

INSS Insight No. 1194, July 16, 2019

With a New World Order Taking Shape,
Turkey Again Looks Eastward
Oded Eran and Gallia Lindenstrauss

Recent developments indicate a shift in Turkey's strategic outlook, which dovetails with intensive activity by Russia and China – each for its own reasons – in the Western-Asian-East European sphere, raising the possibility of long term change with extensive consequences that include ramifications for Israel. Turkey has demonstrated increased distance from the United States and the European Union on several core issues, with the most important among them the procurement – despite the objections of the US and other NATO states – of the S-400 air defense system from Russia. The supply of the S-400 to Turkey, which began on July 12, 2019, makes it difficult for Western states to evince flexibility toward Turkish efforts to consolidate an independent foreign policy, given the broad negative ramifications of the procurement for military cooperation in NATO. In addition, there are US fears regarding the possible leak of intelligence to Russia related to sensitive technologies. Israel has a complex array of considerations in the face of the strategic changes in Turkey's orientation. A Turkish pivot eastward is a tectonic shift that is liable to work to the serious detriment of Israeli strategic interests in various realms such as energy, civil aviation, and trade. Israel would do well to give thought to these issues, as well as to the possibility of a bolstered Chinese or Russian presence in the Eastern Mediterranean.

Do Limited Resources Threaten the IDF's New Multiyear Plan?
Sason Haddad and Shmuel Even

The multiyear *Tnufa* ("momentum") plan drawn up by IDF Chief of Staff Aviv Kochavi is meant to provide a response to changes affecting the IDF – those underway and those that are expected in the next five years – and to improve operational effectiveness. However, recently the situation assessment has been flooded with factors related to economic and political conditions that may delay and limit the plan's launch. There can be no doubt regarding the multiyear plan's importance to the IDF, both for force buildup and training, and for increased efficiency. As a result, the new multiyear plan will hopefully be approved once the political system is stabilized and the new government is established. On this basis, it is extremely important that the program is backed by a

budgetary agreement between the Defense Ministry and the Finance Ministry that serves as an update to the Ya'alon-Kahlon Agreement of November 2015.

The Challenge of the Momentum Plan

In the past few months, IDF Chief of Staff Aviv Kochavi has devoted much attention to a new multiyear plan for the IDF known as *Tnufa* ("momentum"). The new plan is a continuation of the Gideon five-year plan (2016-2020). The challenge facing those drafting the plan is to ensure that the means placed at the disposal of the IDF can achieve the strategic aims defined for it, in accordance with the directives of the political echelon. The plan relies on an approach that strives to improve operational effectiveness while making maximum use of existing and future capabilities. It is meant to provide a response to the host of conflicts and threats facing Israel, first and foremost Iran and its partners on various fronts, which have intensified since 2015, when the Gideon plan was approved (2015). Today, emphasis must be placed on the confrontation between Iran and the United States that has mounted since the latter withdrew from the nuclear agreement. This is liable to have implications for Israel in two realms: Iran may accelerate its nuclear program, and may involve Israel in any confrontation with the United States. The Syrian-Lebanese arena has also witnessed changes for which Israel must be prepared, especially following the victory of Assad and his allies. In addition, Hezbollah has managed to acquire some precision rockets, despite Israel's efforts to prevent this. At the same time, the clash in the Gaza Strip continues, and the "inter-war campaign" on the different fronts incurs a heavy cumulative cost. All of this occurs against a background of Israeli concern regarding the stability of the Palestinian Authority and countries in the region. Additional factors that encourage approval of the multiyear plan include: Israel's relatively good economic situation in recent years (reflected, for example, in data regarding the GDP, employment, and the balance of payments) and statements by Prime Minister Benjamin Netanyahu regarding the need to increase the defense budget.

Despite the factors supporting the Momentum Plan, the situation assessment has recently begun to reveal elements that could delay or erode the launching of the plan. One such factor is the large deficit in the state budget. The Israeli government recently decided to implement across-the-board cutbacks in the state budget for 2019 to control the increasing deficit. However, it appears that this will not be sufficient and that the pressure for budgetary control will even intensify, especially in the event of a negative change in the economic situation. A second factor is the political situation in Israel, which make it difficult to establish a new stable government and thus make the decisions that are now necessary for such a multiyear plan, including agreement regarding the funding required to implement it.

The Need for an Updated Budget Agreement to Implement the Plan

A sustainable multiyear plan cannot be concluded within the walls of the Defense Ministry alone, as it must be backed up by an agreed upon "budget path" (a vector of defense budgets that are agreed upon by the Defense Ministry, the Finance Ministry, and the political echelon for the life of the plan) in order to avoid funding difficulties and budget uncertainty. The multiyear plans that have been implemented in recent years almost in their entirety – the Tefen plan (2008-2012) and the Gideon plan – were backed up by a budget path that was approved by a government decision or by a budgetary agreement between the Finance Ministry and the Defense Ministry (such as the Ya`alon-Kahlon Plan, as described below). On the other hand, multiyear plans that were not backed up in such a manner have had difficulty surviving, as reflected by three multiyear plans that replaced one another between the years 2012 and 2015.

In recent years until the present, the Israeli Defense Ministry has worked according to a budgetary agreement with the Finance Ministry that was signed in November 2015 by Defense Minister Moshe Ya`alon and Finance Minister Moshe Kahlon ("Budgetary Agreement for the Years 2015-2020," or the "Ya`alon-Kahlon Agreement"). This agreement constituted a foundation for the Gideon plan. The plan was drafted in detail by means of staff work carried out in coordination between the ministries, and serves as an example of important inter-ministerial cooperation that was unprecedented in previous years, which were characterized by wrangling over the defense budget between the Finance Ministry and the Defense Ministry. The agreement can be divided into two main parts: issues pertaining to the period 2015-2020, and especially the defense budget path for these years; and issues pertaining to much longer periods of time (decades), most prominently the model of service in (and retirement from) the IDF's regular army and the reduction in compulsory service.

In advance of the new multiyear plan, voices from the Finance Ministry are calling for cuts to the bridging pension in exchange for an increase in the financial remuneration of regular army soldiers, and a reduction in the compulsory service for men in the IDF by an additional four months (to 28 months of service). With regard to the bridging pension, the Ya`alon-Kahlon Agreement provides a model that is supposed to reduce significantly the number of retiring officers eligible for a bridging pension and to increase the number of officers that are dismissed from the IDF with a one-time grant before they reach eligibility for a pension, with the aim of a long term reduction in pension costs. Compulsory service was already reduced by four months (to 32 months) for soldiers discharged from 2018 onward. The Ya`alon-Kahlon Agreement includes reducing service by two months for all new conscripts beginning in 2020, but the implementation of the issue depends on the IDF's position.

Conclusion and Recommendations

Economic constraints, like political constraints, are liable to delay and erode the launch of the multiyear plan. Still, there can be no doubt regarding the plan's importance to the IDF, especially for the purposes of force buildup and its ensured readiness and training. It is also essential for increasing efficiency, as the changes it requires are difficult to carry out over short periods of time. Therefore, in the first half of 2020, efforts should be made to strive for the approval of a new multiyear plan that is backed by a budgetary agreement that constitutes an update of the Ya`alon-Kahlon Agreement.

An updated budgetary plan should focus on the following:

- a. *A model for setting the NIS-based defense budget framework for the years to come:* The model should take into consideration both the anticipated security threats and the growth of the economy. The budgetary framework must be clear (not subject to interpretation and disagreements) – for example, with regard to its contents, including the Finance Ministry's external funding of national projects (such as the IDF's move to the Negev) and implementation of changes in the US defense aid ingredients. In addition, it will be necessary to set price indexes and fix budget components and the parameters for change to them, such as GDP growth rate and the scope of irregular defense events that require additional funding. Moreover, the budgetary significance of the needs of the IDF must be derived from the defense budget without its civilian elements – most notably, expenditures on pensions and the budgets of the rehabilitation and the family branches, which are not directly linked to IDF buildup and operational activity. Note that comparable budgets are not included in the budgets of other government ministries (pensions for employees of the Health Ministry and the Education Ministry, for example, are paid directly by the Finance Ministry).
- b. *The service model for the regular army:* The effect of the model on the quality of officers in the IDF that will be implemented as a result of the Ya`alon-Kahlon Agreement should be examined. In any event, the model should not be determined based on considerations of financial cost alone.
- c. *The question of further reduction in compulsory service for men in the IDF:* This issue must be considered not only with regard to the manpower needs of the regular army, but also in the context of the training and cumulative experience of soldiers of the regular army (with an emphasis on the junior command) and the implications for the reserve army, which is based on discharged soldiers from compulsory service.

Any approach must recognize the immense importance of continued cooperation and a positive atmosphere in Defense Ministry-Finance Ministry relations and of refraining from being drawn into public disagreements – after it was proven that the Ya`alon-

Kahlon Agreement facilitated a number of years of "industrial peace" between the Finance Ministry and the Defense Ministry.