

4

An Opportunity for a Geopolitical Adjustment

Introduction

The developments of recent months have highlighted the strategic question marks hovering over Israel. There is much uncertainty in the violent and turbulent Mideast, where the past building blocks of the regional order are collapsing and no new stable order is in sight. Even the international arena, which is relevant to the Middle East and to Israel's strategic resilience, is far from stable and significant change is underway. Israel faces a geopolitical reality filled with "moving parts" that influence one another. This creates a wide range of scenarios, each of which includes different, and at times contradictory, challenges for Israel.

One expression of the strategic uncertainty in Israel's midst is the sharp polarization among analysts and commentators about the effects of recent developments on Israel's strategic stature. Just as one can find cogent assertions that Israel's strategic situation is tough and worrying, one can also find equally rational arguments that Israel's strategic situation has never been better.

Although decisions made in Jerusalem have only a limited influence on the general strategic environment, they can, from Israel's and the Jewish people's point of view, be fateful.

This report points out the past year's key developments standing behind Israel's most pressing strategic challenges:

- The nuclear agreement reached with Iran, which was described by Prime Minister Netanyahu as a "mistake of historic proportions."
- The danger of security deterioration – on both the northern front (Hezbollah, ISIS, and radical Islamist elements in Syria), and the southern front (Hamas and terror groups operating in Sinai).
- Palestinian terror – the danger of the continuing "Lone-Wolf Intifada."
- The continued tensions with the United States and the chance of a "new page" in the relationship after the U.S. presidential elections.

- Erosion of U.S. interest in playing a central role – to lead and to maintain a presence in the Middle East.
- The push to alter the model for achieving a diplomatic solution between Israel and the Palestinians from U.S.-led bilateral negotiations to multi-lateral ones, or to an enforced solution under UN auspices.
- Attempts to degrade Israel's international standing through BDS and de-legitimization campaigns.

Rebuilding the U.S.- Israel relationship should be Israel's top priority

The threatened resilience of the triangular relationship: Jerusalem – Washington – the U.S. Jewish community, as Israel increasingly becomes a partisan issue in America.

Alongside the challenges Israel faces, with all their dangerous elements, Jerusalem also has considerable new opportunities to improve its relations with the moderate Sunni world, which is showing an increasing openness in light of the threats emanating from Iran and radical Islamic terror groups.

As **the U.S. is Israel's only significant ally, rebuilding this relationship should be Israel's top priority.** These relations were strained during President Obama's tenure. Fixing them will not be simple as some of the key issues at the heart of the tensions – the nuclear agreement with Iran and the Palestinian-Israeli conflict, including its repercussions and implications – could widen

the gaps between Jerusalem's and Washington's positions. Continued tensions threaten Israel's strategic stature and could put further pressure on the American Jewish community, placing it between a "rock and a hard place." This, in turn, could erode the resilience of the "triangular relationship": Jerusalem – Washington – the U.S. Jewish community, a bedrock of Israel's and the Jewish people's strength.

The international system and U.S. standing

"International disorder" continues to characterize the geopolitical arena. Since the end of the Cold War and the period of American hegemony that followed (1989 – 2001), the international system has yet to coalesce into a stable and functioning order. While the U.S. remains the strongest power in the world, the "American moment," in which the U.S. enjoyed hegemonic status in a unipolar system, has passed. Recent frictions between the United States and Russia have at times been reminiscent of the mutual hostility that defined the Cold War years. Horrific terror attacks committed by ISIS around the world add to this sense of global disorder. Some attacks have been directed and initiated by the organization's leadership, others were inspired and encouraged by its ideology. Alongside attacks in Iraq, Syria, Libya, and Lebanon, ISIS has also been able to reach France, Belgium, Turkey, Tunisia, the United States, Egypt (downing a Russian passenger plane), Indonesia, Yemen, Bangladesh, Kazakhstan, Afghanistan, and Germany.

However, there have also been a number of bright spots in the international arena over the past year: the UN Climate Summit reached its first agreement (December 12, 2015), committing the countries of the world to reduce carbon emissions in order to limit global warming to 1.5 degrees Celsius above pre-industrial levels. Also, the Nuclear Security Summit (April 2016) made some progress in decreasing the threat of nuclear material falling into the hands of terror groups; (Russia, which holds the largest store of nuclear material, did not participate, due to tensions with the United States.).

The assertive and dominant forces in the international order today do not seem to draw from the values of liberal democracy that guided the United States as it attempted to reshape the international order after WWII, in a way that would increase stability, encourage liberty, and facilitate free trade. The appeal of these values has weakened as a result of the 2008 financial crisis, deepening social inequality brought on by globalization, the fading of hope initially sparked by the Arab Spring, and the crisis taking place in Europe, as expressed by the Brexit vote, which determined that Great Britain will leave the European Union (June 23, 2016).

Europe is mired in disagreement as to how to handle a litany of challenges: a million migrants from the Middle East and Africa, and the possibility that many more will come; the ISIS initiated terror attacks that shake the open border concept and the personal sense of security in Europe; political radicalization on both the right and left and the growing discomfort with the traditional political

system; economic crises, especially the risk that Greece will declare bankruptcy and add to the trend of exiting the European Union.

Centers of tensions around the world, including Syria, the South China Sea, and Ukraine, hold the potential for serious deterioration. In parallel to the rise of China and the geopolitical challenge Moscow continues to pose to Washington, United States' international stature continues to erode. The superpower – home to the most prosperous Jewish community and half of the Jewish people in the world – provides friendship and assistance critical to Israel.

The weakening of America's international standing comes with another development that significantly threatens Israel's basic interests – the growing American reluctance to maintain a hands on global presence, especially in the Middle East. The Sunni countries are concerned that the U.S. will neglect its special relationship with them in favor of a strategic reliance on Iran. The American president's promise to Tehran that reaching a nuclear agreement would allow Iran to be "a successful regional power"¹ is cause for trepidation in Saudi Arabia and the broader Sunni camp. They fear the nuclear agreement was part of a "grand bargain" granting Iran an upgraded regional status and hastening its quest for regional hegemony.

The Sunni countries are concerned that the U.S. will neglect them in favor of Iran

Some in Washington are convinced that, in the long run, Iran is a preferable ally to Saudi Arabia. Its population is fairly modern, interested in democracy and progress, and is, overall, less hostile to the United States. The fact that ISIS is currently a common enemy of the U.S. and Iran strengthens this position. The moderate Arab camp's disappointment in the United States' regional conduct was thrown into sharp relief by President Obama's reception at the GCC summit in Riyadh (April 20, 2016). The Saudi king received the heads of state from the Gulf countries, but sent the governor of Riyadh to greet the American president. A measure of humiliation was added when local television did not go to the trouble of broadcasting the arrival of the "leader of the free world."

Israel will be significantly affected not just by the change in the quality of the relationship with Washington, but also by the change in America's global standing. The growing regional perception that the U.S. – Israel's strongest ally – is abandoning the Middle East, erodes Israel's deterrence power. Insights offered pertaining to America's decreased interest in the Middle East have included: Washington's peaked interest in Asia, as it frees up more resources to deal with the challenge from China; its diminished dependence on energy imports; and growing disappointment with its inability to achieve its goals through the use of military force – especially in the Middle East.

Demurring from military action in Syria, despite the crossing of the "red line" the American president himself drew (the use of chemical

weapons), provided an opening for Russia to aggressively reclaim its position as a regional power broker. Accepting the deterioration of central governance in Iraq, the collapse of Libya, and limiting the fight against ISIS essentially to aerial bombing and the deployment of military advisers and trainers – are all emblematic of America's willingness to close the current chapter of its military presence in the region. Many in the U.S. feel that this involvement, which came with a heavy cost of blood and treasure, failed to achieve significant goals. The decreased U.S. appetite for involvement in the Middle East is coming to the fore, ironically, as the region is in the midst of a storm and needs the stabilizing force of a superpower.

At the same time, many commentators reject the claims of declining U.S. power and present data that prove that it remains the leading global power: from its military and economic might through the excellence of its universities. However, it is not enough to possess impressive capabilities if the regional perception is that the U.S. does not intend to stay and use them.

In opposition to the voices in the U.S. advocating disengagement from the Middle Eastern "hornet's nest," there are other voices warning that if the U.S. were to disengage from the region it would undermine global security, invite strikes inside the U.S., and potentially ignite a nuclear war. They admonish that it would lead to a global economic crisis (even if the U.S. itself is not dependent on Middle Eastern oil – disruptions to the supply can harm the global economy, on which the U.S. is dependent and an integral part).

President Obama continues citing his ending America's ground wars, which had mandated the presence of tens of thousands of American troops, as a foreign policy achievement – one of the jewels in the crown of his presidency. He is doubtful of America's attempt to define the geopolitical reality on its own. According to him, many of the world's problems do not have quick solutions, if any at all, and need to be solved within collective international frameworks that privilege diplomacy over the use of force. According to Obama, American interests at times require "leading from behind" and sometimes not at all.

The "Obama Doctrine," laid out in a series of interviews the president gave to journalist Jeffrey Goldberg,² sees America's use of military force as a recipe that mostly leads to failure. Justified use of force, according to this approach, only pertains to direct and imminent threats to U.S. national security. This is the result of the failure of U.S. military involvement in Iraq and Afghanistan, which left the American public war-weary and suspicious of foreign military adventures. The president's adviser, Ben Rhodes, clarified explicitly that the president is convinced that "deepening the military involvement in the Middle East will eventually hurt the economy, and hurt America's ability to identify new opportunities and face additional challenges, and perhaps more importantly – threaten the lives of American soldiers for reasons not directly in the interest of U.S. national security."³ There are even those who regard Obama's stubborn resolve to reach a nuclear deal with Iran as an important milestone in the disengagement of American commitments

in the region. Obama is not impressed with Russia's presence in the Middle East. In his view, Russia will soon find itself mired in the "regional swamp."

Obama is also not impressed by the axiom that a power like the United States needs to maintain credibility in the international arena, and that if an American president draws a "red line" that is crossed, he must respond, no matter what. In his opinion, blindly following this principle led to the bloody entanglement in Vietnam. Obama's America does not assist in any way in which innocents are killed, and does not need to send its troops to fight Russia over spheres of influence like Ukraine.

From President Obama's perspective, the economic future lies in Asia along many strategic challenges. Goldberg writes that the president is prepared to open a discussion questioning whether those considered friends of the U.S. are indeed friends, and if those considered enemies are indeed so. Despite that Obama maintained Israel's QME (Qualitative Military Edge) throughout his presidency, former Defense Secretary Leon Panetta has said that the president challenged this notion in one discussion, asking: "Why does the U.S. need to maintain Israel's QME, which provides it with access to the most advanced U.S. arms, more than to America's Arab allies."⁴

Obama has also questioned the value of America's relationships with Sunni Arab states like Saudi Arabia, while in the same breath noting the potential for developing relations with Iran. The president has also expressed his discomfort with "free loaders" in the Middle East and Europe –

who expect the U.S. to shed its blood and drain its budget on their behalf.

The question that remains is whether the Obama Doctrine will continue to define American foreign policy after Obama himself exits the White House. In other words, to what extent is U.S. conduct in the international arena a result of the personality and proclivities of a particular president, and to what extent does it derive from deeper demographic, ideological, and political processes.

The strategic vacuum left by the United States is not only a signal to Moscow. China is offering

The question that remains is whether the Obama Doctrine will continue to define American foreign policy after he exits the White House

Middle Eastern autocrats a more palatable model for emulation: rapid and constant economic development without a democratic system of government. The Chinese president rushed to visit Iran after the nuclear agreement was signed (January 23, 2016) in order to open a "new chapter" in relations between the two countries (he also visited Egypt and Saudi Arabia).

China, in 2015, became the largest oil importer in the world, most of which comes from the Middle East. China sees the region as a promising market for its goods, and includes the Middle East in the framework of its "One Belt, One Road" initiative" intended to connect China to Europe and Asia creating a giant market comprising 4.4 billion people in 26 countries. "The Asia Infrastructure

Investment Bank" (AIIB) established by China is intended to support this program and China's involvement in the region. In parallel to this activity, China is stirring up real concern among its neighbors and is challenging international law with moves to fulfill its claims to sovereignty over disputed islands in the South China Sea. China is constructing artificial islands in the region and positioning missiles and military forces on them. (The sea is rich in mineral and fishing resources, and provides cargo shipping lanes valued at over 5 trillion dollars a year.)

Despite fatigue and doubts about distant military involvement, it is too early to presume the direction American foreign policy will take following the elections. The history of American foreign policy is characterized by cycles of isolationism and active intervention, and some claim that the scales will tilt toward a more assertive and active foreign policy after the Obama era. Even one especially harsh terrorist attack originating from the Middle East could be enough to catapult the region back to the top of America's foreign policy agenda. Another possibility is that Russian and Chinese challenges to U.S. leadership will elicit an American reaction.

The Regional System: Threats and Opportunities

Israel cannot expect near-term change in its violent and unstable neighborhood. Sixty percent of the region's residents are 25 or younger, among them 30 percent are unemployed. Regional economies are dithering, central rule is failing, and

the state system is weakening, at times collapsing. Tribal and kinship ties are proving stronger than civic loyalty to the state. The initial hope the Arab Spring inspired has given way to bitter disappointment. Tunisia, where the Arab Spring began, is the only one of these countries that has managed to remain democratic.

The Middle East turmoil spins a vacuum that allows non-state actors or radical sub state actors, armed and violent – local militias, terror organizations and radical Islamist ideologues to flourish. They, who at times ally with one another, erode the power of the central state. They destroy economies and infrastructure and attempt to render certain international borders irrelevant. Civil wars in Syria and Yemen, and the deadly terror from ISIS, have uprooted millions. Three million have found shelter in Turkey, 1.2 million in Jordan, and a million in Lebanon (a quarter of its population). Despite setbacks in recent months, ISIS remains in control of considerable territories in Iraq and Syria. This adds to the collapse of the nation-state system in the region and deepens the trend of "failed states," whose control over their own sovereign territory is nominal at best (Iraq, Syria, Lebanon, Libya, and Yemen).

However, although the Middle East is turbulent and violent, Israel does not face any conventional military threat, as it has in the past. At the same time, Arab states are investing massive sums in advanced weapons platforms, and in a way that could potentially threaten Israel's QME one day. Weaponry acquired by Arab states to offset the threat of Iran could be used against Israel in the future, given a change in regime or policy. The

threat to Israel's security today stems primarily from terror organizations working out of unclearly defined territories (Hamas) or from failed states (Lebanon, Syria). These groups largely employ an asymmetric combat strategy and operate out of densely populated areas. The IDF is thus forced to contend with a reality in which building deterrence over time is more difficult than when the foe is a conventional and functioning nation-state. Therefore, Israel must prepare for threats stemming from the 1400-year-old Sunni-Shia conflict, as well as those from cyber warfare and future technologies.

Iran

The nuclear agreement (July 14, 2015) pushed back the point at which Iran becomes a nuclear power. However, at the same time, it granted legitimacy to Iran as a threshold power and allowed it to keep its nuclear enrichment capacity and infrastructure. And, after 15 years, Iran will be allowed to reduce its military nuclear "breakout time" to a period of weeks or even days. The agreement went into effect after the IAEA⁶ confirmed that Iran had fulfilled its commitments according to the agreement (January 16, 2016). Following this, UN sanctions were lifted and roughly 100 billion dollars of frozen funds became available, and Iran was once again allowed to sell crude oil on the international market.

Israel must prepare for threats stemming from the 1400 –year-old Sunni-Shia conflict, as well as those from cyber warfare

Iran continues to strive for greater regional influence. It supports Assad directly with its combat forces fighting in Syria and through its support of Hezbollah and Shia militias from around the region. Iran assists the Houthi rebels in Yemen. It continues to develop an array of ballistic missiles and conducts missile tests, in defiance, or at least against the spirit, of resolution UNSC 2231. at least the spirit of the resolution. The nuclear agreement allows Iran to stream greater amounts of cash to its military. It signed a giant arms deal worth 8 billion dollars with Russia, and is starting to deploy the new S-300 Surface to Air Missile system. Tehran is even in the closing stages of a deal with Boeing to acquire 80 passenger planes worth 17.6 billion dollars. Congressional opponents of this deal argue that these planes can be transformed or used as is for military purposes, and that in light of Iran's hostile behavior, there should be no aiding Iran beyond the narrow terms of the nuclear agreement.

Iran's leaders boast of their dominance in four Arab capitals: Beirut; Sanaa; Damascus; and Baghdad. It seems that Iran assumes the United States is not interested in risking the nuclear agreement over unrelated issues. In various segments within the American administration, a worldview exists that seeks to deepen the relationship with Iran and not impede its reintegration in the international system. This approach assumes that moderate elements in Iran will be reinforced over time. To this end, the U.S. tends to lower the barriers preventing Iran's banking system from reentering the international financial system, despite that in reality Iranian banks are used for money laundering, act as a funnel for terror financing, and do not measure

up to international transparency standards and regulations. Obama's criticism of Saudi Arabia and its traditional Arab Gulf allies, hints at an approach that seeks a new regional balance of power that grants greater legitimacy to Iran's aspirations. Iran insists that it has the right to conduct missile testing as it pleases; one of these missiles was festooned with a banner that read: "Israel must be wiped off the Earth."

Prime Minister Netanyahu described the nuclear agreement as a "mistake of historic proportions," and the Defense Ministry under Avigdor Lieberman compared the agreement to the "Munich Accords... which did not prevent World War II and the Holocaust." ⁷ In diametrical opposition to those characterizations, IDF Chief of Staff Eizenkot said the agreement signaled a strategic shift in what had been the main threat to the IDF over the past decade. According to Eizenkot, this was a "significant shift to the vector on which Iran was travelling – it has many risks but also opportunities." ⁸

Backers of the agreement in the United States claim that it prevented a nuclear arms race in the Middle East, as Iran's regional enemies have concluded that it pushes back the danger of Iran arming itself with nuclear weapons.⁹ Will the time-out the deal creates, 10-15 years, be enough to alter the Iranian regime? What will the future of the conflict between radicals and moderates in Iran be? Over 60 percent of Iran's population is 30 or younger. The revolutionary ideology is not as attractive to many of them. The results of the recent parliamentary elections indicated the weight and possible influence of less radical elements in Iran.

The nuclear agreement did not, however, bring a halt to Iran's regional subversion. It may have even boosted Iran's self-confidence. Iran can check off a list of victories in this regard: its Syrian ally Assad manages to maintain his position; its influence in Iraq has grown; and Saudi Arabia cannot achieve a decisive victory against Iranian backed Shia Houthi Militias in Yemen.

The IDF assesses that Iran will not decrease its efforts to deepen its influence in the region. Rather, it will continue to operate through proxy terror groups and militias. In this vein, Iran has its officers in Syria commanding battles, and it continues to fund terror groups, transfer advanced arms to Hezbollah, and attempts to smuggle arms into Gaza.

The IDF assesses that while Iran will not abandon its strategic goal of achieving a nuclear weapon in the future, for the next five years it will fulfill the terms of the agreement in order to reap its benefits. Alongside easing the threat from a nuclear Iran, the deal between Russia and the United States on dismantling Syria's chemical weapon arsenal (2013) pushed another serious threat away from Israel. (However, it is becoming clear that Assad has retained part of the arsenal he committed to dismantle and hand over. He has been attacking civilian targets with chlorine gas. In addition, there are reports that chemical weapons have made it into the hands of terror elements, and of the methodical attempts by ISIS to obtain such weapons.)

Syria

The war in Syria rages on and the number of casualties nears half a million. Four million have fled the country while another 7 million are internally displaced. Life expectancy in Syria plummeted from an average of 70 to 56 years. With the help of Russia, Iran, and Hezbollah, Assad's standing has been restored, and the United States and the West seem to have shifted their tone toward him. Given the anarchy expected in his absence, Assad is now being described more and more as a part of the solution – the least bad option available. The Geneva talks led to a partial cease fire (February 12, 2016), which excluded those militias defined as terror groups – ISIS and Jabhat al Nusra (which has since disassociated from Al-Qaeda and changed its name). The cease-fire was to precede UN-led negotiations on Syria's future. However, the number of parties involved in Syria and the conflicts of interest between them make achieving a stable solution quite difficult. This reality threatens to cut short the ceasefire agreement announced recently (September 9, 2016) by Secretary of State Kerry following a series of discussions with his Russian counterpart.

There are hundreds of factions fighting in Syria, divided by area, tribe, ethnicity, ideology, and religion. Additionally, regional forces (Saudi, Turkish, Iranian, and Hezbollah) and foreign powers (Russia, the U.S.) are enmeshed in the combat.

Following the downing of a Russian passenger plane over the Sinai Desert (October 31, 2015), Putin announced (November 17, 2015) that he

was joining the fight against ISIS, and dispatched a warship off the Syrian coast. Russia's involvement did much to tip the scales of war against the rebels, who became a favorite target of Russian bombers. President Putin, however, surprised everyone when he announced (March 14, 2016) that his military forces had completed their mission and were returning home. In reality, however, Russian planes continue bombing rebel forces, and Russia continues to maintain a naval base in Tartus and an air base in Latakia. Despite warnings that Putin would "sink in the Syrian mud," the Russian

the Russian president has succeeded in achieving his main goal of restoring Assad's power

president has succeeded in achieving his main goal of restoring Assad's power and positioning Russia as a force that cannot be ignored in the Middle East - at least for now. Engineered as a deliberate countering of the image of the U.S. in the region,

Russia has presented itself as not shying away from the use of force and as an unwaveringly loyal ally. A bold expression of Moscow's involvement in the region can be seen in Tehran's granting permission to Russian planes to take off from Iranian air bases (August 16, 2016) to strike targets in Syria.

Given Russia's aerial activity in Syria, Jerusalem carefully maintains close coordination and communication with Moscow. Following his visit to Moscow (September 21, 2015), Netanyahu disclosed that he and President Putin had agreed on a coordination mechanism to prevent confrontations between the IDF and

Russian forces in Syria. Following an additional meeting with Putin in Moscow (April 21, 2016), Netanyahu explained: "First, we are working to the best of our ability to prevent the transfer of advanced weaponry from Iran and Syria to Hezbollah in Lebanon. Second, we are working to prevent the establishment of an additional terror front against us in the Golan Heights. These are red lines and we will continue to maintain them ... I came here with one main goal - to strengthen the security coordination between us so as to avoid mishaps, misunderstandings, and unnecessary confrontations."¹⁰ And so, Israel is interested in Russian assistance to prevent Iranian and Hezbollah operatives from approaching its border.

Israel does not hide the fact that it conducts military strikes in Syria. According to Netanyahu, Israel is "acting in Syria from time to time, we are working to prevent the transformation of Syria into another front against us."¹¹ Israel is not interested in a strategic outcome that strengthens the Iranian coalition in Syria. But aside from the red lines outlined by Netanyahu, Israel is unable to impact the outcome. The working assumption in Israel is that instability in Syria will continue for years to come, and it needs to prepare for situations in which one of the militias in Syria develops a taste for firing on Israel - either the Sunni jihadist groups (situated in the Syrian Golan heights but who for the time being hold their fire against Israel), or Shia groups working in Iran's employ, and are trying to develop a front in Southern Syria that could one day be used against Israel.

ISIS

In recent months, ISIS' momentum has been stalled. The organization has lost a quarter of the vast territory it captured in Iraq and Syria, especially key cities like Ramadi, Tikrit, Palmyra (Tadmor) and Faluja. These defeats could undermine its aura of invincibility and the allure that attracts young Muslims from around the world. The expected fall of Mosul and Raqqa would reinforce this trend. Perhaps the terror attacks outside of the Middle East are intended to compensate for these failures, and testify to the growing threat of the organization's activities around the world.

ISIS spokesmen have even started threatening Israel. A first Hebrew-language video was released on October 25, 2015, and promised that: "Soon there will not remain even a single Jew in Jerusalem or in any part of the country, and we will continue until we eradicate this disease worldwide."¹² The jihadist threat to Israel could develop on a number of fronts. For example, Liwa Shuhada al Yarmouk (Yarmouk Martyrs Brigade) with 600-1000 fighters, which declared allegiance to ISIS, is mainly situated on the border between Israel, Syria, and Jordan, but has branches in Sinai and even in Gaza. Terror groups in Sinai primarily target the Egyptian military, but attacks on Israel have also been made and more may be carried out in the future.

Washington defines ISIS as a central threat, and has even considered possible worst case scenarios in which it might deploy a dirty bomb that combines radioactive material with conventional explosives. American bombers are attacking from the air while providing intelligence to a coalition of

ground forces (which creates a reality of indirect cooperation between the U.S. and Iran, who views the murderous Sunni group as a mortal enemy and is thus assisting the Iraqi regime in its fight against it).

Advances in the fight against ISIS do not ensure its quick demise, and have certainly not chipped away the social and ideological foundation from which it sprang. As long as Iraq and Syria lack effective central governments, ISIS will survive. And even if it loses its territorial base of operations in Syria and Iraq, it will continue to pose a significant practical and ideological threat.

As long as Iraq and Syria lack effective central governments, ISIS will survive

Hezbollah

The IDF considers Hezbollah the most serious military threat Israel faces. Hezbollah is controlled by Iran, which grants it a yearly budget of one billion dollars. The lifting of sanctions earlier this year may allow Iran to increase this amount. But Hezbollah's support for Assad undermines its standing in the Arab world, and specifically in Lebanon. The GCC has declared Hezbollah a terror organization (March 2, 2016). At least 5000 Hezbollah troops are fighting alongside Assad's forces in Syria, and it is assessed to have suffered at least 1500 killed in action losses with another 5000 injured, significant numbers considering the entire organization has about 30,000 active combat troops (and another 25,000 reservists).

The Sunni Arab world views Hezbollah's standing behind the despised Assad as a betrayal. This has damaged the image Hezbollah has tried to cultivate over the years – that it safeguards the interests of all Lebanon's citizens against Israel. Hezbollah's involvement in Syria has turned Lebanon into a theater of the Syrian Civil War, and has undermined domestic stability there.

Although Hezbollah is suffering significant losses in Syria, it is gaining considerable combat experience in a complex war. In Israel's next conflict with Hezbollah, the IDF will face a foe whose conduct and capabilities increasingly resemble that of a conventional military. Hezbollah, however, has been deterred from opening a front against Israel since the Second Lebanon War. The organization avoids responding to attacks attributed to Israel against strategic arms transfers from Syria, and on advanced Iranian missile arsenals stored in Damascus. However, Hezbollah's continued attempts to arm itself with advanced weapons from Iran and Syria, and Israel's insistent interception of them, could lead to an escalation – revenge attacks against Israeli or Jewish targets abroad or full out war. Moreover, Hezbollah could, under certain circumstances, conclude that only a violent conflict with Israel can help it regain the support it lost in Lebanon and in the Arab world.

Hezbollah is positioned in 240 Shia villages in Lebanon. It has an arsenal of over 100,000 rockets, some capable of reaching deep into Israel with greater accuracy than those used by Hamas in Operation Protective Edge. Nasrallah even threatened (February 16, 2016) that in the next conflict, his forces will cause damage to Israel on

the level of a nuclear strike by launching missiles at the chemical production facilities in Haifa Bay. Israel is also preparing for the possibility that Hezbollah may try to infiltrate into Israeli territory, attempt to capture territory close to the border, and target critical infrastructure or the maritime gas installations. However, most intelligence assessments believe Hezbollah will not be interested in opening another front against Israel in the near future. Still, one cannot ignore the possibility of an unintended escalation or a deterioration that could lead to a war that would be more difficult for the Israeli home front than previous wars.

Hamas

Since the end of Operation Protective Edge (August 26, 2014), Hamas has worked to rebuild its capabilities, especially its rockets, re-dig attack tunnels into Israeli territory, train special forces to infiltrate Israel. It is manufacturing arms locally: rockets, mortars, and drones. Hamas is generally working to maintain quiet along the border between Israel and Gaza, but at the same time is encouraging West Bank terror. Occasional rockets fired from Gaza since Protective Edge have come mainly from rogue jihadist groups, not Hamas. While 2015 saw quiet with no Israelis injured, the danger of escalation hovers constantly in the air. Some believe that new technology developed by the IDF to uncover and destroy attack tunnels prompted Hamas to fire mortars into Israel in early May 2016. The IDF returned fire and Prime Minister Netanyahu confirmed the technological breakthrough: "We are creating a form of

defense and a capability to neutralize tunnels that does not exist anywhere in the world.”¹³

Egypt is hostile to Hamas, and considers it a branch of the detested Muslim Brotherhood. Cairo blames Hamas for cooperating with Sinai terror groups responsible for the assassinations of Egyptian officials, such as its attorney general in June 2015. The Egyptians have created a buffer zone on the Egyptian side of its border with Gaza, and have flooded the Hamas smuggling tunnels with sea water. Talks with a Hamas delegation in Cairo (mid-March 2016) led to an attempt to reset Egypt-Hamas relations, without much success. The Egyptians are treating Hamas harshly, taking advantage of its weakness – demanding it sever ties with the Muslim Brotherhood and turn over the terror elements in Sinai it is suspected of aiding.

Hamas is operating under external pressures (Israel and Egypt) and is generating domestic unrest and public criticism due to continued poverty and high unemployment (43 percent), and the widespread destruction left from Protective Edge in 2014. Gazans have electricity only a few hours a day and the quality of their water is worsening, while Hamas hands out jobs and housing to cronies and relatives, and siphons off some of the international humanitarian aid for its own purposes – providing fertile ground for more extreme jihadi groups to rise. Hamas is interested in lifting the siege. It was disappointed that the agreement between Jerusalem and Ankara to renew relations did not stipulate the provision of a new Gaza port and the lifting of the siege. The Gazan “pressure cooker” could explode into another conflict in the future if a reconstruction effort there is viewed as plodding and ineffectual.

Saudi Arabia

Given the real disappointment with U.S. conduct in the region, significant changes in Saudi Arabia's behavior have been detectable since the crowning of King Salman (January 23, 2015). The man behind these changes is Muhammad bin Salman, the 30-year-old prince, who is simultaneously acting as defense minister and chairman of the Council for Economic Development, and is second in line to the throne. Saudi Arabia is becoming more assertive in its foreign policy and even launched (April 25, 2016) a long term plan, “Saudi Vision 2030,” meant to diversify the economy and diminish its dependence on oil revenues.

Saudi Arabia is determined to block Iran's path to regional hegemony. Its lesson from the nuclear agreement with Iran is that it cannot count on the U.S. to block Iran's expansionism. President Obama seems to question the U.S. friendship with the kingdom, calling it “complicated”¹⁴ and expressing concern over the regime's character and its dependence on the U.S. military. Riyadh, in turn, is wary of Obama and his advice to get used to a reality in which Iran has a legitimate sphere of influence in the region. Iranian maneuvering to deepen its regional influence – with militias in Iraq, Syria, Yemen, and Lebanon – is seen by Riyadh as an existential threat it is determined to confront. The Saudi air force is conducting strikes in Yemen, and Saudi funding is backing fighters taking on Iran's allies in Syria. Inspired by Prince Muhammad bin Salman, Saudi Arabia is averse to taking resolute action, for example, it cancelled the promised 3-billion-dollar aid package to

Lebanon's security forces citing the connection between the Lebanese army and Iranian backed Hezbollah.

In parallel, Saudi Arabia is assisting its ally Egypt with its economic challenges, granting it 22 billion dollars in aid money. In return, Egypt ceded sovereignty over the Red Sea islands Sanafir and Tiran to the Saudis (April 2016). Tellingly, this deal was conducted without Israeli opposition; Saudi Arabia supposedly accepted the military annex to the Israel-Egypt peace treaty as it relates to these two islands. This expresses the depth

The threat from terror and from emboldened Iran create a foundation for greater cooperation with Israel

of relations and close security cooperation between Egypt and Israel, but also indicates a convergence of interests between Jerusalem and Riyadh, and the potential for a deepening relationship between Israel and Saudi Arabia. This potential deepening was also evident in the

unusual visit to Israel by Anwar Ashki, a former general in the Saudi military. He headed a delegation of academics and businessmen (July 2016) and did not hesitate to meet with senior Israeli officials and Knesset members as an advocate of the Arab Peace Initiative.¹⁵ The joint appearances of Prince Turki al Faisal (former head of Saudi intelligence) with retired senior Israeli officials was yet another indication of warming Israel-Saudi relations.

Egypt

Egypt continues to face difficult security and economic challenges. The threat from terror and from an emboldened Iran create a foundation for greater cooperation with Israel. The Sinai branch of ISIS, with its 600 to 1000 fighters, has yet to be defeated by the Egyptian military. Egypt's hostility toward Hamas continues, and President al-Sisi does not hesitate to level built-up areas in order to create and maintain a security buffer zone on the Gaza-Egypt border, while also conducting a determined campaign to wipe out smuggling tunnels. The United States cancelled its freeze on arms sales to Egypt (April 2015), superseding democracy and human rights concerns with greater strategic considerations to help Egypt maintain stability, prevent alternative deals with Moscow, secure free passage through the Suez Canal, and preserve the peace treaty with Israel. However, U.S. voices calling for a chill in relations with Cairo are growing in response to increased domestic human rights violations.

President al-Sisi was resigned to passively watch the protests and domestic criticism over ceding Egyptian sovereignty over Sanafir and Tiran to Saudi Arabia, (April 2016). This move, seen by many Egyptians as humiliating, was made to shore up the faltering Egyptian economy, which is not showing real signs of improvement. Given the current birth rate, Egypt's population is expected to double by 2050 and will stand at around 180 million people. Half of Egypt's population lives on less than 2 dollars per day.

The security cooperation between Egypt and Israel is broad and expresses shared interests and

a similar reading of the region. The two countries similarly view terror and extremist jihadi groups as a threat, and see the need to unequivocally halt Iran's subversive behavior and its attempts to gain regional hegemony. The two are also concerned by the weakness the United States is projecting in the region. The international press has reported on Israel's intelligence assistance to Egypt as well as its toleration of peace treaty violations, so Egypt can deploy more effective weapons platforms in the fight against terror elements in Sinai.

President al-Sisi's speech (May 17, 2016), although it was fused into Israeli coalition-building politics, showed the solidity of Israel-Egypt relationship and the potential for its deepening, including in the realm of the Israeli-Palestinian conflict. The improved relationship was also highlighted when Egypt's Foreign Minister Sameh Shoukry visited Jerusalem (July 10, 2016) – the first such visit in more than nine years. Responding to claims that the Egyptian-Israeli peace is a “cold peace,” the Egyptian president promised that the peace would warm up if the Palestinian problem is solved, and expressed Egypt's willingness to contribute to the security arrangements stipulated in an agreement. According to al-Sisi, “If we can all join forces in order to solve the Palestinian issue by creating hope for the Palestinians and assuring security for the Israelis, we will be able to write a new chapter that may prove to be more important than the peace accords between Israel and Egypt.”¹⁶ As a caveat to its willingness to be of assistance, Egypt has made it clear that no one should expect it to enter “blindly” into a political process where a positive outcome is doubtful.

Jordan

Jordan was forced to absorb 1.2 million Syrian refugees, 13 percent of its population. This situation is draining Jordan's already fragile economy and adding a source of instability. The Syrian refugees are in addition to the hundreds of thousands of Iraqi refugees already in Jordan, costing the kingdom 20 percent of its budget. The regime must prepare for the possibility of an ISIS attack and spill overs of the fighting in Syria into its territory.

The foreign press has reported on the strong security cooperation between Israel and Jordan. Israel is helping Jordan deal with its severe lack of water resources. In addition to the 50 million cubic meters Israel transfers to Jordan each year as part of the peace agreement, Israel allocated another 50 million cubic meters of water from the Sea of Galilee. In return, Jordan will transfer to Israel an equivalent amount of water from the desalination plant under construction north of Aqaba. The two countries are also cooperating in planning a pipeline project to transfer water from the Gulf of Aqaba to the rapidly depleting Dead Sea. An agreement was recently signed to provide Jordan with \$10 billion of Israeli natural gas over 15 years.

Jordan was forced to absorb 1.2 million Syrian refugees which is draining Jordan's economy and adding source of instability

Turkey

The failed coup attempt (July 16, 2016) allowed President Erdogan to consolidate his control over the regime and oust political opponents. It is not yet clear if the shock Turkey underwent and the way in which Erdogan responded will seriously influence Ankara's foreign policy. Turkey's foreign relations are replete with conflicts and challenges: the aspiration to see Assad disappear; relations with Russia that were seriously strained after the downing of a Russian fighter jet (November 24, 2015), for which Erdogan apologized and offered financial compensation; and Egypt, which harbors hostility toward Ankara as a result of its support of the Muslim Brotherhood and Hamas. Turkey's fear that a Kurdish polity is forming in northern Syria is leading Turkey to invade Syrian territory (August 24, 2016).

Turkey is discovering that improving relations with Israel has strategic benefits – from cooperating against terror to being included in Israel's gas fields projects (it would reduce its reliance on Russian energy). President Erdogan even explained to journalists why it's useful to normalize relations with Israel: "This normalization process has a lot to offer to us, to Israel, to Palestine, and also to the region. The region needs this." (December 14, 2015).¹⁷ The reconciliation agreement between Ankara and Jerusalem (signed on June 28, 2016) is supposed to put an end to the crisis, and allow Israel to export gas to Turkey and through its territory to Europe. The deal with Turkey also lifts the Turkish veto of Israeli participation in NATO exercises.

However, on the Israeli side, there are no illusions that previous, pre-crisis levels of security and intelligence cooperation between Israel and Turkey will return quickly, if ever. Based on the loss of this cooperation with Ankara, and the need to secure the maritime gas fields and prepare to export the gas, Israel has in recent years worked to strengthen its ties with Greece and Cyprus, and rushed to assure their leaders that the agreement with Ankara would not affect their relations with Jerusalem.

The Palestinian "Lone Wolf" Intifada –

The violent events that erupted in Jerusalem in October 2015 and quickly spread to Judea and Samaria and across Israel, have yet to fully subside. Israel is forced to face a relatively new phenomenon in which spontaneous acts of violence occur with no prior warning. The attackers do not identify or belong to organized terror groups, which makes the intelligence challenge to prevent these attacks especially difficult.

The frozen diplomatic process is not the sole culprit behind this wave of violence. Among Palestinian youth, there is a deep frustration with the emerging social reality, the corruption, and the barely functioning Palestinian leadership. As of September 2016, these attacks have taken 40 Israeli lives. According to the IDF chief of staff (January 18, 2016), of the roughly 200 terrorist attacks, 100 had no prior intelligence or warning.¹⁸ The military chiefs are urging Israelis that terrorists be differentiated from the rest of the Palestinian population, which should be allowed a normal life routine, including the continued employment

of about 120,000 Palestinians in Israel and Israeli industrial parks in the West Bank. The military is opposed to collective punishment and is interested in maintaining security cooperation and coordination with the Palestinian Security Forces.

The incident in Hebron in which an Israeli soldier shot and killed a wounded terrorist who was on the ground (after he had attacked another soldier) sparked a serious debate and exposed deep cracks in the Israeli consensus, which widely supports the military, on the use of force. The appointment of Avigdor Lieberman as defense minister was met with high tensions among IDF heads given his past militant comments, especially his characterization of the way the IDF handles the war on terror as “failed manner,” and his protest appearance alongside the accused soldier in military court.

The Palestinian Arena

The Palestinian public in the West Bank is disappointed by the conduct of the Palestinian Authority and is doubtful as to its ability to bring about significant change and end the Israeli occupation. This atmosphere of frustration – especially among young Palestinians – helped prompt the outbreak of the “Lone Wolf” Intifada.

Israel's chief of military intelligence, Maj. General Herzi Halevi, briefing a cabinet meeting,¹⁹ explained that the leadership of the Palestinian Authority is having difficulty influencing these young Palestinians “as they feel deeply alienated from them.” The functioning of the Palestinian system is affected by the expected change of

leadership, given Abu Mazen’s advanced age (81). If the next president is not chosen through general elections, his leadership could be seen as lacking public legitimacy, his authority hobbled from the start. The consensus scenario points to a decision making process conducted in the senior institutions of the Fatah party with the expected involvement of Egypt and Saudi Arabia. It is not yet clear if Mohammad Dahlan, currently exiled by Fatah, will move to capture the leadership seat. It may be that his path to future Palestinian leadership could be paved under pressure from Cairo. Israel must prepare for the possibility of a chaotic period that could negatively affect the day-to-day functioning of the Palestinian Authority, the effectiveness of the Palestinian Security Forces and the quality of cooperation with Israel. Prime Minister Netanyahu has made it clear that Israel is not interested in the dissolution of the Palestinian Authority, but it needs to prepare for such a possibility.²⁰

The frozen diplomatic process and lack of American leadership have left the Israeli-Palestinian conflict open to international initiatives. France continues to advance its plan for an international conference in Paris meant to revive the peace process. As a first step, France convened a meeting of foreign ministers from interested countries without Israeli or Palestinian participation. Despite misgivings, U.S. secretary of State Kerry partook in the meeting (June 3, 2016). The French initiative won the support of the Palestinians, who acquiesced to the French request that it suspended a planned move in the UN Security Council, which sought to denounce continued settlement building and demand its cessation.²¹ Israel expressed opposition

to the French effort. The Prime Minister's Office explained (April 28, 2016) that "Israel is committed to its position that the best way to solve the conflict between Israel and the Palestinians is direct bi-lateral negotiations... Israel is prepared to start direct negotiations with the Palestinians immediately and with no preconditions. Any other diplomatic initiative pushes the Palestinians away from the table and from direct negotiations." To Israel's displeasure, the foreign ministers announced their intent to organize an international peace conference by the end of 2016.

The lack of direct negotiations motivates the international community to make Israel uncomfortable

The international impatience with the frozen peace process was expressed in the latest report of the Quartet (July 1, 2016), which warns of losing the chance to achieve a two-state solution as a result of the frozen peace process, continued settlement

construction, and Israel's annexation of Area C. The Quartet members (the United States, Russia, the EU, and the UN) demanded, in parallel, an end to Palestinian incitement.

Israel is cautious that the French move could pave the way for a UNSC resolution that would determine the principles of a final status agreement between Israel and the Palestinians. Many commentators have suggested that President Obama may refrain from invoking the U.S. veto of such a Security Council move, and might even support it, if it is raised after

the upcoming presidential elections. At this time, President Obama is cautious of harming Clinton's chances of election. "The window of opportunity," according to this logic, will open up for Obama between the elections (November 8, 2016) and the swearing in of his successor (January 20, 2017). The president's advisors are divided between those pushing for a UNSC move, and those recommending instead a speech that would spell out the president's positions with respect to the principles of a permanent agreement.

The final decision will be left, of course, to President Obama, but may be influenced by the diplomatic freeze between Israel and the Palestinians. A significant diplomatic process would, however, decrease the likelihood of UN action. And so, the lack of a diplomatic process and direct negotiations between the sides motivates the international community to take steps and make comments uncomfortable for Israel. Thus, the EU adopted guidelines to label products from the settlements in EU based retail stores (November 11, 2015). This is happening despite growing doubts around the world about the willingness and credibility of the Palestinian Authority, and despite that the Palestinian issue has been pushed off the agenda of many relevant parties in the region and around the world.

The issue that draws the greatest level of criticism toward Israel is settlement construction. Secretary Kerry claims that "continuing settlement growth raises honest questions about Israel's long-term intentions."²² UN Secretary

General Ban Ki-Moon called on Israel to refrain from settlement construction and added that “human nature” will resist occupation, and that continued construction in settlements is “offensive to the Palestinian people and international community,” and raises questions about the “Israeli commitment to a two-state solution.”²³ Then British Prime Minister David Cameron said that “settlement construction in East Jerusalem is appalling,” (February 24, 2016). The German weekly “Der Spiegel,” in an article entitled “Skepticism of German-Israeli Friendship Growing in Berlin,” wrote that German Chancellor Angela Merkel is seriously concerned by Israel’s settlement policy, which is making a two-state solution impossible, and that Merkel and her foreign minister are certain that any solution other than a two-state solution will turn Israel into an “apartheid state.”

Even U.S. Ambassador to Israel Dan Shapiro didn’t mince words when raising the issue: “We are concerned and perplexed by Israel’s strategy on settlements. This government and previous Israeli governments have repeatedly expressed their support for a negotiated two-state solution — a solution that would involve both mutual recognition and separation. Yet separation will become more and more difficult if Israel plans to continue to expand the footprint of settlements... the question we ask is a simple one: what is Israel’s strategy?” Israel is aware that there is an international atmosphere of frustration regarding the frozen Israeli-Palestinian peace process. There is worry about an escalation, and a desire to set a political horizon in the form of parameters to

a peace agreement. In opposition to this, Israel is placing its hope in a “regional initiative” to be led by Egypt. The convergence of interests between Israel and the Arab world has never been higher, which may open a diplomatic space for finding a solution to the Palestinian issue. The chances of such an initiative are dependent upon, of course, Israel’s willingness to make significant political compromises (freezing settlement construction outside the blocs, etc.).

The Relationship with the United States and the Triangle’s Resilience

The period of Obama’s presidency signaled worrying trends regarding the future of U.S.-Israel relations, the depth of support for Israel, and an emerging foreign policy doctrine that does not necessarily align with Israeli government policies. Opinions are split as to what extent these trends will continue to define the U.S. approach to Israel and American foreign policy in the future. The answer to this question will greatly impact the resilience of the triangular relationship: Jerusalem – Washington – the U.S. Jewish community.

Israel has become a partisan issue in the United States in recent years. The Pew Research Center determined that in relation to the Palestinian-Israeli conflict, a majority of Americans remain on Israel’s side (54 percent vs 19 percent). However, support for Israel diminishes significantly among

Israel is placing its hope in a "regional initiative" to be led by Egypt

liberal Democrats. Forty percent of them support the Palestinians while 33 percent support Israel. The change in this faction – which is gaining strength within the Democratic party – in taking the Palestinian side has doubled since 2014 (21 percent vs 40 percent).²⁴ Other political decisions and the overall direction taken by Israel also influence Americans' view of it. Thus, the *Washington Post* published an editorial against the NGO Bill (January 2, 2016) entitled “A Danger to Israeli Democracy,” in which it warned of an erosion of democratic values in Israel.²⁵ Even the State Department’s spokesperson released a public statement regarding this bill (July 12, 2016) saying that the U.S. is “very concerned by the potential impacts of this legislation.”²⁶

Ambassador Dan Shapiro, questioned the manner in which Israel relates to the harming of Palestinians, “At times there seem to be two standards of adherence to the rule of law: one for Israelis and another for Palestinians”²⁷ (January 18, 2016).

American Jewish leaders have expressed concern about the erosion of a consensus in America that there is a deep foundation of shared core values at the base of the special relationship with Israel. They warn that the statement: “This isn’t the Israel we knew” is heard more and more frequently, and that this fuels de-legitimization and calls for boycotts against Israel, especially among young liberals.

The Obama administration doubts the Israeli government’s commitment to the vision of a two-state solution. This is the case despite Netanyahu clarification in a meeting with Obama (November

9, 2015): “I remain committed to the vision of two states for two peoples with a demilitarized Palestinian state that recognizes Israel as the Jewish state.”²⁸ Secretary of State Kerry warned at the “Saban Forum” (December 5, 2015) of a deterioration toward the reality of one state without a Jewish majority, and called on Netanyahu to prove his support for a two-state solution is “not just a slogan.” Following Israeli announcements on settlement expansion beyond the 1967 lines, the State Department spokesperson harshly criticized Israel (July 28 2016), noting the “provocative” actions that “are the latest examples of what appears to be a steady acceleration of settlement activity that is systematically undermining the prospects for a two- state solution.”²⁹

The Israeli-American agenda remains packed with significant issues, even in the final months of Obama’s presidency. A new Memorandum of Understanding (MOU) between Israel and the United States for defense aid over the coming decade was signed (September 14, 2016), following a difficult negotiation period, during which Netanyahu had said: “Perhaps we will not succeed in achieving an agreement with the current administration and will need to reach an agreement with the next administration.”³³ Israel explained that its defense needs are growing due to weaknesses in the nuclear agreement, the lifting of sanctions on Iran and the thawing of tens of billions of frozen dollars that will allow Iran to increase its subversive behavior in the region and allow it to continue arming Hezbollah. Meanwhile, Arab states are purchasing advanced arms in light of the Iranian threat that could, eventually, be turned against Israel. Additionally, Islamic terror is

creeping up on Israel's borders, while the threat of ballistic missiles aimed at Israel grows.

According to the MOU, Israel will receive a sum of USD 38 billion over ten years (2019-2028). Israel commits to not appeal to Congress for additional funding for defense expenditures, and even commits to return any funding Congress appropriates without the administration's approval. Israel will also gradually reduce the 26 percent of the defense aid that it can currently direct toward Israeli defense industries. Critics of the MOU claim that Israel would have been spared these harsh limitations were Prime Minister Netanyahu more careful in his relationship with President Obama, and had he avoided conflicts with him. According to them, the nominal growth in the agreement (from USD 3.5 billion per year in the previous decade to USD 3.8 billion per year for the next decade) does not make up for the decline in the value of the dollar and increasing prices for weapons systems. The agreement's supporters, however, claim that the United States has never granted such a large sum of defense aid to any other nation, and that the deal ensures the continuation of the special relationship with the United States that is critical to Israel's resilience.

Following the signing of the MOU, perhaps the issue of greatest controversy relates to the possibility that President Obama may withhold the U.S. veto – and maybe even promote – a UNSC resolution that would define the parameters of a final agreement between Israelis and Palestinians (discussed in the previous section).

President Obama will likely leave certain decisions

on a range of issues related to Israel to his successor, each of which requires a deep strategic dialogue between the two countries:

- Will the view in Washington that the Middle East is less important define the next president's foreign policy?
- If and how does the U.S. intend to rebuild the trust it has lost in the eyes of many in the Middle East?
- How will the U.S. ensure strict enforcement and verification over Iran's compliance with the terms of the nuclear agreement?
- How will Washington react to defiant behavior by Iran in areas not covered by the nuclear agreement?
- Does the U.S. wish to remain dominant in defining Syria's future so that it doesn't turn into a forward base for Iran and anti-Israel jihadist elements?
- How will the U.S. conduct its campaign against ISIS: will it continue the current strategy, influenced by a reluctance to embark on another ground campaign in the Middle East, or will it employ a more aggressive strategy to hasten the defeat of ISIS?
- How will the next administration handle the balance of power between Iran and Saudi Arabia? Will it continue to grant legitimacy to Iran's desire to be a regional power at the expense of Saudi Arabia and the Sunni camp?
- Will the next administration continue to promote cooperation with Egypt, or will relations cool based on its discomfort with the

regime's retreat from democratic values and human rights?

- Will the next American administration continue to significantly support Jordan to ensure its stability?
- Will the next administration try to grant momentum to the emerging relationship between Israel and the moderate Sunni states?
- How will the next administration prepare for the expected leadership change in the Palestinian Authority?

- Will the next administration seek to lead a renewed Israeli-Palestinian peace process, or will it accept the "internationalization" of efforts to reach a solution to the conflict?

From an historical perspective, Israel is almost a strategic miracle

Jerusalem's ability to conduct a strategic dialogue on these issues in order to achieve positive results (from its perspective) depends on Israel's willingness to fulfill – at least in part – some of Washington's expectations. Ambassador Shapiro expressed this in a piercing question: "What tools can Israel provide to assist us in our global diplomatic defense of Israel, to which we will always be committed?" (January 18, 2016).

Summary: Has Israel's Strategic Position Improved or Worsened?

Assessing Israel's strategic position cannot be

reduced to a current situational snapshot. It must relate to developments with roots in the past, and current trends that will shape Israel's future.

From an historical perspective, Israel is almost a strategic miracle. This year it celebrated the 68th anniversary of its founding, after close to 2000 years of Jewish exile. The 650,000 Jews that lived in the state at its founding has grown 10 fold (6.377 million Jews today). Israel is ranked 11th on the World Happiness Index, its population growth rate is the highest in the developed world, its life expectancy is very high (5th in the world for men, and 9th for women). Israel's GDP per capita (37,000 dollars) surpasses that of Italy and Spain. Israel's hi-tech sector is world-class and global hi-tech giants maintain R&D centers in Israel. Gas fields discovered off Israel's coast promise a domestic energy supply for years to come and are turning Israel into a natural gas exporter. Exports to Asia grew three fold over the past decade, reaching 17 billion dollars in 2014. Chinese investments in Israel grew from 70 million dollars in 2010 to 2.7 billion dollars in 2014. The growing trade with Asia is not dependent on a peace process between Israel and the Palestinians. Relations with India have been growing fast since Prime Minister Narendra Modi's 2014 election victory. Israeli arms industries are the second most important supplier to India. In mid-October 2015, India's president made his first visit to Israel.

The peace treaties with Jordan and Egypt remain stable despite regional instability (the agreement with Egypt even withstood the Muslim Brotherhood's rule from 2012 to 2013). Given

Iran's subversion, jihadi terror, and the appearance of ISIS, the convergence of interests between Israel and the moderate Sunni states increases. A retired Saudi general even visited Israel to advance the Arab Peace Initiative, which caused Hezbollah leader, Hassan Nasrallah, to warn (July 30, 2016) that "the move from secret to public relations between Saudi Arabia and Israel is the worst thing as far as the official Arab position is concerned."³⁷ Security cooperation with Egypt is better than ever. The United Arab Emirates announced (November 27, 2015) that an Israeli representative office will open in Abu Dhabi to manage the relationship with the UN International Renewable Energy Agency (IRENA). Prime Minister Netanyahu's visit in early July 2016 to four African countries (Uganda, Kenya, Rwanda, and Ethiopia) and the summit meeting he convened with leaders of these countries and the heads of South Sudan, Zambia, and Tanzania, reflects the continent's openness to strengthening economic, diplomatic, and security ties with Israel. The announcement of renewed diplomatic relations with Guinea (July 20, 2016) was an example of this.

Following the collapse of Syria and Iraq, there is no longer a conventional military threat posed to Israel. Syria's chemical weapons were dismantled, and at least in the near term, Iran's efforts to achieve a nuclear weapon have been pushed back. Foreign media attributes to Israel not just membership in the nuclear club but also a second-strike capability. Israel's military and economic power has translated into improved relations with Moscow. Prime Minister Netanyahu meets regularly with President Putin, and they conduct

critical coordination in light of Russia's military presence in Syria. Strategic relations are developing with Greece and Cyprus, and even Turkey's President Erdogan admits that his country "needs a country like Israel."

Even in the often hostile world of NGOs, Israel has had some achievements over the past year: the General Assembly of the IAEA rejected a proposal to force an international inspection regime on Israel's nuclear facilities (September 17, 2015). And for the first time in history, an Israeli ambassador was chosen to head the UN's Judiciary Committee (June 13, 2017).

While the positive data related to Israel's strategic standing are encouraging, they do not provide the complete picture. If the Middle East stabilizes, there is no guarantee that the new reality will continue to be comfortable for Israel. Important regional powers like Iran and Turkey will likely play an increasingly influential role, and have already shown their potential to be hostile to Israel. Facing the threat of terror groups operating from the territory of failing states, and who take cover in civilian areas, continues to present a significant security challenge, especially if the central rule in additional countries around Israel collapses.

Israel currently faces no conventional military threats

The support of the free world for Israel could decrease if it is seen as abandoning liberal democratic values and as increasing its grip on the West Bank. Relations with Russia, China, and India,

as deep as they may become, are no replacement for the strategic ties to the United States. There is no base of common foundational values, and, more importantly, they lack the essential asset that is the American Jewish community.

This strategic reality along with the frictions that arose during the Obama administration, make it crystal clear that the most important task of the Israeli government is to “open a new chapter” with the incoming American administration and focus its efforts on revitalizing the special relationship.

However, the strategic standing of any state is not only a function of its relative strength in the regional or global arena. Internal data about the state of the economy, scientific advancements, educational levels, social solidarity, and more are critical in assessing strategic strength. There is another important factor that could, in the long term, become decisive: the danger of Israel becoming a bi-national state and losing its Jewish character. The security component of this threat was expressed by IDF Chief of Staff Gadi Eizenkot: “There are 161 settlements in Judea and Samaria. Some 400,000 residents among 2 million Palestinians. The population is mixed, which creates a great operational challenge.”³⁸ The need to vacate settlers as part of a final peace agreement acts as a significant deterrent for Israeli decision makers.

Despite that the religious and ideological connection to Judea and Samaria is significantly higher than toward the Gaza Strip, the disengagement, the evacuation 8,600 people, was terribly traumatic for Israeli society. As the years go by without a final agreement, or policies limiting the settlement vision to the established blocs,

the number of Jews living in territory intended for a Palestinian state only grows. The number of Jews living outside the blocs stands at 80,000 (about 125,000 if you count those living in the Ariel-Kdumim bloc situated deep in Palestinian territory). In the past five years, the number of Jews in these areas grew by about 2500 a year. The significance is that the number of Jews who will need to vacate the settlements if a Palestinian state is formed is nine times that of Gaza. It's clear, that as we move forward, the chances that an Israeli leader will make the decision to evacuate such a large and growing number of settlers diminishes.

Israel is moving toward a reality in which a Jewish critical mass is being created outside of the blocs, which will preclude any agreement that divides the land. The lost chance to attain an independent state could push the Palestinians to demand equal rights within a single bi-national state, and even the best of Israel's friends would be sympathetic to this. Israel risks losing the Jewish identity of the state. The “Lone Wolf” Intifada that erupted in Jerusalem reflects the reality of a bi-national city, filled with hostility and violence. Today, 63 percent of Jerusalem's 830,000 residents are Jewish. If Jerusalem's Arab residents ever decide to exercise their voting rights and participate in municipal elections, there will be no guarantee that the administration of Israel's capital city will remain in Jewish hands.

The current strategic period, in which Israel does not face existential threats as it has in the past, is a fitting time to craft an effective plan for dealing with the long-term strategic threat to the Jewish state's very identity – that it will gradually become a bi-national state.

Endnotes

- 1 NPR, 29 December, 2014
- 2 Jeffrey Goldberg, The Obama Doctrine, The Atlantic, April 2016 Issue
- 3 Ibid
- 4 Ibid
- 5 The International Atomic Energy Agency (IAEA)
- 6 Haaretz, 5 August, 2016
- 7 18 January, 2016, IDF Chief of Staff Eizenkot's speech at a conference of the Institute for National Security Studies
- 8 NYT, David E. Sanger, 13 July, 2016
- 9 Maariv, 21 April, 2016 / <http://mfa.gov.il/MFA/PressRoom/2016/Pages/PM-Netanyahu-meets-with-Russian-President-Putin-21-April-2016.aspx>
- 10 Haaretz, 1 December, 2015
- 11 Haaretz, 25 October, 2015
- 12 Haaretz, 18 April, 2016
- 13 Voice of America, 21 April 2016
- 14 Haaretz, 22 July, 2016
- 15 Hürriyet Daily News, 14 December 2015
- 16 I-24 TV, 17 May, 2016
- 17 Haaretz, 18 January, 2016
- 18 Haaretz, 3 November, 2015
- 19 Haaretz, 5 January, 2016
- 20 Washington Post, 5 December, 2015
- 21 Haaretz, 25 April, 2016
- 22 Haaretz, 26 January, 2016
- 23 Haaretz, 24 February, 2016
- 24 Pew Research Center, 5 facts about how Americans view the Israeli-Palestinian conflict, May 23, 2016
- 25 Washington Post, A danger to Israeli democracy, Editorial, January 2, 2016
- 26 Haaretz, 12 July, 2016
- 27 Haaretz, 30 July, 2016
- 28 Haaretz, 9 November, 2015
- 29 <http://www.state.gov/r/pa/prs/ps/2016/07/260577.htm>
- 30 Haaretz, 7 February, 2016