



**STRATEGIC ANALYSIS
FOR ISRAEL**

2023

Israel Among the World's Democracies

Tamir Hayman, Ram Yavne, and Anat Kurz, Editors

Strategic Analysis for Israel 2023

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עורכים: תמיר הימן, רם יבנה וענת קורץ

The Institute for National Security Studies (INSS)

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Strategic Analysis for Israel 2023 is the product of extensive research, discussion, and critical analysis by the research team at the Institute for National Security Studies (INSS). It aims to contribute to the public debate of Israel's national security challenges and the strategic responses to these challenges.

INSS sees its professional, topical, and independent examinations regarding Israel's national security as among its principal objectives. This work in turn helps decision makers at the political and professional levels address the main security dilemmas of the day.

Our thanks to all our partners in this mission. We hope that this joint effort will bear fruit.

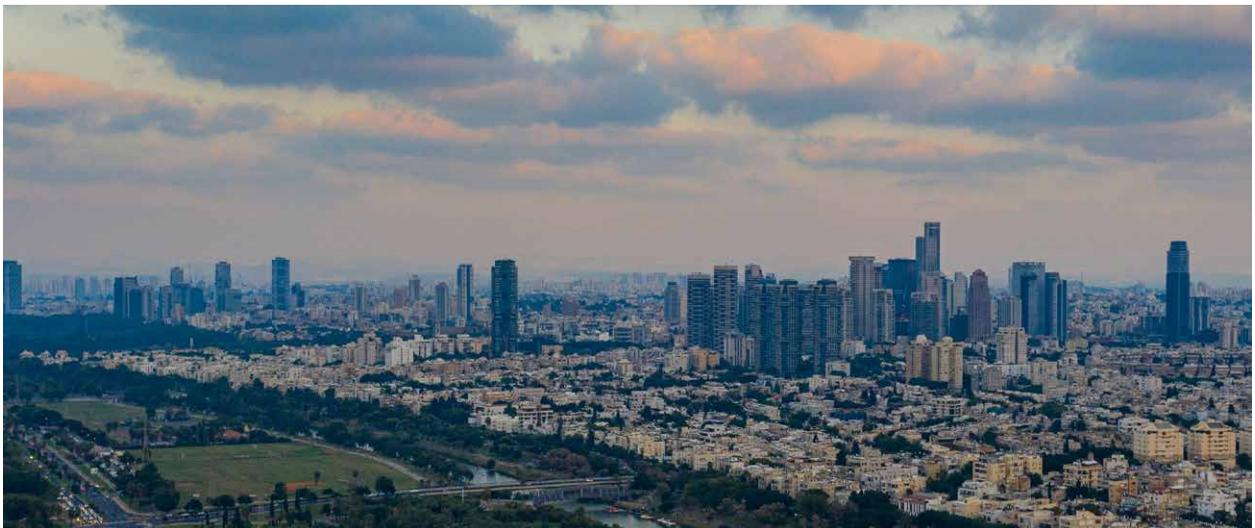


Sir Frank Lowy

Chairman, INSS Board of Directors

Strategic Overview: Geopolitical Shocks Meet Intensifying Domestic Challenges

Manuel Trajtenberg



As we look back at 2022, we can clearly discern the acceleration of key global and internal trends that pose serious challenges to Israel's national security and call for a revision of existing policies. Some of these trends reached a clear turning point in the course of the past year, while others continued to evolve gradually, making it more difficult to question prevailing strategies, despite the dangers inherent in clinging to them. Among those processes that took a sharp turn, three stand out:

- The heightened competition between China and the United States, which has turned into an overt conflict between the two great powers, thus becoming the key factor shaping the global geopolitical arena.
- Russia's belligerence toward Ukraine, which has simmered since Russia annexed the Crimean Peninsula in 2014, turned into a full-scale war a year ago, and upended in one stroke the *Pax Europaea* that had reigned in the continent since the end of World War II.

- Iran’s relentless pursuit of military nuclear capabilities, which advanced to the point of Iran becoming a de facto nuclear threshold state, without the restraints of the JCPOA agreement, and without a credible military deterrent from the United States.

These developments are closely intertwined and upset basic assumptions underlying Israel’s foreign and security policy. Thus, the competition between the United States and China, as well as Russia’s invasion of Ukraine, compels Israel to choose sides, whereas in recent years Israel benefited from maintaining extensive relations with both China and Russia. The increasing pressure on Israel to “pivot” in that respect poses weighty dilemmas, and a resulting change in policy could significantly reduce Israel’s geopolitical room for maneuver. Furthermore, the United States is sharply focused on the conflicts with China and with Russia, and thus is much less inclined to further its involvement or to take initiatives in the Middle East.

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The greatest threat to Israel is undoubtedly the fact that Iran has become a de facto nuclear threshold state (albeit without the formal label), while continuing its entrenchment efforts throughout the region. In addition, the cooperation between Tehran and Moscow in the war in Ukraine poses a significant challenge, since Russia may compensate Iran with advanced weapons and political and economic backing.

The fact that these ominous trends have reached a critical point carries at least one perceptual benefit, namely, clarity. The lingering doubts that often accompany slow-moving processes dissipate under the unequivocal nature of concrete developments. Thus, the fact that Iran already possesses uranium enriched to 60 percent that suffices for more than one nuclear device, as well as that Russia displays blatant aggression in Ukraine, leaves no doubts regarding the intentions behind these actions or their fateful consequences.



Iran has become a de facto nuclear state. Negotiations on a return to the agreement in Vienna
Photo: European Commission EBS – EEAS/Handout via REUTERS



At the same time, important developments within and around Israel have continued to run a perilous course this past year even if not reaching criticality yet, particularly in three domains:

■ The Palestinian Arena

The Palestinian Authority (PA) continued to weaken and lose control on the ground, particularly in the northern West Bank, and the end of the era of Mahmoud Abbas as chairman of the PA is rapidly approaching, without there being an apparent successor or a mechanism for an orderly transfer of power. The vacuum within the PA's controlled areas, alongside the lack of a political horizon, led to a dispersed wave of terrorist attacks and the rise of violent local organizations such as the Lion's Den. These in turn forced the IDF to step up its operations in PA areas, and significantly increased the potential for an outbreak of a large-scale conflict. At the same time, Jewish settlement activities in the West Bank continue apace, with Israel gradually sliding into a de facto one-state reality. This precludes options for any future agreement and challenges Israel's identity as a Jewish and democratic state. The dangers inherent in these processes are likely to intensify under Israel's new government, which explicitly advocates expanding Israel's presence throughout the territories, and even annexing them.

■ Israel's Internal Conflicts

Tensions within Israeli society increased greatly in the past year, accompanied and abetted by polarization and radicalization in the political sphere. The coalition formed following the November 1, 2022 elections propounds a sharp right wing agenda, which is seen by a significant portion of the public as extreme, and even as threatening the ethos of the Israel as a Jewish and democratic state. Meantime, Israeli society is more divided than ever, particularly after four years of political instability, incitement, and reciprocal delegitimization. These developments raise troubling questions about the ability to preserve the foundations of Israel's democratic regime, the independence of the judiciary, the balance between state and religion, and individual rights. The question marks represent a clear threat to Israel's national security, both in view of the potential for violent outbreaks, as in Operation Guardian of the Walls (May 2021) and the weakening of the sense of solidarity and identification with the collective, which are critical for coping with Israel's external security challenges.

■ Relations with the United States and American Jewry

The special relations with the United States, which are a mainstay of Israel's national security, are currently challenged both by internal social-political trends in the US, and by American Jewish communities distancing themselves

from Israel, partly in response to developments within Israel. The growing strength of the progressive faction in the Democratic Party on the one hand, and the right wing rebuff of the “elites” (which include a significant portion of American Jews) on the other hand, have undermined both the bases of support for Israel and the standing of the Jewish communities there. The declining US interest in the Middle East, alongside the establishment of a distinctly right wing government in Israel at a time when the US administration promotes a liberal agenda, further intensifies the alienation. These processes threaten to erode the traditional US support for Israel in all spheres – political, military, and economic – and thereby damage Israel’s international and regional standing, its economic strength, and even its ability to cope with the primary threat, Iran.

The declining US interest in the Middle East, alongside the establishment of a distinctly right wing government in Israel at a time when the US administration promotes a liberal agenda, further intensifies the alienation of American Jews toward Israel.

These ominous developments vis-à-vis the Palestinians, trends within Israel, and Israel’s relations with the United States also tend to feed on each other: events in the West Bank resonate inward and increase the tensions and the political radicalization in Israel, which in turn prevent a serious, informed discussion of the Palestinian issue. Furthermore, events in the West Bank and within Israel negatively influence the attitudes of the US administration and of the American Jewish communities, and their distancing from Israel in turn feeds the internal polarization within Israel.

However, unlike the clear turning points in the global geopolitical theater, the strife in the Palestinian arena, the tensions within Israel, and the strained relations with the United States have not yet reached a critical point. Their gradual progression leaves room for denial and strengthens the reluctance to address the serious dangers they entail. “It’s not so bad,” claim those who tend to ignore the dire implications of these trends, and in so doing justify existing policies (such as “managing the conflict” with the Palestinians) and the lack of initiative to break the impasse.



There is no doubt that the Iranian threat is the most significant threat facing Israel.
Missile launch during an Iranian military exercise
Photo: Iranian Army/WANA (West Asia News Agency)/Handout via REUTERS

By contrast, there is no doubt that the Abraham Accords have created a new and promising regional reality. In this context, Israel is moving away from its image as a “villa in the jungle,” gradually coming to be seen as a sort of regional power seeking to integrate in the region in the realm of security, the economy, innovation, water, energy, and climate change. Beyond the clear benefits to emanate from the deepening relations with the countries that have signed the Accords, the normalization process entails considerable further potential, both for expansion to additional countries and as a channel for improving relations with Jordan and Egypt. Nevertheless, realizing this potential depends to a significant extent on Israel’s conduct vis-à-vis the Palestinians, and on the nature of its relations with the United States.

At the outset of 2023 Israel thus faces a series of converging and troubling trends: major geopolitical changes that narrow Israel’s room to maneuver; a much greater Iranian threat; multidimensional deterioration in the West Bank; internal political polarization that erodes the democratic fabric and may unravel social cohesion; and incipient fissures in the relations with the United States and with the American Jewish community.

There is no doubt that the Iranian threat is the most significant and serious of them all, yet Israel does not have a satisfactory response to it, at least not in the short to medium term, and its ability to exert influence in the international arena so as to mitigate the threat is limited. Any course of action that Israel might try to advance vis-à-vis Iran, such as posing a credible military threat, or advocating the exercise of the “snapback” clause by European countries, would require solid backing and cooperation with the United States. If compelled, Israel will always be able to operate alone, but every effort should be made not to reach such scenarios, for obvious reasons.

The clear corollary of this predicament is that Israel should work relentlessly to improve its relations with the United States, and to secure an intimate and trustworthy dialogue with the administration and with Congress. It should also deepen and expand the ties and understandings with American Jewish communities, which are a key source of support and influence on United States policy.

With regard to the internal situation in Israel and to the Palestinian issue, it is doubtful that the new Israeli government will be willing or able to undertake policies aimed at mitigating the negative trends already underway. Notwithstanding possible political overtones, the role and indeed the duty of INSS is to flesh out the foreseeable consequences of inaction regarding ongoing trends, such as a violent outbreak in the West Bank; an intensification of internal polarization and dissent; or a deterioration in relations with the United States that might affect Israel’s ability to face Iran.

As for the longer term, the gradual blurring of demographic, economic, and legal boundaries between Israel and the West Bank poses a real danger to the Jewish and democratic character of Israel, and thus to the entire Zionist enterprise. The potential erosion of the cornerstones of Israeli democracy, in particular the weakening of the judiciary and of the checks and balances between the branches of government, constitutes a similarly severe threat.

This year marks the 75th anniversary of the establishment of the State of Israel, which is a proper occasion to pay tribute to Israel’s enormous achievements in so many areas. Yet it is also incumbent upon us on this very occasion to sound a sobering warning regarding the perilous trends, internal and external, that challenge Israel’s national security. Compounding the uncertainty posed by these trends, the policies that the new Israeli government may enact, beyond its fiery rhetoric, are also a source of great concern.

The main conclusions that arise from our *Strategic Analysis for Israel 2023* are:

- The criticality of maintaining and strengthening relations with the United States as an overall organizing principle in shaping Israel’s foreign and security policy, particularly with regard to the Iranian threat.
- The imperative to recognize the dangerous consequences of divisive trends within Israel and the trends vis-à-vis the Palestinians, and hence the urgent need to seek novel strategies.

Israel has repeatedly proven able to step back from the abyss and change direction at decisive junctures; we firmly believe that we will be able to do so now as well. We have no choice.

Principal Policy Recommendations

In response to the challenges before it, and in order to create and realize opportunities, Israel should actively pursue primary goals in several realms:

1. Maintaining the special relations with the United States

- Israel should emphasize to the United States that it is rooted in the "camp of democracies," and is willing to expand the political and technology dialogue between the countries.
- Israel should express its public support for Ukraine and consider expanding the aid to it.
- Israel should advance initiatives and bolster serious relations with Middle East countries in the military sphere (in the framework of cooperation managed by CENTCOM) and in the political-economic sphere (Negev Forum committees are one of the frameworks).

2. Advancing societal and law enforcement goals, and maintaining the checks and balances of democracy, with an emphasis on the independence of the judicial system

- The government should advance the five-year plan for the Arab society, as part of policy that aims to reduce gaps in Israeli society.
- The government should expand the ranks of the Israel Police and the army's capabilities in regular and reserve service, and in this framework also establish a National Guard.
- Israel should maintain the system of checks and balances between the branches of government, and implement changes responsibly and slowly.

3. Advancing an operational option along with efforts to form an international political front under US leadership vis-à-vis Iran's nuclear program

- Israel should encourage the announcement of the failure of the negotiations to return to the nuclear agreement, and urge the implementation of the UN Security Council sanctions, given Iran's violations of the agreement (the "snapback" mechanism).
- Israel should work to expand the sanctions on the Iranian regime beyond the nuclear context, in light of Tehran's human rights violations and suppression of popular protests.



Photo: REUTERS

4. Maintaining the potential for separation and stabilization of the Palestinian Authority

- The approaching end of the Abu Mazen era requires maintaining connections with the Palestinian Authority leadership and with Abu Mazen's possible successors, out of an understanding that a dramatic weakening of the PA runs counter to Israel's interests.
- On the ground, it is recommended that Israel advance separation measures, while completing the security barrier and sealing its breaches.
- Israel should implement a plan to strengthen the Palestinian security apparatuses under US auspices.
- Israel should advance a master plan for Area C, mapping the settlement blocs and possibilities for Palestinian construction and development.
- In the economic sphere, it is recommended to pursue measures that will expand employment in PA territories and provide relief, and to display willingness to reexamine the Paris Protocol.

5. Deepening cooperation with the region and maximizing possibilities for expanding the Abraham Accords

- The lack of an agreement with Iran is fertile ground for deepening military cooperation with the region's countries and should be maximized.
- Israel should advance and implement economic agreements on infrastructure and climate. Regarding Egypt and Jordan, Israel should advance trade and deepen cooperation on natural gas, and implement the water-for-energy agreement with Jordan.



6. Preparing for a military response and for actions to weaken Hezbollah

- Israel should increase the political and economic pressure on Hezbollah with an expansion of the sanctions regime.
- Israel should uphold the natural gas agreement and pursue efforts to leverage its potential, while advancing supervised economic aid to Lebanon.
- Meanwhile, Israel should prepare a deterrent military response in the event that Hezbollah challenges Israel, as well as covert operations that continue to weaken it and stabilize the deterrence.

7. Reassessing the campaign between wars in Syria and its focus on Iran's proxies

- Israel should restore the policy of ambiguity in the campaign between wars.
- Together with the United States, Jordan, and Turkey, Israel should examine the possibility of advancing support for opposition regions and resistance forces in Syria, based on humanitarian reasoning and in order to weaken the Iranian entrenchment and maintain the weakness of the Assad regime as an Israeli interest.

8. Implementing reforms in military force buildup, with an emphasis on the conscription and service model

- Israel should advance the multidimensional conscription and service model proposed by INSS.
- Israel should focus attention on ground forces buildup, in both regular service and the reserves, while integrating human-machine teaming capabilities in an extensive and responsible manner.



The International System: The Global Competition and its Growing Influence on Israel

Oded Eran, Shahar Eilam, Assaf Orion, Eldad Shavit, Arkady Mil-Man, and Tomer Fadlon



Current Situation

Great power competition • Struggle over world order • Technology core issue • Potential escalation (Ukraine, Taiwan) • Less collaboration • Middle East lower priority

Current Israeli Strategy

“Between the raindrops” maneuver
• Rely on the US while advancing relations with other powers

Israel’s Strategic Gap

Less room to maneuver between powers • Growing potential in democracy camp • Growing gap between Israel and the West in agendas • Less US regional influence • Intra-US changes challenge support for Israel

Strategic Alternatives

Full cooperation with the US • Active partnership in Western camp and adjustments to era of great power rivalry • “Between the raindrops”: maneuver without choosing sides

Recommended Strategy

Alternative 2: Strengthen the US strategic mainstay • Stand by the US as a member of the Western camp • Pursue differential foreign policy, adjusted to era of great power competition

Recommended Action

Strengthen special relations with the US: maintain ongoing dialogue on core issues, encourage US regional involvement; preserve bipartisan support; address eroded support for Israel in the US • Great power competition: join Western moves and advance cooperation, especially in science and technology; preserve and delimit relations with China and Russia while narrowing dangers of foreign intervention, influence, and technology transfer • In the region: strengthen regional architecture with help of the West; expand security involvement in the Middle East

All the researchers from the INSS international research programs helped formulate this assessment.

Global Overview

Early 2023 is marked principally by the ongoing global recovery efforts from the COVID-19 crisis and the extensive impact of the war in Ukraine, which began with Russia's invasion in February 2022. The main global formative element remains the competition between the great powers for superiority and influence. This has gradually developed into a struggle over the global order between the two emerging camps – one led by the United States and its partners in Europe and East Asia, and the other led by China with partial support from Russia – with most of the world's countries not interested in choosing sides at this stage. The struggle is underway simultaneously in many realms: ideology and values (between democracies and autocracies); statesmanship (over the rules of the game in the international system and the global agenda); economy and technology (over natural resources, energy sources, infrastructure, markets and supply chains, innovation and technologies of the future, and access to data); and the military-security sphere.

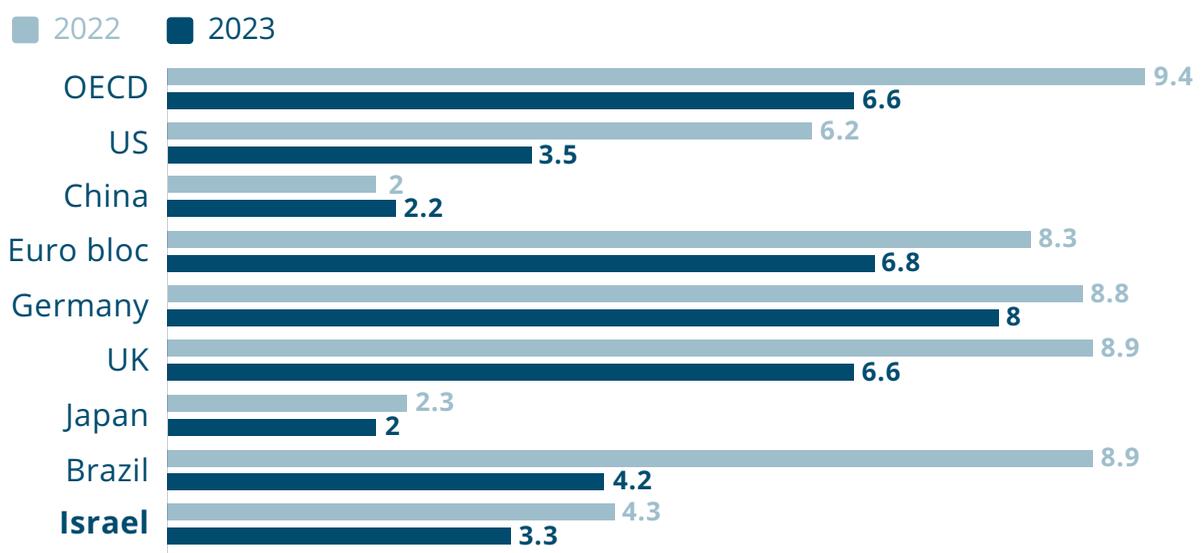
The competition between the great powers has gradually developed into a struggle over the global order between the two emerging camps – one led by the United States and its partners in Europe and East Asia, and the other led by China with partial support from Russia.

The rivalry over scientific-technological superiority and over innovation (“the technological arms race”) is at the core of the global strategic competition and is expected to intensify in the coming years. The year 2022 was marked by the global “chip war,” which is gradually joined by competition in other fields – artificial intelligence, quantum computing, biotech, and more – that are seen as technologies that will shape the future of humanity in the coming generations, in both military and civilian uses. Meanwhile, there are ongoing efforts to avoid military escalation and a loss of control at the main points of friction between the great powers, particularly in Ukraine (with the Russian threat to use nuclear weapons, or the possibility of active involvement from NATO) and in Taiwan (potential for military escalation with the involvement of China and the United States).

Against the backdrop of the increasing polarization, the international community is hard pressed to advance global objectives that require broad agreement and joint activity in many fields, in particular, the climate crisis, international trade, food security, energy, refugees, public health, and the proliferation of unconventional weapons. The climate crisis will continue to command center stage in the coming decades and demand broad agreements and

Inflation Forecasts

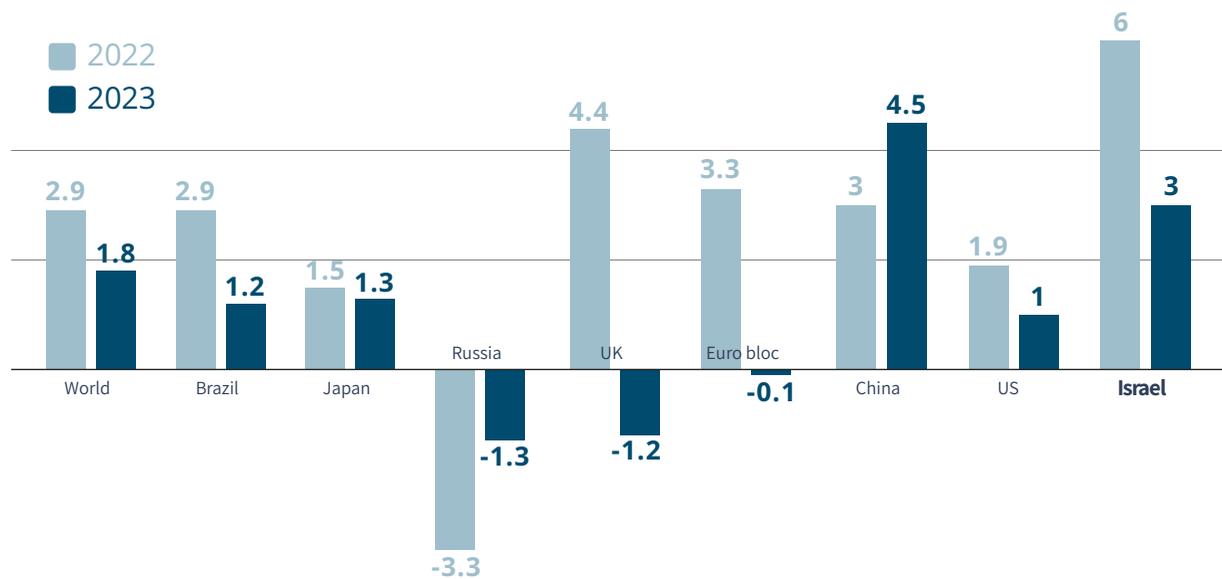
(in percent)



The forecasts are based on the OECD Economic Outlook (Edition 2022/2, as of November 2022)

Slowdown in Global Growth

(Growth rate in GDP, in percent)



The forecasts are based on Goldman Sachs and Bank of Israel estimates, November 2022

collaboration, while at the same time providing fertile ground for competition over resources and control of future technologies. Challenges to internal stability will continue to draw the attention and resources of many regimes throughout the world.

In addition, economic uncertainty will continue. Given the ramifications of the COVID-19 crisis, the war in Ukraine, and the competition between the great powers, the forecasts for 2023 are for an economic slowdown, continued rises in inflation, disruptions to supply chains that accelerate de-globalization trends, and a series of intensifying crises – in the energy market (with serious consequences, especially for Europe), in food security (in the developing world), and in greater numbers of migrants and refugees. Consequently, the economic environment is very difficult to forecast, as can be seen in the economic forecasts of various international organizations (the World Bank, International Monetary Fund, and OECD), which were lowered this year in the wake of the rapidly unfolding developments.

Three main factors are expected to influence the global economy in 2023: the return of inflation, the ongoing war in Ukraine, and increasing governmental involvement in the economy. The disruptions between supply and demand that emerged in the COVID-19 crisis and the ensuing economic policy measures have contributed greatly to the rise in the cost of living throughout the world, and inflationary pressures increased significantly in 2022 due to the war in Ukraine. The impact is especially evident in the rise in energy prices, given Russia's central role in the oil and gas market, and the rise in food prices, due to both Russia and Ukraine's contribution to global grain production, including their being the source of a third of global wheat exports. The rise in energy and food prices, alongside the strengthened dollar and the increased debts of developing countries, could lead to political instability, including in Middle East countries that are not energy producers.

From a geostrategic perspective, the international system is focused first and foremost on Europe, especially given the war in Ukraine, and in the Indo-Pacific region, given China's increasing strength and the economic, industrial, and technological acceleration of the region's countries. The Middle East continues to become a lower priority in terms of the attention and resources allocated to it.

The United States will likely continue to focus on its domestic arena, with efforts to improve the economic situation and rebuild infrastructure. However, the administration faces difficulties in advancing its agenda given the social polarization and its more limited political leeway following the midterm elections, when the Republicans won a

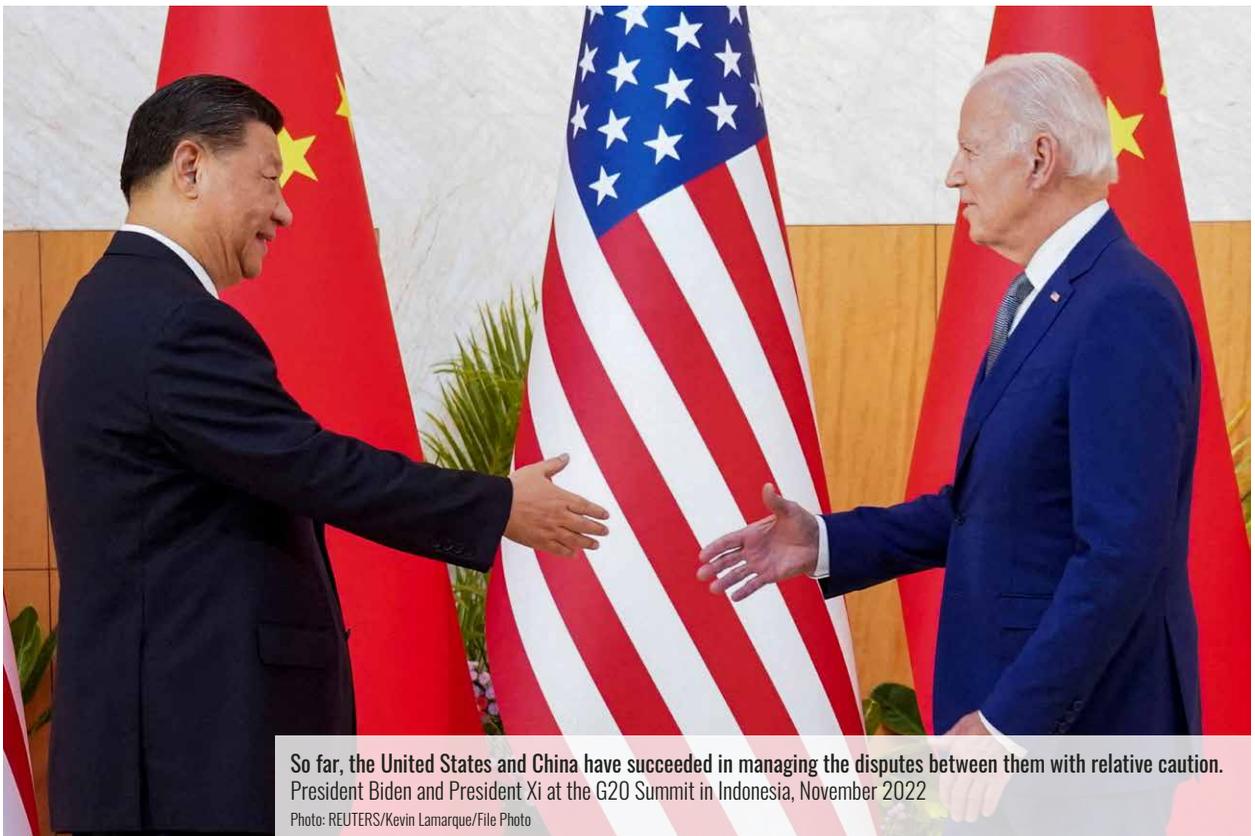
small majority in the House of Representatives. In the background, the opening shot of the 2024 presidential elections has been fired.

The administration has defined the strategic competition with China and the climate crisis as the two most important issues for shaping the global reality in the coming century. In the eyes of the United States, Russia, despite its reduced importance compared to China, reflects an urgent threat that demands an immediate response to contain it. The US will try to continue to exact prices from Russia without being drawn into war, mindful of the need to prepare for possible escalation.

The administration has also placed scientific and technological innovation and the opportunity of the fourth industrial revolution (which is based on maximizing the use of big data, artificial intelligence, and machine learning) as keys to success in the strategic competition with China. The US will seek to maintain its position as global leader while strengthening its domestic sources of power and resilience, with an emphasis on massive investments to maintain technological superiority and strengthen industrial capabilities, restrictions on the transfer of technology to China, and consolidation of its network of economic and military partnerships with democratic countries and countries that support the existing world order, in order to deter and weaken its rivals.

So far, the United States and China have succeeded in managing the disputes between them with relative caution. For example, on the issue of Taiwan, the United States adheres to its official policy – “one China” – and opposition to unilateral change of the status quo in Taiwan. Nevertheless, the developments in the past year, especially surrounding the visit to Taiwan by then-House of Representatives Speaker Nancy Pelosi, illustrated the risk of escalation due to a miscalculation or what could be seen as a provocation, despite the interest of the two nuclear powers to avoid war between them.

The administration has defined the strategic competition with China and the climate crisis as the two most important issues for shaping the global reality in the coming century.



So far, the United States and China have succeeded in managing the disputes between them with relative caution. President Biden and President Xi at the G20 Summit in Indonesia, November 2022

Photo: REUTERS/Kevin Lamarque/File Photo

For Russia, the region's importance is increasing, in light of its growing need to attain trade alternatives, bypass the Western sanctions, and coordinate oil production levels. To this end, it is trying to strengthen its relations with the Gulf countries, Turkey, and Iran.

The balance sheet at the end of 2022 includes achievements for US foreign policy and its efforts to strengthen its regional coalitions in the Indo-Pacific region and Europe in response to the Chinese-Russian challenge. In the Middle East, however, US standing continues to erode against the backdrop of its failure, from the region's perspective, to block Iran's nuclear program and its destabilizing activity in the region. The OPEC countries' refusal to accede to United States requests to increase the production of crude oil given the energy crisis, as well as the summit meetings that China's President held with leaders of the region's countries in December 2022, are further evidence that the competition between the great powers will also play out in the Middle East. In countries in Asia and Europe too, which have displayed increased vigilance and a willingness to contend with the Chinese-

Russian challenge, there are voices warning against taking the course charted by the United States in the competition between the great powers.

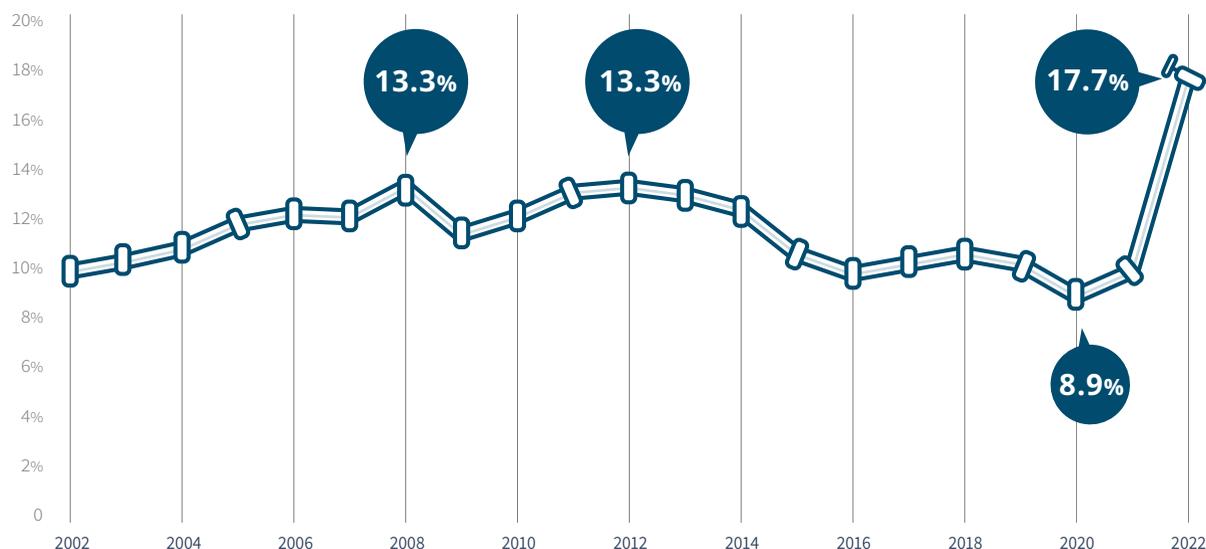
In **China**, the Communist Party Congress that convened in October 2022 consolidated the standing of Secretary-General and President Xi Jinping as the unchallenged leader of the Party and the country. At the outset of his third term, Xi can now seemingly advance his political-ideological doctrine without interference. However, in practice he faces serious internal and external challenges: in 2022 China's economy experienced a significant slowdown and stood at half (2.7 percent, according to the World Bank estimate) of the growth target defined by the regime (5.5 percent), including serious crises in the fields of real estate and credit. While the world transitioned to living with COVID-19, China maintained its "zero-COVID" policy until the end of 2022. This policy disrupted economic activity and the daily lives of citizens, and prompted an unusual wave of protests throughout the country and large-scale outbreaks of illness once the policy was rescinded. Moreover, after years of economic expansion based on maximized centralization, efficiency, and the advantage of size in a free world market, China is now coping with countermeasures on the part of many economies in the world in response to what is perceived as its threatening conduct.

Furthermore, relations between China and the United States (and other countries in the West) are at a low point, despite mutual attempts to maintain open channels of communication. Especially prominent is the escalation in the economic rivalry between them, led by the "chip war" and decoupling trends in various fields and sectors. In addition, there also appears to be a gradual acceleration of military preparations on both sides in light of a possible crisis in the Taiwan area. China faces challenges in international frameworks, particularly with regard to violations of civil rights. Despite the support that it receives from many countries, it does not have real allies, and the "no limits friendship" that the leaders of China and Russia declared in their meeting on February 4, 2022 has been tested significantly since the Russian invasion of Ukraine later that month. Meanwhile, more and more countries understand that China poses a direct challenge to them unrelated to the US stance, given its attempts to intervene in their affairs, sometimes to the point of creating dependence and coercion, pursuing espionage and influence, transferring technology, and stealing intellectual property.

Russia's entanglement in the war in Ukraine and the costs it has incurred signal a weakening of its standing in the global arena (whether the fighting continues in 2023 or whether it is stopped or decided one way or another). At this stage there are no signs of the war ending in the coming months, and therefore Russia's political and economic detachment from the West is expected to deepen; its economy will continue to be hurt by the sanctions imposed on it and by the difficulties it faces in exporting energy. As a result, Russia will continue to strengthen its relations with its allies in other areas of the world, in particular with China and Iran, and thus its subversive and defiant activity toward the West will continue. The deterioration of Russia's economy is also expected to feed the social unrest in the country and spur emigration of those wishing and able to leave it.

Europe is in turmoil. The Russian invasion of Ukraine revived the bellicose atmosphere on the continent and highlighted anew the Russian threat, the gaps in preparedness and responses to the threat, and the risks inherent in economic dependence on Russian energy sources and supply chains from China. The ongoing war has shifted Europe's decades-long priority to drive economies over investment in defense. The NATO alliance has reawakened

Energy Spending as a Percentage of Global GDP



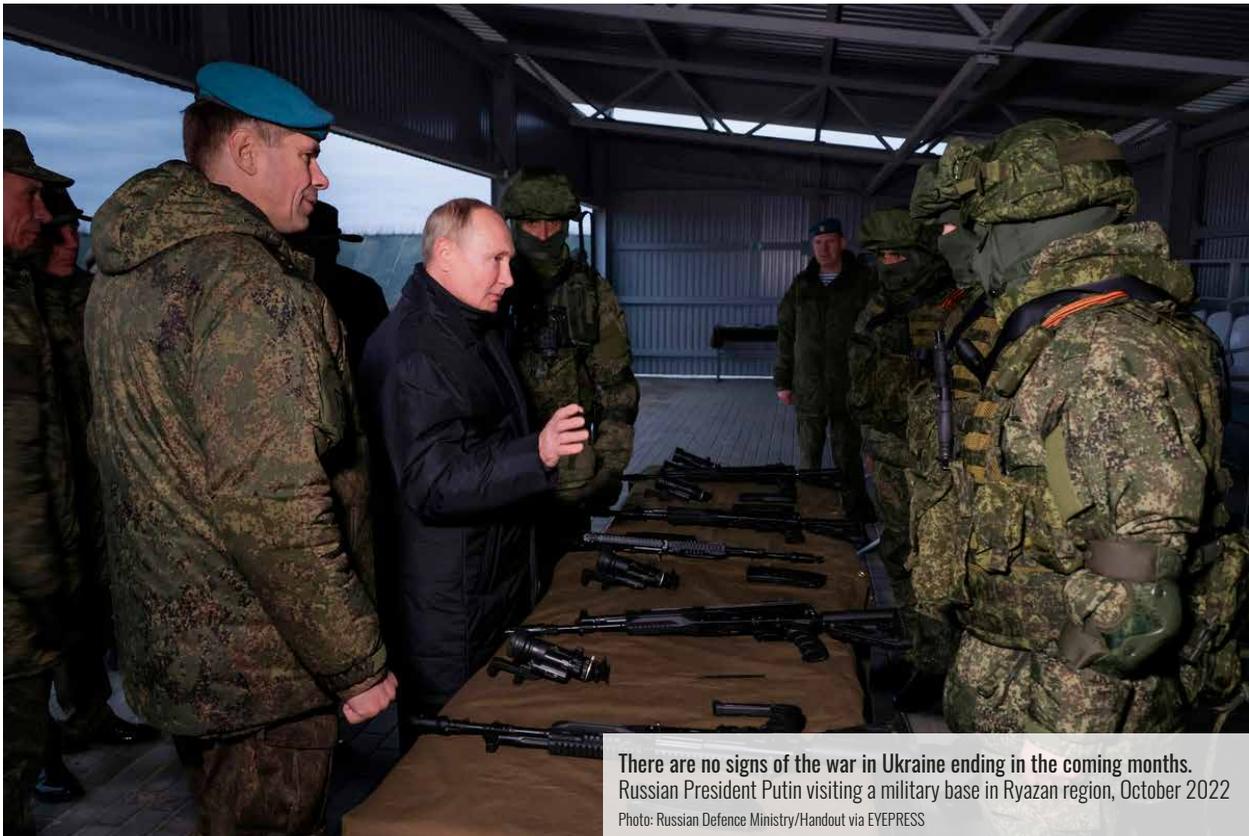
Data based on OECD Economic Outlook (Edition 2022/2, as of December 2022)

and gained renewed significance, and the defense budgets of European countries have been updated and bolstered. At the same time, Europe is reexamining the risks posed by China and the implications of the strategic competition announced by the United States. Alongside foreign challenges, Europe continues to cope with increasing internal difficulties, especially the worsening of the economic slowdown, the rise in inflation, and the energy supply crisis, as well as the wave of millions of refugees from the war in Ukraine. All these strengthen political parties with an ultra-nationalist platform and elements opposing the European Union.

The Great Powers in the Middle East

While the world is focused on East Asia and the war in Europe, the role of the Middle East on the global agenda continues its slow decline given the gradual transition to alternative energy sources – at least as long as the relative stability in the region is maintained. While the US administration is not planning significant changes to its military presence in the region, it is relying on expanding its influence mainly through diplomatic tools and support for its allies in the region. They, for their part, have identified a decline in the US commitment toward them, given the US hasty withdrawals from Syria and Afghanistan, its reluctance to use military force against those attacking its allies, and the imposition of restrictive conditions (human rights) for cooperation. Given the failure (so far) of the efforts to return to the nuclear agreement with Iran, which has made significant progress in its nuclear program and in weapons proliferation, the administration will have to reassess its policy toward Tehran and try to restore its eroded influence and standing in the region, in part by strengthening its support for advancing the regional architecture of its partners (Iran's adversaries, including Israel), which includes military elements alongside economic initiatives, the development of infrastructure, and other collaborations. While the administration's attention toward the Palestinian issue is limited, it has already made its intention clear to pressure the Israeli government to maintain the status quo and avoid deterioration, out of an intention to make it possible in the future to advance a political process based on the two-state principle.

Meanwhile, China has increasing interests in the Middle East, as it is still dependent on importing oil from the region and identifies the regional potential in demand for economic and infrastructural development, against the backdrop of the perceived decline in US influence. Therefore, China will likely continue to expand its economic, political, and gradually also military involvement on both sides of the Iranian-Saudi divide, but without involvement that entails substantive risk. At this stage most countries in the Middle East have not chosen a side, and they seek to make the most of their relations with both the United States (with an emphasis on defense) and China (with an emphasis on the economy). At the same time, some countries that so far have relied on US military-strategic support are



reexamining their strategy and displaying a policy of diversifying supporters and hedging risks, although China is not offering security guarantees. For Russia too, the region's importance is increasing, in light of its growing need to attain trade alternatives, bypass the Western sanctions, and coordinate oil production levels. To this end, it is trying to strengthen its relations with the Gulf countries, Saudi Arabia, Turkey, and Iran, while also tightening its military cooperation with Iran surrounding the fighting in Ukraine. At the same time, Russia is thinning out its military presence in Syria due to the demands of the Ukrainian front, but trying to ensure and strengthen its military presence in the Mediterranean and the Persian Gulf.

Implications for Israel

As the focus of US national security strategy, China will continue to influence many aspects of the administration's policy, including vis-à-vis Israel. The United States will continue to pressure its partners to shape policy that takes its interests into account, especially in the context of oversight of technologies and data, national infrastructure, and infrastructure used by China. Consequently, Israel's leeway on issues that are at the core of the competition and the friction between the great powers is expected to shrink, with an emphasis on advanced technology. Israel is aware of the global changes and has adapted its policy, but given the urgency that China commands as a top priority in American foreign policy (and to a certain extent, Russia as well), it is vital to continue these adaptations and improvements at a suitable pace, and thus to reduce the potential for friction and crises on this issue. Nevertheless, it is important that Israel continue to maintain fruitful economic relations with China, that is, to make the most of the opportunity and the advantages for Israel's economy, subject to national security considerations and in close coordination with the United States.

Meanwhile, the competition between the great powers also entails an opportunity for increasing Israel's leeway vis-à-vis the United States camp, for strengthening collaboration, and for equity in areas in which Israel has clear relative advantages – technology and innovation; the development and application of weapons and modes of operation under the threshold of war; and a positive Israeli role in developing regional architecture with the support of the United States and in the Indo-Pacific region.

At this stage it seems that the erosion of United States standing in the region will continue. This is signaled in part by defiance exhibited by senior partners (Saudi Arabia, Turkey) that in turn could hurt its ability to help advance Israel's objectives in the region and Israel's overall standing and its deterrence, which partly relies on the image of its special relations with the United States. The most prominent test of deterrence for both the United States and Israel is in deterring Iran from continuing to progress toward nuclear weapons. Its success will spare them the need to meet the test of stopping it.

Despite their solid basis, the special relations between Israel and the United States could be tested, mainly in the context of the Palestinian issue (taking steps that are seen as changing the status quo and violating human rights), charged internal Israeli issues (which could be seen as harming its democratic character and consequently the "shared values"), Israel's policy on China (technology security), and the Iranian issue (including in the absence of a nuclear agreement between Iran and the great powers). Moreover, the basic gap between the Israeli agenda (Iran, Palestinians, Hezbollah) and the US agenda (China, Russia, and global challenges) is more prominent than in the past, along with a gap between the worldview of the right wing government in Jerusalem and the Democratic administration in Washington. From a long-term perspective, the relations will also be influenced by changes in American society, which are expressed, inter alia, in the strengthening of the critical attitude (to the point of hostility) toward Israel in certain sectors and in an increasing difficulty to maintain bipartisan support for Israel in an era of worsening political polarization in the United States itself.

The new government in Israel should pay special attention to Israel's relations with the Jewish community in the United States. Due to the social and political changes in Israel and the United States, the cracks and gaps in the relations are expanding, and there is increasing distance between American Jewry and Israel and its regional environment. These are joined by less understanding with Israel and could portend serious negative consequences for Israel-United States relations.



Adjustments in Israel's Strategy and Policy Recommendations

Along with the Israeli reliance on the United States and further cultivation of its strategic relationship, over the years Israel has often realized the potential to develop channels of contact with other main actors in the international arena: Europe is Israel's main trade partner (and recently the political dialogue with European Union institutions at the highest level was renewed); in the past decade, Israel's economic relations with China evolved significantly and accelerated; and ongoing channels of dialogue with Russia were developed. The Abraham Accords created an opening for Israel's gradual integration in the Middle East fabric as well. Over the years Israel has also made sure to maintain the ability to maneuver between international economic and political institutions and relations with the member states of these institutions.

However, the changes in the international system and especially the strategic competition between the great powers require that Israel monitor the shrinking or expanding areas of activity and adjust its policy accordingly. After a decade of intensive developments in Israel's economic relations with China, Israel has started to enact a more balanced and sober policy, in which relations with China have advanced but at the same time the oversight of foreign investments has been tightened twice, in particular in the field of infrastructure, and a strategic dialogue with the United States has begun in the field of advanced technologies, which also includes research and technology security. In the past year Israel likewise had to maneuver between relations with Moscow and a public moral stance that condemns the invasion of Ukraine and the ensuing war crimes, and to participate in the West's efforts to aid Ukraine.

Consequently, it is necessary to adjust Israel's foreign policy to the era of great power competition:

The Organizing Concept

Strengthen the United States' role as a strategic mainstay, based on standing with the United States as part of the Western camp, and enact a differential foreign policy per area that is adapted to the era of great power competition.

Policy Guidelines

- Strengthen the special relations with the United States: maintain close and continuous dialogue with the administration on the core issues that are important to both sides (Iran, China and technology, the Palestinians and human rights, regional integration and normalization, Russia, the qualitative military edge, and arms control), while coordinating mutual expectations and taking main American interests into account; work to maintain US involvement in the issues fundamental to Israel's national security; maintain bipartisan support for Israel and persist in efforts to improve relations with the Democratic party, along with strengthening relations with the Jewish communities in the United States; identify long-term challenges that threaten to erode the foundations of the special relations between the two countries and with the younger generation of American Jews, and prepare to cope with them.
- In the context of the inter-bloc struggle – join and enlist in the efforts of the United States and the West in a mindful manner; advance practical collaboration with the United States and the Western camp, in particular in the fields of science and technology, which are central equity and policy tools for Israel; strengthen the interfaces with the Indo-Pacific region and with Europe and Canada; exploit the growing potential for defense exports to Europe; adjust areas of activity in accordance with developments in the great power competition; advance fruitful economic relations and friendship with China, subject to national security considerations; delimit relations with Russia and maintain them in accordance with Israeli interests, especially in the northern arena and given the developments in Ukraine, while reducing exposure to risks of espionage, intervention, and influence.
- In the context of regional policy: strengthen the emerging regional architecture with the support of the United States and the West – politically, militarily, and economically (energy, water, food security, climate, and environment); expand military involvement in the Middle East in order to increase Israel's equity; and bear the shared security burden alongside the United States and regional partners, given suitable military buildup.

Global Challenges: Formative Trends

The Importance of Remaining in the Camp of Democracies

Pnina Sharvit Baruch

Current Situation

Open investigation at the ICC • Request for ICJ advisory opinion • Condemnations and calls for boycotts

Current Israeli Strategy

No cooperation with international proceedings, but dialogue on professional basis • US assistance in curbing the campaign

Israel's Strategic Gap

Difficulty in forming a persuasive legal response to the charges against it, in particular regarding part of the Palestinian claims • Rhetoric and activity in Israel's internal arena used against it in the international arena

Strategic Alternatives

Respond to criticism, based on Israel's being a law-abiding country • Informal discourse with the ICC Prosecutor • Maintain US support • Ignore the criticism • Focus on attacking the critics • Shun elements involved in international campaign against Israel • Cooperate with commissions of inquiry, the ICJ process, and the ICC Prosecutor

Recommended Strategy

Alternative 1, which is based on the existing policy, and partially addresses threats – with US assistance – in the international legal campaign, especially in the criminal realm, as well as processes in the diplomatic arena

Recommended Action

Affirm officially that Israel respects international law • Retain and strengthen ties with the US, while maintaining a shared value system • Hold informal talks with the ICC Prosecutor to clarify Israel's position • Maintain the independence of the judicial system in Israel • Continue to conduct investigations and prepare factual and legal analyses of irregular incidents



The respective strategic objectives of China and the United States portend the return of economic alliances based on interests and the weakening of a global economy based on market forces.

Like all countries, Israel is influenced by the global geopolitical reality. In this reality, contrasting ideas and values play an important role, as they shape the interests and conduct of respective actors in the international arena. Leading conceptual and ideological polarities include liberal and democratic values vs. illiberal worldviews, support for globalization or isolation, and more. Thus, analysis must go beyond identifying the interests of international actors to also address the values they adhere to. Conduct in the international arena involves various tools, such as sanctions, boycotts, and legal channels, and an array of actors, which include international institutions and organizations and non-state organizations, joined in recent years by “private” non-state actors, such as multinational companies. The first part of this chapter addresses these aspects. Beyond understanding the realm of values and ideas, it

is important to examine areas with broad ramifications for all countries of the world and for their positioning in the global arena, including the fight against climate change, technology, and the digital space. These are explored in the subsequent sections of this chapter. To promote its interests, the State of Israel must formulate policy in these fields, in accordance with the respective opportunities and challenges they entail.

Organizing Concepts and Values

The conduct of states in the global arena is based on the idea that there is a binding framework of rules that regulates the relations among them. Russia’s invasion of Ukraine is deemed a gross violation of the rules of the game, in particular, the prohibition of using force and violating the territorial integrity of a sovereign state, and therefore it has evoked severe criticism. Significantly, Russia did not disavow the existence of rules, but rather provided (unconvincing) explanations of the legality of its action. As a result, while the Russian course of action undermines the accepted global order, it does not represent a complete collapse of this order.

The war in Ukraine and the growing rivalry between the United States and China highlight the underlying competing values in the international arena. On one side are countries that share a liberal worldview, which is based on ideas of substantive democracy, respect for human rights, protection of individual freedoms, and the rule of law, including respect for international law. Leading this group is the United States, and alongside it are most European countries and other states that define themselves as Western and democratic countries, including Australia, Japan, and South Korea. On the other side are countries that maintain authoritarian regimes that deny individual liberties, disregard human rights, and shun submission to the rule of law, internal or external. The most important of these are China and Russia, and alongside them are countries such as Iran. These countries challenge the liberal world order, even if they accept and cooperate with some of the rules of the game.

The division of the world into camps is not new, but in the past year the contours were defined much more clearly. Countries that support liberal and democratic values have begun to regroup to prevent dependence on countries that do not share these values, while tightening the relations between them and the frameworks for joint activity. The respective strategic objectives of China and the United States portend the return of economic alliances based on interests and the weakening of a global economy based on market forces. Technological strategy based on collaborations with “like-minded states” returns bipolarity to the headlines and restores the need for the world’s countries to prepare accordingly. Given this trend, countries could well be required to choose sides and refrain from a policy of straddling the fence.

As a result, values-based considerations – especially the protection of democracy and liberal values – gain additional urgency and are important for maintaining Israel’s standing in the international arena as well as its close relations with its allies, first and foremost the United States. This is particularly true to the extent that the division into camps in the international arena continues, and with it, the expectations of clearer values-based partnership as a condition for joining and belonging to the group. Israel sees itself, and is also seen externally, as among the democratic and Western countries. Nevertheless, there is a trend in Israel that seeks to curtail to what degree democratic and liberal values are upheld, and this compounds the ongoing challenge posed by the reality in the Palestinian theater. If Israel

distances itself from the democratic and liberal worldview, this could undermine its deep connections with the United States and challenge its inclusion in the developing alliances among the countries with this set of values.

Tools in the International Arena

The year 2022 was characterized by a recourse to stronger sanctions against violators of the world order, chiefly Russia and Iran, as well as extensive restrictions imposed on China. Sanctions are not a new tool, but the sanctions imposed on Russia are apparently the most extensive that have ever been imposed. It also became clear that countries were willing to pay a price in order to punish Russia, as manifested mainly in the energy sector.

Another phenomenon inspired by the war in Ukraine is a significant increase in support for the International Criminal Court (ICC). The new Prosecutor, who was appointed in June 2021, improved the Court's relations with the United States, after he relieved it of investigating its personnel in Afghanistan, and enlisted many countries that expressed open and active support for his vigorous activity surrounding the war crimes in the conflict in Ukraine. Thus, the Prosecutor ordered the dispatch of the most extensive investigation team to Ukraine as well as the precedent-setting step of the Office of the Prosecutor joining additional countries, including Ukraine and Poland, in an investigative team to support the investigations and proceedings underway in the countries themselves.

For years Israel has faced a campaign in the international arena, evidenced by the large number of decisions against it at UN institutions, the commissions of inquiry about its activity, and the criminal investigation at the ICC that has been open since March 2021. Yet the coming year is expected to be especially challenging, given the UN General Assembly resolution from December 30, 2022, which requests an advisory opinion from the International Court of Justice (ICJ) in The Hague regarding the legal consequences arising from Israel's ongoing violation of the Palestinian people's right to self-determination, the prolonged occupation, the settlements, and annexation, including measures aimed at changing the demographic composition and the character and status of Jerusalem, and the adoption of

If Israel distances itself from the democratic and liberal worldview, this could undermine its deep connections with the United States and challenge its inclusion in the developing alliances among the countries with this set of values.



The war in Ukraine highlights the underlying competing values in the international arena. Ukrainian citizens eye their home, damaged in a Russian attack

Photo: Alexander Ryumin/TASS

discriminatory legislation and measures in this context. This joins the increasing pressure on the ICC Prosecutor to move forward with the investigation regarding Israel. Meanwhile, accusations of Israel maintaining an apartheid regime are gaining momentum, although it is doubtful that Israel will soon find itself under significant boycotts or sanctions. Nevertheless, the adoption of a confrontational policy that clearly deviates from accepted international norms, such as an explicit act of annexation in the West Bank or large-scale measures of collective punishment of Palestinians, could eventually lead to such steps against Israel, both by official bodies and by global companies.

Actors in the International Arena

The year 2022 has seen a clear weakening of the UN Security Council as a body that is able to intervene effectively in the international arena, given the renewed formation of separate camps – liberal democratic countries vs. illiberal countries. However, it is too early to discount the UN: all countries desire membership in this institution, and it continues to regulate important conduct in the global realm.

An important element that shapes the international order is the entry of new non-state actors into the global arena, led by giant global companies such as Google, Microsoft, and Amazon. These companies have economic power and influence exceeding that of most of the world's countries, and they play an important role in the international arena. Thus, as part of the war in Ukraine, there has been a prominent and relatively new phenomenon of many foreign companies (over 1000) that decided on their own initiative to curtail their business in Russia or to stop it entirely, even when they were not required to do so as part of sanctions imposed by countries. While it is difficult to assess to what extent the decision stems from substantive values-based considerations or from public image considerations, the result is the same. The phenomenon of these companies adopting independent “foreign relations” is worth analyzing and monitoring, in particular given the risk that there might be an attempt in the future to direct such steps against Israel.



The Technology Arena: The Time Has Come for Israel to Choose Sides in the Global Technology Competition

Ariel Sobelman and Liran Antebi

Current Situation

Leadership eroded in certain fields • Need to choose sides in the great power competition will be challenging

Current Israeli Strategy

Technology as an economic engine, means of leveraging foreign relations

Israel's Strategy Gap

Lack of preparedness for a future demand to choose sides in the global technology competition, regarding chips or artificial intelligence

Strategic Alternatives

Deepen cooperation with the US and the West, both in the field of chips and in artificial intelligence, including the required regulations • Adapt trade with China to the regulations • Maintain a free market while making an effort to maneuver regarding chips, artificial intelligence, and technology in general

Recommended Strategy

Side with the US in the chip war • Adopt Western regulation • Maximize opportunities in face of the hi-tech crisis

Recommended Action

Formulate a position on the global chip war and strengthen Israel's place among Western countries regarding technology policy • Use the layoffs in hi-tech to recruit quality personnel for the security establishment, while considering support for relevant companies to prevent attrition



An in-depth look at investments in Israel compared to other technologically advanced countries reveals that Israel encourages private investments and initiatives in the field of technology, especially in the field of software, but lacks a technology strategy guided by national priorities.

Israel ranks among the world's leading countries in innovative cyber and other technologies, as well as research and development in various technological fields. Technology is at the core of the Israeli economy, and the links between Israel's technological capabilities and its security and global standing underpin its national security concept. Nevertheless, an in-depth look at investments in Israel compared to other technologically advanced countries reveals that Israel encourages private investments and initiatives in the field of technology, especially in the field of software, but lacks a technology strategy guided by national priorities. Israel would do well to draft a national plan that integrates collaborations, initiatives, and investments that ensure its military, demographic, social, and economic resilience for future generations.

Israel and Technology in the International Arena

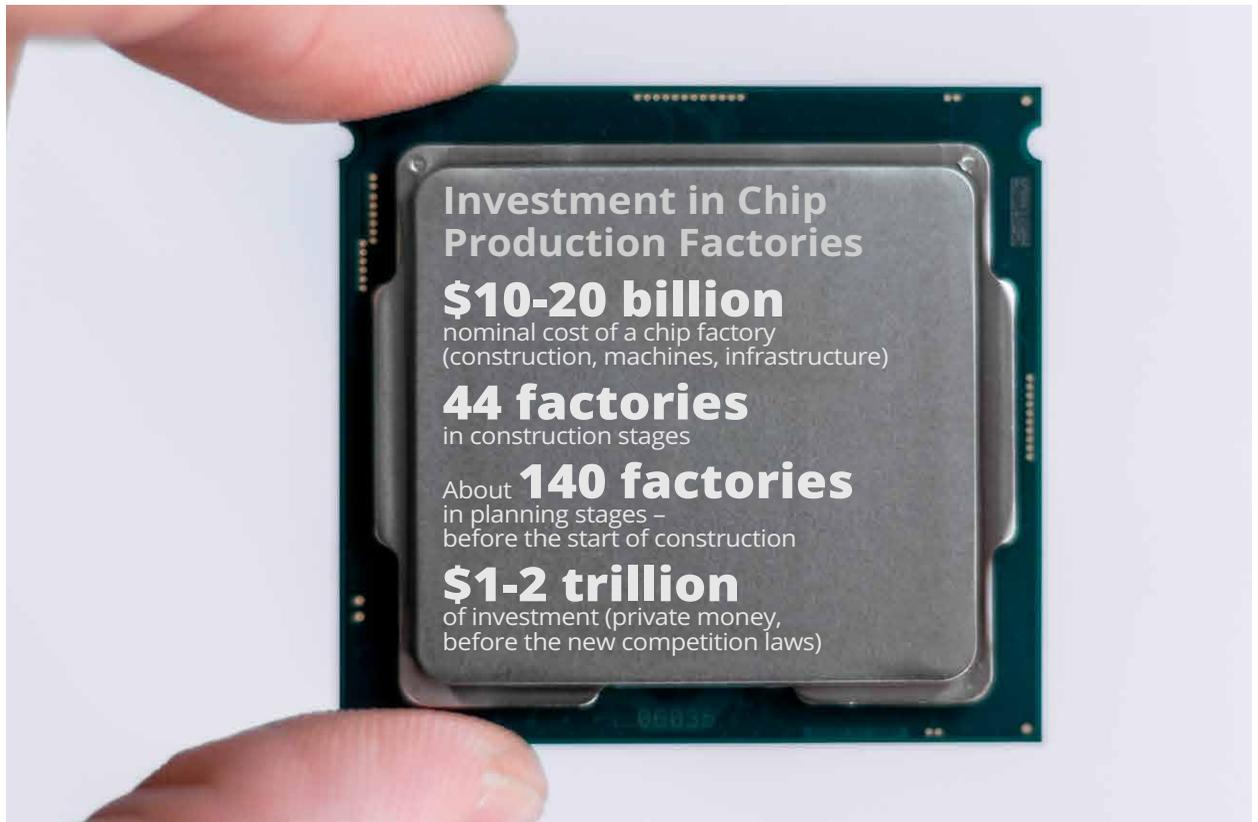
In recent decades, the technology realm has become a source of geopolitical power and a significant element shaping the changing world order – in some way similar to the influence of energy, particularly oil, which has figured prominently in geopolitical dynamics. While in the case of energy Israel coped with a geostrategic reality in which its enemies leveraged their energy resources and clout as part of their struggle against it, in technology, Israel plays a leading role as a supplier of technologies, a model of entrepreneurship, and a source of intellectual property, and stands at the forefront alongside the most advanced countries in the world. As such, we see a fundamental flip in the geostrategic balance where Israel is part of the powerful nations. However, with great power comes great responsibility, and developments in the international arena could undermine the existing reality – and therefore they demand proper preparedness.

A global technology war is underway, manifested, perhaps most prominently, in a clash between the United States and China and their competing technology strategies. The great powers vie with each other for global control of supply chains and seek to bolster their respective abilities to produce hardware independently. The strategy is reflected in major investments in local fabrication plants, particularly in the field of semiconductors. This is war,

Israel has a significant relative advantage in the field of artificial intelligence. An autonomous driving vehicle in Jerusalem, produced by Mobileye and Intel
Photo: Shutterstock



because behind it are not only economic interests but national-military tensions; the tools used include legislation, policy, sanctions, export controls, and unprecedented stimulus and industry incentive programs, as well as steps in the fields of education, internal affairs, labor, welfare, and foreign relations. The great powers understand that technology is not only a means but also an end, and a central influence in their global standing. They explore how to associate in camps, generate coalitions, and define global resources for the sake of “technological superiority” in their territory. It is, therefore, no coincidence that technology in our time is a central shaper of the emerging world order.

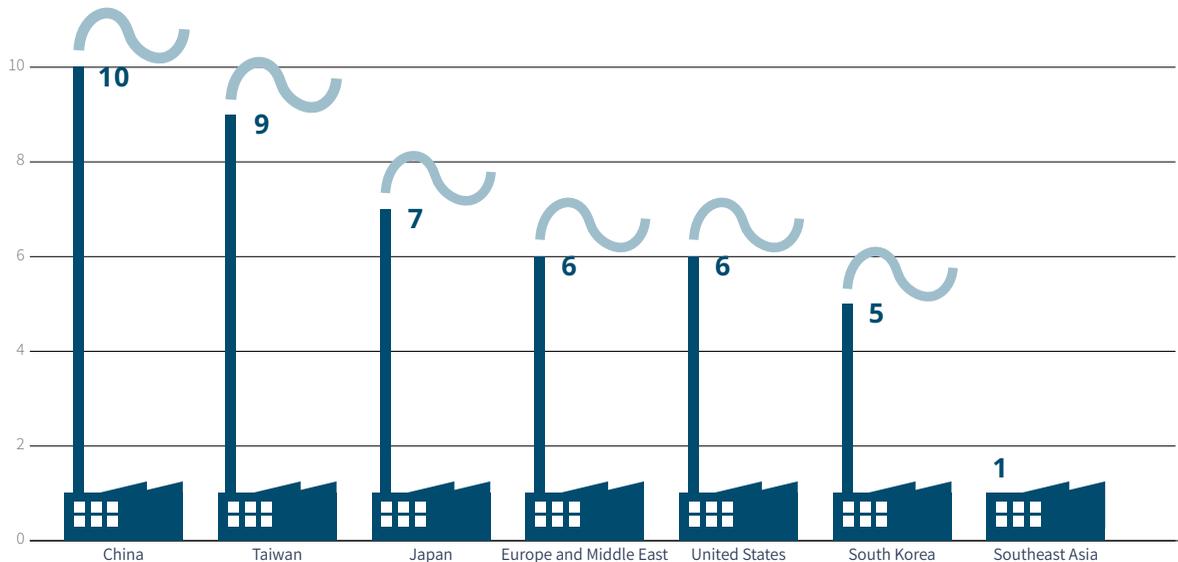


Source: Global Semiconductor association

Israel's economy is exposed to the struggle of the great powers, for example through Chinese investment in companies in Israel, business collaborations, and the transfer of Israeli technology and intellectual property to China. Illustrations of the implications of this competition for Israel are evident in the struggle over technological leadership in the “chip war” of the past three years. A microchip is a technological component found in every electronic device, civilian or military, and it is the most expensive and complex component to produce ever invented in human history. Today, the majority of chip production takes place in Asia, but the United States and Israel are among the world leaders in designing them. The United States is waging a fierce struggle against China over control of the chip supply chain, while for its part, China aspires to independence in the chip field and is conducting a worldwide effort to amass Western technology, including from Israel.

The United States aims to generate several global effects, chiefly reducing the dependence on Asian production and strengthening American control of the global technology supply chain. Furthermore, it has encouraged leading Asian companies to transfer their factories to its territory, including the Taiwanese company TSMC, the Korean company Samsung, and the American company Intel, which has cancelled plans for factories in China and is building them in the United States with funding from the CHIPS Act, which was passed in 2022. The United States is also trying to reduce the damage of a possible war in the Taiwan Strait, which would lead to severe disruption of the global economy in the case of damage to the semiconductor fabrication plants there. Further efforts include imposing serious restrictions on companies and countries cooperating with China's attempts to acquire Western knowledge and technologies.

New Advanced Chip Factories under Construction, 2021



Source: World Fab Forecast Report, 3Q21 Update, Published by SEMI

Intel, for example, via its fab and development centers in Israel, is the largest private employer in the economy. About 80 percent of the chips produced in its Kiryat Gat fabrication plant are exported to China to be embedded in consumer products, and they constitute about half the annual exports from Israel to China. An American directive that would affect Intel Israel's sales would impact the economy and the livelihood of thousands of Israeli families. In the past year, US officials have relayed messages regarding the expectation that Israel take a stance and enact an unequivocal policy in the technological war, on the side of the United States. This has created tension between Israel's economic needs and its conduct as an independent technology leader on the one hand, and the value of its relations with its most important and powerful ally – the United States – on the other hand.

Another important theater for cooperation between Israel and the United States is artificial intelligence. The race in this field has become significant in the international rivalry, as the superpowers develop and implement mechanisms designed to control the flow of knowledge and technology, and thus to protect their qualitative edge. This includes collaborations, export and supplier regime restrictions, domestic and international regulation through standardization, and monitoring of foreign investments.

Israel has a significant relative advantage in artificial intelligence, which rests on past and current investments that have enabled the growth of an ecosystem that combines industry, academia, and defense agencies. These drive the field forward through cooperation, knowledge, and human resources at a higher level than many countries in the world. Israel is also considered a leader when it comes to the development and implementation of defense applications based on artificial intelligence technologies.

In the past year, Israel's ranking in the global artificial intelligence index rose from sixth place to fifth, in part due to an improvement of its ranking regarding government policy, in light of the publication of a national artificial intelligence plan and about 2 billion NIS of funding. The continued funding and national attention to this issue now lies with the new government. Moreover, alongside membership in the Global Partnership on Artificial Intelligence (GPAI), which Israel joined at the end of 2021, in 2022 the Ministry of Science and Technology published its draft policy document on the issue of regulation and ethics in the use of systems based on artificial intelligence. The document aims to serve as a moral and business compass for every company, organization, or government agency that is involved in the field or uses it.

Domestically, technology has an enormous impact on the Israeli economy. At the end of 2022 there was a certain decline in capital raised for the hi-tech industry alongside a rise in the number of layoffs, including in the major technology

companies such as Facebook that have large development centers in Israel. As of late 2022, it was not yet clear whether this was a real shake-up, and many companies have continued to recruit employees. Nevertheless, it is expected that the interest rate will continue to rise and that capital investments will continue to decline, and therefore the number of layoffs in this central sector could increase. While this development could have negative impacts on the growth of new start-up companies in the short term, it is possible that this creates an opportunity for the security establishment and for the defense industries to recruit quality personnel and offset the traditional shortage.

US officials have relayed messages regarding the expectation that Israel take a stance and enact an unequivocal policy in the technological war, on the side of the United States.

Conclusion and Recommendations

The changes underway in the world demand that Israel rethink the future of the technology industry in Israel and ultimately draft a national plan that includes a broad technology strategy. Such a plan would be the product of cooperation among all relevant government ministries along with the leading industries in the private sector and would allow for rebalancing investments in light of the global changes and needs of the State of Israel.

Israel should consider the developing cooperation and align itself with the OECD countries, foremost among them the United States, on technology issues, in order to ensure that its international standing and economic interests are maintained. Israel will need to choose sides and direct its technological policy accordingly. In this respect, it will be necessary to characterize permitted fields of trade with China, fields that could be problematic, and other fields that should be prohibited. The government investment policy, in part by means of Israel Innovation Authority grants to Israeli companies, must also be examined in view of the struggle between the great powers.

Given the economic importance, it seems that Israel's policy of incentivizing the industry through tax benefits will not be enough vis-à-vis the global competition. This is while the United States and European countries, as well as Japan, South Korea, and Taiwan, legislate laws to encourage their technology industries. The government of Israel should define a comprehensive national technology strategy and update it frequently. In the same context, Israel should encourage multinational companies to build, expand, and upgrade their chip and hardware facilities and research and development centers in Israel.

Israel should continue working to adjust standards to the leading GPAI countries: this is especially important given the fierce competition between China and the United States surrounding the issue and Israel's future place in this context. Furthermore, Israel should approve the remaining budget (an additional \$3 billion) for the national artificial intelligence plan, and work to implement it. Meanwhile, it is recommended that Israel approve and continue to advance the Ministry of Science's policy draft on regulation and ethics for the development and use of systems based on artificial intelligence. All of these will help maintain and advance Israel's standing in the field, both for the needs of its economy and for its immediate defense needs.

Israel is a leader in the field of cyber and software. Developments in the field of cyber, computing, and artificial intelligence have become a condition for Israel's economic-military power and constitute a basis for partnership and for Israel's strategic alliances around the world. However, investment in software is not enough, and Israel also needs to invest in the production of hardware, so that the elements that are critical to its national security will be independently produced or at least accessible.

Israel should also quickly formulate a policy for coping with the layoffs in the hi-tech industry, and examine the possibility of exploiting the situation for the purpose of engaging quality technology personnel in the defense establishment or the defense industries. At the same time, it should examine the need to temporarily support various technology companies in order to prevent a situation of an erosion of the Israeli hi-tech industry, which is both a source of attraction for many countries and a growth engine for the Israeli economy.

The Climate Crisis: Turning the Challenge into Opportunities for Regional Cooperation

Shira Efron

Current Situation (Global)

Climate change a priority • The war in Ukraine is short-term setback in energy security but in the long term expedites development in food and energy security

Israeli Strategy

Reducing emissions
 • Adapting to climate change • Investing in climatech • Leveraging technological capabilities

Israel's Strategic Gap

Some decisions not yet implemented, including climate law • Inadequate attention to risks and insufficient seizure of opportunities • Technological lead challenged • BDS campaign for climate justice

Strategic Alternatives

Prioritize climate change issues over other national security threats and opportunities • Reduce attention to climate change, given immediate threats and greater denial of climate change • Implement government decisions and legislation, while prioritizing adaptation, higher investment in climatech, and diplomatic leverage of Israel's climatech lead in the region and on the global stage

Recommended Strategy

Alternative 3, which calls for full implementation of the existing declared strategy • Align with OECD member countries, prepare for climate crisis risks, and maximize inherent diplomatic and economic opportunities

Recommended Action

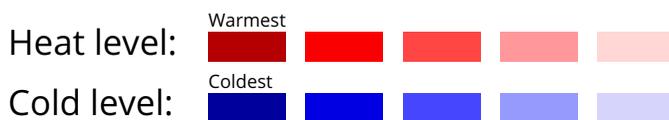
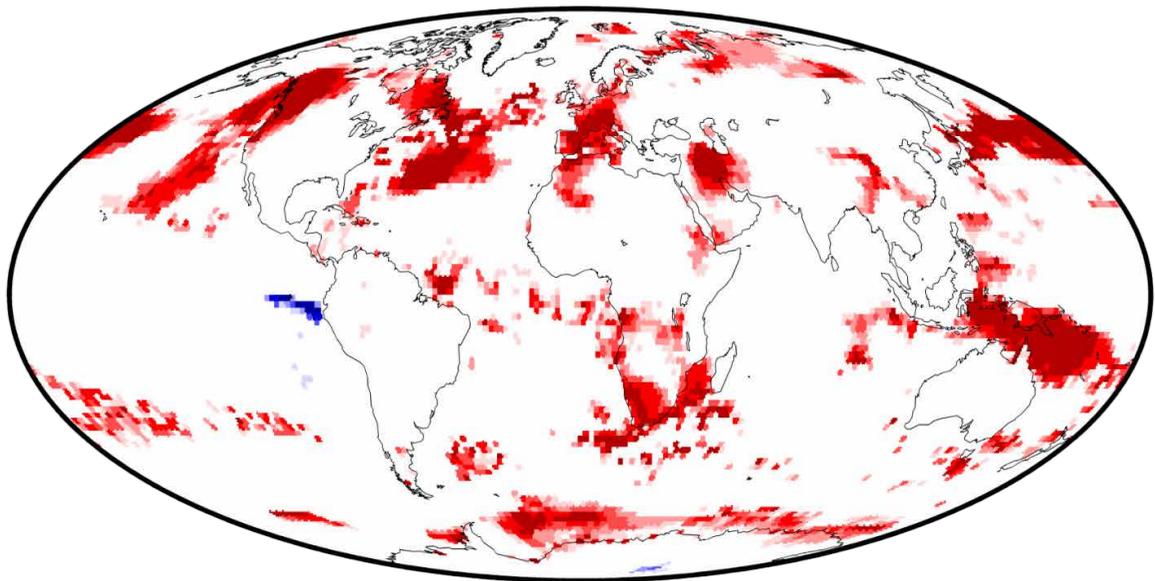
Legislate a meaningful climate law and implement government decisions • Reduce barriers, invest seriously in sustainability R&D, and create incentives for climatech • Advance technological climate cooperation with Europe and US • Leverage technology lead for increased cooperation in the ME, including early warning, climate emergency response, R&D, and food and water security • Prepare diplomatically and legally for BDS campaign on climate justice



The physical manifestations of climate change include a steady rise in temperature, along with increases in aridity, droughts, sea level rise, and massive fires, and growing intensity and frequency of extreme weather events – heat waves on the one hand and unprecedented floods on the other hand. Over the past year, most areas of the globe were warmer than usual, including Western Europe, China, Iran, Nepal, Afghanistan, Pakistan, and Antarctica. In Pakistan, the high temperatures were accompanied by disastrous floods that affected 33 million people, led to the deaths of 1,700 individuals, destroyed 1.7 million homes, and caused an estimated \$40 billion in damage. In addition to their direct effects, these climate trends heightened existing threats to water and food security, damaged critical infrastructure, exacerbated economic hardship, and created new threats to public health. In 2022, for the first time, an annual global survey among 4,500 risk assessment experts from 58 countries ranked the climate crisis as the main threat to the world’s security, greater than geopolitical tensions and wars, cyber, pandemics, and economic challenges.

2022: One of the Warmest Years to Date

(compared to existing figures for the month of October since 1850)



Source: Berkeley Earth under Creative Commons BY-NC 4.0, berkeleyearth.org

Climate Change Globally

The global focus on climate change was reflected in the unprecedented participation of almost 50,000 people in COP27, the UN climate conference, in Sharm el-Sheikh in November. Nonetheless, the conference was not considered a success, because it concluded without a meaningful statement on reducing fossil fuel use and without deepening commitments to limit the average temperature rise to 1.5 degrees above the pre-industrial era levels. The main achievement of COP27 was the agreement on loss and damage – the establishment of a fund to compensate developing countries for the harm they sustained by climate change, and the costs of recovery, although the details of the compensation mechanism are still unclear.

The conference took place against the backdrop of the war in Ukraine, which created a shortage of natural gas and led several countries in Europe to burn more fossil fuels, including coal. However, this is a short-term trend, and the

China set a higher target for nuclear energy, which will further cement its leadership in the renewable energy industry: already today it already controls the global production chain, including mines, metals, and production materials for energy facilities and lithium-ion batteries for storage and for electric vehicles.

war is in fact accelerating the transition to renewable energy, all in the name of achieving three interrelated objectives: energy security; an edge in the renewable energy industry, which is an engine for economic growth; and the fight against climate change. Illustrative in this regard is the investment of \$370 billion by the United States and European investment of 288 billion euros in the transition to renewable energy. In total, the global investment in green energy is expected to grow from \$1.3 trillion in 2022 to over \$2 trillion per year by 2030.

The transition to renewable energies is also underway in China, despite its ranking as the world's number one greenhouse gas emitter. Although it did not deepen its commitments at COP27, in the months preceding the conference, Beijing announced several steps to limit greenhouse gas emissions in its most polluting sectors. China also resumed climate

talks with the United States, after they were suspended following the visit to Taiwan by then-Speaker of the House of Representatives Nancy Pelosi in August 2022. In addition, China set a higher target for nuclear energy, which will further cement its leadership in the renewable energy industry: already today it already controls the global production chain, including mines, metals, and production materials for energy facilities and lithium-ion batteries for storage and for electric vehicles. Thus, while the fight against climate change requires global cooperation, at the same time it represents another arena for great power competition.

In the Middle East, while the Gulf countries continue to invest in fossil fuels, they are also advancing environmental initiatives and the development of green energy, and some increased their commitments for reduced emissions prior to COP27. Especially prominent are Saudi Arabia's Middle East Green Initiative, which is estimated at \$185 billion, and the announcement by the United Arab Emirates on a forthcoming investment of \$160 billion in clean and renewable energy by 2050. At the same time, the region is especially vulnerable to climate change that threatens not only the environment, public health, and the civilian way of life, but also water and food security. Furthermore,



climate change is expected to exacerbate socioeconomic tensions, induce mass migration, and endanger geopolitical stability. According to the International Monetary Fund, despite some statements on intended mitigation initiatives, the absence of investment in adaptation – adjusting to life under climate change – leaves the Middle East without regional climate resilience.

Climate Change in Israel

At the end of 2021, the State of Israel recognized that the climate crisis constitutes a threat to its national security, and since then there has been a significant leap forward on the issue. In early 2022, the National Security Council (NSC) for the first time began to include a chapter on climate change in its annual strategic assessment and created a position of climate department head. The Ministry of Defense and the IDF also began preparing for climate change, in part by developing a climate threat scenario, producing a strategic climate roadmap, initiating surveys to test the vulnerability of bases and installations to the climate crisis, and launching dialogues on this issue with strategic international partner countries. The Ministry of Environmental Protection passed the first reading of a climate bill and promoted significant funding to support diverse adaptation plans, including for local municipalities; urban shading; flood prevention; and green construction. Furthermore, as of 2022 every student in Israel from kindergarten to 12th grade is to study about the climate crisis in school. In addition, the government advanced decisions on adaptation and mitigation, investment in climatech, and climate cooperation with the United States and with neighboring countries in the Middle East.

Significant Steps by Israel on Climate Change

Regional Collaboration*	
High-level strategic dialogue with the US on climate change as part of the Jerusalem Declaration (July 2022)	Signed and implemented
Blue & Green Prosperity project between Israel, Jordan, and UAE in the fields of water desalination and clean energy (2021-2022)	Memorandum of understanding signed**
Cyprus Initiative on climate cooperation in the Eastern Mediterranean and the Middle East (began in a 2018 conference and launched as an official initiative in November 2022)	Israel has participated in the initiative from the beginning
Declaration of intent on cooperation between Israel and Jordan regarding ecological restoration and sustainable development of the Jordan River (November 2022)	Signed

*Most were signed in late 2022 and thus haven't yet been implemented

**Feasibility tests underway in order to begin implementation in 2023

Important Government Decisions	
Cessation of the use of coal (no. 465; 2020)	Delayed
Promotion of renewable energies (no. 208; 2021)	Delayed
Mechanism for carbon pricing (no. 286; 2021)	Delayed
Climate adaptation plans by government ministries (no. 4079; 2018; in 2022 – mandating plans in 2023)	In progress
Shading and cooling of cities with trees (no. 1022; 2022)	Underway
Promotion of climate innovation (no. 544; 2021)	Underway
Improved adaptation for climate change in Arab communities (no. 550; 2021)	Underway

Additional Significant Steps	
Educational reform regarding climate change, from preschool to 12 th grade (2022)	Underway
Climate bill (2022; passed first reading)	In progress



Former Minister of Environmental Protection Tamar Zandberg
Photo: Michael Dimenstein, Central Bureau of Statistics



It is recommended that the government adopt a similar strategy to that which made Israel a cyber power, in order to position the Israeli climatech industry at the global forefront.

Despite Significant Progress, Gaps Remain

Despite significant Israeli progress on the climate front in 2022, substantial gaps remain. First, the implementation of important government decisions is delayed. Second, Israel is still one of two OECD countries without a climate law (the other is Turkey), and the version of the existing draft law sets unambitious targets and does not guarantee implementation. In the defense and national security establishment, climate is still not considered a core issue, and the security risks associated with climate change are poorly assessed. Furthermore, elements hostile to Israel as part of the BDS movement now connect the issue of climate justice and the Israeli-Palestinian conflict, posing a new diplomatic and legal front that must be addressed.

In addition, government investment in climate research and development (R&D) is relatively low compared to other industries, while unprecedented global investment challenges Israeli technological equity.

Recommendations

It is recommended that the State of Israel quickly implement existing government decisions, pass a meaningful climate law, align its commitments with the OECD average, assess the geopolitical risks associated with climate change, and work to contain their impact on Israel's national security.

It is likewise recommended that the government adopt a similar strategy to that which made Israel a cyber power, in order to position the Israeli climatech industry at the global forefront. Israel should deepen its climate collaboration with international partners, such as the climate working group formed as part of the Israeli-US Strategic Partnership Joint Declaration signed in July 2022. Israel should also expand its climate cooperation with African countries, in light of the increased global attention to aiding this continent and the land bridge created by the normalization agreement with Sudan.

The dates and location of COP27 in Egypt and COP28 in Dubai in November 2023, alongside geopolitical trends indicating that Middle East countries prefer diplomacy to conflict, could incentivize further collaboration between Israel and its neighbors in the fields of water and food security, energy, and climate change challenges, which would not only lead meaningful environmental strides but could also be leveraged for de-escalation and diplomacy. Therefore, it is recommended that Israel expand its collaboration with the Abraham Accords countries and with Jordan, Egypt, the Palestinians, and Turkey, and enlist the United States and European countries as sponsors and facilitators.

Possible areas for collaboration:

- Climate emergency response forum: Already today, regional countries (e.g., Israel, the Palestinian Authority, Turkey, Cyprus, Egypt, and Jordan) assist one another in extreme weather events, especially in battling forest fires. Considering the expected rise in the frequency and intensity of such events, this existing yet ad hoc cooperation can be institutionalized and expanded to additional partnerships. This framework can help develop organized and permanent mutual aid mechanisms, enable joint training and exercises, create a doctrine, pool resources, and procure joint assets (for example, a land and air firefighting fleet).
- Regional early warning systems for extreme weather events and linking of systems to analyze cross-border impacts. Such a system is also needed in the Gaza Strip, where early warning could help prevent harm to lives and property from floods.
- Regional cooperation to map and analyze the national security implications of climate change, focusing on threats to water and food security, heightened inter-group tensions, the creation of conducive conditions for the emergence of terrorist organizations and sub-state actors, undermining of governmental stability, and climate migration. For example, since 2008, some 21 million people have been forced to leave their homes each year as

a result of extreme weather events, and the number could reach 1 billion by 2050. A targeted assessment of how climate migration could affect Israel's borders is lacking.

- Based on the SESAME model (Synchrotron-light for Experimental Science and Applications in the Middle East) that was established in Jordan in 2017, which connects scientists from Israel, Iran, Turkey, Egypt, and Jordan, Israel can jointly initiate the establishment of a designated regional climate R&D center for coping with climate effects that are unique to the region, including water scarcity, desert agriculture, dust and sand storms, and solar energy for electrical infrastructure production.
- A regional food security initiative that would include R&D, knowledge exchange, joint diversification of food importing sources, financial cooperation in commodity markets, feasibility assessment of a regional grain trade center, and commitments to refrain from food export limitations and to provide aid in times of crisis.



The Digital Arena: Responding to the Challenge of Social Media

David Siman-Tov



In recent years, the digital arena has become a realm where societal and strategic phenomena are intensified, including rivalries, conflicts and wars, activity of non-state organizations, terrorism, and social protests. In the era of the democratization of information and fake news, social media have in effect become the town square for the rapid transfer of ideas and their transformation into social, cultural, and political movements. Social media connect individuals throughout the world, and at the same time forge polarization and divisions that weaken the state model and erode public confidence in the state. The world's population, as such, is at once connected and alienated through the digital arena.

States and malign non-state actors use internal political actors to intervene in democratic processes through improper (albeit legal) and at times commissioned use of social media. The violent discourse on the internet, which is rife with hate, lies, and incitement, threatens the political and social system and is essentially unfettered by legislation, ethics, and norms. The digital age thus creates conceptual and technological disruption and dramatically influences positions on leading national security issues.

The war in Ukraine has highlighted several processes and trends in the context of the digital arena:

- Social media serve as a main realm in the battle over the narrative, while enlisting civilians to take part in the campaign.
- Social media constitute a central source of open-source intelligence in real time; a considerable portion is attained by civilians.
- Influence operations in the war include cyber actions alongside the manipulation of content (fake news, deep fake).
- Digital platforms are an active player in the war.

In the Israeli context, the terrorist attacks in Israel in the past year were abetted in part by incitement on social media. Thus, the agitation and the escalation of violence that were evident in the latter part of 2022 in the northern West Bank were fomented by intensive activity on social media. Terrorist operatives became internet stars and clashes with the IDF were uploaded to the internet in real time. In tandem, antisemitic and anti-Israel elements make extensive use of the internet to erode Israel's global standing and to increase the threat to Jewish communities, leveraging social media for these purposes.

Social Media and Platforms in the War in Ukraine



- 📶 **The battle for the narrative**
- 📶 **Active player in the war**
- 📶 **Cyber-integrated influence operations**
- 📶 **Source of open-source intelligence**

Photo: President.gov.ua (CC BY 4.0)

Digital platforms are a basis for political subversion through foreign intervention in the internal discourse in Western countries, combining cyber operations with the manipulation of content. The goal is to exacerbate internal tensions in an effort to influence democratic processes and weaken states, undermine the ability of institutions to function, and upset the liberal idea. The Israeli political discourse is a target of Iranian and other foreign intervention.

Social Media and National Security in Israel

Over the past decade Israel has seen significant progress in the cyber realm, organizationally (the establishment of the National Cyber Directorate and other relevant organizations in security and intelligence organizations), technologically, economically (Israel having become a hi-tech power that is a leader in the field of cyber defense), academically, and educationally. There has also been progress in the digital field – the National Digital Agency has been established and the idea of digital transformation is deemed an essential process both in the government sector and in the security establishment.

However, addressing the field of social media systemically from the perspective of national security is lacking in Israel. Among the reasons for this gap are the reluctance to curtail freedom of expression by supervising the internal Israeli discourse on social media and the difficulty of intelligence bodies to monitor social media, in part given the challenge of coping with global platforms that enjoy great power. These restraints are exploited by hostile actors, both external and internal, to advance subversive and problematic processes (even if they are partially legal).

The State Comptroller alluded to this gap and the lack of intelligence coverage regarding social media, and hence the unpreparedness of the security organizations for the riots that erupted in the cities with mixed Jewish and Arab populations during Operation Guardian of the Walls (2021). At the same time, it is difficult to distinguish between foreign influence (which is illegitimate) and internal discourse, which, while it is sometimes blunt and uninhibited, is part of the accepted rules of the political game.

Another aspect of the use of the digital realm is public diplomacy, which in social media is conducted by the Ministry of Foreign Affairs and the IDF Spokesperson's Unit. Nevertheless, it appears that the potential of enlisting both the Israeli public and world Jewry in participating in the battle over the narrative, especially in times of emergency, is not realized

It is difficult to distinguish between foreign influence (which is illegitimate) and internal discourse, which, while it is sometimes blunt and uninhibited, is part of the accepted rules of the political game.

Recommendations for Israel

- Raise awareness in government ministries about threats and opportunities incurred by the digital era, prepare accordingly, and implement the recommendations of the committees that have worked on this issue in recent years.
- Regulate activity on digital platforms. It is necessary to advance legislation on digital platforms and enact regulation governing their legal activity in Israel, similar to other countries, in order to prevent the malign use of the internet (external or internal). In addition, a public council that would supervise social media should be considered.
- Enlist civil society groups in protecting the discourse from foreign and subversive intervention through the use of digital platforms. Engaging in the struggle includes: identifying a suspicious occurrence as not authentic, improving digital literacy of fake news on social media, and increasing public awareness of the threat.
- Increase intelligence work regarding social media. Just as there is an intelligence response to terrorism and incitement, so the work of all members of the intelligence community against the threat of foreign intervention in democratic processes must be reinforced.
- Increase the public diplomacy effort in the cognitive campaign. It is necessary to increase the investment of resources in digital platforms as part of digital diplomacy, while enlisting the Israeli and world public in times of war, between wars, and in the war against antisemitism.



The Regional Arena: “Having it Both Ways”

Yoel Guzansky, Gallia Lindenstrauss, Ofir Winter, Remi Daniel, Morr Link, Marta Furlan, and Oded Eran



Current Situation

States' respective considerations on willingness to advance relations with Israel • Core components determine ability to progress

Current Israeli Strategy

Strengthen normalized relations and leverage the Abraham Accords toward additional relations • Cultivate quiet relations with additional countries

Israel's Strategic Gap

Conception that "what was is necessarily what will be" – positive linearity • Incomplete acknowledgment that the Palestinian issue impacts relations • Challenges ahead that are beyond Israel's control

Strategic Considerations

Palestinian issue and possible escalation in Jerusalem • Rhetoric and activity from new Israeli government • Level of support of the Biden administration, which has decisive influence on advancing relations • Iran as an actor that seeks to drive a wedge between Israel and its new partners • Inherent tension between normalization with “new” and “veteran” countries

Recommended Strategy

Devote energy to both “new” and “veteran” countries and adjust existing policies • Examine advance of diplomatic formulas in addition to Abraham Accords, e.g., advance a new Saudi/Arab Peace Initiative, to maintain momentum

Recommended Action

Encourage greater US investment to advance relations, while highlighting the importance to US interests • Temper the negative discourse • Formulate a regional policy, preferably with the PA, Jordan, and Saudi Arabia, to alleviate religious tension in Jerusalem • Strengthen the peace agreements' "soft" achievements, especially for the younger generations in countries at peace with Israel • Remove bureaucratic barriers • Appoint a “normalization project director” to coordinate all Israeli activities

The states of the region seek to maximize their inherent value and diversify their political-military mainstays, including in a manner that challenges their relations with the United States.

Regional Trends

“Strategic hedging” is a central feature of relations between Middle East countries and between them and the great powers. In the first sphere, between the states of the region, a “détente” continues that does not necessarily match the traditional division into opposing camps. In the second sphere, the states of the region seek to maximize their inherent value and diversify their political-military mainstays, including in a manner that challenges their relations with the United States.

With regard to intra-regional relations, there has been a temporary lull in tensions and conflicts, above all the war in Yemen, where the sides reached a fragile but significant ceasefire. Other positive aspects from Israel’s perspective are the progressive deepening of the Abraham

Accords; the rapprochement with Turkey; the weakening of political Islamic organizations in the region, chiefly the Muslim Brotherhood; and the growing importance of climate and environmental issues that require inter-state cooperation. At the same time, economic gaps between the wealthy economies of the region have deepened, especially between the oil and gas producers and the poor oil-importing economies, whose economic situation has worsened with the war in Ukraine. Some are defined as failed states, including Lebanon, Jordan, Syria, and Yemen. The economic challenges are a central catalyst for rapprochement between regional actors such as Egypt and Qatar or even Turkey and the United Arab Emirates and Saudi Arabia, and this is a prominent feature of the regional “détente” process.

The growing economic power of the Gulf states has increased their inherent value (as perceived by them and others) and has led them to adopt a more independent foreign policy and attempt to avoid choosing sides in the competition between the great powers. This includes policies that are not always aligned with those of the United States, especially with respect to the energy sector and ties with China. The visit to Saudi Arabia by US President Joe Biden in July 2022, which was meant to “reset” relations with the Kingdom and with the Arab world as whole and launch the United States’ return to leadership role in the region, has not changed the trend so far. Indeed, many countries in the region question American willingness to stand by their side, especially vis-à-vis Iran, and believe that there has been a change in the global priorities of their main ally.

In this context, some countries have tried to stabilize their relations with Iran, which is central in their threat perception. The United Arab Emirates and Kuwait, for example, have tightened their diplomatic and economic relations with Tehran, while Saudi Arabia continues to try to maintain an open channel of communication with it. While the Saudis do not expect that these efforts will resolve their deep, longstanding disputes with Iran, they strive to reduce tensions and build a basis for limited cooperation, to the extent possible.

These trends have implications for Israel, especially for its interest in establishing an anti-Iran camp and advancing the normalization process with its neighbors. Tense relations with the United States could push the Gulf states closer to Iran, but also increase their military reliance on Israel. The United States’ standing in the region will also influence the ability to maintain the achievements of the Abraham Accords and to attract additional countries to the process, chiefly Saudi Arabia. The latter is the most important Arab country among those that do not yet have diplomatic ties with Israel.

Developments in Relevant Regional Actors

The year 2022 was marked by a deep economic crisis in the energy-importing countries and increased dependence on external aid, especially from the Gulf states. The cumulative effect of the COVID-19 pandemic, the war in Ukraine, the slowdown in global economic activity, and the climate crisis could have adverse social consequences and generate political shockwaves in the oil-importing countries, further amplifying the divide between them and the oil-producing countries. The latter are also gradually shifting the nature of their investments, for example in Egypt, where investments include the acquisition of state assets.



The visit to Saudi Arabia by US President Joe Biden, which was meant to "reset" relations, has so far not changed the trend. The cold handshake between President Biden and Crown Prince Mohammed bin Salman, July 2022

Photo: Bandar Algaloud/Courtesy of Saudi Royal Court/Handout via REUTERS

In **Egypt** the economic challenges have intensified due to the war in Ukraine, in part following the rising prices of imported grains and the drop in tourism from Russia and Ukraine. The economic crisis is manifested in various negative indicators, including annual inflation of more than 20 percent, a sharp devaluation of the Egyptian pound, and dwindling foreign exchange reserves. At the same time, Egypt recorded an increase in gas export profits and a record amount in royalties from Suez Canal fees. Egypt is coping with the economic difficulty – which could also have negative political and social consequences – through a support package approved in December 2022 by the International Monetary Fund. A second strategy involves attempting to secure more investment and funding from its Gulf allies, chiefly Saudi Arabia, the United Arab Emirates, and Qatar, which has accelerated its rapprochement with Cairo over the past two years.

2022 was marked by a worsening of the economic crisis in **Turkey** and preparations for presidential and parliamentary elections scheduled for spring of 2023. To compensate for the negative impacts of inflation, several populist economic measures were enacted. In addition, the economic crisis was reflected in increasing opposition to the presence of Syrian refugees in Turkey. In the realm of foreign relations, the war in Ukraine demonstrated Turkey's geostrategic importance and its ability to serve as mediator. On the other hand, Western indignation arose on a number of issues, including Turkey's opposition to the accession of Finland and Sweden to NATO; meetings between Turkish President Recep Tayyip Erdogan and Russian President Vladimir Putin; and Turkey's partial circumvention of the economic sanctions imposed on Russia. While there were breakthroughs in efforts to normalize relations between Turkey and some countries in the region, Turkey's achievements fell short of Ankara's expectations. Relations with Iran are also at a relative low point. Likewise noteworthy was the tension with Greece and its consequences for the quadrilateral relations between Turkey, the United States, Greece, and Cyprus: Ankara sees Athens' increasing standing in Washington and its narrowed military gap with Greece in a negative light. Given the ongoing economic crisis, it is highly likely that Erdogan will try to divert public attention toward foreign affairs, in particular the tension with Greece and Cyprus, and the Kurdish arena.

In **Jordan**, the pandemic, the war in Ukraine, and the slowdown in global economic activity together have worsened the economic situation. The tourism industry, one of the Kingdom's main sources of income and employment, has



There is a clear improvement in Qatar's standing in the regional and international arenas. The Emir of Qatar with Argentinian soccer star Lionel Messi, World Cup, 2022
Photo: Robert Michael/dpa via REUTERS

recovered somewhat but has not yet returned to its pre-pandemic levels. Donor countries directed a significant portion of their donations over the past year to the refugees in Ukraine, decreasing the amounts allocated for sheltering the Syrian refugees, 1.3 million of whom live in Jordan. This has exacerbated the burden on the Jordanian state budget, where the ratio of public debt to GDP has reached worrying levels.

Unlike many other actors in the region, the **Gulf states** saw 2022 marked by an economic boom, mainly against the backdrop of the war in Ukraine and the resulting energy crisis, as well as by some states adopting a “zero problems” foreign policy. Thanks to its budget surplus, Saudi Arabia launched various large-scale reforms, some hinting of megalomania, and along with the United Arab Emirates and Qatar increased its aid to some of its poorer neighbors, in the hope of augmenting its regional influence. Saudi Arabia’s security situation has temporarily improved with the attainment of a fragile, de facto ceasefire with the Houthis in Yemen. While all sides are militarily fatigued, the Saudis need the ceasefire more than the Houthis. The weakness of the Presidential Council, which is preoccupied with internal struggles, strengthens the Houthis’ confidence that they can score additional achievements on the ground and in negotiations. Experience shows that the prospects of reaching a long-term political settlement are slim.

Eyeing his country’s ambitious Vision 2030, Mohammed bin Salman, the de facto ruler of Saudi Arabia, seeks to adopt a more independent foreign policy, consolidate the Kingdom’s leading standing in the Arab and Muslim world, and demonstrate leadership before he officially inherits the throne. Together with the other Gulf rulers, he seeks to maintain a delicate balance between the need to maintain close relations with the United States, their traditional ally, and the perceived benefits of cooperating with other actors, especially China. Indeed, although the Gulf countries see their relations with the United States as a central pillar of their security, they are troubled by the decline in US attention to the Middle East in general, and their security concerns in particular.

Finally, there is also a clear improvement in Qatar’s standing in the regional and international arenas. This development, especially following Doha’s reconciliation agreement with some of its Gulf neighbors, the tightening of its relations with the United States, and the consolidation of its role as a leading liquid natural gas (LNG) exporter, impacts fundamental Israeli interests beyond aid to the Gaza Strip.

Morocco continues to cope with the aftermath of the COVID-19 pandemic and the war in Ukraine, which are compounded by the worst drought in decades that in turn has harmed water and food security. The economic crisis is reflected inter alia in soaring inflation, price increases, and reduced growth, and has spurred social protests against the cost of living. The question of Western Sahara remains high on the agenda, with achievements in the past year in enlisting international support for Morocco's claim to the area. Against this backdrop, the crisis in relations with Algeria is not expected to subside due to Algeria's support for the separatist Polisario Front. The tension with Iran, accused by Rabat of regional subversion and of arming the Polisario, is also not expected to diminish.

Normalization

The resilience of the relations between Israel and its neighbors will be tested by the measures that Israel's new government might enact with respect to the Palestinians. Israel has a fundamental interest in maintaining and expanding the normalization trend. At the same time, the common assumption in Israel, that the process is characterized by linear continuity, is misguided. The process is fragile and reversible, and its future depends in part on challenges outside of Israel's influence. Public opinion polls in the Gulf in the past year noted a decline in public support for normalization with Israel, especially for the Abraham Accords model. Against this background, it is important to consider the possibility that a withdrawal from the Abraham Accords by one country would have a domino effect and prompt other countries to cool their relations with Israel.

Along with the major importance of the Abraham Accords and the need to deepen and expand them, the agreements with Jordan and Egypt remain critical in terms of Israel's strategic environment. The ramifications of the war in Ukraine have created new opportunities for expanding **Israel-Egypt** relations, particularly in the economic fields. Thus, the past year witnessed a series of positive developments: the opening of flight routes for Israeli tourism to Sharm el-Sheikh; the signing of a trilateral memorandum of understanding between Egypt, Israel, and the European Union aimed at encouraging European companies to search for natural gas in the exclusive economic zones of Israel and Egypt, developing gas infrastructure, and exporting liquefied gas to Europe via Egypt; and the approval of an Israeli government program to promote economic relations with Egypt.



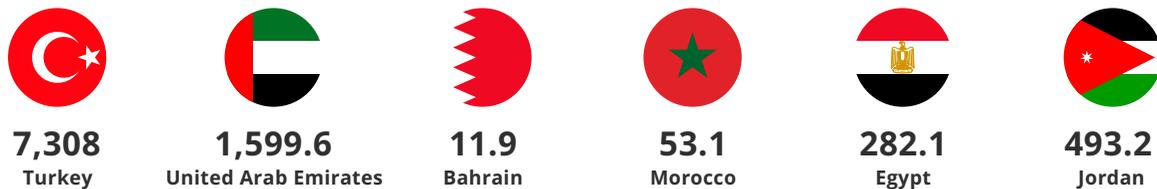
The past year was marked by a worsening of the economic crisis in Turkey. A market in Istanbul
Photo: REUTERS/Murad Sezer

Water shortages are worsening due to the climate crisis, and without immediate solutions, Israel will face heightened pressure to increase the quantities that it supplies to **Jordan**. However, even the supply of water and natural gas will not reverse the trend of erosion in the relations between the two countries, especially overtly. While the dialogue between senior governmental officials was renewed following several years of disconnect, its continuation depends on the policies adopted by the new Israeli government, in particular vis-à-vis the Israeli-Palestinian conflict. Israel's appropriation of the protection of the holy sites of Islam and Christianity also heightens criticism by King Abdullah, the Jordanian government, and the Jordanian parliament.

Turkish-Israeli relations experienced a breakthrough in 2022. In August, Israel and **Turkey** announced the normalization of relations and the return of ambassadors. Ankara expects concrete benefits from this development, particularly economic ones, as well as in terms of its relations with the United States. However, there is a gap between Turkey's expectations and what Israel is able or willing to give Ankara. Furthermore, Jerusalem is trying to balance between normalization with Turkey and maintaining its good relations with Greece and Cyprus – a sensitive objective that becomes more complex with the rise in tension in the Eastern Mediterranean.

Many memoranda of understanding were signed with the **Abraham Accords countries** (some have not yet been implemented), as well as agreements in a variety of fields, including food and water security, medicine, and cyber; diplomatic missions were opened; highly publicized visits were held; and investments in Israel increased, especially by the United Arab Emirates. Hundreds of meetings took place between Israeli security establishment figures and their counterparts in the region, and Israeli defense exports to the Gulf countries and Morocco increased. Alongside the development of bilateral relations, multilateral relations have also scored significant achievements with the encouragement of the United States, especially in the security realm: Israel's joining the US Central Command (CENTCOM) leads it to cooperate, even if not always directly, with armies of countries with which it does not have diplomatic relations. This development helps to increase cooperation in additional areas, although covertly.

Volume of Trade between Israel and Arab States with Signed Agreements (total transactions, January-November 2022, in millions of dollars, without diamonds)



Source: Central Bureau of Statistics

To date, additional countries have not joined the Abraham Accords, and the agreements themselves have not generated any positive developments in the context of the Israeli-Palestinian conflict. Moreover, while the agreements will continue to exist separately from the Palestinian issue, the latter might negatively affect them, certainly if events of extreme violence occur. Furthermore, various circumstances and core processes could cool the relatively warm peace and hurt the chances of expanding them to additional countries, chiefly Saudi Arabia.

Saudi Arabia views relations with Israel as a strategic option, and is pursuing a “creeping normalization” of sorts with regard to Israel, mainly in the economic sphere. A possible warming of relations would likely assume a different model than the Abraham Accords, subject to circumstances and conditions inside and outside the kingdom. Saudi Arabia will continue to emphasize, certainly formally, progress in the Israeli-Palestinian political process and will adhere to the Arab Peace Initiative as a basis for negotiations with Israel and as a condition for normalization, while maintaining the covert connections with Israel and gradually improving relations. An attempt to press Riyadh to thaw relations in the immediate term, and certainly to publicize the existing relations, would harm the process's chances. Moreover, the tension between the United States and Saudi Arabia has negative consequences for Israel both regarding the ability to bolster regional cooperation, including vis-à-vis Iran, and in terms of normalization.

An intensification of the crisis between them could bring Saudi Arabia even closer to countries such as China and Pakistan, and this could also impact negatively the prospects of regional nuclear proliferation.

Several elements remain that place a kind of glass ceiling on the possibility of developing relations with both the “new” and “veteran” countries at peace with Israel:

First, the Palestinian issue continues to bear great weight in the Muslim world. A worsening of the security situation between Israel and Hamas, and certainly vis-à-vis the Palestinian Authority, would create difficulties and could harm relations, at the very least on the public level. A cooling effect on normalization processes could also result from unilateral steps taken by Israel in Jerusalem and especially at the Temple Mount, given the sensitivity in the Arab world toward Jerusalem, and the belief that the new Israeli government opposes the political process.

Second, Iran opposes the Abraham Accords and is especially concerned about military cooperation between Israel and the Gulf countries. It therefore seeks to drive a wedge between Israel and its partners and to threaten them, and it might even take action under the threshold of war in order to force them to toe its line and cool their relations with Israel.

Furthermore, US proactiveness is necessary not only to advance of relations between Israel and its neighbors in the region, but also to guide them, certainly on multilateral military issues. While the Biden administration publicly supports the regional normalization process, it is not clear to what extent it is willing to invest concrete resources to advance them apart from rhetoric. Significant American compensation could spur countries sitting on the fence to improve relations with Israel, in contrast with previous public positions on Israel and the Israeli-Palestinian conflict.

Finally, different approaches of various Arab countries toward normalization with Israel sometimes impact negatively the ability to advance relations, certainly in multilateral frameworks. This is especially true regarding the built-in tension between the “newly reconciled” countries and Egypt and Jordan, tensions that have not yet been resolved between Turkey and Egypt, and even the competition among the different Gulf countries.

While the Biden administration publicly supports the regional normalization process, it is not clear to what extent it is willing to invest concrete resources to advance them apart from rhetoric.

Conclusion and Recommendations

The increasing regional economic and environmental challenges offer new opportunities for Israel to enhance its comparative edge in the fields of climate, food and water security, technology, and medicine. In order to maximize these opportunities, Israel should:

- Consider ways to promote political formulas (alongside the Abraham Accords) such as a new Saudi/Arab Peace Initiative, subject to a breakthrough with Saudi Arabia, in order to maintain the momentum of the normalization process.
- Encourage the US administration to invest in incentives of its own to advance regional normalization, while highlighting the importance of the process to American interests.
- Highlight the “soft” achievements of the agreements, especially for the young generation in the countries with peace agreements.
- Increase Israeli and US financial investments in realizing the Abraham Accords, for example through the working groups of the Negev Forum, which can formulate ways to cope with the region’s challenges. Jordan, Sudan, Chad, and the Palestinian Authority should be invited to participate in these working groups.
- Encourage a discourse of religious tolerance, in particular in the context of Jerusalem, alongside shaping regional forums and mechanisms for dialogue and formulating inter-religious understandings among the countries with peace agreements.

- Regarding Egypt, Israel should work to enhance economic relations and integrate Cairo in the positive regional dynamic created by the Abraham Accords, for example through the working groups of the Negev Forum. Moreover, Israel should work with Egypt to examine ways to leverage the maritime border with Lebanon to expand the frameworks of cooperation on the issue of natural gas and energy in the Eastern Mediterranean, based on shared geo-economic interests.
- Israel should strive to improve relations with Qatar cautiously and gradually and to accept its help where possible, beyond the Qatari humanitarian aid to the Gaza Strip. This should be done while understanding that the wealthy emirate, which continues to enhance its influence inside and outside of the region, will continue to challenge Israeli policy.
- The new Israeli government should aim to cultivate more positive relations with the Kingdom of Jordan in the civilian and security spheres. It should attempt to increase the regional and international pressure on Jordan to take part in regional projects that will help both its own economy as well as the Palestinian economy.
- Finally, Israel should continue to carefully enhance the normalization process with Turkey. Israel must recognize that the bilateral normalization is still fragile and heavily influenced by the Israeli-Palestinian conflict, Turkey-United States relations, and the tension between Turkey and Greece.



Iran: The Imperative to Obstruct Nuclear Progress and Regional Entrenchment

Sima Shine, Raz Zimmt, Ephraim Asculai, Sarah Lerech Zilberberg, and Yuval Rymon

Current Situation

High-level enrichment • Thousands of advanced centrifuges • Limited inspection • Fissile material for 4 devices within 1 month • Continued regional subversion • Challenges of legitimacy and countermeasures

Current Israeli Strategy

Reject renewed JCPOA • Advocate "longer & stronger" agreement • Create credible military threat • Attack in Syria against regional subversion

Israel's Strategic Gap

Iran progresses toward short-term breakout capability • No response to Iran's ongoing progress • Incongruence with the international sense of the threat • Israel alone in the campaign

Strategic Alternatives

Accept Iran's being a nuclear threshold state, and perhaps a future nuclear state • Delay progress with countermeasures at nuclear sites, economic pressure, and diplomatic isolation • Create independent military option for use in next year or two

Recommended Strategy

Expand cooperation with the US to improve the military option • Build a political framework against the nuclear program, while developing an independent military option • Continue to prevent qualitative capabilities in Syria and Lebanon • Reduce the entrenchment in Syria

Recommended Action

Coordinate with the US on red lines and the response, if crossed • Ensure an independent realm of operation • Receive advanced military capabilities from Washington, to create deterrence and demonstrate US backing • Tighten inspection of sanctions implementation, with an emphasis on oil exports • Increase countermeasures against nuclear sites • Increase inspection and prevention of Iran's acquisition of machines and materials



Photo: Shutterstock

Situation Assessment

From Iran's perspective, the year 2022 was marked by a mix of achievements and challenges. Four years after President Trump withdrew from the nuclear agreement (JCPOA), the Iranian nuclear program has advanced in accelerated fashion and brought Iran to the nuclear threshold. This stage will enable the regime, if it wishes, to complete the construction of an explosive device and conduct a nuclear test, and within a two-year period – a nuclear warhead. The nuclear program now includes the enrichment of uranium at two sites; enrichment to high levels; a large quantity of fissile material at various levels of enrichment, which enable enrichment to a high level within a few weeks for four nuclear explosive devices; the operation of thousands of centrifuges, many of them advanced; and the use of metallic uranium (most of the material at an enrichment level of 60 percent is located at Isfahan, where it can be converted to metal). Furthermore, the program is only subject to limited and partial inspection. At the same time, Iran is in an ongoing conflict with the International Atomic Energy Agency (IAEA) regarding undeclared sites where uranium originating from foreign countries has been found. Regarding this aspect of the program, which is in violation of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), Tehran has not provided satisfactory explanations.

In the international arena, Iran took a dramatic step in siding clearly with Russia in the war in Ukraine, manifested in the supply of drones and experts, and a commitment for a future factory to produce drones in Russia itself and ballistic missiles. For the first time, NATO sees Iran as part of the problem in the war underway in Europe. In a statement at the end of the NATO summit in October 2022, the member states demanded that Iran refrain from supplying

Iran's Nuclear Program: JCPOA Commitments vs. Current Situation

	Commitments under the JCPOA	November 2022 (according to IAEA report)	Iran's decisions in response to the IAEA Board of Governors, 2022	Significance
Level of uranium enrichment	Up to 3.67%	Enrichment to 20% and 60%	—	Progress toward military-level enrichment
Stockpile of enriched uranium	Up to 300 kg at a low level of enrichment	<ul style="list-style-type: none"> · About 2 tons at low enrichment · 386 kg enriched to 20% · 62.3 kg enriched to 60% 	—	<ul style="list-style-type: none"> · High-level enrichment – enough for a first device within 3 weeks · Material enriched to a low level – enough for two devices within about two months and three within about four months
Uranium enrichment at Fordow	Enrichment prohibited; site permitted only as a center for research and production of stable isotopes	About 80 kg enriched to 20%	<ul style="list-style-type: none"> · Announcement of intention to enrich to 60% · Replacement of IR-1 centrifuges with IR-6 	<ul style="list-style-type: none"> · High enrichment distributed between two sites · More protected site (intended originally for enrichment for nuclear weapon)
Uranium enrichment at Natanz	Enrichment to a low level in 5060 IR-1 centrifuges	<ul style="list-style-type: none"> · 6 more IR-1 cascades than in the agreement · About 10 kg enriched to 60% 	<ul style="list-style-type: none"> · Injection of gas into 2 IR-2m and IR-4 cascades · Utilization of 2 additional cascades for later gas injection 	—
Stockpile of heavy water	Up to 130 tons	Unknown – Iran does not allow IAEA supervision	—	<ul style="list-style-type: none"> · Iran is likely to have large quantities · Will be used in the future for a research reactor
Research and development	In the first decade – tests on a few advanced centrifuges	Installed and fed with gas: <ul style="list-style-type: none"> · 6 more IR-1 cascades than in the agreement · 15 IR-2m cascades · 3 IR-4 cascades 	—	Significant technological progress – shortening the time for stockpiling fissile material
Inspection	Extensive inspection in accordance with the nuclear agreement	<ul style="list-style-type: none"> · Starting in February 2021: without inspection in accordance with the JCPOA and the Additional Protocol · Starting in June 2022: removal of 27 cameras installed as per the JCPOA · Cessation of continuous online inspection of enrichment at Natanz · Removal of means of inspecting heavy water production 	—	<ul style="list-style-type: none"> · Inability to ensure that fissile material is not diverted · Significant reduction of knowledge on the production of advanced centrifuges

weapons to Russia. Iran's decision to side with Moscow matches its sharp turn toward the Eastern axis of Russia and China: Tehran publicly announced the turn eastward, and it should be seen as a reflection of the strengthening of the radical conservative camp in Iran, which opposes a return to the nuclear agreement or any rapprochement with the West. Iran for its part views this development as an important contribution to its regional and international standing, and perhaps also as a kind of "insurance" against negative developments. Tehran likewise considers the increasing cooperation with Russia as an opportunity for what it sees as welcome changes in the supply of modern weapon systems and for improvement of its economic situation through trade in local currency and barter.

Unlike previous waves of protest, which focused on a demand for economic improvement, the 2022 protests are of a clear political and anti-establishment character, challenging the very existence of the regime.

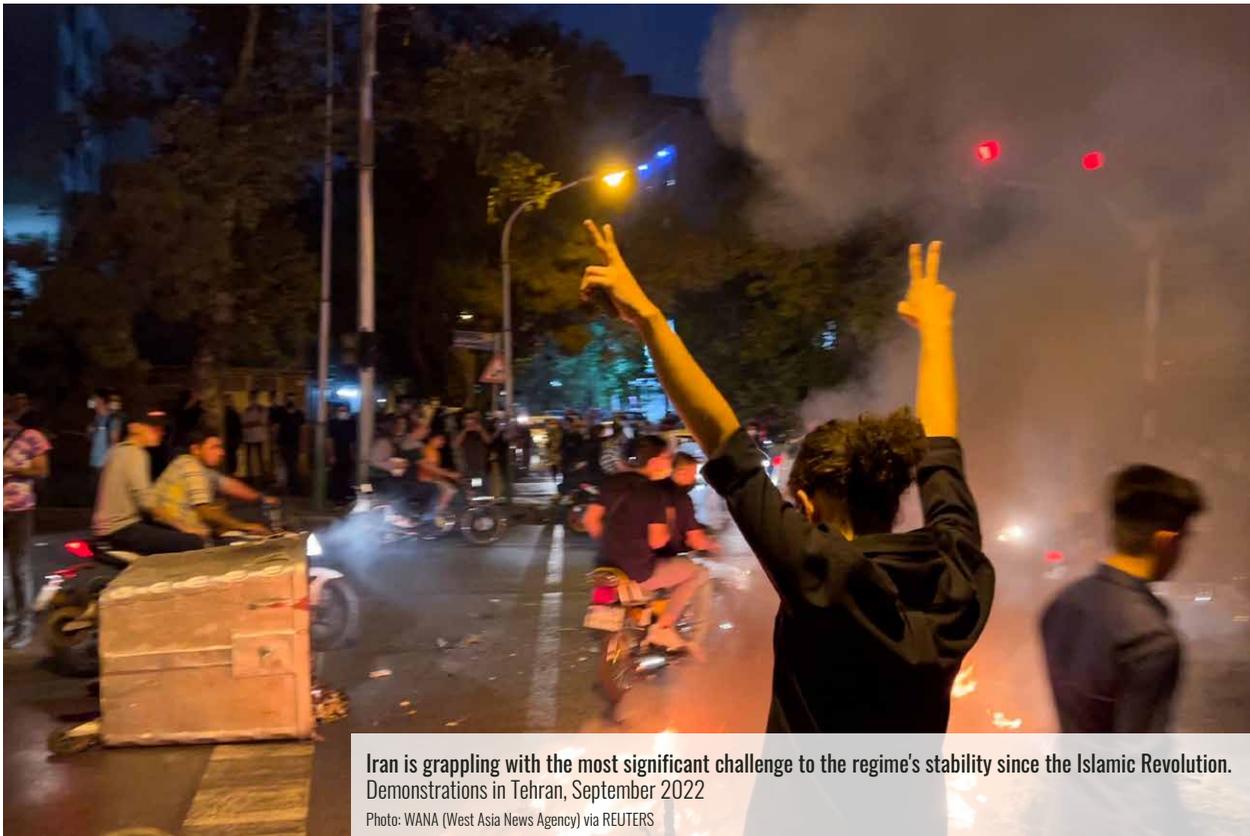
In the Middle East, Iran plows ahead in its efforts to consolidate its influence in Syria, Iraq, Lebanon, Yemen, the Gaza Strip, and, it hopes, in the West Bank as well. It transfers weapons and advanced technologies to its proxies and allies while adapting the nature of its activity to the changing reality on the ground (e.g., recruiting militias based on Syrian manpower; supplying technologies that enable autonomous production of weapons to Lebanon, Yemen, and the Gaza Strip). Despite difficulties facing its proxies in Iraq and Lebanon, due to internal problems in these countries, the pro-Iranian power centers are dictating the balance of political power, and without them there is no possibility of establishing and managing a governmental system. As such, Tehran ensures its influence in these countries. The establishment of the new government in Iraq headed by Mohammed Shia al-Sudani, who is considered closer to Iran and the pro-Iranian militias than his predecessor, Mustafa al-Kadhimi, could further help Iran advance its objectives in Iraq.

In the internal arena, Iran is grappling with the most significant challenge to the regime's stability since the Islamic Revolution, due to the severe wave of protests that has continued since September 2022. Unlike previous waves of protest, which focused on a demand for economic improvement, the 2022 protests are of a clear political and anti-



Iran took a dramatic step in siding clearly with Russia in the war in Ukraine, manifested in the supply of drones and experts.
Iranian cleric with a locally produced UAV

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



Iran is grappling with the most significant challenge to the regime's stability since the Islamic Revolution. Demonstrations in Tehran, September 2022
Photo: WANA (West Asia News Agency) via REUTERS

establishment character, challenging the very existence of the regime. The regime seems unable to curb the protests, although the demonstrators are unable to undermine the foundations of the regime. However, even if the regime succeeds in suppressing the current wave of protests, continued expressions of civil disobedience are expected, and without practical solutions to the public's demands and given the ongoing disregard for deep demographic, social, and cultural processes underway in Iran, the protests could intensify to the point of posing a genuine threat to the regime's survival.

Moreover, Iran is coping with an ongoing economic crisis, despite the continued effort to adapt the country's economy to the sanctions reality ("resistance economy"). This crisis is expected to worsen given the continuation (and perhaps intensification) of the economic sanctions and popular protests, which have already had significant economic effects due to damage to public property and internet shutdowns by the authorities, which cause serious harm to businesses. 2022 saw a sharp rise in inflation (about 45 percent); in May there were sharp increases in prices, especially of basic goods, following the government decision to cancel the official exchange rate, which is intended for the import of basic food products. Furthermore, Iran faces a severe budget deficit, caused in part by the need to pay monthly allowances to the lower socioeconomic deciles following the exchange rate reform. The budget deficit is worsening despite increased oil revenues, against the backdrop of the increase in oil prices caused by the war in Ukraine and the partial enforcement of sanctions on the export of Iranian oil, in particular to China. The last few months of the year saw a decline in the volume of Iranian exports (apparently to a level of about 850,000 barrels of oil per day), due to the sale of Russian oil to China at discounted prices, as a substitute for Iranian oil.

The budget deficit denotes further damage to the government's ability to invest in developing national infrastructure, which is essential for economic growth. According to a World Bank forecast, the Iranian economy is expected to grow by a rate of only 2 percent until 2024-2025, a low growth that will likely contribute to a renewed rise in unemployment, which today is estimated at 9.5 percent. Against the backdrop of the economic and political uncertainty, the exchange rate of the Iranian rial continued to decline in the past year, and reached an all-time low of over 360,000 rials to the dollar in the free market. Therefore, unemployment, which especially affects the younger generation, the dire

economic situation, and the agitation against the repressive and corrupt religious regime, will likely continue to sustain severe civil protests.

The Conflict with Israel

Israel is seen as the main threat to Iran's national security, particularly as only Israel is willing to take action that challenges its regional presence, with an emphasis on Syria, as well as action (according to foreign sources) on Iranian soil itself. So far Iran has not found an effective response to the principal clash in Syria. Attacks on ships, cyberattacks, and even encouragement of militias in Syria to harm the US presence at al-Tanf have so far not created the deterrence it desires. In Iraq, Iran has tried to exact a toll through attacks in the Kurdish region, where it claims there is cooperation with Israel, but its achievements there are also limited. Furthermore, Iran's activity in this region is circumscribed by the desire to maintain the fragile Iraqi government. The tension between Iran and Azerbaijan, which share a border, has intensified against the backdrop of the relations between Israel and Azerbaijan. As Israel's relations with Baku have grown stronger, Tehran has become increasingly concerned at the intelligence and operational possibilities that Israel could attain from its presence in Azerbaijan. However, public Iranian threats toward Baku, as well as military exercises on their shared border, have not deterred Azerbaijan, and in November 2022 it even announced the opening of an embassy in Israel. In Iran's eyes, this development echoes the Abraham Accords, which it also failed in preventing, and strengthens its sense that Israel is trying to encircle it, a response of sorts to the ring that Tehran itself created on Israel's borders through its presence and that of its proxies.

Unemployment, which especially affects the younger generation, the dire economic situation, and the agitation against the repressive and corrupt religious regime, will likely continue to sustain severe civil protests.



Israel is seen as the main threat to Iran's national security. Burning an Israeli flag at a demonstration by supporters of the regime in Tehran, April 2022
Photo: Majid Asgaripour/WANA (West Asia News Agency) via REUTERS

The Challenges for Israel

The principal challenge regarding the nuclear issue is the lack of a response in the immediate term to the major progress of the nuclear program. This absence is strengthened by the little attention to the issue in the United States and Europe due to other major global issues, led by China and the war in Ukraine.

In the regional arena, the campaign between wars in Syria has succeeded in blocking only some of the weapons transfers; in Lebanon, Hezbollah insists on maintaining a balance of deterrence against Israel; in Iraq a government controlled by the pro-Iranian current has been established, and pro-Iranian militias there constitute part of Iran's security concept; and the effort to generate agitation in the West Bank continues via Islamic Jihad.

The Israeli Strategy and the Gap vis-à-vis the Reality

Israel opposes a return to the nuclear agreement, and has demanded the formulation of a new “longer and stronger” agreement, an idea that Iran rejects. Along with the development of an independent military option, Israel aims to convince the United States to strengthen its deterrence against Iran, which has been undermined, and to present a credible military threat. The main gap in this policy is that Israel does not wield influence on whether the agreement with Iran is revived, it is unable to bring about a longer and stronger agreement, and there is little chance that the US administration, which assesses longer timetables until a potential Iranian breakout than those in Israel's assessment, will bolster a credible military option. In these circumstances, Israel does not have a response to Iran's continued nuclear achievements. Iran continues to progress toward an ability to decide, if it so chooses, on a short-term nuclear breakout.

Israel's Strategic Alternatives

In the nuclear sphere, Israel has few options, none of them favorable:

- Come to terms with Iran becoming a nuclear threshold state, and its potential choice if/when to progress to a nuclear breakout.
- Continue intensively with countermeasures against nuclear sites, in the hope of delaying Iran.
- Prepare a military option and be ready to use it independently in the next year or two.

In our assessment, no option ensures that Iran will not have military nuclear capability.

Recommended Strategy

In the nuclear realm:

- Encourage an announcement by the United States and European countries on the “death” of the JCPOA and a return to the Security Council to reach a new decision on sanctions on Iran – the “snapback” procedure – according to the nuclear agreement.
- Formulate a roadmap agreed upon with the United States, and preferably also with European countries (the E3 – Germany, the UK, and France), regarding responses to escalatory steps in the nuclear program and agreement on (covert) red lines.
- Continue countermeasures to delay progress on the nuclear program, with an emphasis on high-quality targets that cause prolonged delays.
- Advance an independent military option.
- Advocate stricter US enforcement of the sanctions imposed on Iran, with an emphasis on oil exports; expand the circle of sanctions beyond economic sanctions to political isolation (suspend Iran from political activity such as UN committees and participation in sports events, prevent visits abroad and study abroad).
- Take action to increase inspection and prevention of Iranian procurement of dual-use materials and machines.

In the regional arena:

- Continue the Israeli strikes in Syria (the campaign between wars) and the covert activity on targets in Iranian territory in order to damage relevant deployments (the Revolutionary Guards, the missile and drone systems), that serve Iran's regional entrenchment efforts and the supply of weapons from Iran to its proxies.
- Advance bilateral and multilateral cooperation in intelligence and operations with the Gulf states, to improve their ability to cope with the threat of Iranian drones and missiles. This should be done in cooperation with the United States and managed while considering respective sensitivities, given the Iranian threats.
- Maximize the improvement of relations with Turkey to examine cooperation vis-à-vis Iranian activity in Syria (and perhaps also in Iraq).
- Use the Iranian military aid to Russia to increase pressure on the West to act (including through increased economic pressure) against the Revolutionary Guards and Iran's missile and drone systems.
- Coordinate with the United States and the Gulf states in the framework of CENTCOM's Combined Task Force 153, in order to block Iranian attempts to transfer weapons by sea.



The Northern Arena: A Military Challenge Joined by Potential Political and Economic Cooperation

Carmit Valensi, Orna Mizrahi, Yoram Schweitzer, and Eden Kaduri



Current Situation

Economic crisis and continued Iranian entrenchment in Syria • Hezbollah maintains military buildup • Lack of governance and economic collapse in Lebanon

Current Israeli Strategy

Campaign between wars in Syria and mutual deterrence vis-à-vis Hezbollah • Non-intervention in Syria or Lebanon on the political level

Israel's Strategic Gap

Hezbollah's ongoing buildup and Nasrallah's false sense of confidence are escalation catalysts • No Israeli strategy vis-à-vis the Lebanese state • Campaign between wars does not neutralize Iranian entrenchment entirely

Strategic Alternatives

Re Hezbollah: 1. Maintain existing policy 2. Improve deterrence with expanded military activity 3. Launch a military action. • Re Lebanon: 1. Continue policy of non-intervention 2. Support efforts to promote stability 3. Advance direct measures while leveraging the gas agreement • Re Syria: 1. Minimal intervention while continuing campaign between wars 2. Increase military and civilian involvement 3. Engage with Assad in order to reduce Iranian influence

Recommended Strategy

Improve deterrence vis-à-vis Hezbollah with expanded military activity • Support international efforts to promote stability in Lebanon and pursue direct moves • Increase involvement in Syria, in campaign between wars and civilian collaboration

Recommended Action

Expand military activity and political and economic warfare to weaken Hezbollah • Prepare possible preemptive strike • Engage US, France, and Gulf states on economic aid to Lebanon • Maximize potential of gas agreement • Update campaign between wars in Syria • Cooperate with Jordan on aid to southern Syria; with US and Kurds on aid to north • Engage with Turkey and Gulf states to reduce Iranian influence

The most significant conventional military threat to Israel is in the northern arena, which includes Lebanon, Syria, and all the actors – state and non-state – operating there. This arena is closely linked with Iran, which is the leader of the radical axis and serves as an ideological and operational hub. An analysis of the northern front requires on the one hand a systemic perspective, especially when it comes to military activity, and in tandem demands separate evaluations of the individual states, especially with respect to civilian dimensions (economic, political, and state).

The approach to Syria and Lebanon as a system is at the basis of Iran and Hezbollah's military campaign against Israel, which in routine times includes military buildup efforts via local production and the transfer of weapons from Syria to Lebanon. In wartime the campaign is based on combat soldiers in active duty and in the reserves in Lebanon with diverse military capabilities (firepower, special forces, maneuvering forces, surface-to-surface missiles, anti-tank missiles, cruise missiles, and drones), alongside reserve forces in Syria to reinforce the front in Lebanon through firepower and intelligence and divert Israel's attention. Accordingly, Israel is waging a military campaign on both fronts, while recognizing the reciprocal influence of operations in Syria and in Lebanon. In contrast, with civilian aspects there is little significant interface or shared institutions between the fronts in a way that justifies a systemic analysis. Furthermore, the principal changes in Syria and Lebanon in recent years – both to the Lebanese system, including Hezbollah, and to the Assad regime vis-à-vis Iran – reflect a greater degree of autonomy, which suggests a logic that is more national than systemic.

An analysis of the northern front requires a systemic perspective, especially when it comes to military activity, and in tandem demands separate evaluations of the individual states, especially with respect to civilian dimensions.

Lebanon

The current Israeli strategy toward Lebanon focuses on the military threat posed by Hezbollah to Israel, from the Lebanese border as well as from Syria, in light of the organization's central role in the Iran-led Shiite axis. Israel's

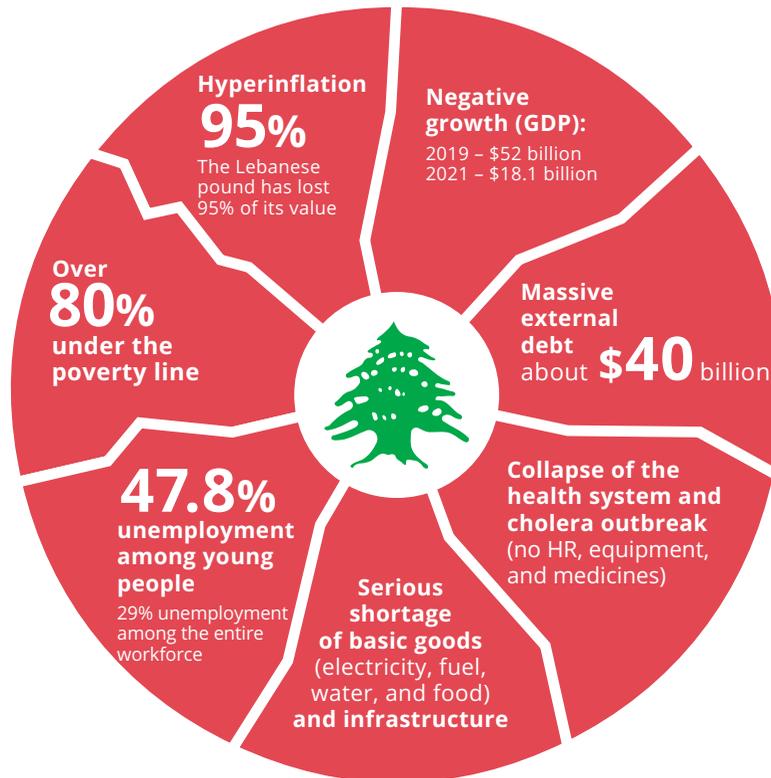


The most significant conventional military threat to Israel is in the northern arena. IDF soldiers in an exercise along the northern border

Photo: IDF Spokesperson's Unit (CC BY-NC 2.0)

objective in the past year was to maintain quiet and security along its border with Lebanon and improve its ability to meet the Hezbollah threat. This strategy included efforts to hinder the organization’s military buildup, by disrupting the transfer of weapons to Lebanon and reducing its presence along the border with Syria, while maintaining the balance of deterrence and avoiding measures that could trigger escalation. However, no comprehensive Israeli strategy was formulated regarding the state of Lebanon, beset by a severe economic and political crisis, except for a policy of non-intervention in its internal affairs.

Collapse of the Lebanese Economy



The Current Situation

Despite Israel’s ongoing efforts in the campaign between wars (CBW) over the past year, Hezbollah continued its military buildup with Iran’s assistance, even if not at its desired rate and scope. It increased its firepower capabilities, advanced its precision missile program, and expanded its acquisition of drones and air defense systems. Nevertheless, it is evident that the organization is operating in a measured and restrained manner toward Israel, even when it sharpened its threats, for example, before the signing of the maritime border agreement. These threats aimed to maintain a balance of deterrence against Israel and to bolster Hezbollah’s internal standing as “the defender of Lebanon.” Moreover, even if among Hezbollah ranks there is a sense that it can deter Israel, Lebanon’s dire situation and the erosion of the organization’s standing (reflected in the parliamentary elections of May 2022) force it to exercise restraint, and these factors are what prompted it to accept the signing of the agreement between Lebanon and Israel (October 2022) while investing effort, so far successfully, in maintaining its dominant standing in Lebanon.

In the background, Lebanon is still on the fast track to collapse that began in 2019 and led to complete bankruptcy, without any hope of reversal on the horizon. Most of Lebanon’s population live under the poverty line, surviving with great difficulty with the help of money from remittances from workers and families abroad, as well as humanitarian aid, mainly from the West. The lack of governance is evident, inter alia, in the increase in violence, including incidents of civilians robbing banks. In the political arena, while the parliamentary elections were held as planned on May 15, their results have not led to an improvement, but rather have mainly exacerbated the political paralysis, due to the conflicts

between the pro-Hezbollah camp and its opponents, and within each camp. The governmental vacuum intensified after the end of President Michel Aoun's term on October, and to date there is still a caretaker government and no new president. In these dire circumstances, the maritime border agreement with Israel was the only development that created hope for change in Lebanon, although it does not guarantee immediate economic benefit.

The Gap in Israeli Strategy

A twofold gap is evident in Israel's strategy. The first regards Hezbollah: there is a lack of sufficient response to the organization's ongoing military buildup, caused mainly by the desire to avoid getting drawn into a large-scale war, which could pit Israel against the entire Shiite axis. Consequently, Hezbollah gains military power: today it is the main conventional threat to Israel, and Iran's influence on developments at the Israel-Lebanon border could increase. The second gap regards the state of Lebanon, with the lack of an up-to-date, comprehensive strategy regarding Israel's small neighbor to the north and an agreed-upon answer to the question whether Israel has an interest in its collapse.

Strategic Alternatives

Toward Hezbollah

- Continue the existing policy, which centers on maintaining the balance of deterrence
- Improve the balance of deterrence by expanding Israel's military activity (proactive and reactive) against the organization
- Pursue a formative course of action (to the point of a preemptive strike) even at the price of deterioration toward war

Toward Lebanon

- Maintain non-intervention in Lebanon's internal affairs
- Pursue efforts in the international arena to accelerate and expand the attempts to stabilize Lebanon's internal situation
- Engage in direct political measures regarding Lebanon, while leveraging the natural gas agreement to improve bilateral relations



It is necessary to examine the need and the ability to increase Israel's military activity to prevent Hezbollah's military buildup.
Hezbollah fighters

Photo: REUTERS/Aziz Taher

The Recommended Strategy

On the one hand, Israel has an urgent military need to undermine Hezbollah's confidence and to maintain the balance of deterrence in its favor. On the other hand, it has a clear interest in the stability of the Lebanese state in order to prevent chaos, which could lead to the complete takeover of the country by Hezbollah and Iran. Consequently, the recommended strategy combines enhanced efforts to weaken Hezbollah with a proactive policy that contributes to stabilization in Lebanon and an improved reality there. In this framework:

- Regarding Hezbollah – in the military sphere, it is necessary to examine continuously the need and the ability to increase Israel's military activity – mainly reactive – to prevent the organization's military buildup and to demonstrate Israel's capabilities, while leveraging the increasing distress in the Lebanese system. Concurrently, Israel should increase its efforts against the organization in the regional and international arenas. In the political sphere: expand the world's acknowledgment of Hezbollah, in its entirety, as a terrorist organization; in the economic sphere: deepen the sanctions against it and undermine its external sources of income abroad; in the cognitive sphere: respond to its extensive activity to damage the morale of the IDF and Israeli civilians.
- Regarding Lebanon: Israel should adopt a proactive policy that aims to enlist Israel's allies in the region (the Gulf states, and particularly Saudi Arabia) and in the international arena (led by the United States and France) in an effort to expand the economic aid and support the establishment of a stable political system in Lebanon, while reducing the standing and influence of Hezbollah and strengthening its opponents. A mechanism must be created to guarantee that economic aid does not reach Hezbollah. It is also proposed that Israel adhere to the maritime border agreement with Lebanon in order to maximize the potential inherent in it, including agreement that Lebanon join the regional natural gas forum, and adopt a fixed and overt policy on its willingness to aid Lebanon directly, even if it is expected that at this stage the offers of aid will be rejected.

Syria

With Syria the geographic center of the radical axis, the overarching objective in Israel's defined strategy is to disrupt the Iranian entrenchment and Hezbollah's military buildup in Syria by preventing the transfer of weapons, disrupting the axis's military buildup framework, and damaging military infrastructure. Beyond Iranian targets, in the past year the CBW included state targets of the Assad regime, with the purpose of inducing it to restrict Iran's military activity there. This occurred in coordination with Russia and the United States, both of which have forces in Syrian territory.

Situation Assessment

In 2022 President Bashar al-Assad took steps to reorganize and stabilize state institutions and rebuild the military. However, the stabilization processes face obstacles created by the intensifying economic and humanitarian crisis, as well as the standstill in the map of control and the inability to gain control of the entire Syrian territory, which is currently divided into "four Syrias."

Russia: With most of Moscow's attention focused on the war in Ukraine, its involvement in Syria is necessarily affected. Russia has been forced to thin out its forces for the sake of the fighting in Ukraine, and it even removed one of the S-300 air defense systems from Syria. Nevertheless, this does not indicate a strategic change in Russia's involvement. Russia continues to play a central role in rebuilding the Syrian army, in diplomatic mediation, and in economic projects, and is expected to retain a sufficient presence in order to guarantee its interests in the arena.

Against the backdrop of the war in Ukraine, Russia's sensitivity to Israel's actions in Syria has increased, but to date Israel has retained its freedom of operation in Syria. However, the tightened relations between Russia and Iran, reflected in the Iranian military aid granted to Moscow in the war, has negative potential for Israel. Iran may demand compensation from Russia in the form of expanding its freedom of operation in Syria, and it is even possible that Moscow would agree to defend Iranian assets from Israeli attacks.

Iran: The campaign in Syria waged by Israel in recent years has led to achievements and significantly disrupted the Iranian and Hezbollah military project in Syria. However, the Iranian entrenchment and the transfer of weapons to

Map of Control in Syria



Syria and Lebanon have continued and evolved in accordance with changing circumstances. Iran is exploiting the economic crisis in Syria in order to deepen its influence there, while providing civilian cover for its military activity. Nevertheless, the attacks attributed to Israel have forced Iran to diversify its methods of operation and smuggling routes, and the Assad regime has striven to restrict this activity within its territory. However, so far these have been measured restrictions that do not indicate an intention to give up on the strategic alliance with the axis. In the background, there has been increased Iranian involvement in civilian spheres such as education and culture, and especially an effort to expand economic collaboration in the fields of energy, industry, and trade.

Turkey began to relay conciliatory messages to the Assad regime, and therein departed from the prevailing lack of significant progress in the normalization measures between Syria and other countries in the region. At the same time, however, Ankara launched another military operation in northern Syria. Also important is the renewal of relations between Hamas and the Assad regime, after more than a decade, with the encouragement of Iran and Hezbollah, which aspire to expand the axis of resistance.

The Gap in Israeli Strategy

Despite the achievements of the CBW, Israel has not fully addressed the challenges: Iran, through Hezbollah and the militias it leads, continues to entrench itself deep inside Syria, especially in the country's east. Although this keeps the threat more distant from Israel, it does not neutralize it and even enables Tehran, through military and civilian means, to create long-term influence. Despite the attacks attributed to Israel, which have led to a decline in the quantity of strategic weapons, the precision missile project in Syria and Lebanon continues. Furthermore, while the CBW takes a toll on the Assad regime, it is not to an extent that leads it to demand the cessation of Iran's military activity, but rather just to partially restrain it.

In addition, the changes in the international and regional arenas could challenge the continuation of the CBW, especially when it comes to the closer relations between Russia and Iran; the level of legitimacy of striking the regime's assets; the level of Syrian willingness to absorb hits to its state infrastructure given the expedited rebuilding of the army; and the question of the continued United States commitment to the region, given the series of Iranian attacks against US bases in response to the CBW. The cost of the resources involved in the CBW must be reviewed, possibly even at the expense of long-term solutions, including preparations for war.

Against this backdrop, there is an increased need to formulate an up-to-date and long-term Israeli strategy.

Syria in 2022



6.8 million
refugees outside the country

14.6 million
in need of humanitarian aid

Over **90%**
live under the poverty line

Over **300%**
increase in the cost
of basic goods

\$30 billion
value of drug
industry exports

68%
decline in the value of the
Syrian pound since the
beginning of the year



Strategic Alternatives

- Exercise minimal involvement in Syria – continue the existing policy, which is focused on the CBW.
- Increase the Israeli military and civilian involvement – continue the CBW along with expanding collaboration with local and regional actors vis-à-vis the “four Syrias.”
- Increase political involvement – adjust Israel’s stance toward Assad and engage with him to reduce the Iranian influence.

The choice of Israel’s strategic alternative should be based on three premises:

First, the current situation in a fragmented and decentralized Syria serves the Israeli interest to a large degree, in contrast with a “united Syria,” and obstructs the continued Iranian expansion in Syria. The internal challenges also limit the regime’s ability to rebuild the military, and thus delay an increase in the conventional threat to Israel.

Second, the combined military and civilian challenge that Iran poses in Syria demands a combined response from Israel and an expansion of the set of military tools to include tools that address civilian spheres.

Finally, in the current era in the Middle East, in which “everyone talks to everyone,” Israel must not be left behind. Israel should leverage its standing and connections with the great powers, the Gulf states, and others to create positive influence that will be translated into impeding the Iranian influence in Syria.

The Recommended Strategy

Implement the second alternative, which includes the continued military effort while attempting to optimize the CBW and improve precision in the territories controlled by Assad. At the same time, Israel should adopt a proactive policy that includes collaboration with state and non-state actors that exert influence and control in other areas in Syria. In addition, Israel should pursue political dialogue and examine the possibility of transferring humanitarian aid to relevant bodies, in order to optimize the impairment of Iran's activity and increase Israel's value and influence in the region. This includes the following:

- Coordination with the United States must be continued; the presence of US forces in eastern Syria and at the al-Tanf base in the country's south help thwart Iranian entrenchment. Israel should support the struggle against ISIS led by the United States and support American-Turkish dialogue to resolve the dispute at the Turkey-Syria border.
- The deconfliction mechanism with Russia must be maintained, to allow continued Israeli freedom of operation and prevent a confrontation between the countries.
- Cooperation and support in the Kurdish region in northeastern Syria should be established via the United States.
- Increase cooperation with Jordan on southern Syria, given the shared challenge posed by the Iranian presence and the smuggling of drugs and weapons from Syria, while examining the possibility of pursuing dialogue with local communities.
- Engage with Turkey and the Gulf states to reduce Iranian influence.

In the current era in the Middle East, in which "everyone talks to everyone," Israel must not be left behind. Israel should leverage its standing and connections to create positive influence that will be translated into impeding the Iranian influence in Syria.



The tightened relations between Russia and Iran has negative potential for Israel. Iranian President Raisi with Russian President Putin, September 2022

Photo: Sputnik/Alexandr Demyanchuk/Pool via REUTERS

The Palestinian Arena: Reshuffling the Cards

Udi Dekel, Anat Kurz, and Noa Shusterman

Current Situation

Following escalation in the West Bank in 2022, volatility has increased • Weaker PA • Hamas has grown stronger

Current Israeli Strategy

New government's policy lines depart from the strategy that prevailed until now • Postpone weighty decisions • Maintain a calm security situation for as long as possible

Israel's Strategic Gap

Focus on conflict management with no effort toward a future agreement • Palestinian burden on Israel increases • Time is a critical vector in the slide toward a one-state reality

Strategic Alternatives

Manage conflict and prevent escalation, by maintaining status quo on Temple Mount, refraining from annexation measures, and strengthening PA and Palestinian economy • Begin to implement political, geographic, and demographic separation steps from the Palestinians and refrain from expanding settlements outside the blocs • Strengthen Israeli sovereignty on the Temple Mount and control of Area C and maintain differentiation between West Bank and Gaza Strip

Recommended Strategy

Short term: curb escalation and prevent dissolution of the PA • Long term: prevent a slide into a one-state reality through separation steps and regional, international assistance to build functioning Palestinian entity

Recommended Action

Complete the security barrier • Maintain IDF operational freedom • Strengthen the performance of Palestinian security apparatuses • Formulate a plan for the settlement blocs and reduce construction beyond them • Draft plan for Palestinian infrastructure in Area C • Create conditions for Palestinian economic growth • Include the PA in regional projects • Continue understandings with Hamas on calm in the Gaza Strip



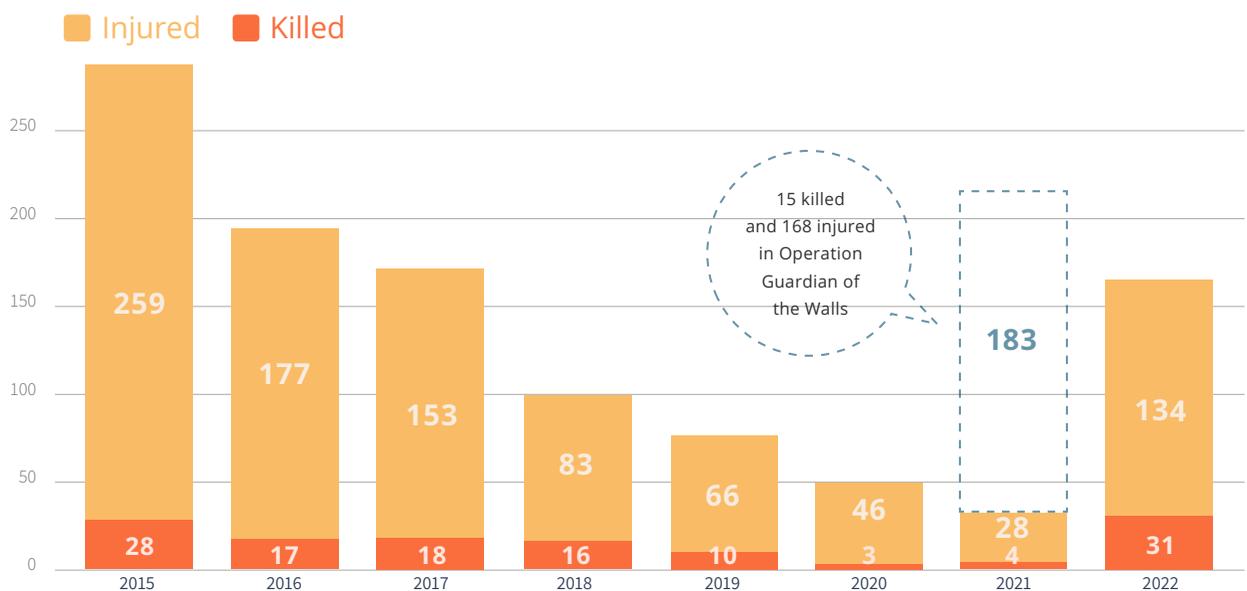
Yohanan Tzoreff, Kobi Michael, Oded Eran, Pnina Sharvit Baruch, Orit Perlov, Haggay Etkes, Shira Efron, and Yoram Schweitzer contributed to this article.

The Strategic Problem: An Unending Cycle of Violence

For the past decade and a half, the Israeli strategic objective regarding the conflict with the Palestinians has been to buy time – although it was not clear for what purpose – and to establish a calm security situation for as long as possible. In practice, this meant managing the conflict without any attempt to strive for an agreement. Some have adopted the idea of “shrinking the conflict,” which is also a means of buying time and postponing weighty decisions. Central among them is how to remove the Palestinian burden from the State of Israel. But time is a critical vector in the trend of the slow but sure slide toward a reality of one state between the Mediterranean Sea and the Jordan River.

The past year was marked by rising violence and by a radicalization of the discourse on both sides. The respective leaderships are reluctant to take critical decisions that are relevant to the advance of an agreement, and this has led to both a political dead end and fertile ground for the escalation of violence and terrorism. The stalemate is the result of salient developments over the years, led by repeated failures to reach a comprehensive agreement; the split in the Palestinian camp between Fatah and Hamas; the acceptance in Israel of the narrative that there is no partner on the Palestinian side for an agreement; the increasing weakness of the Palestinian Authority and its loosening control over its territory; and waves of terrorism and violent clashes. All these have led the Israeli public, as well as ranks of decision makers, to lose confidence in the potential to advance an agreement on the conflict in the spirit of a two-state solution. However, the lack of progress toward a solution, with the two sides being forced to manage the conflict, deepens the entanglement between the populations and the complexity of the arena, to the extent that in the future it will not be possible to shape a reality of two state entities, Jewish and Palestinian, that will be distinct and separate politically, geographically, and demographically. In short, this is a threat to the character of the State of Israel as a Jewish, democratic, secure, and prosperous state.

Israelis Injured and Killed in Terrorist Activity, by Year



Based on data from monthly ISA reports

Leading Trends in Early 2023

The past year was marked by heightened terrorism, mainly in the West Bank, which caused the largest number of victims in the past ten years. The IDF reported over 300 incidents of terrorism in 2022 – three times more than the previous year. The main challenge today is the growing security threat in the northern West Bank, which threatens to spread to Jerusalem and elsewhere in the territories. In 2022, 31 Israelis were murdered, and 154 Palestinians

The lack of progress toward a solution, with the two sides being forced to manage the conflict, deepens the entanglement between the populations, to the extent that in the future it will not be possible to shape a reality of two state entities, Jewish and Palestinian.

were killed (as of December 21, 2022, according to OCHA) in encounters with IDF forces. Israeli security forces thwarted 330 shooting attacks, 54 stabbing attacks, and about 30 attempts to place explosive devices: the dual attack in Jerusalem in late November involving explosive devices was an unfortunate exception to the successful preventive activity against such attacks.

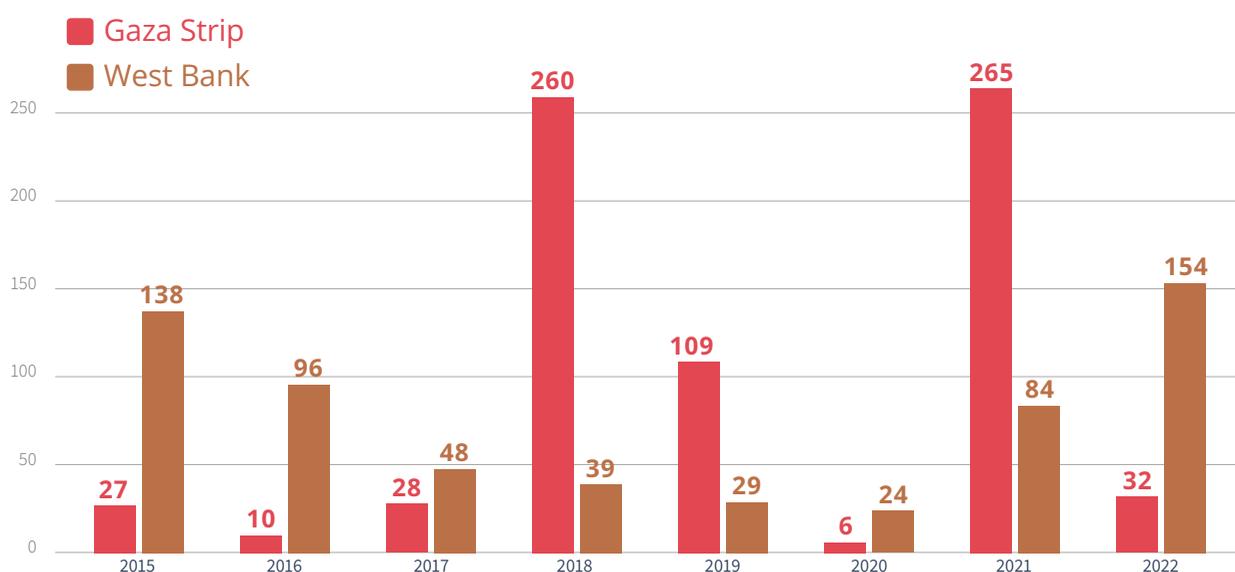
The wave of terrorism stems from the process of disintegration of the Palestinian Authority (PA), the loss of its legitimacy among the Palestinian public, and the vanished hope of ending the occupation. Led by young Palestinians who have penetrated the governmental vacuum, the violence compounds the helplessness of the Palestinian security forces and their lack of motivation to prevent attacks (due to their image among the Palestinian public as collaborators with the

IDF); the availability of weapons, either stolen in Israel or smuggled from Jordan; and the glorification in Palestinian society of martyrs and resistance. The vigorous offensive by the Israeli security establishment in Operation Break the Wave, especially in northern Samaria, has increased the friction and the number of encounters with armed young Palestinians and bolstered the dynamic of escalation. So far the conflict has not expanded into a comprehensive popular uprising, because Israel has refrained from collective punishment and allowed and even expanded the number of Palestinian workers in Israel.

The Palestinian arena is already living in the “the day after Abbas” period, and the internal struggles over the succession inflame the dynamic of escalation. The PA’s limited governance, reflected in its lack of desire to take responsibility for the focal points of the chaos, has drawn the IDF into carrying out large-scale operations, including without coordination and sometimes even involving resistance on the part of Palestinian security apparatuses, and caused growing tension with the Palestinian population.

Hamas is consolidating its power in the Gaza Strip and garnering strength in the struggle for control of the Palestinian camp, although it does not enjoy legitimacy from the local Gaza population. In Israel’s view, there is currently no alternative to Hamas rule in Gaza, due to the lack of a more moderate and responsible leadership that can take the reins. In practice, Israel recognizes and assists Hamas (in part by reconstructing infrastructure in Gaza, providing work permits for Gazan laborers in Israel, easing the closure, and expanding trade to and from Gaza). Israel is apprehensive

Palestinians Killed, by Year and Area

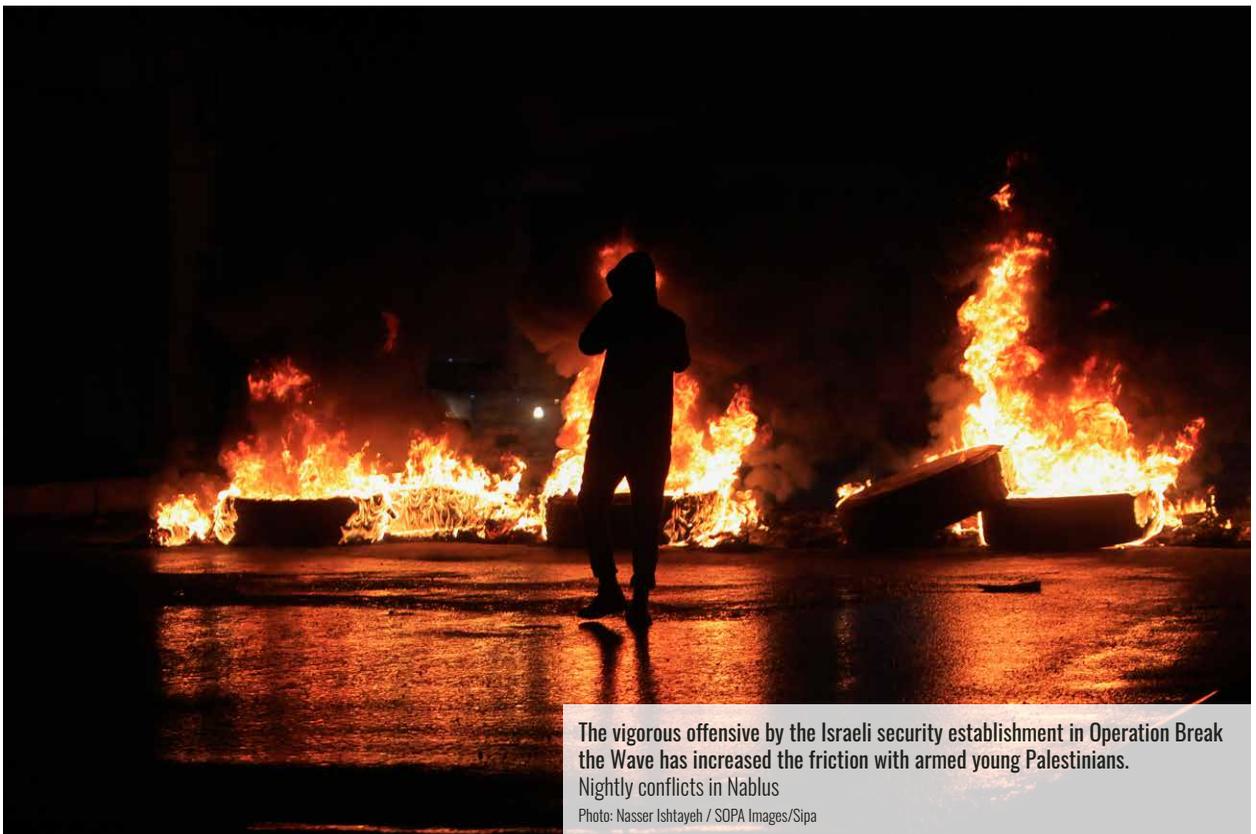


According to data from the United Nations Office for the Coordination of Humanitarian Affairs (OCHA); 2022 figures as of December 21, 2022

about an all-out military campaign against Hamas’s military wing due to the likely heavy toll in losses, concern about getting bogged down in Gaza over time, and the inability and lack of desire of the Palestinian Authority itself to return to the helm there. Hamas has exploited this, in particular the fact that it has not been forced to pay for its encouragement and operation of terrorism in Jerusalem and in the West Bank, its continued entrenchment in Gaza, its undermining of the PA’s standing, and its intrusion into the political ring for leadership of the Palestinian arena, as a replacement for Fatah.

Jerusalem is highly volatile, and at the focus is the struggle over sovereignty at the Temple Mount. All aspects of the conflict converge around Jerusalem, and it is the main catalyst for escalation (including with the involvement of Arab-Muslim citizens of Israel). The increasing number of Jewish visitors to the Temple Mount in recent years, some of whom pray silently or openly, is sensed by the Muslim side as an invasion of the al-Aqsa Mosque, and in turn motivates many who see themselves as “defenders of al-Aqsa” – especially young Palestinians from East Jerusalem – to enlist in defending Muslim interests on the Temple Mount. The Israel Police allow an increased number of visits by tourists and by Jews to the Mount without coordinating with the Jordanian waqf, in violation of the status quo understandings – the historic achievement with the Kingdom of Jordan that enjoys international recognition. The religious contexts, as well as the significance of the demonstration of sovereignty on the Mount by one of the sides, makes the inherently sensitive site into a potentially explosive area, and any provocation could ignite it and prompt escalation in the other arenas as well.

In tandem, the conflict returns to the international arena. The decline in interest in the Palestinian issue in the regional system and the international community is expected to be reversed in light of the rise of a right-wing government in Israel, and especially if the government enacts annexation measures and exacerbates control and a belligerent approach in the West Bank. Various challenges are expected in the international arena, including the advancement of a legal ruling on Israel’s policy in the West Bank by the International Court of Justice (ICJ) in The Hague, an investigation against Israel at the International Criminal Court (ICC), and the acceleration of BDS initiatives to boycott Israel. In this context, Israel’s dependence on the ability of the United States to curb and stave off initiatives against it is critical.

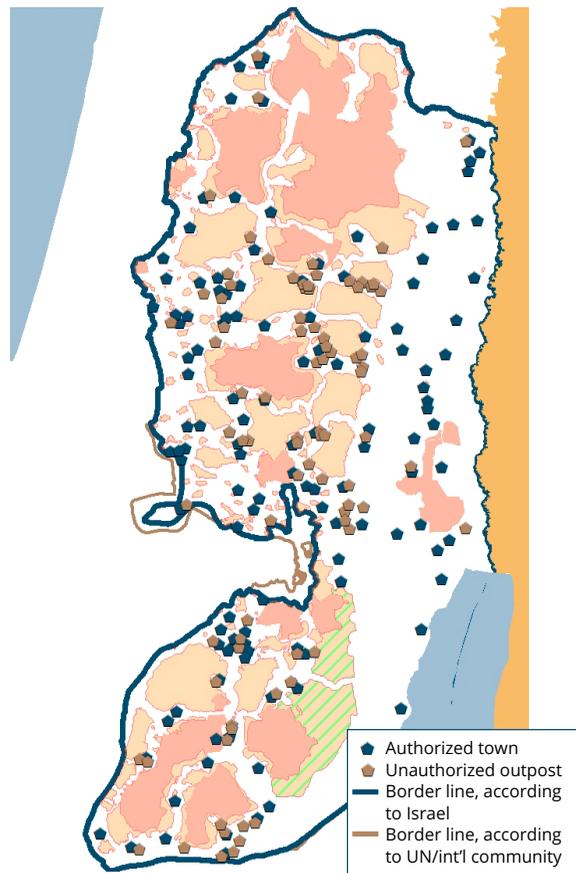


The vigorous offensive by the Israeli security establishment in Operation Break the Wave has increased the friction with armed young Palestinians. Nightly conflicts in Nablus

Photo: Nasser Ishtayeh / SOPA Images/Sipa

These trends underscore that the Palestinian issue cannot be swept under the rug. The current policy – greater force in the West Bank ostensibly tempered by efforts at containment and an increased number of work permits for Palestinians in Israel – seems to be reaching its limits. The efforts at containment are undermined by creeping annexation measures, which could intensify with the establishment of the new government (which has already stopped the transfer of funds to the Palestinian Authority) and its declared intentions: amending the Disengagement Law; legalizing 65 illegal outposts; building in area E1, adjacent to Jerusalem on the east; transferring authority over the civil administration to a minister from the Religious Zionist Party; instructing the army to loosen the rules of engagement; and limiting the restraining power of the Supreme Court.

Israeli Towns and Outposts in the West Bank, 2022



Map adaptation: Yozmot Ltd.

Possible Scenarios in the Coming Year:

- A rise in violence and chaos, especially in the West Bank; a popular uprising to the point of an armed popular uprising.
- The continued weakening of the Palestinian Authority until it loses control and influence over the West Bank.
- The continued and even accelerated decline in the legitimacy of Fatah and Hamas among the Palestinian public, and the consolidation of a growing camp of groups or operatives without organizational affiliation.
- Hamas continues to gain strength, scores political achievements in Gaza against the backdrop of reconstruction processes, and succeeds in attracting and bringing under its umbrella young Palestinians seeking to challenge Israel and undermine stability in PA territory.
- Given increasingly severe developments (along with the end of the Abbas era): international intervention, centered on a demand to allow elections to the Legislative Council and the PA presidency, including permission to vote in Jerusalem.
- Intra-Palestinian reconciliation – the reconciliation talks between Fatah and Hamas, under the title of “unity,” were renewed recently following the establishment of the right wing government in Israel. Abbas, who insisted on the principle of “one gun, one law, one authority,” could agree – contravening his previous rejection – to form a unity government, due to the PA’s current weakness.
- The Palestinian arena has long been preparing for the day when Mahmoud Abbas will step down as President. Several scenarios could then develop. An optimistic scenario is an orderly leadership transition and the continued functioning of the Palestinian Authority, at least at its current level. The other scenarios are negative – from ongoing leadership struggles to the development of chaos and anarchy or the collapse of the Palestinian Authority.

Policy Recommendations

Israel must cope simultaneously with two dangerous trends that reinforce one another:

- In the short term – increasing potential of an outbreak of armed violence in the Palestinian arena, following the developments of 2022 and in response to the emerging basic guidelines of the new government regarding the arena.

- In the medium and long terms – sliding into a one-state reality, which will not allow Israel to separate from the Palestinians in the future or exercise opportunities for a political agreement.

The Israeli strategic approach should be based on the premise that Israel is coping with two distinct, competing, and separate Palestinian entities – the Palestinian authority led by Fatah in the West Bank and Hamas in the Gaza Strip. The objective drafted in the past – restoring the authority over Gaza to the PA – has lost relevance because the PA, in conflict with Hamas, is unable and unwilling to take on the burden of Gaza. The condition that Abbas set for reconciliation is dismantling the military wing of Hamas, or at least subordinating it to the PA’s security forces, but this condition is not feasible without an Israeli military campaign against Hamas’s military wing. Furthermore, already today the PA has difficulty raising funds to manage Gaza in addition to the West Bank.

It is imperative to try to stop the dissolution of the Palestinian Authority, while strengthening and stabilizing it and maintaining its superiority over Hamas. The new Israeli government should acknowledge that efforts to neutralize the immediate security threats will only provide a temporary and partial response. Meantime, the potential for escalation mounts and over time a fundamental strategic change will be needed vis-à-vis the Palestinian Authority. In practical terms the government must continue to maintain the variety of channels of coordination with the Authority, in particular the security coordination. In an effort to prevent a popular Palestinian uprising, Israel must maintain the fabric of civilian life and refrain from acts of collective punishment, which could exacerbate economic hardship, increase frustration, especially among the younger generation, and further erode the willingness of the Palestinian security forces to cooperate in thwarting terrorism.

Volatility could intensify with implementation of policies of the new Israeli government, such as distancing Palestinians from Area C; encouraging a major increase in the number of Jews visiting the Temple Mount and allowing Jewish prayer there; increasing military activity to thwart and dismantle terrorist infrastructure in PA territory; and expansion of construction in settlements and in sensitive areas such as E1. This could coincide with oppositional Palestinian

Possible Developments in the Israeli-Palestinian Arena





The increasing number of Jewish visitors to the Temple Mount is seen by the Muslim side as an invasion of the al-Aqsa Mosque. Minister of Internal Security Itamar Ben-Gvir visits the Temple Mount, January 2023
 Photo: Twitter @itamarbengvir

activity to condemn and boycott Israel in international forums, alongside the weakening of the Palestinian Authority and the succession struggles. Therefore, to hedge the negative trends, Israel should take a series of restraining steps:

- Maintain security dialogue to outline relevant understandings for strengthening and stabilizing the governance of the Palestinian Authority, especially with an Israeli commitment to decrease IDF activity in PA territory, if and when the Palestinian security apparatuses fulfill their responsibility in the fight against terrorism, dismantle terrorist infrastructure, and impose law and order. Thus, it is important to help the PA implement reforms in the security forces to strengthen the effectiveness of their operation. Jordan and the US security coordinator (USSC) should be included in processes of building the operational doctrine, clearly defining responsibility and authority among the forces, instituting changes to the organizational structure, and providing training.
- If security calm and stability are achieved, it is suggested that the Israeli government – in contrast with the intention of changing the disengagement law – grant the Palestinian Authority full control of northern Samaria (an area in which there is no Jewish settlement). This step would show the Palestinians and the international community that Israel has not abandoned the vision of separating into two distinct entities and is willing to make territorial compromises. This would also transfer the burden of responsibility to the PA and force it to demonstrate control on the ground.
- Include the Palestinian Authority in regional agreements based on the Abraham Accords. In recent months, PA opposition to integration in regional initiatives has weakened, and there seems to be an understanding that it cannot “veto” relations between Israel and Arab countries. It is also possible that the PA’s inclusion in regional agreements would spur Saudi Arabia to join the Abraham Accords. Vis-à-vis the countries that are party to the Abraham Accords, Israel should examine the possibility of including the Palestinians in regional projects in a way that benefits the PA’s economy and governance, without harming Israel’s bilateral interests.
- Avoid constraining the growth of a new Palestinian leadership, based on local leaderships, businesspeople, academics, heads of student associations, and civil society groups. They can create islands of stability in the

unraveling Palestinian camp, and an alternative leadership to the Fatah and Hamas movements might grow out of them.

- Israel must be careful about taking unilateral steps that could substantially change the reality in the conflict arena, particularly regarding the application of sovereignty (i.e., annexation) to territories in the West Bank, the establishment of new settlements, and the approval of illegal outposts. Annexation steps without the support of the United States – the Biden administration has already announced that it would oppose them – would incur negative consequences for Israel, especially serious damage to relations with the United States and Europe; harm the peace treaties with Jordan and Egypt, the Abraham Accords, and the ability to expand and deepen congenial relations; spur reconciliation efforts between Fatah and Hamas and cohesion surrounding violent resistance; promote a Palestinian demand to allow elections in the Palestinian Authority, including in Jerusalem; encourage international recognition (in the Security Council) of a Palestinian state within the 1967 borders whose capital is East Jerusalem; and increase condemnation of Israel in international forums, to the point of sanctions.

In a long-term perspective, the slide toward a one-state reality should be stopped (according to the INSS survey, some 80 percent of Israel's citizens oppose a single binational state). In order to enable the future implementation of political options, it is critical to create conditions in the West Bank for political, geographic, and demographic separation between Israel and the Palestinian Authority (the same polls show that more than 60 percent of Israel's citizens currently support separating from the Palestinians). In this framework, the following steps are necessary: restoring and completing the security barrier; drafting a plan for the settlement blocs and reducing construction beyond them; monitoring illegal construction and preventing the establishment of additional outposts; drafting master plans for separate Palestinian infrastructure in Area C and approving zoning plans for Palestinian communities; developing employment and industrial zones; improving the network of secondary roads; developing independent energy resources and Palestinian means of production; and reducing the areas of friction.

Regarding Hamas, the understandings on calm in Gaza should be continued, including economic and civilian benefits complemented by military resolve. In this framework, Israel should advance projects for the supply of natural gas, water desalination, sewage, and employment centers, and continue the entry of Gazan workers into Israel in return



Israel must decide whether to return to the status quo understandings or to strive for the formation of new understandings with Jordan, or alternatively, to create new facts on the ground at the Temple Mount and deal with the consequences.

for a calm security situation and Hamas refraining from terrorism in Jerusalem and the West Bank. To consolidate the calm, it is essential to deepen the Egyptian involvement in Gaza: engage Egyptian leadership, with Israeli consent, for the construction of a port on the Egypt-Gaza border, under Egyptian-Palestinian operation and with international inspections; and position Egypt as the country connecting between Gaza and the Gulf countries, including the transfer of Qatari money to Gaza via Egypt and under its supervision (today only a third of the amount is transferred via Egypt). Egypt can recruit the Gulf countries for infrastructure projects in Gaza and use them as a restraining influence on Hamas.

At the same time, it is necessary to prepare a military campaign to neutralize Hamas's strategic capabilities (missiles, rockets, drones, cyber, underground infrastructure).

Economic aid to the Palestinian Authority: The Palestinian economy is completely dependent on the Israeli economy. Ninety percent of exports and 55 percent of Palestinian imports are conducted with Israel, which employs about a fifth of the workforce in the West Bank. It is advisable to increase the PA tax income, enable effective collection of Palestinian income tax from workers employed in Israel, and integrate Palestinian customs officials for Palestinian goods at the ports and the Allenby crossing. Israel should advance plans to establish a designated dock for Palestinians at the Ashdod Port with a railway to the Tarqumiyah crossing, where a bonded land port will be established; approve infrastructure and transportation projects for Palestinians in Area C; promote initiatives for green energy, the environment, water, and climate; convey willingness to review sections of the Paris Protocol.

Economic measures are needed to develop the Palestinian economy toward separation, such as working to connect the Palestinian economy with other economies in the region, for the purpose of reducing dependence on the Israeli economy; work in Israel is essential to the Palestinian economy and contributes to a rise in the standard of living but undermines the standing of the Palestinian Authority in creating workplaces and collecting taxes. In the long term, it is necessary to strengthen Palestinian production, including by reducing work in Israel, and to increase the PA's decision making capacity regarding its economic policy. Separation of infrastructure may be very expensive, but projects should be initiated with international funding toward separation.

Special attention is needed to manage events in Jerusalem, to restrain sources of tension, contain violent outbreaks, and regulate the fabric of life that is shared by both the Jewish and Palestinian populations. To this end, the plan to improve the situation in East Jerusalem in education, employment, tourism, and infrastructure should be continued. Israel must decide whether to return to the status quo understandings or to strive for the formation of new understandings with Jordan, or alternatively, to create new facts on the ground at the Temple Mount and deal with the consequences. We recommend striving to reach an updated status quo on the Temple Mount with the Kingdom of Jordan, which takes into account the changes that have occurred in recent years at the site, and establishing an advisory mechanism with the participation of experts – Jordanians, Palestinians, and Israelis (perhaps religious figures as well) – to manage the Temple Mount as a framework for dialogue, coordination, and cooperation surrounding the activity of visits and worship there. This mechanism would be a fixed channel of communication and dialogue for coordination and confidence building, and would encourage actions that calm the situation in advance of potentially volatile events, especially respective religious holidays.

The Internal Arena: The Need to Respond to Domestic Challenges

Meir Elran, Ariel Heimann, Mora Deitch, Mohammed S. Wattad, Ephraim Lavie, Estaban Klor, Ofer Shelah, Pnina Sharvit Baruch, Jony Essa, and Tomer Fadlon

Current Israeli Strategy Could change with the new government, especially regarding the essentials of the democratic regime, checks and balances, and ways to enhance internal security

Israel's Strategic Gap

Insufficient systemic treatment of various domestic challenges, such as the need to advance the Arab community, improve personal security, and increase home front preparedness for man-made and natural emergencies

Recommended Policy

Substantive democracy should be secured, with tighter balance between the executive, legislative, and judicial branches, by ensuring a robust standing of the judicial branch, with necessary reforms • Quantitative and qualitative empowerment of the law enforcement bodies, and primarily the national police • Systemic strengthening of components of national resilience (enhancing social solidarity, narrowing socioeconomic gaps, and restoring public trust in government institutions) • Better preparedness needed for civilian man-made and natural emergencies

Recommended Strategy

Maintain substantive democracy as the needed basic framework for improved relations between citizens, government, and the state, through governmental and public active involvement to reduce social divisions and rising violence

Recommended Action

Maintain substantive democracy, while strengthening the balance of power between the branches of government • Formulate and implement a five-year plan for strengthening all aspects of national resilience • Integrate policy to advance all parts of the Arab communities • Implement multiyear process to improve Israel Police capabilities • Increase civilian preparedness for all types of military emergencies on the home front and preparedness for an eventual earthquake



The dispute regarding the nature of Israeli democracy and the necessary balance between the three branches of government has been sharpened.

Demonstration of 80,000 people in Tel Aviv, January 14, 2023

Photo: Gili Yaari/NurPhoto



General

Israel's heterogeneous society, marked by deep rifts, has known incitement and hostility among its sectors. This phenomenon is not new, but it seems to have intensified in recent years and assumed more violent expression. The trend is influenced by social media and likewise accelerates against the backdrop of the ongoing political crisis, which serves both as cause and effect that aggravate the divide. The crisis fuels the radicalization of the discourse and the erosion of public confidence in the state's institutions. The result: direct harm to societal resilience, which is grounded in cohesion, social trust, and just and effective governance. Damaging societal resilience means harming national security, given internal and external crises that necessitate coping skills so as to ensure functional continuity and quick recovery. According to an INSS survey of December 2022, 64 percent of Israeli respondents are more concerned about internal social tensions, compared to only 26 percent who are more concerned about external security threats.

Political Instability and the Threat to Democracy

After five elections over three and a half years, the elections to the 25th Knesset saw a victory by the right, which, as a distinct political bloc, earned a relatively solid parliamentary majority. This result invites expectations that a stable government will serve its course for a full term.

Yet while this ostensibly ends the ongoing political crisis, some of the damaging effects continue. Contrary to what might have been expected, the five elections did not revolve around critical issues to be decided, from political and military affairs to economic and societal issues. The prominent focus was on the role and status of the judicial system, which has been defined among the two rival camps as an essential reflection of their respective political identity. The messages of the conflicting parties and their modes of dissemination have deepened the schism between the rival groups in society.

This situation has magnified the dispute regarding the nature of Israeli democracy and the necessary balance between the three branches of government – executive, legislative, and judicial – and concern has arisen that this vital balance will be upset. This is also the case regarding necessary reforms in the judiciary as well as the law enforcement system, which could lead to the undermining of the independence of the legal advisors in the government ministries and

other gatekeepers, thus impacting the rule of law in the country in general. This concern is intensified by declarations of intent by some of the senior members of the new coalition, in part against the backdrop of increased feelings of a lack of personal security among the public, which many sense (36.3 percent, according to the INSS poll) as the most serious internal threat, alongside the cost of living and housing.

Moreover, the participation of an Arab party in the coalition following the elections to the 24th Knesset, for the first time in the country's history, did not lead to an atmosphere of change and reconciliation. On the contrary – the hostility between Jews and Arabs again stood at the center of the most recent election campaign, like other issues that bespeak identity, cultural, or political divisions.

These developments have a negative impact on Israeli democracy. Many citizens are alienated from the political system, which they feel does not represent them, as it does not seem to deal with fundamental civilian problems as they see them. As a result, public confidence in the state's institutions, which is a prerequisite for effective operation of essential government bodies, continues to diminish. The concern for Israeli democracy grows further with the erosion of the global liberal order and the rise of ultra-nationalism in Western countries.

The possible harm to the foundations of the democratic regime could lead to a worsening of internal relations in Israel, including in the context of Arab-Jewish domestic relations. This in turn might project outward on relations with the Palestinians and foreign relations in general, and with the US in particular.

Public confidence in the state's institutions continues to diminish. The concern for Israeli democracy grows further with the erosion of the global liberal order and the rise of ultra-nationalism in Western countries.

Civilian Preparedness for Emergencies and Disruptions to Public Order

The State of Israel is inadequately prepared for natural and man-made threats. In the military sphere, especially in a possible conflict with Hezbollah and to a lesser extent with Hamas, where the civilian home front – population centers and critical infrastructure – is expected to sustain unprecedented heavy and prolonged assaults, possibly for many weeks, due to attacks with different high trajectory weapons, some of them precise and heavy. While the



The civilian home front is expected to sustain unprecedented heavy and prolonged assaults. Children running to a shelter in Ashkelon during Operation Breaking Dawn, August 2022

Photo: REUTERS/Amir Cohen

It is necessary to internalize the fact that most of the Arab population and its national and local leadership are interested in cooperating with the state and integrating within it.

early warning capacity has improved in recent years, the air defense system will have difficulty coping with a severe prolonged threat; in addition, civilian sheltering and protection is insufficient, hence the number of casualties could be high, and serious disruptions to daily routine and to the economy are expected. Such circumstances will pose a challenge to national resilience.

Accordingly, much is needed to improve preparedness, both in the “hard” realms of defense and protection, and in the “soft” domains of civilian resilience and endurance under fire. A successful model has been built and tested over the years in the Gaza envelope communities, but it is almost completely absent in the other regions that are expected to be affected.

The level of civilian preparedness is much lower when it comes to natural disasters scenarios, especially severe earthquakes. Recent progress has been noted for short-term advance warning, with the operational completion of the *truah* system. However, the heavy damage expected would create a catastrophe of historic proportions; recovery from this crisis would be lengthy and have far-reaching consequences for national security.

In addition, readiness for contending with widespread riots on the part of extreme radical elements, especially those of an ultra-nationalist nature in the Arab and Jewish communities, is far from sufficient. The Israel Police is neither strong enough nor sufficiently prepared to reasonably cope with its broad range of essential tasks in regular times. A broad paradigm shift is needed in the police force and other law enforcement agencies, for them to be ready for their routine missions and for coping with crises.

Arabs and Jews in Israel

The problematic relations between the Jewish majority and the Arab minority constitute the most acute internal challenge that requires urgent, in-depth systemic treatment. The riots in Israeli cities in May 2021 (during Operation Guardian of the Walls against Hamas in the Gaza Strip) illustrated the severity and centrality of this challenge and created a new and threatening conceptual reference framework. Israel Security Agency (ISA) head Ronen Bar said (September 11, 2022):

A recurrence of the events of Guardian of the Walls could cause irreparable damage...the Arab community is in a process of integration. Most Israeli Arabs are normative citizens who enrich the country, provide it with more diversity, and prefer integration...[However] the sector suffers from criminal organizations and the Bedouins also suffer...from additional problems. Here too, social media intensify the [social] challenge, which, against the backdrop of the incitement, quickly becomes a security challenge. We must assume that the possibility of a violent outbreak in the Arab and mixed cities exists. The more the [religious] incitement surrounding al-Aqsa increases, the greater this likelihood will be.

For the most part, the Arab community remains interested in integrating in Israeli society in the framework of shared and equal citizenship. At the same time, the sense of disappointment and frustration with the outcome of the historic attempt to include an Arab party in the governing coalition is increasing. The hope that the legitimacy and value of the Arab vote would be recognized, which in turn would accelerate the process of integration and creation of a shared society, faded with the rise of anti-Arab trends in Jewish society. This occurred against the backdrop of the United Arab List's entry into the government and the assertions that this posed a threat to the country's Jewish character. Consequently, the results of the elections to the 25th Knesset indicated contradictory trends among Arabs, between integration and separation, but in any case, affected the positive trend of political integration.

The slow implementation of the five-year plans for the development and advancement of the Arab community, including the latest, well-funded plan (No. 550 from October 2021); the fear of their continuation under the new government, which includes considerable representation of extreme right wing parties, alongside the lack of



The Arab community remains interested in integrating in Israeli society in the framework of shared and equal citizenship. Voting in the Israeli elections in Kafr Manda, in northern Israel

Photo: REUTERS/Ammar Awad

representation of Arab parties; the difficulties in curbing crime and violence within the Arab community; the resonant narrative of the “failure of the experiment” of partnership with Arab party in the coalition; and the internal division within Arab politics, which harms the representation of the Arab community in the Knesset, all cultivate a severe crisis of expectations and a lack of Arab trust in the state. This could encourage extreme and even separatist trends and prevent the critical needed development of a functioning multi-sectoral Israeli society with a shared civic identity.

Israel is at a decisive juncture regarding this sensitive issue. The current circumstances could strengthen severe negative trends in the Arab community’s relations with the state and with the Jewish community. Extremist elements in both communities could translate their mutual hostility into violent ultra-nationalist rhetoric, grounded in hate, bullying, and racism. This could quickly deteriorate to the point of large-scale friction and confrontations, especially against the backdrop of violent incidents in the West Bank, East Jerusalem, and the holy sites. This can evolve particularly if the police do not manage to deter, warn of, and suppress agitation quickly and effectively.

Such developments portend ominously for Israeli society. They could harm the advancement and integration of Arabs in the life of Israel’s society, economy, and politics, based on full and equal citizenship. This is an interest of the utmost national importance to Israel’s societal, economic, governmental, and moral resilience.

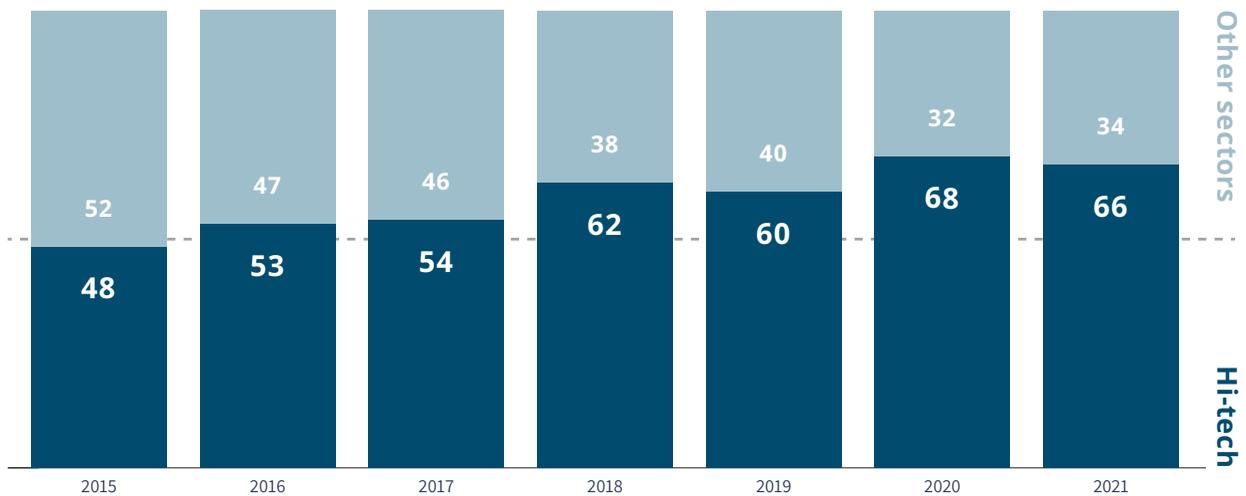
Therefore, it is necessary to internalize the fact that most of the Arab population and its national and local leadership are interested in cooperating with the state and integrating within it, in order to bring about the advancement of the Arab community, stop the wave of violence and crime within it, and hasten its growth. The government should strengthen this important positive trend. Thus, a clear policy should be adopted to promote the inclusion and equal social and political mobility of Israel’s Arab citizens in all areas of life. This policy requires determined optimization, acceleration, and advancement of the implementation of the various five-year plans, primarily the plans to reduce violence and crime, with maximum cooperation with the leadership and representatives of Arab civil society.

The Economic Situation

Over the past year, the Israeli economy has shown impressive macroeconomic strength, given the shocks suffered by the global economy. The Israeli economy continued the positive trend that accompanied the fast recovery from the COVID-19 crisis. The state's tax revenue is expected to be 10 percent higher than early forecasts, at NIS 456 billion; exports are expected to grow by 15 percent to \$165 billion, led by the hi-tech industry – the engine responsible for half of exports; and the debt-to-GDP is forecasted to shrink to 65 percent by the end of the year.

Proportion of Export of Hi-Tech Services out of Export of All Services

(in percent)



Source: Analysis of Israel Export Institute data, December 2021

The economy has likewise demonstrated stamina and stability in relation to the global economy, which is affected, inter alia, by the Russia-Ukraine war, supply chain problems, and inflation's return to center stage after a 35-year absence. These also affect the Israeli economy, but at a lower intensity than other developed countries. The upheaval in the world's markets has forced the Bank of Israel to gradually raise the interest rate from near zero to 3.75 percent. Nonetheless, the annual inflation forecast, which stands at about 4.5 percent, is significantly lower than that recorded in the OECD countries. This is due to moderating factors, including the reliance on local natural gas, which neutralizes the impact of the war in Ukraine, and the strength of the shekel, which lowers import costs. Israel's economy has earned praise from international economic organizations and the year is expected to end with an impressive growth rate of 5.5 percent.

Looking toward 2023: The bleak forecasts for the global economy are also expected to affect Israel, though probably to a lesser extent than other developed countries, as presented in the Bank of Israel's macroeconomic forecasts. The GDP is expected to grow by 3 percent, while the unemployment rate is expected to rise to 3.5 percent, which means that the economy is expected to remain at full employment.

However, the volume of exports is expected to decline, given the forecast of a recession in Israel's main trade destinations in Western Europe. In addition, the global slowdown is expected to affect foreign direct investment in Israel, and hence lower tax revenue. It is also possible that the political instability in the past few years in Israel, and domestic political developments, will have a negative impact on economic metrics in the coming year. A stable government that passes a state budget in spring 2023 and manages to make appropriate decisions to increase growth and economic resilience is needed to keep the economy on high grounds.

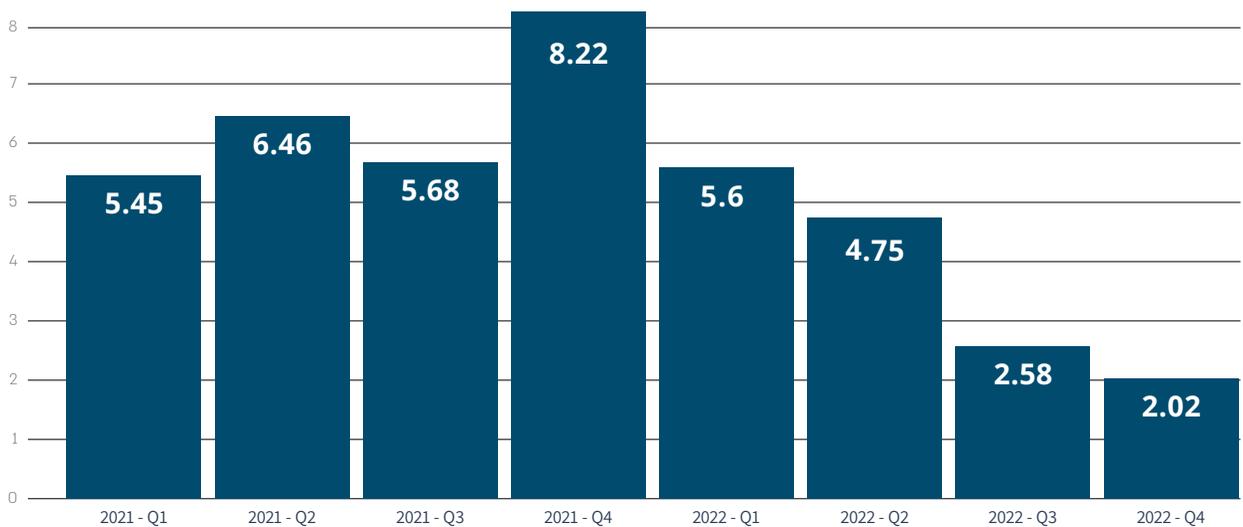
Against this backdrop, the unequal contribution of various groups to economic growth in Israel is an expected internal challenge. In recent years, while the Israeli economy has demonstrated impressive performance, not all sectors are

partners in the success and many of Israel's citizens have been left behind. This was evident during the COVID-19 crisis and following the steep rise in the cost of living in general, and the cost of housing and rent in particular. The Israeli economy is strongly based on the dominant hi-tech industry, which also helps associated industries. This, however, does not help populations that earn minimum wage, or those that are not part of the labor market and are not counted in unemployment figures. Therefore, as an overarching objective, the government should initiate a national project to integrate all populations in the economy, through programs to impart skills needed by the marketplace.

The external economic challenges could lead to an economic slowdown in the upcoming year and further harm to the weaker sectors of society. Nevertheless, the slowdown among Israel's main trading partners does not necessarily herald a significant slowdown in exports. There are countries, including partners to the Abraham Accords, who have profited from the rise in energy prices, and they could serve as a solid alternative for Israeli exports.

Capital Raised in Hi-Tech, by Quarter

(in billions of dollars)



Source: IVC hi-tech report and LeumiTech

Systemic Recommendations

- Establishment of a stable government that will enhance national security by strengthening elements of societal resilience and ensuring meaningful substantive democracy, while ensuring the independence and standing of the judicial system and the organs responsible for law enforcement and public order.
- Determined action to reduce mutual suspicion and hostility between the Arab minority and the Jewish majority, mainly by advancing deep processes to integrate the Arab population within the fabric of Israeli society. The five-year plans should be implemented as a moderating element vis-à-vis the Arab population, and a concerted effort made to effectively address the crime and violence in the Arab community.
- Strengthening of the law enforcement agencies, and in particular the Israel Police, qualitatively and quantitatively, in a multi-year process, so that it can successfully cope with its broad range of missions.
- Continuation of the government's ministries' functional capacities, especially the more sensitive ones, such as the Ministry of Defense and the Ministry of Education. In addition, a new governmental mechanism should be established, alongside the National Security Council, that would be responsible for overseeing, planning, and implementing integrative programs designed to enhance multi-dimensional processes for the internal arena. High priorities of this mechanism should be to narrow the socio-economic gaps in Israeli society and to promote necessary preparedness for coping with manmade disruptions and natural disasters.

Military Power: Overhauling the IDF and Adjusting Its Mission

Ofer Shelah, Tamir Hayman, and Liran Antebi



Current Situation

Gaps between service branches • HR challenges in compulsory, standing, and reserve service • Inadequate response for a multi-arena scenario

Current Israeli Strategy

Military buildup based on options and precedents
• No decisions on fundamental questions, particularly regarding ground forces

Israeli Strategic Gap

Ground forces lag technologically and conceptually behind the air force and Intelligence • HR model ignores changes in the threat and in society • Doubts regarding required achievement in a multi-arena scenario

Alternatives to Existing Security Policy

Defense in cooperation with others – defense pact with the US, NATO, or countries in the region. This is only theoretical – not politically feasible and contradicting existing defense doctrine • Significantly expanding the security budget and linking it to GDP. This would harm economic and social growth in Israel • Adapting military buildup to a multi-arena scenario, within current spending limitations • Updating model of the "people's army"

Recommended Strategy

Define the achievement required in a multi-arena conflict, and the role of each security body • Update the operational doctrine • Budgetary changes within limitations of current security spending • Draft action plans and military buildup accordingly

Recommended Action

"Critical mass" military buildup, including "soft" efforts • Ground forces buildup in offensive formations, defensive formations, home front forces, and special forces • Strengthen stand-in forces in the air, interception systems, and remote fire • Develop the space realm • Update General Staff structure and strengthen regional commands • Change HR structure according to the multidimensional service model • Approve a multiyear budget and multiyear plan • Prepare for Iranian and regional nuclearization

Israel's security bodies, above all the IDF, are large and complex. By nature of their respective structures and functions – the continuous task of defending the country and constituting an insurance policy for cases that cannot necessarily be foreseen – their development has been evolutionary, while minimizing risks and avoiding upheaval with unknown effects. However, a number of seminal developments mandate a thorough assessment of these essential organizations, in the realization that changes must be made, albeit in a careful and responsible manner. As early as 2015, then-IDF Chief of Staff Lt. Gen. Gadi Eisenkot stated that the IDF had “to make a substantial change for the purpose of adapting itself to future challenges and the nature of modern wars and conflicts, and to make more effective use of its resources” (“Gideon: Why and How,” *Maarachot*, 471). This directive is even more urgent following four years without an approved multiyear plan and budget.

The Changes that Mandate Adjustment

- A change in the nature of the threat and the challenge: The IDF was built with enormous investment for scenarios of a massive conflict on Israel's borders. This threat has not been eliminated, and the possibility of rapid changes in this unstable region must not be ignored. Now, however, it is necessary to prepare for a complex conflict on multiple fronts that will require simultaneous operations in distant theaters, along Israel's borders, and within the country itself – attacks on the home front and internal clashes, as occurred during Operation Guardian of the Walls.
- Changes in war: Conquering and occupying territory are now regarded as a disadvantage, not a means of achieving victory; the enemy is hidden within the civilian population, which limits operations; a significant part of the conflict takes place in the cognitive realm, be it among Israelis, populations in areas marked by conflict, and the international community. The war in Ukraine illustrates these changes vividly.
- Technological changes: unmanned weapons in the air, on land, and at sea; the need for cyber defense and the ability to conduct offensive cyber operations; forceful and decentralized firepower; and the advantages of integrated networked operations – all these create new operational possibilities and require defense against new threats on the battlefield and the home front.



It is necessary to prepare for a complex conflict on multiple fronts.
Training for combat in urban areas

Photo: IDF Spokesperson's Unit (CC BY-NC 2.0)

- Changes in Israeli society: The sense of an existential threat that has waned, demographic growth in sectors that do not serve in the army, and unresolved political issues all affect the perception of the value of military service and the IDF's ability to recruit and retain excellent and necessary personnel, and to make full use of the resources needed to defend the country.
- There is an inherent tension between routine activity designed to handle threats such as terrorism and the enemy's force buildup efforts, and force buildup for a major campaign, especially for the IDF. This tension emerges fully only in such a campaign, and to the greatest extent in the ground forces, which constitute the bulk of the force.
- Most of the units in the operational force engaged in daily operations are employed in the West Bank; their missions are different in nature from their assignments in a full-scale war. In addition, significant emphasis is placed on the campaign between wars, which involves a very small proportion of the force in conditions of maximum intelligence and air power superiority.
- The operational concept dominant in campaigns and the relatively large rounds of conflict, which is mainly defensive standoff action involving mostly firepower while refraining as much as possible from the use of ground forces, prolongs the fighting. This concept is unsuitable for the multifront scenario for which the force is built.
- The emergence of Iran as a nuclear threshold state that requires only a decision and short timespan to attain nuclear capability requires preparation for a situation in which it, as well as other countries in the region, has such a capability.

There is an inherent tension between routine activity designed to handle threats such as terrorism and the enemy's force buildup efforts, and force buildup for a major campaign.

Alternatives to the Existing Security Policy

Over the years, a number of alternatives to the existing security policy – involving both underlying concepts and the force buildup needed to meet the challenges – have been proposed.

Countering the idea that Israel should defend itself solely on its own, proposals have arisen for defense alliances with the United States or NATO, or a regional alliance framework with existing or future partners in political agreements who are also under threat from Iran and terrorist groups. Joining defense alliances such as NATO or forming an alliance of this sort with the United States, however, is an unrealistic option, and thorough deliberations are required to consider its true value. Relying on a foreign power also clashes with the nature and tradition of Israel and the IDF, the power derived from the “people’s army” model, and the ability to respond fairly rapidly to possible changes in the region.

One demand has been to amplify security resources, including by setting defense spending at a fixed level of GDP that is much higher than the current percentage. This demand conflicts with the comprehensive view of Israel’s power as an economic and technological force and a country with social needs, all of which impact greatly on national resilience.

Because of the changes in the nature of war and the enemy and the evident reluctance to put IDF ground forces into operation, the possibility has been raised of reducing the maneuvering force to a minimum and relying on the use of standoff force. Building such a force, however, is liable to deny the IDF an important tool for attaining its goals and countering the enemy’s threats, and to impact negatively on preparedness for rapid and far-reaching changes in the region. It will also be difficult and expensive to reverse.

Nor is the idea of doing away with conscription practical, even if it has arisen in various opinion polls, given the political and social difficulties in making such a change, the evolving personnel needs, and the growth in the induction groups. The IDF’s qualitative edge is based on conscription, because in countries where the military is composed of volunteers, high quality sectors of society do not serve. Furthermore, in any reasonable outline of the threats to Israel, the desired size of the army is too large to be economically viable to maintain a volunteer army on such a scale.



The following proposed changes were therefore designed with the idea that conscription should not be abolished, a large first-rate maneuvering ground force should not be eliminated, partnership with a foreign country in defending Israel should not be relied on, and no major change should be made in the existing resources framework along the lines of the measures taken following the Yom Kippur War.

How to Devise Necessary Changes

Reference scenario – a multifront conflict in all theaters: In this scenario, Israel will have to operate simultaneously in distant theaters against Iran, which will bombard Israeli territory from other fronts beside its own territory; confront Hezbollah’s enormous stockpile of missiles and rockets; and incur a threat of bombardment from the Gaza Strip, while at the same time facing large-scale disturbances in the West Bank and riots within Israel itself.

The necessary achievement must include timetables, recognizing the essential need to limit the campaign’s duration, while ranking the threats and the order in which they will be handled. Shortening the campaign, which is described in IDF strategy as a “permanent imperative” for the army (*IDF Strategy Document*, 2018, p. 21), is essential in a scenario in which Israel’s home front is subjected to unprecedented bombardment from all ranges. Clear decisions should be made about the order of the victories to be achieved on each front, the army’s ability to achieve a clear victory in each theater, what must be carried out simultaneously, and what must be accomplished in successive steps.

Cyber efforts, covert operations, and legal and cognitive warfare should be integrated to achieve success. Whenever feasible, these modes of operation should replace overt military operations in order to focus on force buildup for real goals and optimize the use of all resources to the greatest possible extent.

Critical “quality mass”: In force buildup, emphasis should be placed on a critical mass of quality that can be activated under real conditions, at the expense of a “broad” quantity that remains untapped. In all theaters, the IDF has intelligence, air, and firepower capabilities far in excess of those possessed by the enemy. Israel has also developed pioneering active and passive defense systems for AFVs, air defense systems for forces and airborne jamming of the enemy’s weapon systems, and advanced unmanned systems in the air and on land. Given the expense of these systems, it is impractical and unnecessary to allocate them to all IDF forces.

Ground Forces

The ground forces should be built according to the concept of differentials:

- An operating corps deep in enemy territory and special operations, with integration of all dimensions (air, sea, land, and cyber) and credible plans for operational measures that are important for victory.
- Offensive formations: A critical mass will be created capable of operating securely and effectively in enemy territory, reaching every location necessary, and achieving a clear victory in any conflict. In building these formations, the force should be decentralized and given maximum independence, because in a multifront conflict, battalions and brigades will have to operate under conditions of partial intelligence and “traffic jams” in the command and General Staff firepower centers. The offensive formations will utilize General Staff intelligence and firepower capabilities but will not be dependent on them for operations. They must be capable of operating independently in the territory assigned to them, while using a “ground-controlled air fleet” of aircraft (primarily unmanned) and firepower capabilities under its own control. This principle will uphold the independent command and initiation concept that constitutes the spirit of the IDF. Preparations should also be made for the use of firepower and unmanned capabilities by the enemy.
- Defensive formations will protect Israel’s borders and border communities, and will operate in areas close to the border in order to improve the tactical position, while utilizing capabilities prepared in advance and made available to them. These formations will include forces that will act to prevent attacks against Israelis and maintain freedom of action in the West Bank in the event of a large-scale conflict.
- Home front forces include policing and anti-terrorism forces in the West Bank and within the Green Line, the Home Front Command, Israel Police, and the Israel National Fire and Rescue Authority. These forces will defend the lives of Israelis, limit damage to the home front as much as possible, treat the injured, and preserve order. These agencies should be reinforced, while additional personnel and money should be allocated for strengthening the Border Police, Israel Police, and other bodies.

Air Force, Space, Firepower, and Cyberwarfare Capabilities

- The air force should focus on force buildup for defense of the nation’s skies, attacks on enemy strategic and systems targets, and jointness in the ground battle in places where “heavy” air weapons are needed for firepower, transportation, logistics, and evacuation. The air force should build “stand-in” capabilities that will enable it to attain air supremacy and utilize its capabilities in any location.
- At the same time, operations in outer space, where Israel enjoys a large advantage over its enemies, should be developed and strengthened. Cooperation agreements can be reached with external parties in this area.
- Development of interception systems should be continued, including deployment of laser-based systems and their conversion into operational. At the same time, the Israeli public must be made aware that in the event of a high-intensity campaign on the northern front, the active defense system will not be able to provide a complete solution for missiles and rockets launched against Israel, and that efforts should therefore be directed to home front protection and public behavior. Readiness indices for force buildup in defense against high trajectory weapons (inventories versus a reference scenario) should be devised.
- The IDF’s missile capability and remote precision firepower should be improved, with tasks allocated and divided between firepower of this sort and airborne firepower.
- The cyber defense system for security computer infrastructure should be stepped up, and defense of critical infrastructure and civilian companies, which if damaged could impact negatively on the Israeli economy, should be supported. At the same time, the operational doctrine for the offensive cyber effort should be formalized, and a suitable force should be assembled at both the General Staff level and for supporting operations at the command and divisional level.

The General Staff and the Operations Level

In view of the necessary changes, the General Staff structure, size, and command and control structure, and the link in wartime between the area commands and branches should be examined. The approach should emphasize decentralization, independence, and room for initiative at the operations level, as well the efficient use of the force in a scenario in which the IDF fights simultaneously on remote fronts that differ in nature.

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Personnel

The IDF personnel model should be thoroughly overhauled, from recruitment to retirement and in all arrays: compulsory military service, the standing army, and the reserves. The principles of this necessary change resemble those described here for other aspects of force buildup: differentiation, efficiency, and adaptation to the needs and spirit of the time, while maintaining conscription and the model of the “people’s army.”

Budget, Legislation, and Oversight

- A multi-year budget for the IDF should be approved. The defense spending framework should not be substantially changed, but its priorities should be altered – both between the various security bodies and within each of them.
- Preparations should be completed for the budget change that will begin in 2025, when “conversions” of United States aid money are to be gradually eliminated, which will increase the burden on the shekel security budget by many billions.
- The legislative processes pertaining to IDF recruitment, establishment of a civilian-security service, and the necessary changes in the personnel sphere should be completed.
- Government oversight of the intelligence agencies by a special minister in the Prime Minister’s Office should be formalized. The prime minister, who is responsible for approving the use of military and clandestine force, currently conducts this oversight himself, but he is unable to closely supervise organizational and budgetary changes in these agencies.

Preparations for Possible Iranian and Regional Nuclearization

Under the auspices of the Prime Minister’s Office and the Ministry of Defense, preparations should be made for a scenario in which nuclear capability is acquired by Iran and other countries in the Middle East, while examining the policy options, a recommended operational concept, and the implications for force buildup. Such a situation is liable to require not only physical preparations involving a large investment in defense, but also to challenge fundamental assumptions about the behavior of Israel’s various enemies in a conflict, the stability of regimes in the region, and the very existence of deterrence in a nuclear era, which differs substantively from conventional deterrence.

The UAV Threat

Liran Antebi



In the past year the military threat to Israel saw little change, and significantly, the Iron Dome system proved its effectiveness once again. During Operation Breaking Dawn (August 2022), more than 1,000 rockets were launched toward Israel over the course of two days and intercepted by Iron Dome with a success rate of 96 percent. However, this is not a definitive scenario regarding future challenges.

The war in Ukraine is an example of the future battlefield that Israel might experience, for example, in a war in the northern arena. In Ukraine, unmanned vehicles are used extensively, including many with a low level of precision, and have caused much collateral damage and harm to civilians. Some of the attacks on the Ukrainian home front were launched with kamikaze drones such as the Shahed 136, which are supplied to Russia by Iran. Iranian experts help Russia operate them, and Iran has also supplied knowledge and components that enable independent production, and apparently in return receives monetary payment as well as advanced Russian cyber capabilities.

In the past decade, drones, including various kinds of attack drones, which were exclusive weapons in the hands of a few countries, have become familiar weapons even in failed and rogue states and non-state organizations. More

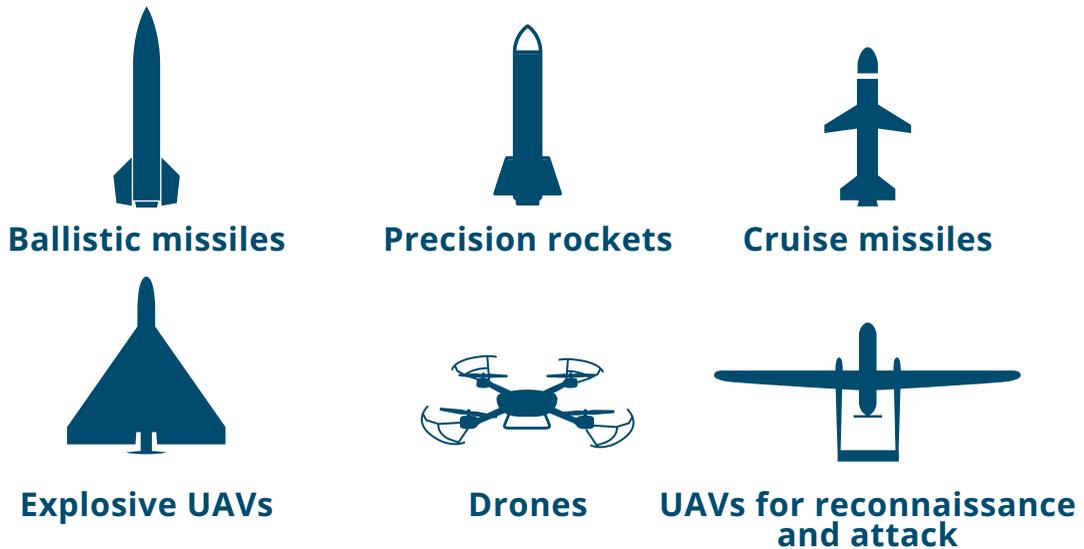
specifically, however, the events in Ukraine and violent conflict arenas in the Middle East showcase both the impact of different technologies – some of them cheap, off-the-shelf technologies that are available and simple to operate – and the nature of warfare itself. These technologies enable fast preparedness, knowledge transfer, and even the transfer of experts or operators to aid in the fighting. Iran is among the leaders in the export of such activities, which are called WAAS (warfighting as a service). The combination of off-the-shelf technologies and the overall expansion of the aerial threat to Israel could have strategic impact, given the interception capabilities that Israel has today, along with gaps in its home front defense capabilities.

Israel's technological capabilities, and chiefly its defense technologies, prove repeatedly to be a diplomatic tool in foreign relations, because Israeli innovation is attractive in the eyes of many countries.

In order to prepare for the changing aerial threat, including the drone threat, Israel must strengthen home front defense, expand defensive

measures, and adjust doctrines on the use of force and defense among IDF forces, while preparing to sustain damage and undertake recovery efforts for critical infrastructure and the civilian home front. Even though this is not a completely new threat but rather an intensification and evolution of a seemingly familiar threat, the change is significant. Israel should learn from the war between Russia and Ukraine, due to the possibility of a conflict with Iranian involvement or influence, and trends that could characterize every future battlefield. Learning lessons in this context is also important given the upcoming publication of the IDF's new multi-year plan with the entry of a new Chief of Staff, which will shape Israel's military buildup in the coming years and bear much import for the coming decades.

Iranian Influence on the Changing Aerial Threat to Israel



Additional characteristics of the threat



One of Israel's strengths is its defense industries. Russia's invasion of Ukraine prompted countries to consolidate independent defense capabilities and made 2022 one of the strongest years for Israeli defense exports. For example, Israel Aerospace Industries announced at the end of the third quarter of 2022 that it was the most profitable period in its history, with 12 percent growth in sales, to \$3.601 million, and a 29 percent increase in gross profits, compared to the corresponding period in 2021. Other defense industries also closed major deals with countries around the globe, in a manner that again emphasizes the importance of the military-technological field for Israel economically and in terms of international influence.

Israel's technological capabilities, and chiefly its defense technologies, prove repeatedly to be a diplomatic tool in foreign relations, because Israeli innovation is attractive in the eyes of many countries, including Morocco, the United Arab Emirates, and Bahrain. Technological collaboration, and not only the sale of weapons, enables the deepening of existing ties and the creation of new ties. In the upcoming year, with the ongoing campaign in Ukraine, the demand for Israeli military technologies could continue to intensify. Nevertheless, there are also potential risks, such as the risk of technology leakage and duplication or United States objections to certain deals. Consequently, Israel should continue to operate and advance Israeli technologies and exploit the opportunity to strengthen international ties through both civilian and defense exports, while paying attention to potential sensitivities in relations with the United States.

National Security Index: Public Opinion, 2022-2023

Ruth Pines Feldman



Photo: Shutterstock

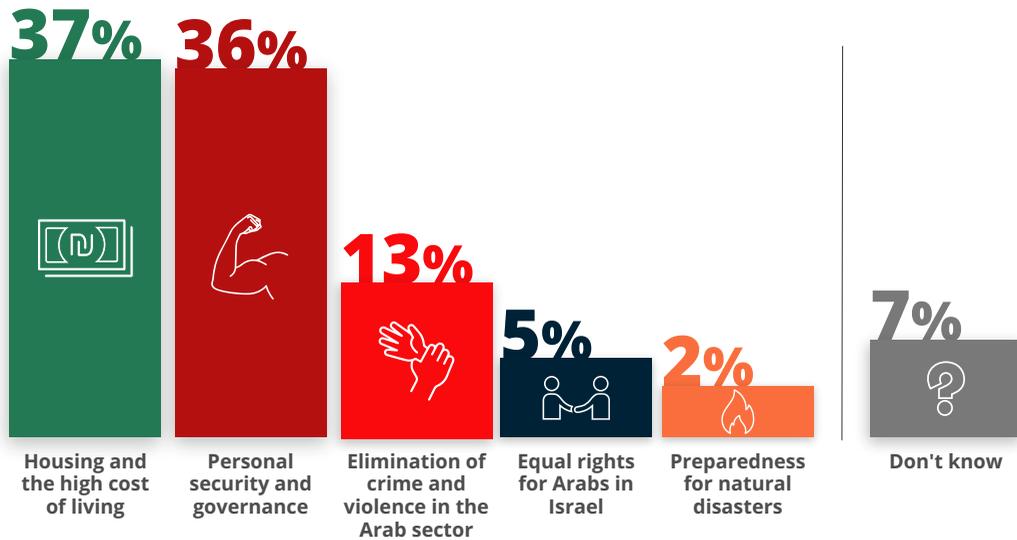
The National Security Index, compiled by the Institute for National Security Studies (INSS), regularly and systematically tracks trends and opinions of the Israeli public on national security issues.¹ Late 2022 saw Israel with the formation of a new government, a rise in security tension and in the number of terrorist attacks, and reports of increased Iranian nuclear activity. Significantly, the latest poll echoes a trend evident in recent years, namely, the public is more worried about internal social threats within Israel than external security threats to Israel (64 percent versus 26 percent).

One of the main issues on the agenda in the past year was governance and the personal security of Israel's citizens following incidents of violence on the roads, the rise in crime, and the sense of a lack of governance throughout the country. Moreover, for the first time, the public is slightly more concerned about criminal/civilian crime and violence than nationalist/security violence. Almost 60 percent of the public responded that there has recently been a decline in their sense of personal security, and they are worried about physical harm to themselves or their family members due to reckless driving on the roads (31 percent); another 14 percent were worried about they might be bystanders caught in a conflict between gangs or criminal organizations. In parallel, 30 percent expressed concern about harm to their security due to a terrorist attack, and another 14 percent expressed concern about harm due to violent riots between Arabs and Jews. The cost of living and personal security and governance were cited by 73 percent of the public as the domestic issues to be prioritized by the incoming government (37 percent and 36 percent, respectively) (Figure 1).

The index's findings show that this year too, the majority of the public believed that Israel's national security situation is reasonable, but there has been a distinct decline in this conviction over the past two years: the public gave Israel's security situation an average score of 5.6 out of 10 (compared to an average score of 6.2 the previous year), with the number of people who believed that Israel's security situation is "bad" rising significantly, by 10 percent (28 percent,

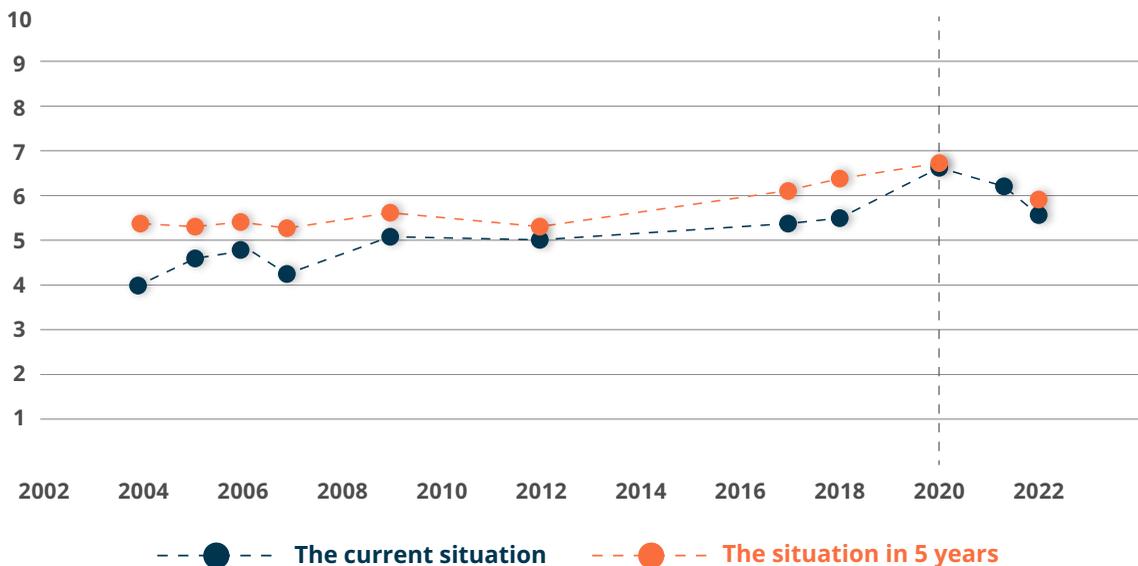
¹ The study is conducted by the INSS National Security and Public Opinion research program. The current survey was conducted in December 2022, comprising an internet questionnaire or telephone interviews among populations that do not have access to the internet. 1,208 respondents among the Jewish and the Arab populations were interviewed; this is a representative sample of the entire adult population in Israel age 18 and up. The maximum margin of error is ± 2.8 percent at a 95 percent confidence level. The field work was done by the Midgam Institute, headed by Mano Geva.

Figure 1: What internal issue is your leading priority for the new government?



versus 18 percent in 2021). In addition, less than a third of the public supported the claim that “Israel’s strategic situation has never been better” (31 percent compared to 36 percent in 2021 and 50 percent in 2020). Nevertheless, the public is quite optimistic with respect to the future and expects that Israel’s national security situation will improve in about five years (5.8 on average). While increasing confidence was identified in the public’s assessment of Israel’s national security situation during the years 2017-2020, peaking in 2020, possibly due to the Abraham Accords and the relatively quiet security situation that characterized those years, the past two years show a distinct decline trend in this assessment (Figure 2).² This trend should continue to be tracked.

Figure 2: How would you rank Israel's situation in terms of national security?



² Until 2020 the respondents were asked to rank “at what level on the [national security] scale do you think the country is at today, from 1 to 10.” Starting in 2020 the question was changed so that respondents were asked to rank Israel's national security situation today, on a scale of 1 to 10.

Figure 3: Percent of people with a high level of confidence in each of the following institutions

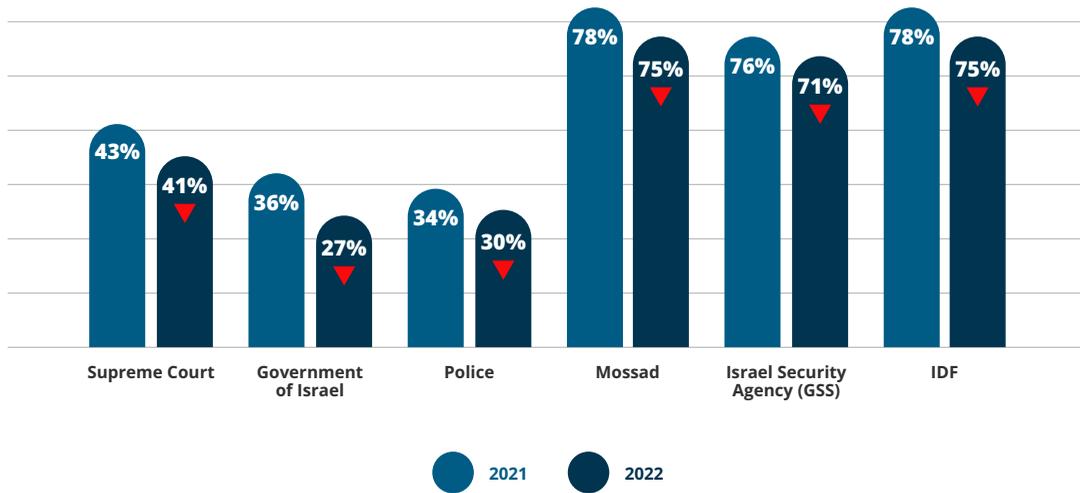
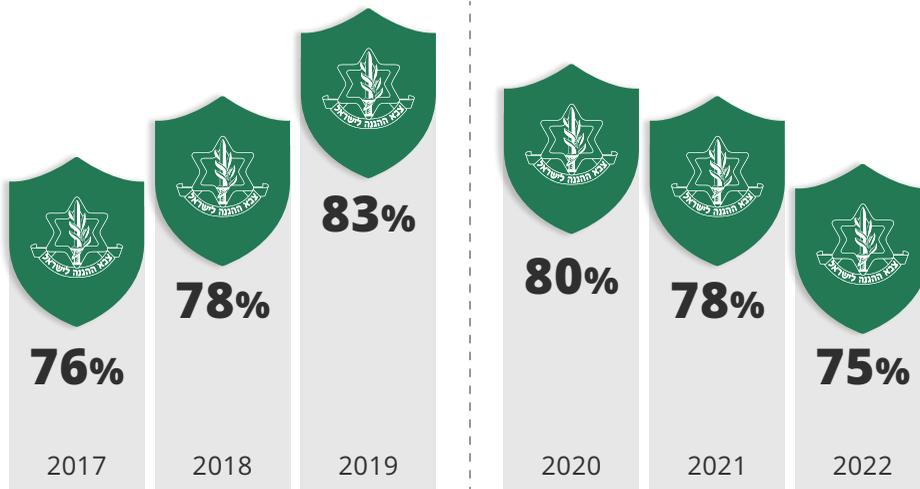


Figure 4: Percent of people with a high level of confidence in IDF, by year



Confidence in the country’s institutions: findings show that the public’s level of confidence (Jewish and Arab) in some of the country’s institutions, and especially in the government of Israel, the police, and the judicial system, continues to be low and has declined from 2021. The government received only a 27 percent confidence level compared to 36 percent last year; the Israel Police received a low level of confidence, with only 30 percent responding that they have a high level of confidence in the organization, and only 16 percent believed that the police can successfully cope with the crime in the Arab community. Furthermore, only 28 percent responded that the police contribute to the public’s security and to law and order in the country. The public’s confidence in the judicial system also eroded, as only 41 percent of the public responded that they have a high level of confidence in the system. The public’s level of confidence in the defense organizations – the IDF, the Mossad, and the Israel Security Agency (GSS) – was relatively high, but also with respect to these institutions, which over the years have received a high level of public confidence, there was a decline in the level of public confidence compared to last year (Figure 3). The past few years have likewise shown a consistent moderate decline in the high level of confidence in the IDF (Figure 4).³

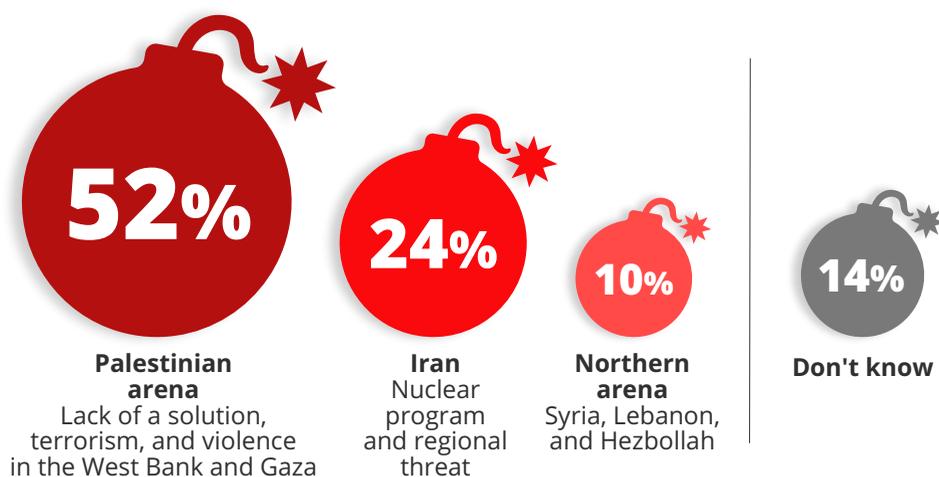
³ Until 2020 the study was based on public opinion surveys conducted among a representative sample of the adult population of Israel through face-to-face interviews in the homes of the interviewees. Starting in 2020 the study has been based on public opinion surveys comprising internet questionnaires or telephone interviews among populations that do not have access to the internet conducted among a representative sample of the adult population in Israel.

External (“Security”) Threats and Challenges

Over the years, the majority of the public has consistently felt that the State of Israel can successfully cope with external security threats, including: terrorist attacks (58 percent); security challenges related to a nuclear Iran (54 percent); a cyberattack on critical systems (68 percent); and a simultaneous escalation in the northern arena, West Bank, and Gaza (63 percent). This year saw an increase in this confidence with respect to some of the threats compared to last year. This sense of confidence in the country’s ability to cope with external security threats corresponds with the public’s perception of the IDF’s level of preparedness for successfully coping with these conflicts: 78 percent responded that the IDF is ready for war.

As for ranking the severity of the external threats at the end of 2022, the majority of the public – 52 percent – ranked the threat posed by the Israeli-Palestinian conflict as the most significant threat to the State of Israel today, considerably higher than the other threats. Ranked second was Iran: the nuclear program and the regional threat, with 24 percent, and the northern arena, which includes a trifold front with Syria, Lebanon, and Hezbollah, is in last place with only 10 percent; the rest responded “don’t know” (Figure 5). Findings can be attributed to the security situation and the many terrorist attacks that Israel experienced over the past few months throughout the country, compared to the relative quiet that existed on the other fronts. An examination of the National Security Index over the years shows that the public’s perception of threats is influenced by events and developments on the ground. The figures of 2022 reflect a similar situation to what was seen in 2015 during the wave of knife terrorism, and continue the mindset from last year, when the public ranked three threats together – “the Israeli-Palestinian conflict,” “terrorist activity against Israel’s citizens” and “ Hamas in Gaza” (total of 46 percent) – in first place.⁴

Figure 5: What is the most significant external security threat to the State of Israel today?

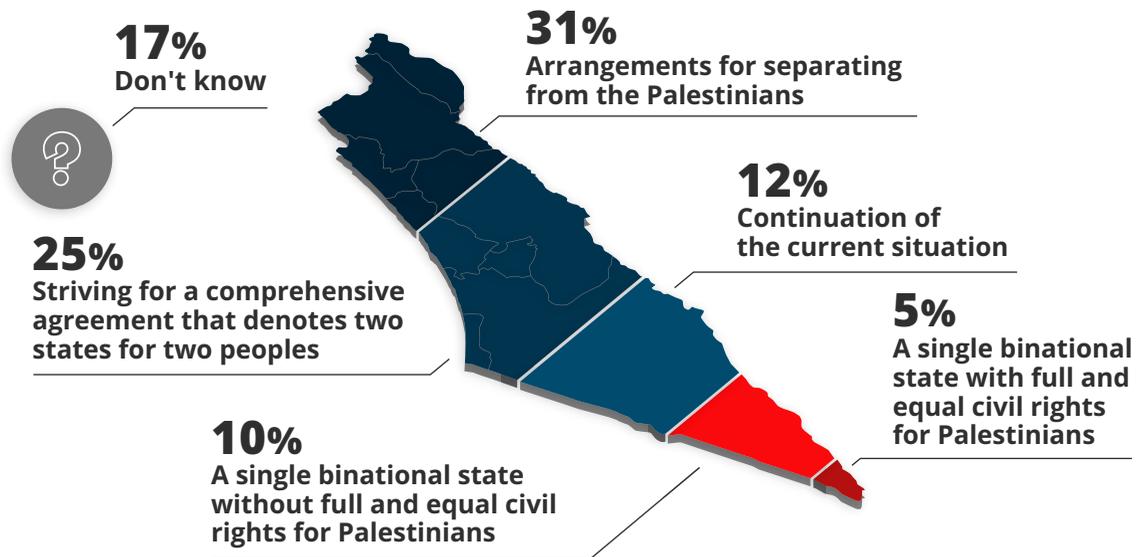


Regarding solutions to the Israeli-Palestinian conflict, in the past decade there has been a decline in support among the Jewish population for the two-state solution, from 70 percent 12 years ago to around 50 percent in late 2022. Of the overall Israeli public, 52 percent support the foundation of a Palestinian state: 40 percent support a format that restricts the characteristics of the Palestinian state: demilitarized, an undivided Jerusalem, and without “the right of return” for the Palestinians; and another 12 percent support the establishment of a Palestinian state in any situation. The majority of the public support measures to separate from the Palestinians (62 percent).

⁴ In the survey conducted in November 2021, the question was worded differently. Respondents were asked to choose the most serious external security threat to the State of Israel today, out of the following options: a nuclear Iran (23 percent); the Israeli-Palestinian conflict (21 percent); terrorist activity against Israel’s citizens in Israel and abroad (15 percent); the northern arena (Lebanon, Syria, Iraq, Iran) (13 percent); Hamas in Gaza (10 percent); political isolation and/or attempts to delegitimize Israel (7 percent). 11 percent responded “don’t know.”

When the public was given the possibility of choosing between several different options, the preferred option was separation and striving for a comprehensive arrangement, meaning two states for two peoples: 56 percent supported this (arrangements for separating from the Palestinians – 31 percent, striving for a comprehensive arrangement, meaning two states for two peoples – 25 percent). In addition, 12 percent of respondents supported the continuation of the existing situation; 10 percent supported a binational state without giving full and equal rights to Palestinians; 5 percent supported the option of a single binational state with full and equal rights for Palestinians; and the rest responded that they don't know (Figure 6).

Figure 6: What is the best option for Israel regarding the Israeli-Palestinian conflict in the near future?



Regarding Israel's policy on the Temple Mount, more than half of the public is in favor of Jews visiting the Temple Mount freely (55 percent of the Israeli public: 61 percent among Jews, 22 percent among Arabs), out of whom 16 percent of Israelis believe that Jews should also be allowed to pray on the Mount. A fifth of the public opposes Jews visiting the Temple Mount and 24 percent "don't know."

A significant portion of the public supported taking military action against the various security threats, even at the price of war. There was significant support for military activity against Iran and its proxies, even at the price of risking an escalation toward war. With respect to Hezbollah's acquisition of precision missiles, a third of the public expressed support for the possibility of military action (34 percent), apparently perceiving it as a serious threat that should be dealt with even at the price of war; 28 percent preferred to strengthen Israel's defensive capabilities through acquisition of additional air defense systems, and about a fifth of the public supported striving to reach an arrangement with the government of Lebanon with international mediation to stop the production of the missiles (18 percent) (Figure 7). Furthermore, 46 percent of Israelis supported taking military action against Iran if it becomes clear that Iran has decided to cross the threshold and to produce a nuclear weapon. Similar to 2021, this year a fifth of the public supported such an action even without coordination with the United States (25 percent supported action in coordination with the United States, 21 percent supported action even without coordination). This year continued to see a moderate decline in public support for placing pressure on the United States to achieve an improved agreement with Iran, against the backdrop of the continued talks between the sides that reached a dead end (15 percent). There was also a low level of support for the possibility of working to bring about regime change in Iran (8 percent). Only a negligible minority believed that Israel should open a diplomatic channel with Iran (Figure 8).

Figure 7: How should Israel respond to Hezbollah's buildup with precision missiles?

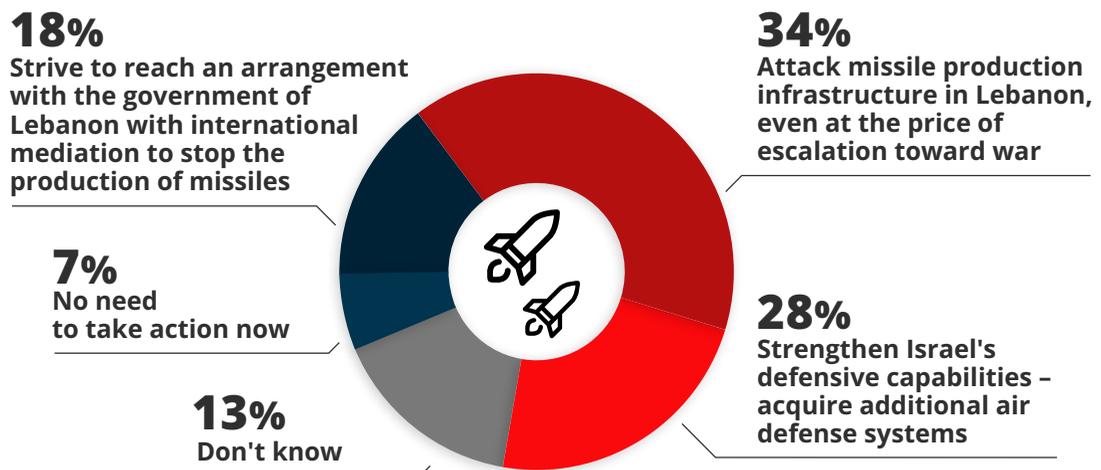
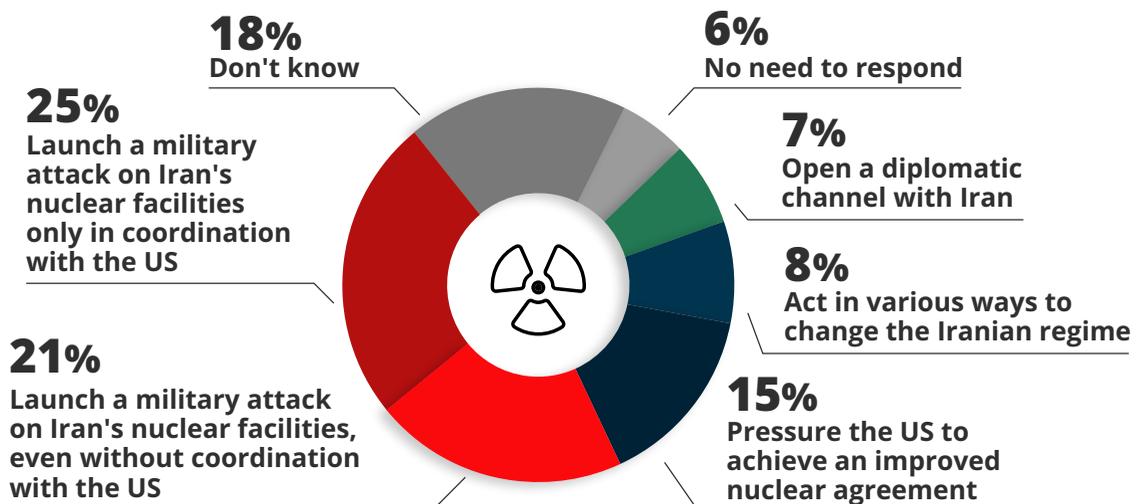


Figure 8: How should Israel respond if it becomes clear that Iran has nuclear weapons?



Israeli Involvement in Foreign and Defense Issues

Against the backdrop of the war in Ukraine and given the tension between the United States and Russia, the majority of the Israeli public support a relatively cautious approach that advocates non-intervention in the war (65 percent). A large majority of the public reject Israeli involvement in favor of Ukraine, such that could lead to a significant deterioration in Israel-Russia relations; only about one fifth of the public (19 percent) support adopting a clear political stance in favor of Ukraine. Of this latter group, the decisive majority support provision of civilian-humanitarian aid: 74 percent support provision of civilian aid, and 63 percent support provision of defensive weapons to Ukraine – even at the potential cost of damage to relations with Russia. Only 27 percent support providing offensive weapon systems; less than 2 percent expressed opposition to providing any aid at all (on this question, respondents were able to choose more than one option).

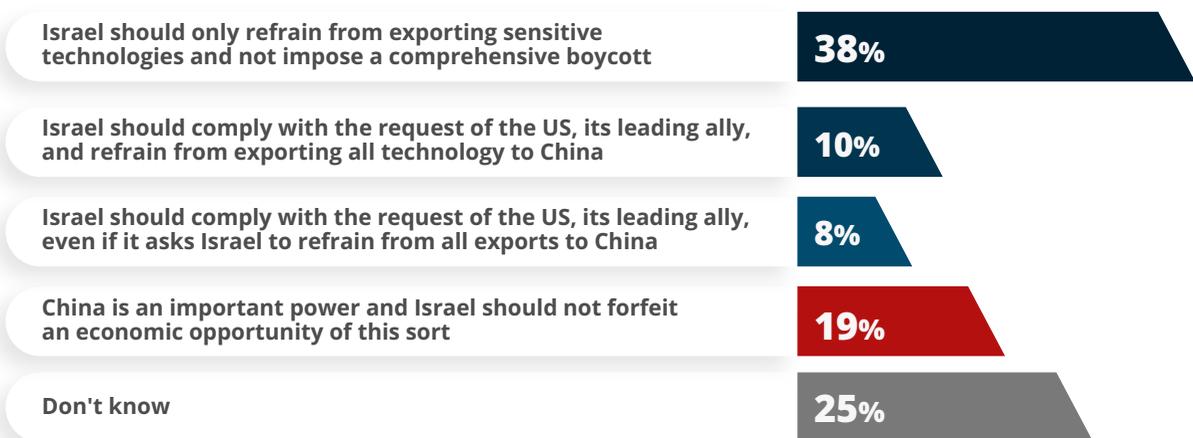
As for the increasing tension between the United States and China, more than half of the public (56 percent) believed that Israel should refrain, one way or another, from exporting technology to China, if the United States requests this of Israel. This figure corresponds with the finding that 71 percent of the public believe that in setting its policy Israel should take into account the needs and interests of the United States, in order to maintain the special relations, and the finding that less than half of the public (43 percent) believe that Israel can successfully cope with a reduction of United States support for Israel.

The Internal Social Challenges

In contrast with the public's high level of confidence in the country's ability to successfully cope with external threats, there was a low level of confidence and a decline compared to previous years regarding its ability to cope with internal threats. Only 32 percent of the public believed that the State of Israel can cope with corruption in the government establishment, in contrast with 40 percent last year. Only 36 percent believed that Israel can cope with the challenge of polarization between various sectors of society.

In addition, 61 percent of the public felt that there has been a weakening of the sense of solidarity in Israeli society during the past year. Nevertheless, an important figure from the current study, which should continue to be tracked, relates to the sense of belonging among Israel's Arab citizens: 63 percent responded that the more important component of their identity is the Israeli component, more than the Palestinian (37 percent responded the Palestinian component), and the majority want to integrate within the society and State of Israel in one way or another: only 23 percent want to integrate as citizens with equal rights in the country, without any conditions, 20 percent see themselves as part of the Palestinian people but prefer to integrate in Israeli society, and another 20 percent want to integrate in Israeli society but are interested in changing the identity of the State of Israel to a state of all its citizens. Meanwhile, 6 percent are not at all interested in integrating in the State of Israel; about a third of the respondents (31 percent) responded "don't know" (Figure 9). The Jewish population mainly sees Israel's Arab citizens as people they should respect but also suspect (46 percent). A quarter of the Jewish population see Israel's Arab citizens as citizens with equal rights (25 percent); more than a fifth identify them as potential enemies (22 percent); only a negligible minority do not see them as citizens with equal rights (7 percent). From an optimistic perspective, 74 percent of Israelis (Jewish and Arab) believe that the State of Israel should invest in its Arab citizens to one extent or another, in order to bridge the gaps between the sectors.

Figure 9: What should Israel do if the US asks it to refrain from exporting technology to China?



The Jewish and democratic character of the state continues to be a guiding light for Israel’s citizens. In the past few years, there has been increased support for the value “democratic state” as the most important Israeli value, and it reached a peak this year with 46 percent support (compared to 37 percent last year). This shows the expanded understanding among the general public regarding the level of importance of “democratic state” in its various contexts. Similar to last year, 35 percent placed the value “state with a Jewish majority” as the most important to them, and far behind them were the values “peace with our neighbors” (10 percent) and “the greater Land of Israel” (9 percent) (Figure 10). Among the Jewish population, the value “a state with a Jewish majority” continues to be the most important value for them (42 percent). Despite the sense of decline of social solidarity that was recorded in the index, the public believes that “all of Israel is responsible for one another” (61 percent) and continues to believe this year too that regarding the threats and challenges facing Israel, “we can only rely on ourselves” (80 percent).

Figure 10: What is the most important value to you?



In conclusion, the figures from the National Security Index for 2022-2023 indicate that the Israeli public is troubled by internal challenges more than external challenges, and has less confidence that the state can successfully deal with these challenges. In terms of the security threats, the Palestinian arena is the one the public identifies as most threatening to its security, and the majority support separation from the Palestinians and establishing a demilitarized Palestinian state, without dividing Jerusalem and without the right of return. The public sees the threat of Hezbollah’s precision missiles as a serious one that requires action, but ranks the threat in the northern arena lower. In terms of Israeli foreign policy, the public recognizes the possible tension in trade with China and draws a clear line between defense exports of sensitive technologies and other exports. The public supports the current policy regarding the war in Ukraine and is not interested in adopting a political stance in favor of one of the sides; however, those who are in favor of a clear political stance backing Ukraine support providing civilian aid to Ukraine and aid that it sees as defensive. The public has a high level of confidence in Israel’s security organizations, but this confidence has declined over the years, and there is a steady decrease in the past two years in the Israeli public’s overall assessment of Israel’s national security situation.

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