

Strategic Survey for Israel
2017-2018

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Israel and the Middle East: Potential to Thaw the Frozen Political Process and Upgrade Relations in the Regional Arena

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In 2017, as in preceding years, Israel successfully avoided the spillover of the instability prevalent in the Middle East into its territory. This was likewise true in the context of the ongoing war in Syria (developments in this theater and the implications for Israel are explored in depth elsewhere in this volume). At the same time, it can be argued that Israel gained the opportunity to use some of the developments in the Middle East to advance its interests. The instability, the tensions between countries and organizations in the region, and particularly the tension between the pragmatic Sunni states and Iran have generated a confluence of interests and sparked cooperation between various states and Israel, albeit limited to the security sphere and kept behind the scenes at this stage. The glass ceiling in the relations is primarily the difficulty in jumpstarting an effective political process between Israel and the Palestinians. Although the Palestinian issue is not a top priority for the pragmatic Arab states or for Turkey, for that matter, it is important for their general publics and therefore could constitute a background for popular protest and uprising. This sensitivity was highlighted by the response of Arab governments to the magnetometers placed by Israel on the Temple Mount following the terrorist attack at the entrance to the Temple Mount in July 2017. The only Arab country that did not express opposition was Saudi

Arabia, which acknowledged the relevance of the measure to the struggle against terrorism.

This chapter focuses on trends in the Israeli-Palestinian arena, exploring in particular developments with the potential to help thaw the deadlock and policy recommendations to facilitate realization of this potential. Proposed measures can both help remove obstacles to upgraded relations between Israel and pragmatic Arab countries, and encourage the expansion of these relations to the public stage.

The Deadlock in the Israeli-Palestinian Arena

2017 was marked by a lack of political movement in the Israeli-Palestinian arena. The “intifada of individuals” that began in the fall of 2015 ebbed, due in large part to the measured approach Israel adopted in response to the challenge. On the one hand, the intelligence ability to detect possible risks improved, and preventive measures were taken accordingly. On the other hand, the policy of refraining from widespread collective punishment facilitated normal life for the Palestinian population and prevented the spread of a violent conflict; Israel similarly successfully prevented escalation following friction related to the Temple Mount. The overall frequency of terrorist attacks and the number of casualties fell, and there was a high rate of preemption. At the same time, successful terrorist attacks at times constituted a source of inspiration and imitation for additional terrorist activity.

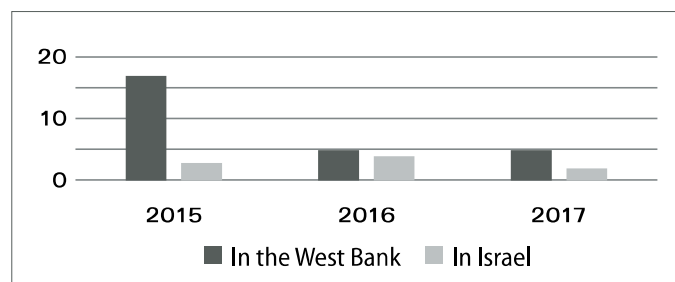


Figure 1: Number of Israelis Killed in Terrorist Attacks

Source: B'Tselem¹

Among the Israeli and Palestinian publics and their respective political systems, the belief that an overall agreement could be reached eroded.²

While a majority of public opinion surveys on both sides indicated continued support for the idea of the two-state solution by an absolute or relative majority,³ the prevalent skepticism as to the feasibility of this idea has prompted a search for alternatives. This trend is reflected increasingly in Israel, primarily in the political right wing, and is evident on the Palestinian side as well, especially among the intellectual elite and young people in renewed discourse on possible implementation of a one-state solution. The meaning of the “one-state” concept is not identical on both sides, however. On the Israeli right, the debate focuses on ideas of annexing Area C to Israel and continued security control of areas with Palestinian autonomy and limited authority. At times there is a noticeable effort to cover up the inherent inequality embedded in this solution by calling the one state a “confederation” or an “Israeli-Palestinian federation.”⁴ On the Palestinian side, however, the debate now extends to the possible establishment of a single country that will be a state of all its citizens, i.e., will feature equality between the Jewish and Palestinian populations.

At the same time, due to the reduced rate of support for the two-state vision among the Israeli public in recent years, the debate in Israel also focuses on alternatives to a fully Israeli-Palestinian consensual option (and to the one-state idea). Among the alternatives mentioned is a gradual process of partial agreements and unilateral measures, based on a hope that this process can prevent the gradual emergence of a one-state situation and encourage progress toward a two-state situation – even in the absence of full agreement between the two sides. The most optimistic perspective holds that creating a situation of two states on the ground, while preserving the conditions for an agreed separation into two nation states, is possibly a basis for negotiations that one day can lead to an agreed solution.

Beyond the public skepticism regarding the two-state solution, the political deadlock is also a result of the internal political situation among both principal parties and the reduced involvement in the Israeli-Palestinian issue of the international community, due to its preoccupation with regional matters that appear urgent and more important.

The Israeli government is composed of a coalition of right wing and religious political parties. The glue that keeps it together is on the one hand consent to the demands and pressure from the far right wing Jewish

Home Party, and on the other hand, consent to the sectoral demands on the issue of religion and state of the religious parties. This government makeup prevents any movement whatsoever toward a political process. At most, Prime Minister Benjamin Netanyahu has managed to thwart the demands for annexation by the right wing from both outside and within his party, fearing the harsh responses that a step in this direction will incur in the international system. On the other hand, the Prime Minister is unwilling to risk making any substantive political move. Even a limited and measured step like legalizing Palestinian construction on the outskirts of Area C near the city of Qalqilya was thwarted by right wing opposition. The Israeli government has consecrated the status quo, clinging to the idea of “managing the conflict” as a basis for its policy. The dynamic situation, however, is not static; it reflects a drift toward a one-state reality that will necessarily feature inequality between the two sectors and will be fertile ground for a violent and protracted conflict between its constituencies.

On the Palestinian side, the split continues between the West Bank, governed by the Fatah-led Palestinian Authority (PA), and the Gaza Strip, governed by Hamas. These two leading movements in the Palestinian arena suffer from their undermined status and political weakness. Fatah and its leadership, headed by Mahmoud Abbas, have been weakened by the failure of the political platform that it championed, based since the beginning of the Oslo process on implementation of a two-state solution reached through negotiations, and by its image as a corrupt and dysfunctional government. For some time, the prevailing view among the Palestinian public has been that Abbas is at the end of his political rope, and that the struggle for succession has already begun. For its part, Hamas has been weakened because its agenda, based on violent resistance to Israel and attempts to establish a Palestinian state through the use of force, has failed. Furthermore, the full-scale confrontations with Israel, especially the war between Israel and Hamas in the summer of 2014, caused enormous damage to infrastructure and a worsening humanitarian plight in the Gaza Strip. Faced with this state of affairs, Hamas has since chosen restraint and generally refrained from carrying out terrorist attacks. This restraint blurs what distinguishes between Hamas and Fatah, and prevents the former from maintaining its image as an authentic resistance movement. In addition, the respective

governments led by Fatah and Hamas are regarded as illegitimate because since 2006 there have been no new elections. Public opinion surveys in the West Bank and in the Gaza Strip of recent years indicate that support for Fatah has ebbed specifically in the West Bank but risen in the Hamas-controlled Gaza Strip; similarly, Hamas enjoys growing support in the West Bank but has lost popularity in Gaza. In view of this situation, the PA, like the Israeli government, has avoided electoral risks and has consecrated the status quo. It tries to appease the public by striving for achievements in the international theater – gaining additional recognition for a Palestinian state, joining international conventions and institutions as a country, and creating pressure on Israel to make political-territorial concessions in ways other than by means of direct negotiations.

The Potential for Breaking the Political Deadlock

Despite the prevailing feeling on both the Israeli and Palestinian sides that there is no way to break the political deadlock, the developing situation in and around the conflict arena presents developments and elements with potential for positive change.

Possible pressure from the United States administration to resume the political process: President Donald Trump adheres to his goal of realizing the “ultimate deal,” i.e., formulating a comprehensive settlement between Israel and the Palestinians. He claims that he does not support a specific formula, not even necessarily a format of two states for two peoples, but will accept any agreement acceptable to both parties. President Trump has put his son-in-law, Jared Kushner, in charge of the matter, and has set up a team led by Jason Greenblatt as chief negotiator. The American mediators shuttled between Jerusalem and Ramallah several times in 2017. Despite the weakening of the United States’ influence in the Middle East and the increased weight of other powers, headed by Russia and China, the United States is still the most important actor in the region. Even if other international players are proposing initiatives for breaking the Israeli-Palestinian deadlock, the parties involved do not impart major significance to them, as illustrated by the responses by Israel and the Palestinians to ideas raised by Russia and China, and to the French initiative to convene an international conference to resolve the conflict.

At the same time, there may be tension between President Trump, who continues to speak in terms of the “ultimate deal,” and the American team dealing with the matter. This team, which implied that Israel is more responsible than the Palestinians for rejecting a solution and that the Palestinians appear more flexible, is guided by the realization that given the views of the two parties on a possible settlement and their respective political constraints, it is doubtful whether in these conditions, negotiations can be conducted that will lead to a permanent settlement.

Relative Palestinian flexibility: Even though the Palestinian side is also pessimistic about the feasibility of effective negotiations with the Israeli government, Ramallah has decided that the chances resulting from Trump’s desire to reach an agreement should be explored. The PA is willing to show greater flexibility than in the past – if only so that the responsibility for the failure of Trump’s initiative will fall completely on Israel. A general freeze of construction in the Israeli communities in the West Bank is therefore not presented as a condition for renewing the talks, and there is willingness to suspend Palestinian actions against Israel in the international theater, subject to a renewal of the negotiations.

Because President Abbas is approaching the end of his career, it appears that he is acting out of a sense that he has nothing to lose, while at the same time, perhaps more than in the past, thinking about his legacy in Palestinian history. For this reason, he is showing growing willingness to take risks in order to break the political deadlock, and in this framework to wage a struggle in the Palestinian political arena itself and prove his ability to act in order to achieve a breakthrough. This change was reflected in the pressure he exerted on Hamas and the sanctions he imposed on the Gaza Strip, while at the same time showing readiness for a dialogue with Hamas, which culminated in the reconciliation agreement reached by Hamas and the PA in October 2017.

Leadership changes in Hamas: The deterioration in economic and civilian infrastructure and civilian welfare in the Gaza Strip continues, due to the failure to repair the damage incurred in military confrontations with Israel and financial pressure exerted by the PA, which is motivated by a wish to weaken Hamas. While the political theater in the West Bank is waiting for changes in the Fatah leadership, a change of leadership has already taken

place in Hamas. Ismail Haniyeh, who was the Hamas leader in the Gaza Strip, has replaced Khaled Mashal as head of the organization's political bureau. Saleh al-Arouri, a Palestinian of West Bank origin formerly responsible for coordinating Hamas's terrorist infrastructure there, has been selected as Haniyeh's deputy and representative of the West Bank in the political bureau. New leadership was chosen in the Gaza Strip, headed by Gaza native Yahya Sinwar, who has been a leading member of Hamas's military wing since his release from prison in Israel in 2011 in the prisoner exchange between Israel and Hamas (the Shalit deal). Sinwar gradually stood out in Hamas's ranks as a dominant figure, following the shift in Hamas's leadership from outside the Gaza Strip to internal control. In contrast to the prevailing view in Israel that Sinwar's election signaled a takeover of Hamas by its military wing and radicalization of the organization's policy, its political leadership has actually been strengthened, as Sinwar is demonstrating a pragmatic policy.

The Document of Principles issued by Hamas in May 2017 following the selection of its new leadership reflected pragmatic moderation in comparison with its 1988 Covenant, although the text was not portrayed as a substitute for the original manifesto. It gave greater emphasis to national-political statements at the expense of Islamic ideology, severed the connection between Hamas and the Muslim Brotherhood, and accepted the establishment of a Palestinian state within the 1967 borders, albeit without the recognition of Israel. The document was designed to position Hamas as a legitimate player in the Palestinian and international arenas, and to pave the way for repairing its relations with Egypt. In practice, Hamas's policy is indeed focused on the ceasefire with Israel, an increased effort to improve the internal situation in the Gaza Strip, and strengthened political ties in the Middle East and elsewhere. Although Hamas's leadership seeks to preserve its relations with Iran, at one time the organization's sole source of military aid, the emphasis at present is on improving relations with Egypt for the purpose of promoting a number of goals involving stabilization of the situation in the Gaza Strip, which would thereby strengthen Hamas's standing. Chief among these is an orderly opening of the border with Egypt. An assumption grounded in the regional situation and guiding Hamas's pragmatic policy is that Egypt can persuade Israel and the PA – two parties highly interested in having good

relations with Cairo – to make concessions that would help improve Gaza's infrastructure and economy.

The stance of the pragmatic Sunni countries: The bloc of pragmatic Sunni countries does not want developments in the Israeli-Palestinian conflict to detract from its ability to form an effective coalition against what it regards as the main threats – the Shiite axis led by Iran, and the Salafi jihadist organizations and the Muslim Brotherhood. For this group of countries, Israel should be a significant (if unacknowledged) member of this coalition, but the continued conflict with the Palestinians hampers the bloc's ability to cooperate with Israel. Saudi Arabia, whose new leadership is fully preoccupied by the Iranian threat, leads this approach, joined by Egypt and Jordan, which regard Israel as an important partner in the struggle against jihadist groups in the Sinai Peninsula and southern Syria, and are alarmed about the threat posed by the Muslim Brotherhood. These countries are now more willing than previously to help get the Israeli-Palestinian political process back on track and see it succeed.

The reconciliation agreement between Fatah and Hamas: The new/renewed reconciliation agreement between Fatah and Hamas signed in Cairo on October 12, 2017 can be regarded as the first clear expression of the power of the elements of change. The initiative for promoting accommodation between the rival camps was Egyptian, coordinated with the Trump administration. The administration did not express public support for the reconciliation agreement, but made it clear that the PA's return to the Gaza Strip in accordance with the understandings reached by Fatah and Hamas was an essential condition for progress in the political process between Israel and the Palestinians. It also had the Quartet pass a corresponding resolution, based on recognition that in the current situation, the only way for Fatah to return to the Gaza Strip is through reconciliation between Fatah and Hamas. Abbas's decision to apply tough concentrated pressure on the Gaza Strip by cutting payments for various needs of the local population, whose basic situation was already dire, and his willingness to pay the price for this in Palestinian popular opinion, contributed to the pressure exerted on Hamas's leadership to agree to the terms of the arrangement with the PA. Hamas's leadership, which was then already in a rapprochement process with Egypt, responded positively to Cairo's demands for dissociation from the Muslim Brotherhood and

termination of Hamas's cooperation with jihadist groups operating in the Sinai peninsula.

The reconciliation agreement mandates the return of civilian matters in the Gaza Strip to the PA, including control of the civilian security agencies; renewal of PA funding for services and salaries of government workers in the Gaza Strip; and transfer of control over the border crossings, including the Rafah crossing between the Gaza Strip and Egypt, to the PA. PA security forces will also enter the Gaza Strip in this framework.

The debate of issues that caused the collapse of previous reconciliation agreements between Fatah and Hamas – including the principle of “one authority, one government, one gun,” meaning the subordination of the Hamas military wing to the PA; the conditions for facilitating Hamas's joining the Palestine Liberation Organization (PLO); and general elections for the Palestinian Legislative Council and presidency – were postponed to a later date, because once again, the chances of the parties reaching agreement on these important disputes were not good. There is consequently a question mark concerning the full implementation and long term stability of the Cairo agreement. However, Hamas is now undergoing a slow and gradual process of becoming more pragmatic, which may increase the prospects for success.

Risks and Opportunities

In this situation, factors with the potential to break the deadlock in the Israeli-Palestinian arena pose both risks and opportunities. The risks:

- a. Beyond the strategic price of the political deadlock and the gradual drift towards a situation of one state, there is a risk of an outbreak of additional escalation in Palestinian violence – both as a result of activity by organized terrorist infrastructure and a resumption of initiatives by individuals. Special attention should be paid to the possibility of an outbreak of violent events concerning the Temple Mount – a site of special sensitivity to both Israel and the Palestinians – and a trend toward the political conflict becoming a general war between religions.
- b. The political pressure by the Israeli right wing to annex parts of Area C, meaning to apply Israeli law to it, is liable to succeed. Annexation will cause a severe crisis with the Palestinians that will detract from security cooperation with the PA security forces. In addition, movement in this

direction will exact a high price from Israel in the international and regional theaters, and in particular will darken its relations with Jordan and Egypt.

- c. A failure by President Trump to achieve the “ultimate deal,” which is highly likely, especially if his initiative focuses solely on a full, permanent settlement, stands to reinforce feelings on both sides of frustration and inability to find a solution, and reinforce the tendency to do nothing. The ensuing continued deadlock will help proponents of the status quo continue the existing policy of avoiding initiatives to renew negotiations and reach a settlement. In tandem, pressure on Israel in the international theater by the PA and parties opposed to Israel’s policy will grow. At the same time, the many doubts on both sides about the chances of an initiative by the American administration – the very possibility of presenting it and its chances of success – stand to relieve the harsh effect of its failure.
- d. It is likely that the reconciliation agreement between Fatah and Hamas will collapse after some time, due to the organizations’ inability to agree on the issues postponed for deliberation until a later date given the difficulty in formulating understandings about them, and due to faulty execution of clauses on which the particulars were already agreed – as happened with the previous reconciliation agreements. Such failure will change the considerations of the players involved, and aggravate the instability in the arena.
- e. The severe humanitarian situation in the Gaza Strip, combined with the likely possibility that failure of the reconciliation agreement between Fatah and Hamas will result in continued financial pressure by the Ramallah government on the Gaza Strip, may lead Hamas to the conclusion that it has no way out other than to escalate the violence through terrorist attacks from the West Bank and rocket fire at Israel from the Gaza Strip. Hamas does not want to be in this situation, and is expected to make every effort to avoid it. At the same time, Salafi and jihadist organizations are liable to express opposition to the relatively pragmatic line espoused by Hamas and to initiate terrorist attacks against Israel and in Sinai, while disavowing the authority of Ramallah and Gaza.
- f. There is a risk of undermining the stability of the PA as a result of Mahmoud Abbas’s leaving office because of health issues, a political

decision following a possible failure of an American attempt to restart the political process, or the collapse of the reconciliation agreement – all of these factors together, or any one of them individually. It is likely that a struggle would develop for Abbas's seat, which could easily evolve into a free-for-all in the absence of an agreed candidate. At this point, the challenge that Mohammed Dahlan poses to Abbas's leadership, with the support of the United Arab Emirates, is far from threatening Fatah's current leadership.

- g. The portrayal of Israel as responsible for refusing to restart the political process could affect its relations with the Trump administration, incur further damage to its image in the international sphere, and accelerate additional decisions against it in international forums.

At the same time, opportunities are also observable in the current situation:

- a. It is possible that the political process will be renewed at the initiative of the American administration, assuming that Israel and the Palestinians sense an inclination by President Trump to respond harshly to any opposition to his policy. The parties may therefore withdraw the demands that they have previously set as conditions for renewal of the dialogue. Even if this development does not lead to a full "deal," it can be used as a basis for follow-up initiatives, and for starting movement toward a situation that can serve Israel's interests.
- b. The pragmatic Sunni countries (the Arab Quartet), including Egypt, Jordan, and Saudi Arabia, are currently taking a more assertive attitude toward the need for progress in the Israeli-Palestinian theater. This approach is likely to make them an active partner in efforts to resume an Israeli-Palestinian political process – while supporting Palestinian decisions that affect domestic public opinion – through aid to the Palestinians in state-building projects and incentives to Israel for progress toward a solution to the conflict. Lessons learned from the past show that a third or international party can sometimes give one of the principal parties what it needs when the other side in the negotiations is unable to do so. Particularly prominent is Egypt's new readiness to take upon itself initiatives in the Israeli-Palestinian arena. Israel can take advantage of this Egyptian stance in various areas, from a negotiated prisoner release deal with Hamas to the formulation of broader political initiatives.

- c. The improved strategic-security situation of Israel, which enjoys a strong alliance with the United States, good relations with the other major powers, strategic and security cooperation with Egypt (at the highest level since the peace treaty with Egypt was signed) and Jordan, and formidable military power, combined with the weakness of the Arab world in general and Israel's enemies in particular, enable it to take calculated risks in any move toward political progress.
- d. The renewed assertiveness of President Abbas and his proactiveness create an opportunity for progress that was previously unrealistic.
- e. The changes in Hamas and its policy enhance the chances of stabilizing the situation in and nearby the Gaza Strip, containing Hamas, and preventing it from disrupting effort at progress in the Israeli-Palestinian arena. These changes are likely to help expedite the process of reconstructing the civil and economic infrastructure in the Gaza Strip and improving the humanitarian situation there.

Policy Recommendations

Despite the changes in the existing political situation and the opportunities that have arisen, there is little chance of achieving a permanent settlement and an end to the conflict through negotiations in the absence of substantial political changes on both sides. It is no wonder, for example, that the opportunity resulting from the changes within Hamas is instead cast by the Israeli government as additional grounds for not renewing the negotiations with the Palestinians, as long as Hamas does not fulfill the requirements stipulated by the Quartet as a condition for negotiations. The American administration has had to endorse this Israeli demand.

It therefore follows that the most constructive way to pursue Israel's strategic goals is to move gradually and in measured fashion toward a situation of two states for two peoples, while maintaining the conditions for such a settlement through combined efforts in the international, regional, bilateral, and independent arenas – some simultaneously and others successively. This means that measures causing a drift toward a one-state situation should be halted, in other words, steps toward annexation in the West Bank and the expansion of settlements beyond the security fence, i.e., outside the main blocs close to the Green Line. At the same time, active measures should be

taken to reinforce a situation of two states, designed to include the gradual transfer of Area C to the control of the PA, or at least to allow Palestinian development in Area C without officially changing its status; expansion of Palestinian authority, responsibility, and control in Area B; completion of the security fence; and assistance in building Palestinian state and governance capabilities – including infrastructure and economic development. In this framework, the principle of “nothing is agreed until everything is agreed” should be replaced by the principle of “everything that is agreed and can be implemented or coordinated between the parties will be implemented.” The first signs of adopting this principle can be seen in the water agreement signed in 2017 between Israel and the PA.

It would be beneficial to carry out this gradual process through a series of partial agreements. In many cases, however, the basic lack of trust between the two sides and the gaps between their positions do not allow this. Therefore, gradual progress must be implemented through a combination of consensual measures and independent steps, in which some of the independent measures can also be coordinated. Success in this process is likely to gradually increase mutual trust between Israel and the Palestinians.

Maintaining security has a key role in the success of the gradual process of creating a two-state situation. It is therefore important to complete the security fence, and preserve Israel’s security capabilities and authority in the West Bank while construction is underway. Concurrently, care should be taken to continue and improve security coordination between Israel and the Palestinians, together with an Israeli effort to reduce operations in Areas A and B as much as possible, as long as the Palestinian security mechanisms meet their obligations and prevent terrorist attacks and the development of terrorist infrastructure. During the entire proposed process, it is important to maintain security stability in the Gaza Strip and prevent violent outbreaks that will impact negatively on the ability to proceed. Implementation of the reconciliation agreement between Fatah and Hamas should be considered one of the means of achieving this goal.

If Israel adopts this approach, it should enlist the support of the regional actors, particularly the pragmatic Sunni bloc, to help the Palestinians carry out their part of the process and gain support for governance capabilities. Their inclusion in the process will help persuade the Israeli public that the

new policy is rewarded with upgraded relations with the broader Arab world. Of particular importance is prior agreement with the US administration on gradual progress toward a two-state situation, and on the principles of a final settlement acceptable to Israel. The support of the United States and other international players is also important because it will give the proposed process international legitimacy, and help the two sides shoulder the respective costs.

The success of this process offers a chance to promote a gradual, safe, and calculated end of Israeli control over the Palestinian population. Israel can thereby move from maintaining the status quo and retaining the disputed territory in its entirety, to shaping the situation and delineating a border – even if only temporary – that includes the main settlement blocs until a full agreement is achieved with the Palestinians. If Israel's measures are supported by leading Sunni Arab states, a reliable basis will be created for breaking through the glass ceiling in relations between Israel and many of its neighbors.

Notes

- 1 <http://www.btselem.org/hebrew/statistics/fatalities/after-cast-lead/by-date-of-event>.
- 2 According to the Peace Index from September 2017, 72.1 percent of those questioned believed that a settlement between the two sides was impossible in the coming years. Only 24.7 percent responded that they believed that it was possible. The findings of a survey conducted by the Palestinian Center for Policy and Survey Research (PSR) in September 2017, on the other hand, show that 57 percent of the Palestinians in the areas controlled by the Palestinian Authority believe that a two-state solution is no longer possible. See the surveys, <https://goo.gl/AWb4pS> and <http://www.pcpsr.org/en/node/711>, respectively.
- 3 For example, Assaf Gibor, "Survey: Palestinians and Israelis Prefer the Two-State Solution," *NRG*, February 16, 2017, <http://www.nrg.co.il/online/1/ART2/864/356.html>. Note when the element of a regional solution was included in the same survey, the rate of support for an agreement among both Palestinians and Israelis increased.
- 4 Based on various ideas presented at a "roundtable" meeting that took place at INSS in September 2017.