



# Strategic ASSESSMENT

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## An Agenda for Israel's Newly-Elected Government

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### *Also in This Edition*

An Economic Agenda for  
the New Government

Imri Tov



The NMD/Arms Control  
Balance: A Message for  
the Middle East?

Emily Landau



Non-Lethal Weapons: Theory,  
Practice, and What Lies

Between

Ro'i Ben-Horin

**I**srael's new government enters office at a difficult juncture of Israel's short but eventful history. It is a time of deep crisis, characterized by serious questioning of Israel's optimal future course in the political-strategic realm, and a sense that personal safety is lacking. The increased power of the mass media, which multiplies the psychological impact of the developments witnessed by the Israeli public in recent months, together with the devaluation in the public eye of Israel's political leadership, compound this sense of uncertainty and insecurity.

Internally, the unparalleled divisions in the Israeli society may affect its ability to confront external challenges. These divisions — between religious and secular Israeli Jews, between Jews of European descent and those of Middle Eastern or North African descent, between Jewish and Arab-Israelis, and between those who have benefited from globalization and those who have not — now seem sharper than ever. At the

same time, the fear of a complete rupture that these divisions might cause may lead to an effort to mend these divisions within a new "national consensus." Israel's new national unity government may not be the ideal venue through which such consensus might be achieved, but it might provide a period of relative calm that would provide Israel's civil society time to develop such a consensus.

This article outlines an agenda for the newly-elected Sharon government, endeavoring to describe both the challenges faced by it, and policy imperatives which stem from those challenges. It results from extensive internal consultations conducted within the Jaffee Center and reflects a range of assessments, opinions and recommendations. However, since some of the assessments and recommendations voiced in the framework of these discussions were not included in this text, the author bears sole responsibility for its contents. Finally, it should be noted that an earlier version of this paper

(cont'd on p. 3)

## An Agenda for Israel's Newly-Elected Government (cont'd from p. 1)

Emily Landau examines the implications of the announcement by President Bush that the National Missile Defense (NMD) program is high on the agenda of the new administration. The author presents both the international and regional implications of this concept and explains her claim that the stance of the new administration can be interpreted as abandonment of the arms-control talks. She explains that, in a nuclear-armed Middle East, there is no avoiding discussion of the various issues connected with the non-conventional arms race. This will, therefore, be in the Israeli interest, since the arms-control talks will serve as an accepted and legitimate device within the international system. As the talks deal with capabilities, they will not, in fact, be put off because of the US initiative.

Ro'i Ben Horin, with his article, opens a window on a subject which is not widely discussed in Israel: the various aspects of the development, use of, and trade in non-lethal weapons. Ben Horin explains the advantages of non-lethal weapons in the Israeli-Palestinian context, while also touching on the legal and mass-media aspects of this issue. He examines the ramifications ensuing from the employment of non-lethal weapons and their application by the Israeli army and police in confronting violent demonstrations. Ben Horin presents the principles of the concept in using non-lethal weapons, as was formulated in the US, along with a table of what has been developed in this field.

was presented to the government of Israel in March 2001.

### Israel and the Palestinians

Ending Palestinian violence is essential not only in order to restore the Israeli citizens' sense of personal safety but also as a key to improving Israel's relations with Arab states. The latter includes both states with whom Israel enjoys formal peace agreements – Egypt and Jordan – and those with whom Israel has begun to develop a web of informal ties, primarily in the Maghreb and the Persian Gulf.

The Israeli government must continue its efforts to end Palestinian violence, keeping in mind that the task is not simple and requires an approach that combines patience with an understanding that many considerations must be weighed and balanced – considerations that often conflict with one another. Accordingly, Israel must continue to exert pressure on the Palestinian Authority (PA), demonstrating the cumulative economic consequences of the violence, particularly in the economic realm. Within this context, efforts should be made to discover new sources of leverage that will pressure the Palestinian Authority, without increasing the plight of the population in the West Bank and Gaza. In applying these measures, Israel should bear in mind that while the Palestinian violence presents Israel with major difficulties as it suffers resulting physical, psychological and economic consequences, these difficulties pale in comparison to those experienced by the Palestinian population whose "staying power" is

not infinite.

Hence, utilizing these sources of leverage must be done patiently and in doses that would not result in the following possible negative consequences:

- (a) *An erosion in the PA's ability to govern.* This limitation is suggested based on the assessment that the PA's deterioration would result in anarchy and that Israel's difficulty of managing such anarchy would far exceed the difficulties involved in managing the existing level of Palestinian violence;
- (b) *Intervention by international forces.* The propensity of the international community to intervene in order to impose a solution to the Israeli-Palestinian conflict will rise in proportion to the suffering experienced by the Palestinian population and to coverage that this suffering will receive in the mass media;
- (c) *The destabilization of Jordan.* As will be elaborated below, Jordan's stability is a strategic asset to Israel that must be preserved. Accordingly, Israel must refrain from taking any step that might result in Palestinian demographic pressures on Jordan that might threaten the Hashemite Kingdom's delicate social-political structure;

An escalation of the violence in the territories to a regional confrontation. Such escalation would result in the complete collapse of the Arab-Israeli peace process, which has comprised a

central pillar of Israel's security concept since the late 1970s.

In order to avoid these negative developments, Israel must not only apply the measures it is taking to quell Palestinian violence judiciously – it must also act forcefully to prevent Jewish extremists from provoking their Israeli neighbors, in the territories and within the 1967 borders. In turn, this requires that the government and Israel's defense community conduct an ongoing dialogue with the leaders of the Israeli settlers and that a continuous intelligence effort be made to monitor the activities of extremist right-wing political groups.

At the same time, the Israeli government must prepare itself for the possibility that political negotiations with the Palestinians will be renewed. Within this context and parallel to its efforts to stem Palestinian violence by applying sources of leverage, the Israeli government should offer the Palestinians incentives to renew negotiations, such as the promise of prisoner releases and the opening of the safe passages in the case that violence ends. Such steps would also be necessary in order to restore mutual trust without which no effort to return to the negotiations table would succeed.

Yet, while pursuing contacts with the PA regarding the terms and conditions for ending the violence, Israel should refrain from renewing political negotiations until there is sufficient evidence that the PA has launched a **serious effort to prevent violence**. Such a *quid pro quo* is important not only as leverage on the PA, but also because it would be impossible to rebuild the requisite

mutual trust among the two parties as long as violence continues. Mutual trust was seriously damaged by the outbreak of the violence and cannot be restored unless violence ends.

Once negotiations are renewed, they should be focused on the effort to obtain a partial permanent agreement with the Palestinians. This is because the failed efforts of the Barak government proved conclusively that it is not possible to reach a comprehensive permanent status

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agreement with the Palestinians. More precisely, such an agreement cannot be reached as long as the Palestinian leadership continues to adhere to its present positions, particularly regarding "the Right of Return." If the gap between the parties' positions prevented agreement during the tenure of the Barak government, this is all the more likely to be the case for the Sharon government, which is based on a coalition that includes parties that call for the adoption of much less flexible policies toward the Palestinians.

At the same time, the Israeli government must appreciate that the Palestinians have grown tired of interim agreements. Indeed, they see

themselves as having been lured into a *cul-de-sac* of interim agreements – a direct result of Israel's efforts to deny them their ultimate objectives – as each interim agreement comprises no more than an agreement to implement part of the previous interim agreement. Hence, the Palestinians are most likely to refuse to enter negotiations on a new interim agreement. At most, they would insist on the implementation of a generous "third redeployment" which they regard as having been promised them in the framework of previous interim agreements.

Nevertheless, Palestinian willingness to negotiate a new interim agreement in the absence of a viable alternative cannot be ruled out, given that a comprehensive permanent status agreement clearly cannot be reached. But from Israel's standpoint such an agreement would be plagued by the same basic weakness that characterized the entire Oslo process: the Palestinians would win greater control of the land but the two parties would not get closer to ending their conflict.

As the parties cannot reach a comprehensive permanent status agreement that would allow them both to declare an 'end of conflict', and as the chances of persuading the Palestinians to conclude another interim agreement do not seem much better, negotiations should focus on an effort to close the gap where this is possible. That is, on issues such as Palestinian independence through statehood and the steps that would lead up to this, the borders between Israel and the new Palestinian State, and the security regime that would guide relations across these borders. Within this framework, the future of



Israeli settlements in the West Bank and Gaza would also be determined.

The proposed agreement would thus be permanent, but partial: some of the components of the permanent status issues would be settled but not all. The document concluded would nonetheless comprise a peace agreement, in that it would include the parties' commitment to solve peacefully the more difficult dimensions of the conflict (i.e., Jerusalem and the refugees) and would chart a mechanism for continued talks regarding these sensitive issues.

The efforts to negotiate such a partial-permanent agreement should proceed with sensitivity to the difficulties that this alternative also involves: it would be nearly impossible to determine the boundaries between the two entities without settling the issue of Jerusalem. Moreover, Israel would be exposed to the structural weaknesses that characterized the Oslo process from the outset: it would lose its territorial "bargaining chips" before the most difficult dimensions of the conflict are resolved – issues which require a solution if the conflict is to be ended.

At any rate, Israel must draw the lessons from the record of Israeli-Palestinian peace attempts to date and implement these lessons. Primarily, it should be clear that it would not be possible to restore the mutual trust without which no further progress in the peace process will be made if the parties do not comply strictly with the letter and spirit of the agreements that they have already signed. Thus, it is important to make sure that the Palestinians adhere to their commitments regarding the quantity

of weapons that they are allowed to possess, the rules for employing these weapons and the number of people allowed to carry these arms. Similarly incitement against Israel in the Palestinian mass media and religious institutions must be stopped. In parallel, Israel must fulfill its commitments to release Palestinian prisoners and must refrain from expanding settlement activities. Such activities are perceived by the Palestinians as violating the spirit of the Oslo agreement by making Israel's occupation of land in the West Bank and Gaza permanent.

Simultaneously, Israel must prepare itself for the possibility that it would not be possible to implement any of the options for a negotiated agreement with the Palestinians. In this case, the possibility of implementing a partial unilateral separation should be explored. This would be particularly relevant if the Palestinians react to the impasse by declaring "independent statehood" unilaterally. Implementing such separation would require that the government take the following measures:

- (a) an internal discourse among its coalition-members, for the purpose of drawing the lines of defense (i.e., of unilateral withdrawal) for which it would be possible to reach a broad national consensus;
- (b) removing the settlements that are located beyond these lines and redeploying the Israeli Defense Forces along these new lines.

The purpose of such unilateral withdrawal would be limited: to shorten the lines of defense so that the

IDF would no longer have to deploy large forces to defend small and isolated settlements and the long routes leading to them. In contrast to Israel's unilateral withdrawal from Lebanon, this proposed step would not gain international legitimacy. Its sole purpose would be to improve the IDF's capacity to provide security at lower costs.

At the same time, the shortcomings of this option should not be ignored. The Palestinians may well view it as comprising an Israeli withdrawal propelled by the pressures of the second *intifada*. If so, they might well be encouraged to continue – if not escalate – the violence. Also, Israel would be exposing itself to the same structural weakness that characterized the Oslo process, in that it will be yet another chapter in the saga of Israeli withdrawals that do not necessarily lead to ending the conflict. Domestically, the effort to reach a national consensus on the lines to be defended may prove more divisive than continuing Israel's present policy that calls for defending every settlement and the routes leading to it.

The main conclusion resulting from this analysis is that in the Israeli-Palestinian realm Israel's new government will be moving within a very narrow corridor. Quite possibly, the most that it would be able to achieve is relative calm which, in turn, might allow the restoration of mutual trust and, thus, the creation of a more positive environment for the renewal of negotiations in the future. Hopefully, by that time the Palestinians will adopt more realistic expectations with respect to the maximum concessions that Israel would be able to make in the

framework of such negotiations.

Yet it is also doubtful that a meaningful pacification of the West Bank and Gaza can be achieved only by Palestinian attrition – i.e., without offering them a viable political alternative to the violence. But since in this realm Israel's new government has little to offer that the Palestinians can accept, it must prepare for a prolonged confrontation with the Palestinians. In turn, this requires that the IDF be further strengthened and that the Israeli public be prepared for a confrontation that cannot be resolved quickly. Under these circumstances Israel's top priority would be to *contain* the conflict; to make every effort to prevent the violence from escalating into a regional confrontation.

Finally, Israel's new government must also prepare itself for the possibility that the governmental structures of the PA would collapse. This may happen as a result of the cumulative effect of the economic sanctions applied by Israel in an effort to persuade the PA to quell the violence or as a consequence of internal developments unrelated to Israeli policies. The deterioration of the PA would mean that Israel would need to battle Palestinian violence in the absence of a single address – an effort that might prove even more complicated than Israel's experience in Lebanon.

### Arab Citizens of Israel

One of the most important strategic objectives of Israel's new government is avoiding a complete rupture in the relations between Arabs and Jews within Israel. Although the status of Israeli Arabs and their relations with

the Jewish State is an internal issue, it also comprises part of the Palestinian issue, a result of the close relations between the Arab citizens of Israel and the residents of the West Bank and Gaza.

There are two strands of thought among Israeli Arabs: The first calls for their maximum integration within the State of Israel, with a view to deriving the maximum possible benefits from such integration, particularly in the

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economic realm. The second emphasizes the need to make the legal-political standing of the Arab minority in Israel equal to that of the Jewish majority. This calls for granting Israeli Arabs recognition as a "national minority" – with all that this involves under international law – including the right to exercise "cultural autonomy." Most important, it entails changing the declared character of Israel from a "Jewish state" to "a state of all its citizens."

The policies pursued by the new government toward its Arab citizens can positively affect the balance between those advocating these two strands of thought. To do this, it must implement fully the five-year plan for

improving the conditions of the Arab sector suggested by Science and Culture Minister Matan Vilnai during the final months of the Barak government. Additional measures, in the form of "affirmative action," must also be considered. These measures should be devised and implemented in complete coordination with the formal and informal leadership of the Israeli Arab community. In addition, this requires frequent visits to Israeli Arab towns and villages by all ministers of Israel's government, including the Prime Minister. It is also necessary to consult with the leaders of this community regarding all multi-year government plans that can affect this community. The new government must also make the placing of Arab citizens in public sector jobs a priority, including in large state enterprises such as the Israel Electric Company.

Lastly, Israel's new government should formulate a ten-year plan for improving the conditions of the Arab community beyond the steps mentioned in the existing five-year plan. The new plan should be institutionalized in the form of Knesset legislation that would insure multi-year appropriations, in order to make it more immune to frequent changes in the composition of Israel's governing coalitions. The implementation of such a plan would also require that a special executive authority for the Arab sector be created, and that a maximum number of Israeli Arabs would fill positions within it. As a top priority, such an authority should implement a comprehensive land reapportionment (with particular emphasis on the Negev area) and address the problem of "internal refugees" – Arabs who

fled their towns and villages during the 1948 war to locations within the boundaries of pre-1967 Israel.

Not less important is to stress what the new Israeli government should *refrain* from doing in the Israeli-Arab realm. At the top of this list is the need to refrain from expropriating Arab lands and the establishment of small Jewish settlements in between large Arab village that lack land reserves. It is also important to assure Israeli Arabs that the Israeli government does not intend to solve the Palestinian problem at their expense, for example by substituting land located near Arab villages or owned by Arab citizens for lost military training grounds in the West Bank.

### Syria and Lebanon

Israel should express its willingness to renew negotiations with Syria on the basis of the positions presented to President Hafez Asad by President Clinton in their last meeting in Geneva, in April 2000. Yet this should not be done at the expense of efforts to renew the Israeli-Palestinian peace process.

Parallel to efforts to restart negotiations, Israel should adjust itself to the possibility that Syria may prefer the status quo in the foreseeable future. This may be based on the assumption that in any case the Sharon government is unlikely to conclude an agreement under terms acceptable to Syria. It may also be propelled by the likelihood that as long as Palestinian-Israeli violence continues, renewal of Israeli-Syrian talks will be regarded in the Arab world as betraying the Palestinian cause.

Israel must also prepare itself for the possibility that the Hizbollah and

other groups in Southern Lebanon would escalate terrorist activities against it. Israel's response to these efforts must balance a number of conflicting considerations. Israel's deterrence posture must be maintained despite the inherent structural difficulties of establishing deterrence in an environment of Low Intensity Conflict. Most important, Israel's response should remain measured as long as Hizbollah activity

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remains large confined to the Har Dov area. Also, as long as Israel continues to confront Palestinian violence in the West Bank and Gaza, it must refrain from contributing to the opening of a "second front" along its northern border.

However, if despite these efforts at restraint, Hizbollah escalates its use of violence in the north – measured in the expansion of violence to wider sectors of the border or the use of more extended range weapons – Israel should consider reacting against Syria, in response to its support of such activities. Such a reaction would effectively shift the arena in which the conflict takes place from the northern border – in which Israel suffers a clear

disadvantage, due to the heavy civilian population on both sides of the border – to the Israeli-Syrian military arena, in which Israel enjoys a clear edge. Implementing this mode of response should be done gradually: at first, a strong reaction in Lebanon that is designed to propel Lebanese pressure on Damascus; then military action against Syrian targets in Lebanon; and finally – only if the earlier measures do not suffice – action against targets inside Syria.

### Israel's Relations with Jordan

Israel must do its utmost to strengthen the Hashemite Kingdom, especially in the economic realm. A strong and stable Jordan that maintains cooperative relations with Israel is a strategic asset of the highest order. Jordan's stability and its commitment to maintaining its peace treaty with Israel is of great advantage to Israel's national security: first, Jordan comprises a partial buffer, shielding Israel from developments in the Iraq-Iran arena. Second, the greater Israel's confidence in the stability of the Jordan, the less Israel's defense depends on holding on to territory along its eastern flank – particularly in the Jordan Valley – territory that the Palestinian Authority demands as a condition for an agreement with Israel. Thus, strong ties with Jordan and confidence in its stability would allow Israel greater flexibility in its negotiations with the Palestinians.

Jordan's stability faces three challenges: its economy is weak and Jordanians perceive the economic gains from the peace treaty with Israel as very limited. This situation further deteriorated following the outbreak of



violence in the West Bank. The reflection of such violence in the international media resulted in a collapse of tourism to Jordan and created an environment that is detrimental to large-scale private investments in Jordan.

In addition, the violence in the territories and the manner in which Israel's efforts to quell the violence are reflected in the Arab media, have propelled Palestinians in Jordan to conduct mass protests against Israel and the United States – two countries with whom the Jordanian government maintains close ties. Hence, directly or indirectly these demonstrations comprise a challenge to the royal court.

Finally, the violence increased the extent to which the Jordanians perceive themselves as facing a "demographic threat." The closures applied by Israel in the West Bank keep many Palestinians staying in Jordan from returning to their towns and villages. More important, Jordanians fear that increased economic pressure felt by the Palestinians would persuade many among them to move from the West Bank to the East Bank, thus destroying the delicate demographic balance upon which Jordan's stability rests.

Three policy imperatives emerge from this analysis: first, Israel should do everything possible to help improve Jordan's economy. Israel should assist Jordan's economy directly by any means that it can, and persuade the Bush administration to provide further aid for that country. On its own, Israel should also address the domestic obstacles to improved trade relations by lifting the bureaucratic and other barriers to

Jordan's ability to trade with Israel and the Palestinian Authority. Many of these barriers are justified by outdated security considerations but, in reality, reflect the power of economic "special interests" who fear that Jordanian goods would compete with Israeli products.

Second, Israel should make every effort to minimize the extent to which its efforts to quell the violence in the West Bank (and Gaza) would damage

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Jordan's stability and, consequently, the stability of the strategic relations that Jordan and Israel have developed during the 1990s.

Finally, Israel should bear in mind that if its future negotiations with the Palestinians would result in the emergence of a viable Palestinian state that would attract Palestinians economically, the demographic pressures on the East Bank – and, hence, the threats to Jordan's stability – would diminish. Since such stability comprises an Israeli national interest of the highest priority, it is thus clear that Israel has a direct interest in the economic prosperity of the future Palestinian State.

## Israel-Egypt Relations

Despite the enormous difficulties entailed, Israel should make every effort to improve its relations with Egypt. Within this framework, Israel should demonstrate its recognition of Egypt's importance and standing as the leader of the Arab world. Palestinian-Israeli violence since late September has made Egypt's stance even more important. Alongside its efforts to persuade Egypt to return its ambassador to Israel, Israel should express its appreciation for Egypt's critical role in preventing regional escalation.

In particular, Israel should make every effort to establish close relations with Egypt's new Foreign Minister, to be nominated when Amre Musa enters office as the new Secretary General of the Arab League. In these conversations, Egypt's future conduct in the inter-Arab arena should be at the top of the agenda. Indeed, it would be particularly important to make sure that under Musa's leadership the League does not become a stage for the adoption of an even more militant anti-Israel approach.

Within the framework of its efforts to improve its relations with Cairo, Israel should initiate a comprehensive and detailed dialogue with Egypt regarding the sources of Egyptian-Israeli differences. In particular, the two countries' representatives should identify the misperceptions and misunderstandings that characterize their relations and suggest ways of minimizing these distortions.

It would be impossible, however, to conduct such a thorough dialogue with Egypt without addressing issues that are of primary concern to Egypt, primarily Israel's nuclear potential. In

the context of such talks, Israel should express its understanding of Egypt's concerns while emphasizing that as long as Israel continues to face threats that might become existential, it cannot give up the means for strategic deterrence.

## Iraq

Israel's government must conduct serious talks with the United States and other western countries – primarily the United Kingdom – regarding the optimal measures for insuring that Iraq does not rebuild its conventional forces and does not restore its capacity to produce weapons of mass destruction. Israel should make clear that to that end, sanctions should continue to be applied against Iraq, despite their erosion in recent years. These sanctions should not be compromised in order to obtain Iraq's approval for the entrance of UNMOVIC inspectors into its territory. In limiting the resources available to Iraq, sanctions are more effective than inspections in constraining Iraq's capacity to produce WMDs.

At the same time, Israel should insist that UNMOVIC's mandate and the guidelines for inspections in Iraq not be compromised. It is preferable that UNMOVIC never enter Iraq than that it enter with a limited mandate and a curtailed operational code. These limitations would render it ineffective while providing the international community a false sense of security about Saddam Hussein's capabilities.

## Iran

As long as there is no change in the ideological commitment of the Iranian

regime to regard Israel as a non-legitimate entity, Israel must view Iran's efforts to acquire weapons of mass destruction as a strategic threat. Accordingly, Israel must do everything to prevent, or at least slow down, Iran's efforts to acquire such weapons. In particular, it should exert every pressure to prevent the transfer of sensitive technologies to Iran from North Korea, Russia, and other CIS members.

**While Israel should express its willingness to renew negotiations with Syria, this should not be done at the expense of efforts to renew the Israeli-Palestinian peace process.**

Israel should also view with alarm Iran's continued assistance to terror groups operating in its environment, especially the supply of weapons and ammunition to Hizbollah. This support is particularly dangerous given Hizbollah's capacity to trigger a direct military clash between Israel and Syria and to induce escalation to a regional confrontation.

Yet Israel should also acknowledge the fact that in contrast to Iraq, Iran has demonstrated sensitivity to costs, and has avoided gross miscalculations and strategic adventurism. Israel should also be cognizant of the fact that since the Iranian revolution the Iranian-Israeli relations have become engrossed in mutual suspicions and

that some Israeli statements have been perceived in Teheran as a threat to Iran's national security. Hence, Israeli leaders should refrain from action and statements that are likely to transform Iran from a risk and a threat into an enemy. It is particularly important to avoid public statements that predict that the two countries are on a collision course.

In parallel, Israel should strive to develop an informal dialogue with Iran to reduce mutual suspicions and the odds of miscalculations. Should the Bush administration attempt to develop a dialogue with Iran, Israel should refrain from criticizing this effort. At the same time, Israel should encourage the United States to adhere to its longstanding preconditions for improving relations with Iran: an end to Iran's efforts to develop weapons of mass destruction weapons; an end to Iran's involvement in international terrorism; and an end to Iran's efforts to undermine the Arab-Israeli peace process.

## WMD Proliferation and Arms Control

Israel should continue to develop an array of responses to the proliferation of ballistic missiles and WMDs in the Middle East. These responses include:

- (a) preventive measures, including the exertion of direct and indirect pressure on suppliers so that they avoid transferring weapons and sensitive technologies to the region;
- (b) maintaining strategic deterrence so that countries acquiring WMDs refrain from using them against Israel;
- (c) deploying active defense against



ballistic missiles, particularly the "Arrow" ATBM system and advanced models of the "Patriot" systems;

- (d) equipping the population with passive defense measures, including gas masks and sealed rooms;
- (e) the acquisition of offensive means for attacking adversaries' missile launchers and WMD production facilities.

Countering the proliferation of WMDs requires continuous cooperation by the United States at all levels: from the supply of real-time warning of ballistic missile launches to the joint development of active defense measures against WMDs. At the same time, in order to emphasize that Israel shares in global efforts to prevent the proliferation of WMDs and the international norms that form the bases for these efforts, it should join and ratify every global arms control treaty that does not directly erode Israel's deterrence capabilities. The Comprehensive Test Ban Treaty is a good example.

## Israel's Relations with the United States

Close ties with the United States are one of the pillars of Israel's national security. Hence, the Israeli government must coordinate its activities in critical foreign and defense policy realms with the Bush administration.

Israel should prepare itself for the possibility that, despite its preference to avoid micromanaging Israeli-Palestinian relations, the Bush administration will also become involved in Arab-Israeli peacemaking. This may occur as a consequence of

the continuous urging by other US allies in the region – Egypt, Jordan, Saudi Arabia and the Gulf states – that efforts should be made to prevent an escalation of Israeli-Palestinian violence into a regional confrontation. Such calls will be difficult to ignore, given these countries' importance to the United States' ability to achieve its other objectives in the region, notably the containment of Iraq and Iran.

It is also not clear that the Bush

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administration would be able to adhere to its preference to isolate U.S.-Israeli relations from the peace process. Indeed, the administration is quickly discovering that the different components of its Middle East policy are inter-related. Paradoxically, the Bush administration's initial inclination to view the peace process in its wider regional context may bring it to renewed involvement in Palestinian-Israeli peacemaking, designed to help achieve the United States' broader objectives in the Middle East.

Israel must seek to further enhance its close defense ties with the United States while avoiding any effort to institutionalize these relations in the

form of a defense treaty. Israel's current relations with the United States, defined in a series of memoranda, provide an optimal balance between Israel's assistance requirements and its desire to maintain some freedom of action. A formal treaty would limit Israel's room for maneuver and will sharpen issues regarding which Israeli and United States' interests do not necessarily converge.

Indeed, Israel should prepare itself for the possible development of tensions in U.S.-Israeli relations even if it does not initiate an effort to formalize these ties in the framework of a defense pact. These tensions may arise as a result of the measures Israel is taking to counter Palestinian violence, including the "closures," the targeting of terrorist commanders, and its decision to suspend transfers of funds due to the Palestinian Authority until violence ends.

Yet tensions in the bilateral relations are even more likely to emerge regarding the possible transfer of Israeli military technology to states in other regions. Washington's sensitivity regarding this issue is not limited to the possible transfer to third parties of technologies that have originated in the United States. The U.S. administration's expectations are much broader, namely that in light of its large scale assistance to Israel, Israel will take the United States' global interests into account in all decisions related to its export of advanced military technology. This applies particularly to decisions related to sensitive regions such as northeast Asia and the Indian subcontinent.

In order to avoid misunderstandings and tensions, Israel should

initiate a frank dialogue with the Bush administration on this subject. Within the framework of this dialogue, Israel should explain its requirements for maintaining a defense industrial base while ensuring that the sensitivity it demonstrates to the United States' global interests are not exploited to advance competing U.S. commercial interests.

### **Israeli-Russian Relations**

Israel should also seek to improve its relations with Russia and avoid any tendency to regard Russia as a Third World country. In this context, Israel should acknowledge President Putin's efforts to restore Russia's standing as a global leader and should be sensitive to the possible ramifications of these efforts for Israel's strategic interests. An example of these efforts is Russia's recent agreement to sell large quantities of conventional arms to Iran.

Israel should review the array of possibilities for improving its relations with Russia. In particular, it should examine the ramifications of closer Russian-Israeli defense ties that include Israeli upgrading of Russian-made weapons platforms for export purposes. At the same time, Israel should acknowledge the positive impact of the changes made by President Putin. For example, improved state control diminishes the likelihood of unauthorized leakage of nuclear technologies to countries like Iraq and Iran.

Yet, in planning its Russia policy Israel's new government must show extreme sensitivity to the possible ramifications of this policy on its close ties with the United States and should demonstrate its understanding that

Israeli-Russian relations can never substitute for U.S.-Israeli relations. Even if Russian-Israeli relations improve they will forever lack the common values that bind the U.S. and Israel together and the existence of a Jewish community that resembles in size, power, and influence the American Jewish community.

Accordingly, Israel should discuss the prospects of Israeli-Russian relations with the Bush administration

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and the U.S. Congress. This is also important to reduce the possibility that the United States will adopt measures (for example, in the realm of National Missile Defense) that might cause Russia to react in ways that might endanger Israel. Within this context, Israel should weigh carefully its position with regard to initiatives in the U.S. Congress that are designed to exert pressure on Russia so that it refrain from transferring technologies to Iran.

### **Israel's Relations with Europe, Turkey, China, and India**

Israel should improve its relations with the European countries and

particularly with the European Union as it develops into a leading entity in the international arena. Europe has long been Israel's most important trading partner. Investing diplomatic efforts in Europe is all the more important given the suspicion with which Europeans tend to regard Israel's new Prime Minister, Ariel Sharon. Such efforts would require briefing European leaders and consulting them on a continuous basis regarding all aspects of Arab-Israeli relations.

Israel should also invest considerable efforts in cultivating its relations with Turkey, which have improved markedly in the 1990s. Turkey's recent economic plight does not diminish its strategic significance to Israel. This importance transcends Turkey's role as a customer of Israeli military exports – a role that may diminish as a result of Turkey's economic difficulties as well as a consequence of improved U.S.-Turkish ties. Closer relations between the United States and Turkey are rapidly making it easier for U.S. defense industries to compete with Israeli exporters for the Turkish market.

Israel should also seek to improve its relations with China. In particular it is important to repair the damage caused to these relations by the abortion in July 2000 of the sale of "Phalcon" Airborne Early Warning and Control System. The planned sale was associated with a number of errors and its cancellation was mishandled in many ways, including the manner and style with which it was done. China's importance to Israel requires that Israel's prime minister be personally involved in

planning and implementing measures designed to improve the two countries' ties.

Within this context, Israel should strive to reduce the likelihood that China would take steps that might damage Israel's security. This refers particularly to the danger that China might export sensitive technologies and advanced weapon systems to Middle East states.

Yet, in seeking to restore its relations with China, Israel must be sensitive to the growing concerns in Washington about the nature and

substance of Israeli-Chinese defense ties. These concerns result from the broader fears in the United States regarding the growth of China's military power and the perceived higher likelihood that hostilities may develop between China and Taiwan, requiring the United States to intervene in Taiwan's defense. The possibility that the United States will find itself embroiled in conflict with Chinese forces that are equipped with Israeli military technology is particularly troubling for Israel's friends in the U.S. government,

Congress, and the American Jewish Community.

In parallel to its relations with China, Israel should seek to improve its ties with India. According to foreign sources India already comprises an important market for Israel's defense exports, including advanced systems such as Elta's "Green Pine" radar. In light of the Bush administration's positive approach toward India, such exports are likely to raise far fewer objections in Washington than would similar transfers to China.

## Summary

Israel's new government has inherited a very difficult situation, particularly in the realm of Israeli-Palestinian relations. Its most important immediate objective is to contain the violence, hopefully resulting in its complete termination. This is not an easy assignment: Tougher measures that might bring about the end of the violence are associated with higher risks of regional escalation. Hence, there is no simple recipe for ending the violence.

Alongside these efforts, the Israeli government should explore ways for renewing the diplomatic dialogue with the Palestinians. Such efforts are worthwhile, despite the recognition that the Israeli government's room for maneuver is limited: its composition will not permit an effective attempt to achieve a permanent status agreement with the Palestinians and the prospects of achieving an interim agreement or a permanent-partial agreement are also questionable. Lacking better alternatives, the new government might have to resort to the implementation of a limited unilateral withdrawal designed to shorten defense lines, but even this route seems full of obstacles.

Parallel to the efforts to stabilize the Israeli-Palestinian arena, Israel's new government should act to improve the conditions of Israel's Arab population; to prevent escalation along its northern border; to improve its relations with Jordan and Egypt; to act in unison with the US to reduce the danger that Iraq and Iran would be able to pose strategic threats to Israel; to improve its defense ties with the United States while avoiding the institutionalization of these ties within a formal treaty; and finally, to give priority to improving its relations with Russia, the European Union, Turkey, China, and India.