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Transcript

Israel in Context: Security Challenges and Regional Relations

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Jane Kinninmont:

Thank you very much for coming to today's event on 'Israel in Context: Security Challenges and Regional Relations'. We are going to focus particularly on an update on Israel's domestic politics, on Israel's relations with Egypt and particularly security concerns in the Sinai and then of course on Israel's relations – or not – with Iran.

Just to introduce myself, I'm Jane Kinninmont, Senior Research Fellow on the Middle East and North Africa Programme here at Chatham House.

Firstly, it is my pleasure to introduce Yossi Mekelberg, an Associate Fellow on our Middle East Programme and also an academic at Webster College. Yossi is shortly going to be publishing a briefing paper on Israeli politics and is going to kick off the discussion with an update of what is going on inside Israel.

Yossi Mekelberg:

Thank you, Jane. It is always nice to be here; it feels like a home game being at Chatham House and it is nice to see such a big audience showing interest in Israel. I feel obliged to start by apologizing to you due to the short time allocated to me. I won't put out any diagrams of bombs and I won't draw out any red lines for anyone. I'll avoid wishing ill on any other countries, calling them fake, or even accusing anyone planning a new Nakba. I think we should leave it for less prestigious organizations than Chatham House and concentrate on what really matters.

Israel of 2012 is a country which grapples with internal dynamics, which changed the country almost beyond recognition. I sometimes think that if the founding fathers would just appear out of nowhere they wouldn't recognize the country that they declared 64 years ago. It is of course accompanied by a fast-changing international environment that poses new strategic challenges. Let me just discuss a few of them.

Internationally: the Iranian nuclear programme consumes most of the political energy in Jerusalem; the Arab Spring, which brings more Islamic parties to power, replacing the more longstanding, familiar regimes – for better or for worse; a complete stalemate in the peace negotiation with the Palestinians and the continuation of their occupation and building the settlements; the lawlessness in the Sinai peninsula, which we'll hear more later; the rise in military capabilities of non-state actors on its borders, such as Hezbollah and

Hamas; increasing the tension with the American administration and the European Union and probably with the rest of the international community on the Iranian issue; and, the lack of a genuine peace process, all make Israel dealing with and facing new challenges.

Also domestically: the economic slowdown after years in which the country seemed to defy the world recession and perform a mini-miracle, if you like; growing social economic disparity, which led in the summer before last to the wide spread social protestation and to the first-ever, almost, cottage cheese revolution in world history, leaving very little of the semi-socialist foundations of the state; increasing divisions between the religious and the state, especially the ultra-Orthodox and secular with the issue of military service, in many ways the litmus test for this delicate coexistence; the integration of the Arab-Israeli population into society in a way that they will become genuinely integral and equal members of the Israeli society; the defiance of a considerable part of the settlers to the government's authority over them, emphatically demonstrated in refusing to remove outposts and using violence against Palestinians; also, the polity as such is unable to produce any more stable governments and hasn't managed to produce any which have a coherent and implementable national agenda, let alone corruption; and, an ongoing high profile court case of former ministers – you can always have a mini-government in some of the prisons in Israel. And this is only my shortlist of challenges.

Very few argue that the top of the agenda in Israel – rightly or wrongly – is Iran and its nuclear programme. The war drums are beating from Jerusalem to Tehran, from New York and Brussels to Isfahan. Two countries which had no interest, in my humble opinion, to go to war with one another, I think edging closer and closer to war by their own rhetoric, and bringing themselves to the brink. It happened in history before, it might happen again, even if I doubt any of them are interested in doing so. Both countries are caught up in a war of words that might lead to disastrous violence in the region.

I think that, notwithstanding the belligerent language of Iranian officials, Netanyahu's speech in the United Nations summed up Israeli perception of the situation as follows: first, the Iranians are less than a year away from acquiring nuclear capability – the diagram with the 90 per cent enrichment. The Iranians according to Netanyahu are irrational actors; hence, they pose an existential threat to the world in general and in Israel in particular. The only road left is setting red lines.

But then what? So there are red lines. So, if diplomacy and sanctions don't stop, the only logical – and I'll take a real risk here – the only conclusion from the Israeli prime minister's speech is military action with all its implications. If you want good news, and good news is rare in the Middle East, it won't happen until the spring. So we have a few months actually to prepare ourselves for that.

For all of Netanyahu's well-crafted and, I would argue, crafty speech, there is a massive hole in his argument. There is more than one hole, but especially one: how and why he expects irrational Iran to respond to the red line the way he wants them to respond? They are irrational, and if they are rational enough to do so, then why wouldn't Iran behave rationally and responsibly in the unfortunate case that she manages to acquire a nuclear military capability? We might want to discuss it later in the Q&A.

One of the problems with elevating Iran to the top of the agenda, and the Iranian issue to the top of the agenda, it not only runs the risk of cataclysmic confrontation with Iran, but also reducing many of the challenges mentioned earlier to a much lower priority. I would like to claim that they might pose a greater threat to Israel's ability to stay with the founding fathers and, as most of Israel's leaders say today, Jewish and democratic.

The real threat to Israel's long-term existence lies much closer to home. The unresolved conflict with the Palestinians and 45 years occupation not only exacerbates relations with the Arab world and beyond, but also erodes the very core of Israeli society. Whatever the thoughts of the Palestinian side, the ongoing expansion of the settlements makes a final status agreement based on a two-state solution gradually impossible. Some may say maybe it's already irrelevant, casting doubts about how serious the current government is in Israel about peace at all.

This is in a time when the region is changing dramatically, and the familiar – even if not always friendly – political environment is changing radically. Despite the potential impact of the rise of Islamist parties in the neighbouring countries, I think actually Israel hasn't overreacted thus far, but has actually kept its composure, allowing itself time to assess the situation and the developments. Israel's main view has always been of an unfriendly environment, being surrounded by countries led by Islamist governments, which reject the idea of a Jewish state in its midst. The next month, the next years, will require Israel to play its part to avoid confrontation and in many ways ride the storm of regional challenge.

Let me move very quickly to look at the internal scene. I think the current government is running out of time. Elections are running some time in February or March – the big move to have the grand coalition of 90 members of the Knesset failed completely by the end of the summer. And there is a general expectation that the Likud party led by Netanyahu will win more seats than any other party, and will have more seats in the Knesset than in the current one. One can only conclude that this will bring more of the same. Not many changes there – same familiar faces around the cabinet table, equally the same policies. There is no real, ready-made alternative which appeals to the Israeli electorate. There will be some shooting stars but they probably will disappear by the next election.

Israel also performed – as I mentioned earlier – a mini economic miracle in the last few years, that assisted the current government in Israel in avoiding making decisions on some of the most important and urgent matters. The economy was growing and everyone felt rich and happy, regardless of what was happening in the surrounding environment. Nevertheless, Israel is a country of contradiction – always has been and always will be – and its economy is of no exception. What seemed until quite recently to be a very successful escape from the world's recession has started to wobble in recent months. The Thatcherite policy seems to fail not only here. This economic success came with a heavy price for large segments of the society, with poverty reaching 25 per cent, unprecedented in Israeli history.

Let me conclude by saying that Israel needs the social and political reforms that would enable every citizen to feel like an equal stakeholder in society. For too long, coalition governments are formed in the best interest of the parties in power, instead of the good of all its citizens. Additional issues of writing a constitution which will guarantee the human rights of everyone, will marginalize to keep a coalition in place and in the name of security. Addressing issues such as the place of the Haredi within the society [or] the Arab-Israelis were just swept under the carpet and ignored. Corruption was accepted as part of life. Israeli democracy needs to be fortified so everyone will feel equal and wealth needs to be more evenly distributed instead of the ever-growing gap between rich and poor. But beyond anything else, I think ignoring the seeming tranquillity between the Israelis and Palestinians and ignoring that a third intifada might be in the making and the calm tranquillity is just an illusion. Moving fast, a sense of urgency on the Palestinian issue... probably there is no replacement, but I can't see right now a government in Israel that can actually pull any of these policies out. Thank you very much.

Jane Kinninmont:

Thank you, Yossi. There will be an opportunity for questions after all the panellists have spoken. Now it's my pleasure to introduce Nicolas Pelham, who is the *Economist* newspaper's (sic) correspondent in Jerusalem and before that was a Jerusalem-based analyst for the International Crisis Group specialising in the Arab-Israeli conflict. Nick is also the author of a newly-published Chatham House programme paper on the Sinai, which was published yesterday and is available on our website. Please do read it because we've given him a tremendous task trying to summarize this, I think a 20,000-word report, in the space of five minutes. So I think for that daunting task, over to you Nick.

Nicolas Pelham:

Thank you, Jane. Thank you, Chatham House. The Sinai is about three times the size of Israel but I will try not to take up three times the amount of time that Yossi did. The report looks at the breakdown of the security arrangements that have held for the past three decades between Israel and Egypt. I'll briefly try and summarize what I think are the causes for that breakdown and offer a few pointers for trying to remedy that breakdown.

If you rewind the clock about 30 years, the geopolitical map looked radically different: Israel had withdrawn from Sinai, there was a peace treaty between Israel and Egypt and Egypt had become the first, and still the only, Arab state to accept Israeli mass tourism. There were the rudiments of a commercial relationship, which blossomed into the supply of Egyptian natural gas to Israel. And of course you had security arrangements, which left Sinai as a demilitarized zone, a buffer between the two dominant players in the near Middle East and ensured that Israel for the next 30 years hasn't had to fight on more than one front and indeed hasn't really engaged in a fully-fledged state-on-state war. Today, that picture is, as I said, radically different. What Mubarak left as a cold peace has become a cold war, and threatens to become something worse still. Sinai could play its historical role as a battlefield between the two countries bordering the outer edges of Africa and Asia. There are missiles, which are being fired on Israel cities near the Egyptian border and there have been cross-border raids. Both countries are fortifying their borders, moving forces towards the common frontier. The danger of conflagration is great.

What are the main causes of that? I think first and possibly foremost is the huge demographic change that there has been in Sinai. Although there is still only about a half-million people living in the Sinai, you've got 20 Bedouin tribes primarily concentrated in that nexus where Egypt, Israel and Gaza all meet, and they've developed interests of their own and those interests are not being met as they perceive it by the Egyptian government. In fact, they see the Egyptian government as undermining their interests. They feel the land rights of the indigenous population have not been recognized and they feel that they are excluded from decision-making roles in administration, security forces and central government, and they've had to find alternative coping mechanisms through trade, which have been informal and include smuggling with their neighbours.

So, the first change is that you have a domestic constituency inside Sinai which wants its needs to be addressed and feels the setup that Israel and Egypt left in Camp David does not address their needs. Secondly, you have a third power around Sinai's borders in the form of the Palestinian movement Hamas, which controls Gaza. After Israel withdrew in 2005, they won the Palestinian elections and then went for military takeover in 2007 and consolidated their hold on Gaza. They faced an outside blockade, which they've addressed by establishing a tunnel complex running into Sinai, which gives them huge purchasing power and economic clout inside Sinai. Those tunnels are now the prime economic mainstay of the north Sinai population and that has cemented the already pre-existing historical, tribal and linguistic ties between the north Sinai Bedouin and Gaza population. Thirdly, you've had a collapse of the security apparatus of the regime which signed the Camp David Accords and maintained them for the following three decades. They took flight from Sinai and there has been an influx of some Jihadists – not in a huge number, but they've been able to tap local grievances of the Bedouin population. And you've had the elevation through the electoral victory of the Muslim Brotherhood, which has a very different strategic posture towards the neighbourhood. Instead of seeing Hamas as a national security threat as the Mubarak regime did, it sees Hamas as its ideological twin. It has a very different view of Israel; in fact, President Morsy can't even articulate the word.

So all three, I think, have contributed to a breakdown of the security arrangements as we know them and I'd like to suggest a few possible openings which I think could be considered to try and restore equilibrium in relations between the various powers and forces in and around the Sinai.

The first, I think, is a common thread that has the inclusion of the Bedouin population within the fabric of the Egyptian state. They need to feel part of

that Egyptian state and they need to feel the Egyptian state is working for them and not against them. There needs to be inclusion of Hamas in economic and security arrangements, which pertain in and around the Sinai. They will only feel that they are part of, working with, the system if you have a formalization of economic relations and it is only through the formalization of economic relations as well that the Bedouin will feel that they are working under the auspices of the state, that they are working within the system and not outside the system.

And I think as a quid pro quo for the formalization of trade ties between Gaza and the outside world, Egypt could demand security guarantees of its own which would include a commitment by Hamas not to use the Sinai as a backdoor for attacks on Israel, which it, either directly or through satellites, has been able to do in the past. That would have huge benefits for Israel; it would extend the truce that is largely held between Israel and Gaza since the last Gaza offensive ended in January 2009. It would extend that truce that runs just south of Ashkelon all the way along the Gaza border to the Egyptian border and extend a further 240 kilometres down to Eilat. And thirdly, I think if Egypt is going to re-establish control and a hold on Sinai, it needs to be able to have sufficient military power to do that. At the moment, the benefits of arms trafficking have been able to accumulate sufficient firepower to outgun the Egyptian military (sic). And the Egyptian military feels hampered by Camp David from cracking down on smuggling or cracking down on the armed groups, which now proliferate across Sinai.

Those briefly are my three suggestions for how security arrangements could be updated, which I think would take reality on the account that the old Camp David Accords are no longer in sync with that reality. It is essentially a message of hope that equilibrium can be restored if account is taken of the geopolitical map today. Thank you.

Jane Kinninmont:

Thank you and I see we do have some copies of the report at the front if you want to pick one up afterwards. Next we'll turn to Dr Sara Bazoobandi who is a Visiting Research Fellow at the Middle East Research Institute at the National University of Singapore, which is rapidly becoming a new hub for Middle East expertise in Asia and certainly something to watch. Sara is a specialist in Middle Eastern political economy and has recently published a book on the political economy of the Gulf's sovereign wealth funds, including that of Iran. Thank you very much, Sara.

Sara Bazoobandi:

Thank you. Good afternoon ladies and gentlemen. I will just start with a little bit of regional context of the issue and the problem and the conflict, the ongoing conflict between Iran and Israel. We need to remember and bear in mind that Iran and Israel are located in the heart of a region where they are surrounded by mainly Arab Sunni, Arab-speaking nations who have different types of coalitions; we have the Arab League, we have the GCC (Gulf Cooperation Council) and these two countries are left alone. So, in a sense, it is one of the motives for the two countries to turn, for the case of Iran eastward, and for the case of Israel westward. You would have thought that this could be the ground for collaboration between the two countries but this is not how we work in the Middle East. We use this common factor to create conflict and exhaust our energy against one another. That is the regional context behind the entire story in my opinion.

Another factor for the debate and the rhetoric of the war getting really heated at this time, especially over the past few months, is the pressure from the Gulf countries to somewhat deal with Iran and Iran's rising power in the region, or at least claiming to want to rise to power, has increased and, thanks to Julian Assange, it is public information and we all know that [King] Abdullah of Saudi Arabia wants to 'get rid of the snake's head'.

Another factor in the context of timing of the issue is perhaps the ongoing Syrian crisis. because it is true that in some sense people might consider this as a situation – including probably the Israeli government – that the Syrian government is dealing currently with a crisis which would have left them very little energy to support their old ally, which would be Iran. Although there is a very different aspect in the story in that some people might argue that if anything happens or if there was any foreign intervention in Syria, Iran might use this as an opportunity to launch an attack against Israel... but again to get this in the context of the timing of the problem

At the same time, I mentioned earlier that Iran and Israel are both using one another to push their foreign and domestic agendas in the absence of regional collaboration and regional alliance. Another factor perhaps that one needs to take into consideration is how they are taking advantage of this problem and the existence of one another in order to use it to push their domestic policies and to push their domestic agendas. In the case of Iran, perhaps, we need to look at a number of domestic challenges that, in one way or another, can perhaps benefit from a potential crisis with Israel.

We all have seen and observed the 2009 post-presidential election crisis – the next is coming up in June 2013. In the general spirit of the country, running another presidential election is very, very challenging. So something that can perhaps postpone the election – a very good excuse that the government could perhaps use to postpone another challenge, which they have been dealing with for the past four years – is a potential crisis with Israel. I am not saying it's going to happen or not, but I am saying that perhaps the fear and the potential, at least, in the rhetoric and the official talks between the two countries can benefit the Iranian government in this sense.

The other factor is, in the past four years the Revolutionary Guard has increasingly gained power in Iran. They always have had power – don't get me wrong – but it is a particular time over the past three decades that these guys – the revolutionary commanders – are people in their fifties who tasted power and money. So, they are not really willing to give up what they have gained over the past four years. One of the scenarios, perhaps, that people are concerned about that is taking place in Iran is another so-called 'Pakinstinization' – perhaps the revolutionary guard is waiting for an opportunity to take control and rule the country under emergency laws and emergency situations, which can happen with the assistance of potential threats from Israel.

The next factor that I would like to touch upon is the ideological preparation of the Islamic revolutionary government is now setting up. They are very much promoting this ideological preparation. In a sense the pressure on religious minorities, specifically Baha'is, has increased over the past year. Baha'is have always been suppressed in Muslim-majority communities but this is another wave of suppression and perhaps it has to do with the fact that the base of administration of the Bahá'í Faith has always been geographically located within the borders of Israel.

Another interesting discussion and debate that I am hearing coming out from Iran is, for the eight years of war between Iran and Iraq, Iran was protecting Islam. So it is not longer a valid argument that Iran is going to protect Islam with the fight against Israel, now there is a new rhetoric in which Iran is basically protecting the world, basically. The debate is really huge in the public media through the forms of DVDs and videos that the government is sponsoring and distributing. There is very much this anti-Judaism and anti-Zionist ideas that are gaining power and becoming very, very popular. And it shows that the government is putting special emphasis in preparing the nation in an ideological way.

Finally, economic hardship: since December 2011, oil exports have dramatically declined. One of the members of the parliament has recently announced that from 2.5 million barrels/day, Iran is now only exporting 800,000. I would divide that by two, so that I would say that Iran is probably not selling more than 400,000 barrels/day. So this has significantly decreased the Iranian government's income and it has led to various economic hardships including the major collapse of the Iranian currency. Again one of the perfect reasons that could assist the Iranian government to justify the economic hardship is the potential threat and a potential crisis with Israel.

As I was walking down from Piccadilly, because I went to Starbucks for half an hour before my talk, I was thinking about how I was going to conclude this presentation. Perhaps, if I was giving a conclusion in whether there was going to be a war between Iran and Israel, I would say that it is very unlikely that a war is going to take place but the rhetoric is going to heat up and is going to serve the interests of both governments. It is perhaps taking the attention from the major issues, the major domestic and international challenges, that both governments are facing, and it is a good coverage for the bigger problems. I'm happy to take questions.