At the outset of 2022, Israel is beset by the incongruity between its military might, economic dynamism, and technological prowess, and the severity of the political, security, and internal challenges that it faces. These challenges pose an exceedingly intricate and worrying strategic threat to Israel, exacerbated by the lack of a comprehensive and farsighted strategic outlook to address them.

The key challenges are threefold: First Iran, which relentlessly pursues nuclear capabilities, while steadily strengthening its ability to threaten Israel with massive and precision fire from several fronts at once. Second, significant risks of escalation on the Palestinian front, including the disintegration of the PA, a lack of governance in the territories, and the dangerous slide into a bi-national state, which would undermine Israel’s identity as a Jewish and democratic state and its international legitimacy. Third, within Israel, where inter-sectoral rifts, political polarization, and loss of trust in state and democratic institutions pose a serious threat to Israel’s social resilience and long-term security.

Tackling this combination of challenges requires abandoning obsolete paradigms from the past decade, and formulating instead an updated and bold strategy that would require mounting initiatives and willingness to make strong and even harsh decisions. In doing so, Israel must rely not only on its military might, but also on soft power, using its proven strengths in science and technology, as well as in fields particularly relevant to the region, such as water desalination and smart agriculture. These are particularly valuable assets in the face of seismic changes in the global agenda, such as climate change, the quest for a green economy, and the COVID-19 pandemic.

This overview aims to contribute to the public debate of these challenges and their potential resolutions, while helping decision makers formulate a sound and informed strategic approach.

Apart from the rounds of confrontation with Hamas, Israel has enjoyed relative calm for quite some time. This calm has enabled development and advances in security, technology, and the economy, which are the foundation of Israel’s deterrence against its enemies. While some countries in the Middle East that are caught up in a cycle of conflict face internal instability and a shaky economy, a number of Arab countries have reconciled with the existence
of Israel and even strive to enjoy normalized relations and mutual cooperation. The resilience of the Abraham Accords in the face of Operation Guardian of the Walls is a clear reflection of this trend, which provides Israel with considerable strategic space for increasing its regional influence. Moreover, the formation of a government in Israel and the approval of a budget after a long period of political instability, as well as the Biden administration’s interest in supporting this government, affords Jerusalem an auspicious opportunity to address the strategic challenges before it, notwithstanding the complex and delicate composition of the current coalition.

At the same time, while Israel faces a strategic situation marked by complex challenges, the strategy it pursues toward three particularly serious challenges is lacking, and to a certain extent does not even meet the interests of the state:

- Iran poses the most serious external threat to Israel, both in its pursuit of military nuclear capability and in its regional subversion that includes, inter alia, an effort to threaten Israel with comprehensive fire and the promotion of a precision missile project for Hezbollah in Lebanon. Israel is hard pressed to grapple with these challenges alone and has a growing need to deepen coordination and special relations with the United States, whether or not an agreement on the nuclear issue is reached.

- The Palestinian arena poses a serious threat to Israel regarding its identity as a Jewish and democratic state and its legitimacy in the international arena. In the West Bank, the security situation is volatile although currently under control, thanks to intensive activity by the IDF and the Israel Security Agency and security coordination with the Palestinian Authority. However, the PA is weakening and may disintegrate, and the growing frustration of the younger generation there encourages the idea of one state; in the international arena, the threat of legal action against Israel and its branding as an apartheid state has intensified. In the Gaza Strip, Israel continues to face the same dilemma that has confronted it for years: how to address the urgent need to stabilize the humanitarian situation, prevent escalation, and promote the return of prisoners and missing persons, while at the same time preventing the strengthening of Hamas rule and its further military buildup.

- In the internal arena, Israel faces a particularly serious threat in the face of polarization, rifts, tensions, and extremism (ideological, verbal, and physical); erosion of trust in government institutions and an undermined commitment to the state; and gaps in readiness for multi-theater war scenarios and other mass-casualty events. This arena is particularly challenging, in part due to the lack of mechanisms at the national level for integrative Coordination with the US should be heightened, while maintaining discretion and mutual confidence. Meeting of Prime Minister Bennett and President Biden
While Israel faces a strategic situation marked by complex challenges, the strategy it pursues toward three particularly serious challenges is lacking.

In response to these challenges, it is imperative that Israel formulate a strategy that includes the following essential components, which move beyond rhetoric and are translated into action:

- **On Iran:** Increase coordination and strengthen special relations with the United States while maintaining discretion and establishing mutual trust with two goals in mind: to maximize the discourse on the political moves regarding a nuclear agreement acceptable to Israel, and to build a credible military option vis-à-vis Iran, coordinated as much as possible between the two countries. This option should derive from a modular and diverse outlook and not from an “all or nothing” approach, so that it includes not only the nuclear project but also weaknesses in Iran such as national infrastructure and institutions of government. The campaign between wars must be harnessed both to this end and to halt the precision missile project in Lebanon. At the same time, cognitive, political, and economic tools must be developed and activated that contribute to the effort to slow Iran’s subversion in all arenas.

- **On the Palestinian arena:** Promote policy moves combined with significant economic measures to strengthen the Palestinian Authority and improve the conditions of the population in the West Bank, while halting the slide into a one-state reality and creating a horizon of future separation. In the Gaza Strip, attempts must be made to formulate moves in the spirit of “economy for security” while recruiting Egypt, the international community, and regional elements to the effort, even if prospects for success are not high at the moment. Inter alia, the goal is to establish a foundation of goodwill in the international arena in case the effort fails and Israel is again required to take military action in Gaza, in which case it will have to give operational expression to a clear purpose, to be determined in advance.

- **In the internal arena,** Israel must address issues that undermine social resilience but have been neglected for a long time, and do so in a comprehensive and determined manner. These include crime, economic, and employment barriers in the Arab sector, particularly among the younger population; the controversial issues with the Bedouin population in the Negev; the development of a variety of national and military service channels for different groups in the population in order to encourage sharing the burden more equally. Attempts should also be made to infuse new content into the shared platform of values for Israeli society, which must be adapted in particular to the younger generation. At the same time, the readiness for mass-casualty events must be improved, both in the context of a multi-theater war and severe natural disasters.

In a broad and long-term perspective, Israel must formulate a strategy that focuses on the following challenges:

- The need to develop integrative learning, thinking, and planning capabilities in the face of in-depth processes in the geostrategic international, regional, and internal Israeli arenas. This joins the need to strengthen the soft power components that can help Israel advance its policies, especially those related to cognitive influence through social networks and the cyber realm. Regional and international cooperation in the fields of water, energy, the economy, and the fight against climate change can help achieve this.

- The need to deepen the strategic alliance and special relations with the United States while highlighting Israel’s assets in the fields of technology, science, entrepreneurship, and culture. In this context, a bold, renewed relationship with the younger generation of the United States Jewish community and elsewhere in the diaspora should be forged that includes all streams and denominations of Judaism, to strengthen their connection to Israel.
The need to deepen and strengthen ties with Jordan and Egypt, as well as with other moderate and pragmatic countries in the region, using the platform of the Abraham Accords to strive for extensive cooperation with them (in the spirit of MESA – the Middle East Strategic Alliance). This will rely on a variety of areas, including intelligence, air defense, agriculture, water, and health. Economic ties with the Mediterranean countries must also be deepened, while easing tensions with Turkey.

On the military level – the continued strengthening of the IDF should be encouraged in the spirit of the multi-year “Tnufa” program, particularly its adaptation to the age of information, autonomous systems, and cyber. Political-security dialogue should be promoted to formulate up-to-date strategic objectives for battle days and other limited conflict scenarios, including targets for war in the northern arena and the Gaza Strip, as well as a multi-arena conflict on the one hand and the disintegration of the Palestinian Authority on the other.

This publication, the product of extensive research and analysis by the research team at the Institute for National Security Studies (INSS), aims to contribute to the public debate of Israel’s national security challenges and their potential resolutions, while helping decision makers formulate a sound strategic outlook. Our thanks to all the partners in this mission; we hope that this joint effort will bear fruit.
Ten Principal Policy Recommendations

1. Formulate an up-to-date, proactive, and comprehensive strategy that is adapted to the changing strategic and operational environment, while developing the readiness to face three leading challenges simultaneously – Iran, the Palestinian issue, and the Israeli domestic arena.

2. Establish integrative governmental planning and operational mechanisms for restoring law and order and governance in uncontrolled enclaves in Israel. Eradicate crime in Arab society. Work to reduce tension, hostility, and inequality between groups and communities in Israel.

3. The Iranian challenge: Prepare for the consequences of a nuclear agreement between Iran and the great powers, as well as for a scenario in which there is no agreement. This requires developing a credible military option to block Iran from attaining a nuclear capability, preferably in coordination with the United States.

4. Maintain and update the campaign between wars against Iran’s entrenchment and buildup of its proxy armies along Israel’s borders. In tandem, address all components of the Iranian regional challenge, with an emphasis on curbing the precision missile project in Lebanon.

5. The Palestinian arena: Advance political and economic-infrastructural measures to strengthen the functioning of the Palestinian Authority and improve the population’s fabric of life. Refrain from steps that accelerate a slide into a one-state reality, and create conditions for separation and pursuit of additional options in the future.

6. The Gaza Strip: Continue the attempt to formulate measures based on the “economy for security” principle while enlisting Egypt, international, and regional partners, as well as the Palestinian Authority in the effort. The calm depends on advancing an arrangement on the issue of the captured and missing Israelis and extensive easing of the closure.

7. Increase coordination with the United States on the bipartisan level, focusing on the special relations and strengthened trust between the countries. Emphasize that Israel is a responsible actor and an asset for the United States, and contributes to the development of technology, science, entrepreneurship, and culture.

8. Expand the Abraham Accords and strengthen the relations with Jordan and Egypt, and strive for regional partnerships that rely on a variety of fields, including intelligence, air defense, energy, agriculture, water, and healthcare. In addition, Israel should deepen its economic relations with Eastern Mediterranean countries and lessen the tension with Turkey.

9. The technological revolution and the cybernetic realm accelerate the “learning competition,” which means that Israel must invest in the development of science, technology, and technological studies in order to maintain and increase its comparative edge, which is an asset for its national security and its global standing.

10. Continue military force buildup according to the multi-year Tnufa plan, to maintain operational and technological superiority in the era of information, autonomous systems, and cyber. Adapt operational plans and improve home front preparedness for limited conflicts as well as a multi-arena war.