the security barrier. The major Jewish settlement blocs west of this line will be included in Israeli territory.
- c. The IDF will be deployed along the outer perimeter of the West Bank, will retain freedom of operational action in the Palestinian territories,

and will continue to be responsible for security until such time as another arrangement is achieved.

- d. Israel will prepare for a future evacuation of about 70,000 residents of the Jewish settlements east of the security barrier and will promote a “Voluntary Return, Compensation, and Absorption Law” to encourage them to evacuate. During the initial stages, as long as the new situation has not stabilized and infrastructures for transferring Jewish settlers to Israeli territories have not been prepared, there will be no forced evacuation.
- e. Concurrently, Israel will provide assistance with economic and infrastructure development in the Palestinian state, will take action to enhance Palestinian governance capabilities, and will gradually transfer authorities to it – depending upon the developments on the ground – over regions that will be evacuated.

Advantages

- a. A reality will be created in which there is a Jewish majority within Israel’s borders, so that the state will continue to adhere to the values of Israel’s Declaration of Independence.
- b. Israel will take its destiny into its own hands and deny the Palestinians any opportunity of preventing the separation by refusing to arrive at an agreement with Israel. In other words: Israel will take strategic initiative and will forge a new reality, instead of continuing to manage the conflict.
- c. Israel will retain the responsibility and capabilities of taking security action deep in Palestinian territory. Israel will also retain its deployment and control along the security perimeter – particularly in the Jordan Valley and in the airspace.
- d. Israel will postpone resolution of the unresolved core issues of the Israeli-Palestinian conflict: Jerusalem (where the status quo will be maintained), the Palestinian refugees, and the right of return. Israel will not compromise on its security needs or on its demand for an end to the claims.
- e. The independent separation alternative can improve Israel’s standing in the international arena, as Israel thereby demonstrates its determination to design a reality of two separate states, with or without negotiations. The new reality may also encourage the international community to increase the economic assistance to the Palestinian entity, and Israel might be able to receive assistance from the United States for transferring 100,000 residents of settlements east of the security barrier to communities west

of the barrier. This alternative can provide a small offset to the BDS campaign, even though the world will continue to view Israel as an occupying state.

Disadvantages

It will be difficult convincing the public in Israel that a unilateral course of action is the right way to ensure that the state remains Jewish, democratic, and secure, given the bitter experience of the unilateral disengagement from the Gaza Strip in 2005. Due to this negative precedent, it is likely that the Israeli leadership will be concerned about taking this route again. Israel can likewise expect opposition from the residents of settlements in the territory designated for evacuation, and from members of the right who are not willing to accept the relinquishment of any territory to the Palestinians – with or without an agreement. This opposition is liable to deepen the rifts in Israeli society and even provoke Israeli extremists to commit terrorist attacks.

The Palestinian side can be expected to oppose the course of action, alleging that it is an Israeli plot to perpetuate the occupation, and therefore will refuse to assist with its implementation. Inter alia, the Palestinians will refuse to assume responsibility for managing the population in the territories evacuated by the IDF, which is liable to heighten the security challenge. Therefore, the security situation will become the key parameter – if not the sole parameter – of the success of this alternative. Unilateral action by Israel is also liable to trigger terrorist attacks by radicals on the Palestinian side and by Salafi jihadist organizations.

Since at issue is unilateral action by Israel, the Palestinians will consider themselves released from any commitment to it and will continue their efforts to damage Israel in the international arena, such as through supporting BDS or waging legal or diplomatic warfare against it.

Summary and Conclusions

This alternative is consistent with the wider framework designed to reverse the current trend of sliding into a one-state reality and becoming incapable of separating from the Palestinians in the future. Unilateral separation measures will create a more convenient political and international foundation for Israel to advance along political tracks in the future. This alternative will be chosen when it becomes evident that this is the only viable mode of action to preserve a Jewish, democratic, secure, and moral state. The main

weakness of this alternative is that it does not strive to resolve the conflict or strengthen the Palestinian partner toward future agreements. Another drawback is the fact that the Israeli public maintains negative sentiments, recalling the ramifications of the unilateral disengagement from the Gaza Strip.

Annexation

Israel applies Israeli law in parts of the West Bank, as it did in 1967 with regard to East Jerusalem and in 1981 with regard to the Golan Heights. The practical significance of imposing the law is annexation of the territory to Israel (even if Israel does not define it as such).

The scope of the annexation can assume various configurations:

1. Annexation of a few settlements – such as imposing Israeli law in Ma’aleh Adumim
2. Annexation of defined settlement blocs – such as Gush Etzion
3. Annexation of all Israeli settlements in the West Bank
4. Annexation of all Israeli settlements in the West Bank, along with the areas leading to them that are outside of their jurisdiction
5. Annexation of all of Area C

From Israel’s perspective, once the territory is under Israeli law it is no longer occupied territory and becomes part of the State of Israel. The military administration authorities have no authorities in such a territory, since all of the authorities are now given to the Israeli authorities. The IDF can also continue operating in such areas, but will be subject to the restrictions of Israeli legislation. The legislation issued by the military commander of the West Bank that applied to the occupied areas will cease to apply to the annexed areas.

The more that the annexation extends over wider areas outside the jurisdiction of Israeli settlements, the greater will be the Palestinian population that becomes part of Israel. According to official sources, approximately 270,000 Palestinians reside in Area C and will receive the status of residents of Israel (similar to the residents of East Jerusalem) if Area C is annexed to Israel. They will also be able to apply for Israeli citizenship, although this is not an automatic process and requires, *inter alia*, a pledge of allegiance to the State of Israel.

Pursuant to Israeli law (enacted by the Knesset in 2014), any relinquishment of territory subject to Israeli law requires a referendum, unless it is approved by a majority of 80 members of the Knesset. The significance is that any decision to annex territory will make withdrawal within the scope of a political agreement an extremely complicated affair, and thus will tie the hands of future governments engaged in peace negotiations.

This scenario requires a legislative proceeding. Legislative processes are already underway in the Knesset to annex territories in the West Bank. Israel can assume that substantial international pressure, particularly by the US administration, will undermine the feasibility of this legislation.

Indeed, in terms of international law, annexation is a violation of an explicit clause in the interim agreement with the Palestinians, which prohibits the parties from unilaterally changing the status of the territory. Annexation is also a violation of an explicit provision of international law, which prohibits annexation of parts of an occupied territory. Even if the annexation is limited in scope, this is a major political step that the international system deems illegitimate.

Disadvantages

Annexation has only negative repercussions (apart from fulfilling ideological desires of a minority group in Israeli society):

- a. Annexing extensive portions of the West Bank – and particularly annexation of all of Area C – will be considered Israel's decision to completely recant a two-state solution and leave the Palestinians forever under Israeli rule. This would herald the end of the era of agreements between Israel and the Palestinians.
- b. On the Palestinian side, such a scenario can be expected to trigger severe reactions and harsh criticism. The expected reaction will be very destructive, to the point of severance of all relations between the Palestinian Authority and Israel, including termination of the security cooperation and cooperation in other fields. The wider the scope of the annexation, the more extreme the reaction will be. This will result in a hostile Palestinian Authority, heightened motivation to commit terrorist attacks, and an escalation of violence in the West Bank, the Gaza Strip, and inside the Green Line. In the medium range, the Palestinian Authority can be expected to weaken significantly in the West Bank, to the point of its collapse and dissolution.

- c. This course of action will lead to significant weakening of the moderate segments of Palestinian society, to the point that they lose all influence, and to the strengthening of extremist groups, including Hamas, that will call for continued armed resistance against Israel. This will result in increased potential for violent confrontations. Israel can also expect that the Palestinians will increase their activity against Israel in the international arena.
- d. If this scenario leads to the collapse of the Palestinian Authority or to its loss of functionality, Israel can assume that it will again be forced to take control over all territories of the West Bank – which will obligate the IDF to carry out constant ongoing activities throughout the Palestinian territory. The IDF will not only be required to ensure Israel's security, but will also have to maintain civil order – including in densely populated Palestinian regions containing a hostile population, many of whom are armed.
- e. In the scenario of the collapse of the PA, Israel is liable to find itself responsible not only for security in all territories of the West Bank, but also for all civil aspects of life there. In other words: Israel will be responsible for supplying all of the services to the civilian population residing there, which, of course, has far-reaching budgetary repercussions.
- f. In the regional arena, annexation can be expected to be met with harsh criticism and damage Israel's relations with its neighbors. The regimes in Egypt and in Jordan will face broad public outrage, which will require them to demonstrate uncompromising and aggressive stances against Israel and its actions. The damage can be expected to be not only overt – in rhetoric and in overt diplomatic relations – but also in the scope and depth of the security relations. Israel can assume that Egypt and Jordan will have a hard time continuing their cooperation with Israel, apart from what from their perspective are the most critical actions. They will have a particularly hard time maintaining any overt cooperative efforts.
- g. As for Jordan, Israel cannot rule out the possibility that the gamut of domestic pressures on the royal family will intensify to the point of a threat to regime stability – a development that poses a grave threat to Israel's national security. Under such circumstances, the Jordanian space is liable to be opened to a flow of diverse serious threats along Israel's longest border.

- h. In the international arena, the magnitude of the reaction will be influenced by the scope of the annexation and its repercussions, which might thwart any possibility of arriving at a two-state solution. If the US administration expresses support rather than opposition to the annexation, then the repercussions on the international level can be expected to be less severe. However, the administration is expected to oppose such a course of action, considering its implications for the region – particularly considering the expected reactions in Sunni countries – and since at issue is a measure that is contrary to the United States’ traditional stance. All other players in the international arena can be expected to vehemently oppose an annexation process. Israel can expect harsh criticism from governments and from international nongovernment organizations. Calls to boycott Israel are likely to increase, and legal and other measures against Israel will be promoted. One of the measures that Israel can expect the international community to implement is termination of the financial assistance to the Palestinian Authority, so that Israel will have to finance the maintenance of the Palestinian system from its own pocket.
- i. The emergence of additional threats:
 - i. If the annexation process is executed against the express stance of the US administration, Israel is liable to suffer American countermeasures on all levels, including in relation to security assistance, political backing, and economic cooperation. Israel can also assume that American Jewry will oppose an annexation process and will not labor to assist Israel in the American domestic arena.
 - ii. The annexation process is liable to result in various countries, including countries in the European Union, suspending cooperative efforts with Israel, and taking diplomatic measures, such as recalling their embassies, and even imposing economic and civil sanctions on Israel.
 - iii. The annexation process can be expected to trigger the opening of criminal investigations against Israeli senior officials in the International Criminal Court.
 - iv. If, as a result of annexation, there are two separate legal systems throughout the West Bank – one for Israelis and one for Palestinians – then in effect, a reality of apartheid will be created. Such a reality not only contravenes Israel’s democratic values, but will also serve all of the anti-Israeli activists that work to boycott Israel using the same strategies as those used to boycott South Africa in the past.

- j. Annexation, and particularly extensive annexation, is liable to exacerbate the internal debate ongoing in Israeli society for many years and turn it into a manifest rift between supporters and opponents of annexation. The provision of judicial backing to such courses of action will weaken the standing and power of the judicial system in Israel, both internally and outwardly. The political system might also take preliminary measures to weaken the judicial system in order to avoid its intervention. Such courses of action will lead to a general weakening of the government control mechanisms and to a general eroding of protection of individual rights and Israel's democratic values.

Summary and Conclusions

Beyond fulfilling ideological desires of a minority group in Israeli society and the belief that establishing unilateral facts on the ground is the way to promote Israeli interests, the alternative of annexation will have extensive negative ramifications on Israel's regional and international standing and on its ability to arrive at agreements in the future; it harms Israel's peaceful relations with Jordan and Egypt; and it exacerbates the internal conflict within Israeli society. Annexation may cause the Palestinian Authority to become hostile and/or to collapse, and it potentially could ignite the region and destabilize the security situation, to the point that Israel will have to take control over the entire territory and impose a military regime in the West Bank. Israel will also be forced to assume responsibility for all of the public services to the Palestinians.

Division of the Palestinian Authority into Cantons

In the event that Israel decides that it is preferable to dismantle the Palestinian Authority and create a reality of cantons, it will have to encourage feelings of disappointment with the Palestinian Authority among the Palestinians and encourage them to reorganize within the framework of tribes and clans. However, Israel must take into account that local forces in particular regions that may prefer this alternative will not necessarily rush to cooperate with Israel in order to implement this alternative, certainly not during the initial stages of the process.

Such an alternative can arise if the PA disintegrates – either voluntarily or as a result of extreme dysfunction. The breakdown of the PA is liable to trigger chaos, and violence and terrorist attacks can be expected to escalate

without any responsible address to rectify the situation. Israel can indirectly promote this alternative if it reaches the conclusion that it is preferable for it to conduct itself opposite several isolated Palestinian enclaves having no territorial contiguity, rather than opposite a Palestinian Authority that controls a contiguous Palestinian territory.

In order to carry out this alternative, Israel will have to develop coordination mechanisms with the local leaderships to help manage the residents' routine lives, including mechanisms to transfer funds and salaries. Israel will need the international community's assistance with funding projects to improve the economies of the cantons, but it is unlikely that it will receive such assistance. Therefore, Israel will have to invest resources on its own in order to improve the standard of living of the Palestinian population. Inter alia, it will need to improve the water, electricity, and environmental quality infrastructure; however, the engagements in this regard will be handled separately with each canton.

Disadvantages

- a. Concern about deterioration: Processes have their own dynamics, and even if it appears that Israel can control a particular process, it must prepare for the possibilities of derailment, an escalation of violence, and a deteriorating situation. Israel can "contribute" to the emergence of a trend of segmentation in the Palestinian territories, but it cannot control the processes. Thus, the process of creating isolated Palestinian enclaves lacking any single central authority is liable to spiral out of control, and Israel might find itself in a situation in which it is forced to take control over the territory, whether by reinstating a military government or by annexing the West Bank.
- b. Israel's character: Following the division of the Palestinian Authority into numerous enclaves, Israel may argue that no demands can be made of it to continue its presence in the territory and its governance over it, since there is no clear address to which it can transfer the reins of governance and the sovereign responsibility. Israel may also contend that at issue is a situation that does not jeopardize its Jewish and democratic character, because the Palestinian population will not be annexed to Israel.
- c. Less security: The alternative of splitting the Palestinian Authority into cantons will create an unstable system (certainly initially), and result in a lower level of security and a higher level of violence – particularly

on the traffic arteries and against Jewish settlements. Israel will have to enforce law and order throughout the Palestinian territory and reinforce its security and intelligence deployments, both because the levels of violence and threats will be higher, and because it will no longer have the Palestinian Authority's institutionalized security and intelligence systems (which will no longer exist).

- d. Israel's regional standing: The scenario can be expected to harm Israel's relations with Egypt and with Jordan and its informal cooperation with the pragmatic Arab countries.
- e. Israel's international standing will also likely be adversely affected. The eradication of the option of a Palestinian state will trigger harsh criticism of Israel from the international community, and Israel must also take into account severe political courses of action against it, including by the United Nations.
- f. Public support in Israel: If the Israeli public accepts the position that at issue is a "no-other-choice" course of action that derives from internal developments within the Palestinian arena, it can be expected to support the government.

Summary and Conclusions

The cantonization of the Palestinian Authority is largely contingent upon Israel's conduct – if it encourages the processes and trends that would lead to cantonization. However, not everything depends on Israel alone. Naturally, the Palestinian Authority has no interest in dissolving or promoting ideas of cantonization or of federalization of the Palestinian entity, and therefore, Israel can assume that it will exert every effort to torpedo this alternative. Arab countries, particularly Jordan and Egypt, can also be expected to exert all of their influence in order to prevent the breakdown of the Palestinian Authority. This alternative would reinstate the military administration over the Palestinian territories, a return to outbreaks of waves of violence and terrorist attacks, a blow to Israel's regional and international standing, and in fact, acceleration toward a single state.

Supplementary Agreements

Regional Agreement

A regional agreement would be based on cooperation with the countries with which Israel has signed peace agreements – Egypt and Jordan – and expand

to include Saudi Arabia, the Gulf states, and the Maghreb (mainly Morocco). The foundation for a regional agreement is the Arab Peace Initiative that is acceptable to all the moderate Arab states. Arab readiness to formulate a regional agreement with Israel will be affected by several factors:

- a. Extent of the progress in the political process between Israel and the Palestinians, and Israel's genuine acceptance of a two-state solution on the basis of the 1967 borders
- b. Positions of the Arab public, which is largely hostile toward Israel, certainly under the current reality of occupation and control of the Palestinian population
- c. Religious conflict, mainly in the context of Jerusalem
- d. Incidents of violence between the Palestinians and Israel
- e. Notwithstanding the regional upheaval and despite the Arab countries' internal and external problems, they still consider themselves committed to resolve the Palestinian problem.

Countries in the region can extend assistance in order to achieve an arrangement between Israel and the Palestinians, as follows:

- a. Within the scope of the negotiating process – paving the return to the negotiating table; giving the Palestinians maneuvering room in relation to sensitive issues (or, alternatively, limited their maneuvering room – which is liable to prompt them to become steadfast in their positions); promoting Israeli interests in order to acquire the support of Israeli public opinion.
- b. Within the scope of implementing the arrangements:
 - Legitimacy: public support of the actions of the Palestinian leadership
 - Resources: measures to strengthen the Palestinian economy, assistance to refugees
 - Jerusalem: involvement in the holy sites
 - Golan Heights: acquiescence to proceed without addressing the issue of the Golan Heights; consent to a special status in the event of cantonization in Syria
 - Security: involvement in security arrangements; guarantees to the Palestinians; separate security arrangements with the various countries
 - Refugees: a regional solution within the scope of reconstruction of weak countries
 - Political: possible confederation with Jordan

Summary and Conclusions

A regional agreement cannot be a substitute for genuine Israeli-Palestinian negotiations, but rather, is only a course of action that supplements and completes it. Similarly, measures toward normalization between Israel and the Arab world will not be advanced without significant progress in the process between Israel and the Palestinians, particularly in light of the internal and external threats to the survival of the regimes. Finally, the moderate Arab countries currently enjoy cooperation with Israel in the fields of intelligence and security without having to pay any price for it, due to the secrecy surrounding these connections. Even if further progress is achieved in these connections, this will not provide any incentive to them to normalize the relations. In order to generate political and material benefits from these covert relations, Israel must package together various types of cooperation with countries in the region – security, economic, and political forms of cooperation.

Jordanian-Palestinian Confederation

From the Jordanian perspective, achieving a Jordanian-Palestinian confederation is plausible only after the Palestinian state is established. Therefore, this alternative could become viable only after an Israeli-Palestinian agreement is achieved to establish an independent, sovereign Palestinian state.

In the reality of a confederation, Jordan will be able to be flexible with regard to various economic arrangements or arrangements made by the Palestinian Authority. Even without a formal confederation, Jordan could agree to certain arrangements that do not jeopardize the standing of the Hashemite royal family and Jordan's long term independence, for example, sensitive matters such as supervision over the airspace of the three countries, or arrangements relating to infrastructure designed to blur claims related to demands for full sovereignty. In the economic realm a free trade regime between Israel and a Jordanian-Palestinian bloc could mitigate the question of the territorial border constituted by the Jordan River. If a permanent agreement is reached regarding Jerusalem that involves the international community, Jordan will demand fulfilment of its role as stipulated in the Israel-Jordan peace agreement. Particularly with guarantees from Muslim and Arab states, Jordan can serve as the address for Palestinian extremist demands regarding the sites in Jerusalem that are holy to Islam.

Advantages

The advantages inherent in this alternative are the potential for security cooperation, under which Jordan will also have security authorities in the Palestinian state. Regional arrangements that involve the cooperation of all three states can help mitigate demands for full Palestinian sovereignty. Jordan can assist indirectly with the issue of refugees, by granting Jordanian citizenship to Palestinians living in Jordan and their descendants.

Disadvantages

This alternative does not answer some of the right wing criticism in Israel, which maintains that the problem of the Palestinians having no political rights should be resolved through Jordan; i.e., that the Palestinians will be able to exercise their political rights by voting for the political institutions in Jordan. Neither Jordan nor the Palestinians will agree to this type of arrangement. Jordan is highly wary of attempts to cast it as the “alternative homeland” and will not support any arrangement that might be interpreted as such.

Appendix B

The Legal Implications of the Framework, Given the Interim Agreement and the Quartet Report (July 2016)

Pnina Sharvit Baruch

The Interim Agreement (Oslo 1995)

The Interim Agreement divides the West Bank into three main areas, differentiated by the extent of authorities granted in each of them to the Palestinians:

- a. In Area A, the Palestinian Authority has full authority in civil matters and expanded security authority (responsibility for internal security and public order). As a rule, the IDF is not supposed to operate in this area, apart from in instances of “hot pursuit.”
- b. In Area B, the Palestinian Authority has full authority in civil matters and limited security authority (it is responsible for public order, while Israel is responsible for internal security). There are also areas called “B+” (a term not mentioned in the agreement) in which Palestinian police stations are located, and where the Palestinian police may operate without advance coordination with Israel.
- c. In Area C, the Palestinian Authority has personal jurisdiction over Palestinians (i.e., over persons), but Israel retains all civil authorities relating to territory (the agreement specifies which authorities are at issue). Israel has full security authority. The Palestinian police are prohibited from operating in this territory. However, Palestinian unarmed

civilian inspectors may operate there on matters under the authority of the Palestinian Authority.

Area C also includes settlements and military locations that are not marked on the map, and the Palestinian Authority has no authority over them.

The agreement specifies that Israel shall continue to bear the responsibility for external security, as well as the responsibility for overall security of Israelis.

The Agreement specifies that there will be three stages of Further Redeployment (FRD), which will result in Area C being transferred to Palestinian responsibility, except for the issues to be discussed in the permanent status negotiation, including the Israeli settlements, the military locations, the security arrangements, borders, and Jerusalem. During the FRD, IDF forces are to redeploy to specified military locations (which were not marked on the map). The timetable for the FRD was postponed within the framework of the Wye River Memorandum of 1998, and again in the Sharm el-Sheikh Memorandum of 1999. Actually, the final stage of the FRD was never carried out.

Implications of the Interim Agreement on the Proposed Framework

The proposal deviates from the division of authority specified in the Interim Agreement. The proposed framework enables the IDF to continue its current activity in Area A, which is wider than contemplated in the agreement, but concurrently, grants broader security authorities than given in the agreement to the Palestinian Authority in Area B, and also grants security authorities in those parts of Area C that will be defined as Area A (or B). In addition, civil authorities relating to territory may be granted to the Palestinian Authority in parts of Area C, which will be defined as Area A, and perhaps also in areas to be defined as Area C(d).

The definitions of the various areas and the division of authorities between Israel and the Palestinian Authority can be changed by mutual consent between the parties. Unilateral measures that change the status of the territory are prohibited by the Interim Agreement. However, both sides have already materially breached the agreement, made unilateral changes, and performed actions that contravene the agreement. For example, the Palestinians conduct foreign relations as if they had a state and do not uphold a significant portion of their commitments to coordinate and cooperate, while

Israel unilaterally changed the status of the Gaza Strip, did not carry out the FRD, and routinely conducts security operations in Area A. Legally, both sides can argue that they have a right to terminate the agreement. The fact that neither side has done so derives from the fact that it is convenient for both sides to continue relying on the Interim Agreement and consider it a foundation for the framework of relations between them. Therefore, it does not appear that the mere deviation from what is stipulated in the Interim Agreement is a critical matter.

Insofar as at issue is the transfer of additional authorities to the Palestinians or their increased development opportunities, the arguments that this contradicts the agreement are merely formalistic and insignificant; however, if at issue are authorities that were already delegated to the Palestinians and are taken from them without their consent, this could generate more criticism against Israel. Nonetheless, as stated, both sides have breached extensive portions of the agreement, so the mere commission of another breach is not very significant, particularly if measures are also taken that benefit the Palestinians. Furthermore, if at issue is continuing the implementation of an existing policy (such as Israel continuing its security activities in Area A), then in any case, the “breach” has been ongoing for quite some time, and there is no adverse change here.

The Middle East Quartet Report

In July 2016, the Middle East Quartet published a report focusing on the principal obstacles that prevent the achievement of a negotiated Israeli-Palestinian peace agreement, and includes recommendations for promoting the two-state solution. One of the obstacles presented in the report is Israel’s policy of expanding settlements, allocating lands to Jews, and preventing Palestinian development in Area C. The report particularly criticizes the allocation of more than 70 percent of the land in Area C exclusively for Israeli use, while the remaining 30 percent is not available for Palestinian development. The report states that Jewish settlements are being built and expanded on an ongoing basis. The report also sets a precedent in that it specifically refers to the number of Jewish settlement residents residing “deep in the West Bank” – a statement that may indicate a differentiation between the isolated Jewish settlements deep inside Palestinian territory and the settlement blocs.

Beyond the recommendation that Israel should stop building and expanding settlements, the Quartet's recommendations propose that Israel implement significant, positive policy shifts, including transferring powers and responsibilities to the Palestinians in Area C; implement previous agreements; advance projects in the Palestinian territories in the fields of housing, water, energy, communications, agriculture, and natural resources; and significantly ease restrictions on Palestinian movement. The report also includes recommendations to the Palestinians, including: to take action to stop the incitement and support of terrorist activities, and to take action to build effective government institutions, improve governance, and develop their economy.

The practical progress on the ground within the scope of the framework can be viewed as a partial implementation of the recommendations included in the Quartet report aimed to ensure that the two-state solution remain feasible.

Appendix C

Hamas and Reconstruction of the Gaza Strip¹

Despite its stance that rejects the recognition of Hamas control of the Gaza Strip and declarations that it might seek to topple Hamas's government, Israel has in effect reconciled itself to Hamas rule in the Gaza Strip; considers it responsible for what occurs there; and takes action to weaken but not overturn it. As such, Israel maintains a policy of containment vis-à-vis Hamas in the Gaza Strip, while concurrently working to prevent the organization's increased power in the West Bank.

After the Hamas victory in the Palestinian parliamentary elections in early 2006, Israel formulated a policy that refuses to recognize the Hamas government, unless it accepts the Quartet's three conditions: a halt to violence and terrorist activity; recognition of the existing agreements between the PLO and Israel; and recognition of the State of Israel. Hamas has refused to accept these conditions. Consequently, and following two formative events – the Hamas takeover of the Gaza Strip and the kidnapping of Gilad Shalit – Israel formulated a strict policy against the Hamas government, which includes non-recognition, closure, isolation, and differentiation between the Gaza Strip and the West Bank. The differentiation policy was designed to highlight to the Palestinians the gap between the living conditions of the population in the Hamas-governed Gaza Strip and the living conditions in the West Bank, governed by the Palestinian Authority. According to this policy, Israel would help the PA build a proper foundation for an independent and

1 In January 2018, the Institute for National Security Studies published *The Crisis of the Gaza Strip: A Way Out*, edited by Anat Kurz, Udi Dekel, and Benedetta Berti. The book presents the results and conclusions of a wide scale research project conducted over the course of about one year at INSS, in collaboration with Israeli and international experts. The study reviewed and analyzed the various aspects of the situation in the Gaza Strip and, based on them, formulated recommendations regarding measures that should be taken in the context of new Israeli policy.

effective entity, a quasi-autonomy that prevents terrorist activities and violence against Israel and is remunerated generously for this. The differentiation policy strengthened during the political process in 2007-2008, but since then, in the absence of any political process, has eroded.

The Hamas government in the Gaza Strip inflames hatred against Israel and is an active obstacle (“spoiler”) to any political agreement between Israel and the Palestinians, including the proposed framework. Over the last decade, confrontations and rounds of violence have broken out between Hamas in Gaza and Israel on an average of once every three years (with sporadic outbreaks of violence and harassment in between). These rounds of violence have on the one hand spurred Hamas to focus on its buildup, and on the other hand, exacerbated the humanitarian situation in the Gaza Strip to crisis proportions. The persistence of this reality is liable to accelerate processes of escalation and deterioration toward another round of violence between Hamas and Israel, and to increase the pressure applied on Hamas by even more extremist organizations operating in Gaza. Nevertheless, for the time being, Israel has reconciled itself to the Hamas rule in Gaza and recognizes that there is currently no solution to the Palestinian political split. Israel is also aware that the collapse of the Hamas government is liable to lead to a takeover by more extremist elements. In the eyes of the international community, despite Israel’s disengagement, Israel is still responsible for the Gaza Strip, inter alia, due to the closure that it imposes on Gaza that affects the humanitarian situation there.

In the coming years, the economic situation in the Gaza Strip is expected to deteriorate: the population is expected to increase, while the shortages of potable water, electricity, gas, and sewage infrastructure are expected to become even more acute. The intensifying hardships increase the potential for escalation, and heighten Gaza’s dependence on Israel. In the context of the proposed framework, there is an advantage to presentation of an Israeli plan for the Gaza Strip, concomitant with presentation of the framework for the West Bank. The plan must focus on reconstructing the Gaza Strip and improving the Gazan population’s living conditions. Improving the infrastructures and the fabric of civilian life in the Gaza Strip requires an international effort relying on extensive support from Arab countries and from Turkey. The processes for the Gaza Strip will have to include both an undertaking by Hamas to prevent terrorist activities and violence, and an effective supervisory mechanism that will prevent any Hamas buildup.

Without both of these, at issue would be providing relief without any quid pro quo – a course of action that is liable to strengthen Hamas and weaken the Palestinian Authority.

The objective of assistance to the Gaza Strip is to ease the civilian hardships, while restraining Hamas and other terrorist groups, in order to prevent additional rounds of violence and to neutralize the threat that Gaza will become an element that thwarts any constructive progress in the West Bank. Nonetheless, resolving the Gaza problem is not a condition to advancing the framework in the West Bank. Integrating a solution for the Gaza problem within the framework is also liable to lead to progress in one region being made contingent upon progress in the other region, thereby giving Hamas veto power and impeding Israel's flexibility. As stated, it is crucial that the reconstruction of Gaza be made contingent upon a demand for ongoing security calm (an undertaking of a long term truce) and the establishment of mechanisms to prevent any Hamas buildup. An Israeli initiative coordinated with the international community and with the Palestinian Authority can reduce the risks of an outbreak of fighting in Gaza.

The following are measures that Israel can take in order to improve its strategic situation vis-à-vis the Gaza Strip:

- a. Express willingness to remove the closure and construct a marine port (on an artificial island off the Gazan coast. An international mechanism will be responsible for security and for security inspections of all goods arriving at the port). During the interim stage, until the port is completed, a wharf will be designated at the Port of Ashdod for offloading of goods destined for the Gaza Strip, and from there, the goods will be transported by railway to the Gaza Strip.
- b. Grant special status to Egypt in exchange for its commitment to support the reconstruction process.
- c. Involve the Palestinian Authority in the reconstruction process and transfer the responsibility for border crossings to the PA (in coordination with Egypt).
- d. Demand international recognition of Israel's claim that upon removing the closure, Israel's responsibility for the Gaza Strip has ended.
- e. Form a broad international task force for the rehabilitation of the Gaza Strip.

Elements of the Gaza Strip Reconstruction Initiative

- a. Establishment of a border crossing at Kerem Shalom that will connect Israel, Egypt, and the Gaza Strip: The border crossing, which will be operated with assistance from the international community, will be open constantly and, in return, Hamas will be required to commit to close and destroy the existing tunnels and refrain from digging new tunnels.
- b. Port: Until an artificial island is constructed off the shore of the Gaza Strip that will include a marine port and perhaps also an airport, the Port of Ashdod will serve the needs of the Gaza Strip. A railway will operate between the port and the Gaza Strip. When the port is completed on the island, an international entity will be responsible for the security inspections of goods and people. Israel will supervise the work of the international entity.
- c. Water and electricity infrastructures: Infrastructures for the supply of the water and electricity needs of the Gaza Strip should be built within five to ten years, in cooperation with the international community. Initially, these infrastructures will be powered using gas from Israel and, at a later stage, will be powered by green energy generation facilities. The possibility of establishing the Gaza Strip's water and energy infrastructures within Israel's territory and exporting them should be considered. The normal operation of these infrastructures will be made contingent upon Hamas's undertaking not to attack infrastructure in Israel (sites that must not be attacked – in the Gaza Strip and inside Israel – will be marked on maps. Such a reciprocal undertaking will facilitate recruiting international investments for various development projects). The area inside Israel where the Gaza Strip's infrastructures will be constructed can be included within the Palestinian territory in the future, if and when an arrangement is discussed that includes land swaps.
- d. Freedom of fishing: Pursuant to the Interim Agreement, an international maritime task force will be established to prevent terrorist attacks and smuggling, and to defend the freedom of fishing and navigation. However, Israel, and not the international task force, will guard its own maritime installations.
- e. Development of the natural gas field off the coast of the Gaza Strip: Israel will permit the British company, BG, to develop the natural gas field off the coast of the Gaza Strip – in coordination with the Palestinian Authority, which will profit from a share of the revenues. The possibility

of marketing the gas to Egypt and Jordan through the existing pipelines will be considered.

- f. Easing the restrictions on the movement of people and goods: Israel and Egypt will undertake to allow continuous transfers of goods, subject to security inspections. Israel will allow goods to be exported from the Gaza Strip to the West Bank and internationally through the Port of Ashdod. For this purpose, the Erez border crossing will be adapted for the transfer of goods.
- g. Management of the reconstruction process of the Gaza Strip will be led by the Middle East Quartet. A task force will be established, with the participation of the Arab Quartet (and the Gulf states), Turkey, the European Union, and the international community.
- h. Operation of a control mechanism over the use of materials brought into the Gaza Strip – to prevent any Hamas buildup.

The success parameter of the Gaza Strip reconstruction project will be the extent of the international and regional commitment (led by the Middle East Quartet and the Arab Quartet). In other words: the indicator will be how much money these entities allocate to the reconstruction of the Gaza Strip (in cash equivalents and in investments). Another test will be the extent of Egypt's involvement in the project. Egypt should have an interest in the project's success, since it will benefit from the economic fruits without assuming direct responsibility for the situation in the Gaza Strip. In order to ensure the project's success, a "basket" of international sanctions against Hamas should be prepared, in case it tries to undermine the security stability or various components of the plan. It is also important to involve the Palestinian Authority in the plan, in order to ensure that it does not view the plan as a tactic to neutralize its influence.

The following recommendations were made at an international seminar at INSS on implementing the Gaza Strip reconstruction project:

- a. It is important to coordinate the plan with Egypt, the Palestinian Authority, the Arab Quartet, and the international community. This plan should be coordinated with Hamas indirectly.
- b. In order for the plan to succeed, a formula must be devised that is acceptable to Israel and Hamas, in order to achieve a long term truce that will include an Egyptian or international supervisory mechanism.

- c. Efforts should be exerted to promote reconciliation between the PA/Fatah and Hamas in the Gaza Strip or, at the very least, to achieve consent to a joint effort to reconstruct the area.
- d. International involvement is needed in forming a task force for the reconstruction of the Gaza Strip. One of the task force's roles will be to effectively supervise the reconstruction efforts, in order to prevent their exploitation for the purposes of any Hamas military buildup.
- e. There should be a reciprocal undertaking by Hamas and Israel to refrain from attacking civilian infrastructure in the event of an escalation of violence.

Appendix D

A Plan for Palestinian Economic Development and Growth

Eran Yashiv

The Palestinian economy currently relies heavily on the Israeli economy and cannot sustain itself without Israel. An economic plan was formulated within the scope of the proposed framework, whose main objective is to strengthen the Palestinian economy so that it can become independent and thereby extricate itself from its dependence on Israel. The principles of the economic plan were formulated following a series of meetings with Israeli, Palestinian, and international experts (including senior economists, professionals from the Israeli Ministry of Finance, representatives of the European Union and the Middle East Quartet in Israel, and foundations and organizations that engage in project financing in the West Bank), and based on research on the Palestinian economy conducted at INSS and the recommendations of the Portland Trust.¹ The economic plan proposed here is driven by building the Palestinian state “from the ground up” without waiting for the permanent agreement.

The Palestinian economy is a poor economy: its GDP in 2015 totaled \$12.7 billion, which represents a GDP per capita of \$2,900 (assuming that the population of the West Bank and the Gaza Strip totals 4.4 million people). A similar GDP per capita is found in Sudan, Ghana, and Zambia. In contrast, the GDP per capita in Israel totals \$35,000 thousand per annum. The average

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1 “Beyond Aid: A Palestinian Private Sector Initiative for Investment, Growth and Employment,” Portland Trust, November 2013, www.goo.gl/KR2Juz.

unemployment rate in the West Bank and in the Gaza Strip in 2015 was 26 percent; the unemployment rate among males in Gaza alone was 36 percent. The steadily intensifying economic hardship and the humanitarian crisis in the Gaza Strip, the poor economic situation in the West Bank, and the wide gaps between the Palestinians' economic situation and the economic situation of the Israeli population are all destabilizing factors that aggravate hostility, heighten the Palestinians' motivation to turn to violence, and weaken Palestinian governance.

In order to alleviate the hardships, economic stabilization processes must be initiated that will include improving infrastructures in the West Bank and in the Gaza Strip, including infrastructures for water, electricity, gas, sewage, and housing. Concurrently, the development of sources of livelihood and employment should be encouraged; the Palestinians should be allowed extensive – but controlled – passage from the West Bank to jobs in Israel, and Israeli-Palestinian-regional economic cooperative efforts should be promoted. These courses of action may be set in motion by an agreed opening of the Paris Protocol (which regulates the economic relations between Israel and the Palestinian Authority), so that it will be possible to include innovative ideas, such as establishing free trade zones, revising the customs regime, constructing special-status industrial zones, and encouraging the private sector to invest in the establishment of businesses and technological incubators, enterprises, and training and employment centers.

The implementation mechanism that we propose in order to stabilize the Palestinian economy until it becomes functional and independent is the establishment of an international bank for the development of the Palestinian economy. This bank will provide both the economic support and the expertise required to build a modern market economy. Such an economy will substantially improve the standard of living of the Palestinian population and will create a reality conducive to the implementation of any agreement that might be achieved between Israel and the PA. This proposal advocates a gradual progression in stages based on previous successes and includes short, medium, and long term ventures intended to establish human and physical infrastructures for the Palestinian economy.

The economic plan is built on the assumption that Palestinian economic independence will strengthen Palestinian sovereignty, and that this is a strategic objective that is in Israel's best interests. Therefore, separation should be advanced in stages, taking gradual steps with Palestinian consent

to strengthen the Palestinians' economic independence, including: updating the Paris agreements, providing relief in the customs regime, and minting a separate Palestinian currency. Furthermore, in the short term, in order to improve the economic situation of the Palestinian population rapidly, Israel should increase the number of work permits in Israel, as well as the Israeli and international investment in the Palestinian economy. The efforts to strengthen the Palestinian economy should be under international direction, in order to ensure the plan's success, ensure its effective management, and soften any opposition to Israeli involvement.

Along with the bank, another key instrument is the allocation of extensive lands in the West Bank – Area C(d) – for Palestinian economic and infrastructure development. For this purpose, an ad hoc committee will be formed to initiate projects in Area C(d). Planning and zoning authorities in these areas will not be transferred to the Palestinians at the initial stage, but only after work has begun on the initial projects and the Palestinians have proven their performance capabilities and their assumption of responsibilities.

Apolitical international experts and technocrats will be among the managers of the international Palestinian development bank. As many countries as possible will provide both the funds and the experts who will operate within the scope of the bank, so that the bank will not rely on a limited group of countries, and to ensure that no country will be able to monopolize the bank's agenda and interests. The economic projects will be implemented gradually, based on proof of previous successes. Each milestone that is reached will undergo periodic evaluation, and measures will be taken to ensure that funds are not diverted to political parties or political purposes.

In the short term, specific projects will be advanced that will be capable of providing relatively rapid results and generate popular support for the venture, such as: the establishment of employment centers, a regional labor authority, small scale hi-tech ventures, and the like. Later, in the medium term, projects will be formulated that will focus on improving the performance of the economy and on capital investment, by promoting existing international projects and strengthening infrastructure, such as by establishing industrial parks, upgrading agricultural technologies, and establishing tourism ventures. In the long term – depending on the progress achieved in the previous stages and based on proof of capability – wide scale ventures can be promoted, such as the construction of a seaport in the Gaza Strip, the development

of an independent tax collection system, and reforms in the primary and higher education systems.

The Palestinian economy suffers from various ailments and obstacles, including its being a poor economy with high unemployment rates. It suffers from the negative impacts of the prolonged Israeli-Palestinian conflict, the restrictions on movements of people and goods in the West Bank and in the Gaza Strip, and shortages of know-how, initiative, and resources to fully utilize Palestinian human capital – without which the Palestinian economy will be incapable of major growth. Furthermore, until now, the majority of the international assistance to the Palestinian economy has been by way of “throwing money at the problem” – i.e., extensive money transfers to the Palestinian Authority without any supervision over how the money was used. The establishment of the international development bank will provide the mechanisms needed in order to overcome these negative factors, since it will serve as a kind of parallel economic authority that assists the Palestinian economic authority until it is able to function independently.

Caveats

- a. A plan should be formulated that is not too ambitious.
- b. Never resort to merely “throwing money at the problem.”
- c. The measures should be implemented in a controlled manner.
- d. The investments need to take into account the size of the economy and its absorption capacity.

The International Development Bank

The bank may be designed along the model of the European Bank for Reconstruction and Development (EBRD), which was founded in 1991 to assist in building economies in central and Eastern Europe during the post-Cold War era. EBRD has invested more than 110 billion euros in about 4,500 projects. In 2012, EBRD expanded and began funding projects in four Arab countries: Jordan, Tunisia, Morocco, and Egypt. In Jordan, for example, the bank invested, inter alia, in a sewage treatment project and in solar energy generation facilities.

Stage One: Short Term

In the short term, the bank should take on several small scale projects that presumably will provide results relatively rapidly. Rapid achievements are

necessary in order to make the entire plan attractive. For example, plans can be formulated to promote employment or carry out small scale infrastructure projects. During this stage, it will be possible to spend up to \$1 billion per year for two to three years. Following are several examples of projects that may be launched:

- a. Employment centers that connect employers to job-seekers, assist with job searches, and help employers find suitable employees.
- b. Regional labor authority to regulate the movement of workers between various economies, such as Israel, Jordan, and the Gulf states. Such an authority could operate employment centers, provide legal advisory services relating to labor law, such as drafting employment contracts, take action to enforce labor laws, and defend employees' rights. In particular, such an authority will be able to work in coordination with the Israeli authorities in order to draft regulations for the employment of the 115,000 Palestinians who are currently working in Israel.
- c. Micro-financing for the establishment of small businesses, using the example of the International Finance Corporation of the World Bank.
- d. Initiation of small scale hi-tech enterprises through subsidizing companies and while training employees. Israel can promote such projects, similar to what was done in the Arab sector in northern Israel.
- e. Promotion of existing projects, such as the World Bank's current project, called Education to Work Transition. The objective of this project is to improve the professional training of young Palestinians to facilitate their integration in the job market.

Stage Two: Medium Term, Part A

During the first segment of the medium term plan, three types of projects are proposed at a cost of up to \$2 billion per year over a five-year period:

- a. Infrastructure projects to improve the performance of the economy.
At issue are small scale projects, including industrial parks, upgraded agricultural technologies, tourism projects, upgraded water and sewage systems, expanded technological sector.
- b. Existing World Bank projects should be promoted, including:
 - Finance for jobs
 - Water sector capacity building project
 - The Seventh Palestinian National Development Plan Policy Grant Program Project

- The Local Governance and Services Improvement Program for Result Project for West Bank and Gaza
- c. USAID projects should be promoted and augmented. USAID assistance has been provided since 2013 in the amount of \$100-500 billion per annum, in a wide variety of fields, such as education, infrastructure, and agriculture.

Stage Three: Medium Term, Part B

During the second segment of the medium term plan, assuming that progress was achieved in the earlier stages, additional significant projects may be promoted:

- a. Improving existing roads and paving new roads
- b. Investing in railways
- c. Providing assistance for exports and imports through Jordan and Israel. For this purpose, it will be necessary to amend the existing regulations and to allocate physical means for transfers of goods.
- d. Providing assistance to the Palestinian Authority so that it will be able to contend with debt. It will be necessary to strengthen the monetary authority and perhaps even to establish a special ministry called the “Debt Ministry.”

Stage Four: Long Term

This stage, like the earlier stages, also depends upon the progress achieved in the earlier stages. During Stage Four, wide scale projects will be promoted, including:

- a. Development of natural gas fields off the coast of the Gaza Strip
- b. Construction of an international airport
- c. Construction of a seaport in the Gaza Strip
- d. Developing various modes of travel between the Gaza Strip and Israel, including roads and railways
- e. Advancing major electricity, water, and sewage projects
- f. Developing an independent tax collection system
- g. Reforming the curricula in schools and institutes of higher education in order to promote employment in modern professions and the employment of women.

Such projects will cost between \$4-5 billion per annum over eight to ten years.

Appendix E

Israel, the Arab States, and the Illusions of Normalization

Philip Gordon

In the absence of progress in direct negotiations with the Palestinians – or any real prospects for progress, for that matter – many in Israel are now focusing greater attention on cultivating relations with the wider Arab world. From Prime Minister Benjamin Netanyahu to opposition leaders, many Israeli leaders believe that a growing confluence of interests between Israel and the region’s Sunni Arab states – primarily around the goals of containing Iran and fighting Islamist extremism – could provide a basis for Arab-Israeli normalization and contribute to progress on the long-stalled Palestinian issue. Netanyahu specifically argues that after years of hoping a breakthrough with the Palestinians would lead to better relations with Arab countries, he now believes this process could also run in the opposite direction: the normalization of advancing relations with the Arab world could help to advance peace between Israel and the Palestinians.

The Trump administration also appears to be pinning its hopes on the approach known as “outside-in” – negotiating directly with Arab states and hoping they will use their influence with the Palestinians to advance agreement on Middle East peace. Arriving in Israel directly from Riyadh after a May 2017 summit there with more than 50 Muslim leaders, Trump said he was “deeply encouraged” by his meetings, and insisted that Saudi Arabia’s King

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Salman would “love to see peace between Israelis and Palestinians.” Trump told the Israelis there was a growing realization among Arab neighbors that they have common cause on the threat posed by Iran. According to longtime Middle East analyst and negotiator Dennis Ross, the logic of outside-in is that with the Palestinians so weak and divided, and with a new, quiet relationship between Israel and the Sunni Arabs, there is the hope the Arabs would be prepared to do more.

The strategic rapprochement between Israel and some Arab states is undeniable, and behind-the-scenes cooperation between them is now greater than ever. But having spent several months in both Israel and Arab capitals discussing the issue with political leaders, officials, diplomats, businesspeople, and others, I believe that many of the hopes placed on normalization in advance of a deal with the Palestinians are misplaced. While modest steps toward normalization by some countries may be possible if Israel also takes certain steps, genuine normalization between Arab states and Israel will only happen in the context of comprehensive peace supported by the Palestinians. Moreover, even the more modest steps under consideration will require more significant gestures from Israel than many Israelis seem to realize. Israel should certainly continue to pursue better relations with the Arab states for a number of political, strategic, and economic reasons. But those looking to the Arabs for a shortcut on the Palestinian issue – or who think they can establish closer relations with the Arabs without addressing that issue – are likely to be disappointed.

Why Normalization Remains Unlikely

The growing confluence of interests, strategic rapprochement, and quiet cooperation between Israel and many Arab states is genuine. Israel is now far from the primary security priority of most Arab leaders, who share Israel’s deep concerns about Iran, Islamist extremism, and regional instability. In private, these leaders recognize that Israel does not threaten them and that there are strategic and economic benefits to quiet cooperation with Israel. As one senior Gulf official put it to me, “We and Israel now see the region in much the same way. Israelis are not killing our people; Iran and the Islamic State (ISIS) are.” Even King Salman of Saudi Arabia, which does not formally recognize Israel’s existence, acknowledges that Israel is a “fact.”

That said, there are still major political obstacles to a public Arab rapprochement with Israel. Leading Arab governments, particularly in

Riyadh, face a vast array of threats to their security or even existence. They see security threats from Iran, Yemen, Syria, and Islamist extremist groups, including the Muslim Brotherhood (MB), al-Qaeda, and the Islamic State. And they see threats to political stability from restive, growing populations that must cope with rapid social and technological change and economic austerity driven by low oil prices. Under these circumstances, the region's leaders cannot afford to spend valuable political capital defending a public rapprochement with Israel that most of their citizens would consider a betrayal of the still-popular Palestinian cause. Previous Arab leaders who agreed to establish diplomatic relations with Israel – Egypt's Anwar Sadat and Jordan's King Hussein – were strong, autocratic leaders who felt able (wrongly, in Sadat's case) to run the political risk of normalization without threatening their rule. Today's Arab leaders do not, for the most part, see themselves in a position to take such political risks, absent a valuable and certain payoff.

On top of that is an important regional dimension: at a time of intense geopolitical competition with Iran, Saudi Arabia in particular will not want to cede the Palestinian issue to its rivals in Tehran, who would be sure to denounce Riyadh for any public rapprochement with Israel. The Iranians in that case would claim to be the true defenders of Muslim rights in Jerusalem and seek to portray Saudi Arabia – even in the eyes of its own population – as “stooges” of the United States and Israel. This is a risk that Saudi leaders cannot afford to run.

Clearly the scope of what may or may not be possible varies considerably among the different Arab states. Egypt and Jordan already have diplomatic and security relations with Israel that are in many ways closer than ever (even if still unpopular domestically). Mauritania recognized Israel in 1999, though later froze relations. Qatar, Oman, and Morocco have in the past exchanged senior-level visits with Israeli counterparts and allowed Israel to open trade representative offices in their countries – though those offices were forced to close when security crises broke out. The UAE hosts an Israeli mission to the Abu Dhabi-based International Renewable Energy Agency and could probably get away with a modest expansion of ties with Israel, but will not want to risk criticism from its enemies in Hamas and the MB. Saudi Arabia has less room for maneuver because of its special place in the Islamic world, the relative fragility of its political order, and the intensity of its regional competition with Iran. And certainly the governments of Iraq, Lebanon,

Syria, and Yemen are so heavily influenced by Iran that any rapprochement with Israel is out of the question. What unites all these diverse countries is a reluctance to pay the political cost of drawing publicly closer to Israel in the absence of something significant to show for it.

Even much-discussed partial steps toward normalization – such as the establishment of Arab-Israeli telecommunications links; granting Israel overflight rights; issuing permits to Israeli businesses to operate in the Gulf; sports or cultural exchanges; or engaging Israeli diplomats at international meetings – will likely require more far-reaching moves by Israel than many Israelis seem to acknowledge. Even these modest steps would be costly to Arab leaders if they seemed to be done against the objections of the Palestinians, who continue to fear that economic and diplomatic normalization will come at the expense of their political aspirations, and believe that time is on their side. For example, the economic gestures Israel announced during President Trump’s May 2017 visit to Israel – including easing the passage for Palestinian workers into Israel, extending the opening hours of the Allenby crossing with Jordan; permitting the expansion of the industrial zone at Tarqumiya into Area C; and providing permits for thousands of Palestinian homes in parts of Area C – made little impact. While highly controversial and contested within the Israeli cabinet, they were seen by the Arabs as warmed-over versions of what has been promised many times before. Not surprisingly, press reports that suggested the Arab Gulf states had finalized an offer and were close to a normalization deal with Israel on the eve of Trump’s trip to the region proved premature.

Cautioned by the Palestinians, the Arabs remain wary of making “permanent” or “de jure” steps toward Israel in exchange for “de facto” Israeli steps that could easily be reversed. For example, they are unwilling to formally recognize Israel as a Jewish state, or accept the legitimacy of Israelis remaining in the major settlement blocs, in exchange for expanded freedom of movement or autonomy for Palestinians that could easily be taken away in the future. Indeed, the Arab League’s reiteration of its commitment to the Arab Peace Initiative (API), which offers recognition of Israel in exchange for comprehensive peace with the Palestinians, commits Arab leaders to normalization only *after* the full withdrawal of Israeli forces from Palestinian territories is complete. The fear is that any other sequence could lead to their recognition of Israel in exchange for a withdrawal that never actually takes place.

The bottom line is that there is a major structural difference in the way Israel and the Arabs view steps toward normalization. For Israel there are big advantages to making public intelligence, military, and economic cooperation with Arabs in that it would further Israel's acceptance in the region, undercut international efforts to isolate Israel, and relieve some of the pressure to offer more concessions to the Palestinians. Israel would derive significant legitimacy from the establishment of formal ties with major Arab countries, and Israeli businesses would find new opportunities in Arab markets if they could openly operate there. For the Arabs, however, the dynamic is the opposite: making private cooperation public incurs a cost. Since the Arab states already receive most of what they need from Israel quietly, they have little incentive in expanding overt ties with Israel without something significant to show for it. Even Egypt and Jordan, which have diplomatic relations with Israel and extensive behind-the-scenes security and intelligence cooperation with Israel, remain reluctant to appear to be too conciliatory in public so long as their populations judge Israel's treatment of Palestinians so negatively.

New Dynamics and Potential Wildcards

Attempts to involve the wider Arab region in efforts to advance Israeli-Palestinian peace are not new. The United States managed to bring most of the Arabs to the table at the 1991 Madrid Peace Conference and the 2008 Annapolis Summit, but in neither case was this sufficient to bridge the gaps between Israelis and Palestinians, or have the Arabs do much more with Israel than attend the meetings. In 2009, US Middle East envoy George Mitchell pursued many of the same normalization steps regularly on the table between Israel and the Arabs, and President Obama explored Saudi involvement on the basis of an Israeli settlement freeze, but again the price for their engagement was much greater than what Israel was willing to pay. Perhaps most relevant, in 2016 Secretary of State John Kerry made exhaustive efforts to have the Arab regimes negotiate with Israel on the basis of the principles he had developed during the previous years of negotiations with the Israelis and Palestinians, but once again the gaps among the parties were too wide to bridge, and the Arab states were unwilling to pressure or break with the Palestinians. Even when Kerry thought he had persuaded the Arabs to accept certain principles such as recognition of Israel as a Jewish state, they were never willing to do so in public without Palestinian agreement.

The Saudis and other key players were not even prepared to show up at an international conference – let alone take further steps toward normalization with Israel – without at least an Israeli commitment to a negotiating framework the Palestinians would accept (which Israel would not do).

To be sure, the regional situation has changed considerably, and there are new variables in play – including some wildcards that could potentially lead to major breaks with the past. One of the most important is President Donald Trump, who has made progress on the Israeli-Palestinian issue a foreign policy priority, seems determined to try to negotiate “the ultimate deal,” and is highly unpredictable. Transactional by nature and increasingly frustrated by a lack of progress on other issues on his agenda, Trump could try to leverage his strong support for the Arab Gulf states to win gestures from them that might advance normalization with Israel and Middle East peace. Key Arab leaders in the region are inclined to be helpful to Trump, who has wholeheartedly embraced their agenda on Iran, Qatar, and Yemen; is ready to do business and make armaments deals with no strings attached; and unlike his predecessors will not pressure them on democracy and human rights. For this reason, Trump may be better placed to succeed with the Arabs where Kerry and Obama failed. But Trump’s leverage will still be limited by the Arab domestic political factors mentioned above, and even Trump is unlikely to make his support for the Gulf states conditional on normalization. In fact he already granted that support unconditionally in exchange for the warm welcome in Riyadh and the announcement of major arms sales and investment agreements – higher priorities for him and more easily achievable than Arab normalization with Israel.

Another wildcard is Saudi Crown Prince Mohammad bin Salman (MBS), the driving force behind Saudi foreign policy. While the general Saudi inclination (including that of King Salman) on the issue of Israel is one of extreme caution, MBS has already demonstrated his willingness to take bold steps and risks on issues critical to Saudi Arabia’s future. He is shaking up the Saudi economic system by diversifying it away from oil, cutting longstanding subsidies, raising taxes, and planning to privatize part of Aramco. He is likewise shaking up Saudi society by involving more women in education and the workforce, reducing the powers of the religious police, loosening male guardianship rules, and seeking to boost tourism and entertainment in the Kingdom. He has launched a war in Yemen and a diplomatic assault on Qatar that show a strong propensity to take major risks. Finally, the

33-year-old Crown Prince did not personally experience the emergence of the Palestinian tragedy and numerous Arab-Israeli wars as did his father's generation; his formative years have instead been dominated by the Saudi rivalry with Iran, the Arab Spring, wars in Syria and Yemen, and relative Arab-Israeli peace. With the new situation in the Saudi hierarchy, new options with Saudi Arabia might conceivably open.

A third important variable concerns the future Palestinian leadership and likely upcoming leadership transition. Eighty-three-year-old Palestinian Authority President Mahmoud Abbas is not uniformly popular among Arab leaders, some of whom – such as those in the UAE – openly and actively support his rivals. As other Palestinian actors jockey to succeed Abbas, the Arab states will thus consider any steps toward normalization with Israel in the context of how it might help or hurt their preferred candidates for succession. If Hamas were to take power in the West Bank, for example, Saudi Arabia, Egypt, and the UAE might be willing to work even more closely and perhaps openly with Israel on efforts to contain and punish the organization, especially if Hamas were aligned with Qatar and Iran. On the other hand, if a new Palestinian leader preferred by the Gulf Arabs emerged, their willingness to work openly with Israel without the Palestinians' blessing might even diminish, lest that cooperation undermine the new leader's legitimacy. The rise of a new Palestinian leader whom the Arabs were eager to see in power might encourage Arab leaders to cooperate with Israel on measures to improve the daily lives of Palestinians, but again only if the Palestinians themselves signed off on such cooperation.

Perhaps the most important factor will be what takes place in Israel. The current Netanyahu government – in which a majority of cabinet ministers favor settlement expansion and oppose a two-state solution – seems highly unlikely to take the sort of steps presumably required to advance an agreement with Palestinians or normalization with the Arabs. Many in the security establishment and government have insisted that Israel must not agree to a situation whereby normalization will be held hostage to resolution of the Palestinian issue. Thus without political change in Jerusalem it seems highly unlikely that even modest steps toward normalization will take place. But the current government will not last forever, and a different prime minister or coalition could conceivably take steps that affect Arab and Palestinian calculations.

An Israeli proposal to go further than it has in previous peace negotiations – for example, along the lines of the principles that Secretary Kerry articulated in his December 2016 speech – would make it easier for the pragmatic Arabs to engage with Israel. Indeed, although Kerry’s principles included a number of controversial elements such as Arab recognition of Israel as a Jewish state, the speech received a positive public welcome throughout the Arab world, including from Egypt, Jordan, the UAE, Qatar, Bahrain, and even Saudi Arabia. With such principles genuinely on the table, the Arabs would have more political cover for contact with Israel, and even Saudi Arabia might endorse international negotiations on this basis. Nonetheless, Arabs’ formalizing security cooperation or establishing open political or economic ties with Israel would likely be contingent on the *conclusion* of the negotiations with the Palestinians, not on just a reasonable offer. Having seen too many rounds of peace talks fail, the Arabs are unlikely to take politically costly steps with Israel based merely on an agreement to a framework for talks. And no matter how generous the Israeli proposals, and no matter how much fault for lack of progress might lie with the Palestinians, any expectation that the Arabs will blame the Palestinians and side with Israel is misplaced.

In the absence of credible, comprehensive peace negotiations, Israeli proposals for partial, unilateral, or interim steps would command the Arabs’ attention. For example, a unilateral move by a new Israeli government to limit settlement activity to the major blocs, end the “legalization” of outposts, transfer significant amounts of territory to Palestinian control, and genuinely ease freedom of movement would significantly improve the atmosphere and increase the prospects for meaningful talks with Palestinians and cooperation with Arab states. But even under these conditions the Arabs will hesitate to give a public blessing to the Israeli moves, let alone make any down payments on normalization, in the absence of Palestinian support. Israelis might rightly feel that steps such as these were unprecedented and politically difficult, but from the Arab point of view they would still leave the most controversial issues of refugees, occupation, and Jerusalem unaddressed. Palestinians in turn would complain that by compensating Israel for partial steps, the Arabs were reducing the leverage needed to address the core issues. A more realistic objective of an Israeli unilateral or interim initiative might be quiet Arab financial and political support designed to make that initiative succeed. That more achievable aim would at least improve the atmosphere for talks, the

lives of Palestinians, and Arab attitudes toward Israel, potentially creating the conditions for more substantial progress down the road.

Finally, it is worth noting that while Arab leaders emphasize how difficult it would be for them to take steps toward normalization with Israel in the absence of progress with the Palestinians, they also firmly stand by their commitment to the 2002 Arab Peace Initiative and insist they have made a “strategic choice” for peace with Israel. While they continue to maintain that the terms of the initiative are not negotiable, they point out that the API was written in a way to provide maximum flexibility, and stand by previous statements that they can accept adjustments to the 1967 borders as a territorial basis for peace. Arab leaders, including in Riyadh, told me they stand by the 2013 statement made by then-Qatari Prime Minister Hamad bin Jasssem al-Thani on behalf of the Arab League API Follow-Up Committee that a “comparable and mutually agreed minor swap of the land” between Israel and Palestine was consistent with the API’s call for a return to 1967 borders. They cannot deviate from the official API position that the Golan Heights must be returned to Syria, but they realize that it is currently not an option, and would likely not let the issue of returning territory to the Iran-backed Assad regime stand in the way of a peace agreement with Israel. Similarly, on refugees, they insist on the API’s requirement of a “just” solution to the refugee problem “to be agreed upon in accordance with UN General Assembly Resolution 194,” but understand – as evidenced by the words “to be agreed upon” – that Israel will never accept a solution that allows large numbers of Palestinian refugees to return. The Arabs complain that Israel has not been more proactive in putting forward specific ideas for them to react to – during the entire Kerry initiative, for example, the Israelis were never even willing to look at a map – and that the United States has not involved them significantly enough in its efforts to negotiate with Israelis and Palestinians. An Israel genuinely willing to negotiate on the basis of the API would find Arab partners ready to engage with it.

Conclusion

The prospect of Israel normalizing its relations with Arab states is an enticing idea that anyone who cares about Israel or the region should want to see realized. Arab strategic interests are aligning with Israel’s; some Arab leaders’ attitudes toward Israel are changing; and the Arab desire to see an Israeli-Palestinian deal remains strong. Arab leaders, moreover, have many other

pressing issues on their plates, have not been forced to decide where their true bottom lines on normalization lie, and will not do so unless and until specific ideas are on the table – so those bottom lines are worth exploring.

Nevertheless, the vision of Israel normalizing its relations with Arab states without the agreement of the Palestinians is fanciful, and even modest steps toward normalization will require Israel to do much more than many Israelis seem to realize. Ultimately, the road to normalization with the Arab states still runs through the Palestinian issue, and not the other way around.

Appendix F

The National Security Index: Public Opinion Survey 2017-2018

Zipi Israeli

The Institute for National Security Studies monitors trends in public opinion on issues relating to national security. As the public opinion survey has been conducted consistently since 1984, it allows a unique, in-depth analysis of processes and issues over time, and at the same time creates a rich database. The research is based on a broad and representative sampling of about 800 adult Israeli Jewish citizens – and in recent years, Israeli Arab citizens as well. The interviews are conducted face to face in the respondents' homes.

Presented below are key findings relating to the Israeli-Palestinian conflict from the survey conducted in 2018 within the framework of the National Security Index. A representative sampling of Jewish and Arab Israeli citizens participated in the survey; however, in light of the significant differences in opinion about the issue at hand, the data refer to Jewish respondents only.

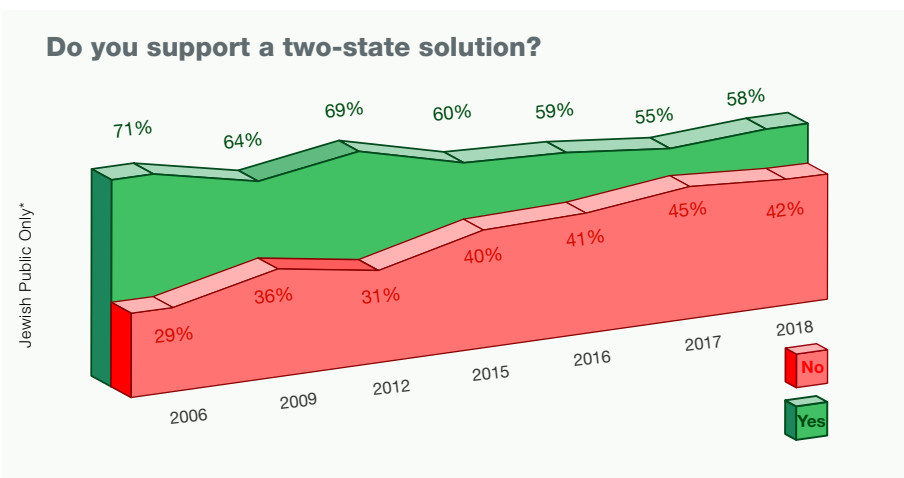
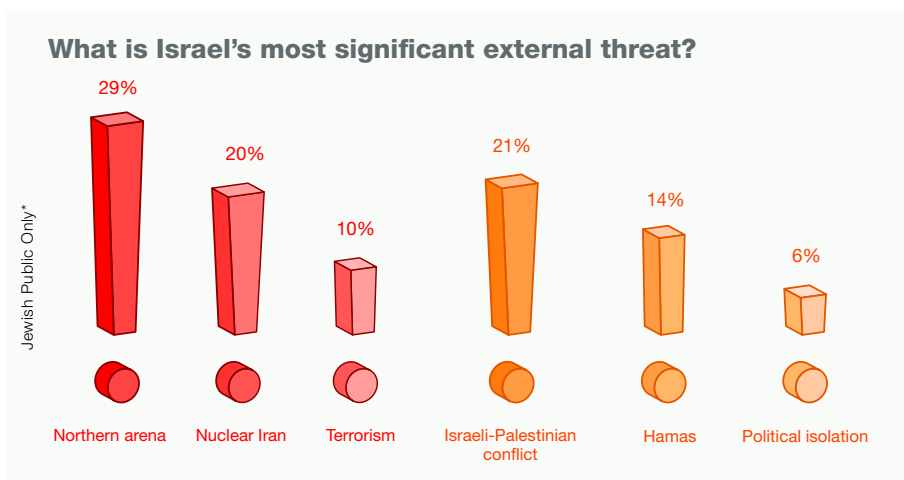
Ranking the Israeli-Palestinian Conflict

The survey found that only one fifth of the public (21 percent) believes that the Israeli-Palestinian conflict is the gravest threat facing the State of Israel today (29 percent believe that the northern arena is the gravest threat; 20 percent believe that Iran's nuclear capability is the gravest threat; and 10 percent believe that terrorist activity against Israeli citizens in Israel and abroad poses the gravest threat). At issue is a decline in the perception of this threat relative to the two previous years, and a return to a perception

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of the threat as it was prior to the wave of terrorist attacks that began in October 2015. Upon the outbreak of this wave of terror, the Israeli-Palestinian conflict figured as the gravest threat in the INSS National Security Index, presumably a function of the immediate security situation.

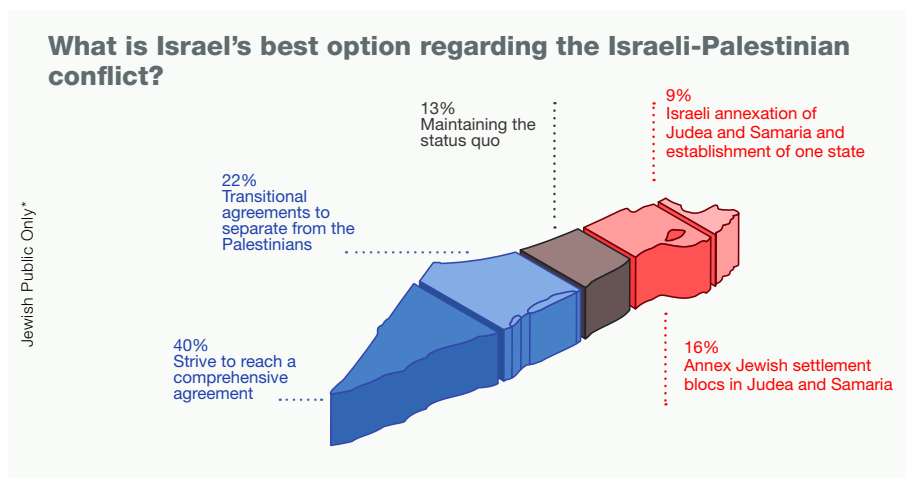
At the same time, if we examine the three inter-related threats – the Israeli-Palestinian conflict (21 percent), Hamas in the Gaza Strip (14 percent), and political isolation and the delegitimization of Israel (6 percent), we see that a large segment of the Israeli public (41 percent) today believes that from an overall perspective, the Palestinian problem constitutes a major threat. This year, only 6 percent of the public believed that the issue of political isolation and the delegitimization of Israel constitutes a threat.



Solutions

The survey shows that support for the idea of two states for two peoples has remained strong, although it has declined slightly in recent years. The support for a two-state solution was high and stable (about 70 percent) between 2003 and 2012, both in times of crisis and in times of calm, and regardless of the makeup of the governments. In 2018, 58 percent of the public supported this solution, and thus even if there has been an evident decline over the last two years in support for the idea, there is still strong high support. This is particularly salient, given the current reality of a political deadlock, the growing polarization in the domestic arena, and Israel's right wing government, and despite the fact that over the last decade, more and more people have become convinced that there is no possibility of reaching a permanent agreement with the Palestinians.

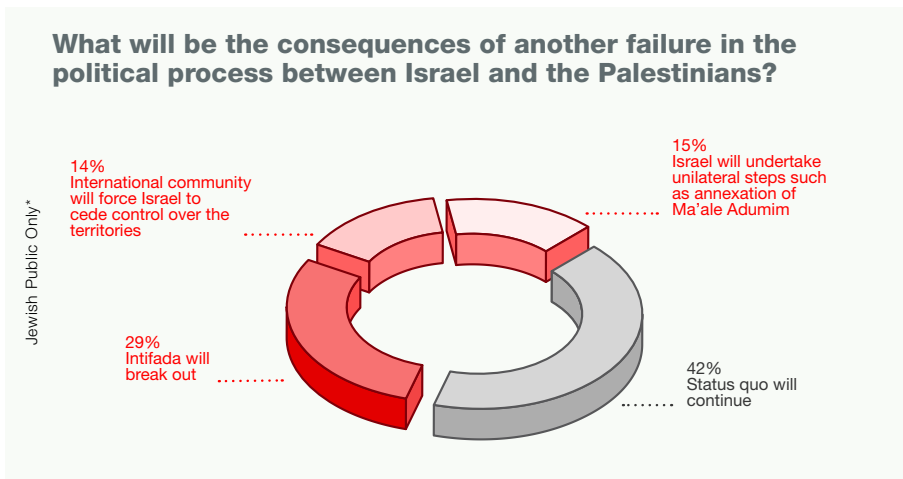
When the practical implications of the two-state formula were presented to the public, or when respondents were asked how they would vote in a referendum, the support indeed declined slightly, but remained high. The data show that the public in Israel is interested in separation from the Palestinians in one form or another. Furthermore, one can assume that if an Israeli government will put such an agreement to a referendum in the future, it will win even greater support – particularly in light of the ratio of “I don't know” and “unsure” responses (18 percent).



In the three most recent surveys, a specific question was asked to chart public opinion about Israel's best option in the Israeli-Palestinian conflict in the near future. The survey found that a majority of the public (62 percent)

is interested in an agreement – whether by striving to reach a comprehensive agreement (40 percent) or through transitional agreements to separate from the Palestinians (22 percent). Only 9 percent said that they wanted to annex all territories in the West Bank and establish one state; 16 percent want to annex Jewish settlement blocs in Judea and Samaria; and only 13 percent said that they wanted to maintain the status quo. Another question found that a large segment of the public believes that continuing the status quo is detrimental to Israel (66 percent believe that it is detrimental, compared to 34 percent who believe that the status quo works in Israel’s favor).

Since the majority of the public is interested in an agreement, we posed the question: What will be the implications of another failure in the political process between Israel and the Palestinians? 42 percent of the public responded that they believe that the status quo will continue, 29 percent believe that an intifada will break out, 14 percent are of the opinion that the international community will force Israel to end its control over the territories, and only 15 percent assess that Israel will be forced to take unilateral measures in the territory, such as annexation.



Jewish Settlements

The majority of the public (67 percent) is willing to evacuate settlements in the West Bank within the framework of a permanent agreement: 12 percent are willing to evacuate all of the settlements, and 55 percent are willing to evacuate all settlements outside the settlement blocs. In contrast, 33 percent are not willing to evacuate settlements under any circumstances. When

at issue is unilateral evacuation of settlements within the framework of reorganization carried out independently by Israel and without an agreement with the Palestinians, the support for evacuating settlements declines to 51 percent, with 49 percent opposing evacuation. This support is significant, considering the fact that in the past, and particularly after the disengagement, the majority of the public had opposed unilateral evacuation of settlements.

Evacuating settlements sparks concerns, but there is awareness that it is not possible to reach any solution without some kind of concession of territory. When the public was asked about which areas it will be willing to give up, a wide range of attitudes toward different areas emerged, reflecting respective world views about religion, history, and security. Over the last decade, there has been consistent opposition to handing over the areas of Gush Etzion, western Samaria, and the Jordan Valley – only 9-24 percent of the public is willing to relinquish these areas. On the other hand, there is significantly higher willingness than in the past to relinquish areas deep in the territory that are not part of the settlement blocs – 69 percent support this. Recent surveys changed the wording from “isolated settlements” to “areas that are not part of the settlement blocs,” and the ratios of support either remained the same or rose slightly. It appears that the public clearly differentiates between the major settlement blocs and small isolated settlements.

Also analyzed was the public’s stance on the question of the policy that Israel should adopt with regard to the construction in settlements. The findings indicate that the majority of the public is interested in construction solely in the settlement blocs or does not want construction at all: 21 percent do not want any construction, 35 percent want construction, but only the settlement blocs, 25 percent believe that construction should take place in all settlements, but solely to accommodate natural growth needs, while only 19 percent are interested in major development momentum of Israeli settlements throughout the West Bank.

Jerusalem

The large number of violent incidents in Jerusalem during the wave of terrorist attacks in 2015 and 2016 caused shifts in public sentiment about the Jerusalem issue. For many years, the majority of the public in Jerusalem considered the united Jerusalem as one unit and opposed its division. Between 1994 and 1998, about 80 percent of those surveyed said that Jerusalem needs to remain united and opposed any division, even within the framework

of a comprehensive agreement between Israel and the Palestinians. The ratio of those opposed to the division of Jerusalem remained high when the interviewees were asked for their stance in the event that the fate of the peace agreement depends solely on division of the city. In 1999 and 2000, a slight shift occurred in public opinion: between 65–70 percent of the interviewees in the Peace Index surveys and in INSS surveys expressed opposition to division of the city. When the public was asked during the period of the second intifada for its stance with regard to the unilateral separation option, 70 percent still answered that they oppose the division of Jerusalem, even when the question clearly stated that the objective of the division is to “reduce terrorist activities.”

Between 2004 and 2014, there were no major shifts in public opinion: 60–65 percent of the public opposed transferring the Arab neighborhoods in East Jerusalem to the control of the Palestinian Authority. At the same time, the ratio of those supporting the division of Jerusalem rose, when the division was presented as a precondition to a comprehensive agreement.

During the summer of 2014, the security situation in Jerusalem began deteriorating, with the murder of the teenager Mohammed Abu Khdeir by Israeli radicals, and the spate of attacks by Palestinians: the hurling of Molotov cocktails and stones at the light railway, vehicle ramming attacks, and the shooting and knifing terrorist attack on a synagogue in Har Nof. At that time, the Palestinian media presented the incidents as the “war on Jerusalem,” yet also during that period, a large segment of the public (about 60 percent) opposed transferring the Arab neighborhoods in East Jerusalem to the Palestinians – even within the framework of an agreement.

A significant shift in the public’s positions began during the wave of terrorist attacks during 2015 and 2016. The National Security Index found that since then, there has been an evident rise in the Jewish public’s willingness to transfer the Arab neighborhoods. In response to the question: “Should Israel return the Arab neighborhoods in East Jerusalem within the framework of an agreement that would end the conflict with the Palestinians, or should Israel continue holding them even at the price of refusing an agreement that would lead to the end of the conflict?” 51 percent of the respondents at the end of 2017 answered that they are interested in returning the Arab neighborhoods in East Jerusalem. Only 49 percent answered that they want to continue to retain them.

A further finding is that the majority of the public wants change. In response to the question: “What, in your opinion, is the correct solution to the question of Jerusalem in the current situation?” only about 31 percent of the public supported maintaining the status quo in Jerusalem, while all the rest preferred some change in Jerusalem, which included transferring the neighborhoods and/or a new solution: about 22 percent were in favor of maintaining the status quo, but concurrently supported increasing the physical separation between East Jerusalem and West Jerusalem; about 25 percent were in favor of transferring the Arab neighborhoods to the control of the Palestinian Authority; and about 22 percent supported the establishment of a separate local authority for the Arab neighborhoods in Jerusalem within the framework of Israeli sovereignty. The latter option is a relatively new idea. Therefore, it is a particularly interesting fact that over the last four years, four separate INSS surveys found consistency in the support for this idea.

It is possible, with the requisite caution, to assess that a shift in public opinion is emerging with regard to the practical components of planning in Jerusalem. Unlike in the past, only a small segment of the population continues to support maintaining the status quo in the city. The majority of the public believes that it is difficult and too problematic to sustain the current reality in Jerusalem forever, and therefore, the public is more open to new ideas today than it was in the past. Furthermore, the growing trend of openness to reorganization in Jerusalem is consistent with the idea of separation that underlines the solution of two states for two peoples – an idea that has the support of the majority of the public. The public wants separation, particularly in order to maintain security and reduce friction.

In conclusion, the INSS surveys have found that public opinion in Israel about the Israeli-Palestinian conflict has been consistent and stable over the years. The findings challenge the political status quo, since the public still believes in a political solution based on two states, and is willing, within this framework, to evacuate some of the settlements beyond the Green Line, although aware of the difficulties in reaching a permanent status agreement in one fell swoop. The discourse about the conflict is based on the two-state paradigm designed after the Oslo Accords, which opposes maintaining the status quo. However, the findings also leave wide room for leadership creativity and maneuvering room for the political leadership during a political process, as long as the guiding principle is separation of Israel from most of the Palestinian population.

A Strategic Framework for the Israeli-Palestinian Arena is the culmination of a comprehensive research and strategic planning process conducted at the Institute for National Security Studies. The goal was to assess, address, and respond proactively to the contention that the State of Israel currently faces a dangerous political dead end, which threatens the vision of a democratic, Jewish, secure, and moral Israel. The result, presented in this special publication, is a multi-track framework of action to improve Israel's strategic position, stop the slide toward a reality of one state, and build future options to end Israeli rule over the Palestinians.

After analyzing various alternatives raised and debated in the public and professional discourse, it was found that the alternative that will best enable Israel to contend with the challenges of the future, while preserving Israel's unique character, its fundamental goals, and its security interests, is the alternative that advocates political, territorial, and demographic separation from the Palestinians, toward a situation of two states for two peoples.

The proposed framework is a feasible mode of action that reflects Israel's determination to shape its own future. It will be advanced on the basis of a consensus among the majority of the Israeli public, understandings with the international community and with the pragmatic Arab states, and to the extent possible, with the Palestinian Authority as well. The framework includes reorganization of the territories in the West Bank with the objectives of protecting Israel's vital interests, creating strategic stability for Israel, stopping dangerous security and political trends, and facilitating construction of a political and international foundation, on whose basis Israel will be able to proceed along various political tracks, depending upon the circumstances, toward its objective.

The framework was formulated and prepared by a team of researchers from INSS, most with many years of expertise on the Israeli-Palestinian conflict; some of these experts participated actively in the various rounds of negotiations with the Palestinians in recent decades. The INSS team includes: Maj. Gen. (ret.) Amos Yadlin, Brig. Gen. (res.) Udi Dekel, Brig. Gen. (ret.) Shlomo Brom, Ambassador Dr. Oded Eran, Dr. Zipi Israeli, Dr. Anat Kurz, Kim Lavi, Dr. Kobi Michael, Brig. Gen. (res.) Assaf Orion, Col. (res.) Adv. Pnina Sharvit Baruch, Col. (res.) Adv. Gilead Sher, Sima Shine, and Prof. Eran Yashiv.

