STRATEGIC SURVEY FOR ISRAEL

2020-2021

The Year of the Vaccine?
Internal and External Challenges
to National Security

Itai Brun and Anat Kurz, Editors

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Strategic Survey for Israel
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הערכה אסטרטגית לישראל
2021-2020

איתי ברון וענת קורץ, עורכים

The Institute for National Security Studies (INSS)

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The INSS research team comprises experts from the academic, military, and government worlds. The Institute aims to inform and influence decisions makers at the highest level in Israel and the greater public. Through its involvement in the public debate and its policy-oriented research, INSS strives to identify policy opportunities for Israel and propose innovate solutions to current security challenges.

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Great Power competition, with the pandemic in the background · Further normalization in the Middle East · Iran, at a low point, remains the primary threat · A weakened Palestinian system looks to Biden · Unwanted escalation possible in the north and south · Internal crisis challenges Israel's democratic foundations

Recommendations

Prioritize attention to internal crisis, without neglecting external challenges · Coordinate with the Biden administration, particularly on Iran · Further normalization · Prepare for escalation in the north and in Gaza · Share expectations with the public on what the next war will demand

Strategic Survey for Israel 2020-2021 summarizes a year unusual in the nature of its complexity, shaped primarily by the COVID-19 crisis and the end of Donald Trump's term as United States president. These two factors weakened the powers hostile to Israel and led them to focus on domestic affairs; concern about possible responses by President Trump in an election year and hope for the end of his presidency thus reduced the risk of a large-scale conflict in the Middle East. Consequently, Israel enjoyed relative calm on its borders over the course of 2020; operated in pinpoint operations in several arenas, in a way that thus far has not led to escalation; and took advantage of the singular characteristics of this period to advance normalization with a number of countries in the Middle East. This latter development both reflects and underscores a decline in the centrality of the Israeli-Palestinian conflict on the regional and international agenda.

Some of these developments, which clearly have a positive impact on Israel's national security, will continue in 2021. However, at the same time, Israel is grappling with a multidimensional crisis that threatens its economic and political stability, societal cohesion, liberal democratic values, and fabric of civilian life. This crisis did not begin with COVID-19, but the pandemic deepened existing economic, social, and governmental weaknesses and created new infirmities. While there is disagreement in Israel regarding the intensity of the crisis, it is clear that it has implications for national security, and highlights the need to adopt a broader framework in any discussion of national security

issues. More specifically, at issue is not only the important connection between the domestic situation and Israel's resilience in coping with external security threats, but also the underlying weakening of state mechanisms and the institutions essential to the state's ongoing performance. Moreover, while the threat of an all-out military conflict has declined, the possibility of unwanted escalation exists, given unpredictable dynamics of action and reaction.

The first months of 2021 will likely be dominated by the complex effort to vaccinate the Israeli population and people throughout the world against COVID-19, with the hope of eradicating the pandemic; the formation of a new administration in the United States headed by Joe Biden and the shaping of his domestic and foreign policy; the ongoing political crisis in Israel; and the possibility of a response by Iran to the killing of the head of its nuclear program, Mohsen Fakhrizadeh, and to additional operations carried out within its territory. Any assessment of the coming year, therefore, is subject to significant uncertainty. However, at the base of the assessment lies the assumption that 2021 – in the world, in the Middle East, and in Israel – like the preceding year, will unfold "in the presence of COVID-19." The pandemic will not be eradicated all at once, but rather will be characterized by a gradual decline that could be accompanied by sporadic outbreaks and numerous mutations.

The International System: Recovery from COVID-19 amidst Great Power Competition

The COVID-19 crisis began at the end of a decade characterized by increasing strategic competition between the great powers, globalization that blurred physical boundaries, and an information revolution that changed the world order. The pandemic exposed existing trends, created new ones, and required all of the actors to respond in ways that fundamentally disrupted routine conduct throughout the world. During the first year of COVID-19, the international system continued to be polarized and divided, and central actors focused on their domestic affairs and on managing their respective economic and social crises – each in its own way. The economic crisis has been characterized by considerable differentiation – it has affected the West more than the East, and has impacted differently on various sectors: the tourism, aviation, and energy industries have suffered steep declines, while the technology sector has become a haven for investors and driven indexes up.

The year 2021 will presumably be characterized by the beginning of the recovery from the COVID-19 crisis and its myriad consequences, but the world will continue to operate in the presence of the pandemic, while the competition between the great powers will continue to be a central shaping influence. In the United States, the Biden administration will settle in and formulate its policy, first and foremost on domestic affairs ("healing America"), but also on the question of resumed United States leadership of the world's liberal democratic camp, following the past few years marked by its absence from this traditional role. It will likewise need to position its stance with respect to the Middle East. China proceeds to recover from the crisis ahead of other actors, continues its fast growth, and will likely exploit its advantages in the current circumstances to heighten its influence. Russia will remain preoccupied with its domestic difficulties and with its faltering international standing, while exploiting its capabilities in the realms of cyber, intelligence, and cognitive warfare, and will perhaps have closer relations with China; Europe, which is in the throes of a political and ideological crisis, will try to renew the transatlantic alliance. The Middle East is unlikely to be at the forefront of the global agenda, except for the issue of Iran's nuclear program, or if a significant military conflict erupts in the region.

The global center of gravity will therefore continue and perhaps even accelerate its eastward momentum. Nation states will gain strength due to the relative effectiveness that most have demonstrated vis-à-vis the pandemic, but will be challenged internally and externally. While the world will continue along some familiar tracks, in most of 2021 it will be less free – it is likely that at least some of the emergency measures and the invasive surveillance

Will work to "heal America" and engage in the question of the international order. President Joe Biden and Vice President Kamala Harris
Photo: Adam Schultz/Biden for President (CC BY-NC-SA 2.0)

> Israel is scheduled to go to the polls in March 2021. This will be the fourth round of elections in two years, but it is highly questionable whether the results will resolve the ongoing political crisis.

measures will continue; it will be less prosperous – there will be more unemployed people and more poor people; and it will be less global – we will fly less, work from home more, and crowd together less in cities. Countries will ensure the maintenance and expansion of strategic reserves and the independence of essential industries.

Overall, an accelerated adaptation to the new digital economy is apparent throughout the world, and technology-based economy has enabled countries' functional continuity. Technology has been a central axis in research of the pandemic, development of the vaccine, and improved capabilities that continue to provide services – despite social distancing. Over the last few years the tech giants have become central actors in national security, have undermined the sovereignty of states, and have created, in effect, their own sovereignty in the digital realm. This development reached new heights in 2020, and became the target of countermeasures in various places around the world that aim to limit the power of the giants. Furthermore, there has been an increase in the range and scope of cyberattacks, both for strategic purposes of collecting information and disrupting systems, and for economic purposes; the level of cybernetic tension between countries has intensified; and the audacity of online criminal groups has increased, sometimes with the backing and direction of states. In turn, a more aggressive response by those attacked has also been apparent.

With the appointment of John Kerry as Special Presidential Envoy for Climate, the position has been upgraded and includes a seat in the United States National Security Council. This change illustrates both the importance that the Biden administration ascribes to the issue of climate change and the new administration's approach that the issue is a clear matter of national security.

The coming year, therefore, requires that Israel adjust its policy to the competition underway between the great powers in the COVID-19 era. It must quickly adapt to the new administration in the United States and pursue a non-confrontational approach that recognizes American sensitivities and interests. Within this framework, Israel should engage in dialogue with the Biden administration in order to maximize shared interests and reduce risks (mainly on the issues of Iran and China, as well as on the Palestinian issue). The United States will remain Israel's central and primary ally, but China's current position in the international system requires that Israel continue to develop its relations with it, while in close coordination with the United States. Israel should also expand its expertise and knowledge base on China, and improve risk management. In addition, Israel should maintain its channels of dialogue and strategic coordination with Russia (given Moscow's stabilizing role in Syria); and should try again to improve its relations with Europe, even though some of its stances on the Palestinian issue are opposed to Israel's positions and interests. With respect to world Jewry, Israel should strengthen its relations with the Jewish communities, who are engrossed in their own crises, increase its support for them, and allow them a place in the discourse on Israel.

The Israeli System: The Challenge of an Ongoing Crisis to National Security Foundations

In light of the COVID-19 pandemic, Israel is enmeshed in a multidimensional crisis – healthcare, economic, societal, and governmental – that has evolved for almost a year and coincides with the ongoing political crisis. This complex crisis could undermine the foundations of national security in the broad sense, as it leads to a weakening of the state's mechanisms and institutions; this has been reflected in functional difficulties, paralysis of decision making processes, the loss of public trust in the government (which has plummeted over the past year) and other institutions, and the undermining of social solidarity. This state of affairs impacts on the stability and shared values that have characterized Israeli society and the fabric of civilian life.

Israel's economy has been damaged primarily by the pandemic and by the way the crisis has been managed, but also by the impact of the crisis on the global economy. This harm is apparent mainly among the lower and lower middle class – small-business owners and people living below the poverty line.

The weakening of the state's mechanisms (which is partly the result of a deliberate, systematic effort, and partly the result of other processes) is also reflected in the difficulty to effect orderly decision making processes and rely on regular decision making mechanisms. Beyond the increasing difficulty – in the post-truth and fake news era – of deciphering reality, understanding it, and making decisions, there is a noticeably low level of trust in Israel between

the Prime Minister and the Minister of Defense and other ministers, who are denied information and responsibility and regularly excluded from decision making processes. This irregularity compounds the harm to the standing of institutional gatekeepers and content experts. The political crisis has led to paralysis of the government's work, reflected most of all by the lack of a state budget and a multi-year plan for the IDF, and the proliferation of acting position holders holding central positions over extended periods of time. The need to curb the pandemic has also caused an unprecedented suspension of basic rights and freedoms in the framework of emergency legislation, some of it without parliamentary oversight.

INSS researchers have debated the intensity of the internal crisis (in a historical perspective, and in comparison to the global crisis), and the scope of its impact on national security. While acknowledging the crisis, some maintain that Israel's society and state mechanisms can cope adequately with it, as they did with severe crises in the past. According to this approach, the State of Israel has the proven ability to recover from crises; moreover, the sense of crisis mainly characterizes one side of the contemporary political map in Israel, and in effect the crisis in Israel is no different from similar crises that currently beset other Western liberal democracies.

Israel is scheduled to go to the polls in March 2021. This will be the fourth round of elections in two years, but it is highly questionable whether the results will resolve the ongoing political crisis.

The severe consequences of the pandemic will continue into 2021, even after the vaccine distribution. While the pandemic may gradually subside in the second half of 2021, its deep socioeconomic effects will accompany Israel into 2022 and subsequent years. A successful effort to recover from the crisis and bring about renewed growth will require Israel to undertake in-depth structural change. This demands stability in the political system to enable the formation of a broad national consensus. In order to start the process of emerging from the crisis, priority should be placed on professional and decentralized management of all dimensions of the crisis (health, economy, society). A new budget and economic program should be passed that prioritizes investing in civilian budget items and underprivileged groups, and there must be early and focused preparation for the growth stage following the pandemic. In the medium term, the government will need to lead a national effort of economic and social recovery, while creating closer relations between populations and reducing gaps. Furthermore, the COVID-19 crisis has demonstrated that Israel should implement a mechanism and modes of operation for coping with non-security crises.

The Regional System: A Decade since the Upheaval, and Expanding Normalization

The COVID-19 crisis is a kind of "aftershock" to the regional upheaval that undermined the region over the past decade. Even before the pandemic, the Middle East was characterized by instability, uncertainty, and volatility. There is broad agreement among observers and analysts that the region is mired in a deep crisis with historic implications and a turbulent struggle over its character. This struggle continues to unfold in two realms and along diverse fault lines: over the regional order, between different camps that are hostile to one another and struggling over ideas, power, influence, and survival; and within countries, between rulers and populations, surrounding fundamental economic and social problems and identity issues that have not been resolved and have even intensified in the past decade. The COVID-19 crisis deepens the fundamental economic problems – unemployment (particularly among young people), inequality, low productivity, governance lapses, corruption, and dependence on oil and external aid – and adds an even more acute dimension of uncertainty.

Popular protests in the regional states are likely to be begin anew when the COVID-19 crisis is over.
Photo: REUTERS/Khaled Abdullah

In 2020, against the backdrop of COVID-19 and the final year of the Trump presidency, several developments are noteworthy: the

emergence of a series of normalization agreements between Israel and countries from the pragmatic Sunni axis; a decline in the confidence that had characterized the Iranian-Shiite axis in recent years, which is still united but absorbed in its internal problems; a rise in the assertiveness of the axis led by Turkey, which was reflected in the conflict in Libya and in the Mediterranean basin; and the recovery and reorganization efforts of jihadist factions. In early 2021, an end to the rift between the Gulf states and Qatar was announced.

The spread of COVID-19 forced all regimes to respond to the pandemic, and it seems that all have succeeded in addressing the challenge without significant damage to their systems of governance. Each regime has addressed the economic reality in its own way, but all of the solutions are short-term, and it is expected that the regimes will be hard-pressed to cope with the more underlying consequences (for example, the unemployment rates, which in many countries were high even before the crisis). 2019 was marked by large-scale popular protests that broke out in Sudan and Algeria (both of which consequently replaced veteran rulers) as well as in Egypt, Iraq, Lebanon, and even Iran. These protests were stopped with the beginning of the COVID-19 crisis, and it is highly likely that they will be renewed subsequently (as is indeed the case in Lebanon and Iraq, for example) and pose challenges to the stability of the regimes. Even if the countries extricate themselves from the COVID-19 crisis in the coming year, it is possible that we will see a renewed wave of protests or additional destabilization.

In recent years Israel has consolidated its regional standing as a powerful ally of the pragmatic Sunni states. Against the backdrop of the states' intensive focus on domestic problems and the strategic considerations that guide them, it became clear in 2020 that the impasse in the Israeli-Palestinian political process is no longer an obstacle to normalization with Israel. The agreements signed in 2020 between Israel and the United Arab Emirates, Bahrain, and Sudan, and Morocco's announcement of its intention to establish full relations with Israel, stemmed mainly from the desire of these countries to advance political and security objectives with the assistance and sponsorship of the Trump administration, before the end of its term. Israel's acceptance in the region by the pragmatic Sunni camp, and in this framework the (potential) strengthening of the front against Iran, is a positive process that bolsters Israel's national security. However, Israel must take into consideration the partners' limited practical contribution vis-à-vis Iran, certainly in the military sphere. In addition, this trend can also create challenges for Israel, for example if its new allies ask for its support and involvement in conflicts that they are involved in – but Israel is not.

In relation to the regional arena, therefore, Israel should work to expand the normalization trend to additional countries, while minimizing the risks to its qualitative military edge and without being drawn into non-essential conflicts. Israel should include Egypt, Jordan (while repairing relations with Amman), and the Palestinian Authority in Middle East partnerships. It is also possible that in the near future it will be appropriate to attempt to raise the level of relations with Turkey, even though the likelihood of success is not high.

| 4 Camps in the Middle East

Iran-led axis

Sunni pragmatic states

Sunni Islamists

Jihadists

Iran: At a Low Point, but Still the Primary Threat to Israel's Security

Iran continues to pose the most severe threat to Israel's security, both in its advancing nuclear program and its subversive regional activity. This threat defies the fact that Iran is at one of the lowest points that the regime has known, resulting from a combination of the extensive scope of the COVID-19 pandemic; the harsh economic situation stemming from the US sanctions that the Trump administration continued to impose throughout the year; the decline in oil prices; Iran's failure to receive aid from international institutions; and the increasing lack of public trust in the regime, which was expressed in the demonstrations surrounding the accidental downing of the airplane in January 2020. The blows that the Iranian regime has suffered this year include the damage to the advanced centrifuge facility at Natanz and the killing of Qasem Soleimani early in the year and of Mohsen Fakhrizadeh at the end – the leaders of Iran's regional strategy and its nuclear program, respectively. These challenges were joined by the normalization agreements between some Gulf states and Israel, which from Iran's perspective represent a new and threatening axis in the Middle East.

These developments have led to the strengthening of the hardline elements in the political system, chief among them the Revolutionary Guards, which continue to deepen their involvement in the affairs of the state and economy while exploiting the government's weakness. These moves and the efforts of Supreme Leader Ali Khamenei (who is 81 years old) to ensure the rule of the hardliners before he departs the political scene will likely also figure in the Iranian presidential elections that are scheduled for June 2021.

Despite its difficult situation, Iran continues to try to advance its regional interests through its proxies, while building military, political, economic, and social infrastructure that will ensure its influence in the long term. Some of this infrastructure is aimed directly against Israel. However, the difficulties that Iran is facing in synchronizing and coordinating its arenas of influence – Iraq, Syria, and Lebanon – are increasing, while these countries also cope with their internal crises: in Syria, President Assad is hard pressed to regain his control throughout the country and renew state functions; in Lebanon the challenges facing Hezbollah have intensified, following the state's internal collapse and the increasing domestic and international pressure on the organization; and in Iraq the potential for change in the internal balance of power has emerged, in a direction that could challenge Iran's grip there.

Meanwhile, Iran continues to advance its nuclear program while deviating from and violating the 2015 nuclear agreement (JCPOA). According to the International Atomic Energy Agency (IAEA) report from September 2020, Iran has already stockpiled over 2.5 tons of uranium enriched to a level of 4.5 percent and threatened, by means of a law passed in the parliament, to enrich to a level of 20 percent. Indeed, on January 4, 2021, Iran announced that it had begun enrichment to this higher level, which will return it to the level of enrichment before the JCPOA. It now operates about a thousand centrifuges at the Fordow facility and has transferred the centrifuge facility that was damaged at Natanz to an underground location, in order to renew its progress in this field in a secure environment. The main significance of all of these measures is the shorter time necessary to break out to a military nuclear capability, if Iran decides to do so, and the protection of this capability against external attack.

The impact of the killing of Mohsen Fakhrizadeh on Iran's nuclear program is not yet clear. In the nuclear realm, Iran has maneuvered for many years between what is permitted and forbidden, concealed and open, possible and impossible. Fakhrizadeh was supposed to preserve the "weapons program" after it was frozen in 2003 – to ensure that the knowledge was not erased, and that capabilities were maintained. As the leader of a compartmentalized shadow organization, his knowledge belonged to him alone, and he was probably the one who was meant to lead the combined effort in the case of an Iranian breakout or "crawl" to nuclear weapons. Consequently, it seems that his killing constitutes a harsh blow to Iran and the nuclear program. On the other hand, his overall work over the course of many years was not crowned with success. Therefore there is concern that a talented replacement could be more successful at repelling the forces working against the Iranian program.

Biden's election is unquestionably a positive development for Iran, mainly due to Trump's departure from the White House and Biden's inclination to return to the nuclear deal. The Iranian political echelon has already begun to debate a return to the 2015 agreement and the changes that Iran will demand in order to renew it. Apparently from Iran's perspective these conditions include: completely removing the sanctions imposed by the Trump administration; adopting the

> Along with preparing for a possible Iranian response, Israel should continue its determination to take action against the buildup of the Iranian-Shiite axis, the Iranian entrenchment, and the precision project.

agreement in its entirety, without change; and receiving compensation for the damages caused to it over the past few years. Both the United States and Iran are deliberating the question of the timing for renewing the negotiations, specifically, whether they should be revived before the elections in Iran in June 2021.

The inability to cope with Israeli attacks on Iranian targets in Syria has led Iran to turn to the cyber arena – attempts to attack the water network in Israel as well as the banking system and other Israeli civilian organizations. These attacks point to the Israeli civilian sector as a vulnerable realm, and signal a threat that must be addressed.

Israel should continue to see the completion of Iran's military nuclear program as the main external threat to its security, and Iranian regional activity as a challenge that demands ongoing confrontation and response. In this context, Israel must formulate a policy vis-à-vis the Biden administration and the international community's expected talks with Iran, and define Israel's essential interests in relation to the renewal of the agreement or a new agreement. It is important that Israel carry out the dialogue discreetly and avoid a public confrontation with the administration, which would not serve its national security. At the same time, Israel should maintain a credible military option against Iran and plan to continue the "campaign between wars," including against the growing threats from Yemen and in the Red Sea theater.

The Northern Arena: Proactivity in Order to Weaken the Iranian-Shiite Axis

Likewise against the backdrop of the COVID-19 crisis are the challenges facing Israel in the northern arena. Chief among them is the activity of the radical Shiite axis, and in particular Iran's entrenchment by means of its proxies in Syria and the establishment of Hezbollah military outposts on the Golan Heights, as part of the Iranian "war machine." This entrenchment has lagged in relation to the Iranian vision and planning due to a series of factors, including the killing of Soleimani; Israel's campaign between wars; the US "maximum pressure" policy; and the pressures of the COVID-19 crisis. Against this backdrop, the Iranian order of battle in Syria has been reduced and Iran continues to fortify its outposts through Hezbollah, Syrian army units under its direction, the recruitment of local Syrian elements for its militias, and internal security elements.

The reconstruction of Syria is an increasingly elusive goal, and it is estimated that many years and several hundred billion dollars are needed in order to rebuild the ruins. However, there is no one who will assume this burden. The grip of foreign elements in Syrian territory is increasing, and in addition to Russia and Iran, each of which for its own reasons is a partner in supporting President Assad, Turkey is also prepared for a prolonged stay in northern Syria and working to turn the areas under its control into territories under its military, economic, social, and cultural patronage. The United States maintains small military outposts in northeastern and southern Syria, but it is not clear how long it will continue to do so.

Lebanon is in the midst of an economic, political, governance, and healthcare crisis – among the most severe crises the country has known, with no solution on the horizon. The crisis also affects Hezbollah, but at present it seems that the organization is maintaining its standing and working to neutralize political and economic reforms that would undermine it. This, it appears, will block international aid to Lebanon, which is conditioned upon reforms. At the same time, Hezbollah continues, with Iran's assistance, its military buildup, the precision missile project (the "precision project"), and capability to launch a ground operation in Israeli territory. Since the summer, Hezbollah has threatened to retaliate for the death of its operative in Syria in an IDF strike, but it has not been in a hurry to realize the threat. Meanwhile, negotiations over the maritime border between Lebanon and Israel have begun, but have reached an impasse.

Israel operates in Syria – as part of the campaign between wars – against the entrenchment of Iran and Hezbollah, eroding and slowing it down, but it seems that it will not succeed in obstructing it entirely. On the other hand, the series of blows that Iran has suffered reduces its capacity for restraint and could lead it to respond against Israel, including by means of its proxies in the northern arena. In these circumstances, along with preparing for a possible Iranian response, Israel should continue its determination to take action against the buildup of the Iranian-Shiite axis, the Iranian entrenchment, and the precision project, while adapting the methods, arenas, and pace of action to the theater's changing conditions. In particular, Israel should examine and define the right timing for action against the precision project, while understanding that this could lead to broad escalation. The presence of hundreds of precision missiles in the hands of the Iranian axis and in particular in the hands of Hezbollah, which could cause extensive civilian damage and paralyze essential infrastructure, is a strategic threat that must not be allowed to develop.

The challenges in the northern arena will not disappear, but will probably not reach the point of large-scale escalation soon, because at this stage all of the actors involved are focused on coping with the COVID-19 crisis and do not want war. However, in this period too, the risks of an unplanned and unwanted escalation dynamic are clear and could

lead to war in the Lebanese, Syrian, and Iraqi theaters. This outline of a multi-arena war (the "northern war") should be the main reference threat for war, and the Israeli government must prepare for it and ensure that the public is aware of its nature and possible costs, with an emphasis on severe harm to the civilian home front. At the same time, Israel should launch political and security efforts to prevent war and maximize other alternatives for advancing Israel's objectives in the northern arena.

The Palestinian Arena: Preserving the Status Quo or Seeking Change?

In 2020 the Palestinian system sustained a series of blows. The Trump administration presented its plan for an Israeli-Palestinian agreement, which in effect ignored the Palestinians and their demands and adopted the position of the current Israeli government on many of the issues. The Palestinians proved unable to stop the intentions of the Israeli government to apply sovereignty to territories in the West Bank, and they lost veto power over the establishment of normalization between Israel and Arab states. In addition, the COVID-19 pandemic created a public health crisis and deepened the economic and social crisis in the Palestinian arena. At the same time, Israel replaced the intended sovereignty program with a policy of creeping annexation and expanded construction in all the West Bank settlements. It seems that from the perspective of the current Israeli leadership, there is no interest in advancing a political process with the Palestinians, as in its view the current situation plays into Israel's hands, certainly when the barrier of normalization with Arab states has been breached. Even if Israel ends up negotiating with the Palestinians (PLO/Palestinian Authority), it may try to demand that the Trump plan constitute the basis for discussion – a demand that is expected to be rejected by the Palestinians.

However, Biden's election signals a positive turning point in the eyes of the Palestinian Authority leadership. The new administration is expected to display less support for Israel's positions compared to the Trump administration, and it is also expected that the European countries, against the backdrop of renewed transatlantic closeness, will urge Biden to revive the political process and advance the two-state solution. The Democratic Party supports the two-state idea, but it is unlikely that the administration will cancel the recognition of Jerusalem as Israel's capital or return the embassy from Jerusalem to Tel Aviv. In contrast, the incoming administration will likely cancel the recognition by the Trump administration of the legality of the Israeli settlements and settlement outposts in the West Bank. In addition, it is possible that it will open the PLO mission in the United States and maybe even an independent consulate in East Jerusalem.

The two Palestinian leaderships (the Palestinian Authority in the West Bank and Hamas in the Gaza Strip) tried, unsuccessfully, to reach accord on reconciliation, unity, and scheduled elections. The result was actually a deepening of the rift between the areas, with each side rigidly protecting its assets. In advance of Biden's inauguration, there has been increased understanding in the Palestinian system of its dependence on Israeli assistance and the need to coordinate with Israel, which in turn has lent a certain level of legitimacy toward cooperation.

As for Hamas, the economic crisis and the COVID-19 pandemic have forced the organization to try to formulate understandings with Israel in order to improve the humanitarian, health, and infrastructural situation in the Gaza Strip. Among its ranks, preparations have begun for elections for the leadership, which are expected to take place in the spring of 2021, and it seems that against this backdrop as well, the organization's leadership will be deterred from provocations toward Israel, which could well lead to a military confrontation. Meanwhile, Hamas is expected to continue its military buildup, and especially to increase its stockpiles of rockets and unmanned aerial vehicles, which are intended for attacks within Israeli territory. On several occasions over the past two years rockets have been fired from Gaza – incidents that were explained as errors. It is possible that these were cases of intentional fire intended to signal to Israel that the

The actors in the northern arena hope to avoid escalation. Exchanges of fire between the IDF and Hezbollah in the Mount Dov area
Photo: REUTERS/Karamallah Daher

military challenges are still in force, while risking the possibility of escalation. However, it is apparent that Hamas is not interested in escalation and has even succeeded in imposing the (relative) calm on other groups operating in Gaza.

Israel has an interest in maintaining a functioning, stable, and non-hostile Palestinian Authority. Therefore it should take a supportive and helpful approach that aims to strengthen it as the only legitimate address for a future agreement, and define the political objective of "transitional arrangements" that would shape a reality of separation (political, territorial, and demographic) and outline conditions for a future reality of two states (the INSS Plan). Regarding the Gaza Strip, the Israeli interest is a prolonged period of military quiet. Thus, Israel should designate Hamas as a temporary responsible party in the Gaza Strip and formulate a prolonged ceasefire with it, while seeking to block its additional military buildup, in return for improving the civilian conditions and infrastructure (electricity and water) in Gaza. In the case of a conflict, the IDF and the other security organizations must focus the IDF's actions on inflicting severe damage on the Hamas and Islamic Jihad military wings.

The Operational Environment: Possible Escalation to an Unwanted War

Israel's deterrence of large-scale conflict and war remains in effect. Its enemies are aware of its strength and all of them are preoccupied with internal problems, including the effects of the pandemic. A series of war games conducted by the Institute for National Security Studies in late 2019 and early 2020, before the COVID-19 crisis, led to the assessment that all of the actors in the northern arena wish to avoid escalation. The year 2020 confirmed that all of the significant powers in the arena are not interested in escalation. The experience of the past few years has shown that this is also the situation with respect to the power forces in the Gaza Strip.

In Israel, as in the ranks of Hamas and Hezbollah, awareness of the inherent risk in a potential escalation dynamic is joined by the conviction that a flare-up can be cut short after a few days of battle, similar to the short conflicts that took place in recent years in the Gaza arena. However, such a scenario could prove false, especially in the northern arena, if there are deaths on one side or both. In that case it is possible that response and counter-response would escalate, and lead to large-scale conflict and even to a war that the two sides do not want. Such a war could involve the Iranian-Shiite axis that includes Hezbollah in Lebanon, Iranian proxies in Syria and Iraq, and perhaps even Iran itself. Furthermore, the escalation could spill over into additional arenas, in particular to the Gaza Strip.

In such a war, the IDF would employ its offensive capabilities – on the ground, in the air, and at sea – and inflict extensive damage on its adversaries, but would have difficulty reaching a situation of clear, unequivocal victory. In such a war Israel would face massive surface-to-surface missile fire on the home front, some of which would be precision missiles and some of which would even penetrate the air defense systems; attacks on the home front by unmanned aerial vehicles and drones; the infiltration of ground forces into Israeli territory on the level of thousands of fighters; and cyber and cognitive warfare designed to undermine the stamina of the Israeli public and its faith in the political and military leadership. The IDF's offensive components would face sophisticated air and sea defense systems and complex ground defense systems, including the use of the underground medium and advanced anti-tank missiles.

A multi-year plan for the IDF should be finalized and budgeted, adapted to the budgetary limitations and economic constraints caused by the COVID-19 crisis. Procurement as part of the US aid should be completed, and the IDF and the defense forces should be distanced from the political struggle in Israel.

The Structure of the *Strategic Survey*

The following chapters of *Strategic Survey for Israel 2020-2021* summarize the assessments of researchers at the Institute for National Security Studies regarding Israel's situation at the end of 2020 and its national security challenges for the incoming year. They discuss the international system, the Israeli system, the regional system, Iran, the northern arena, the Palestinian arena, and the operational environment. This year the assessment also includes key points from the National Security Index, which is an ongoing, long-term project at INSS to examine trends in public opinion in Israel in relation to national security issues; and a survey conducted among INSS researchers regarding a scale of threats and opportunities. In addition, the *Survey* includes short sections on issues related to national security: the impact of technology (with an emphasis on artificial intelligence); the post-truth and fake news phenomena; the cyber dimension; and climate change. Another short section analyzes several scenarios for the way the world and the Middle East will look in the post-COVID-19 era.

The concluding chapter was written by INSS Executive Director Maj. Gen. (ret.) Amos Yadlin, with recommendations for Israeli policy for 2021.

1 In the face of Iran's pursuit of a military nuclear capability, formulate a policy regarding the anticipated talks between the Biden administration and the international community and Iran. Define Israel's essential interests in the framework of a new nuclear deal. At the same time, renew and strengthen a credible military option.

2 Continue to act against Iran's entrenchment in Syria and against Hezbollah's precision missile project as part of the campaign between wars, and coordinate between methods, arenas, and pace of operations. Consider the right time to act against the precision project in Lebanon, taking into account that the action may well lead to large-scale escalation.

3 Prepare for the possibility of war on multiple fronts – the "northern war" – as a primary reference threat, and set clear public expectations about the nature and possible costs of such a conflict. At the same time, initiate a political and security effort in order to prevent such a war and to exhaust other alternatives for advancing Israel's security goals in this arena.

4 Adapt rapidly to the new US administration while pursuing a non-confrontational approach, taking into account American interests and sensitivities. Engage with the Biden administration in the hope of containing possible disagreements and highlighting common interests (with an emphasis on the challenges posed by Iran and Hezbollah, Israel-China relations, and the Palestinian issue).

5 Develop relations with China in close coordination with the United States, improve risk management vis-à-vis China, and expand the knowledge base on the country. Maintain channels of strategic coordination with Russia; tighten relations with Europe. Strengthen relations with the Jewish communities worldwide, who are in a crisis of their own.

6 Work to expand the trend of normalization with Sunni Arab states. Try to integrate Egypt, Jordan (while repairing relations with Amman), and the Palestinian Authority in Middle East cooperation, and try to thaw and raise the level of relations with Turkey.

7 Strengthen the Palestinian Authority, the only legitimate address for a future agreement, and pursue transitional arrangements that will enable political, territorial, and demographic separation, thus creating conditions for a two-state reality (INSS Plan).

8 Identify Hamas as the actor temporarily responsible for the Gaza Strip and achieve a prolonged ceasefire, while attempting to curb Hamas's military buildup in exchange for improving civilian conditions and infrastructure. In the event of a confrontation, the IDF should inflict very serious damage on the organization's military wing.

9 Prioritize professional and decentralized management of the COVID-19 crisis in Israel, vis-à-vis health, economic, and societal aspects, and grant priority to domestic items in the budget.

10 Conclude and budget a multiyear plan for the IDF, adapted to budgetary constraints in light of the pandemic. Pursue procurement in the framework of US aid, and distance the entire security establishment and the IDF from the political struggle in Israel.

11 Strengthen Israel's relative advantage in the cyber realm and artificial intelligence technologies. Promote advanced communication infrastructure throughout the country, with an emphasis on connecting the periphery to the center.

12 Lead a concentrated national effort for economic and social recovery while bringing together different sectors and narrowing gaps between them. Institutionalize frameworks and mechanisms for dealing with complex crises that are not purely security-related.

Threats

War in the north against Hezbollah / Iran and its proxies
1

Iranian breakout to nuclear weapons	Heightened economic crisis in Israel and rising unemployment	Ongoing coronavirus pandemic
2	3	4

Cyberattack that paralyzes the economy	Military campaign in the Gaza Strip	Rising domestic crime and disobedience due to loss of trust in the government
5	6	7

Massive natural disaster (earthquake/flood/fires)	Violence between different groups in Israeli society	Riots and terrorist attacks in the West Bank
8	9	10

In the framework of the *Strategic Survey*, INSS researchers ranked the urgent threats to Israel in 2021 and the year's potential opportunities.

Opportunities

Expansion of normalization agreements to additional countries

1

Rapid health and economic recovery due to vaccines	Formation of a regional coalition – the United States, Israel, and pragmatic Arab countries	A long-term ceasefire in the Gaza Strip, including a prisoner deal
2	3	4
Achievement of an improved Iranian nuclear deal	Transitional arrangements with the Palestinian Authority	Technological discovery that will boost Israel's image in global public opinion
5	6	7
Weakening of Hezbollah in Lebanon and its removal from centers of power	Dissolution of the Iranian-Shiite axis	Change of regime in Iran along with a moderation of its regional policy and its nuclear aspirations
8	9	10

Thirty-four experts from various fields contributed to the ranking of the different threats and opportunities, with a weighted average based on two parameters: their importance to Israeli security and the likelihood that they will occur in the coming year.

1 The International System: Recovery from COVID-19 amidst Great Power Competition

Assaf Orion, Shahar Eilam, Tomer Fadlon, and Rotem Oreg

Snapshot

Growing US-China competition · Global disruptions, especially in the West · Surge in the digital world; decline in civil aviation, tourism, and energy sectors · Improved transatlantic ties with a new US administration

Recommendations

Work with the US on Iranian nuclear issue · Develop economic relations with China in coordination with the US · Coordinate with Russia in the Syrian theater · Improve relations with Europe · Foster ties with Jewish communities

Overview

2020 unfolded under the influence of three principal trends in the international system: increased competition between the United States and China for technological, economic, and strategic dominance; escalating international polarization, which complicates any attempts to resolve common challenges and issues in dispute; and uncertainty and expectations in advance of the United States elections. Yet from the beginning of the year, all these developments were overshadowed by the COVID-19 pandemic, which has generated severe global health and economic crises with pervasive, multidimensional effects.

In 2021 the coronavirus pandemic will continue to shape the world, including with new strains of the virus, and there will be stark differences between countries and regions regarding their respective ability to confront and recover from the crisis. The ongoing work on the vaccine will assume center stage, but it is likely that no pharmaceutical breakthrough will eliminate the virus entirely in the coming year; a more likely scenario is a gradual decline of the pandemic, marked by sporadic outbreaks. The world is looking at the change of administrations in Washington, in the

expectation that the Biden administration will try to restore the status of the United States as a leading actor in the international theater and in multilateral frameworks. Many months will pass, however, before the new administration takes full shape and its policies and ability to implement them are sharpened, given domestic political constraints and difficult internal challenges. In any case, the strategic rivalry between the United States and China will continue to shape the dynamics of the international system, and is likely to intensify.

Thus far, the global economic crisis has not evolved uniformly across geographic regions and economic sectors. East Asian countries, which have been relatively successful in containing the virus, experienced either slight growth or a minor decrease in GDP in 2020. In the Western countries, in contrast, the drop in GDP has been the steepest since World War II. The optimistic forecast for the coming year is of economic growth that will signal the beginning of recovery from the global crisis. Most Western countries, however, are not expected to reach their pre-pandemic GDP in the coming year, and repairing the damage will take a long time. The weaker and less successful countries

| Global GDP Growth Rate
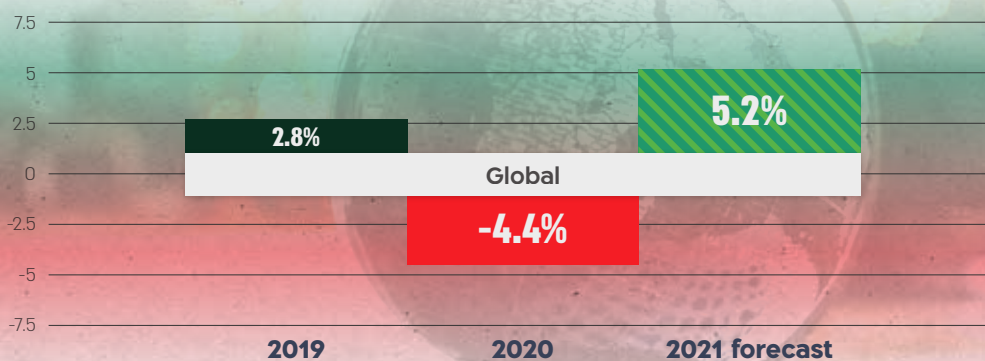
Based on figures from the IMF World Economic Outlook (October 2020)

| GDP Growth Rate in Selected Countries and Regions
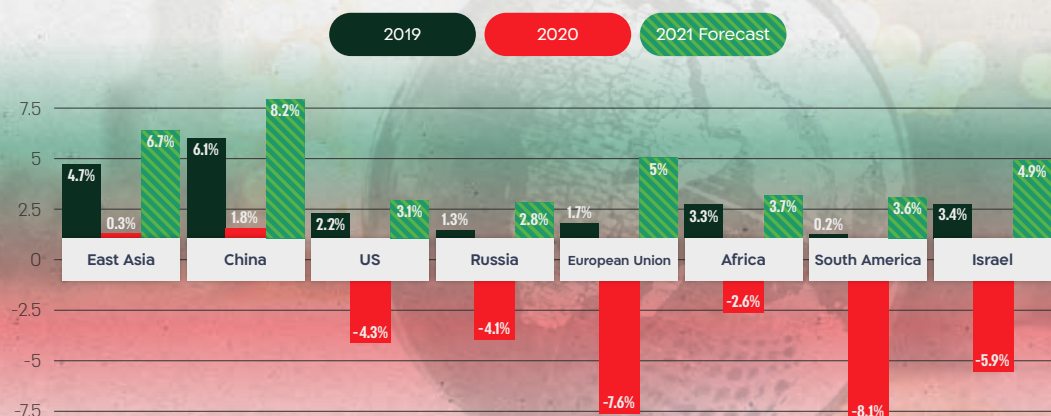
Based on figures from the IMF World Economic Outlook (October 2020)

The Iranian nuclear issue is likely to return as an international priority, given the Biden administration's aim of achieving an improved nuclear agreement based on the JCPOA.

are likely to be hit even harder, and their pace of recovery and ability to address crisis-related damages will lag behind. Social distancing rules will also continue to accompany the world in 2021, as will fiscal and monetary measures for coping with the fallout of the pandemic. The uncertainties in public health, the rise of Asia, and the difficulties in the Western economies have a major effect on Israel, whose principal trade partners and sources of capital are still the Western countries.

The behavior of the world's capital markets in the past year showed two prominent trends, which are likely to continue in 2021. The first is the selective damage caused by the crisis. While companies in many sectors, such as tourism, civil aviation, and energy, have suffered steep declines, the technology sector has become a haven for investors and boosted the economic indexes. The second trend is accelerated adaptation to the new digital economy. Already in the first wave of the pandemic, many around the world adapted to the change in work patterns by transferring their activity to a digital environment. This trend is expected to continue, and will confer an advantage on countries and companies that are able to adapt themselves and are able to export technological and knowledge services. Looking ahead, technology and innovation will continue to constitute the global economic engine, requiring countries, organizations, and individuals to evolve and adapt in order to remain relevant.

At the height of the global crisis and toward the end of President Trump's term in office, the international system found itself polarized, divided, focused primarily inward on the internal problems of each individual country, and anticipating renewed clarity once the new US administration takes office. In the Biden administration's first year in office, most of its attention and resources will likely be invested internally in an effort "to heal America," addressing the COVID-19 pandemic, the economic situation, and social polarization in the United States. In contrast to its predecessor, the new administration will return to the traditional establishment modus operandi, and its policy on various issues is likely to be based on an orderly process of staff work and decision making. The administration will lead a change in direction vis-à-vis the international community: rebuilding relations with US allies in Europe and East Asia, reinforcing the American role in the global theater, and renewing multilateral cooperation. Likewise in foreign policy, special emphasis will be placed on the return of the United States to the international climate conventions. Indeed, the United States will take action to return to international agreements abandoned by the Trump administration, and will renew its cooperation with international institutions that were neglected over the past four years.

Capital Market – Performance of Selected Sectors in 2020
according to Wall Street S&P 500 Index

Technology	S&P 500	Healthcare	Infrastructure	Real estate	Financial	Energy
▲ 42.1%	▲ 16.6%	▲ 11.9%	▼ 0.32%	▼ 2.45%	▼ 6.7%	▼ 31.7%

*Figures correct as of December 15, 2020

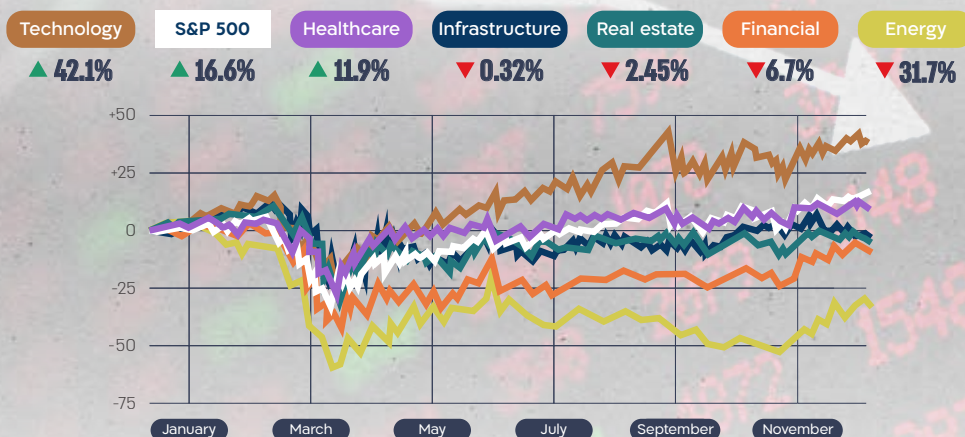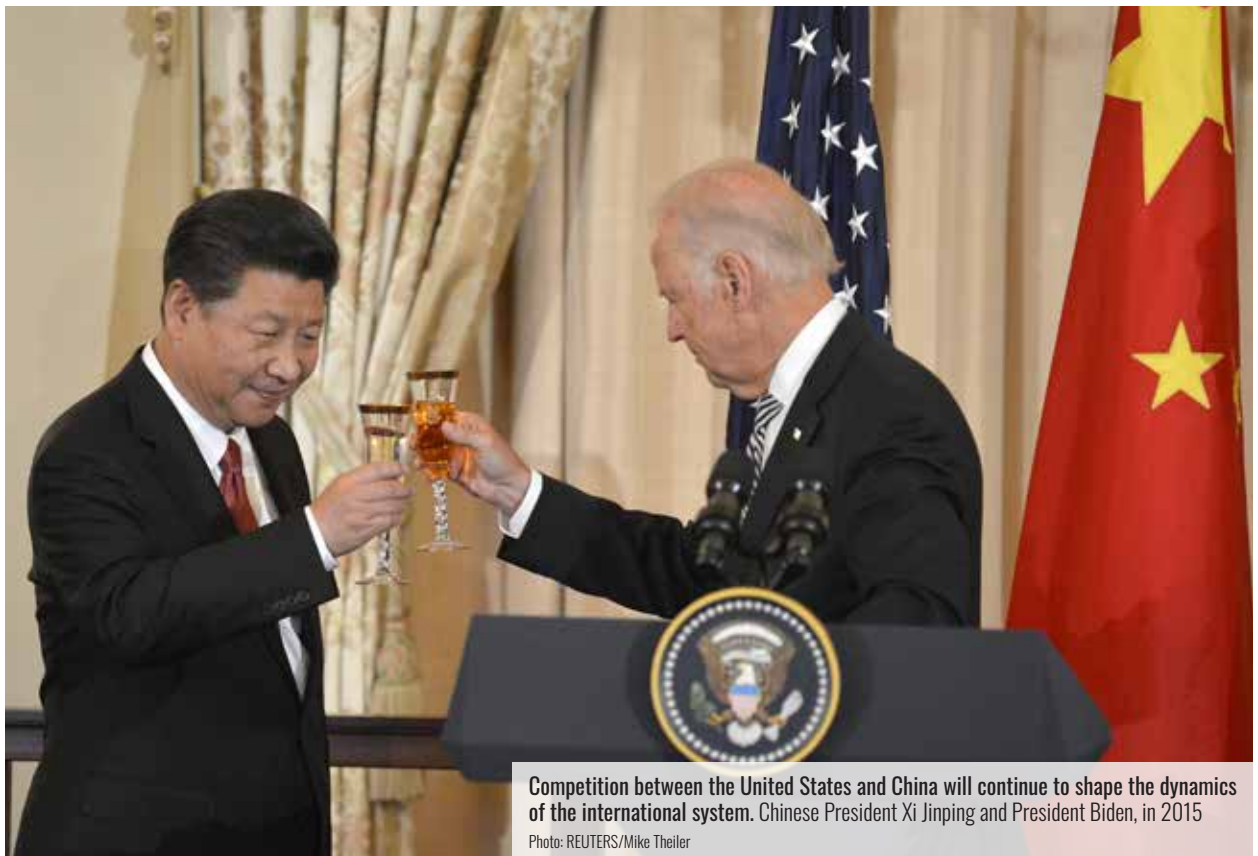**Competition between the United States and China will continue to shape the dynamics of the international system.** Chinese President Xi Jinping and President Biden, in 2015
Photo: REUTERS/Mike Theiler

The multifaceted strategic rivalry between China and the United States is poised to continue in 2021. It will include accelerated technological decoupling between the two powers, accompanied by a mutual effort to prevent a military conflict between them. China, which recovered quickly from the conoravirus, will continue to benefit from rapid economic growth, and will step up economic activity and investments, mainly in its internal market and the developing markets. It will also, however, have to deal with growing responses around the world to its activism and intensifying strength. Together with the potential for closer cooperation between the two powers on trans-border matters, the deep fissures on disputed issues – economy and technology, intellectual property, human rights, Taiwan, nuclear weapons, and arms control – will continue.

Russia faces many difficulties in its internal theater. Any rise in its international status has stalled by the plunge in oil prices, instability in the post-Soviet region (Belarus, Kyrgyzstan, Moldova, Georgia, and the war between Azerbaijan and Armenia), and the repeated failure of efforts to restore the dialogue with the United States and the European Union. All of these accelerate Russia's rapprochement with China, despite the risks and tensions between them. Russia will continue its activism in the international frameworks and attempt to wield influence through political warfare and cognitive means. It is also expected to attempt to expand its presence and influence in the Middle East to the best of its ability.

The Biden victory has brought some sighs of relief to Europe, which is looking forward to a renewed transatlantic alliance, while still facing the rift between the liberal proponents of globalization in the West and the rising nationalistic forces, especially in Central Europe. A change of leadership is expected following the retirement of German Chancellor Angela Merkel. Europe also faces a series of challenges on top of the political, ideological, and economic crises, all of which have been exacerbated by the COVID-19 pandemic – policy on refugees and immigration, the struggle against terrorism, the Brexit process, the revitalization of NATO, tense relations with Russia, the need for a united stance toward China, and policy on Turkey, including in the context of the Eastern Mediterranean Sea.

The Middle East

Although the United States has sought for many years to reduce its involvement in the Middle East in order to devote most of its attention and external resources to regions that it regards as more important, specifically East Asia and the Western Pacific, the Middle East is still a focus of interest for the international system, given the challenges the region poses: proliferation of nonconventional weapons, political instability, refugees, and terrorism loom against the background of abundant energy resources, which are especially important to a growing Asia. The Iranian nuclear issue is likely to return as an international priority, given the Biden administration's aim of achieving an improved nuclear agreement based on the JCPOA, Iran's wish to have the sanctions against it rescinded, and the intention of Russia, European countries, and the Gulf states to play an important role in the dialogue between Washington and Tehran. In Israel's northern theater, Russia will continue to be a key player. Despite the growing constraints (headed by the intensifying friction with Turkey and competition with Iran over reconstruction in Syria), Russia will maintain its status as a party promoting stability and order.

A rise in antisemitism. Swastika in a Jewish cemetery in France
Photo: Nicolas Roses/ABACAPRESS.COM

At this stage, Israel's two main theaters of conflict – Lebanon and the Gaza Strip – are not high on the international agenda, and especially not where a long-term arrangement and demilitarization are concerned. Military escalation, however, could well change this. The Biden administration will likely try to continue the momentum toward normalization between Israel and countries in the region – one of the Trump administration's most salient achievements – and to include elements in the Palestinian context, which was sidelined on the international agenda under Trump, but is expected to return to the agenda, although not to center stage. This will consist mainly of attempts to renew the dialogue between the parties and promote confidence-building measures (such as resuming economic aid to the Palestinian Authority and reopening the Palestinian embassy in Washington), not necessarily by launching a renewed political process, given the assessment of the slim prospects of success.

For the diaspora Jewish communities, the socioeconomic crisis in the West and the political polarization and extremism are liable to aggravate the varieties of anti-Israeli and antisemitic phenomena (right wing extremist, progressive Marxist, Islamic jihadi), and to undermine their sense of safety. On the other hand, the growing challenges and the return of the Democratic Party (supported by most Jews in the United States) to the White House has the potential to bolster cooperation between Israel and diaspora Jewry. Normalization between Israel and Arab countries is also likely to generate potential for cooperation and religious toleration, and to serve as a counterweight to the influence of Islamist forces (Turkey, Qatar, and the Muslim Brotherhood) in the region and worldwide.

Policy Recommendations

The COVID-19 health and economic crisis will head the global agenda in 2021, in face of likely repeated outbreaks of the virus and hopes for widespread vaccination during the year, followed by economic recovery. At this stage, East Asia is at a better starting point than the West for emerging from the crisis. The situation of the Southern Hemisphere countries, whose health and economic infrastructure was inferior to begin with, is likely to become even worse.

The international dynamic is expected to continue to be polarized and marked by rifts, and the aspiration to solve global challenges through multilateral channels will be limited by the major powers' attention to internal challenges (headed by healthcare, the economy, and social fissures), and by the Sino-American rivalry. This is expected to focus mainly on competition for technological-economic dominance (communications infrastructure, artificial intelligence, and big data), as well as military supremacy. The technology-intensive sectors are accordingly expected to maintain their status as the global economic engine. At the same time, the change in approach in Washington under Biden

and the potential for a renewed transatlantic alliance are likely to create areas for cooperation between the West and China, among them healthcare and climate, along with the disputed issues.

Barring a clash requiring intervention and the investment of resources, the Middle East is likely to remain suspended between its low priority on the global agenda and its ability to attract attention through crises and threats. The long-term trend spells pushing the region to the margins of the international agenda, except for the Iranian issue and the efforts that will be devoted to renew the negotiations on the nuclear agreement. The chances of renewing the political process between Israel and the Palestinians, which will require massive political input, are still poor, and international interest in Israel's main conflict theaters will be very low, assuming there is no conflagration.

> The COVID-19 health and economic crisis will head the global agenda in 2021, in face of likely repeated outbreaks of the virus and hopes for widespread vaccination during the year, followed by economic recovery.

It therefore appears that the coming year will be marked by a gap between urgent imperatives and the lagging reality. Many obstacles will be removed, if at all, only in the second half of the year – once the effects of the vaccine emerge, which will make it possible to begin eradication of the pandemic and the recovery from the crisis; once the new US administration settles in and begin its activity; and once Israel attains political stability, potentially after the forthcoming elections.

In view of the trends described above, it is recommended that Israel prepare for a new US administration that has a different worldview than that of its predecessor, strive to coordinate policy with the Biden administration, take advantage of opportunities (pressure on Iran and Hezbollah, normalization), and reduce risks and resolve potential points of dispute and tension in relations between the two countries (the nuclear agreement with Iran, economic relations with China, and the Palestinian issue). Israel must rebuild relations with the Democratic Party and the Jewish community in the United States, despite the disagreements, while maintaining good relations with the Republican Party.

Furthermore, Israel should adapt infrastructure and policy to the strategic rivalry between the major powers and the global economic changes; strengthen its relative advantages (technology and innovation); invest in infrastructure needed to preserve these advantages (human capital, communications infrastructure); foster a business environment attractive to foreign investments (from East Asia, the Gulf, and the West); and form an "innovation alliance" with the United States.

Along with bolstering its already close relations with the United States, with an emphasis on technology, and expanding the strategic dialogue on Asia, Israel should continue its ongoing dialogue with China, strive to advance its interests vis-à-vis Chinese policy (e.g., in international frameworks) within the existing constraints, and strengthen Israel's connection with Asian countries. Israel should learn from the experience of other countries with China, and devise a policy that balances between taking advantage of opportunities and managing risks, while increasing its knowledge about modern China.

In addition, Israel would do well to:

- Rebuild and reinforce relations with the European Union and the Western countries on the continent, and prepare for the post-Merkel era. Israel should continue its effort to renew the political dialogue with Brussels; recruit support from European countries against threats by Iran and its proxies, and against challenges by Turkey; raise ideas for initiatives that will integrate Europe in the Eastern Mediterranean; include the Mediterranean and Gulf dialogue in the NATO framework; and include European input on the Palestinian question, while leveraging normalization between Israel and Gulf states.

- Adapt and improve Israel's diplomatic mechanisms for engaging with the international forums and multilateral frameworks, which are expected to play an expanded role in the global agenda (e.g., climate, healthcare, arms control).

- Include the issue of diaspora Jewry in decision making processes in Israel, and create a staff and consultation mechanisms; classify relations between Israel and the diaspora as a national mission centered on education, meetings, and dialogue, together with joint attention to challenges (identity, continuity, affiliation with Israel, and the battle against antisemitism).

2 The Israeli System: The Challenge of an Ongoing Crisis to National Security Foundations

Meir Elran, Shmuel Even, Carmit Padan, Moshe Bar Siman Tov, Ephraim Lavie, Pnina Sharvit Baruch, and Tomer Fadlon

Photo: REUTERS/Ronen Zvulun

Snapshot

Deeper socioeconomic gaps, in light of the pandemic · Weakened state institutions and systems · Reduced social solidarity, public trust in institutions, and ability to decipher reality · No state budget

Recommendations

Professional management of the COVID-19 crisis · Passage of state budget and launch of a socioeconomic recovery program · Preparations to grapple with non-security crises

Basic Assumptions

This assessment of Israel's internal arena focuses on the multilayered mega-crisis that has developed in Israel and worldwide as a result of the COVID-19 pandemic. At issue is the convergence of health, economic, social, governance, and political crises underway in Israel over the past year. The multiple facets of the crisis and uncertainty about the present and the future disrupt normal life, and accelerate the reciprocal damage among these elements. All of this significantly weakens Israel's national resilience, and impacts negatively on national security. At the same time, the start of the mass vaccination campaign provides grounds for guarded optimism about the dissipation of the crisis by the end of 2021.

In analyzing the effects of the multifaceted crisis on Israeli society, it is necessary to distinguish between socioeconomic ills that were present before COVID-19, which the crisis exposed and aggravated, and those created by the pandemic itself. The damage caused by the pandemic is severe but differential; it is particularly harmful to specific groups, primarily the lower middle class, small business owners, and people living in poverty.

The political crisis exacerbates the damages from the pandemic.
Prime Minister Netanyahu and Alternate Prime Minister Gantz
Photo: Amos Ben Gershom/Knesset Spokesperson's Office/Handout via REUTERS

The characteristics of the crisis in Israel and the ways it has been managed are similar to those in other Western democracies. Yet two interrelated areas have aggravated the damage in Israel: the prolonged political crisis, and the high degree of centralization of the already weak public institutions.

The political crisis has spawned system-wide paralysis and obstructed vital decision making processes, undermining public trust in government and hampering the sense of solidarity among various groups in Israeli society. It has limited the level of societal commitment that is needed for a concerted effort to halt the pandemic. The highly centralized public services such as the health, education, welfare, financial, and law enforcement systems are often hard-pressed to provide essential services to the public. This problem is partly due to the severity of the current challenge, but it is further exacerbated by the structural weakness of the public service institutions themselves, the bureaucracy, the competition between them, and their growing politicization, which in turn has further increased the centralization. Many in Israel are distrustful of the central government and its institutions, and doubt their collective commitment to public needs. Their legitimacy has waned, fracturing the basic covenant between the public and government, and spurring a downward spiral in the capacity of the central government to manage the crisis and its consequences. One prominent example of this is the prolonged absence of a state budget.

The picture emerging after nearly a year of coronavirus in Israel raises a question about the severity of the long-term consequences of the crisis. There are still no clear answers to this question, as uncertainty precludes a full understanding of the crisis and an ability to assess its far-reaching consequences. Various basic assumptions have generated contradictory scenarios on what lies ahead. We posit the following:

- The pandemic and the three general lockdowns imposed to date have created severe disruptions that harm national resilience (affecting solidarity, civil engagement, trust, hope, and economic sustainability). This damage impedes the state's performance and functional continuity, which is needed to manage the ongoing crisis.

- A critical benchmark in a situation assessment is once a majority of the population has been vaccinated. The process of administering the vaccines to the public is expected to continue for a number of months, which includes the third lockdown and yet another round of Knesset elections. Both these developments are bound to worsen the socioeconomic situation, and this downturn will likely persist for most of 2021. Only afterwards does a gradual process of recovery and growth stand to begin, with a weak starting point of the national systems.

- Successful recovery depends on political stability, functional capacities of the public institutions, a state budget, rigorous planning, and strong advance preparations. So far, none of these have even begun (for example, there is no national plan for mass professional training).

In March 2021, Israel will go to the polls for the fourth time in two years, but it is highly questionable whether forthcoming elections will end the ongoing political crisis.
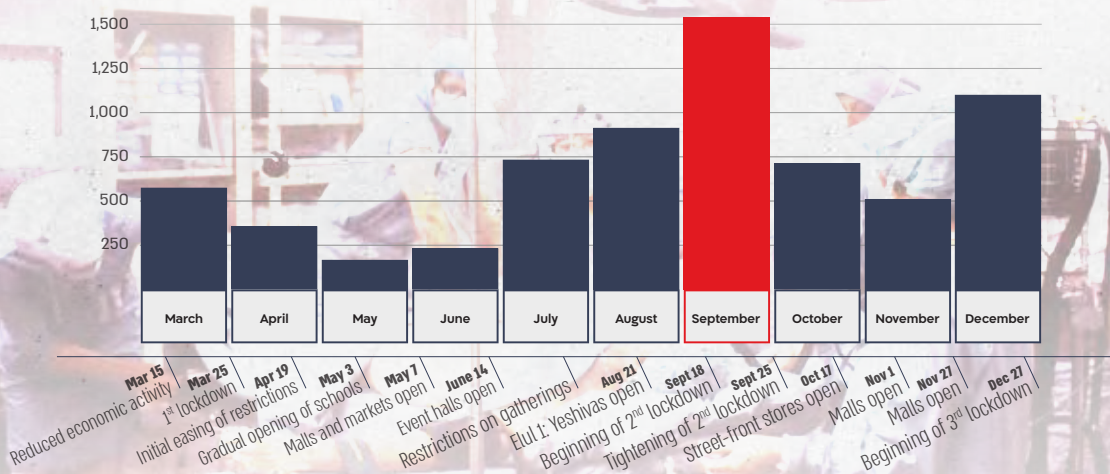
The Healthcare Dimension

The most prominent feature in most or all of 2021 will likely be the ongoing uncertainty about the pandemic and the numerous possible scenarios it may generate. There are still no answers to a number of key questions, each of which can have a substantial impact on future developments.

The successful development of vaccines and the launch of their worldwide distribution, as well as the beginning of vaccinations in Israel, are excellent news in the health and economic spheres. Nevertheless, even on the optimistic assumption that vaccination will proceed quickly and most people will be vaccinated, it is still likely that many in Israel's population will go through the coming winter unvaccinated, and that increases in morbidity will require further significant restraining measures. Thus while the seasonal influenza may prove to be fairly mild this year, the patterns in at least half of 2021 will likely be similar to what we have experienced so far, including the potential for a rapid and extensive spread of the pandemic requiring active preventive measures.

Even after the virus is eradicated, its severe consequences will persist for many years into the future. The government and society thus need to make the necessary preparations, both for a persistence of the pandemic and for the post-pandemic era, while also preparing for other future risks.

> The successful development of vaccines and the launch of their worldwide distribution, as well as the beginning of vaccinations in Israel, are excellent news in the health and economic spheres.

| Number of COVID-19 Patients Hospitalized in Israel

Mar 15 Reduced economic activity | Mar 25 1st lockdown | Apr 19 Initial easing of restrictions | May 3 Gradual opening of schools | May 7 Malls and markets open | June 14 Event halls open | Restrictions on gatherings | Aug 21 Elul 1: Yeshivas open | Sept 18 Beginning of 2nd lockdown | Sept 25 Tightening of 2nd lockdown | Oct 17 Street-front stores open | Nov 1 Malls open | Nov 27 Malls open | Dec 27 Beginning of 3rd lockdown

The figures are correct for the last day of each month

The Economic Dimension

Most of the damage to the Israeli economy has been caused by the pandemic and by the government's mismanagement of the economic crisis, but the pandemic's effects on the global economy have harmed Israel as well. According to an October 2020 forecast by the Bank of Israel, Israel's GDP will shrink from its 2019 level by 5 percent in 2020 in an optimistic scenario, and by 6.5 percent in a pessimistic scenario. The optimistic scenario assumes no further large-scale lockdowns. The Ministry of Finance's forecast (November 29) predicts a 5 percent decrease in GDP in 2020. According to an October forecast by the International Monetary Fund, Israel's GDP will fall by 5.9 percent in 2020, about the same as in other developed economies, and the rate of growth in 2021 will be 4.9 percent. Third quarter

results in Israel, published in November 2020, show that the effect of the second lockdown on the economy was smaller than expected. Bank Leumi predicted (November 22) that GDP would drop by only 3.4 percent in 2020.

As of mid-December 2020, the 2020 budget had not yet been approved, and the state budget for 2021 was not even prepared, mainly due to political reasons. Israel also has no economic plan to accompany the budget. This is one of the main failures in economic management, compounded by the bureaucratic chaos in the Ministry of Finance, reflected in the many personnel changes in the Ministry's top ranks. In effect, the government is operating primarily in a reactive mode and lacks a comprehensive perspective, improvising with measures such as supplements to the 2019 budget and other arrangements. According to August 2020 Ministry of Finance assessments, the budget deficit in 2020 will reach over 14 percent of GDP compared to 3.7 percent in 2019, and the ratio of debt to GDP will amount to 80 percent of GDP, compared to 60 percent in 2019. Restoring this index to its previous level will take many years.

One connection between the economic and the social crises is the unemployment rate (people unemployed or on unpaid leave), which in October, during the second lockdown, stood at 20.3 percent of the labor force. In October the Bank of Israel predicted that according to this broad definition, unemployment would reach 16.7 percent of the labor force at the end of 2020 in an optimistic scenario and 20.2 percent in a pessimistic scenario, although the negative impact on Israelis is not even and certainly not uniform. Thus far, public sector employees have not been affected. The magnitude of the blow to labor security and wellbeing has been especially severe for the middle class (income deciles 3-6) and people under the poverty line; the economic situation of many of the working poor has deteriorated. Particularly hard hit are employees in the private sector – internal tourism, entertainment, leisure, and restaurant sectors – and small business owners. Furthermore, the performance of essential social institutions, such as the education system and civil society organizations, has been damaged. This has a deleterious effect on employment and on the training of young people, and the damage is liable to be long term. In order to support people and businesses, the Ministry of Finance is operating an assistance program, including payments to employees on unpaid leave until June 2021.

On November 13, 2020, despite the economic situation, the S&P credit rating agency approved an "AA- credit rating with a stable outlook" for Israel. S&P emphasized that Israel is a sound economy with a flexible monetary policy. The main limitations on the rating remain the high debt burden and the geopolitical risks. On December 4, Moody's approved an "A1 stable" rating for Israel, after downgrading it from "A1 positive" of April 24.
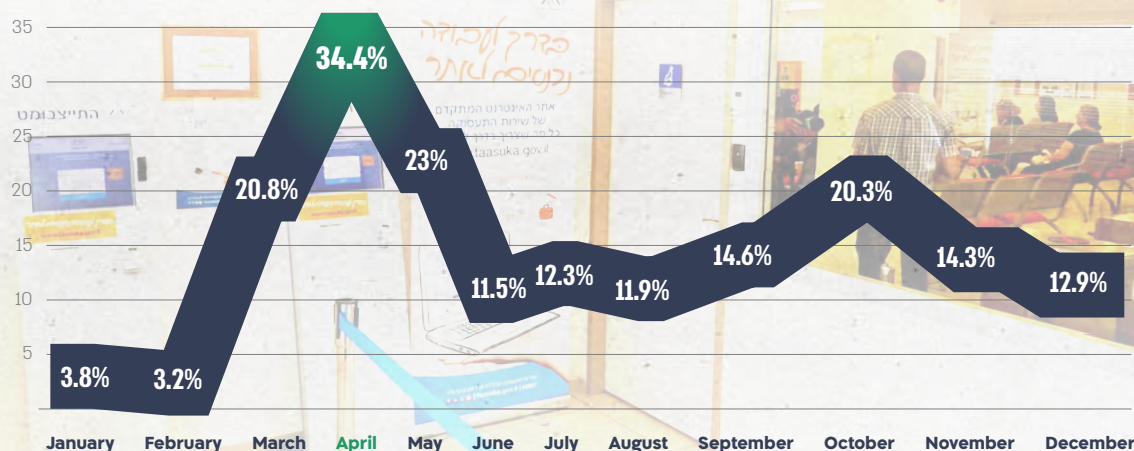
2021 Economic Forecast

The magnitude of the economic crisis is primarily a function of the healthcare crisis. The success in developing vaccines and their global distribution are likely to reduce the degree of uncertainty about the duration of the economic crisis. The effects of the multifaceted crisis in Israel, however, also depend on the political situation and how this crisis is handled. In the short-to-medium term, this involves the ability to manage the economy with a minimum of general lockdowns. In the medium-to-long range, it entails the ability to stabilize and accelerate the economy after the end of the pandemic. Preparations for this should be made now, for example, by retraining workers in large numbers and investing in education and relevant infrastructure, such as digital national systems.

The Bank of Israel's October 2020 forecast for 2021 predicted a GDP growth of 6.5 percent in an optimistic scenario and only 1 percent in a pessimistic scenario. According to this forecast, the unemployment rate at the end of 2021 will be 7.8 percent in an optimistic scenario and 13.9 percent in a pessimistic scenario. The budget deficit projections are 8 and 11 percent of GDP, respectively.

The Bank of Israel makes it clear that both scenarios, optimistic and pessimistic, rely on probable parameters, and even more extreme scenarios are possible. This wide range illustrates one of the problems with these forecasts. Another problem is that the forecasts are presented according to calendar years, with no connection to the duration of the pandemic. Rather, economic scenarios based on the expected progression of the pandemic – both before and after the mass vaccination – are preferable.

The momentum from the outset of the vaccination campaign in Israel raises the hope that the more optimistic scenario will prevail. Nonetheless, Israel needs strong economic management, which requires a state budget and an economic plan that will lead to growth in the coming years. As of now, there is no governmental body below the cabinet level that coordinates the crisis in an integrated manner beyond the healthcare level; such a body should be created. It is also necessary to provide the government ministries with a budget that will enable governmental

Unemployment Rate in Israel
2020

The figures are correct for the last day of each month

January	February	March	April	May	June	July	August	September	October	November	December
3.8%	3.2%	20.8%	34.4%	23%	11.5%	12.3%	11.9%	14.6%	20.3%	14.3%	12.9%

assistance to people and businesses that have been severely hurt by the crisis, rather than distributing it equally to everybody. As long as the health crisis continues, government policy should take into account both health and socioeconomic needs based on cost-benefit considerations. For example, more leniencies should be shown toward opening businesses that make large contributions to the GDP and/or to employment while incurring relatively low health risks, such as the hi-tech industry, services with no office hours, and businesses in open spaces such as agriculture and construction. Also, digital operation of the economy should be expanded.

At the same time, the government should continue to provide a safety net for people whose livelihood has been adversely affected, assist economic sectors that have suffered losses, and encourage employees and self-employed people to undergo professional retraining. It is important to institutionalize an alternative model for compensation of unpaid leave. Substantial evidence shows that the current model creates an incentive for people to resist returning to work, including young employees taking their first steps in the labor market. The current situation is liable to cause long-term damage, with employees growing accustomed to government assistance instead of wages. There are alternative models for keeping active labor relations between employees and employers intact.

The Societal Dimension

Israeli society is heterogeneous and polarized. Wide gaps and differences between the various social groups are reflected in political disputes and exacerbated by struggles for positions of influence and distribution of resources. The pandemic and the multifaceted crisis have exposed and aggravated these conflicts to the extent that social solidarity has been undermined. However, good relations between the various groups are essential to management of a national crisis, as society's ability to cope with major disruptions depends on the relations among its components.

The social harm resulting from the pandemic has numerous manifestations, led by:

■ Social division and polarization: The nature of the relations and the degree of solidarity between different parts of society are important factors in shaping society's trajectory. In the first wave of the pandemic there was a decided trend of groups joining together for the sake of a shared purpose. This trend subsequently ebbed, however, mostly because of the problematic management of the crisis. A sense of helplessness has led some groups to distance themselves from others they perceive as threatening. Such sentiments reinforce adherence to the core values and identity of the group, inflaming relations between sectors and raising hostile discourse toward other groups, such as ultra-Orthodox Jews, Arabs, and anti-government demonstrators. The social protest is further evidence of the existing social division, reflected in the divergent demands of the various groups of demonstrators, while the political leadership is perceived as fanning alienation and hostility between them. In turn, the public discourse is not conducive to joining forces: the social struggles preclude creating a shared basis for public action; instead

of solidarity, polarization becomes more extreme. The divergent demands by protest groups indicate that the crisis of trust has emerged not only in the face of the current political leadership and the economic distress, but extends to the systemic governmental and socioeconomic structure in Israel.

- Differential effects: While the crisis has a severely adverse effect on the Israeli public in general, some sectors are worse off than others. The highest morbidity rates are in the ultra-Orthodox and Arab communities. The economic damage is strongest in the lower middle class and among people living in poverty. Senior citizens, half of whom live alone, have been hit very hard. Violence within the family, especially toward women, has risen. More women than men have been pushed out of the labor market, and most of the calls for emotional support have come from women. The pandemic's extended duration has intensified pressure and anxiety. According to a November survey from the Central Bureau of Statistics, 37 percent reported a feeling of stress, while 30 percent indicated that their state of mental health has worsened.

- Multi-system crisis in public trust: Leading the public in the struggle against the pandemic requires trust on many levels – between the public and the leadership, among the different sectors of society, and within the political system. Currently in Israel, all of these leave much to be desired. According to a range of surveys conducted since May, public trust in the political leadership, especially in the Prime Minister, has plummeted, primarily due to failures in leadership, management of the crisis, and credible communication with the public. This has resulted in a rupture of the bond between the leadership and the public. Large parts of the population believe that the crisis is managed on the basis of political, coalition, and personal interests rather than the good of the public. This detracts from the public's trust in the leadership, which in turn affects the ability to mobilize the public for the joint struggle against the spread of the pandemic.

Overall, the ability of public institutions in Israel to function in this major crisis has been severely disrupted. Still, there is also room for cautious optimism, mainly due to the massive distribution of the vaccine, which raises hope for the termination of the acute crisis by year's end.

The Arab Society

As part of Israeli society, the Arab public and its leaders were mobilized for the struggle against the pandemic, and medical personnel from Arab society have stood at the forefront of the national effort against the virus. Initially the sector acted as a collective, cooperating with the government ministries and security forces, and weathered the first wave of the pandemic with low morbidity. However, since the second wave the situation has deteriorated, with the percentage of Arabs infected by the disease double their percentage in the population. The causes were growing indifference among the Arab public, coupled with economic hardship, lower state provisions, and a continued wave of violence and crime.

Even if the pandemic is gradually contained, its consequences will be felt for a long time.
Prof. Ronni Gamzu, head of Ichilov Hospital and formerly the coronavirus czar, receiving the vaccine
Photo: REUTERS/Ronen Zvulun

Moreover, the Arab public is in the throes of an acute political crisis. On one side is the Joint List, which traditionally embraces a cautious position on integration with Israeli society and the political establishment, both due to an entrenched ideological position and the lack of legitimacy in Jewish society for such integration. On the other side are growing parts of the Arab public, mainly in the middle class, which are interested in increasing integration in Israeli society. They demand that their leaders in the Knesset find a way to harness their political power to promote essential Arab interests. This clash could lead to a breach in that society's political structure, culminating in the dissolution of the Joint List – a process that has already begun.

> Many believe that the crisis is managed on the basis of political, coalition, and personal interests rather than the good of the public. This limits the ability to mobilize the public for the joint struggle against the pandemic.

The COVID-19 crisis has created opportunities for changing the Jewish majority's attitude toward Arab society, which met state expectations during this acute crisis, at least initially, and for realizing Arab aspirations for greater integration in Israel's national life. It is likely that despite the difficult political, economic, and social state of Arab society, which could also lead to increased violence, there is now an opportunity to improve relations between the majority and the minority, provided that two main conditions are fulfilled.

The first is the advancement of the existing trend toward integration of Arab society in the general Israeli economy and society. This entails the furtherance of long-range development plans (primarily the introduction of stage 2 of Cabinet Resolution 922 relating to the socioeconomic growth of the Arab population). This must be complemented by new projects to enhance economic and social growth of the Arab sector following the present crisis, and implementation of plans to curb the growing violence and crime within the Arab society. The second condition is recognition by the Zionist parties of the legitimacy of the Arab vote, and Jewish-Arab cooperation on civil matters.

The Military Dimension

The perceived weakness of civilian agencies during the pandemic bolstered public calls for the IDF to participate in managing the crisis. The IDF thus finds itself involved in the national campaign against the pandemic, mainly through the Home Front Command. It has performed a broad variety of missions, among them assisting local authorities and civilians in distress, as well as working in various projects to contain the morbidity (e.g., COVID-19 hotels and contact tracing). At the same time, the military is subject to political pressure and is criticized in the media for its actions, even while refraining from taking overall or even local responsibility for managing the campaign against the pandemic. At the same time, the IDF must preserve operational and logistic capabilities in order to fulfill its ongoing security responsibilities.

Beyond the diversion to civilian tasks related to the pandemic, the crisis has a clear adverse impact on IDF force buildup and operational readiness. In addition, the political environment has generated conflicting pressures on public institutions and watchdogs, including the IDF; there are rapid senior-level changes in the Ministry of Defense; there is the lack of a government decision concerning the approval of the Tnufa (Momentum) five-year plan for the IDF; absence of a state budget; and an accelerating decline in motivation to serve in the IDF, including in combat units. Half of the Israeli public (51 percent, according to a November survey by the Israel Democracy Institute) believe that the IDF is economically inefficient. Even if these aspects have minor short-term consequences, they might have harmful effects on the regular framework needed for IDF force buildup to allow it to meet future challenges.

The Democracy Dimension

The COVID-19 crisis began at the height of two interrelated crises, constitutional and political, involving ongoing erosion of democratic values and attempts to weaken the power of gatekeepers in and out of government institutions. Additional manifestations of this development are the growing practice of ignoring professional staff proposals, preference for political interests without consideration of the rules of proper management, and undermined foundations of democratic discourse, which naturally tends to be divergent.

The need to stop the spread of the pandemic has led to an unprecedented suspension of basic rights and freedoms in the framework of emergency legislation, some of it with no parliamentary supervision. The Israel Security Agency

and the IDF have been called to monitor Israeli citizens, and the government is wielding extraordinary powers, with potentially dangerous implications for Israel's democracy.

As a rule, the supervision and control mechanisms, headed by the courts and the Knesset, continue to play an important role in overseeing the government and restraining its actions, despite repeated attacks on gatekeepers, especially the courts – attacks that have greatly increased since the beginning of legal proceedings against the Prime Minister. The replacement of an objective discourse about the proper limits to judicial intervention with adversarial and politically motivated rhetoric raises concerns that watchdogs are exercising excessive defensive self-restraint, and that this will increase in the future, with a dangerous tipping of the balance of power and authority between the branches of government.

The voices heard in the United States advocating disruption of the transfer of government should arouse concern in all democratic countries, including Israel. There is hope that Biden's entry into the White House will halt the rise of worldwide demagogic and anti-democratic forces, which enjoyed support during the Trump presidency. That would also influence the state of democracy in Israel, because the more importance is attributed to democratic values in the global environment, the more likely Israel is to respect them, including in its own territory.

Policy Recommendations

Despite the commencement of the mass vaccination campaign, uncertainty is likely to prevail in 2021. Even assuming that the COVID-19 pandemic gradually subsides, its consequences will be felt for a long time. Israel will face major challenges in the first half of 2021 resulting from a possible combination of new waves of infection; various degrees of lockdowns and their effects, which are expected to be severe; and an ongoing political crisis, with a fourth round of elections in two years, followed by what will likely be difficult negotiations to form a coalition.

Even if the pandemic gradually dissipates during the second half of 2021, the ramifications of the multifaceted crisis, especially its economic and social aspects, will still be strongly felt in and likely beyond 2022, given the heavy economic costs of the crisis and the way it was handled, the continued weakness of Israel's public institutions, and the damage inflicted on large sectors of society – people living in poverty and the lower middle classes, particularly in the private sector. The national recovery effort will require a significant change in multiple domains: major public engagement and mobilization of a deeply polarized society, far more professional and efficient government management, and a political leadership focused on economic and social growth. All of these require comprehensive structural changes in general, and in the political establishment in particular.

At least in 2021, Israel will be much weaker as a country and a society than in early 2020, and as such, the level of national security will be lower than before the pandemic began. Even if economic recovery takes place in 2021, social recovery will be slower and more gradual, so that before 2022, Israel will likely not regain the socioeconomic levels it enjoyed in early 2020. The economic situation will also impact on the security realm.

This analysis invites several principal system-wide recommendations:

- For the short term (2021): A focus on improved professional management of the multilayered crisis; passage of a budget and an economic plan featuring high priority for investment in civil affairs and disadvantaged groups, and thorough preparations for the expected stage of recovery and growth following the crisis; a clear priority for the public health domain aimed at curbing morbidity (including additional lockdowns), based on differential perspectives (backed by trajectories of local infections), alongside strict enforcement and public messaging directed to different groups; priority for keeping the school system open, in accordance with the necessary restrictions; less politicization in the public sphere; and better preparation for extreme scenarios of a possible spread of the pandemic.

- For the medium range: A concentrated national effort aimed at economic growth and social recovery, with a focus on expanding and diversifying employment and empowering the education system; renewed consideration of Israel's strategic response to changes in the regional theater; formulation of a national consensus on a new agenda in civil, social, and political matters that will be shared by all groups in the country, to include governmental decentralization and the strengthening of local governments; formulation and implementation of insights for the post COVID-19 period; and better preparation in the civilian sphere for civil and military crises.
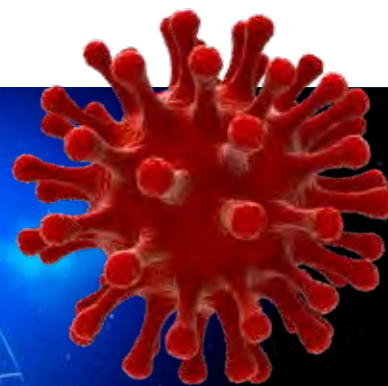
The World after COVID-19
Itai Brun

What will the world look like after COVID-19? Various possible scenarios were examined at INSS regarding the impact of the COVID-19 pandemic on the world in the coming years, and on the Middle East in particular: "continuation," in which, after a hiatus of several more months, familiar global and regional trends resume; "reversal," in which fundamental change takes place in the patterns that characterized life before the crisis, and the world prepares for an "illiberal" world order led by China; "breakdown," in which all of the global actors emerge from the crisis battered and the precarious structure of the international system dissolves into chaos, reflected in part in a new wave of upheaval in the Middle East; and "reconstruction," in which the United States regains its initiative and leads an international effort to restore the liberal world order and resolve burning conflicts.

This is not an attempt to predict the future, but rather a tool for planning that can help in thinking about the future in order to prepare for it. All of the scenarios pose weighty challenges for Israel that demand deliberation, monitoring, and preparation.

The two main variables in the scenarios are the level of control over the COVID-19 outbreaks and the scope of ongoing damage to economies as a result of the pandemic. The four scenarios are of course hypothetical and reflect possible "strategic stories" based on these variables and on additional developments, some of which have a basis in the current reality. The formulation of the scenarios attempts to overcome the failure of imagination that makes it difficult to see possible developments, yet cautions against exaggerating the impact of an event that is still underway or has yet to take place.

Merging the scenarios into one central story produces a reasonable scenario whereby presumably all the international actors are engrossed in their domestic affairs in the near future. However, the competition between the great powers will continue, centered on the battle (already underway) over the narrative of the most effective way to cope with the crisis. The trend of influence moving east will continue and perhaps accelerate. Nation-states will gain strength given the effectiveness that most have demonstrated with respect to the pandemic. The world will not change completely, but it will be less free – the emergency measures and the employment of invasive surveillance measures will continue; less prosperous – there will be more unemployed people and more poor people; and less global – we will fly less, work from home more, and crowd together less in cities, and countries will ensure the stock of strategic reserves and the independence of essential industries.

The four scenarios present additional variations on the state of affairs. Each invites questions regarding the implications for Israel's national security: in the first scenario ("continuation"), there should be an assessment of how the trends in the next one or two years will be different from those identified on the eve of the crisis, as the circumstances created during and because of the pandemic create a new context for the trends, which could reinforce or counter their intensity. In the second scenario ("reversal"), there should be a serious assessment of the possible implications of an "illiberal" world order led by China for the Middle East and for Israel. In the third scenario ("breakdown"), there should be an assessment of the possible nature of another wave of upheaval in the Middle East, and in particular the results of the collapse of governmental systems and the implications of the revival of the jihadist camp. In the fourth scenario ("reconstruction"), the implications of the new world order for the Middle East should be assessed.

3 The Regional System: A Decade since the Upheaval, and Expanding Normalization

Sarah Feuer, Itai Brun, Oded Eran, Yoram Schweitzer, Yoel Guzansky, Ofir Winter, Gallia Lindenstrauss, Remi Daniel, and Ari Heistein

Photo: The White House

Snapshot

Ongoing struggle for the shape of the Middle East · Failing economies, governance deficiencies, and corruption · Less aggressiveness of the Iran-led axis · Sunni-pragmatic camp inclining toward normalization with Israel

Recommendations

Expand normalization efforts · Include Egypt, Jordan, and the PA in regional economic initiatives · Attempt to improve relations with Turkey · Prepare for possible jihadist targeting of Israelis abroad

A decade after a series of uprisings swept the Middle East and North Africa, the region continues to be characterized by an overarching struggle unfolding on two fronts: between competing camps seeking to reshape the regional order according to their political and ideological interests, and between publics and their governments within the individual states, where fundamental economic, social, and identity-related problems that fueled the original uprisings have remained intact or worsened. In 2020, this broader struggle proceeded against the backdrop of a global pandemic and what turned out to be President Trump's last year in office, two factors with significant implications for Israel's relations with the Arab world.

The Battle between the Camps

The region continues to be dominated by four main camps vying for hegemony as they seek to impose their preferences along a number of key fault lines, including relations with the West, Iran's role in the region, the integrity of the nation-state as the basic unit of the regional system, political Islam, and sectarianism.

The four camps are:

- The Iran-led axis, comprising Iran and its mostly Shiite allies and proxies in the region, including militias in Iraq, Bashar al-Assad's Syria, Hezbollah in Lebanon, the Houthis in Yemen, and Palestinian Islamic Jihad in Gaza (despite the latter's Sunni orientation).

- The Turkish-led bloc of Sunni Islamists sympathetic with the Muslim Brotherhood (MB), including Qatar, Hamas in Gaza, and the handful of Islamist political parties across the region.

- The Sunni pragmatic states of Egypt, Jordan, Saudi Arabia, the United Arab Emirates, Bahrain, and Morocco, coalescing around the goals of countering Iranian influence and eclipsing the Muslim Brotherhood.

- The jihadists of al-Qaeda and the so-called Islamic State (ISIS/Da'esh).

| 4 Camps in the Middle East

Sunni Islamists
Turkey | Qatar | Hamas | Remnants of the Muslim Brotherhood movement throughout the region

Iran-led Axis
Iran | Syria of Bashar al-Assad | Hezbollah | Houthis in Yemen | Shiite militias operating in various Middle East theaters | Palestinian Islamic Jihad in the Gaza Strip (despite its Sunni identity)

Jihadists
Terrorist organizations of the Islamic State (ISIS) and al-Qaeda

Sunni Pragmatic States
Egypt | Jordan | Saudi Arabia | United Arab Emirates | other Gulf states (excluding Qatar) | Morocco

The battle between these camps underwent four noteworthy changes in 2020, all of which will have ramifications for the coming year. First, the Iran-led axis moved into a "wait and see" mode. Despite being more cohesive than the other camps, the bloc was less aggressive in 2020 than in previous years – a combined result of Quds Force efforts to recover from the loss of Qasem Soleimani early in the year, reduced bandwidth as Iran struggled to contain its COVID-19 outbreak, the Trump administration's "maximum pressure" campaign, and ongoing Israeli military operations in Syria aimed at preventing Iran's entrenchment there. The November killing of Mohsen Fakhrizadeh, head of Iran's military nuclear program, only reinforced the camp's vulnerabilities, even as its regional footprint remains largely unchanged.

Second, the year saw a surge in Turkish assertiveness, reflected in Ankara's military involvement in Libya, a number of confrontations with NATO vessels in the Eastern Mediterranean, and tests of the S-400 air defense system purchased from Russia. These developments suggest a degree of recovery on the part of the Sunni Islamist bloc, which has struggled to remain relevant since the downfall of the Muslim Brotherhood in Egypt. Indeed, the bloc's mild recovery notwithstanding, the Egyptian Brotherhood remains severely weakened.

Third is the new and proactive leadership in the pragmatic Sunni bloc. The center of gravity of this traditionally fragmented camp shifted from Egypt and the Levant to the Gulf, where an increasingly proactive leadership in Abu Dhabi sought to strengthen and bring greater cohesiveness to the bloc. Such efforts were expressed in high-profile Emirati support for states in the Eastern Mediterranean seeking to counter Turkish influence there, and in low-profile moves such as the decision by the UAE and Jordan to open consulates in the Western Sahara, thereby reinforcing Morocco's membership within the camp.

The targeted killing demonstrated the vulnerability of Iran and the Shiite axis. Site of the attack on Mohsen Fakhrizadeh, November 2020
Photo: WANA (West Asia News Agency) via REUTERS

The fourth change concerns the Salafi-jihadist forces. This camp remained a "two-headed" bloc dominated by ISIS and al-Qaeda, which, each for its own reasons, are experiencing a crisis. ISIS is in a stage of recovery and reorganization, following the group's defeat in Syria and Iraq, the loss of several leaders, and the eroded value of its brand name. Nonetheless, the movement and its partners continued with terrorist operations and guerilla activity in 2020, both within the Middle East (in Iraq, Syria, and the Sinai Peninsula) and worldwide. Al-Qaeda and its partners also carried out terrorist and guerilla attacks in the Sahel region, East Africa, and Afghanistan. The group has been beset with a crisis in leadership since the killing of its veteran leaders, and most recently, the reported death of its current leader, Ayman al-Zawahiri. In the coming year, the two organizations are expected to focus on planning for their future, but presumably their guerilla and terrorist activity will continue, including against Israeli and Jewish targets, partly in response to the normalization agreements between Israel and Arab countries.

Given these trends, the coming year could see deepening regional divisions between the pragmatists and the Islamists on the one hand, and between the pragmatic and Iran-led camps on the other. Two potential scenarios deserve mention. The first entails an escalation of tensions and further instability in the Eastern Mediterranean basin, raising the prospect of a confrontation between Israel and Turkey (although there are also signs of a potential moderation on Erdogan's part, motivated by the economic crisis in Turkey and Biden's entry into the White House). A second possibility is that the perception of an ascendant "pragmatic" camp will incentivize a rapprochement between the Turkish/Muslim Brotherhood camp and elements of the Iran-led axis. In this context, actions by Iran, its proxies, and radical Palestinian groups such as Hamas and Islamic Jihad aimed at thwarting normalization are likely.

A Hiatus in the Intra-State Struggles

Over the last decade, the region's longstanding economic crises, lapses in governance, and identity-related conflicts have fueled ongoing confrontations between Middle East publics and governing elites. The onset of the coronavirus crisis in early 2020 introduced a paradox. On the one hand, the pandemic forced protesters in countries like Algeria, Iraq, and Lebanon to stay home, thereby offering regimes a measure of relief, the chance to consolidate their power, and an opportunity to prepare for and preempt future bouts of unrest. On the other hand, to the extent the economic impact of the virus exacerbated the very core problems that fueled opposition to these regimes in the first place,

> A decade after a series of uprisings swept the Middle East and North Africa, the region continues to be characterized by an overarching struggle.

the pandemic likely increased the chances of future instability. For the time being, publics across the region appear exhausted, suggesting they may not have the bandwidth or energy to take to the streets in significant numbers anytime soon. But given the region's unresolved core economic and social problems, and the regimes' determination to consolidate their rule, instability is likely and could manifest in the form of renewed protest movements, waves of migration, or chaos if the states collapse under the weight of the pandemic's economic impact.

A State-by-State Review

Lebanon, Syria, and Iran are analyzed elsewhere in the *Strategic Survey*

Egypt

The COVID-19 pandemic has led to the death of thousands of Egyptians, and exacerbated a number of fundamental economic problems, among them a steep drop in growth, higher unemployment, and climbing poverty rates. The emerging macroeconomic picture in Egypt in late 2020 is less severe than in other countries in the region, in part because of an emergency loan and assistance package through an $8 billion grant by the International Monetary Fund. Although the small-scale protests that broke out in Egypt in September testified to dissatisfaction with the socioeconomic situation, they did not constitute a threat to the regime's political stability. In the regional sphere, Egypt and Greece signed an agreement delineating the maritime border between them in August, and progress continues in the Egyptian-Greek-Cypriot tripartite relationship. The Eastern Mediterranean Gas Forum was formalized in September, becoming an intergovernmental organization with its headquarters in Cairo, and the United Arab Emirates submitted a request in December to join the Forum as an observer. Egypt, Jordan, and Iraq are promoting the "New Levant" as a regional axis for cooperation on oil and electricity matters, and Egypt and friendly countries conducted joint military maneuvers in the Red Sea, the Mediterranean Sea, and even the Black Sea, which was interpreted as a warning signal to Turkey. The Grand Ethiopian Renaissance Dam dispute is expected to continue preoccupying Egypt in the coming year, following a deadlock in negotiations between Egypt and Ethiopia, and Addis Ababa's decision to begin filling the dam unilaterally.

Jordan

The number of COVID-19 patients has reached new heights, and the country has been forced to open field hospitals. Throughout 2020, Jordan lost essential sources of income, including tourism, remittances, and transit fees. Grants from countries and organizations are dwindling, while the need for aid to the economy and a reduction in government debt has grown. In the realm of domestic politics, there have been signs of dissatisfaction with government policy and the results of the parliamentary elections. The normalization between Israel and the Gulf states complicates the kingdom's integration in the emerging regional order, reflecting a degree of decline in Jordan's regional importance. The negative trends in health, the economy, and internal politics are likely to continue in 2021. Nevertheless, a number of positive trends from Amman's perspective are evident, including the suspension of Israel's annexation of territory in the West Bank. The Biden administration is expected to be more palatable for Jordan than the Trump administration, and countries and international organizations are now assisting the kingdom (albeit on a limited scale). The regime does not appear to be in any danger of collapse.

Saudi Arabia and the Gulf States

The bloc of Gulf states is stable, if still fragmented. 2020 featured an economic crisis caused by low oil prices and the pandemic, which heightened the economic pressure on the six countries and led their royal houses to introduce changes into their social contracts. Kuwait and Oman saw changes of leadership, and Saudi Arabia is awaiting the departure of King Salman from the scene. His son Mohammed bin Salman, the de-facto ruler, faces pockets of opposition and is therefore expected to continue fortifying his position. The boycott declared by the Arab Quartet against Qatar ended in early 2021, but mutual distrust remains, which stands to complicate the potential formation of a more united front against Iran. The United Arab Emirates normalized relations with Israel for strategic reasons, among them the Iranian threat; the UAE's need for close relations with, and benefits from, the United States; and a desire to improve its international image. Saudi Arabia began preparing for normalization with Israel a few years ago, but faces greater internal and external constraints than does the UAE, and these constitute a barrier to closer relations with Israel.

Turkey

Ankara pursued a more assertive policy in 2020, marked by many actions deemed provocative by its rivals. Prominent among them was Turkey's military intervention in Libya, which changed the course of the war and saved its ally – the Government of National Accord. Turkey also sent drilling vessels to the territorial waters of Cyprus and Greece, and declared that the solution to the Cyprus problem was two separate countries, in contrast to the peace processes hitherto conducted, which aims to unify the two parts of the island. Turkey's military aid to Azerbaijan was particularly successful. In October, Turkey conducted a test of the S-400 missile system that it purchased from Russia. Some of these acts led European Union countries to toughen their policy toward Turkey, and to demand the imposition of sanctions against Ankara. Although outgoing US President Donald Trump prevented the imposition of heavy sanctions against Turkey during most of his term, in December 2020, following growing pressure from Congress, sanctions were imposed against the Turkish defense industries and their executives. The mounting economic difficulties in Turkey and Biden's election have led Turkish President Recep Tayyip Erdogan to adopt a more moderate line, as indicated by his speeches since November. It is unclear, however, how this rhetoric will translate into action on the ground in various arenas.

Iraq

Iraq saw a certain puncturing of Iranian influence, although the ongoing attacks on local US targets prompted Washington to threaten to withdraw most of its forces. The year began with the January killing of Abu Mahdi al-Muhandis (the deputy commander of Iraq's Popular Mobilization Forces, killed alongside Qasem Soleimani) and extended to the May appointment of Prime Minister Mustafa al-Kadhimi, a figure opposed by several leading Iran-backed militias. Unlike most Arab states, which leaned on their security apparatuses to enforce measures to contain the pandemic, the dearth of strong institutions and the weakness of Kadhimi's caretaker government put Iraq at a significant disadvantage; COVID-19 has thus far infected more than 550,000 and killed more than 12,000 – more than any in other Arab state. Declining oil prices due to the pandemic hit Iraq's economy especially hard, and in October mass demonstrations resumed, calling for an end to corruption, implementation of long-promised economic and governance reforms, and accountability for the deaths of protesters killed by government forces a year earlier. Early parliamentary elections, a key demand of the protesters, are scheduled for June 2021.

North Africa and Sudan

With the exception of Libya and Sudan, North Africa was largely preoccupied by the pandemic crisis throughout 2020. In Tunisia, the government handled the first wave of infections well but thereafter collapsed due to a corruption scandal involving the Prime Minister, and a gradual increase in social protests throughout the year highlighted the country's worsening economic predicament. In Algeria, the pandemic forced a year-long protest movement that toppled the presidency of Abdelaziz Bouteflika to suspend its demonstrations, offering Bouteflika's successor the chance to consolidate power even as the public largely continues to view the regime as illegitimate. And in Morocco, the monarchy struggled to contain the economic damage from the virus amid dire World Bank predictions of 10 million citizens falling back into poverty. In Libya, 2020 saw a deepening involvement of outside actors in the conflict, which remains frozen as UN-led negotiations continue; Turkey's military intervention was notable for halting the advances of Khalifa Haftar, who continues to rely on Emirati, Egyptian, and Russian support. In Sudan, the leadership that replaced ousted president Omar al-Bashir in 2019 arranged a deal removing US sanctions and thereby opening the door to much-needed economic aid in exchange for normalization with Israel and compensation for victims of terrorist attacks carried out by Khartoum under the previous regime.

Yemen

The ongoing war in Yemen continued to reflect the broader conflict between regional camps, as well as discord within certain camps. Repeated efforts by Saudi Arabia failed to promote a ceasefire with the Iran-supported Houthis. This failure may reflect the Houthis' belief that resistance to Riyadh is a goal in itself, not merely a means of halting Saudi involvement in the country. While the coalition led by Saudi Arabia persists in its efforts to reinstate the government of President Abdrabbuh Mansur Hadi and maintain Yemen's territorial integrity, the United Arab Emirates continues to support the Southern Transitional Council (STC) separatist group. The collapse of the Riyadh Agreement, signed in November 2019, which was designed to resolve the dispute between the Yemeni government

Repeated attempts to broker a ceasefire agreement have failed. Fighters in Yemen
Photo: REUTERS/Khaled Abdullah

and the STC, highlights the different priorities of Riyadh and Abu Dhabi in Yemen. Recently, efforts have been made to implement the Riyadh Agreement, but any success will likely prove ephemeral. Meanwhile, the pandemic has exacerbated the dismal humanitarian situation in Yemen, although there are no known official figures on morbidity and mortality, owing to the weakness of the healthcare system and the country's inability to conduct coronavirus testing on the necessary scale.
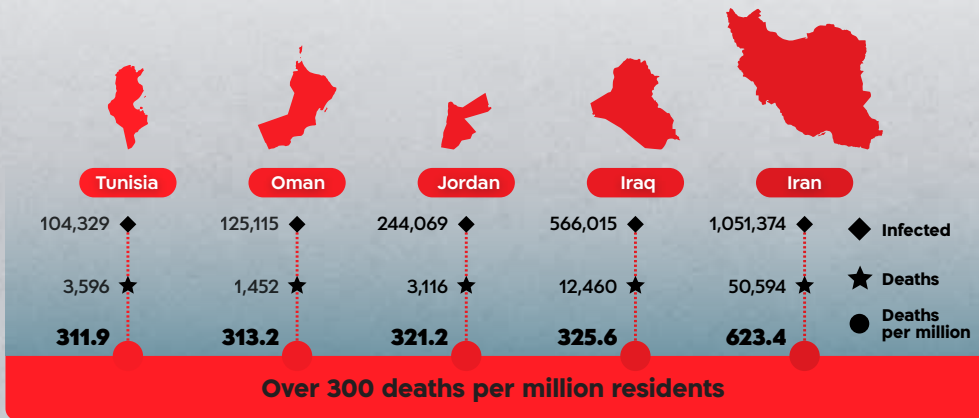
Policy Recommendations

In recent years, Israel solidified its regional standing as a reliable ally of the Sunni pragmatic countries, while in tandem, the importance of the Israeli-Palestinian conflict on the regional agenda waned. Given countries' growing preoccupation with their domestic problems and the strategic calculations guiding leaders, for some of them the deadlock in the Israeli-Palestinian political process no longer constitutes a barrier to normalization with Israel. The normalization agreements signed in 2020 between Israel and the United Arab Emirates, Bahrain, Sudan, and Morocco, respectively, are evidence of these countries' desire to advance political and security objectives, and to obtain certain deliverables from an outgoing Trump administration. Acceptance of Israel in the region by the pragmatic Sunni bloc and the (potential) strengthening of the front against Iran in this framework is a welcome process, and will hopefully prove to be more than a temporary anomaly. At the same time, this trend will also create challenges for Israel if its new allies seek Jerusalem's involvement in regional arenas and conflicts Israel would do well to avoid.

Thus, Israel should capitalize on its recent normalization with Arab countries, and take action to expand the trend, while avoiding any undesirable military and other intervention requested by its new partners in the framework of their new ties. The mounting tension between Israel's Gulf allies and Turkey will require delicate balancing by Jerusalem, given its wish to avoid causing further damage to its already shaky relations with Ankara. Indeed, if the reports that Ankara intends to appoint an ambassador to Israel (in place of the caretaker embassy functioning as such since 2018) prove to be well-founded, it will indicate Turkey's desire to ease its regional isolation. In this case, Israel should return its ambassador to Turkey as soon as possible, and take advantage of the momentum to halt any further deterioration in Israeli-Turkish relations.

With Egypt and Jordan – countries with which Israel enjoys peaceful, if cold, relations – Jerusalem should strive to enhance cooperation surrounding water, energy, agriculture, tourism, scientific research, and public health. Jerusalem should also consider ways of integrating such cooperation into its new relationships with the Gulf countries, Sudan, and Morocco. Stabilization in the Israeli-Palestinian sphere (for example through security and economic cooperation, or under the influence of Biden administration policy) is likely to facilitate a thaw in relations between Jordan and Israel. Jerusalem has an interest in positive relations between Saudi Arabia and the incoming Biden administration, and should quietly encourage them behind the scenes. Finally, Israel should continue to monitor the actions of ISIS and al-Qaeda in the region, and prepare for the possibility that Israelis traveling to countries with normalization agreements will constitute a target for these organizations.

Effect of COVID-19 in the Middle East and North Africa
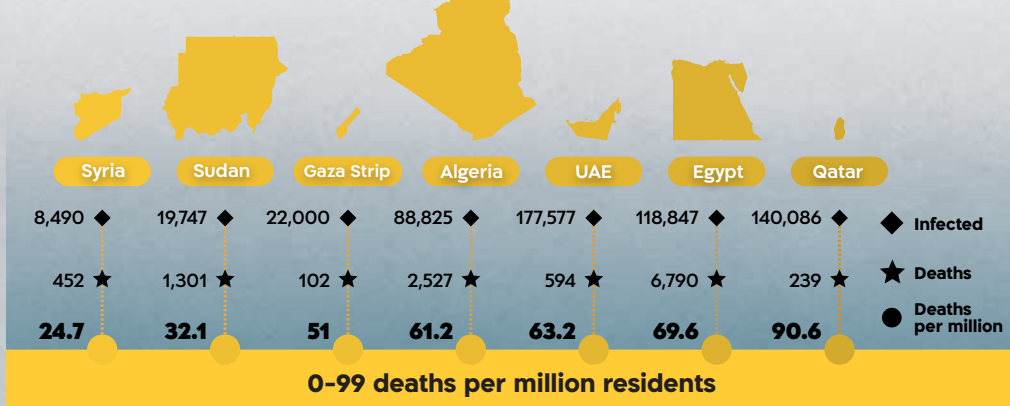### 2020

	Tunisia	Oman	Jordan	Iraq	Iran	
Infected ◆	104,329	125,115	244,069	566,015	1,051,374	
Deaths ★	3,596	1,452	3,116	12,460	50,594	
Deaths per million ●	311.9	313.2	321.2	325.6	623.4	

Over 300 deaths per million residents

The figures are taken from Haaretz, and are correct as of December 8, 2020

Effect of COVID-19 in the Middle East and North Africa
2020

	PNA	Morocco	Saudi Arabia	Lebanon	Turkey	Kuwait	Bahrain
Infected ◆	99,758	381,188	358,922	138,096	860,432	144,599	88,111
Deaths ★	848	6,320	5,977	1,115	15,103	897	341
Deaths per million ●	167.9	176.8	181.5	183.3	186.9	216.8	228.4

100-300 deaths per million residents

The figures are taken from Haaretz, and are correct as of December 8, 2020

Effect of COVID-19 in the Middle East and North Africa
2020

	Syria	Sudan	Gaza Strip	Algeria	UAE	Egypt	Qatar
Infected ◆	8,490	19,747	22,000	88,825	177,577	118,847	140,086
Deaths ★	452	1,301	102	2,527	594	6,790	239
Deaths per million ●	24.7	32.1	51	61.2	63.2	69.6	90.6

0-99 deaths per million residents
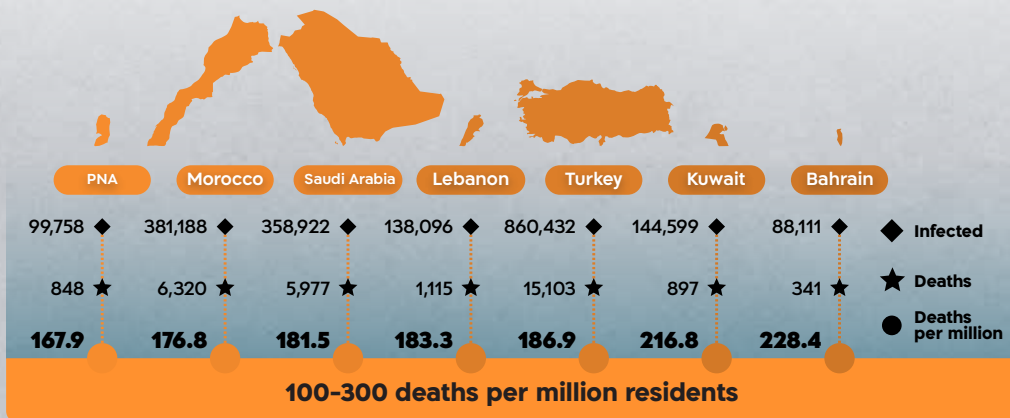
The figures are taken from Haaretz, and are correct as of December 8, 2020
The figures on Gaza are taken from www.npr.org, and are correct as of December 1, 2020

The Climate Challenge and National Security

Shira Efron

The appointment of John Kerry as Special Presidential Envoy for Climate was one of the first appointments made by US President-elect Joe Biden. The post also existed under President Obama, but it will now be upgraded to a cabinet position, and Kerry will be a member of the White House National Security Council. This appointment signals the incoming administration's intention to overturn the approach of the outgoing Trump administration, elevating the fight against climate change and re-positioning the United States as a global leader in this struggle.

In addition to the environmental, economic, and social ramifications of climate change, there are also implications for geopolitical stability. While climate effects themselves are not the sole factor behind inter-state and intra-state conflicts, they are considered threat multipliers that risk exacerbating existing problems and increasing instability.

In the Middle East in general and Israel in particular, the most relevant and direct climate change phenomena are a consistent rise in temperatures, water shortages, rising sea levels, and an increase in the frequency and intensity of extreme weather events, which are correlated with the spread of infectious diseases such as malaria, cholera, Ebola, and Zika. In turn, waves of refugees could flood Europe and appear at Israel's doors as well. Inter alia, it is estimated that extreme heat and drought in Egypt, combined with the rising sea level, could lead Egypt to a situation similar to Syria's current turbulence by as early as 2030.

In addition to the dangers of regional instability, which would pose security challenges for Israel, climate change could affect Israel's ability to cope with these challenges, as they would affect security planning, budgeting, military infrastructure, operational activity, training, and human resources dimensions. Furthermore, climate change could increase the inclination of the United States to withdraw from the Middle East, in part due to the locations of US military bases in heat-stricken regions and threatened by sea level rise, hampering their performance.

Unlike in the United States, climate change is not a politically controversial issue in Israel, and the government has made several commitments to switch from polluting fuels to renewable energy and prepare the economy for climate change (albeit without proper plans and budgets). Nonetheless, the issue is completely absent from the national security discourse, does not factor into planning, and is not budgeted at all.

In order to prepare for the national security implications of climate change, the issue must become an integral part of the national security discourse in Israel, including through facilitated dialogues between climate experts and security experts. In addition, the climate and national security agenda should include integration of climate impacts into risk scenarios, and efforts to adapt the operational plans and budget of the IDF and the security forces to climate change in the short and medium terms.

4 Iran: At a Low Point, but Still the Primary Threat to Israel's Security

Sima Shine and Raz Zimmt

Photo: Iranian Defense Ministry / WANA (West Asia News Agency)/Handout via REUTERS

Snapshot

Economic low and severe blows · Nonetheless, Iran advances nuclear program and regional entrenchment · Attempted cyberattacks on Israel · Demands to rescind the sanctions before any renewal of nuclear talks

Recommendations

Iran's nuclear program remains the primary threat to Israel's security · Retain credible military option · Coordinate with the US on renewed nuclear talks, and present Israel's interests in a new agreement

2020: A Challenge-Ridden Year

The past year was one of the most difficult experienced by Iran since the founding of the Islamic Republic. It began with the killing of Quds Force Commander Qasem Soleimani and the downing of a Ukrainian airliner and the ensuing riots; and continued with the COVID-19 pandemic. According to official Iranian figures, more than 55,000 citizens have died in the pandemic, though the actual number is probably much higher. The pandemic exposed several weaknesses and failures by the regime, exacerbated Iran's economic distress, and influenced internal processes in the political system, specifically the strengthening of hardline factions, headed by the Revolutionary Guards. Compounding these challenges were the normalization agreements between Israel and the United Arab Emirates and Bahrain, followed by agreements with Sudan and Morocco, and the killing of Mohsen Fakhrizadeh, head of the Iranian nuclear program.

The economic realm: The COVID-19 pandemic coincided with tighter sanctions against Iran imposed by the United States and plunging oil prices. The pandemic's effect was especially acute because it also struck sectors where sanctions had only a limited impact. The severe economic crisis features a high negative growth rate (-5 percent growth is expected in 2021), the collapse of the Iranian currency (the rial) against the US dollar, a severe budget deficit, inflation in excess of 40 percent, and reduction of the country's foreign currency reserves.

Inflation Rate in Iran
2014–2021

Actual Estimated

The figures are taken from the International Monetary Fund (IMF)

Rate of Change in Annual GDP in Iran
2016–2021

Actual Estimated

13.4%	3.8%				-2.1%
2016	2017	2018	2019	2020	2021
		-4.7%	-8.2%	-5.3%	
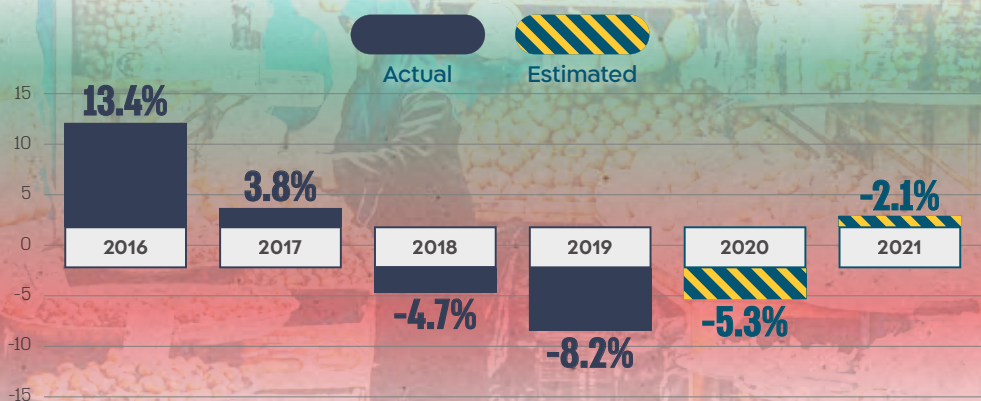
The figures are taken from the World Bank

The political realm: The hardliners in Iran, led by Iranian Supreme Leader Ali Khamenei, continued to gain in strength. In the February 2020 elections, the conservatives regained absolute control of the Majlis (the Iranian parliament). In tandem, the COVID-19 crisis and the ongoing confrontation with the Trump administration have strengthened the status of the Revolutionary Guards, who continue to heighten their intervention in the management of state and economic affairs, while taking advantage of the government's weakness. These factors and trends, including Khamenei's efforts to ensure the hardliners' control after he leaves the political scene, will also impact on the Iranian presidential elections, scheduled for June 2021.

The regional realm: Iran faces growing difficulties, among them continued internal unrest in both Iraq and Lebanon; the profound effects of the massive explosion at the Beirut port on the status of Hezbollah; and the sanctions imposed on Syria and Hezbollah by the US administration. Israel's ongoing attacks in Syria also pose a significant challenge
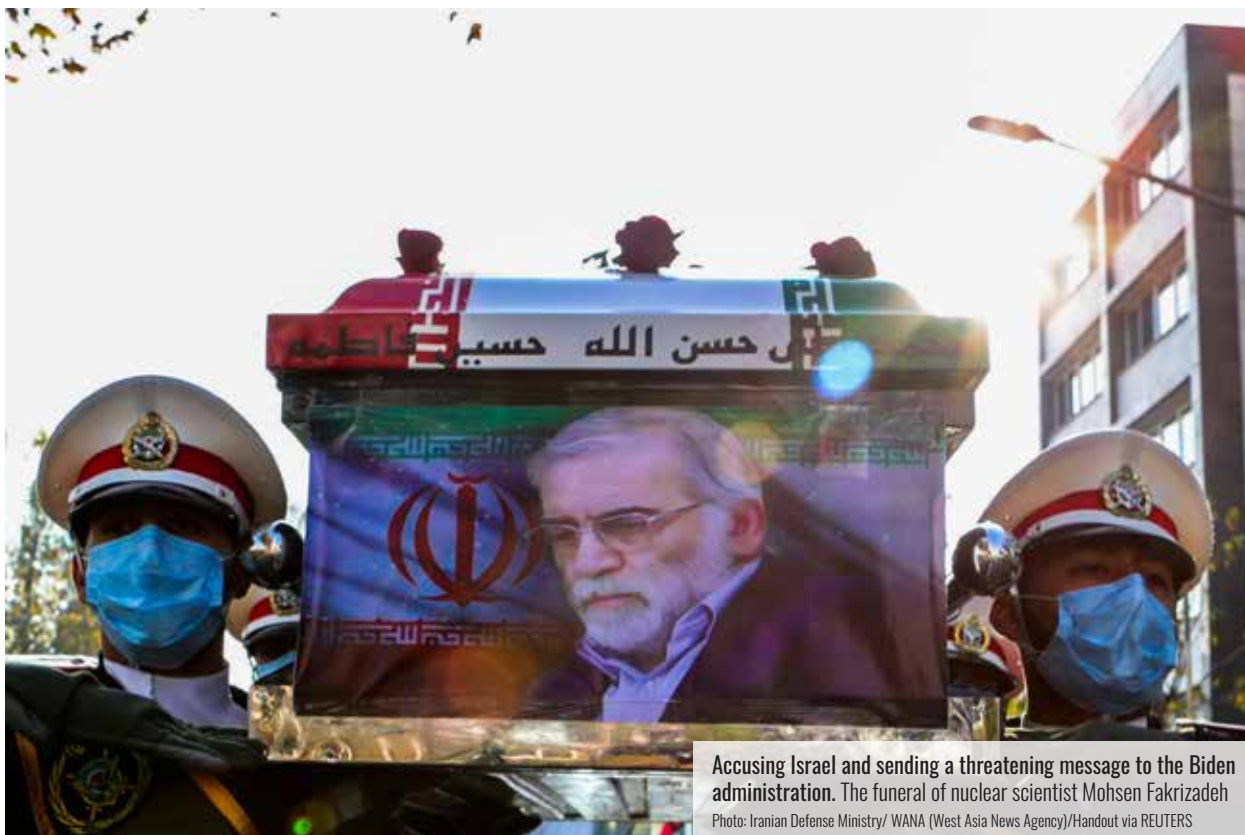
Accusing Israel and sending a threatening message to the Biden administration. The funeral of nuclear scientist Mohsen Fakrizadeh
Photo: Iranian Defense Ministry/ WANA (West Asia News Agency)/Handout via REUTERS

to the Iranian regime. The regime's inability to devise an effective response has led Tehran to rely more heavily on cyber warfare, including attempts to attack the water system in Israel and efforts to attack the Israeli banking system and other Israeli civilian organizations. In addition, Iran's rivalry with Russia and Turkey over influence in Syria continues. These disputes and difficulties, however, have not changed Iran's long-term interest in Syria, which Tehran strives to deepen by consolidating its inroads in Syria's security, economic, educational, and cultural-religious establishments. In Iraq as well, despite its considerable influence, Tehran is aware that Iraqi Prime Minister Mustafa al-Kadhimi seeks to balance Iran's influence against that of Washington and hopes to achieve closer ties with the Gulf states, Jordan, and Egypt. The normalization agreements between Israel and the United Arab Emirates and Bahrain, and in particular the future supply of F-35 aircraft to the UAE and the thawing of relations between Israel and Sudan, an ally of Iran in the more distant past, are alarming to Tehran.

The nuclear realm: Despite these internal and external difficulties, Iran has continued to advance its nuclear program in violation of most of the clauses in the nuclear agreement. According to a report published by the International Atomic Energy Agency (IAEA) in September 2020, Iran possesses over 2.5 tons of uranium with a low level of enrichment, and its enrichment efforts continue at two sites. In addition, gas has been fed into advanced centrifuges, and a deep underground facility for assembling new centrifuges is under construction in place of the Natanz site that was sabotaged and severely damaged. The IAEA also does not accept Tehran's explanations of its nuclear activity at sites that were not reported to the agency, in violation of Iran's obligations under the NPT. Following the killing of Fakhrizadeh, the ensuing threats of a harsh response against the perpetrators, and Iran's accusations against Israel of responsibility for the killing, a hostile message was sent to the incoming US administration: a law was passed by the Majlis demanding that the Iranian government raise the level of uranium enrichment to 20 percent, renew the activity of the research reactor in Arak, and cut back cooperation with the IAEA. The Iranian parliament demanded that these actions be taken within two to three months, unless all

> Iran has continued to advance its nuclear program in violation of most of the clauses in the nuclear agreement.

of the sanctions against Iran were removed. On January 4, 2021 Iran announced it resumed enrichment to 20 percent.

What Does 2021 Hold in Store?

Joe Biden's victory in the US presidential elections is unquestionably a positive development for Tehran, mainly because Donald Trump has left the White House and Biden has announced his willingness to return to the nuclear agreement. A heated debate is already underway in the Iranian political system about the resumption of negotiations with the United States. In principle, the pragmatic camp, led by Iranian President Hassan Rouhani, supports a renewal of the dialogue with Washington, in the hope that this will lead to the removal of sanctions and an improvement in the situation of the Iranian nation. The radical hardline camp, on the other hand, opposes any return to negotiations, claiming that the United States cannot be relied on, and that an effort should be made to solve Iran's economic distress through a "resistance economy," an approach adopted by Supreme Leader Khamenei. The dispute embodies political considerations that will be at the heart of the forthcoming presidential elections in Iran. Rouhani's opponents have no wish to supply their rivals with a political achievement before the elections. Furthermore, various statements by Biden and his advisers have sharpened the concern in Iran that the new US administration does not intend to fully remove the economic sanctions merely in return for a return to the nuclear agreement, and intends to demand improvements to the agreement, which Tehran opposes.

In addition, Iran, which is aware of the anticipated changes in the new administration's priorities, will have to contend with a geopolitical environment that differs in a number of respects from the one of recent years, headed by an expected improvement in transatlantic relations. President Biden attaches importance to a renewal of the alliance between the United States and Europe and NATO. Iran benefited from the tension between the Trump administration and the United States' European allies, and adopted a policy designed to keep Europe on its side in its efforts to isolate the administration. This Iranian policy achieved considerable success, highlighted by the vote by European countries in the UN Security Council in October 2020 against extension of the arms embargo on Iran and their opposition to the US attempt to restore Security Council sanctions by exercising the snapback mechanism. In its relations with Russia and China, Iran must take into account those countries' desire to avoid a confrontation with the United States at the outset of Biden's term. There are possible new weapons transactions between the two countries and Iran on the agenda that have in any case been complicated by Iran's difficult economic situation.

Iranian Rial-Dollar Exchange Rate
2014-2021
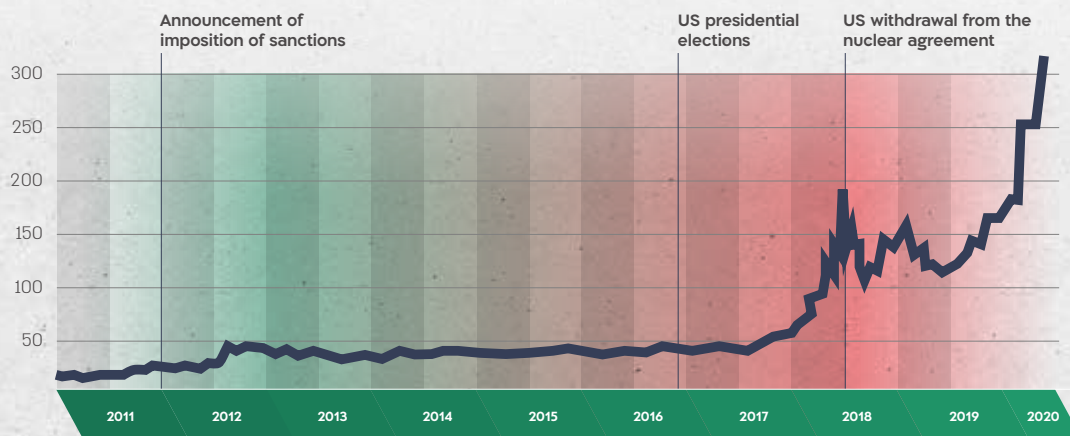
The figures are taken from the Bonbast.com website, relative to the dollar in thousands (300,000 rials to the dollar)

The various statements by Iranian leaders contain clear messages to the United States and European countries that define Iran's conditions for a possible renewal of the negotiations. While clearly these are opening conditions that are likely to change in the face of a concrete proposal from Washington and pressure from European parties with a strong interest in renewal of the dialogue, Iran's demands draw the following baseline: there must be an absolute removal of the sanctions imposed by the Trump administration, as a prior condition for returning to the nuclear agreement; the 2015 nuclear agreement must be seen as a fait accompli, and not subject to negotiation; and there must be compensation for the damage caused to Iran in recent years by the re-imposition of sanctions.

| Iran's Conditions for Renewing Negotiations

01 A demand for complete removal of the sanctions imposed by the Trump administration as a prior condition for returning to the nuclear agreement

The nuclear agreement from 2015 is a fait accompli, and is not subject to negotiation **02**

03 Compensation for the damage caused to Iran by the re-imposition of sanctions

The complex landscape in early 2021 differs from the situation in the years 2013-2015, when negotiations took place between the P5+1 countries and Iran. Inter alia, a number of processes and dates are on today's agenda, and some clash with each other. On the one hand, there is a clear desire among the Biden team to act quickly to revoke the measures taken by Trump on a number of matters, among them the Iranian issue. It is therefore likely that Biden's advisers will try to take advantage of the period before Rouhani and Iranian Foreign Minister Mohammad Javad Zarif, a familiar interlocutor, leave office, in order to establish some kind of dialogue. European parties share this priority, and will likely formulate a proposal that they hope Tehran will approve. On the other hand, it is doubtful whether the Tehran leadership will be ready for such a major step before the Iranian elections, because the issue of a dialogue with the United States will certainly feature prominently in the election campaigns of all the candidates. Furthermore, the explicitly suspicious attitude of Supreme Leader Khamenei toward the United States has become even more extreme. There is no doubt that he is weighing his legacy, in which Iran's resistance policy takes clear priority over any dialogue with the "Great Satan."

In addition, the United States requires "time for diplomacy" with European countries and with Russia and China – partners in the nuclear agreement. Presumably in the period between Biden's inauguration and the June 2021 elections in Iran, if the United States and Iran wish to renew their dialogue, what are possible are mainly initial confidence building measures, without deep deliberations on the existing substantive problems. Biden has already lifted the ban on visits to the United States by citizens of certain Muslim countries, among them Iran, and there is talk about improved routes for bank purchases of food and drugs, and possibly also a partial release of frozen Iranian funds for this purpose.

The Biden administration's desire to resume dialogue with Iran, and especially to ensure a rollback of Iran's nuclear program, are likely to prompt a "hard-to-get" attitude from Tehran, especially in the absence of a substantial easing of the sanctions. Lack of progress is also liable to have an impact on the policy of Iran and the Shiite militias in Iraq, which have expanded the range of their independent activity since Soleimani was killed. These militias and Iran may well test areas of flexibility vis-à-vis the new administration in Washington, and signal the possible price of an absence of dialogue.

Iranian hardliners oppose a return to negotiations with the United States. Supreme Leader Ali Khamenei
Photo: SalamPix/ABACAPRESS.CO

Policy Recommendations

◼ First, Israel must decide how to approach the stated objective of President Biden and the United States' European partners to return to the nuclear agreement as their preferred way of halting progress in Iran's nuclear program.

◼ Israel would do well to define and present its interests, but should refrain from an absolute rejection of the dialogue in order to avoid a conflict with the new administration.

◼ Israel should strive to convince the Biden administration not to abandon the sanctions leverage, or even to return to the original nuclear agreement in the first stage in exchange for Iranian willingness to resume negotiations. An effort should be made to persuade Washington to use the sanctions leverage to enable an extension and improvement of the nuclear agreement.

◼ In the interim period before Biden takes office, it is important to refrain from provocative measures, in order to avoid damaging trust among the incoming administration, which could have a negative impact on Israel's ability to influence Iran's future activity.

On regional issues, it is important for Israel to underscore its policy toward Iran in the Syrian theater, convince Washington to deliver a clear warning to Iran not to take action against Israel in retaliation for the killing of Fakhrizadeh, and encourage the new administration to restate publicly its support for Israel's national security, with an emphasis on Israel's right to self-defense. Israel currently enjoys greater understanding of its security interests as a result of Iran's nuclear ambitions and regional policy, and due to the danger of an arms buildup by Iran and its proxies in the region, which includes advanced missiles and weapon systems. This understanding is an important basis for agreement between Jerusalem and the Biden administration, as well as with European countries. Israel should conduct firm talks in these contexts, with the requisite sensitivity.

In conclusion, the nuclear question should be at the top of Israel's priorities. With all their importance, the regional issues – led by Iranian intervention in Syria and Lebanon – are of secondary importance. It is preferable not to put them in the same category as the nuclear issue in order to avoid an unnecessary loss of time.

5 The Northern Arena: Proactivity in Order to Weaken the Iranian-Shiite Axis

Udi Dekel, Carmit Valensi, and Orna Mizrahi

Photo: REUTERS/Ali Hashisho

Snapshot

Iranian entrenchment in Syria · Collapse of Lebanon, with ongoing Hezbollah military buildup, including precision missile project · Potential escalation to a "northern war," despite deterrence and the desire to avoid it
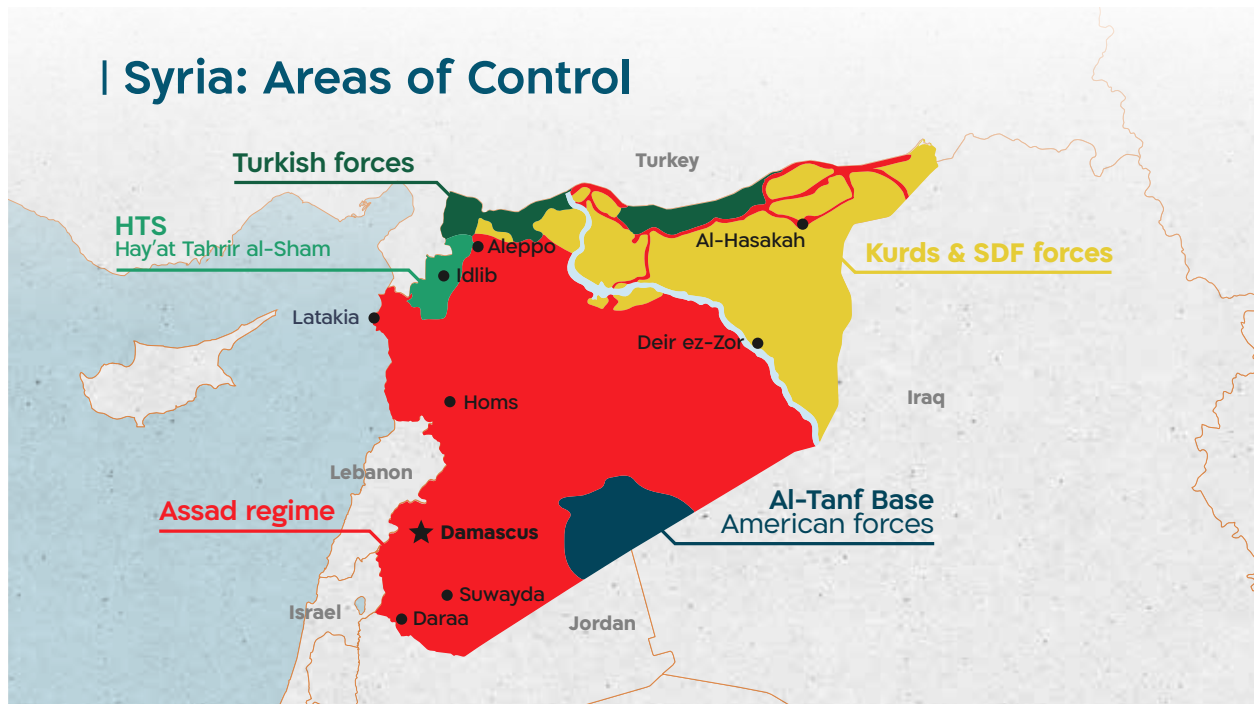
Recommendations

Prepare for "northern war" as the primary military threat, while pursuing political and security efforts to prevent it · Adjust public expectations as to the costs of the war to the home front · Continue "campaign between wars"

Shiite Axis under Pressure

The consolidation of the Iranian-Shiite "war machine" in the northern arena is the most severe conventional threat to Israel's security. To be sure, Iran is weathering one of its worst periods ever under the regime of the ayatollahs; this in turn impedes the military buildup of the axis it leads, which includes Hezbollah and the Assad regime. Buildup of the war machine intended for attack on Israel's northern arena continues, however, including equipment with rockets, missiles (with improved precision), and offensive unmanned aerial vehicles; development of offensive and defensive cyber capabilities; training of terror squads for terrorist attacks in the Golan Heights; and training of land forces to infiltrate into Israel from Lebanon. At the same time, given the challenges and constraints facing the axis coalition, Iran does not want a war with Israel at the current time and under the current conditions. Despite its commitment to avenge the killing of Mohsen Fakhrizadeh, father of the Iranian nuclear program, Iran is therefore carefully weighing its steps – at least until the ramifications of the end of the Trump era and Biden's entry into the White House are clear.

In Syria, the Assad regime is hard pressed to regain control over all parts of its former territory and restore Syria to a sovereign and functional country. The map showing who controls which areas in Syria has remained frozen as a result of the large number of elements present: Turkey, US forces, internal opposition groups, Kurds, tribal groups,

and ISIS. In addition, there are difficulties in governance and a diminishing commitment among the pro-Assad coalition – Russia and Iran – to continue fighting on behalf of the Syrian regime. At the same time, the regime's actions have become even more dictatorial and violent. The population in Syria will therefore continue to suffer from rifts and rivalries, and most of the Syrian refugees will not return to their homes and their country. The economic crisis in Syria has deepened, with shortages of bread, fuel, and other basic commodities. Poverty and hunger have become ubiquitous, inflation has skyrocketed, infrastructure has been destroyed, and the COVID-19 pandemic has compounded all these woes. It is generally believed that Syria's reconstruction will take many years and require some $300 billion in aid.

Syria: Areas of Control

Turkish forces

HTS
Hay'at Tahrir al-Sham

Kurds & SDF forces

Assad regime

Al-Tanf Base
American forces

This reality has amplified Syria's dependence on external support, primarily Russia and Iran. Russia wants to institute political reforms in Syria, provided that the current regime is preserved, in order to convert its military success in the Syrian civil war into a political achievement and prolong its influence in the country and the entire region. Moscow believes that there is no strong figure in Syria that can replace Assad as president, despite his limitations and drawbacks. At the same time, the military-defense agreement between Syria and Iran signed in July 2020 indicates that President Assad is avoiding exclusive dependence on Russia, and wants to strengthen his military alliance with Iran. Assad, with Iranian support, is doing whatever he can do to torpedo the process of political reforms, for fear of eroding his powers and even losing his throne. The clashing interests of Russia and Iran, manifested in competition for increased influence in Syria, and especially Assad's maneuvering between them, make it difficult to put Syria on the road to governmental reforms and reconstruction.

Although Moscow endeavors to keep its promise to the United States and Israel to maintain Iran's presence and influence outside of southern Syria at a distance of 80 kilometers from the border with Israel, Iran has steadily tightened its grip on the area, with an effort to entrench its proxies close to the border in the Golan Heights, in order to form another front against Israel. Iran is relying mainly on Hezbollah; Syrian army units subject to its influence (among them the 4th division under the command of Maher al-Assad); recruitment of local Syrian groups and individuals in local defense militias founded, trained, and armed by Iran; and internal security agencies.

The story of the political efforts to find a political solution for the situation in Syria – the Astana and Geneva processes – demonstrates that in the Syrian theater, facts are first established on the ground, and thus the foundations for the future of Syria are determined by a division of influence between the actors involved, not by international peace processes. Assad has no desire to decentralize political power or to promote political reforms, as demanded by the Geneva process. In his view, the Syrian opposition groups are nothing more than representatives of terrorist groups operated by Western countries opposed to continuation of his rule, and his unwillingness to compromise with them has thus far served him well.

The consolidation of the Iranian-Shiite "war machine" in the northern arena is the most severe conventional military threat. Military parade in Tehran
Photo: REUTERS/Stringer

Lebanon is mired in a three-pronged crisis: economic collapse (hyper-inflation, bankruptcy, poverty, unemployment, negative growth, emigration); loss of governance (paralysis in the political system, corruption, ongoing demonstrations); and a healthcare crisis caused by the COVID-19 pandemic.

The United States continues to maintain a military presence in Iraq and eastern Syria, albeit limited, for the purpose of preventing a resurgence of the Islamic State and Salafi-jihadist groups. At the same time, the US is striving to restrict Iranian influence in the region by thwarting the Iranian-Shiite axis land bridge between Iraq and Syria, and from there to Lebanon. In addition, the presence of US forces facilitates the continued Kurdish autonomy and the functioning of the Kurdish-dominated Syrian Democratic Forces (SDF) and their control over natural resources in eastern Syria.

Turkey, preparing for a prolonged stay in northern Syria, seeks to prevent both territorial continuity under the control of the Assad regime and independent rule of the Kurdish cantons in northern and northeastern Syria. As part of this effort, Turkey is trying to turn the areas under its control in Syria into military, economic (including use of Turkish currency), social, and cultural (study of the Turkish language, for example) protectorate territories. President Erdogan is still striving to create infrastructure for settling Sunni refugees in the Kurdish strip under its control, due to the heavy burden for Turkey created by the presence of 3.6 million Syrian refugees in Turkish territory. For Turkey, Syria also constitutes a site for the recruitment of mercenaries from the ranks of the Syrian rebels for military service in areas extending from Libya to the Caucasus. The fighting in the Idlib district highlighted the stark clash of interests in Syria between Russia and Turkey, and on the other hand, their mutual interest in avoiding a direct clash between them.

Shifting Tides

Iran has found it difficult to synchronize between its theaters of influence – Iraq, Syria, and Lebanon – in the framework of the Shiite axis, despite its determination to continue building military, political, economic, and social infrastructure to safeguard its influence in these areas in the long term.

■ In Syria, Iranian entrenchment has been slowed by the killing of Quds Force Commander Qasem Soleimani, Israel's campaign between wars and the United States policy of "maximum pressure" on Iran,

> The military-defense agreement between Syria and Iran signed in July 2020 indicates that President Assad is avoiding exclusive dependence on Russia, and wants to strengthen his military alliance with Iran.

> As long as Assad stands at the head of the Syrian regime, Syria cannot progress toward stability as a functioning and egalitarian country in which all ethnic groups and tribes coexist on an equal footing.

in addition to the challenges facing Iran in its internal theater. The result has been a downsizing of the Iranian forces in the field and a modus operandi that relies more on local groups. At the same time, economic problems have led Iran to put greater emphasis on civilian consolidation (religion, education, control of land), and increase its efforts in operating drug smuggling networks in order to expand its influence through financing, given its extensive financial difficulties.

■ Elements in the Assad regime that formerly regarded Iran as an asset now perceive it as a liability. This is true even more so from Russia's standpoint, because Iran is hampering efforts to stabilize Syria, implement reforms, and open the door to international aid. The competition between Iran and Russia over influence in Syria has recentl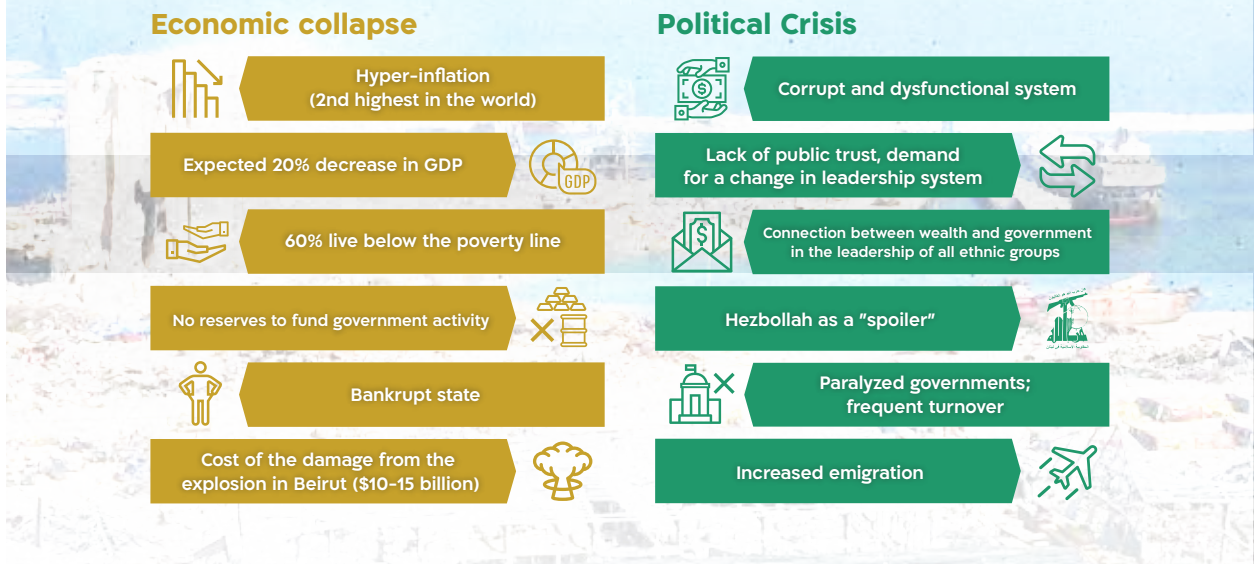y focused on the southern part of the country. Each of them is organizing local forces loyal to it, and a struggle is underway between them for control of the Quneitra, Daraa, and Suwayda provinces.

■ The appointment of Mustafa al-Kadhimi as Prime Minister of Iraq in April 2020 has created potential for a change in the balance of power between the government and the Popular Mobilization Forces, supported by Iran. This development could have a negative impact on Iran's grip on the country.

■ The collapse of Lebanon: Internal and external distress is causing problems for Hezbollah, which is battling to preserve its leading status, influence on decision makers, military power, and freedom of action. Its ability to serve Iranian interests is therefore likely to diminish.

■ A new regional axis is forming as a result of accelerated normalization between Israel and pragmatic Arab countries, together with Jordan and Egypt. This axis is emerging as both an anchor of stability and a barrier against the spread of the Iranian-Shiite and Turkish-Qatari axes. The potential change in the regional atmosphere joins Lebanon's agreement, following a decade of steadfast refusals, to hold talks with Israel on delineating the maritime border between them.

The change of the US attitude toward Iran under the Biden administration – with an easing of both the sanctions and the "maximum pressure" – is likely, together with willingness to return to the nuclear agreement. A moderate attitude will enable Iran to resume its destabilizing activity in the region, invest in strengthening the Shiite axis, step up its consolidation in Syria, and recruit and utilize Syrian combat forces to intensify friction on the Golan Heights border. This will offset the advantages of "maximum pressure" in thwarting consolidation of the Iranian axis.

Three trends are emerging in Lebanon. The first is ongoing collapse, loss of governance, and economic bankruptcy, with no solution on the horizon. The second is mounting international pressure on Hezbollah and internal criticism of the organization, which from Hezbollah's perspective increases the tension between Lebanon's national interests and Hezbollah's sectoral interests and commitment to the Shiite axis, and magnifies Hezbollah's dilemmas concerning an active conflict with Israel. The third is the enlistment of the international community, especially the West, in the effort to aid Lebanon, which is still contingent on the advancement of governmental reforms and the fight against corruption. This will indirectly have a negative impact on Hezbollah. The organization, despite its distress, will not lightly forego its dominant position in the Lebanese order, and can be expected to take action to hamstring political and economic reforms that weaken its status. Hezbollah will make it hard for Lebanon to obtain international economic aid, and is also likely to strive to prevent the achievement of understandings in the negotiations with Israel on the maritime border and the broadening of these contacts to include discussion of other issues.

| Lebanon: A Failed State

Economic collapse

- Hyper-inflation (2nd highest in the world)
- Expected 20% decrease in GDP
- 60% live below the poverty line
- No reserves to fund government activity
- Bankrupt state
- Cost of the damage from the explosion in Beirut ($10-15 billion)

Political Crisis

- Corrupt and dysfunctional system
- Lack of public trust, demand for a change in leadership system
- Connection between wealth and government in the leadership of all ethnic groups
- Hezbollah as a "spoiler"
- Paralyzed governments; frequent turnover
- Increased emigration

Possible Changes in 2021

The battle over influence in Syria between Moscow and Tehran may move toward a collision: Russia is interested in stabilizing Syria and turning it into a functional tool, in part by increasing its role in the reconstitution of the Syrian army and the inclusion of rebel and Kurdish groups. For its part, Iran wants to turn Syria into a proxy through deep and multifaceted penetration of Syrian security, economic, educational, social, cultural, and religious institutions, while at the same gaining control over critical infrastructure, supporting pro-Iranian militias, and being involved in building the army and ideological and demographic change. These Iranian goals, especially those that weaken Russian dominance in Syria, are interpreted in Moscow as destabilizing factors.

The removal of Assad from the Syrian throne: As long as Assad stands at the head of the Syrian regime, Syria cannot progress toward stability as a functioning and egalitarian country in which all ethnic groups and tribes coexist on an equal footing. In order to upset the situation, liberate Syria from the Shiite axis and Iranian grip, and position the country on the path to stability and recovery, there is no avoiding the need to rid Syria of Assad's leadership. It is recommended for Israel to abandon the idea that "better the devil you know," who opened the door to Iran and the slaughter in Syria, "than the devil you don't know." Instead, Israel should support Assad's removal, preferably in coordination with Russia and with the support of the United States. This will require a quid pro quo for Russia, in the form of an easing of the international sanctions against it, despite the difficulty resulting from mutual distrust.

Hezbollah has two options for generating change in Lebanon. One is a military takeover of the country in order to preserve its leading status. The second is escalating the military friction along the borders with Israel in Syria and/or Lebanon, in part for the purpose of diverting attention from distress at home, and maintaining the deterrence equation with Israel in Lebanon and extending it to the Syrian theater, in the service of the Shiite axis, in order to create another front against Israel. At this stage, it appears that Hezbollah has chosen a third option: "strategic patience" – refraining from hasty steps and focusing on enhancing its influence over the Lebanese establishment, while preserving its power and military independence in Lebanon and Syria.

As for Lebanon itself, there are two possible changes. The first is success in the effort by Western countries to promote a process of gradual reform as a condition for the provision of guaranteed aid. The second is negative – a worsening of the internal situation and an increase in internal political friction, culminating in chaos and/or the outbreak of another civil war.

Lebanon
Shiite population areas dominated by Hezbollah

Shiite population
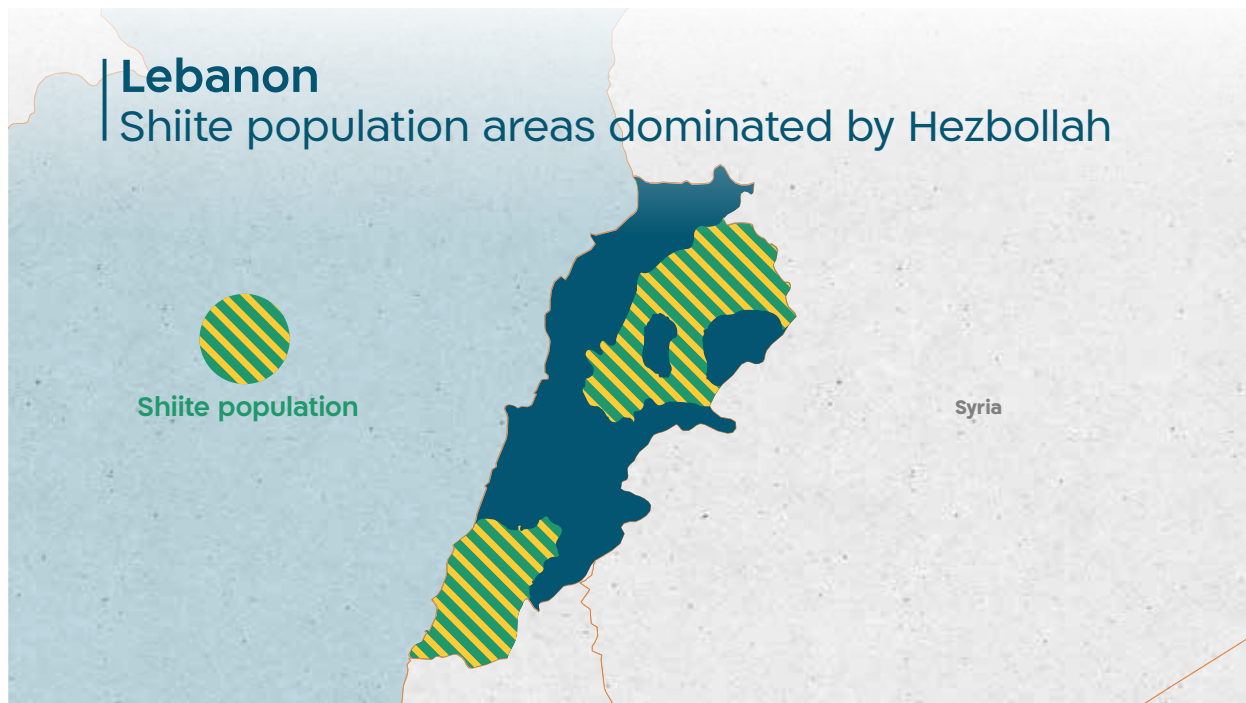
Syria

Withdrawal of United States forces from Iraq and eastern Syria: The Trump administration portrayed the freeze of the situation in Syria as an achievement, including the inability of the Assad regime and its supporters to gain control over all areas of the country, the stalwart stand of the Kurds and their control of northeastern Syria and the country's energy resources, and the Turkish presence on Syrian territory as a counterweight to Russian and Iranian influence in the country. The United States, however, is searching for a propitious moment to further reduce its involvement in the region. Withdrawal of its forces from Iraq and Syria will generate new trends, mostly negative for Israel, such as a stronger Iranian grip in the region and fortification of the land bridge from Iraq to Syria. On the other hand, it is possible that an American withdrawal will lead to increased competition between Russia and Iran over control of energy resources in Deir ez-Zor.

For Russia and the United States, Syria can be an area of cooperation. Syria is a theater of international crisis that includes both Russian and US military forces. The two countries have created an effective mechanism for preventing friction between them. Indeed, Syria is the only theater in which President Vladimir Putin and President Joe Biden are likely to achieve political agreement based on common interests – reducing Iranian influence in Syria – toward stabilization of the country on the basis of governmental, civil, and economic reforms. Moscow is hinting that it will be receptive to a deal with Washington if it includes agreement on Assad's right to run in presidential elections, while implementing reforms that include the opposition in the governmental bodies, as well as economic benefits for Russia in the process of reconstruction in Syria.

Dissolution of Syria as a country: In effect, Syria has been split into a number of distinct regions. The Assad regime controls about 60 percent of Syria's territory – the country's backbone extending from Aleppo to Damascus. In the rest of the country, the rebels and jihadist groups under Turkish protection control the Idlib area. Turkey, which aims to achieve dominance in the northern part of the country and prevent the consolidation of Kurdish autonomy, controls a strip in northern Syria next to its border. The Kurds are maintaining their autonomy in northeastern Syria. In southern Syria, there are enclaves controlled by Assad's forces, local forces under Russian protection, militias subject to Iranian influence, opponents of the regime, and Druze. This situation is likely to gain permanence with time, thereby denying the vision of a united Syria within the country's borders. Continued economic decline and an absence of external aid are also liable to cause the collapse of the Syrian state.

Success in Western efforts to promote reforms or a worsening of the internal situation to the point of chaos. Protester in Lebanon after the blast at the Beirut port
Photo: REUTERS/Mohamed Azakir

Policy Recommendations

Israel has four strategic options:

- Continuation of the current policy: Adapting and adjusting to changes in the situation – continuation of the ongoing open and overt campaign between wars below the threshold of war, aimed at disrupting and reducing the military buildup of Iran and its proxies on the northern front. This includes maintaining military freedom of action on the northern arena and utilizing assistance from Russia in pushing Iranian military consolidation away from Israel's border, currently with an emphasis on southern Syria, coupled with an effort, via Moscow, to influence any future arrangement in Syria. It also involves continued close coordination with the United States.

- A proactive policy to expel Iran and Hezbollah from Syria, which can also lead to the removal of Assad from office, while taking advantage of the weakness of the Iranian-Shiite axis and continuing strategic coordination with Russia and the United States. This requires Israeli intervention in southern Syria to strengthen local forces, and the formation of relations with local population groups opposed to the regime with humanitarian aid – food, fuel, and medical support – in order to create islands of Israeli influence that will carry weight in southern Syria and thwart the expansion of Iranian consolidation there.

- Pursuit of the potential of the political channel – primarily with Lebanon, and as a follow-up to the negotiations on the maritime border – to formulate and offer political and economic rewards for implementing a political process and connecting Lebanon to the axis of pragmatic and responsible Arab countries.

- A change in the approach of force operation: In Lebanon – attacking targets in the precision missiles project, coupled with willingness to risk escalation with Hezbollah, and taking advantage of the organization's military and political weakness, a development that could possibly advance options for putting Lebanon on the path to recovery, with Western and Arab support. In Syria: stepping up attacks on Iranian targets, including targets of the regime, before Iran gains renewed confidence from the changed American attitude with Biden in the White House.

6 The Palestinian Arena: Preserving the Status Quo or Seeking Change?

Udi Dekel and Noa Shusterman

Photo: REUTERS/Debbie Hill

Snapshot

Political, economic, and healthcare low points · Failed attempts at Fatah-Hamas reconciliation · Israel prefers the status quo and seeks a long-term ceasefire with Hamas · Palestinians anticipate improved relations with the US

Recommendations

Strengthen the PA as the responsible address for the Palestinians in the West Bank · Transitional arrangements toward separation · Security calm from Gaza in exchange for improvements to civilian life and infrastructure

The Torments of 2020

When the normalization agreements between Israel and the United Arab Emirates and Bahrain were signed, and following the announcements on relations with Sudan and Morocco, the Palestinian system found itself at one of its starkest moments of strategic weakness. These events symbolized the loss of an important strategic asset – veto power over normalization between Israel and the Arab world – and provided further evidence of the relegation of the Palestinian issue to the sidelines of the regional and international agenda. Despite the consent reached in Istanbul (September 2020) on reconciliation between Fatah and Hamas, which was meant to redress the weakness and distress of the Palestinian system, the split between them endures, and the arena remains fragile and subject to severe health and economic crises.
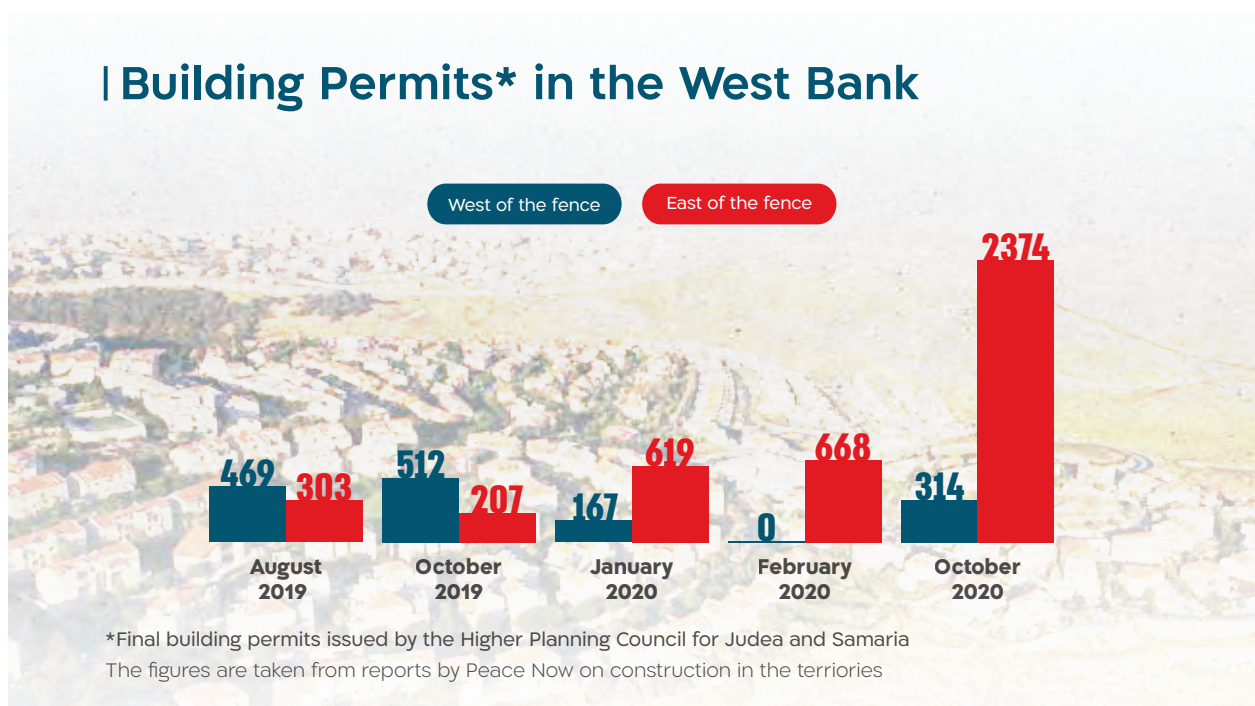
Four seminal developments made 2020 an especially challenging year for the Palestinians:

a. The Trump plan: In January 2020, President Trump presented the "deal of the century" – a new paradigm for resolving the Israeli-Palestinian conflict and adjusting the architecture of the Middle East, based on an Arab-

American-Israeli coalition. The plan overturned the principles that have guided the political process between Israel and the Palestinians for the past three decades, including the Palestinian leadership's belief that time works in favor of the Palestinian national project, and that eventually the international community will impose Palestinian conditions for a settlement on Israel. The plan was rejected by the Palestinian Authority and the other Palestinian currents because it essentially adopted the Israeli positions – keeping settlements in place and leaving Israel with increased security power – and offered the Palestinians authority over a limited entity. With the election of Joe Biden as President of the United States, the Trump plan has lost its direct relevance, but its implications for a new regional order remain.

b. Israeli annexation intentions: With the announcement of the Trump plan, Prime Minister Benjamin Netanyahu declared that he would soon take action to apply Israeli sovereignty to territories in the West Bank (annexation) in accordance with the Trump plan (up to 30 percent of the West Bank). The Palestinian leadership responded with the limited means available to it – suspending the security and civilian coordination and agreements with Israel, and refusing to accept the money from taxes collected by Israel. In addition, there were efforts toward intra-Palestinian unity and reconciliation between Fatah and Hamas. It became clear to the respective leaderships in the West Bank and the Gaza Strip that there is little response from the Palestinian public to calls for a popular struggle. Israel suspended the annexation for an undefined period in return for the normalization agreement with the United Arab Emirates.

Building Permits* in the West Bank

West of the fence   East of the fence

	August 2019	October 2019	January 2020	February 2020	October 2020
West of the fence	469	512	167	0	314
East of the fence	303	207	619	668	2374

*Final building permits issued by the Higher Planning Council for Judea and Samaria
The figures are taken from reports by Peace Now on construction in the terriories

c. Normalization: The announcements by the United Arab Emirates, Bahrain, Sudan, and Morocco on establishing official relations with Israel were the most severe blow, as they demonstrated that a comprehensive agreement on establishing a Palestinian state based on the 1967 borders with its capital in East Jerusalem, with a right of return for refugees, is no longer a precondition for the normalization of relations between Arab countries and Israel. The normalization agreements clearly symbolized the erosion of the Palestinian issue and showed that individual interests of Arab countries override the Palestinian interest. The PA's attempt to pass a condemnation of the normalization trend at the Arab League also failed. The Palestinian response to the normalization trend began with a public bang and ended with a feeble whimper.

d. Health and economic crises: The economic crisis in the Palestinian Authority and the serious humanitarian situation in the Gaza Strip worsened due to the spread of COVID-19, which intensified in late 2020; the severed coordination with Israel for half a year; and a decline in monetary assistance from Arab countries.

The most severe blow to the Palestinians. Signing the Abraham Accords at the White House
Photo: The White House

Trends for 2021

Mahmoud Abbas and the Palestinian Authority leadership were hard-pressed to cope with the decided pro-Israel policy of the Trump administration, and Biden's election signals what they anticipate will be a new, more favorable direction from the United States. It also boosts their hope that the change in administration will shelve Trump's plan and steer the political process back to the Palestinians' preferred path – based on an international framework and decisions that do not force them to be significantly more flexible regarding the resolution of the Israeli-Palestinian conflict.

The suspension of the application of sovereignty by the Israeli government for an undefined period of time was accompanied by reversion to the policy of practical creeping annexation and the expansion of construction in all the West Bank settlements, including those east of the security barrier, without a future vision for separation. The Israeli government sees no reason to advance a political process with the Palestinians, as it believes that the current situation is preferable to other alternatives – certainly now that it has breached the barrier of establishing normal relations with the Arab world. Right wing figures believe that time is working in Israel's favor, and therefore the risk inherent in the two-state solution is receding. Even if Israel answers the call to return to the negotiating table, it is expected to demand that the Trump plan serve as a basis, or at least a point of reference, for negotiations – a demand that the Palestinians will refuse to accept.

"Sumud" – steadfastness – is the principal bastion of the Fatah and Hamas leaderships. As with any crisis in the Palestinian camp, three operational possibilities return to the agenda: intra-Palestinian reconciliation; the threat to dissolve the Palestinian Authority and "return the keys" to Israel; and escalation. But in practice, the leaderships of both Fatah and Hamas wish to preserve their historic achievements, and the implementation of these alternatives is unlikely: the Fatah leadership will not relinquish its senior status within the PLO, the Palestinian Authority, and the institutions of the state-in-the-making, and Hamas will not relinquish its control of the Gaza Strip. The increase in support for violence toward Israel among the Palestinian public, according to Palestinian Center for Policy and Survey Research (PCPSR) polls, has not in practice influenced terrorist activity on the ground, and in this respect a low level of activity in the West Bank has been maintained, despite the halted security coordination with the IDF. In the Gaza Strip there has been a significant decline in incidents near the border fence and rocket fire, and the flow of money from Qatar continues.

The Palestinian issue is expected to remain a low priority on the agenda of the Arab world, while immediate interests, first and foremost the struggle against Iran and containment of Turkey's expanded influence, override commitment to the Palestinian cause and instead spur efforts to establish a new regional coalition that includes Israel. Biden's election, which in the eyes of Sunni world leaders indicates a return to the policy of the Obama administration, with a conciliatory approach toward Iran in comparison with that taken by President Trump, could actually strengthen the emerging coalition against the Iranian-Shiite axis, and thus also consolidate Israel's standing as a senior member of the evolving regional system. While Turkey and Qatar seek to exploit the weakness of the Palestinian system in order to expand their influence over it, it is unlikely that the PA leadership will join them, which are identified with the Muslim Brotherhood, especially given the possibility that the Biden administration will display renewed openness toward the Palestinians. The Hamas leadership in Gaza also evidently understands that alignment with Turkish-Qatari camp is problematic, due to its rivalry with Egypt, which controls Gaza's lifeline – the Rafah crossing.

> The Palestinian issue is expected to remain a low priority on the agenda of the Arab world, while the struggle against Iran and containment of Turkey's expanded influence remain the immediate interests.

Agents of Change

Theoretical intra-Palestinian reconciliation: Abbas's willingness to enter unity discussions with Hamas acknowledges that in order to restore the Palestinian issue to the center of regional and international interests, and thus also to challenge Israel, the organizations need to come to some arrangement between them. However, advancing this process incurs a risk for Abbas and Fatah, because its success would serve as a springboard for Hamas's integration within the Palestinian Authority and the PLO, and advance its drive to take over these bodies. For Abbas, a new US administration is an opportunity to return his agenda to forefront, which mitigates his desire to advance reconciliation and elections. If it becomes clear that the Biden administration does not place a high priority on advancing a settlement between Israel and the Palestinians, and the Palestinian issue remains on the sidelines, the intra-Palestinian reconciliation efforts will resume. According to PCPSR polls, over 50 percent of Palestinians see the rift as the reason for the displacement of the Palestinian cause from the regional stage, but the majority of the Palestinian public does not believe that the reconciliation efforts will succeed. In addition, over 60 percent believe that the two-state solution is no longer viable.

The economic crisis and the COVID-19 outbreak in the Gaza Strip have forced Hamas to prioritize reaching understandings with Israel, in order to improve the bleak humanitarian and infrastructural situation in the territory. Within the ranks of the movement, the process of leadership elections has begun; once it ends – expected in the spring of 2021 – it will influence the understandings approach adopted by the Hamas leader in Gaza, Yahya Sinwar. At the same time, Hamas will continue to build its military power, and in particular, increase its stockpile and range of rockets and unmanned attack aircraft. From time to time Hamas enables rogue factions to launch an attack from the Gaza Strip toward Israel – reminding both Israel and its population that the military challenges are still in force – but it evidently prefers to avoid escalation.

Under Biden, the Democratic administration is expected to moderate the intensity of the US support for Israel in comparison to the Trump administration, and the European countries will likely try to convince it to revive the political process. The Democratic Party supports the two-state solution, but advancing the idea is unlikely to be a top priority for the administration. Biden's inner circle recognizes the importance of the Palestinian Authority for Israel, as it frees Israel from the direct burden of responsibility for the population in the territories. For this reason, the new administration will likely seek to ensure that the PA does not collapse economically and does not lose its political relevance, and that the diplomatic relations between Washington and Ramallah are revived, including by reopening the Palestinian mission in Washington; renewing the activity of the American consulate in East Jerusalem; and restarting American security assistance – monetary and training – to the PA's security apparatuses, while the PA and Israel resume security and civilian coordination. The PA announced that it will carry out reforms in the system of payments to terror prisoners and their families, to allow the administration to renew the economic aid, in light of the legislation in Congress against support for terrorists' families. Presumably the Biden administration will also seek to restore the monetary support for UNRWA (some $250 million a year), and in this way indirectly ease the financial and social burden imposed on the PA. However, Israel must condition this on increasing the inspection of the organization's activities.

Unemployment in the Palestinian Territories

	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Gaza Strip	42.7%	45.5%	49.1%	48.6%
West Bank	13.7%	14.2%	14.8%	18.7%
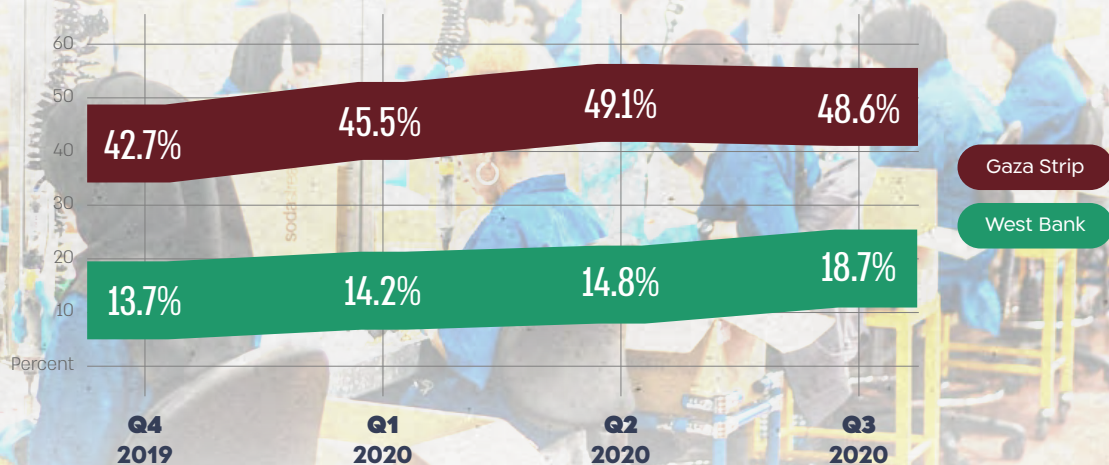
In a quarterly cross-section
Figures are taken from Gisha – Legal Center for Freedom of Movement

The Biden administration will challenge the Israeli government regarding the strategic objective of the two-state solution, and will thus cancel the green light that the Trump administration gave to continued construction in all the settlements, the demolition of Palestinian structures in Area C, and the other gradual annexation measures that in its view block the possibility of establishing an independent Palestinian state with territorial contiguity in the West Bank – all while attempting to prevent frequent clashes with the Israeli government. The Democratic administration is not expected to cancel the recognition of Jerusalem as the capital of Israel or return the embassy to Tel Aviv. In contrast, there is a high likelihood that the new administration will cancel the recognition of the legality of the settlements, and will apparently prefer to ignore the Trump plan for a final agreement, aside from the recognition of the two-state solution and the need to advance the Palestinian economy, infrastructure, and movement and access of goods, but will support the continuation of the normalization trend.
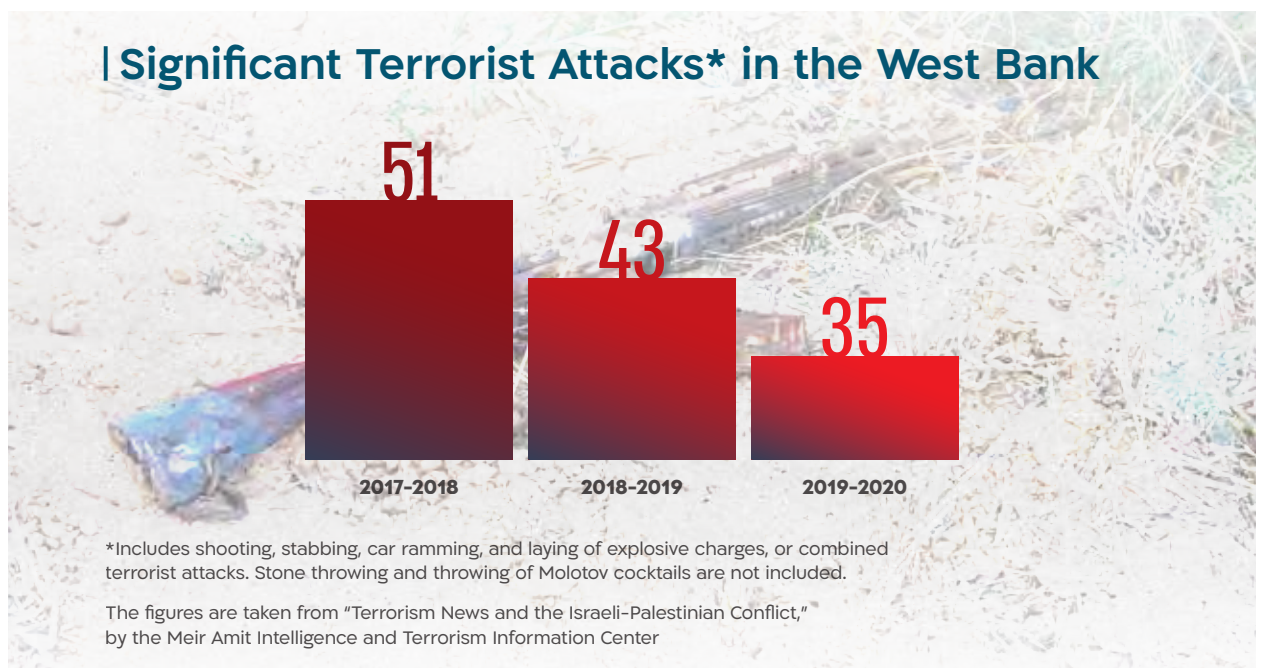
Possible Turning Points

Abbas's departure from the scene stands to influence the future of the PA and its governance capability. Succession struggles are expected, as are perhaps changed relations between Fatah and Hamas. Abbas's successor or successors (if there is a joint leadership) will likely adopt a confrontational approach toward Israel, and perhaps encourage violent popular resistance. The integration of Hamas in the PA leadership would deepen the divide between Israel and the PA and make it difficult to maintain the civilian and security coordination. Under these circumstances, states that define Hamas as a terrorist organization would face a dilemma of whether to recognize the new Palestinian leadership, even though Hamas continues to reject the demands of the Quartet as a condition for dialogue – recognizing Israel, respecting agreements, and preventing terrorism and violence.

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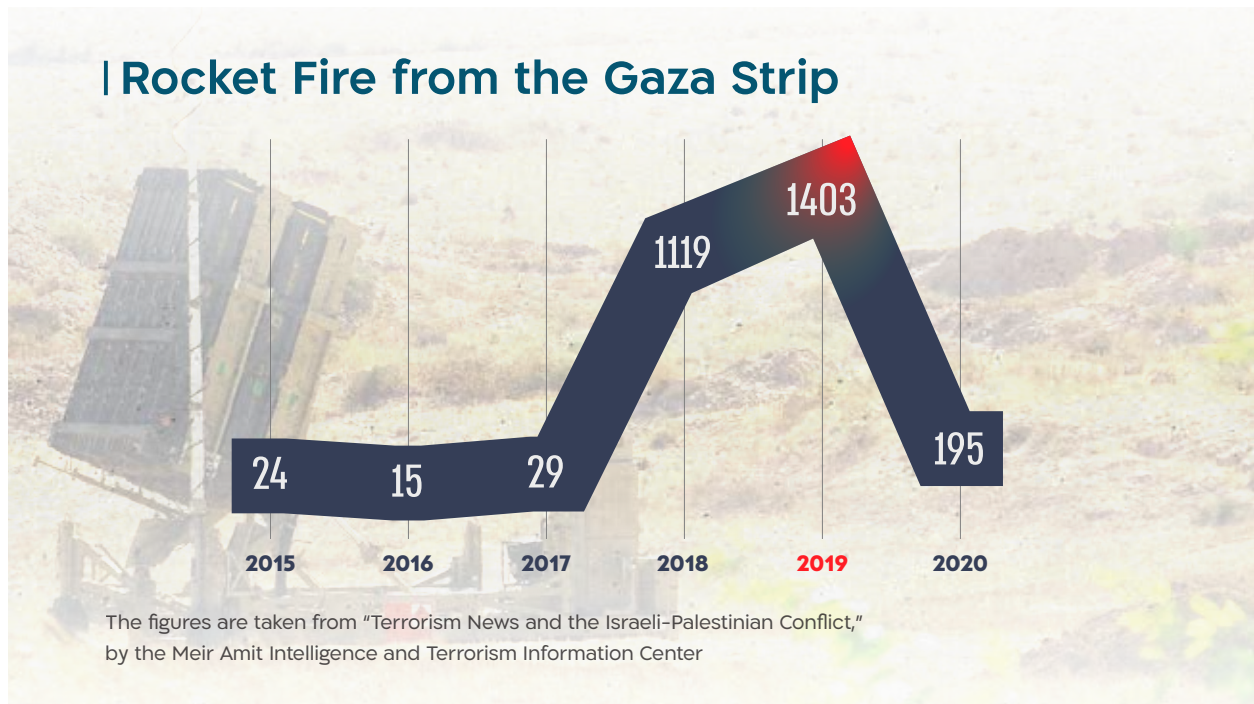
Limited rounds of escalation in the Gaza envelope could develop into a military conflict, if both Israel and Hamas feel it necessary to respond to the actions of the other side, or perhaps as a result of the severe humanitarian crisis in Gaza. In a military deterioration, Israel has two frameworks for response: a limited response – to restore deterrence and return to a period of calm; or a broad response, in order to dismantle the military wings of Hamas and Islamic Jihad, while making an effort to avoid being drawn into a prolonged presence in Gaza. A second development is the attainment of a long-term arrangement/ understandings, without or after a military operation, to establish a

Escalation dynamics could result in a large-scale conflict. Rocket launch during a Hamas exercise in the Gaza Strip, December 2020
Photo: REUTERS / Suhaib Salem

prolonged period of calm in return for widespread easing of the closure, as well as an agreement on the exchange of the civilians and the bodies of the soldiers held by Hamas in return for the release of prisoners. A third possible development involves actions by extreme factions, especially Islamic Jihad and other rogue factions that could torpedo containment and arrangement efforts and cause a military escalation.

| Significant Terrorist Attacks* in the West Bank

51

43

35

2017–2018   2018–2019   2019–2020

*Includes shooting, stabbing, car ramming, and laying of explosive charges, or combined terrorist attacks. Stone throwing and throwing of Molotov cocktails are not included.

The figures are taken from "Terrorism News and the Israeli–Palestinian Conflict," by the Meir Amit Intelligence and Terrorism Information Center

The Palestinian ability to inflict damage: In a situation of continued political deadlock and creeping Israeli annexation, and given the expansion of the normalization agreements between Israel and additional Arab countries, the Palestinian factions could come to the conviction that the only tool left in their arsenal is their ability to do damage, that is, the possibility to torpedo the normalization trend. Consequently, it is possible that they will make use of terrorism and violence with increasing intensity, in order to draw Israel into a military response that exerts pressure on the Palestinian population, which in turn would provoke harsh criticism in the Arab and international community and even stop the normalization process following domestic pressure on leaders of the pragmatic Arab countries. In addition, escalation would accelerate the prosecution proceedings against Israel in the International Criminal Court (ICC), which will apparently go into high gear in 2021.

| Rocket Fire from the Gaza Strip

| 24 | 15 | 29 | 1119 | 1403 | 195 |
| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |

The figures are taken from "Terrorism News and the Israeli–Palestinian Conflict," by the Meir Amit Intelligence and Terrorism Information Center

Policy Recommendations

The Palestinian system faces significant uncertainty that is influenced by a combination of events in Israel, the region, and the world, which could spark unintended consequences. The clear trend is of the weakening of the PA and the struggles underway within its ranks behind the scenes, in advance of President Abbas's departure from the scene. These struggles could undermine the performance of the PA and even lead to its loss of governance. The existence of a functioning, stable, and non-hostile Palestinian Authority is an essential interest for Israel, first, as the basis for a calm security situation, and second, so that the burden of responsibility for managing the lives of the Palestinians does not fall on Israel. A stable security situation is also an important component of deepening and advancing normal relations with Arab countries. Thus, Israel must adopt a supportive approach toward the Palestinian Authority and help it restore its functionality, especially with respect to the economy and healthcare (also in order to cope with the COVID-19 pandemic and its consequences). Strengthening the PA and opening up the possibility of a political process are expected to curb the burden of responsibility on Israel's shoulders of managing the lives of the Palestinian population, and improve Israel's relations with Jordan. Israel's interest is in integrating the PA into economic, technological, and other agreements that will develop following normalization with the United Arab Emirates and other Arab countries, so that it benefits from the advantages of regional cooperation and normalization.

While the Palestinians have lost their veto power over the establishment of relations between Israel and the Arab countries, and the principles dictated by the Arab Peace Initiative are seemingly no longer relevant, Israel should recognize that the Arab regimes that wish to join the normalization trend cannot afford to ignore the criticism of domestic and external opposition elements, and must demonstrate that they have not entirely abandoned the historic commitment to resolve the Palestinian issue. For this reason too, the possibility that the Biden administration will

work to advance a political process with the Palestinians is in Israel's interest. Israel will not benefit from pushing the Palestinians into a corner or from the annexation of territories east of the security barrier.

Israel must formulate a joint strategy with the Biden administration that rests on the understanding that currently the only viable option is shaping a reality of Israel's political, geographic, and demographic separation from the Palestinian Authority, in order to maintain the feasibility of a future settlement based on two separate and distinct entities. To this end, it is necessary to reduce the investment in the settlements east of the security barrier, without affecting the military control of the Jordan Valley and the IDF's freedom of operation throughout the West Bank.

With respect to the Gaza Strip, Israel must continue to maneuver between the need to maintain deterrence of Hamas and Islamic Jihad, in order to deny them achievements by means of force, and the need to pacify the situation in the Gaza envelope area. In order to alleviate the severe problems plaguing Gaza, Israel should, with the mediation of Egypt and the UN, advance understandings with Hamas on a prolonged period of calm. This can be achieved in return for easing the closure and significantly improving the civilian infrastructure in Gaza, with an emphasis on ensuring the regular supply of electricity and water and expansion of the population's sources of livelihood and means of subsistence.
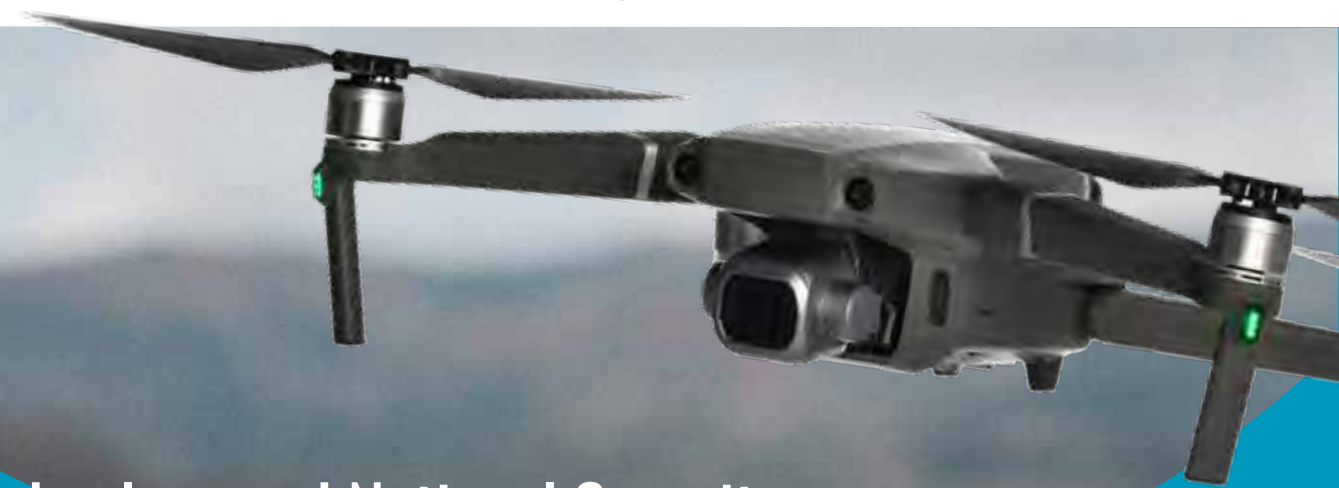
Technology and National Security
Liran Antebi

At the start of 2021, it is already clear that technology wields major influence in the international arena, particularly in the fight against the COVID-19 pandemic. Technology is a central axis in research on the pandemic and in attempts to develop vaccines and medicines; it has enhanced the ability to continue to provide various civil services and enabled workplace activity despite social distancing. In the past year, many of these functions proved to be related to national security, due to their impact on the functional continuity of states.

Alongside focus on the pandemic, there has been an increase in the artificial intelligence arms race, initial use of the 5th generation of cellular networks (5G), and attempts to influence large populations through fake news or the depiction of an alternative reality. The creation and distribution of these substitute narratives rely in part on artificial intelligence applications and on the social networks. Inter alia, these applications threaten the integrity of democratic election processes, and defense organizations in Israel and around the world seek to rebuff their negative influence.

In 2021 the investment in civilian and military artificial intelligence will likely expand. Meanwhile, there will be increased demands for the development and use of autonomous systems and applications, for example, in workplaces and transportation, which have enormous economic potential. These realms join the military arena, where the emphasis is on autonomous weapon systems and intelligence systems. At the same time, it is expected that there will be increased demands from governments,

companies, and citizens to set moral standards in artificial intelligence applications, and hi-tech companies will likely seek to impose boundaries on governments that make use of apps such as face recognition.

Ongoing social distancing due to COVID-19 constraints will increase the demand for additional technologies for remote services and work, as well as for cloud services and defense against cyberattacks. 5G networks will continue to be installed and become the new standard, as they will enable a variety of new services. However, the dominance of Chinese companies in this field will increase Beijing's control of information in many countries. The competition between the superpowers in the field of artificial intelligence and quantum computing, especially between China and the United States, will intensify and influence their allies.

Given the heated competition in the international arena, Israeli superiority in artificial intelligence technologies could continue to erode (alongside the erosion of its predominance in other fields, including UAV export). Therefore, the State of Israel must work to strengthen its capabilities and its standing in this realm, in part through a focused policy of reinforcing this field and allocating resources accordingly. Along with cooperation in technological fields with democratic countries, first and foremost the United States, the normalization agreements signed between Israel and Gulf states, for example, constitute an opportunity for Israel to export technologies and create new partnerships that will mitigate the erosion and perhaps even strengthen its standing in the technology realm.

7 The Operational Environment: Possible Escalation to an Unwanted War

Itai Brun and Gal Perl Finkel

Photo: REUTERS/Amir Cohen

Snapshot

Israel's enemies are deterred from large-scale conflict · Possible unwanted escalation in the north and south · In a war Israel will sustain a severe attack on the home front, an incursion into its territory, and a cognitive campaign

Recommendations

Prepare for a multi-theater war (the "northern war") · Budget a multi-year plan for the IDF, suited to post-pandemic budgetary constraints · Remove the IDF and security establishment from the political struggle

The complex and challenging operational environment where Israel employs its military force (along with other measures) represents the convergence of technological, military, social, and political developments that emerged over recent decades. These developments include: deep, global changes in the nature of war; geostrategic changes in the Middle East, most of which are connected to the consequences of the regional upheaval and the ensuing events (including the arrival of Russian and US military forces in the region); substantial changes in the operational doctrine and weapons of Israel's enemies, especially those that belong to the radical Shiite axis; changes in how Israeli military force is employed, and the preference for firepower (based on precise intelligence) over ground force maneuvers; and the consequences of the information revolution that has shaken the world, including the military institutions.

From Isolated Battle Days to Escalation?

In 2020 Israeli deterrence of large-scale conflict and war remained clearly in force, and even seems to have grown stronger. Israel's enemies recognize its strength, and they are preoccupied with their domestic problems, including the consequences of the COVID-19 pandemic. A series of war games held by INSS in late 2019 and early 2020, before the outbreak of the COVID-19 crisis, led to the conclusion that all of the actors in the northern arena wish to avoid escalation. The year 2020 validated this assessment, and indeed, escalation did not occur. The experience of the

> Israel's enemies have replaced a victory concept based on wearing down the Israeli population with a concept that also seeks to damage Israel's national infrastructure and essential military capabilities.

last few years shows that this is also the case with regard to forces in the Gaza Strip.

However, since last July, the Northern Command has been on a higher level of alert with respect to Hezbollah, following Hezbollah's threat to respond to the strike attributed to Israel in Syria in which one of the organization's operatives was killed. The organization tried several times to settle the score with Israel, but was unsuccessful. The IDF repelled all of the attempts and even continued its attacks in Syria, in a way that made it clear that it does not accept the deterrence equations composed by Hezbollah.

In Israel, as in the ranks of Hamas and Hezbollah, there is an awareness of the danger inherent in an escalation dynamic, but it seems that all of the sides expect that they can end it after a few days of battle, similar to the short conflicts in the Gaza arena in recent years. However, such a scenario could change if one or both of the sides suffers fatal losses, at which point response and counter-response could escalate and lead to large-scale conflict and even war. Such a war could occur with the Iranian-Shiite axis, including Hezbollah in Lebanon, Iranian proxies in Syria and Iraq, and perhaps even with Iran itself. Furthermore, the escalation could spill over into other arenas, in particular with the forces in the Gaza Strip.

The Enemy's Operational Doctrine

Hezbollah and Hamas's choice regarding their current form of warfare stems from learning processes that took place starting in the 1990s, based on an analysis of Israel's strengths and weaknesses. Last year INSS pointed to a change in these organizations' doctrine of warfare following lessons learned from the conflicts that developed with Israel since the Second Lebanon War (2006). The essence of this change is the transition from a victory concept based on wearing down the Israeli population ("victory via non-defeat") to a concept that also seeks to damage, from various arenas, national infrastructure in Israel and essential military capabilities, in order to destabilize and undermine the Israeli system.

This concept is implemented by means of military buildup processes that include: increasing the number of rockets and missiles, both in order to improve the survivability of the arsenal and to saturate the Israeli air defense systems; arming with high-precision rockets and missiles that can hit vulnerable civilian facilities (electricity, gas, and other national infrastructure) and military weak points (air force bases and headquarters) in Israel; arming with drones and other unmanned aerial aircraft, including for the purposes of precision strikes.

This concept is also based on the idea of infiltrating ground forces into Israeli territory, in order to disrupt the IDF's offensive and defensive operational capabilities and to increase the damage to the home front's stamina. Against this backdrop, the abilities of Hezbollah and Hamas to penetrate into Israeli territory have been improved, including in the underground realm, via special raid forces (Hezbollah's Radwan force and Hamas's Nukhba force). These forces are intended for moving some of the fighting into Israeli territory – taking central roads, infiltrating communities and bases, and compelling the IDF to invest a significant portion of its efforts in defense – in effect preventing it from being able to go on the offensive. Hamas has invested significant efforts and resources, both material and personnel, in its offensive tunneling project. In October the IDF exposed and destroyed an especially deep border fence crossing tunnel that was located using the engineering barrier capabilities built along the border between Gaza and Israel. It seems that Hamas has not abandoned the project since the construction of the barrier, and intends to find ways to overcome the obstacle.

The IDF Operational Doctrine

An examination of public official IDF documents published during the past year reveals a great deal about the concept of the IDF operational method in the next campaign. Chief of Staff Lt. Gen. Aviv Kochavi and the entire General Staff see the response as a combination of "multidimensional maneuver into enemy territory, offensive strikes using firepower and other dimensions, and strong multidimensional defense. All of these will be carried out together, will benefit from closer reciprocity, and will fully utilize their advantages in the air, on the ground, in intelligence, and in information processing in order to expose the hidden enemy and destroy it at a fast pace."

The actors in the northern arena prefer to avoid escalation. Hezbollah Secretary-General Hassan Nasrallah
Photo: Website of the Iranian Supreme Leader

Along with investing in enemy exposure capabilities and increasing fire effort capacities (with an emphasis on precision fire), the IDF has invested efforts in the ground forces in order to make ground maneuver more lethal, faster, and more flexible. In addition, the IDF has invested in constructing an engineered barrier, both on the northern border and in the southern arena, with the aim of thwarting the offensive tunneling efforts by Hamas and Hezbollah.

Regarding firepower, with an emphasis on airpower, the IDF has developed its strike doctrine on a large scale and with great precision, with each such strike aiming to cause the enemy destruction and damage that will exceed its expectations regarding the IDF's capabilities and intentions. These strikes will be directed toward hitting enemy systems that it defines as critical to its operational functioning and to implementation of its strategy. There are three kinds of strikes: spatial strikes, whose goal is to hit a maximum number of the enemy's operatives, infrastructure, and weapons in a given sector; mission-oriented strikes, whose goal is to destroy a specific enemy system (long-range rockets, for example); and broad strikes, whose goal is to hit a series of systems and spaces in order to cause the enemy to suffer multi-system failure and force it to invest most of its efforts in defense and repair of the destruction it has suffered. The goal of neutralizing warfare capabilities focuses on the enemy's rocket arsenal, with an emphasis on the precision long-range missile arsenal, along with the operatives in its penetration forces.

Regarding ground maneuvers, in recent years two main gaps have emerged according to the IDF's assessment, both in its ability to meet the challenge of high-trajectory fire in different arenas, and in the ability to deny capabilities in the enemy's centers of gravity quickly and continuously. Thus, the army formulated an up-to-date doctrine for ground maneuvers that aims to address these gaps and sees maneuver warfare as a multidimensional process. In the ground forces, the maneuver doctrine has been formulated emphasizing consolidation, exposure, assembly, strike, and assault, whereby the maneuvering forces will be provided with intelligence capabilities and enhanced enemy exposure capabilities. This is so that they can attack the enemy and neutralize its capabilities, through both precision fire and rapid and lethal maneuvers. The IDF prioritization of firepower remains, but it is evident that in the past five years the understanding has emerged that launching fast and aggressive maneuvers as a complementary step is essential for quickly ending the campaign, under conditions that will serve Israel's interests. Accordingly, considerable resources have been invested in improving and strengthening the capabilities of the maneuvering forces.

The Nature of the Next War

The IDF must prepare for two main campaign scenarios that could develop from unwanted escalation following limited battle days in the northern arena: a "third Lebanon war" with only Hezbollah in Lebanon that would be much more intense and destructive than the Second Lebanon War; and a "first northern war" with Hezbollah in Lebanon, but also with forces in Syria and Iraq, and perhaps also in Iran and in additional arenas.

> Regarding firepower, with an emphasis on airpower, the IDF has developed its strike doctrine on a large scale and with great precision.

| Possible Northern War Front
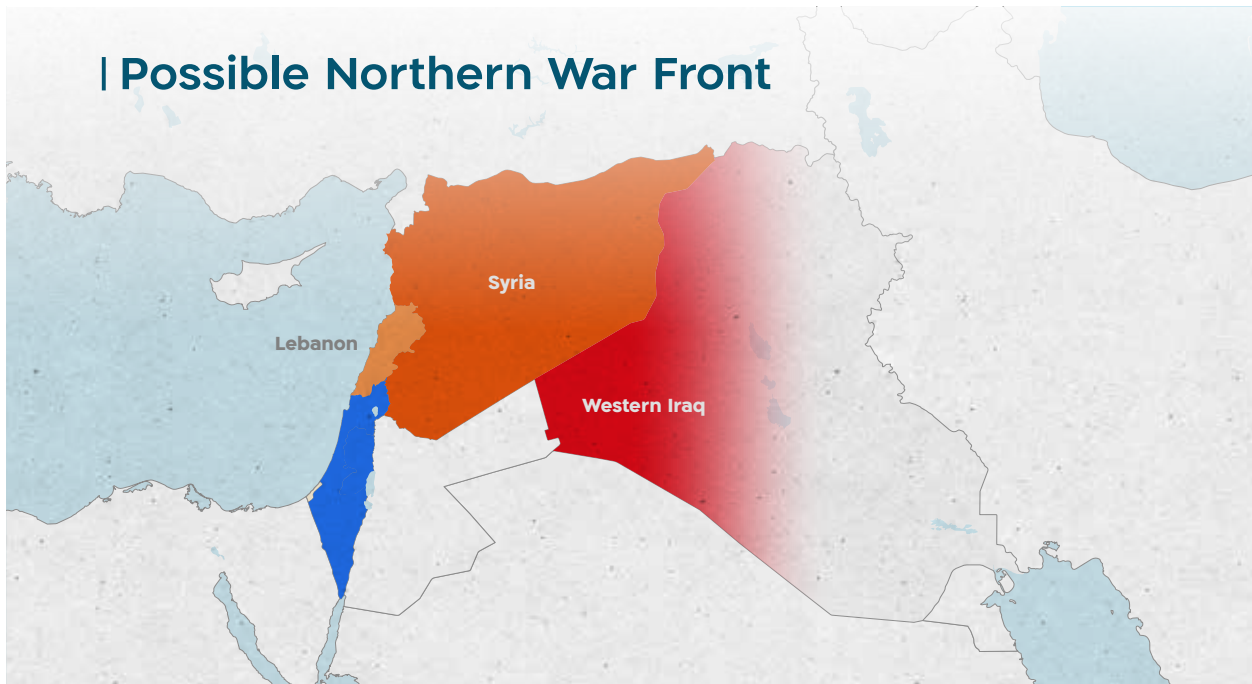
In a war, the IDF would employ its offensive capabilities – on the ground, in the air, and at sea – and would cause very extensive damage to its enemies, in the front and deep behind enemy lines. But in such a war Israel too is expected to face massive surface-to-surface missile fire on the home front, some of which would be precision missiles and some of which would even penetrate the air defense systems. There would be attacks on the home front by unmanned aerial vehicles and drones; the penetration of ground forces into Israeli territory on the level of thousands of fighters; and cyber and cognitive attacks intended to undermine the stamina of the Israeli public and its faith in the political and military leadership. The IDF's offensive components would face sophisticated air and sea defense systems and complex ground defense systems, including the use of the underground realm and advanced anti-tank missiles.

The campaign could therefore take place on two different levels: on one, Israel's enemies would attack the home front with high-trajectory fire in amounts not previously seen, and in the other Israel would attack the enemy's forces in its territory, through firepower and through ground maneuvers. But it is possible that the impression will emerge of only a loose connection between the two levels. Given the destruction in Israel's cities, Israel's residents who will be under fire will not be overly impressed by the enormous destruction that the IDF will inflict on the enemy's systems (even if they are located within a civilian population) and by the number of its operatives who are struck in the battles. Battalion commanders in the Second Lebanon War said that during the fighting, despite lapses and errors, they felt that they carried out their mission and won overall, and when they returned to Israel they discovered that the public thought that the achievement lay somewhere between a tie and a loss. Considering the expected damage in the next war, this feeling will intensify.

Furthermore, presumably the reserve forces that are called up will also be forced to organize under fire, as the recruitment bases and emergency storage units will be targeted. The army will not be able to implement its "precious time" doctrine, whereby during a conflict the reserve units go through training to increase their fitness and only then take part in the fighting, because the training areas will also be targeted (as they were in 2012, during Operation Pillar of Defense in the southern arena). Moreover, because some of the bases of reserve units are located far from the front lines, transporting the forces could be delayed due to high trajectory fire by the enemy. Hence, the safest place that the fighting forces can be is at the front and in the depths of enemy territory. While the ground forces will have to cope with the risks of fighting there, their combat capabilities and strength will address these risks.

The Israeli public expects a military victory in a short campaign with few losses. This expectation grows when it comes to a campaign based on the use of airpower. However, in future conflicts it is expected that the air force squadrons will not be able to move almost freely over enemy territory, as was demonstrated in February 2018, when, during an Israeli air strike in Syria, an F-16 fighter jet was hit and its pilots were forced to abandon the aircraft over the Jezreel Valley. Furthermore, along with its anti-aircraft systems, the enemy will seek to damage the functional continuity of the Israeli Air Force by firing rockets and missiles at air bases. The IDF will need to struggle for air superiority and

Hamas is investing heavily in the development of attack tunnels. A terror tunnel uncovered along the Gaza Strip border
Photo: REUTERS/Jack Guez

freedom of operation. Moreover, the Russian presence in the northern arena could place additional limitations on the air force's freedom of operation.

Policy Recommendations

Israel must prepare for a multi-theater war (a "northern war") as a main reference threat. This war would be characterized by a higher intensity than the campaigns that it has waged since the Second Lebanon War, both in terms of the amount of fire on the Israeli home front and in terms of the fighting front.

Given the challenges expected for airpower and the need to curtail fire on the home front quickly, it is important to prepare the ground forces for flexible, aggressive, and lethal maneuvers to destroy the enemy's military force. In addition, it is important to narrow the gaps between public expectations regarding the nature and possible results of the war and the expected reality, and to initiate a political and military effort to prevent war and make the most of other alternatives for advancing Israel's objectives in the northern arena. Furthermore, a multi-year plan for the IDF should be finalized and budgeted, and adapted to the budgetary constraints forced by the COVID-19 crisis. The buildup as part of the American aid should be implemented, and the IDF and the defense forces should be removed from the political struggle in Israel.

2021: A Turning Point for Fake News?

Inbal Orpaz

In early 2019, the heads of the US intelligence agencies declared technologies used for online influence operations and election interference to be global threats that will "almost certainly" be used "to weaken democratic institutions, undermine US alliances and partnerships, and shape policy outcomes in the United States and elsewhere." In retrospect it seems that their concerns proved false, and the use of various kinds of sophisticated fake news in the 2020 presidential elections, including deepfake, was limited and did not cause widespread deception of voters. However, the case of the US elections and additional events of the past year raise questions about the role fake news will continue to play in national security in the post-Trump era, and about the phenomenon's impact on Israel.

President Donald Trump was one of the shapers of a period characterized as a post-truth and fake news era, whose impact spreads beyond the borders of the United States. Under his leadership, Trump undermined the standing of professional experts and suggested sending the heads of the intelligence agencies "back to school," and his spokespeople coined the term "alternative facts." However, several important changes over the past year indicate reversals in this realm. First, Facebook and Twitter – technology giants with products used as platforms for the widespread dissemination of lies – were pressured to present a policy for handling the issue, after a long period in which they tried to evade responsibility and avoid intervention in content, and even claimed that they are neutral channels for the distribution of information. Following public criticism and hearings in Senate committees, for the first time these companies took steps in 2020 to limit the distribution of fake news by politicians.

Close to Election Day in the United States, Twitter blocked tweets by Trump, and Facebook added a clarification to his posts, stating that according to the current vote counts he is not leading the race. American television networks also took a precedent-setting step and cut off a live speech by Trump in which he announced that the elections were "stolen." These incidents were not the first in which Trump lied or claimed conspiracies, but until then the technology companies and media organizations had not taken steps to combat the phenomenon. Following the January 6, 2021 assault on Capitol Hill, both companies blocked the President's accounts. In Israel, media outlets took similar steps for the first time: on Channel 13 news Prime Minister Benjamin Netanyahu's speech was fact-checked while it was broadcast live in December, and a similar step was taken by the daily newspaper *Yediot Ahronot*.

Thus, it is also possible that in 2021 there will be a turning point in relation to fake news. Perhaps the media will return to its traditional role as a watchdog of democracy and will be more active in exposing lies, although it is already a target of criticism regarding the ability to determine the truth. The technology platforms will need to find a way to become balancing players that do not serve as a platform for the mass dissemination of lies, while avoiding the role of censors who decide what truth is and intervene in domestic and international discourse. Furthermore, it is not yet clear if the new active policy of the social networks will remain an American issue, or whether it will also expand to Israel and other countries.

Governments will have to cope with the dissemination of lies in the sphere of public health, in particular because the global vaccination campaign against COVID-19 could serve

as fertile ground for the distribution of falsehoods regarding vaccines and their side effects, in order to prevent the public from getting vaccinated. In Israel, against the backdrop of the ongoing popular and political protests against Benjamin Netanyahu, and in advance of the forthcoming Knesset elections in March 2021, false statements by politicians and other sources of disinformation will have to be addressed. Moreover, as the extent of fake social media accounts that seek to influence the internal discourse in Israel is still unknown, it will be necessary to clarify the scope of the phenomenon, which inter alia threatens social cohesion, government stability, values, and ways of life in Israel. Handling the dissemination of fake news in Israel will require adaptation and change on the level of legislation and enforcement, which currently do not sufficiently address technological developments and the possibilities they offer. The end of the Trump era will not end the era of fake news, but in the near future it will become clear whether it can serve as a turning point in the struggle to curb the spread of the phenomenon, which has substantial implications for national security.

To what extent do you feel that your ability to understand reality has been damaged by fake news?

49%
A great deal

15%
Not at all

36%
Somewhat
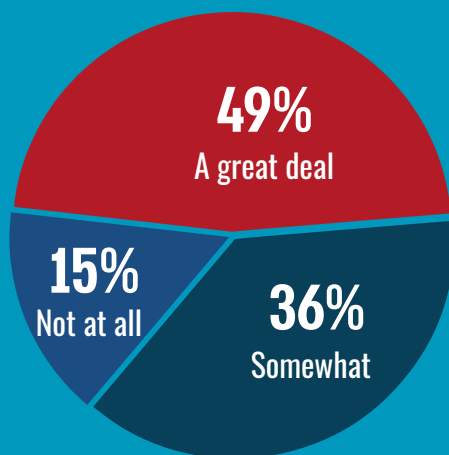
Findings taken from the INSS National Security Index

Strategic Trends in the Cyber Realm

David Siman-Tov

With the world already moving to a digital environment, digitalization processes accelerated during the COVID-19 crisis, along with increased dependence of the economy and individuals on centralized computer services. As such, the physical world has become more vulnerable and sensitive than in the past to glitches or malicious attacks. Indeed, a rise in the extent and variety of hostile cyber activity is evident. Accordingly, the challenge of protecting both national and civilian cyberspace has grown.

The past year saw an increase in the range and scope of cyberattacks, launched for strategic purposes such as espionage and disruption of systems; economic and cognitive purposes; and even attacks on information security companies. The level of cybernetic tension between countries has expanded, and the activity and audacity of online criminal elements has also increased. In turn, there has been a more active and aggressive response on the part of cyber authorities in the attacked countries. Against this backdrop, cyberspace has become a realm of strategic conflict. The rivalry between the United States and other countries, especially China, Iran, and Russia, has intensified and in part become overt. Cyberspace as a conflict arena also includes Israel, and in the summer of 2020 Israel and Iran exchanged cybernetic strikes. In fact, cyber is going to become a central component of Israel's strategic campaign between wars.

Against the backdrop of the COVID-19 pandemic, there has been a dramatic increase in cyber and disinformation attacks on health systems and vaccine development efforts. In addition, given the intensive transition of many economic sectors to remote work and remote consumption, the digitalization process has accelerated, but in a way that is unplanned and disordered. Consequently there has been a considerable increase in the use of digital infrastructure, especially cloud services, which constitute a central target

for attack. Hence there is a need for an appropriate cyber architecture for the era of working from home and online consumption, which is expected to remain in place even after the pandemic is contained.

In the economic arena, there was a 300 percent increase in cyberattacks in 2020 over the previous year, especially ransomware attacks, which are carried out by state or criminal actors. The general response of the attacked country is a refusal to accept the demands of the attackers, along with greater active operations against them. However, it is difficult to enforce a binding policy in this respect, and many surrender to demands. One of the results of the increased scope of attacks of this kind is a considerable spike in cyber insurance prices.

A central target for cyberattacks, combined with disinformation campaigns, is election processes in Western countries. As a lesson from Russia's attempt to influence the US presidential elections in 2016, national cyber organizations and social media companies helped thwart influence attempts, which thus occurred to a lesser extent in advance of the 2020 presidential elections than in previous elections. This trend of disrupting democratic processes is expected to continue and become even stronger, in both election campaigns and in the periods between them, through extensive activity on social media, the use of technological attack capabilities, and the contamination of the discourse.
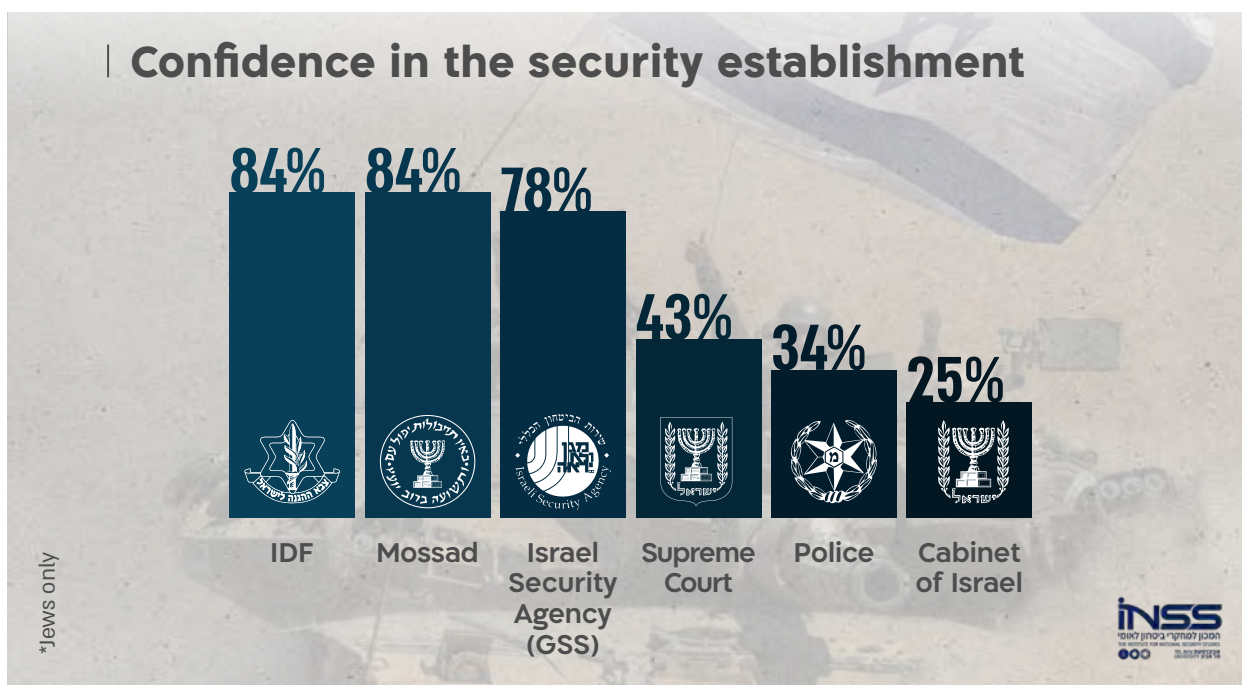
The developing capabilities of artificial intelligence and of the Internet of Things – which are apparent, for example, in vehicles, drones, smart cities, and smart homes – create the potential to attack, disrupt routines, and threaten lives, and this demands appropriate defensive preparation. Artificial intelligence capabilities can also be harnessed for defense, but they have not yet been translated into concrete uses.

National Security Index: Public Opinion, 2020-2021
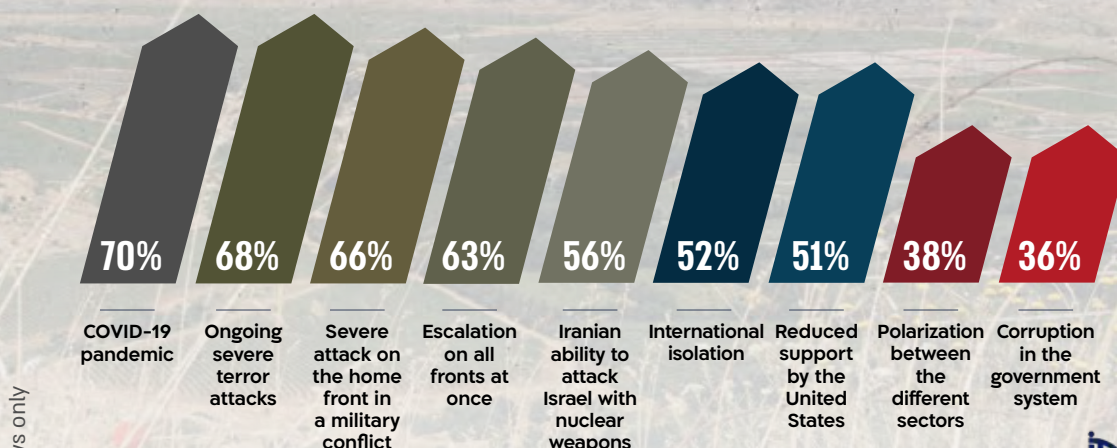
Zipi Israeli and Ruth Pines

The National Security Index tracks trends in Israeli public opinion on national security issues in a systematic and consistent manner. In 2020, Israeli public opinion presented against the backdrop of the COVID-19 pandemic and domestic political instability, as well as against the backdrop of security stability and normalization agreements with Sunni countries in the region. The index's findings show that similar to the past few years, in 2020 the majority of the public believed Israel's national security situation was fairly good.

One of the central issues on the agenda in the past year was the level of confidence in the state's institutions, particularly in light of the challenges posed by the COVID-19 crisis. The index's findings show that the public's lack of trust in some of the state's institutions, which was low even before the outbreak of the crisis – especially vis-à-vis the Israeli government – intensified. Although during the first wave of the pandemic there was a rise in public confidence in the institutions, this presumably stemmed in part from the sense of collective urgency to fight a common challenge. Over time, as the pandemic continued, a consistent decline in trust was evident. The most recent National Security Index (December 2020) showed that the Israeli government received a mere 25 percent confidence rating. The Israel Police also met with relatively low confidence amid claims regarding its conduct in enforcement of directives related to the pandemic and its attitude toward participants in the popular protests and demonstrations. On the other hand, while public confidence in the security organizations – the IDF, the Mossad, and the Israel Security Agency – declined compared to previous years, it was still relatively high (about 80 percent).

Confidence in the security establishment

IDF	Mossad	Israel Security Agency (GSS)	Supreme Court	Police	Cabinet of Israel
84%	84%	78%	43%	34%	25%

*Jews only

The State of Israel can successfully deal with the following challenges:

70%	68%	66%	63%	56%	52%	51%	38%	36%
COVID-19 pandemic	Ongoing severe terror attacks	Severe attack on the home front in a military conflict	Escalation on all fronts at once	Iranian ability to attack Israel with nuclear weapons	International isolation	Reduced support by the United States	Polarization between the different sectors	Corruption in the government system

iNSS

What is the most significant external threat to the State of Israel?

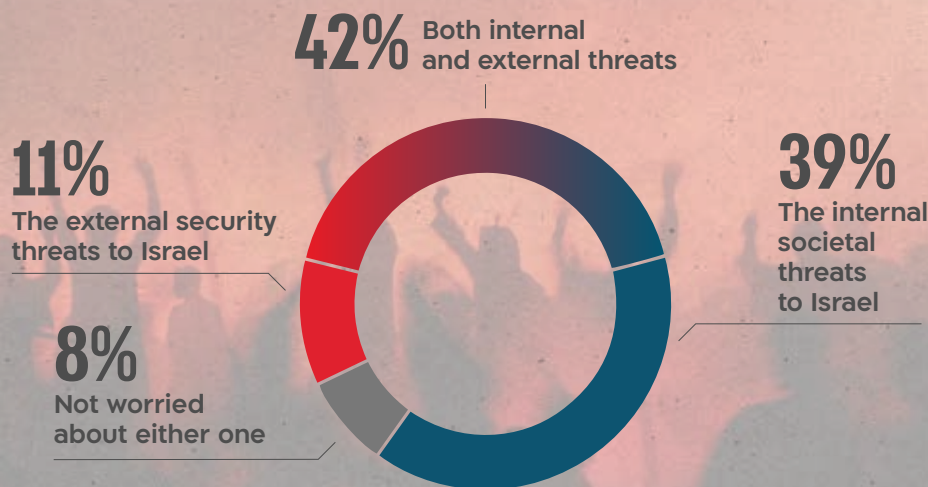| Nuclear Iran	Northern arena	Israeli-Palestinian conflict	Terrorist activity	Hamas	Diplomatic isolation	Don't know
31%	20%	12%	10%	8%	7%	12%

iNSS

External (Security) Challenges and Threats

Over the years, the majority of the public has consistently felt that Israel can successfully cope with the security threats it faces, including: terrorist attacks, serious harm to the home front in the case of a military conflict, simultaneous escalation on the northern and southern fronts and in the West Bank, and Iran's attainment of nuclear weapons. The most recent index indicated a high sense of confidence in the state's ability to cope with these threats, although there was a decline in this confidence from previous years.

As for the severity of the external threats, it seems that the quiet that has prevailed in the past year, unlike in recent years, explains why the northern arena is no longer perceived as the most significant threat. This is also the case regarding the Israeli-Palestinian conflict, including Hamas in the Gaza Strip. In addition, as in previous years, in 2020

What should Israel's response be if it becomes clear that Iran is renewing its nuclear activity?

26%
A military attack on Iran's nuclear facilities, only if coordinated with the US

16%
A military attack on Iran's nuclear facilities, even if not coordinated with the US

12%
Don't know

20%
Press the US to obtain a better nuclear agreement

2%
No need to respond

6%
Convince the US to return to the existing nuclear agreement

6% Open a diplomatic channel with Iran

12% Act in various ways to change the Iranian regime

*Jews only

iNSS

What worries you the most?

42% Both internal and external threats

11%
The external security threats to Israel

39%
The internal societal threats to Israel

8%
Not worried about either one

iNSS

only a small portion of the public ranked these threats as very significant. In contrast, a nuclear Iran is perceived as the most significant threat facing Israel at the current time. In the five years since the nuclear deal between Iran and the great powers was reached, a nuclear Iran was not seen as a severe threat; in 2020, however, it returned to rank as the leading threat. Furthermore, a significant portion of the public supported taking action against the threat, expressing support for military action against Iran if it becomes clear that it is renewing its nuclear activity, preferably in coordination with the United States. Approximately 20 percent of the public supported placing pressure on the United States to achieve an improved nuclear deal. There was a low level of support for pressuring the United States to return to the existing deal, or for taking action toward regime change in Iran. Only a very small minority thought that a diplomatic channel should be opened with Iran. Support for military proactivity, sometimes even at the cost of risking an escalation to war, was also evident regarding Iran's arming Hezbollah with precision missiles. It is possible

In light of the COVID-19 crisis, should the nation's priorities be changed so that economic and societal matters are prioritized over the defense budget?

72%
Yes

28%
No

that the support for military proactivity is related, albeit partially, to the sense of security in the ability to cope with defense challenges, as well as to the high level of confidence in the defense forces.

Internal-Societal Threats

Before the COVID-19 pandemic, the index's findings showed that the public is troubled by internal threats no less than by external threats. However, at the present time it appears that the public is significantly more worried about internal threats, and only a minority is more worried about the external threats. Furthermore, in contrast with the high sense of confidence regarding the state's ability to cope with the external threats successfully, the confidence regarding its ability to cope with internal threats is lower and marked by a significant decline in relation to the last few years. For example, the public is worried about the state's ability to cope with corruption in the governmental system and with polarization between different sectors of society. Indeed, the majority of the public believes that following the COVID-19 crisis there must be a change in the state's agenda such that economic and societal issues are prioritized over the defense budget. In addition, similar to the 2019 findings (before the pandemic), in 2020 the majority of the public believed that there has been a weakening of the sense of solidarity in Israeli society. As the distribution of the political map between the right and left has shifted over the past decade, the majority of the public believe that the main cause of the weakening of the sense of solidarity is the tension between these political wings. Other sources of tension – between ultra-Orthodox and secular Jewish Israelis, between rich and poor, and between Jews and Arabs in Israel – rank far behind and are not considered by a significant portion of the public to be the main causes of the decline in solidarity.

In conclusion, it is important to note that the majority of the public is confident of the state's ability to cope with the COVID-19 crisis. It is likely that this finding was influenced in part by the timing of the survey, which was conducted during the days when it was reported that the COVID-19 vaccine was due to arrive in Israel shortly.

The sense of solidarity in Israeli society has weakened

75% Agree

18% Disagree

7% Don't know

What is the central element responsible for the weakened sense of solidarity?

Tension between right and left — 60%

Religious-secular relations — 14%

Gaps between rich and poor — 11%

Jewish-Arab relations — 8%

Israeli-Palestinian conflict — 7%

Conclusion and Policy Recommendations for 2021

Amos Yadlin

Photo: Chen Galili

Objectives for Israel's Grand Strategy

The State of Israel's strategic balance in 2020 is the basis for the policy recommendations for the coming year. In implementing these recommendations, it is important to emphasize the State of Israel's overarching objectives: to strengthen Israel as a Jewish, democratic, secure, prosperous, and just state that is at peace with its neighbors. These objectives define Israel's purpose, both in the eyes of the Israeli public and in the eyes of the international community.

The State of Israel's strategic efforts and resources should be focused on striving to promote these objectives, which are critical for advancing its national security. However, the path to achievement of the objectives is not simple or direct, and tensions and obstacles exist on this road. The policy recommendations of the Institute for National Security Studies (INSS) seek to resolve the tensions and maximize their latent potential.

At the Dawn of 2021

In 2020 Israel's balance vis-à-vis the threats and opportunities in its environment was positive, as was its status vis-à-vis the international community, but Israel's national resilience and cohesion was severely deficient. Early in 2021, challenges are expected to arise both in relation to external threats and the ability to recover from domestic crises.

In the positive column of Israel's national security balance sheet for 2020 are several important developments. The Abraham Accords were signed – a historic breakthrough in relations between Israel and Arab countries – and the normalization trend appears to be continuing and expanding. At the outset of the year Qasem Soleimani was killed and at the end of the year Mohsen Fakhrizadeh was killed – both of them generals in Iran's Revolutionary Guards who led, respectively, the two strategic efforts that pose the greatest threats to Israel: entrenchment and proxy warfare throughout the Middle East, and Iran's military nuclear program. This was also a relatively quiet year along Israel's borders, with few casualties among soldiers and civilians. Israel's direct enemies were hit relatively hard by the COVID-19 crisis and the accompanying economic crisis. While many, among them INSS researchers, had expected

Israel must be ready for a multi-front war. One of the IDF's F-35 aircraft
Photo: Amit Agronov, IAF website

2020 to be a "volatile" year, in practice it proved to be one of the quietest years that Israel has known in terms of its security from external threats.

However, there was an overall decline in Israel's national security balance in 2020, which can primarily be attributed to five factors: Israel's ongoing political crisis, which deeply undermines public trust in government institutions, social solidarity, and national resilience; the COVID-19 pandemic, which spawned a multidimensional health, economic, and societal crisis that amplified the damage inflicted by the political crisis; while Iran has not withdrawn from the nuclear deal, it systematically violates it and is drawing nearer to the threshold of military nuclear capability; Israel's qualitative military edge eroded: with respect to Iran, which saw the embargo on advanced weapons lifted and is progressing in its precision missile project (including dissemination to proxies), and with respect to regional states' purchase of advanced weapons from the United States following the Abraham Accords; and finally, the end of the Trump administration brings with it the end of four years during which Israel received full political backing from the United States: in the policy of "maximum pressure" on Iran, in Trump's "deal of the century," and in the shifting political paradigm in the region.

At the outset of 2021, the State of Israel should define a grand strategic objective of internal economic and societal revival, alongside the forging of strong relations with the Biden administration so as to reinforce Israel's very important alliance with the United States.

The Security Concept and the Challenges of the Hour

Israel's historical security concept emphasizes deterrence, early warning, defense in all dimensions, and the ability to achieve decisive victory. In recent years this concept has been partially implemented through the "campaign between wars" in Syria, which aims to reduce threats, improve deterrence, and stave off conflicts. Peace agreements with Egypt, Jordan, and other regional states as well as the special US-Israel relationship remain pillars of Israel's national security. At the present time, Israel should adhere to these principles and strive to expand the circle of peace and normalization between Israel and its neighbors, strengthen its military and technological edges, and maintain the strong strategic relationship with the United States. Due to the political paralysis in Israel, the lack of an approved budget for the past years, and frequent changes at the Ministry of Defense (four defense ministers in

two years), Israel's military buildup effort has suffered, defense doctrines and defense policy are outdated, and the IDF has been operating without an approved multi-year plan.

Furthermore, the various challenges currently facing Israel, which originate in the internal arena as well as in the regional and international arenas, require reassessing and rebalancing the different components of Israel's national security, with an emphasis on internal resilience, solidarity, and governance. The INSS conclusions on this imperative are evident in the policy recommendations for 2021, designed to promote Israel's recovery from the internal crises that surfaced and were exacerbated in 2020.

The Military Threat Posed by Iran and its Allies

■ Iran's continued effort to achieve a military nuclear option is the most severe external threat to Israel's security. Israel must prepare for the expected dialogue between President Biden's administration, the international community, and Iran, in part by defining Israel's vital interests within the framework of a new nuclear deal. Israel should prepare for three scenarios – renewed negotiations, Iran's creeping toward the nuclear threshold, and some sort of combination of the two. In all scenarios, Israel must maintain coordination and a joint plan of action with the United States.

First and foremost, it is necessary to reach understandings regarding the contents of an improved agreement with Iran in relation to the 2015 nuclear deal (JCPOA). Strengthening the agreement should focus on a significant extension of the sunset clauses, "anytime, anywhere" inspections, greater restrictions on research and development, and a complete investigation of Iran's military nuclear program. In addition, a parallel agreement should be reached between Israel and the United States that establishes a joint policy against Iran's regional activity as well as a coordinated response if Iran continues to creep toward the nuclear threshold. At the same time, it is imperative to maintain a credible military option against Iran and to reach understandings with the United States regarding the conditions for military action as a last resort for preventing Iran from progressing to a nuclear weapon.

■ Israel should continue to operate against Iran's entrenchment in Syria and against the precision missile project that Iran is advancing in Lebanon and throughout the region. As part of the campaign between wars, methods, theaters, and the rate of operations and the interface between them must be continuously reviewed. The threat inherent in hundreds or a few thousand precision missiles from Lebanon, Syria, Iraq, and Iran is a strategic threat of the first order, and Israel should continue to take action to thwart progress and reduce the risk it poses. In the past INSS has pointed out several strategies for addressing this threat: deterrence, defense, disruption, and delay through the campaign between wars, a preemptive strike, or even preventive attack. Each strategy has advantages and disadvantages and they are not necessarily mutually exclusive. In any case this is a serious threat that demands in-depth deliberation on how Israel's security concept should be implemented.

■ As part of its military buildup and operational plans for defense and offense, Israel must prepare for the possibility of a two-front war – the "northern war" – as the primary threat. This replaces the longstanding approach of the Israeli government, the Israeli public, and to a certain extent the IDF, which focused on conflicts in one arena at a time: Gaza or Lebanon. It is necessary to manage public expectations regarding the nature of a future war, its costs, and possible results. At the same time, Israel should launch political and military efforts to prevent the war and fully exploit other alternatives to advance Israel's military objectives in the northern arena.

The International and Regional Arenas

■ Israel should formulate a policy that is adapted to the new United States administration and adopt an approach toward it that is non-confrontational, and takes into consideration the ideology, values, and red lines of both sides. Returning to the 2015 nuclear deal is very problematic for Israel, and every effort should be made to agree on strategies for improving the agreement and securing guarantees for Israeli security. Israel should engage in dialogue with the Biden administration in order to minimize potential points of contention and to maximize cooperation on shared interests (with an emphasis on the challenges posed by Iran and Hezbollah, Israel's relations with China, the United States' technological supremacy, and Israel's qualitative military edge, as well as the Palestinian issue).

There must be a credible military option against Iran. Damage caused by the explosion at the nuclear site in Natanz, July 2020
Photo: Atomic Energy Organization of Iran/WANA (West Asia News Agency) via REUTERS

- Israel should adapt its policy to the current era of great power competition, strive for a "technological innovation alliance" with the United States, and manage its relations with China, in coordination with the US administration and while taking American sensitivities into consideration. It is necessary to expand the knowledge base in Israel on China and to improve risk management with respect to China. Regarding Russia, Israel should keep the channels of communication open, to help maintain the freedom of operation that Moscow permits Israel in Syria, and to the extent possible, also the de-confliction with it – despite different interests and opposing positions in relation to Syria, Iran, Lebanon, and the Palestinian issue. In addition, Israel should attempt to improve its relations with the European countries, even though some of their stances on the Palestinian issue are opposed to Israel's interests and positions.

- Israel must work to strengthen and expand the normalization trend with pragmatic Arab and Muslim countries, chief among them Saudi Arabia and Indonesia. The processes with Sudan and Morocco have not been completed, and it is necessary to ensure that in return for what they received from the United States, they do indeed normalize the relations. After Israel has made the most of the "suspending the annexation" card, it should work to include Egypt, Jordan, and the Palestinian Authority in regional partnerships, and to leverage the normalization to repair its relations with Amman. Despite the problematic nature of Turkey's regional policy and its hostile approach toward Israel, it does not pose a direct military threat, and while it is involved in undermining Israel's control of the Temple Mount and supports Hamas, it maintains extensive economic relations with Israel. Israel should manage its relations with Turkey on the basis of reciprocity and leverage relations with the US in an attempt to improve relations.

The Palestinian Arena

- In the region as well as the world at large there is increasing awareness that the Palestinian issue is not the core issue of the Middle East, nor is it the key to resolution of the region's problems. The Palestinians' traditional leverage and means of pressuring Israel have lost some of their power: Arab support for the Palestinians has weakened, and they have been denied veto power over normalization between Israel and Arab countries. Israel should ensure that normalization with additional countries does not restore veto power to the Palestinians. In

addition, in the Palestinian arena itself there is growing recognition that the violent struggle against Israel is not effective and even harmful. However, it is Israel's interest to maintain the Jewish and democratic character of the State of Israel and avoid deterioration into a one-state reality. Therefore, Israel should try to advance a political arrangement with the Palestinians, and if progress in this direction is not possible, then it should formulate and implement a policy that maintains options and improves conditions for future progress without compromising on security issues. Under the current circumstances, Israel should strengthen the Palestinian Authority, which is a legitimate address for a future agreement, and strive toward "transitional arrangements" that shape political, territorial, and demographic separation, thus creating the conditions for a two-state reality (INSS Plan). It is important to leverage the change of administrations in the United States and regional normalization for renewing the political process with the Palestinians, which – even if it does not succeed – will grant legitimacy to transitional arrangements and will aid their implementation.

■ Hamas is a terrorist organization that rejects the existence of the State of Israel and refuses to advance along a political path. After emphasizing that the Palestinian Authority is Israel's partner for dialogue in the Palestinian arena, Israel should designate Hamas as the responsible party in the Gaza Strip for the time being and achieve a long-term ceasefire with it, in return for improving the condition of Gaza's civilian population and infrastructure, while making efforts to curb Hamas's military buildup. It is important that Hamas, which constitutes a secondary arena that is less urgent than the northern and Iranian arenas, not divert excess military and political resources that are necessary for the priority arenas. If Israel is nonetheless drawn into a conflict, the IDF must inflict a very heavy blow on the organization's military wing and the other terrorist organizations there.

The Internal Arena

■ Israel should place a high priority on professional and decentralized management of the various aspects of the COVID-19 crisis – health, economic, and societal. It is an immediate imperative to pass a state budget that reflects the challenges resulting from the multidimensional crisis: prioritizing renewed economic growth, promoting economic reforms, and narrowing social gaps. In the medium term, Israel should carry out a focused national effort of economic and social recovery, while improving relations between demographic sectors and reducing gaps, and institutionalize mechanisms and practices for coping with complex crises that are not purely security in nature. Israel should do its best to increase public trust in the government, law enforcement, the courts, the police, and the IDF.

■ The IDF is suffering from the political crisis and from uncertainty regarding resources, which complicates orderly planning, force buildup, and preparation for future challenges. It is necessary to finalize and budget a multi-year plan for the IDF within the budgetary limitations of the COVID-19 crisis. Israel must implement a procurement plan with the American aid, as essential decisions in this context have been postponed for three years. In addition, the IDF and the entire defense establishment must be distanced from the political struggle in Israel.

■ Israel's qualitative military edge is a core component of its security. Israel should agree with the United States on rules and plans for maintaining Israel's qualitative military and technological edge and strengthening Israel's qualitative edge in the cyber realm and in artificial intelligence technologies. Israel should work to lay an advanced communications infrastructure throughout the country, with an emphasis on connecting the periphery with the center.

■ World Jewry: The growing gap between Israel and the Jewish communities around the world, which are a strategic asset for Israel, requires the renewed formulation of a shared vision and honest dialogue to bring about an improvement in the relationship and to increase mutual trust. Following the deep crises that Jewish communities abroad have experienced in recent years – dilemmas of identity, identification with the State of Israel, assimilation, antisemitism, and increasing violence, as well as financial decline – Israel, as the national home of the Jewish people, must take steps that reflect its responsibility for their situation and their destiny.

The Bottom Line

Israel is a strong state that enjoys the standing of a regional power in every important dimension: military, intelligence, economic, technological, and human capital. However, the COVID-19 crisis has exposed many vulnerabilities: a deep and ongoing political crisis, which is reflected in several successive governments that have not completed their terms and in frequent, recurring election campaigns; paralysis of the government's work, as the government operates without a long-term vision and without a budget; an opaque and ineffective decision making process; a decline in public trust in the leadership; deepening gaps between the different "tribes" in Israeli society; and the undermining of solidarity and civilian identification with the state and with one another. In particular, the current crisis has expanded the gaps between strong and weak demographics and deepened inequality.

It is necessary to deal with the internal dimension of Israel's national security challenges, without harboring the illusion that the external challenges have disappeared. The probability that the State of Israel will encounter an external challenge in 2021 is not low. Iran has a score to settle with Israel, and it is possible that Tehran will take aggressive action based on the assessment that the new US administration will ease the pressure on it. Nor has the Palestinian problem disappeared, and the weakening of Palestinian leverage and influence, in the shadow of the decline of its leadership, could actually spur the Palestinian to adopt a strategy of working toward a single state, which is dangerous for Israel. Thus while Israel's deterrence is strong on all fronts and its enemies do not want to go to war against it, the chance of a deterioration that spirals out of control still exists and requires maintaining a high level of readiness.

The strategic confusion in Israel at the current time – and in this context the failure to formulate and update the security concept and economic and social policies, and to repair and strengthen the governmental and legal systems – demands that think tanks and civil society remain committed to providing the professional and political system and the public with up-to-date concepts, insights, and policy recommendations that better address the threats and seize opportunities to strengthen the State of Israel's national security.

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