

The Palestinian Strategic Report
2012 – 2013
Ch.2



The Israeli-Palestinian Scene

2012 – 2013



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Introduction

Israel had many reasons for concern in 2012 in the wake of the revolutions and changes in the Arab world and the resistance against its aggression on the GS, in addition to the stalled peace process. Nonetheless, it had more reasons to feel satisfaction in 2013 as a result of the frustration that accompanied Arab revolutions and the success of the coup in Egypt, in addition to the re-launching of the peace process according to Israeli conditions, faltering Palestinian reconciliation, and the escalation of the stifling siege on the GS. This was accompanied by the victory of the right in the Israeli elections, adding to the suffering and pressures on the Palestinian people and their leadership.

This chapter attempts to draw the political map of the Israeli interior, in addition to outlining demographic, economic and military data regarding Israel. It will discuss the issues of aggression, resistance and the peace process during 2012–2013.

First: The Internal Israeli Political Scene

The internal Israeli political scene in 2012 witnessed several key events that had an impact on the political process for both 2012 and 2013.

1. The Partisan Landscape in 2012

2012 was characterized by active partisanship in Israel outside the Knesset framework, as pundits predicted the collapse of the Kadima Party,² the party founded by Ariel Sharon with Ehud Olmert and other politicians of the Israeli political spectrum. They also predicted that the right-wing in the Likud Party would become more radicalized under the leadership of Benjamin Netanyahu, as the extreme right-wing pro-settlement trend led by Moshe Feiglin³ became so powerful that Likud was considered to be an incubator for settlers.

In contrast, the religious parties with their various orientations pressurized the Netanyahu government during 2012, threatening to dismantle the governmental coalition if the exemption from military service was cancelled for religious students. This threat implied the loss of trust between Netanyahu and these parties that had been part of his governments and the Likud governments for a

¹ This study is the approved English translation of chapter two of the book entitled: *The Palestinian Strategic Report 2012–2013*, edited by Dr. Mohsen Moh'd Saleh. Al-Zaytouna Centre for Studies and Consultations in Beirut released the Arabic version in 2014. The first draft of this chapter was written by Dr. Johnny Mansour, Dr. 'Abdul-Hameed al-Kayyali and Mr. Hani al-Masri.

² Persistent expectations in 2013 opinion polls of Kadima's collapse, see for example site of Globes, <http://www.globes.co.il/news/article.aspx?did=1000771272> (in Hebrew)

³ There is consensus in the Israeli media that his stature has increased and his influence has grown in the Likud ranks in comparison to Netanyahu, see <http://www.inn.co.il/Besheva/Article.aspx/11405> (in Hebrew)

long time. On the other hand, any destabilization of the pillars of the government could have lead to the formation of a secular government with Kadima, which Netanyahu is averse to, preferring to move the date of the elections forward in order to establish a new government.

The internal conflict in the Likud Party in 2012 affected the Netanyahu government,⁴ as some party leaders alluded to a loss in their trust in him. They even threatened to separate Netanyahu from the ranks of the party and its institutions, if he did not follow the directives of the party to reject any compromise with the Palestinians and carry on with the settlement building. It is true that Netanyahu gave in to the demands and directives of his party, but he tried to strengthen his position by maintaining his government until the last possible moment.

In addition to this state of affairs within the Likud Party, a proposal for forcing religious students perform military service was put forth by the Yisrael Beiteinu Party, led by Avigdor Lieberman, which is a radical far-right party mostly made up of Russian immigrants. Lieberman is known for his secular tendencies and his refusal to impose Jewish law or any of its components on the Israeli society.

Thus, the Netanyahu government was pressured by two opposing currents: The devout religious who rejected any change in the exemption of religious Jewish students from military service, as their study of the Torah is considered to be service; and the Yisrael Beiteinu Party, which supported the enactment of the military service law and its imposition upon all Israeli youth.

To strike a balance between the two parties, prevent the fall of the government and avoid moving the Knesset elections forward, Netanyahu negotiated with the Kadima Party to enter into the coalition, thereby prolonging the life of his government, albeit temporarily. However, the entry of Kadima in the government coalition on 8/5/2012 led to a series of internal rifts within Kadima and the withdrawal of a number of politicians from the membership of the party, some of them joining other parties.⁵ Because of the internal conflict in Kadima between Tzipi Livni and Shaul Mofaz, Livni withdrew from Kadima on 1/5/2012,⁶ and announced on 27/11/2012 her return to public political life and the formation of a new party called the Movement (*Hatnua*) under her leadership.⁷ Livni's move strongly contributed to the decline of the Kadima Party, which had to withdraw from the government coalition on 17/7/2012, less than three months after joining

⁴ A report about conflicts within the Likud ranks on the eve of internal elections, see <http://www.mako.co.il/news-elections-2013/articles/Article-ef1d01b5b663b31004.htm> (in Hebrew); see also <http://www.sikurmemukad.com/magazine/122012/israelelections2013.html> (in Hebrew)

⁵ See *Haaretz* newspaper, 8/5/2012, <http://www.haaretz.com>; and *Yedioth Ahronoth* newspaper, 8/5/2012, <http://www.ynetnews.com/>

⁶ See *Yedioth Ahronoth*, 1/5/2012.

⁷ See *Haaretz*, 27/11/2012.

Regarding the principals and proposals of the Movement Party, go to its website on the internet, <http://www.hatnua.org.il/#!/principle/ca4p> (in Hebrew); and <http://www.hatnua.org.il/#!/hatnua-english/ckla>



it, to the backdrop of the continuing debate on the mandatory military service law for religious radicals.⁸

After it became obvious to Netanyahu that his government's days were numbered, he submitted a draft to move the parliamentary elections forward, which would mean the dissolution of Knesset and the start of preparations for elections.

Following the announcement that the parliamentary elections were to be moved forward,⁹ public opinion polls in Israel pointed to the disintegration of Kadima and its potential disappearance from the partisan arena. The main factors that led to the breakdown and erosion of the Kadima Party consist of its founder's coma in early 2006, followed by his death in early 2014, in addition to the alleged financial corruption of his heir at the head of the party, Ehud Olmert, who was tried before a court (and was later acquitted), and Netanyahu's continued efforts to dismantle Kadima by encouraging the withdrawal of its members and their joining of the Likud. Some of them even received ministerial portfolios in his government.

The party received a severe blow when Tzipi Livni announced her withdrawal and the formation of a new party under her leadership, believing this would help her achieve a landslide victory and affect the partisan scene in Israel. Add to this that the current leader of Kadima, Shaul Mofaz, a former military man, proved that he was not capable enough to lead Kadima and lacked political experience. Hence, this party is expected to disappear from the political scene during the 20th Knesset elections.

Moreover, these polls revealed a reinforced right-wing and an increased stature and presence of the parties supporting the settlement project and the "Jewishness" of the state. The concept of an alliance between Likud and Yisrael Beitenu also developed,¹⁰ aiming to gain the highest number of votes in order to facilitate the formation of a government without the need for coalitions with other parties, particularly the religious ones. Both parties approved the partnership and the formation of a single electoral list for Likud and Yisrael Beitenu. Voices within the Likud warned Netanyahu against taking such a step because his party would lose its position in favor of Yisrael Beitenu, but Netanyahu's opinion tipped the balance decisively. Indeed, although this alliance has helped Netanyahu ensure that he will be the next prime minister, it weakens the Likud in terms of the number of seats it holds in the parliament.

Livni, who withdrew from the Kadima Party and formed a new party called The Movement¹¹ to counter the policy of Netanyahu and prevent his arrival to the post of prime minister, raised in her electoral program the issue of the necessity

⁸ See *Yedioth Ahronoth*, 17/7/2012.

⁹ Regarding the reasons why the Knesset called for early elections, see *Almustaqbal* newspaper, Beirut, 8/5/2012.

¹⁰ To review partnership and coalition agreement between the two parties see, www.news1.co.il/uploadFiles/532009303569794.doc (in Hebrew)

¹¹ *Asharq Alawsat* newspaper, London, 28/11/2012.

to activate negotiations with the Palestinians in a more serious manner, in order to reach a settlement of the conflict. However, public opinion polls predicted that The Movement would secure only a limited number of seats.

During the preparations for the 19th Knesset elections, a new party headed by Yair Lapid was formed on 30/4/2012 among the middle classes and the bourgeoisie of Tel Aviv. It was called Yesh Atid (There is a Future),¹² and its leader is a known media figure in Israel. He is the son of a famous Israeli media and political figure, Yosef (Tommy) Lapid, leader of the defunct Shinui Party. As for Yesh Atid, it has a secular agenda, which seeks to improve social and economic conditions, taking advantage of the social protests that took place in the summer of 2011. Regarding the negotiations with the Palestinians, the party's position is approximately the same as the rest of the Israeli parties. Hence, it can be classified as a center party with rightist tendencies.

2. The 19th Knesset Elections and Their Repercussions

The 19th Israeli Knesset elections were held on 22/1/2013, with the participation of more than 30 electoral lists, of which only 12 managed to succeed in entering the Knesset, including the Arab lists.¹³

Electoral propaganda did not put forward any new elements regarding domestic Israeli policy, and the slogans were those that are repeated from one election to another, such as improving the general economic situation, reducing unemployment, and increasing economic growth.

However, these elections carried several surprises: The joint Likud- Yisrael Beitenu list obtained only 31 out of 120 seats, while when the two parties had separate lists during the last elections, they obtained 42 seats in total. Likud's share went down from 27 seats in the previous elections to 20 seats, while its partner Yisrael Beitenu obtained 11 seats.¹⁴ Hence, Netanyahu was severely criticized and blamed by the members of his party. Nonetheless, the joint list retained the largest number of seats in the Knesset.

As for the second surprise, it consisted of the Yesh Atid Party¹⁵ obtaining 19 seats, despite pre-election forecasts to the contrary. This meant that any government formed by Netanyahu would be forced to include Lapid.

¹² See site of Yesh Atid, <http://en.yeshatid.org.il/About-Yair-Lapid>

¹³ Concerning the results of these elections, the latest report of the Central Elections Committee should be reviewed, see Elections for the Nineteenth Knesset, 22/1/2013, site of The Central Elections Committee, http://www.bechirof.gov.il/elections19/eng/home_eng.aspx

¹⁴ See site of The Knesset, https://www.knesset.gov.il/mk/eng/MKIndex_Current_eng.asp?view=1; Israeli Electoral History: Elections to the 19th Knesset, site of Jewish Virtual Library, January 2013, <http://www.jewishvirtuallibrary.org/jsourc/Politics/knesset2013.html>; and *Los Angeles Times* newspaper, 24/1/2013, <http://articles.latimes.com/2013/jan/24/world/la-fg-israel-electiontally-20130125>

¹⁵ Regarding the main security and political lines of Yesh Atid Party, we refer the reader to the party's website, <http://en.yeshatid.org.il/Our-Agenda>



The third surprise was when The Jewish Home Party (*HaBayit HaYehudi*) headed by Naftali Bennett obtained 12 seats. As expected, the Kadima Party practically collapsed, as it had 28 members in the Knesset previously and this figure was reduced to just two members, headed by Shaul Mofaz. The religious parties, such as United Torah Judaism (*Yahadut Hatorah*) and Shas, retained their seats in the Knesset, despite the fact that some polls had pointed to a possibility decline in their position.

The 120 seats in the 19th Knesset were distributed as follows: 61 seats for right-wing and religious political parties and movements (Likud-Yisrael Beitenu: 31 seats, The Jewish Home: 12 seats, Shas: 11 seats, and United Torah Judaism: 7 seats); 48 seats for the parties of the center and left-wing camps (Yesh Atid: 19 seats, the Labor Party: 15 seats, The Movement: 6 seats, Meretz: 6 seats, Kadima: 2 seats).

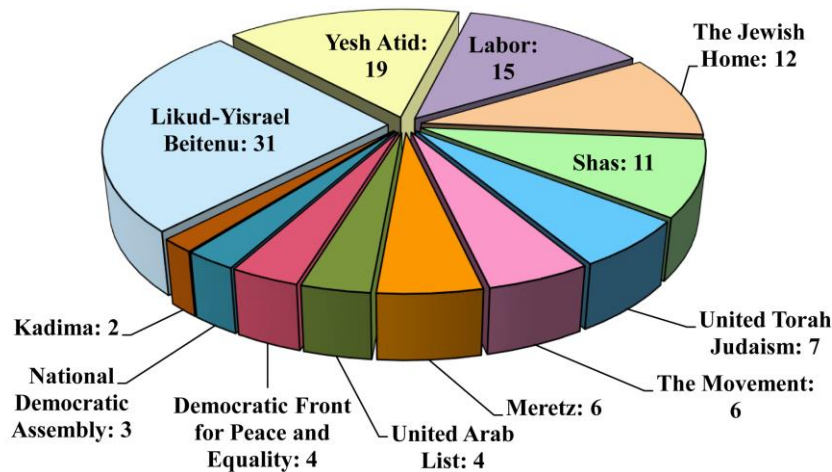
As for the Arab parties, they obtained 11 seats (Democratic Front for Peace and Equality (*Hadash*), the National Democratic Assembly (*Balad*) and the United Arab List). The following table shows the results of the 18th and 19th Knesset elections:

Table 1/2: Comparing the Results of the 19th and 18th Knesset Elections¹⁶

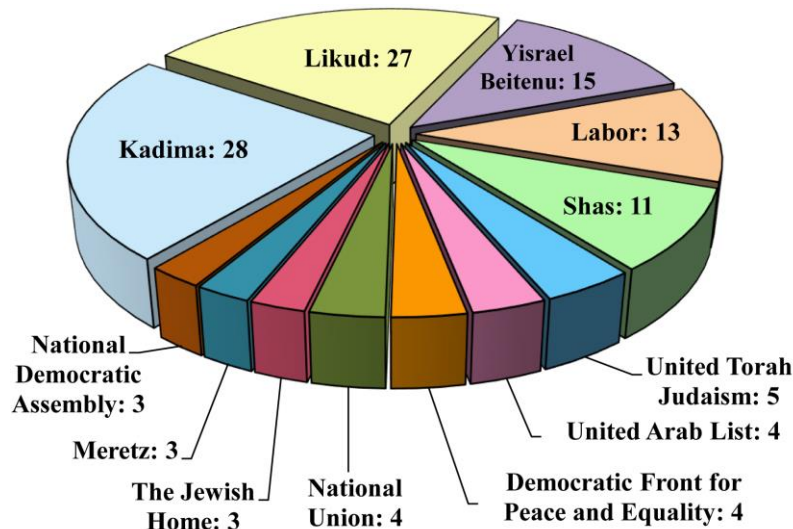
List name	19th Knesset 22/1/2013		18th Knesset 10/2/2009	
	Number of valid votes	Number of seats	Number of valid votes	Number of seats
Likud	885,163	31	729,054	27
Yisrael Beitenu			394,577	15
Yesh Atid	543,458	19	–	–
Labor	432,118	15	334,900	13
The Jewish Home	345,985	12	96,765	3
Kadima	78,974	2	758,032	28
Shas	331,868	11	286,300	11
United Torah Judaism	195,892	7	147,954	5
The Movement	189,167	6	–	–
Meretz	172,403	6	99,611	3
United Arab List	138,450	4	113,954	4
Democratic Front for Peace and Equality	113,439	4	112,130	4
National Democratic Assembly	97,030	3	83,739	3
National Union	–	–	112,570	4
Number of eligible voters	5,656,705		5,278,985	
Total number of votes	3,833,646		3,416,587	
Total number of valid votes	3,792,742		3,373,490	

¹⁶ See results of the 18th and 19th Knesset elections, The Knesset,
http://www.knesset.gov.il/description/eng/eng_mimshal_res18.htm
http://www.knesset.gov.il/description/eng/eng_mimshal_res19.htm
 See also Elections for the Nineteenth Knesset, 22/1/2013, The Central Elections Committee.

Results of the 19th Knesset Elections on 22/1/2013



Results of the 18th Knesset Elections on 10/2/2009



Netanyahu's options were limited regarding the formation of his government. Indeed, the Yesh Atid Party imposed preconditions on entering the government, particularly the endeavor to bridge the gap between the religious and the secular regarding the military service. This was also demanded by The Jewish Home Party, and so Netanyahu found himself chained to a question to which he had always tried to find a compromise when the ultra-Orthodox (Haredi) parties were allied with him. But this time he found his hands tied by the harsh conditions of two parties that represent 31 seats, which was exactly equal to the size of his list (Likud and Yisrael Beitenu).

As for Tzipi Livni, the head of The Movement Party, she expressed her willingness to take part in the governmental coalition and abandon her personal struggles with Netanyahu, in order to restart negotiations with the Palestinians.

Thus, Netanyahu found himself faced with limited options for the formation of a new government under his leadership. The first option: To form a government



composed of members from his party and the religious parties with 48 seats in an attempt to convince the Labor Party to enter into a coalition, with the aim of reaching 63 Knesset members in the coalition. But this option implies conflicts, especially between Yisrael Beitenu and the religious parties. The second option: Likud-Yisrael Beitenu, Yesh Atid, The Jewish Home, and The Movement, with a total of 68 seats. Therefore, Netanyahu preferred to form a right-center government (if we consider that Yesh Atid and The Movement fall within this category). For the first time in decades, a government was formed without any of the ultra-Orthodox parties.

Netanyahu fell under the grip of The Jewish Home and Yesh Atid. In an attempt to ensure that the latter would not lose control of the government, it set the condition that the government must be comprised of 20 ministers, excluding the prime minister. However, the government was formed of 21 ministers, who were later joined by Lieberman as foreign minister after his acquittal. Hence, there were now 22 ministers, or a total of 23 members of the government with Prime Minister Netanyahu. The ministerial portfolios were distributed as follows: 8 for Likud (including the prime minister), 5 for Yisrael Beitenu, 5 for Yesh Atid, 3 for The Jewish Home and 2 for The Movement. This meant that Netanyahu maintained the power and influence of both his party and his partner Yisrael Beitenu in the government, in exchange for concessions in the chairmanship and membership in the Knesset committees for the other coalition parties.¹⁷

Yesh Atid obtained the finance and education portfolios, based on Lapid's wish to improve the condition of the middle class, the majority of whom live in Tel Aviv, the city which witnessed social protests in the summer of 2011. As for education, the party planned to overhaul the education system, including high school exam guidelines, and university admissions.

It seems that Yesh Atid is a temporary phenomenon on the partisan scene in Israel, because it is not based on an existing and deeply-rooted ideology like The Jewish Home. Since this party was born as a result of the middle class protests, it was joined by those who did not find themselves in any other party, where many have personal interests or inclinations. On the other hand, the fact that the party's founder, Lapid, obtained the finance ministry in the Netanyahu government may cause him to have disagreements and conflicts with many parties in the Knesset, and with certain segments of the population of Israel, because financial affairs in Israel represent a very sensitive issue, especially for religious parties that are used to receiving large budget allocations for their independent institutions. However, Lapid sought to change this, thus leaving an impact on the overall political climate.

¹⁷ On forming the Netanyahu-led 33rd government, see Thirty-third Government of Israel, site of Wikipedia, http://en.wikipedia.org/wiki/Thirty-third_government_of_Israel; and *al-Quds al-Arabi* newspaper, London, 16/3/2013.

It is worthy of note here that Yesh Atid deals tensely with negotiations with the Palestinians, which could lead to splits within its ranks and thus to the formation of separate lists by its dissident members. Therefore, this party's situation will be similar to that of the Kadima Party. Yesh Atid will thus face serious challenges without any prior experience, and if it does not succeed in achieving all or part of them it will lose in the next elections.

On the other hand, The Jewish Home Party, formed as the successor party to Mafdal (the National Religious Party), has become stronger while it enjoys a wide popularity among the settlers and non-Haredi religious currents in Israel. The party was established as a continuity of the National Union (*HaIhud HaLeumi*)-Mafdal on the eve of the 17th Israeli Knesset elections in 2006, its central objective being to unite the ranks of the religious-traditional right-wing lists and parties, namely: Mafdal, Moledet, Tkuma, and Ahi. However, this move was unsuccessful, as The Jewish Home Party remained the representative of Mafdal only. Another attempt was made during the 19th Knesset elections in 2013, and the party won 12 seats, joining the current government coalition in the wake of this achievement.

In fact, The Jewish Home Party is not a temporary phenomenon on the partisan scene in Israel. Rather, it represents a renewal process for the formation of right-wing religious parties in view of influencing fateful political decisions, of which first and foremost is the prevention of any concessions toward the Palestinians and the consolidation of the settlement project and the "Jewishness" of the state. It is noteworthy that a number of Israeli Knesset members who belong to this party are settlers who live in the Israeli settlements of the WB. The voters in favor of this party are either former Mafdal members or those who belong to small right-wing pro-settlement lists and parties, in addition to those who are displeased at the Likud-Yisrael Beiteinu union.

There is no doubt that The Jewish Home (as long as it is part of the government) will affect many decisions relating to the form of the state, especially the "Jewish state." It is an issue that will continuously be used as leverage in international circles, and for which acceptance by the Palestinians, Arabs and the international community will be sought. This is in addition to the Haredim military service issue, while noting that the party's stance toward this matter is in line with the decision of the Israeli government, though it calls for taking into account the Haredim's specific wishes.

The 19th Knesset elections in 2013 carried no change in the division of seats among the Arab parties compared to the 2009 elections. Democratic Front for Peace and Equality and the United Arab List each obtained four seats, and the National Democratic Assembly obtained 3 seats.¹⁸ The 19th Knesset also comprised 18 deputies from the Palestinians of 1948 as follows: 10 from Arab

¹⁸ Mtanes Shihadeh, "Analysis of the 19th Israeli Knesset Election Results of 2013: Election Results in the Arab Community," site of Mada al-Carmel, June 2013. (in Arabic)



parties¹⁹ and 8 from Jewish parties, including 6 Druze. 790 thousand Palestinians of 1948 are entitled to vote (14% of those eligible to vote in Israel),²⁰ while the number of Palestinians of 1948 constitutes 16.6% of the population of Israel.

The Arab parties obtained 77% of the total valid Arab votes in the 2013 elections compared to 82% in 2009. The share of the Arab parties amounted to 84% of the votes of Palestinian Arabs living in Arab towns and villages, compared to 87% in 2009; 18% in Arab Druze towns and villages compared to 17% in 2009; and around 80% in the mixed towns and coastal cities.²¹

Table 2/2: Voting Among Arab Parties During 2006–2013²²

Year	Democratic Front for Peace and Equality		United Arab List		National Democratic Assembly	
	Number of votes	Percentage (%)	Number of votes	Percentage (%)	Number of votes	Percentage (%)
2006	86,092	24.3	94,786	27.4	72,066	20.2
2009	112,130	29.6	113,954	30.3	83,739	22.2
2013	113,439	24	138,450	31	97,030	22

2013 ended with a drastic change in the leadership of the Labor Party. Isaac Herzog, who is the son of Chaim Herzog (former Israeli president and renowned politician) and the grandson of the former Chief Rabbi Yitzhak HaLevi Herzog, defeated Shelly Yachimovich.²³ This loss represented a blow to Yachimovich's socialist approach that refuses to participate in Netanyahu's government without compelling conditions for a peaceful settlement with the Palestinians.

Yachimovich's loss of the leadership of the Labor Party suggests that solid blocs of old members from the party are able to express their dissatisfaction with its approach and orientation that is focused on social issues. It is why they sought, along with their supporters, to achieve an inside coup. As for Herzog, he is broadly active in the party's various branches, especially as he promotes a political, economic and social agenda. There is no doubt that the Labor Party made some achievements in the 19th Knesset elections in terms of bringing back many supporters, thus increasing its strength in the Knesset, but Yachimovich's

¹⁹ It is indicated that the number of those who won from the Arab lists is 11 deputies, while Dov Khenin, who won on behalf of the Democratic Front for Peace and Equality, is a Jew and not an Arab

²⁰ Wadi' 'Awawidah, What is the Role of Arab Representation in the Knesset?, site of Aljazeera.net, 11/1/2013. (in Arabic)

²¹ Mtanes Shihadeh, op. cit.

²² Ibid.

²³ See the effects of this coup on the Labor Party and the Israeli political scene, <http://www.ynet.co.il/articles/0,7340,L-4456601,00.html> (in Hebrew)

refusal to take part in the government coalition contributed to the weakening of her position and leadership, as many leaders in the Labor Party called for joining the Netanyahu government based on the claim that the party could then have the ability to influence political decisions.

3. Local and Municipal Elections

The domestic political scene in Israel witnessed a pivotal event as local and municipal elections were held at the end of October 2013. Contrary to previous occasions, these elections were met with indifference by the Israeli public, with only 35% participation. On the other hand, there was a massive 75% Palestinian participation, due to the fact that these elections are a strong indicator of the status of family and the clan in most Arab local and municipal authorities. In addition, working at these authorities represents a major source of employment for Arab citizens, as the Israeli government practices discriminatory policies against them (see table 3/2).

Table 3/2: Voter Turnout in Local Elections in Palestinian Circles Compared to the General Average in Israel²⁴

Year	In Palestinian circles (%)	General average in Israel (%)
1993	88.7	56.3
1998	90.7	57.4
2003	75	49.3
2008	77	46
2013	75	50.9*

* This figure is based on data from the Israel Democracy Institute (IDI). It is worth mentioning that *Haaretz* newspaper noted that there was a general voting rate of 32.7%, which is different from the rate mentioned. Also, the voting rate for Jews only reached 35%.²⁵

These elections revealed a decline in the position and influence of Arab political parties in internal (local) Palestinian affairs. These parties thus had a remote impact on these elections. The most significant event in this context is the collapse of the status of the Democratic Front for Peace and Equality in most of the authorities that participated in the elections. In particular, it lost the municipal

²⁴ See Yusuf Jabbarin and Muhannad Mustafa, "System of Government in Israel," in Kamil Mansur (ed.), *Dalil Israel al-'Am* (General Guide to Israel) (Beirut: Institute for Palestine Studies, 2011), p. 113; see also Israeli Municipal Elections Lacked Partisan Polarization, site of Atlas li al-Dirasat al-Isra'iyah, 23/10/2013, <http://atls.ps/ar/index.php?act=post&id=2711> (in Arabic); and see The Israeli Municipal Elections 2013: Some Preliminary Findings, site of The Israel Democracy Institute (IDI), 27/10/2013, <http://en.idi.org.il/analysis/articles/the-israeli-municipal-elections-2013-some-preliminary-findings>

²⁵ See *Haaretz*, 23/10/2013; and see also Israeli Municipal Elections Lacked Partisan Polarization, Atlas li al-Dirasat al-Isra'iyah, 23/10/2013.



elections in Nazareth city,²⁶ where candidate Ali Sallam, who ran on an independent list not affiliated with any political party, won. Ali Sallam was deputy mayor to engineer Ramiz Jaraysi for a long time but then had a dispute with him, and managed to defeat him and the Democratic Front in less than six months.

The results of the local authority elections, which took place in 2003, 2008 and 2013, attested to the control of the family in the elections, and a decline in the role of the parties. Indeed, most lists in the Arab towns and villages had a family base. There were 762 Arab members who won in the 2013 elections in the Arab local councils, and this implies that the proportion of local authority members belonging to political parties and movements does not exceed 9%.²⁷ Also, these elections featured 149 heads of local authorities out of 191 candidates who saw their mandate renewed for a second or third time, or even more. Moreover, three heads of municipalities who ran as candidates for the elections and who were accused of financial and administrative corruption, achieved yet another victory. This is one of the issues that is being examined by the public prosecutor's office in Israel.

4. A More Radical Political System

A Settler Government: Netanyahu adheres to the Likud agenda that calls for the expansion of Israeli settlements in Jerusalem and its surroundings, and in existing settlements in the WB. On the other hand, Netanyahu is committed to his government's settlement policy and the development of this settlement in all its aspects.²⁸ It is obvious that the faltering path of negotiations with the Palestinians did not prevent Netanyahu's government from pursuing settlements, as Netanyahu's policies corresponded to the wishes of the settlers. The negotiations path remained stalled because of Netanyahu's intransigence and his disinclination to restart negotiations, as well as the fact that settlement activity was not halted. Netanyahu has stated on more than one occasion that the settlements should not hinder any Israeli-Palestinian meeting, knowing full well that the basic demands of the Palestinian side is the complete halting of settlements.

²⁶ On this topic see, *Assabeel* newspaper, Amman, *al-Hayat* newspaper, London, and *Almustaqbal* 24/10/2013.

²⁷ Ibrahim Khatib and Majdi Taha, "A Preliminary Reading of Israel's Local Authorities Election Results," unpublished study, Markaz al-Dirasat al-Mu'asirah, Umm al-Fahim, Palestine.

²⁸ On the growth and development of the settlement project of the current and past Netanyahu governments, see site of Peace Now, <http://peacenow.org.il/eng/content/settlements>
Regarding the history and track of this project, we refer the reader to the book: Akiva Eldar and Idith Zertal, *Asyad al-Bilad: al-Mustawtinun wa Dawlat Israel 1967–2004* (Lords of the Land: The Settlers and State of Israel 1967–2004), translated by 'Alayyan al-Hindi (n.p.: n.p., 2006); and see also Johnny Mansour, *al-Istitan al-Isra'eli* (Israeli Settlement Building) (Acre: Dar al-Aswar, 2005).

Nonetheless, settlement building and growth is still continuing as if it were not related to the essence of the conflict, to the extent that settlement expansion has reached private Palestinian land and property. The Netanyahu government has attempted to legitimize the move, but the Supreme Court rejected it and considered it to be illegal.

The Israeli government took another step toward strengthening settlement, when, along with the Council for Higher Education, it officially recognized the Faculty of Ariel (Ariel is one of the major Israeli settlements in the WB) as a university that is entitled to issue degrees.²⁹ This measure provoked the reactions of official bodies and institutions both in Israel and abroad, as they stressed that it would increase the obstacles to negotiations between the Palestinians and Israelis. In spite of all the pressure and condemnation from various international sides, Ariel University continues to function and grow, supported by full overt government support.

In addition, the boycott campaigns against settlements continued locally and globally, especially the boycott of Israeli academic institutions and goods produced in the settlements. These anti-settlement activities did not deter the Israeli government from continuing to expand the settlements by announcing the construction of new housing units in Jerusalem and elsewhere.

The formation of the Israeli government in 2013 provided a strong cover for settlement and Judaization programs, and supported conditions that thwarted the peace process. Despite calls from the UN, the American administration and the EU, Netanyahu headed a government of settlers par excellence. In general, the subject of settlement has found itself part of regular daily life in Israel, in the sense that it is no longer a debatable subject, or one that provokes demonstrations by the Israeli left in Tel Aviv and other Israeli cities.

The Praver Plan:³⁰ This plan, which was devised internally by Israel, aims to deport Palestinian Arabs who are Negev Bedouins and to seize hundreds of thousands of donums³¹ of their land in order to establish Israeli settlements there, as part of the scheme for Judaizing the Negev. The case of the Bedouin Arabs was widely covered in the Israeli media, the Arab world, and the world at large, to the extent that loud demonstrations were organized by Palestinian Arabs in several cities in Israel against this plan, accompanied by demonstrations and sit-ins in many cities and capitals around the world. Shortly before the end of 2013, the Israeli government announced its retreat from this plan, claiming that it was not applicable under present circumstances. Moreover, voices began to resound amid the government and right-wing parties calling for the Judaization of Galilee in

²⁹ For more on this university, see site of Ariel University, www.ariel.ac.il/en

³⁰ About this plan, see site of Adalah—The Legal Center for Arab Minority Rights in Israel, <http://adalah.org/Articles/1297/%D9%85%D8%AE%D8%B7%D8%B7%D8%A8%D8%B1%D8%A7%D9%81%D8%B1>

³¹ *Alrai* newspaper, Amman, 27/4/2013.



order to reduce the high proportions of Arabs there, as they constitute 56% of the total population in Galilee.

“The Jewishness of the State”: The Israeli government is committed to this matter and considers it to be a prerequisite for peace process negotiations. It sent a renewed call to the PA to recognize Israel as a “Jewish state,” but the PA has refused to do so.³²

The issue did not stop at this point, as a number of government ministers and members of Knesset submitted laws or proposals to strengthen the “Jewishness” of the state, including the cancellation of Arabic as an official language in Israel, and the development of Jewish settlement in Israel, especially in Galilee, as mentioned above.³³

Law Preventing the Division of Jerusalem: The right-wing and religious parties supported this law, while left-wing parties in the Knesset opposed it. However, it failed to obtain an overwhelming parliamentary majority composed of two-thirds of the Knesset members (i.e., 80 members). This confirmed the fact that the Israeli parliament rejects any real compromise with the Palestinians.³⁴ While Netanyahu, despite his extremism, has encountered a problem within his own party, as one of its members threatened to expel him from the party if he agreed to an Oslo-like settlement with the Palestinians. Not only did his opponents take this measure, but they also began operating within the party to amend its constitution and ensure the prevention of the establishment of a Palestinian state. This step reflects the presence of a trend within the Likud that rejects any peace settlement with the Palestinians and endorses the occupation in terms of liberating “Jewish land” and returning it to its rightful owners (from their perspective). But Netanyahu, who was thus shackled, continued to search for a way to restore his position and his leadership within the party by launching a project to integrate Likud and Yisrael Beiteinu in a single party list (and not a partnership, as is currently the case). However, Lieberman refused this for fear of witnessing the demise of his own party and power.

Restrictions on Freedoms: In an effort to crack down on opponents of Israel’s domestic policies,³⁵ Livni proposed a law to combat “terrorism” from an Israeli perspective: Anyone who shows solidarity and support to a “terrorist” organization or raises its slogans will be punished by imprisonment. She also called for the extension of the life sentence from 30 to 40 years.³⁶ This law aimed to put restrictions on the freedoms of Palestinian Arabs.

³² See Gideon Levy, The Life-Threatening Obsession with the Jewish State, *Haaretz*, 19/1/2014.

³³ See *The Jerusalem Post* newspaper, 28/5/2013; and see also *al-Quds al-Arabi*, 25/2/2014.

³⁴ *Alquds* newspaper, 21/10/2013.

³⁵ On Knesset discriminatory laws, see site of Adalah, <http://adalah.org/eng/Israeli-Discriminatory-Law-Database>

³⁶ *Assabeel*, 11/6/2013.

See also ACRI: “Counter-Terrorism Bill” Will Seriously Harm Human Rights, site of The Association for Civil Rights in Israel (ACRI), 9/6/2013, <http://www.acri.org.il/en/2013/06/09/terror-bill/>

Among the laws limiting freedom and political action for minorities in Israel, the Israeli Knesset approved a law raising the electoral threshold in the parliamentary elections from 2% to 3.25% on 11/3/2014.³⁷ This was based on an attempt to get rid of small political parties and lists, and adversely affects the Arab parties represented in the Knesset, as they will be removed from the Israeli parliament so that it becomes “a Jewish parliament.” Of course, this was opposed by the opposition parties such as the Arab parties, Labor, Meretz and Shas (the latter among the ranks of the opposition during the parliament, and claiming to be the defender of the downtrodden classes, forced to represent themselves outside the framework of existing parties).³⁸

5. Internal Disputes

Military Service for Haredim: The polarization continued within Israeli society on the issue of burden and responsibility distribution among the various social trends and political parties. There were increasing demands by leftist parties, the center, and the secular right, as well as various social movements, calling Israeli Haredim to bear the burden and responsibility by accepting the principle of enlisting in the Israeli army or of alternative service to the military service. It is axiomatic that extremist religious parties (Haredim) would reject this call, considering it a violation of the agreed “status quo,” i.e., that the faith of the religious is considered to be their work, and that this ought to be enough. On the other hand, advocates of military service for all the Israeli people called for equality in service so it does not remain the preserve of the secular and some religious groups. This issue widened the rift within the Israeli society and was one of the themes of the election campaign of several concerned parties.³⁹

The Israeli government approved the new military or civilian service law, which takes effect in 2016. This law is incompatible with the nature of the ultra-Orthodox parties, which immediately began looking for ways to circumvent this law.

Political and Financial Corruption:⁴⁰ According to international news agencies, the Corruption Perceptions Index places Israel in the 39th position in 2012 after it was ranked 36th in 2011.⁴¹ Corruption is present in the public sector

³⁷ The Knesset, 11/3/2014, http://www.knesset.gov.il/spokesman/eng/PR_eng.asp?PRID=11193

³⁸ See the positions of the parties opposing an amendment in the threshold law, site of Bokra, <http://www.bokra.net/Articles/1236712>

³⁹ There is a wide range of research on the issue of the rift in Israeli society, which has been developed in a number of strategic research institutes, notably the site of The Israel Democracy Institute (IDI). See, <http://en.idi.org.il/projects/israeli-society>

⁴⁰ In his study entitled “Political Corruption in Israel,” Doron Navot analyzes the roots and evolution of the corruption phenomenon since the rule of the Mapai Party in the wake of the establishment of Israel and until the Netanyahu government. See <http://www.idi.org.il/media/2447100/00045112.pdf> (in Hebrew)

⁴¹ See *Yedioth Ahronoth*, 6/12/2012.



and among politicians. Among the most prominent issues related to political and financial corruption is the case of Ehud Olmert, former prime minister in the Israeli government. Referred to as Holyland, this case was exploited by political opponents to oust him from political life so he can never return as prime minister or challenge Netanyahu. However, he was acquitted of most of the corruption accusations against him, and was not prevented by the court from engaging in political action. Following this decision, Olmert became a potential future pressure on Netanyahu.

Another issue related to political and financial corruption was that of Avigdor Lieberman, the head of Yisrael Beiteinu and Israeli foreign minister in Netanyahu's government, and his coalition ally. Lieberman took part in the Knesset elections but was not included in the government until the court issued its final decision. The verdict of his acquittal was actually issued on 6/11/2013, the day on which he resumed his work as foreign minister.⁴² The return of Lieberman is a complicating factor when it comes to negotiations because of his hardline views toward the Palestinians, and his acquittal will strengthen his party's popularity in Israel and may give legitimacy to acts of embezzlement and financial and political corruption.⁴³ The strong blow received by the public prosecutor in Israel after Lieberman's acquittal could pave the way for the acquittal of other politicians from corruption charges against them.

There is also a third case that has preoccupied the Israelis, which is the indictment by the public prosecutor against a number of heads of local authorities in Israel, who are accused of receiving bribes or being deceitful, and favoring their private interest above the public interest. A violent debate took place in the corridors of the Knesset and the media about whether the accused may stand as a candidate for local elections as president or member, and this will be a hot topic during the 2013 local elections in Israel.

Public opinion in Israel has a distrust in the judiciary regarding such cases, as dozens of politicians and financially influential people have been cleared from political and financial corruption issues. Thus, some parties seek to combat this phenomenon through civil associations that look into the issues of bribery, corruption and money laundering, with the aim of improving the quality of governance in Israel.

Moreover, financial and political corruption was not confined to the ranks of politicians in Israel, but also reached the ranks of senior clerics, led by former Ashkenazi Chief Rabbi of Israel, Yona Metzger, who was charged with receiving bribes, money laundering and failure to declare his income to the tax department.⁴⁴

⁴² *Haaretz*, 6/11/2012.

⁴³ *Al-Quds al-Arabi*, 7/11/2013.

⁴⁴ *The Jerusalem Post* and *Haaretz*, 18/11/2013; and *Alquds*, 19/11/2013.

It is expected that 2014 and 2015 will witness conflicts within the government between Likud, Yisrael Beiteinu, and Yesh Atid in particular with regard to the socio-economic situation. There will be a strong conflict between the Likud and Yisrael Beiteinu on their partnership's fate, which will reflect negatively on the fate of the Netanyahu government.⁴⁵ Netanyahu and some members of his party will clash with the hardline Jewish Home Party on everything related to the development and future of the settlements, as The Jewish Home refuses any negotiations regarding the fate of the settlements. Add to this the fact that the social divide will widen in light of the continuing threat of burden application through the imposition of conscription on the Haredim.

Observers believe that the number of financial and political corruption files will increase, especially among politicians and heads of municipalities and local authorities, confirming the decline in the quality of governance and the preference for private interests above the public good.

The central question remained: Will Netanyahu's third government remain until the end of the 19th parliament, or will there be early elections? This is currently difficult to predict, but it is clear that the path of this government is strewn with thorns, and any political instability could lead to its dismantling.

Second: The Most Prominent Demographic, Economic and Military Indicators

1. Demographic Indicators

At the end of 2013, the Central Bureau of Statistics (CBS) estimated the Israeli population to be 8.134 million people, including 6.102 million Jews, 75% of the population. While at the end of 2012, it was 7.985 million people, including 6 million Jews, 75.1% of the population. As for the Arab population, including the inhabitants of East Jerusalem and the Golan Heights, the CBS estimated them in 2013 to be 1.683 million, 20.7% of the population, compared to 1.647 million in 2012, 20.6% of the population (see table 4/2). If we were to deduct the number of inhabitants of East Jerusalem (nearly 308 thousand)⁴⁶ and the Golan Heights (nearly 25 thousand), then the number of those who are known as the 1948 Palestinians (i.e., who are living in the Palestinian territories occupied in 1948) becomes 1.35 million in 2013, 16.6% of the population.

In 2013, the CBS classified about 349 thousand persons as "others," representing 4.3% of the population, compared to about 338 thousand in 2012, representing 4.2% of the population. These are mostly immigrants from Russia,

⁴⁵ Quds Press International News Agency, 22/11/2013.

⁴⁶ Official Israeli statistics show that Arab citizens in East Jerusalem amounted to around 300.2 thousand at the end of 2012. Based on population growth rate estimated at 2.6% they will amount to around 308 thousand at the end of 2013, see Central Bureau of Statistics (CBS), *Statistical Abstract of Israel 2013*, no. 64, table 2.14, p. 122, http://www.cbs.gov.il/shnaton64/shnaton64_all_e.pdf



the former Soviet Union and Eastern Europe, who are not recognized as Jews, or who tend to deal with Judaism as a nationality rather than a religious affiliation, or who are non-Jews, or non-Arab Christians.

According to the Judea, Samaria and Gaza (Yesha) Council, which is the largest settlement organization in the WB, the number of Jewish settlers in the WB was estimated at the end of 2013 as approximately 370 thousands, with the exception of East Jerusalem, where the number of Jewish settlers was estimated at around 200 thousands.⁴⁷ As for the data supplied by The Applied Research Institute-Jerusalem (ARIJ), it offers much larger estimates than Israeli statistics, stating that the number of Israeli settlers in the WB (including East Jerusalem) reached more than 656 thousands in 2012, and 693 thousands in 2013.⁴⁸

Table 4/2: Population of Israel 2007–2013⁴⁹

Year	Total population	Jews	Arabs (including the population of East Jerusalem and the Golan Heights)	Others
2007	7,243,600	5,478,200	1,450,000	315,400
2008	7,419,100	5,608,900	1,499,900	310,300
2009	7,552,000	5,701,900	1,535,800	314,300
2010	7,695,100	5,802,400	1,573,100	319,600
2011	7,836,600	5,898,400	1,609,800	328,400
2012	7,984,500	5,999,600	1,647,200	337,700
2013	8,134,300	6,102,100	1,683,200	349,000

⁴⁷ This is an estimated figure based on the 2012 estimation and the growth rate in the settlements, estimated at 5%, see *al-Hayat*, 14/2/2013.

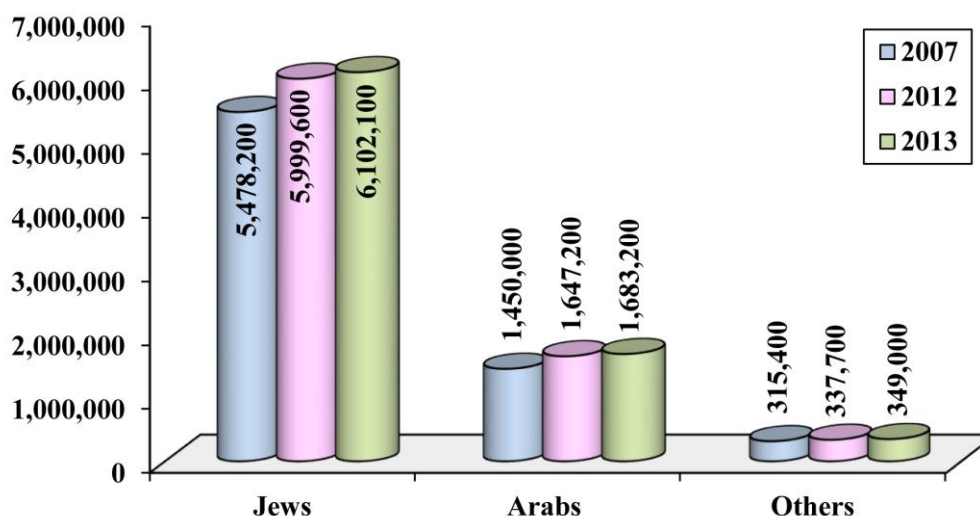
There are conflicting Israeli figures of the number of settlers in the West Bank (WB), see for example:

Site of Jerusalem Institute for Israel Studies (JIIS), http://www.jiis.org.il/upload/yearbook2013/shnaton_C1013.pdf; *The Jerusalem Post*, 17/9/2013; and Israeli Settlements: Settlements Population in the West Bank, Jewish Virtual Library, October 2013, <http://www.jewishvirtuallibrary.org/jsource/Peace/wbsettle.html>

⁴⁸ See The Applied Research Institute-Jerusalem (ARIJ), Over 20 Years, the Area of Israeli Settlements Has Grown by 182%, While the Number of Settlers Has Risen to 656 thousands, site of Project of Monitoring the Israeli Colonization Activities (POICA), 8/4/2013, <http://www.poica.org/details.php?Article=5145> (in Arabic); and ARIJ, Palestine Ends Another Year of Israeli Violations, Confiscations and Judaization and Displacement Schemes: Israeli Violations During 2013, POICA, 1/3/2014, <http://www.poica.org/details.php?Article=6111> (in Arabic)

⁴⁹ See CBS, <http://www1.cbs.gov.il/publications14/yarhon0214/pdf/b1.pdf>

Population of Israel 2007 and 2012–2013



In 2012 and 2013, there was a 1.9% population growth rate in Israel, which has been roughly the same since 2003. 170,940 persons and 171,207 persons were born in Israel in 2012 and 2013, respectively.⁵⁰

According to CBS, 16,882 immigrants came to Israel in 2013, compared to 16,558 and 16,893 in 2012 and 2011, respectively (see table 5/2). These numbers are consistent with the decrease in Jewish immigration since 2000 after the diminution of the number of Jews who were ready to migrate, and the restriction of most of the Jews from abroad to developed countries in North America and Europe, where Jews do not have an incentive to migrate on a large scale.

It should be noted that the decline in immigration to Israel was accompanied by continuous emigration. According to CBS, about 16,200 holders of Israeli passports exited Israel in the year 2011, including 800 Arabs; while 9,500 Israelis returned that same year, including 475 Arabs representing 5%. Hence, the migration balance of Israelis (excluding immigrants) who departed from the country and returned in 2011 was negative and stood at approximately 6,700 Israelis.⁵¹ According to a study prepared by Gilad Nathan in November 2012 for the Knesset Research and Information Center (RIC), there are no official statistics on the number of Israelis living abroad permanently. In 2011, the Ministry of the Interior estimated their number at 227 thousands, but the National Insurance Institute of Israel (NII) and the CBS estimated this number at closer to half a million, while the Ministry of Immigrant Absorption estimated it at approximately 750 thousands.⁵² On the other hand, the growth in the number of

⁵⁰ CBS, <http://www1.cbs.gov.il/publications14/yarhon0214/pdf/c1.pdf>

⁵¹ See CBS, http://www.cbs.gov.il/www/hodaot2013n/01_13_231e.pdf

⁵² Gilad Nathan, "The OECD Expert Group on Migration (Sopemi) Report: Immigration in Israel 2011–2012," Research and Information Center (RIC), The Knesset, November 2012, <https://www.knesset.gov.il/mmm/data/pdf/m03131.pdf>



Jews in the world, with the exception of Israel, has continued to stagnate as a result of the low rate of natural growth, in addition to mixed marriages and a trend of people abandoning of the Jewish religion.

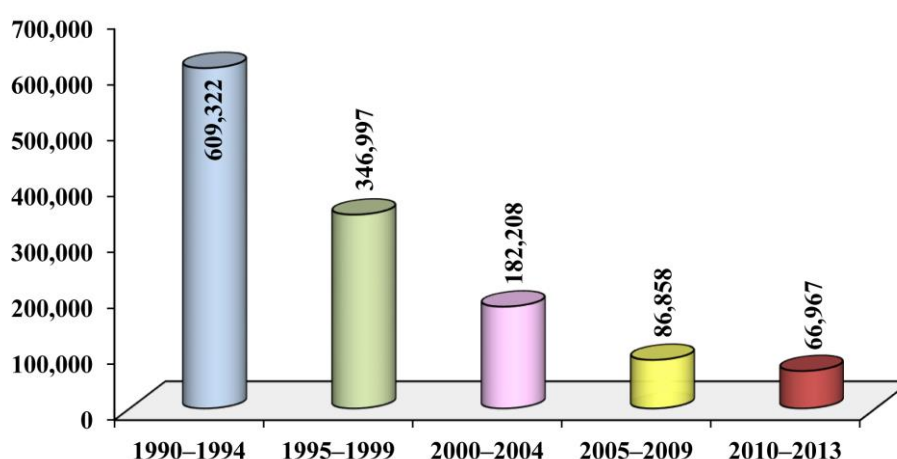
Table 5/2: Numbers of Jewish Immigrants to Israel 1990–2013⁵³

Year	1990–1994	1995–1999	2000–2004	2005–2009
No. of immigrants	609,322	346,997	182,208	86,858

Year	2010	2011	2012	2013	Total
No. of immigrants	16,634	16,893	16,558	16,882	1,292,352

The following chart shows the evolution of the number of Jewish immigrants to Israel for every five years during 1990–2013; please note that 2010–2013 covers only four years.

Numbers of Jewish Immigrants to Israel 1990–2013



As for the world Jewish population, Sergio DellaPergola, the renowned demographer and statistician, indicated that it was estimated to be 13.855 million at the end of 2012, an increase of 108,700 from 2011 (a 0.79% increase). In the same context, there remain warnings against the “dissolving” of the followers of Judaism outside of Israel because of the high proportion of mixed marriages, which has an impact on the world Jewish population, especially in Western countries.⁵⁴

⁵³ See CBS, http://www1.cbs.gov.il/hodaot2013n/21_13_050t1.pdf
<http://www1.cbs.gov.il/publications14/yarhon0214/pdf/e2.pdf>

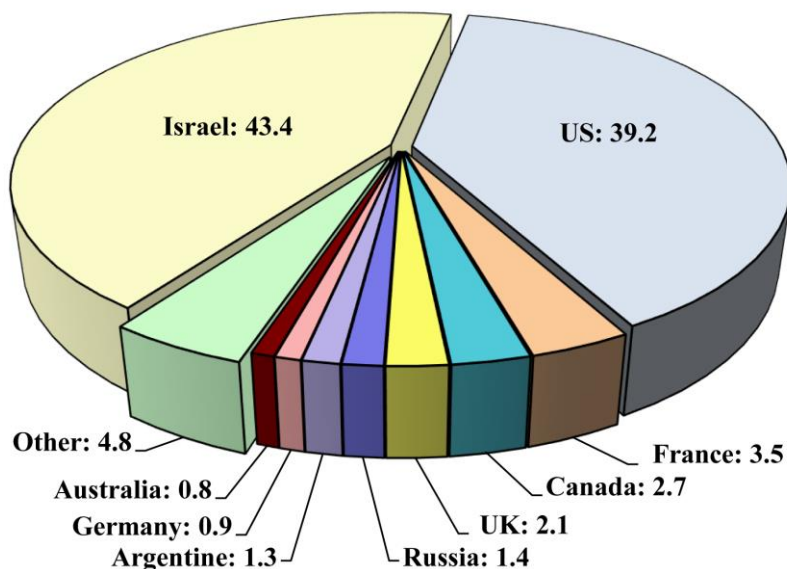
⁵⁴ See *Yedioth Ahronoth*, 2/1/2010.

Table 6/2: World Jewish Population by Country 2012⁵⁵

Country	Israel	US	France	Canada	UK	Russia
Estimates (thousands)	6,014.3	5,425	478	380	290	190
Percentage (%)	43.4	39.2	3.5	2.7	2.1	1.4

Country	Argentina	Germany	Australia	Other	Total
Estimates (thousands)	181.5	118	112.5	665.5	13,854.8
Percentage (%)	1.3	0.9	0.8	4.8	100

World Jewish Population by Country 2012 (%)



The 1948 Palestinians still suffer from Israeli racial discrimination policies, and a report on racism in Israel noted that the Israeli Knesset discussed 35 draft discriminatory laws during 2012.⁵⁶

2. Economic Indicators

The Gross Domestic Product (GDP) in 2013 was estimated at 1,053.3 billion shekels (\$291.8 billion), compared to 993.4 billion shekels (\$257.5 billion) in 2012 and 923.9 billion shekels (\$258.1 billion) in 2011. According to these estimates, the GDP registered a 6% and 7.5% growth in local currency for 2013

⁵⁵ Sergio DellaPergola et al., *World Jewish Population, 2013* (North American Jewish Data Bank, 2013), Chapter 6, <http://www.bjpa.org/Publications/downloadFile.cfm?FileID=18230>

⁵⁶ The Main Findings of the 2013 Racism in Israel Report, site of The Coalition Against Racism in Israel, 21/3/2013, <http://www.fightracism.org/en/Article.asp?aid=398>

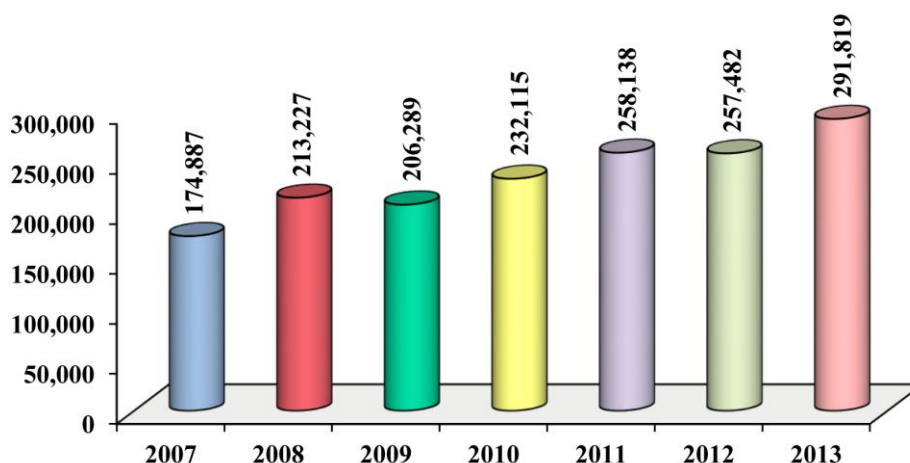


and 2012, respectively. But when calculating the growth rate in US dollars, and because of the shekel's fluctuating value against the dollar, we find that the growth rate increased by 13.3% in 2013, while it decreased by 0.2% in 2012 compared to the previous year (see table 7/2). It is worth noting that these results are contrary to the growth expectations of Bank of Israel, which were 3.3% in 2012⁵⁷ and 3.5% in 2013.⁵⁸ Note that the statistics we present are drawn from official sources, which update their data and make amendments to it from time to time.

Table 7/2: Israeli GDP 2007–2013 at Current Prices⁵⁹

Year	GDP (million shekels)	GDP (\$ million)	Shekel exchange rate (according to Bank of Israel)
2007	718,786	174,887	4.11
2008	764,697	213,227	3.5863
2009	809,230	206,289	3.9228
2010	866,231	232,115	3.7319
2011	923,900	258,138	3.5791
2012	993,365	257,482	3.858
2013	1,053,291	291,819	3.6094

Israeli GDP 2007–2013 (\$ million)



⁵⁷ See site of Bank of Israel, 24/12/2012, <http://www.boi.org.il/en/NewsAndPublications/PressReleases/Documents/Staff%20Forecast%202012%20Q4%20-%20final.pdf>

⁵⁸ See Bank of Israel, 23/12/2013, <http://www.bankisrael.gov.il/en/NewsAndPublications/RegularPublications/Research%20Department%20Publications/ResearchDepartmentForecast/Forecast231213e.pdf>

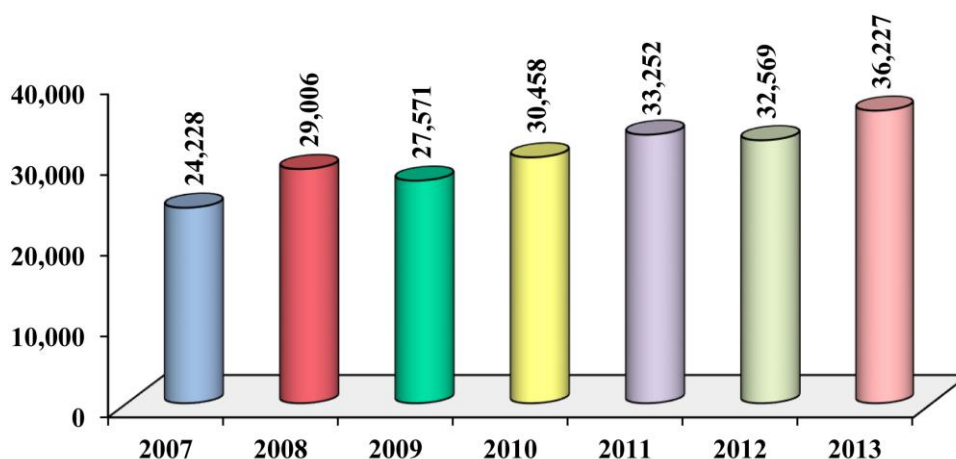
⁵⁹ See CBS, http://www.cbs.gov.il/hodaot2013n/08_13_361t11.pdf

According to CBS, Israeli GDP per capita in 2013 totaled 130,756 shekels (\$36,227), compared to 125,652 shekels (\$32,569) in 2012 and 119,012 shekels (\$33,252) in 2011. Based on these statistics, the GDP per capita grew in local currency by 4.1% and 5.6% for 2013 and 2012, respectively. But when calculating the growth rate in US dollars, and because of the shekel's fluctuating value against the dollar, we find that the growth rate increased by 11.2% in 2013, while it decreased by 2.1% in 2012 compared to the previous year. Therefore, it is better not to make hasty and possibly inaccurate conclusions if the difference in the exchange rate between the local currency and the dollar is not taken into account (see table 8/2).

Table 8/2: Israeli GDP per Capita 2007–2013 at Current Prices⁶⁰

Year	GDP per capita (shekels)	GDP per capita (\$)
2007	99,576	24,228
2008	104,025	29,006
2009	108,155	27,571
2010	113,667	30,458
2011	119,012	33,252
2012	125,652	32,569
2013	130,756	36,227

Israeli GDP per Capita 2007–2013 (\$)



⁶⁰ See CBS, http://www.cbs.gov.il/hodaot2013n/08_13_361t1.pdf



The 2013 budget was approximately 388.3 billion shekels (\$106.7 billion), while the 2012 budget was about 365.9 billion shekels (\$94.8 billion) and in 2011 about 348.2 billion shekels (\$97.3 billion). As for the 2014 budget, it is estimated at nearly 408.1 billion shekels (\$112.2 billion).⁶¹

The total public expenditure of the Israeli government for 2013 reached about 309.544 billion shekels (\$85.761 billion), while its total public revenues in 2013 were about 268.36 billion shekels (\$74.35 billion), with a 15.3% budget deficit, compared with 5% and 7.9% for 2012 and 2011 respectively (see table 9/2).

Table 9/2: Israeli Government Revenues and Expenditures 2011–2013⁶²

	2011		2012		2013	
	Million shekels	\$ million	Million shekels	\$ million	Million shekels	\$ million
Revenues	251,314	70,217	271,152	70,283	268,360	74,350
Expenditures	271,191	75,771	284,657	73,784	309,544	85,761
Deficit (%)	-7.9		-5		-15.3	

Israeli exports for 2013 amounted to \$66.584 billion, compared to a total of \$63.145 billion in 2012, and \$67.802 billion in 2011. Thus, exports achieved a 5.4% increase in 2013 after they had fallen by 6.9% in 2012. As for imports for 2013, they totaled \$71.899 billion, compared with \$73.121 billion in 2012, and \$73.536 billion in 2011. Consequently, imports have decreased by 1.7% and 0.6% for the years 2013 and 2012, respectively (see table 10/2). It is noteworthy that these statistics do not include foreign trade exports and imports services. This performance reflects a significant expansion in Israeli economic activity, although Israel had not yet managed to overcome its trade deficit.

⁶¹ Haaretz, 14/5/2013.

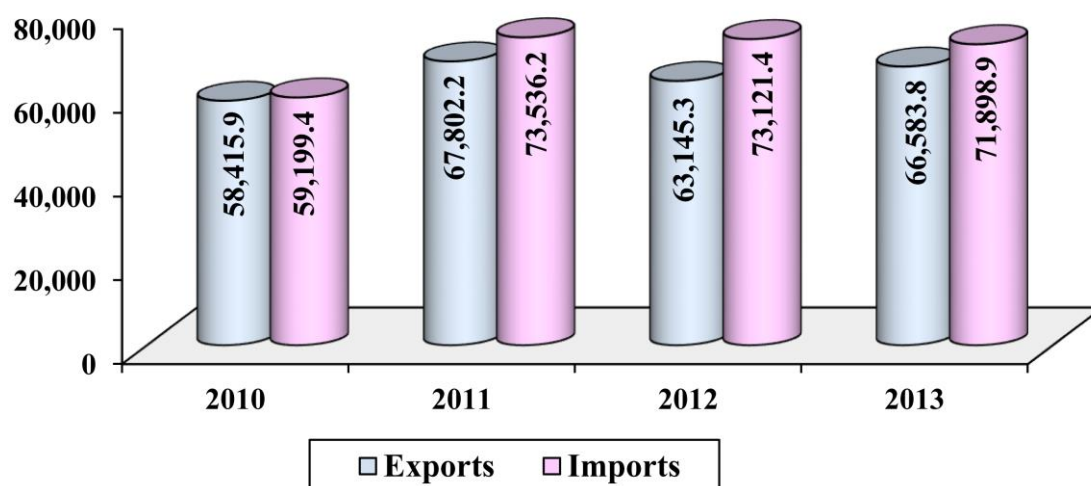
In this study, the exchange rate of the dollar against the Israeli shekel in 2011 and 2012 was based on the Bank of Israel data, which was 3.5791 and 3.858 respectively. As for 2013 and 2014, the Bank of Israel data was dated on 14/5/2013, and it was 3.638.

⁶² See Ministry of Finance of Israel, Government Revenues, 2011, 2012 and 2013, <http://www.ag.mof.gov.il/AccountantGeneral/BudgetExecution/BudgetExecutionTopNavEng>

Table 10/2: Total Israeli Exports and Imports 2010–2013 at Current Prices (\$ million)⁶³

Year	2010	2011	2012	2013
Exports	58,415.9	67,802.2	63,145.3	66,583.8
Imports	59,199.4	73,536.2	73,121.4	71,898.9

Total Israeli Exports and Imports 2010–2013 (\$ million)



The US continues to enjoy its status as Israel's primary trading partner; in 2013, Israeli exports to the US amounted to \$17.637 billion, representing 26.5% of total Israeli exports, compared to \$17.562 billion in 2012 (27.8% of the total Israeli exports). As for Israeli imports from the US in 2013, they amounted to about \$8.153 billion, representing 11.3% of total Israeli imports, compared to \$9.399 billion in 2012 (12.9% of the total Israeli imports). Israel offsets its trade deficit to a large extent with most of its trading partners, through the trade surplus, which was about \$9.484 billion in 2013 and \$8.163 billion in 2012, with the US, which represents a vital support to the Israeli economy (see table 11/2).

⁶³ CBS, <http://www1.cbs.gov.il/publications14/yarhon0214/pdf/h8.pdf>

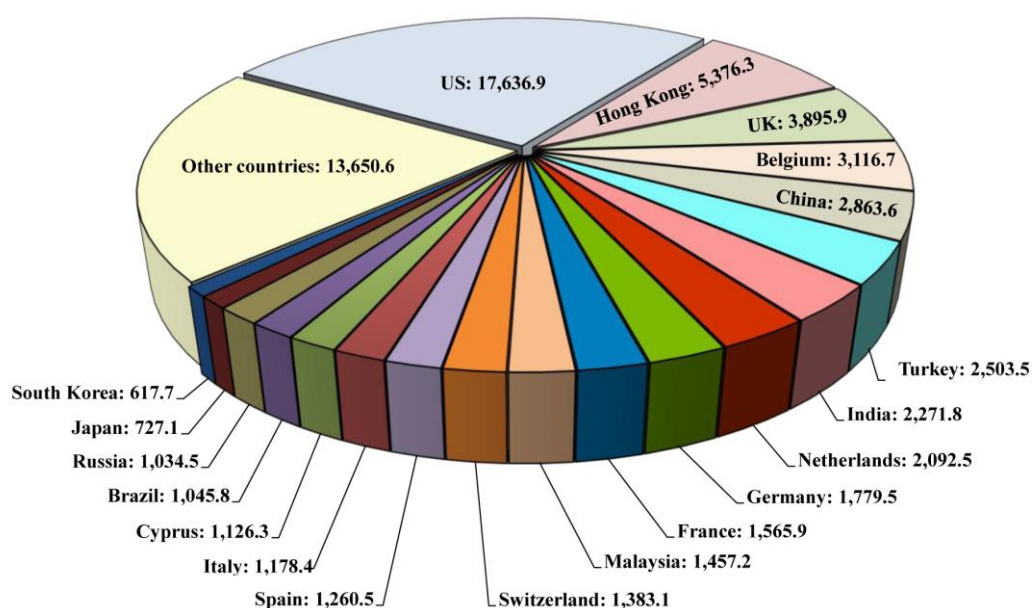


Table 11/2: Volume of Israeli Trade, Exports and Imports to/from Selected Countries 2012–2013 at Current Prices (\$ million)⁶⁴

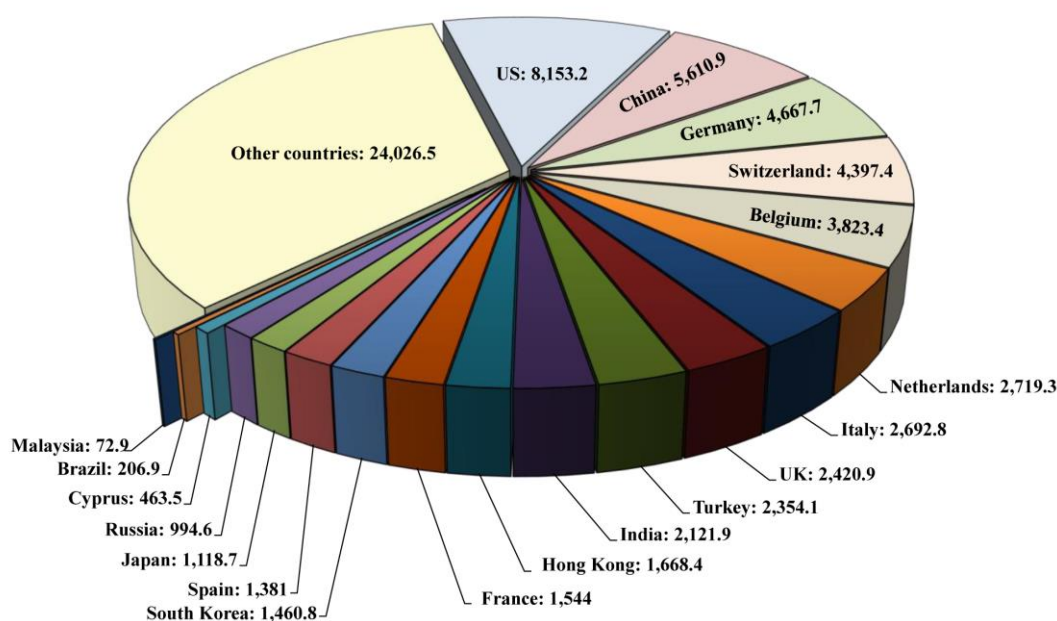
Country	Trade volume		Israeli exports to:		Israeli imports from:	
	2013	2012	2013	2012	2013	2012
US	25,790.1	26,960.4	17,636.9	17,561.7	8,153.2	9,398.7
China	8,474.5	8,080.4	2,863.6	2,758.2	5,610.9	5,322.2
Hong Kong	7,044.7	6,446.7	5,376.3	4,882.8	1,668.4	1,563.9
Belgium	6,940.1	6,474.6	3,116.7	2,929.7	3,823.4	3,544.9
Germany	6,447.2	6,260.7	1,779.5	1,638.9	4,667.7	4,621.8
UK	6,316.8	6,186.8	3,895.9	3,588.7	2,420.9	2,598.1
Switzerland	5,780.5	5,188.4	1,383.1	1,133	4,397.4	4,055.4
Turkey	4,857.6	3,504.1	2,503.5	1,421.4	2,354.1	2,082.7
Netherlands	4,811.8	4,995.5	2,092.5	2,248.6	2,719.3	2,746.9
India	4,393.7	4,431.5	2,271.8	2,495.3	2,121.9	1,936.2
Italy	3,871.2	3,943.8	1,178.4	1,164.3	2,692.8	2,779.5
France	3,109.9	3,097.1	1,565.9	1,450.9	1,544	1,646.2
Spain	2,641.5	2,241	1,260.5	1,039.1	1,381	1,201.9
South Korea	2,078.5	2,367.8	617.7	704.8	1,460.8	1,663
Russia	2,029.1	1,872.5	1,034.5	1,053.1	994.6	819.4
Japan	1,845.8	2,559.1	727.1	831.8	1,118.7	1,727.3
Cyprus	1,589.8	1,869.8	1,126.3	905.1	463.5	964.7
Malaysia	1,530.1	837.3	1,457.2	763.3	72.9	74
Brazil	1,252.7	1,329.5	1,045.8	1,138.7	206.9	190.8
Other countries	37,677.1	37,619.7	13,650.6	13,435.9	24,026.5	24,183.8
Total	138,482.7	136,266.7	66,583.8	63,145.3	71,898.9	73,121.4

⁶⁴ See Ibid.

Israeli Exports to Selected Countries 2013 (\$ million)



Israeli Imports from Selected Countries 2013 (\$ million)



China ranked as Israel's second-largest trading partner, as Israeli exports to it reached \$2.864 billion in 2013 and \$2.758 billion in 2012, while Israeli imports from the country reached \$5.611 billion in 2013 and \$5.322 billion in 2012. Moreover, Hong Kong ranked third in 2013, as the trade volume between the two countries reached \$7.045 billion in 2013, compared to \$6.447 billion in 2012. As for Belgium, it regressed to the fourth place in 2013, with a trade volume of \$6.94 billion compared to \$6.475 billion in 2012 (see table 11/2).



In addition to the above mentioned states, the most prominent countries that have received Israeli exports in 2013 are the UK (\$3.896 billion), Turkey (\$2.504 billion), India (\$2.272 billion), Netherlands, Germany, France, Malaysia and Switzerland. As for Israel's main sources of imports, they are Germany (\$4.668 billion), Switzerland (\$4.397 billion), Netherlands (\$2.719 billion), Italy, UK, Turkey and India (see table 11/2).

In 2012, the main countries that received Israel's exports were the UK (\$3.589 billion), India (\$2.495 billion), Netherlands (\$2.249 billion), France, Turkey, Italy, Brazil and Switzerland. As for Israel's main sources of imports, they were Germany (\$4.622 billion), Switzerland (\$4.055 billion), Italy (\$2.78 billion), Netherlands, UK, Turkey and India (see table 11/2).

Manufacturing, mining and quarrying excluding working diamonds, topped the list of Israeli exports for 2012 and 2013, which accounted for 82.1% and 81.3%, respectively. The ratio of net Israeli exports of diamonds was 15.5% in 2012 and 16.2% in 2013. As for exports related to agriculture, forestry and fishing, they reached 2.5% in 2012 and 2.6% in 2013 (see table 12/2). The breakdown of industrial exports by technological intensity shows that in 2013, high technology industries represented 44% of total industrial exports (excluding diamonds), medium technology industries 50%, and low technology industries 6%.⁶⁵

Table 12/2: Israeli Exports by Commodity Group 2011–2013 (\$ million)⁶⁶

Year	Agriculture, forestry and fishing	Manufacturing, mining & quarrying excl. working diamonds	Diamonds		Others	Returned exports	Total
			Working of diamonds	Wholesale of diamonds			
2011	1,382.1	45,756.4	7,488.6	3,534.8	3.3	-36.5	58,128.7
2012	1,373.3	44,296	5,621.5	2,740.5	3.2	-62.7	53,971.8
2013	1,492.6	46,073.5	6,290.8	2,909.3	3.7	-103.6	56,666.3

With regard to imports, raw materials accounted for 38% of Israeli imports in 2012 and 2013, while fuel imports accounted for 22.3% and 20.5% respectively. The imports of consumer goods reached 14.6% and 16.2%, investment goods 13.8% and 12.5%, while imports of ships, aircraft and diamonds reached 11.1% and 12.4% in 2012 and 2013, respectively (see table 13/2).

⁶⁵ See Helen Brusilovsky, Summary of Israel's Foreign Trade–2013, CBS, 13/1/2014, http://www1.cbs.gov.il/www/hodaot2014n/16_14_007e.pdf

⁶⁶ See CBS, <http://www1.cbs.gov.il/publications14/yarhon1213/pdf/h5.pdf>
<http://www1.cbs.gov.il/publications14/yarhon0214/pdf/h5.pdf>

It should be noted that imports of Israeli fuel for the year 2013 amounted to \$14.56 billion, which represented a 9.5% decrease from 2012, due to Israeli investments in the field of gas extraction in the eastern Mediterranean basin; where production began in the Tamar gas field in 2013, in quantities that will be sufficient for Israel over the next 15–20 years.

Table 13/2: Israeli Imports by Commodity Group 2011–2013 (\$ million)⁶⁷

Year	Consumer goods	Raw materials	Investment goods	Fuels	Diamond rough and polished	Others	Total
2011	11,160.2	27,050.7	10,564.7	13,649.7	10,156.6	165.2	72,747.1
2012	10,539.5	27,579.8	9,961.2	16,090.3	7,551.5	548.1	72,270.4
2013	11,506.8	27,202.9	8,879.6	14,560.2	8,269.9	581.2	71,000.6

Although Israel is considered to be a rich and developed country, it still receives US aid annually. In 2013, it reached a total of \$3.115 billion, including \$3.1 billion in the form of a military grant; and \$3.098 billion in 2012, including \$3.075 billion in the form of a military grant; compared with \$3.029 billion in 2011, including \$3 billion in the form of a military grant. US aid received by Israel during 1949–2013 amounts to \$118.244 billion, according to the report submitted by the Congressional Research Services (CRS).⁶⁸

Table 14/2: US Bilateral Aid to Israel 1949–2013 (\$ million)⁶⁹

Period	1949–1958	1959–1968	1969–1978	1979–1988	1989–1998	1999–2008
Total	599.6	727.8	11,426.5	29,933.9	31,551.9	29,374.7

Period	2009	2010	2011	2012	2013	Total
Total	2,583.9	2,803.8	3,029.2	3,098	3,115	118,244.3

The following graph shows the US aid to Israel per decade covering the period 1949–2013; please note that the 2009–2013 period covers only five years.

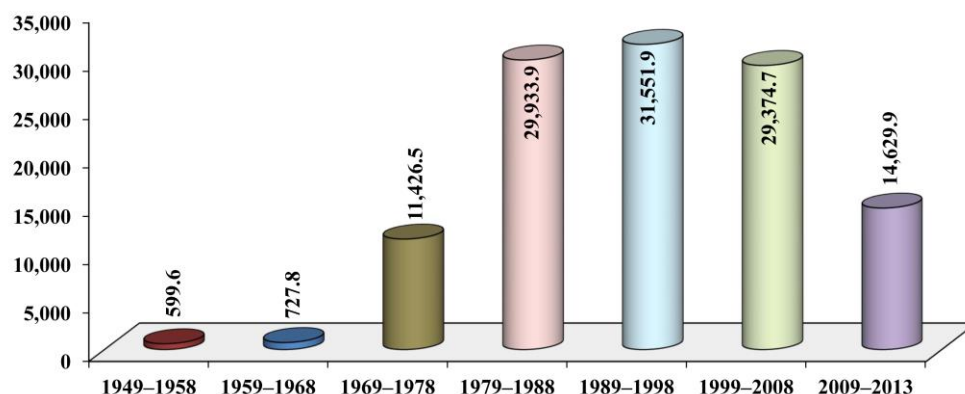
⁶⁷ See CBS, <http://www1.cbs.gov.il/publications14/yarhon1213/pdf/h3.pdf>
<http://www1.cbs.gov.il/publications14/yarhon0214/pdf/h3.pdf>

⁶⁸ See Jeremy M. Sharp, “U.S. Foreign Aid to Israel,” Congressional Research Services (CRS), 11/4/2013, <http://fpc.state.gov/documents/organization/209258.pdf>

⁶⁹ Ibid.



US Bilateral Aid to Israel 1949–2013 (\$ million)



Based on international comparisons, Israel's economy is doing well. The projected average growth rate for countries belonging to the Organisation for Economic Co-operation and Development (OECD) in 2013 is just 1.2%. Euro bloc economies are forecast to contract by 0.6% the same year. While in 2012 average growth rate for OECD countries was 1.4%, and the euro bloc contracted by 0.5%.⁷⁰

3. Military Indicators

There were increased security concerns for the future in Israel during 2012 and 2013 due to the “Arab Spring” developments, in parallel with the growing threat of “international jihadist organizations” and resistance organizations, which have distinct capabilities in terms of size, strength, quality and accuracy. This is in addition to the growing threat of cyber warfare against civilian and military computer systems, and those destined to hit the Israeli home front. However, “the removal of chemical weapons from Syria and the possibility of diplomatic talks that could bring about a deal with the Iranians are positive signals, if they are realized,” according to Israeli Chief of Staff Lt.-Gen. Benny Gantz during a speech at The Begin-Sadat Center for Strategic Studies (BESA).⁷¹

Administrative and Structural Changes

In 2013, the Israeli army made amendments to the nature of the tasks of a number of military brigades, including reservists, and approved a plan to re-equip reservists and train them in how to respond to various anticipated combat

⁷⁰ Haaretz, 17/9/2013.

⁷¹ Haaretz, 8/10/2013.

scenarios toward the northern front, in light of the prevailing situation in Syria and Lebanon.⁷²

With regard to the reserve forces, the Israeli Defense Minister Moshe Ya'alon approved on 6/5/2013 the Lt.-Gen. Gantz plan to shorten compulsory army service by four months to 32 instead of 36 months. This came in the context of equalizing the burden of military service, a task the Perry Committee was commissioned to achieve. The plan to shorten army service, under certain conditions set by the Defense Ministry, will be brought before the political echelon for approval. The transition will be introduced gradually, with the length of service determined by soldiers' roles rather than by gender; change in special shortened service tracks; and supplemental budgets for the plan over and above the defense budget, which has been described as "a necessary condition for applying the model."⁷³

On the other hand, on 20/10/2013 the Israeli Ministerial Committee for Legislation approved an amendment letting the Israeli army call up reservists six times a year, not three. The bill says, "The limitation on call-ups for annual reserve duty does not suit the needs of the army" and does not allow the army to satisfy the needs of its training cycles and other capabilities.⁷⁴

In terms of appointments, Israeli Prime Minister Benjamin Netanyahu and Defense Minister Moshe Ya'alon decided on 12/9/2013 to extend the term of Lt.-Gen. Gantz for a fourth year. This decision was approved by the government on 17/9/2013.⁷⁵ In turn, Gantz announced on 24/10/2013 the appointment of Colonel Ghassan Alian a commander of the Golani Brigade, who thus became the first Arab Druze officer to hold this position in the history of the Israeli army.⁷⁶

Manpower

Regarding the size of the army, the annual Military Balance report issued by the International Institute for Strategic Studies (IISS) in the UK estimated the number of Israeli regular service soldiers to be 172 thousand, with 107 thousand being conscripts, including first-year officers. It estimated the number of reserves at 425 thousand. However, the Personnel Directorate in the Israeli army stated that the exact number of the armed forces is secret, noting that there are other sources that estimate the number of Israeli regular service soldiers to be 450 thousand and their reserves 600 thousand; ground forces 210 thousand and their reserves

⁷² *Al-Hayat*, 27/3/2013.

⁷³ *Haaretz*, 6/5/2013.

⁷⁴ *Haaretz*, 21/10/2013.

⁷⁵ *The Jerusalem Post*, 12/9/2013; and site of Prime Minister's Office, 17/9/2013, <http://www.pmo.gov.il/English/MediaCenter/SecretaryAnnouncements/Pages/govmes170913.aspx>

⁷⁶ *Yedioth Ahronoth*, 24/10/2013.



560 thousand; naval forces 13 thousand, including 300 Israeli naval commandos as well as 23 thousand reserves; in addition to 52 thousand in air force and 28 thousand as reserves.⁷⁷

On the other hand, former Head of the Personnel Directorate Gil Regev stated that 34% of young people who are of military service age do not enlist, or evade it for various reasons: 11.5% for psychological reasons, 9.5% for being religious students, 2.6% for health reasons, 1.4% for having a criminal record, 9% for non-psychological reasons, and 5% for being orphans. The directorate explained that the past years have seen the recruitment of one out of every five soldiers in the ranks of reservists, while former Head of the Israeli Army Planning Branch Uzi Dayan confirmed that there is an intention to drastically reduce the number of permanent soldiers, as well as the number of civilian personnel in the army.⁷⁸

According to statements by Israeli Public Radio and Channel 10 on 12/2/2013, more than 50% of the Ethiopian Jews who completed their military service find themselves at a certain point in military prisons for various reasons: half of them for evading service, and 25% for absenteeism.⁷⁹ *Haaretz* newspaper reported that 380 Ethiopian soldiers were imprisoned in 2013 compared to 433 in 2012.⁸⁰

Information issued by the Israeli army revealed that suicide is still a major cause of death in the ranks of the army in spite of its reduced incidence (seven cases in 2013 compared to 14 cases in 2012). In 2011 there were 21 cases of suicide, while there were 28 cases in 2010, 20 cases in 2009, and 23 cases in 2008. The data indicates that there were 278 cases of suicide during the period 2002–2012.⁸¹

Yedioth Ahronoth newspaper reported that 561 sexual harassment cases were reported in the Israeli army in 2013 compared to 511 in 2012.⁸² According to a report issued by the Women's Affairs Advisor to the Chief of Staff of the Israeli Army, there was an increase in the number of rape and sexual harassment investigation cases in the army in 2012 (approximately 46).⁸³

A report prepared by the military police in the Israeli army revealed a great deal of neglect in protection and safety measures within Israeli military bases. An inspection by the military police that covered 15 military bases, found that in 50% of the bases weapons are left unattended; in 70% sensitive information is

⁷⁷ Hebrew Translations, Information Report Appendix, no. 2721, Markaz Dirasat wa Tahlil al-Ma'lumat al-Suhafiyah, 29/1/2013, cited from Bmhanih military magazine. (in Arabic)

⁷⁸ Ibid.

⁷⁹ Site of Akka Online li al-Dirasat al-Israeliyyah, 11/2/2013.

⁸⁰ *Haaretz*, 8/1/2014.

⁸¹ *Haaretz*, 29/1/2013 and 1/1/2014.

⁸² *Yedioth Ahronoth*, 3/2/2014.

⁸³ Akka Online li al-Dirasat al-Israeliyyah, 20/2/2013.

easily accessed; in 65% vehicles can be easily stolen; in 35% visitors are not asked for any identification; in 20% there is drug use; and in 15% there is alcohol consumption.⁸⁴ A European human rights report revealed the existence of hundreds of European mercenaries who “volunteer” for military service in the ranks of the Israeli army.⁸⁵

Military Plans and Orientations

In an interview with the weekly Defense News, Israel Air Force (IAF) Chief of Operations Brigadier General Amikam Norkin stated that Israel “aims to shorten the duration of future wars while reducing demand for maneuvering ground forces through massive, persistent and punishing use of precision air power.” He added that the Expanding Attack Capacity program (EAC) called for organizational changes by splitting training, doctrine and operational functions.⁸⁶

In a related development in early 2013, the Israeli army established a new special cyber war room, which will be manned 24 hours a day by some 20 soldiers. The special room is meant to protect its computer systems by detecting virtual attacks by hostile elements and launching counter attacks. This followed what Israel viewed as an unprecedented cyber attack in retaliation for the its Operation Pillar of Defense in GS.⁸⁷

The Israeli army has defined cyber warfare as the fifth realm of warfare, alongside land, sea, air and space. To strengthen its electronic defense, the Israeli army established a command dedicated to cyber warfare that brings together personnel from the Intelligence Branch and the Teleprocessing Branch to ward off cyber attacks.⁸⁸

Defense News stated that Unit 8200 plays a critical role in the field of cyber espionage, adding that the retired General Uri Sagi, former head of military intelligence, acknowledged the existence of such a unit, which he considered to be among the most important intelligence units in Israel. According to Sagi, the unit aims to offer a comprehensive intelligence vision with the information provided by agents. The unit relies on monitoring and eavesdropping, taking photos, and jamming.⁸⁹

⁸⁴ Palestinian Press Agency (Safa), 21/11/2013, cited from Hebrew Channel 2.

⁸⁵ Site of Euro-Mid Observer for Human Rights, 25/11/2013, <http://www.euromid.org/en/article/469/Report:-Hundreds-Of-Europeans-In-The-Ranks-Of-The-Israeli-Army>

⁸⁶ Site of Defense News, 27/10/2013, <http://www.defensenews.com/article/20131027/DEFREG04/310270010/Israel-Air-Force-Plan-Shoots-10-Fold-Boost-Bombs-Target>

⁸⁷ *Yedioth Ahronoth*, 12/2/2013; and Sama News Agency, 13/2/2013.

⁸⁸ *Haaretz*, 4/3/2014.

⁸⁹ *Al-Quds al-Arabi*, 6/8/2013.



In the same vein, the website of the Israeli army Radio Galei Tzahal revealed the presence of a unit within AMAN, subordinate to Unit 8200 and is called Hatzav. It is tasked with monitoring and collecting information from the media and the internet.⁹⁰

Maneuvers

In regard to maneuvers and military exercises, on 15/2/2013 the Israeli army completed exercises that simulated scenarios of an all-out war in the region, within its annual training program. These exercises, which lasted a week, verified the readiness of the Chief of Staff to manage a war in coordination with the political leadership and field leaders. The government (including the prime minister and security officials) and heads of various army branches took part in these exercises, which also dealt with the coordination between the regular army and the reserve, in addition to examining several war scenarios on one or several fronts at once.⁹¹

On 21/3/2013, the Israeli Navy completed a joint two-week exercise, Noble Dina, with the US and Greek navies in the Mediterranean Sea. "The exercise assessed the level of operational coordination between the three navies in procedures of search and rescue as well as the immediacy and efficiency in responding to maritime emergencies, evacuation, navigation and fire drills."⁹²

Haaretz newspaper announced on 1/7/2013 that the IAF would be training for three weeks in Bulgaria against S-300 rockets, of which Syria had bought 144 units. Moreover, Israel was attempting to persuade Moscow to either cancel or freeze the deal. Official military sources in Tel Aviv announced the IAF training in Bulgaria, but refused to acknowledge that Syria was the objective. The latest IAF fighter aircrafts, F-16, F-16C, and F-16D took part in this training, which also involved in some of its phases the Bulgarian Air Force that used its Russian-made fighter aircraft MiG-21, MiG-29, and Sukhoi Su-25, which the Syrian and Iranian armies either own or intend to purchase. At a later stage, the Bulgarian anti-aircraft weapons, namely the Russian S-300, were also used in the exercises.⁹³

Haaretz reported on 25/11/2013 that just 24 hours after the signing of the Geneva Agreement between Western countries and Iran over its nuclear program, IAF began international aerial maneuver drill with the participation of Greece, Italy and the US. These maneuvers simulated different scenarios of air battles and evading dangers in the air, such as the launching of anti-aircraft missiles. During

⁹⁰ *Al-Youm al-Sabi* newspaper, Cairo, 13/4/2013.

⁹¹ *Asharq Alawsat*, 16/2/2013.

⁹² See site of Israel Defense Forces (IDF), 21/3/2013, <http://www.idf.il/1283-18595-EN/Dover.aspx>

⁹³ See *Haaretz*, 1/7/2013; and *Asharq Alawsat*, 3/7/2013.

the maneuvers, airspace was closed between Gush Dan (Tel Aviv area) and the city of Dimona south of the Israel. The training was attended by 20 additional foreign observers from European countries, such as Cyprus and Bulgaria.⁹⁴

Missile Systems

The Israeli Defense Ministry announced on 25/2/2013 that a successful test of Arrow 3 (Hetz 3) missile defense interceptor had been carried out. The test was led by technicians from the Israel Aerospace Industries (IAI), together with a team from the US Department of Defense's Missile Defense Agency. The US is funding the majority of the system's related expenses. Arrow 3 missile defense system operates in space, traveling at twice the speed of a tank shell to leave the atmosphere. It is designed to seek and destroy Iranian Shihab 3 missiles, as well as other long-range projectiles. These missiles are developed by IAI and Boeing.⁹⁵

According to *Maariv* newspaper on 30/9/2013, the Israeli Defense Ministry decided to cut the budget for the Arrow 3 development, because of the reduction of the military budget. Moreover, the US had already announced the cutting of its contribution to the project by \$55 million.⁹⁶

On 3/9/2013, the Israeli Defense Ministry announced that it had held a successful missile drill with assistance of representatives from the US Missile Defense Agency and the Pentagon. It involved the firing and tracking of a Sparrow target missile, which is used to simulate Iranian long-range Shahab ballistic missiles, and the Arrow 3 anti-missile system successfully thwarted the missile.⁹⁷

Regarding the anti-missile Iron Dome system, an M75 medium-range rocket that fell on the city of Ashkelon on 26/2/2013 revealed failure in the rocket siren warning system and the Iron Dome air defense system.⁹⁸ On 3/4/2013, Israeli newspaper *Yedioth Ahronoth* announced that a fifth battery of the Iron Dome had been delivered to the IAF.⁹⁹

On 20/11/2013, the Israeli Defense Ministry announced that the "Israel Missile Defense Organization and the US Missile Defense Agency completed a successful intercept test of the Magic Wand Weapon System against a short-range ballistic missile."¹⁰⁰

⁹⁴ See *Haaretz*, 25/11/2013; and *al-Quds al-Arabi*, 27/11/2013.

⁹⁵ See *The Jerusalem Post*, 25/2/2013; and *Asharq Alawsat*, 26/2/2013.

⁹⁶ Safa, 30/9/2013. See also site of United Press International (UPI), 4/10/2013, <http://www.upi.com>

⁹⁷ *The Jerusalem Post*, 3/9/2013.

⁹⁸ See *The Jerusalem Post*, 26/2/2013; and *al-Hayat*, 27/2/2013.

⁹⁹ *Yedioth Ahronoth*, 3/4/2013.

¹⁰⁰ *Yedioth Ahronoth*, 20/11/2013.



Weapons Development, Weapons Programs and Arms Exports

With regard to the development of other weapons, Israel Military Industries Ltd. (IMI) completed the development of Mars, a missile with precise steering and faster than sound, which is fired from aerial platforms. It is a groundbreaking weapon suitable for use against buried and rigid targets and weighs 500 kg, with a length of 4.4 m and a diameter of 306 mm. It has a range of up to 100 km.¹⁰¹

With regard to weapons programs, *Yedioth Ahronoth* newspaper reported on 7/2/2013 that the Israeli army requested advanced US V-22 Osprey aircraft, each of which costs up to \$69 million. The newspaper stated that Israel was eyeing a deal for the supply of six to eight aircrafts.¹⁰²

On 26/6/2013, the IAF received the first of three Super Hercules aircraft requested by the Israeli Defense Ministry from the US Lockheed Martin Company.¹⁰³

According to *Haaretz*, preliminary estimates for Israel's military equipment exports reached \$7 billion in 2012, a 20% increase compared with 2011. The volume of Israeli military exports has fluctuated widely in recent years, peaking at \$7 billion in 2009–2010. This placed Israel between the fourth and sixth in the world for weapons sales. Most Israeli military exports go to the US and European countries, followed Southeast Asia and South America. Export to African countries is marginal. One reason for the rise in Israeli exports “stems from a \$1 billion arms deal with Italy. Israel is buying new training jets from the Air Force in Italy, which has undertaken a mutual procurement contract—to purchase goods in like value from Israel.” Italy will purchase from Israel “two air control aircraft and an observation satellite, both products of Israel's Aviation Industry.”¹⁰⁴

The Home Front

The 2012 annual report issued by Home Front Defense Ministry revealed the preparedness of Israeli “government offices and authorities against unconventional weapons threat is medium-low,” while there is increased talk about Syrian chemical weapons, and the continued development of Iran's nuclear program. “Since the gas masks distribution project began in 2010, 4.6 million kits were handed out, which account for 58% of the population. Of these, 3 million kits were

¹⁰¹ See Globes, 2/7/2013, <http://www.globes.co.il/en/article-1000858881>; and site of Israel Military Industries Ltd. (IMI), <http://www.imi-israel.com/home/doc.aspx?mCatID=68623>

¹⁰² *Yedioth Ahronoth*, 7/2/2013.

¹⁰³ Site of Air Force Reserve Command, 26/6/2013, <http://www.afrc.af.mil/news/story.asp?id=123354055>; and *The Jerusalem Post*, 30/6/2013.

¹⁰⁴ *Haaretz*, 10/1/2013.

distributed in threatened areas.” The report also “warns about low levels of awareness among the Haredim and Arabs.”¹⁰⁵

A report issued by the Israeli State Comptroller estimated that around 700 thousand Israeli citizens do not have access to a public shelter. It adds that there are 9,600 public shelters and 20 thousand private shelters in Israel, while there are no shelters for the disabled and infirm. Officials have not built a single public shelter since the Second Lebanon War, however Tel Aviv municipality is improving and refurbishing shelters throughout the city, including underground parking lots, which can serve as large shelters in case of an emergency.¹⁰⁶

Military Budget

Israeli Prime Minister Benjamin Netanyahu proposed, on 13/5/2013, 3 billion shekels (about \$840 million) worth of cuts to Israel’s military budget as the cabinet prepared to vote on a controversial austerity budget for 2013–2014. Finance Minister Yair Lapid demanded a cut of 4 billion shekels (about \$1,120 million), in the defense portfolio, but top military officials warned Netanyahu’s government that a cut in the defense budget would damage Israeli military preparedness by draining funding from training, reducing inventory levels and diverting funding from the purchase of new weapons systems and acquisition of manpower. The Israeli government had moved to reduce the military budget against the backdrop of popular demonstrations and social protests against the economic plan approved by the Finance Minister Yair Lapid and Prime Minister Netanyahu; these included cuts that would dramatically affect the poor and middle classes.¹⁰⁷

The security services and the army had begun a campaign to increase the budget each year since the end of the Second Lebanon War in 2006. These demands continued in light of the Arab Uprisings, and according to a report prepared by Bank of Israel, the army exceeded the set military budget by 6.3 billion shekels (\$1.414 billion) in 2006, by 1.8 billion shekels (\$438 million) in 2007, by 3.5 billion shekels (\$976 million) in 2008, by 4.8 billion shekels (\$1.224 billion) in 2009, by 5.5 billion shekels (\$1.474 billion) in 2010, and by 12 billion shekels

¹⁰⁵ *Yedioth Ahronoth*, 16/5/2013.

¹⁰⁶ Site of Yeshiva World News, 13/8/2012, <http://www.theyeshivaworld.com/news/headlines-breaking-stories/137488/israel-lacking-bomb-shelters.html>

¹⁰⁷ See *Haaretz* and *al-Hayat*, 13/5/2013.

The exchange rate of the dollar against the Israeli shekel on 13/5/2013 was based on the Bank of Israel data, which was 3.571.



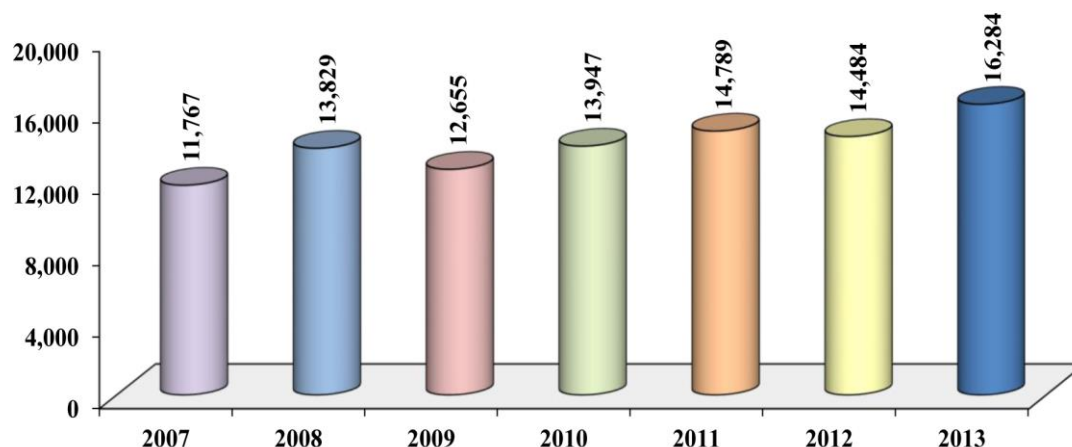
(\$3.353 billion) in 2011.¹⁰⁸ The total military budget amounted to 58.777 billion shekels (\$16.284 billion) in 2013, compared with 55.88 billion shekels (\$14.484 billion) in 2012 (see table 15/2).

Israel's Security Cabinet approved, on 31/10/2013, a plan to increase the defense budget by 2.75 billion shekels (\$781.5 million) for 2014. The funds will be allocated from the Israeli state's budget surpluses in 2013.¹⁰⁹

Table 15/2: Israeli Military Consumption 2007–2013 at Current Prices¹¹⁰

Year	Military consumption (million shekels)	Military consumption (\$ million)
2007	48,363	11,767
2008	49,594	13,829
2009	49,644	12,655
2010	52,047	13,947
2011	52,933	14,789
2012	55,880	14,484
2013	58,777	16,284

Israeli Military Consumption 2007–2013 (\$ million)



¹⁰⁸ See Amal Shehadeh, Netanyahu Cuts only 3 Billion Shekels from the Military Budget, *al-Hayat*, 14/5/2013. (in Arabic)

The exchange rate of the dollar against the Israeli shekel in 2006–2011 was based on the Bank of Israel data.

¹⁰⁹ *Haaretz*, 31/10/2013.

¹¹⁰ See CBS, www.cbs.gov.il/hodaot2013n/08_13_361t6.pdf

Third: Aggression and Resistance

In 2012 and 2013 Israel continued its aggression against the Palestinian people, and at the end of 2012 launched the Israeli-dubbed Operation Pillar of Defense, which the Palestinians called Operation Stones of Baked Clay. This was followed by an Egyptian-brokered lull that continued throughout 2013, where there was a sharp drop in Palestinian rocket fire from GS toward Israeli towns and cities, in spite of numerous “limited” Israeli violations. The Israel Security Agency—ISA (*Shabak*) reported that in 2013, there were 55 attacks originating in GS compared to 1,130 in 2012.¹¹¹ Israel also continued, in 2012 and 2013, its closure of the GS border crossings and tightened the blockade.

A similar calm prevailed in the WB, in light of the increasing security coordination between the PA security forces and the Israeli army. Moreover, the procedures regarding incursions and arrests were maintained in the WB. The Shabak registered 1,271 attacks in 2013 in the WB, including East Jerusalem, as opposed to 578 attacks in 2012. It should be noted that most of the attacks that were recorded during both years in the WB and Jerusalem involved shooting and Improvised Explosive Devices (IEDs).¹¹²

1. The Killed and Wounded

In 2013, a total of 49 Palestinians were shot dead by Israeli forces and settlers in both GS and WB, including Jerusalem, compared to 275 killed in 2012 (see table 16/2). The high number of people killed in 2012 is attributed to the Israeli war on GS, on 14–21/11/2012, which led to 191 dead and 1,526 wounded, most of whom were children, women and the elderly.¹¹³ During this aggression the Israeli army attacked around 1,500 targets in GS, including government buildings, tunnels, rocket launchers, houses, prominent activists and weapons storehouses.¹¹⁴

According to Shabak, six Israelis, including two soldiers, were killed, and 232 were wounded in the Pillar of Defense Operation. 1,731 rockets were launched from the GS, targeting the surrounding southern settlements, as well as Tel Aviv and Jerusalem.¹¹⁵ According to the business information company BDI estimates,

¹¹¹ Israel Security Agency—ISA (Shabak), 2013 Annual Summary, <http://www.shabak.gov.il/ENGLISH/ENTERRORDATA/REPORTS/Pages/2013AnnualSummary.aspx>

¹¹² Ibid.

¹¹³ See Palestinian National Authority, Ministry of Health, 17/11/2013, <http://www.moh.gov.ps/portal>

¹¹⁴ See IDF, 20/11/2012, <http://www.idf.il/1133-17568-he/Dover.aspx> (in Hebrew)

¹¹⁵ See Shabak, 2012 Annual Summary, <http://www.shabak.gov.il/SiteCollectionImages/english/TerrorInfo/2012AnnualSummary-en.pdf>



Operation Pillar of Defense cost the Israeli economy around 1.1 billion shekels (\$278.3 million) a week.¹¹⁶

In 2013, 171 Palestinians were wounded, as opposed to 1,966 in 2012. On the other hand, the Shabak registered the death of six Israelis in 2013 as a result of operations carried out by Palestinians, compared to 10 Israelis in 2012. 44 Israelis were injured in 2013, compared to 309 in 2012 (see table 16/2).

Table 16/2: The Killed and Wounded Among Palestinians and Israelis in the WB and GS 2009–2013¹¹⁷

Year	Killed		Wounded	
	Palestinians	Israelis	Palestinians	Israelis
2009	1,181	15	4,203	234
2010	98	11	967*	29
2011	118	22	554*	159
2012	275	10	1,966	309
2013	49	6	171	44

* Including international supporters.

¹¹⁶ See site of The Marker, 18/11/2012, <http://www.themarker.com/news/1.1867734> (in Hebrew); and *Haaretz*, 19/11/2012.

The exchange rate of the dollar against the Israeli shekel on 16/11/2012 was based on the Bank of Israel data, which was 3.952.

¹¹⁷ For the number of Israelis killed and wounded, see Shabak, 2013 Annual Summary.

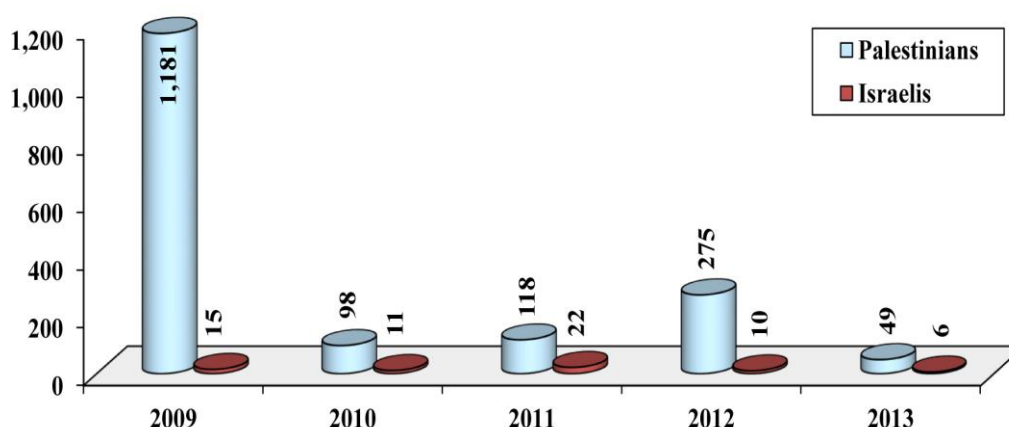
As for the number of Palestinians killed and wounded 2009–2011, see Mohsen Moh'd. Saleh (ed.), *The Palestinian Strategic Report 2011/12* (Beirut: al-Zaytouna Centre for Studies & Consultations, 2013), p. 98.

And as for the number of Palestinians killed and wounded 2012–2013, see “Israeli Violations in the Period Between June 2011 and December 2013,” site of Wafa Info, <http://www.wafainfo.ps/atemplate.aspx?id=9223> (in Arabic)

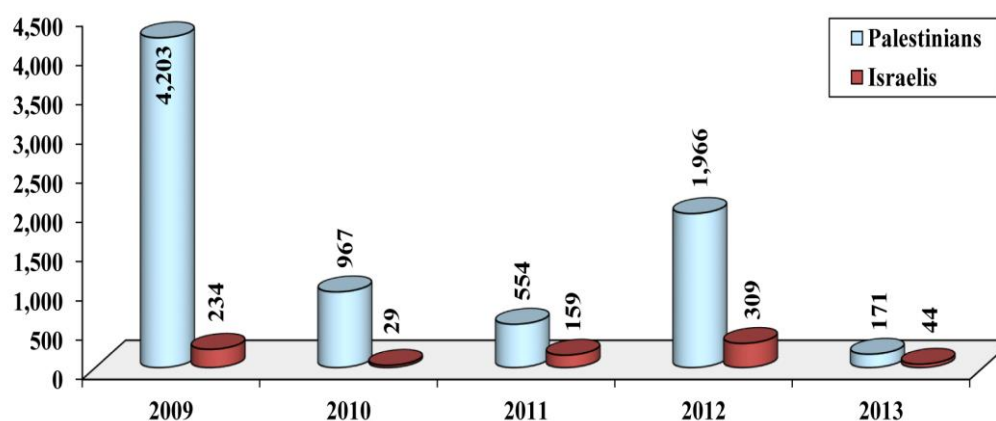
Note: The numbers referred to on the Palestinian side for the years 2012 and 2013 are taken from Wafa Info. There are some differences found in other Palestinian sources, such as the Palestinian Central Bureau of Statistics (PCBS), which pointed to the killing of 306 Palestinians in 2012, and the annual report of the Palestinian Centre for Human Rights (PCHR), which indicated the killing of 256 Palestinians and the wounding of 1,207 others in 2012, and spoke about the killing of 46 Palestinians and the wounding of 496 others in the year 2013. As for The Department of International Relations at the Palestine Liberation Organization (PLO), it talked in its annual report, about the killing of 56 Palestinians and the wounding of 1,818 others.

See Palestinian Central Bureau of Statistics (PCBS), Press Release On the 65th Anniversary of the Palestinian Nakba, 14/5/2013, http://www.pcbs.gov.ps/portals/_pcbs/PressRelease/Press_En_nakba65E.pdf; the annual reports for the years 2012 and 2013, site of Palestinian Centre for Human Rights (PCHR), http://www.pchrgaza.org/portal/en/index.php?option=com_content&view=category&layout=blog&id=40&Itemid=172; and see site of Wefaq Press, 13/1/2014, http://wefaqpress.net/news_details.php?sid=11898

Palestinians and Israelis Killed in the WB and GS 2009–2013



Palestinians and Israelis Wounded in the WB and GS 2009–2013



2. The Prisoners and Detainees

The suffering of Palestinian prisoners in Israeli jails continued in 2012 and 2013. By the end of 2013, there were 5,023 prisoners, including 17 women and 154 children. There were 4,408 prisoners from the WB, amongst whom 163 were from Jerusalem; 389 from the GS; and 226 Arab citizens of Israel. This is in addition to dozens of Arab detainees of different nationalities. 155 prisoners were classified as either administrative detainees or being detained pending trial, or what Israel calls “unlawful combatants” (see table 17/2).

At the end of 2012, there were 4,743 prisoners in Israeli jails, including 10 women and 193 children. There were 4,115 prisoners from the WB, amongst whom 167 were from Jerusalem; 437 from the GS; and 191 Arab citizens of Israel. This was in addition to dozens of Arab detainees of different nationalities. Moreover, 178 prisoners were classified as administrative detainees (see table 17/2).

According to the Department of Statistics at the Ministry of Detainees and Ex-Detainees Affairs, Israel arrested 3,874 Palestinians in 2013, and no single day passed without arrests taking place. The momentum of the arrests fluctuated



throughout the days and months of 2013, the average number being 323 arrests per month, or 11 arrests a day. Thus, there was a similar proportion of arrests during both 2013 and 2012, with a small increase of less than 1%, while in 2012, Israel arrested 3,848 detainees.¹¹⁸

The Department of Statistics at the Ministry of Detainees and Ex-Detainees Affairs also indicated that in 2013, 3,799 detainees were from the WB and Jerusalem areas and make up the vast majority (98%), while 75 arrests were made in the GS. Moreover, it confirmed that, as in past years, the arrests during 2013 affected all segments of Palestinian society, without exception, including the sick, the disabled and the elderly, children, women, MPs and political leaders, as well as the media, journalists and academics. The department also pointed out that 100% of those who experienced detention, were subjected to one or more forms of physical or psychological torture, moral abuse, and humiliation in front of the public and family members.¹¹⁹

Table 17/2: Prisoners and Detainees in Israeli Prisons 2011–2013¹²⁰

Year	Total number of detainees	WB*	GS	Serving life sentences	Women	Children
2011	4,417	3,856	459	525	6	132
2012	4,743	4,115	437	529	10	193
2013	5,023	4,408	389	476	17	154

* Approximate numbers according to the Prisoner Support and Human Rights Association—Addameer.

In the framework of the peaceful settlement negotiations between the PLO and Israel, which were resumed in late July 2013, Israel committed to release 104 prisoners who were arrested before the Oslo Accords in 1993. 78 of these prisoners were released in three stages on 14/8/2013, 30/10/2013 and 30/12/2013. However, Israel delayed the fourth release that was scheduled for 29/3/2014 as a bargaining chip to be used with the Palestinian side, and the release remains stalled at the time of publishing this report. Most of the released prisoners belong to Fatah and were sentenced to life imprisonment at least once for the murder of Israelis.¹²¹ The Solidarity Foundation for Human Rights

¹¹⁸ See site of The Prisoner's Center for Studies, 29/12/2012 and 23/12/2013, <http://alasra.ps/ar/index.php>

¹¹⁹ The Prisoner's Center for Studies, 23/12/2013.

¹²⁰ See Addameer Monthly Detention Report, site of Prisoner Support and Human Rights Association—Addameer, 1/1/2012, 1/1/2013 and 1/1/2014, <http://www.addameer.org/einside.php?id=9>

¹²¹ See *al-Hayat*, 30/10/2013; and *Haaretz*, 28/3/2014.

(Tadamon) reported that Israel informed 21 released prisoners living in WB that they are subjected to a decade-long complete travel ban that prevents them from leaving the Palestinian territories, in addition to being restricted from leaving their governorates for one year.¹²²

There was no improvement in the situation of the prisoners in 2012 and 2013. On the contrary, Israel stepped up their repressive measures against the prisoners, including medical neglect and torture, and continued to deny prisoners the right to receive individual family visits, based on a “security prohibition” against them, or collective visits for the families of prisoners from GS. This is in addition to poor food, a lack of blankets and clothing, and the confiscation of prisoners’ funds, all practices that constitute a serious violation of international humanitarian law, and are often comparable to war crimes and crimes against humanity. In this context, these crimes must be scientifically documented and discussed at all levels.¹²³

The Palestinian Prisoners Center for Studies indicated that in 2013, the highest rate of intrusions, inspections, and repression were executed by the Israeli Prison Service and special forces, reaching 172 intrusions.¹²⁴

With the increasing number of hunger strikes in Israeli jails, the Israeli Ministry of Justice announced the introduction of a new draft law aiming to break the hunger strikes of Palestinian and Arab prisoners in Israeli jails. The law aims to give the Israeli courts “powers” for the prison authorities to feed a prisoner on hunger strike by force, claiming that this decision will be issued in the event a prisoner's life being in danger.¹²⁵

3. Israeli Blockade on the Palestinian People

The Israeli occupation tightened the siege on GS in 2013, continuing to close crossings and upholding its maritime siege. On 21/3/2013, Defense Minister Moshe Ya‘alon restricted the fishing area to three miles—instead of six miles—from the GS coast and closed a cargo crossing point.¹²⁶ However, the Israeli government decided on 21/5/2013 to re-extend the fishing zone to six miles.¹²⁷

Nonetheless, the efforts to break the siege made a moral achievement with the apology of Israeli Prime Minister Benjamin Netanyahu for the aggression on the Freedom Flotilla in 2010. Indeed, following the mediation of US President Barack Obama, Israel formally apologized to Turkey on 22/3/2013 for the killing of a number of Turkish activists. A statement released by Netanyahu’s Office said that

¹²² Site of Alresalah Press, 30/10/2013.

¹²³ See The Prisoner’s Center for Studies, 23/12/2013.

¹²⁴ See site of Palestinian Prisoners Center for Studies, 3/1/2014, <http://www.asrapal.net/index.php?action=detail&id=5665>

¹²⁵ See *Haaretz*, 12/7/2013; and site of Arabs 48, 19/8/2013, www.arabs48.com

¹²⁶ *The Jerusalem Post*, 21/3/2013.

¹²⁷ *The Jerusalem Post*, 21/5/2013.



both parties “agreed to restore normalization between Israel and Turkey” and cancel legal steps against Israeli soldiers. They agreed to complete the agreement on the compensation for the relatives of the activists killed in the raid.¹²⁸

Regarding the Turkish demand to lift the blockade on the GS, Netanyahu also pointed out that “Israel has already lifted some limitations including the passage of goods and people to the Palestinian territories, including Gaza, and that this will continue as long as quiet is preserved.”¹²⁹

In an effort to break the political siege on the GS and Hamas, Turkish Prime Minister Recep Tayyip Erdoğan announced his intention to visit the GS, prompting Israel to request the intervention of the US administration to persuade Erdoğan to change his mind.¹³⁰ However, this visit was postponed indefinitely due to the military coup in Egypt and its regional repercussions.

In the aftermath of the coup against the democratically elected government in Egypt, Israel confirmed its continued security and military coordination with the Egyptian army, represented by Minister of Defense Colonel General ‘Abdul Fattah al-Sisi, particularly with regard to the Sinai Peninsula and tunnels between Egypt and GS. On 7/7/2013, Israeli officers serving in the border area said that Security coordination with Egypt remained in good shape despite the political turmoil in Cairo. He added that “In most cases the Egyptians are doing good work,” which include “halting the development of a Global Jihad network in Sinai.”¹³¹

Fourth: The Israeli Position Towards the Domestic Palestinian Situation

In 2012 and 2013, Israel maintained its policies, and overall strategy, in dealing with the domestic Palestinian scene. These policies are viable in light of the continuing political and geographical Palestinian division, faltering reconciliation efforts since 2007, and the absence of any active and influential Arab role in resolving Palestinian issue, with regard to Arab and regional developments.

With regard to the Palestinian reconciliation issue, Israeli Prime Minister Benjamin Netanyahu criticized Palestinian President Mahmud ‘Abbas for meeting with the head of the Hamas Political Bureau, Khalid Mish‘al, in the Egyptian capital Cairo on 9/1/2013. According to *The Jerusalem Post*, Netanyahu said he would not “cede any more land to the Palestinians,” adding, “We see the dangers clearly... Today Abu Mazen (Abbas) is in Cairo together with the head of Hamas. They are looking into a possible unity deal between Fatah and the terrorists who have been trying to annihilate the state of Israel, and who have fired rockets at our cities.”¹³²

¹²⁸ See *The Jerusalem Post*, 22/3/2013 and 24/3/2013.

¹²⁹ *The Jerusalem Post*, 22/3/2013.

¹³⁰ See *Haaretz*, 26/3/2013; and *al-Hayat*, 28/3/2013.

¹³¹ *Haaretz*, 7/7/2013.

¹³² *The Jerusalem Post*, 9/1/2013.

Moreover, Israeli Finance Minister Yuval Steinitz also threatened “to use financial muscle if the PA takes ‘unilateral’ steps, such as forming a Palestinian national government or joining the International Criminal Court.”¹³³

In its dealings with the PA in Ramallah, Israel continued its occupation of the WB and its settlement expansion and confiscation of lands in the WB, focusing on Jerusalem as the “eternal and united capital.” It also continued to “blackmail” the PA in Ramallah, as Israeli Prime Minister Benjamin Netanyahu criticized what he called the continuous incitement of the PA and President Mahmud ‘Abbas against Israel, even after the announcement of the resumption of direct Israeli-Palestinian negotiations.

According to a letter sent by the Israeli Prime Minister to US Secretary of State John Kerry on 10/8/2013, there can be no congruence between incitement and peace, and the PA was encouraging its citizens to be hostile to Israel instead of steering them towards peaceful coexistence. The letter also highlighted the words of President ‘Abbas about the absence of Israelis in the Palestinian state after its establishment.¹³⁴ On 6/10/2013, at the weekly cabinet meeting, Netanyahu said that the PA was responsible for Palestinian resistance operations, when he said that “as long as the incitement continues in the official Palestinian media, the Palestinian Authority cannot avoid responsibility for these events.”¹³⁵

On the other hand, the central command in the Israeli army commended the role played by the security forces of the PA to rein in the demonstrations in the WB and reduce levels of confrontations with Israeli forces. Israeli army radio quoted the central command (on 17/3/2013) as saying that the Israeli security apparatuses estimate that there is a serious intention by their PA counterparts to prevent and control any confrontations.¹³⁶

As for GS, Israel maintained its economic blockade based on the policy of “no prosperity, no development, provided the situation does not develop into a humanitarian crisis.” This coincided with the Operation Pillar of Defense military strike, and the perpetual threat to launch attacks on GS.

In an apparent attempt by Israel to blackmail the PA in Ramallah, Israeli President Shimon Peres said on 31/12/2012 that “People ask about Hamas, why aren't we talking with Hamas? There is nothing wrong with that as long as we get an answer from them.” He added, “We are willing to talk to Hamas, but they

¹³³ Israel Prepares to Block Funds if Reconciliation Goes Ahead, site of Middle East Monitor (MEMO), 11/2/2013, <https://www.middleeastmonitor.com/news/middle-east/5216-israel-prepares-to-block-funds-if-reconciliation-goes-ahead>

¹³⁴ *The Jerusalem Post* and *Haaretz*, 10/8/2013.

¹³⁵ See site of Israel Ministry of Foreign Affairs, 6/10/2013, <http://mfa.gov.il/MFA/PressRoom/2013/Pages/Cabinet-communique-6-Oct-2013.aspx>

¹³⁶ Site of Felesteen Online, 17/3/2013.



aren't. They must accept the Quartet conditions. These are not conditions set by us, but by the international community. They must decide if they want peace or fire.”¹³⁷

Former Israeli Foreign Minister Tzipi Livni expressed her belief that Operation Pillar of Defense was not able to restore Israel's deterrent capacity. And she warned that easing the security cordon imposed on GS would lead to an escalation of security threats.¹³⁸

Israeli ministers and officials threatened to implement a military operation in GS that would constitute a severe blow to the infrastructure of the resistance organizations and the government there. Minister of Intelligence Yuval Steinitz warned against the repercussions of the repeated shelling of rockets toward southern towns in Israel, saying that if rocket fire from GS continued or escalated, then matters must be resolved there sooner or later. Steinitz said it was unlikely that understandings could be reached with GS through diplomatic channels and negotiations with the Palestinian side, stressing that the repeated rocket attacks against Israel would result in a heavy blow to GS.¹³⁹

Moreover, Israeli Foreign Minister and leader of the Yisrael Beiteinu right-wing party, Lieberman, said that “Yisrael Beiteinu will oppose any move in Gaza that does not include controlling the whole Strip,” pointing out that Israel is not “interested in launching an attack or ruling Gaza, but we can't accept constant rocket fire and can't do with only a limited operation.”¹⁴⁰

Fifth: The Peace Process

The peace process passed through two different tracks in 2012 and 2013: in the first year, the focus was on succeeding in obtaining “observer member” status in the UN for the Palestinian state through the UN General Assembly, after failing to obtain full membership through the UN Security Council due to not obtaining the nine votes required to submit the draft resolution to a vote, and due to the American veto. Hence, 2011 was entirely wasted and was without any achievements at the UN due to miscalculations that the US administration will not use its veto, or that Palestinians will be able to get nine votes, and due to avoiding confrontation with the US administration as a result of the Palestinian request for full membership through the Security Council. Another approach could have been to head to the UN General Assembly from the beginning instead of wasting this year in a futile battle with such predictable results.

¹³⁷ *Yedioth Ahronoth*, 31/12/2012.

¹³⁸ The Arabic site of Israel Broadcasting Authority—IBA (Arabil), 1/1/2013, <http://www.iba.org.il/arabil/arabic.aspx?classto=InnerKlali&entity=898097&type=1&topic=188>

¹³⁹ Arabil, 28/10/2013, <http://www.iba.org.il/arabil/?entity=967168&type=1&topic=0>; and *al-Quds al-Arabi*, 25/11/2013.

¹⁴⁰ *Haaretz*, 25/11/2013.

Palestinian-Israeli sessions were held with the participation of Jordan, in what were known as “exploratory” talks in Amman in January 2012. They took place in a vicious circle, because the Israeli delegation drowned them in a flood of questions, without specifying the final borders or map of the proposed state. The delegation also gave priority to security and raised impossible issues, such as the recognition of the “Jewishness of Israel,” the need to include in any agreement the end of the armed conflict, the cessation of Palestinian demands, and the closing of the refugee issue, including the right of return.

In 2013, American efforts focused on resuming negotiations, and the Palestinian leadership represented by President Mahmud ‘Abbas and the Israeli government headed by Benjamin Netanyahu responded to these efforts. Talks were resumed in Washington at the end of July 2013, and were expected to last from six to nine months.

Heading to the UN: A Tactic and a Means of Pressure

Abu Mazen’s resumption of negotiations reaffirmed his previous stances that heading to the UN for full membership, and then accepting the non-Member Observer State status, were not substitutes for the bilateral negotiations under the auspices of the US. Rather, they were simply tactics that were used, and perhaps will be used at a later stage, to push for the resumption of negotiations under improved conditions. This tactic would also help the president convince his colleagues in Fatah Central Committee, and his allies in the PLO, and would mitigate opposition from Hamas, the PIJ and others, to returning to negotiations.¹⁴¹

The Palestinian state was internationally recognized by 138 countries, with the objection of 9 and the abstention of 41, including Germany, which is known for its support to Israel. Regardless of one’s stance on the peace process, it was technically possible for the PLO, at that time, to declare that this international recognition reinforced previous recognitions in dozens of UN resolutions, in addition to the advisory opinion of the International Court of Justice (ICJ).

The legal and political reinforcement of the Palestinians’ position at the UN was supposed to free them from the political, economic and security implications of the Oslo Accords, enabling them to demand that the international community assume its responsibilities. The PLO could have asked all states, including those that were opposed or abstained from voting, especially Israel, to deal with the newly-recognized Palestinian state on this basis. It also could have asked for the

¹⁴¹ Sama, 10/11/2012.

The spokesman for the Palestinian Authority (PA) president, Nabil Abu Rudaina, confirmed that after getting the resolution in the United Nations (UN) approved, the Palestinian people will be ready for negotiations that involve all final status issues. Abu Rudaina did not find any contradiction between going to the UN and resumption of negotiations. This position was confirmed by President Abu Mazen dozens of times, especially in the speeches he delivered from the rostrum of the UN in the years 2011, 2012 and 2013.



initiation of negotiations aimed primarily at achieving full Israeli withdrawal from territories occupied in 1967, under the framework of an international conference under UN auspices, and on the basis of international law and UN resolutions, including Resolution 181. This resolution was the basis upon which Israel was established, which also ensures the establishment of an Arab state of twice the area of the “promised” Palestinian state. The talks should have been focused on the Israeli withdrawal, in order to enable the recognized state to exercise its sovereignty.

Rather than take advantage of the political and legal benefits afforded by observer status, the Palestinian president acted as if the decision had never been issued, amid reports about a Palestinian pledge to the US administration and some European countries that non-member observer status would not change the Palestinian position about the willingness to resume negotiations.¹⁴² This explains the support of some European countries to the decision after they had indicated they were going to abstain from voting, and explains the position of Germany, which changed its stance from opposition to abstention. It also explains why the US did not execute all its threats to punish the Palestinian leadership for not responding to its recommendations that were made until the last minute by President Barack Obama himself, on the eve of the vote on the draft resolution. The US sanctions that included the cessation of aid were implemented, and the US position even included threats to close down the PLO’s office in Washington for a few months to increase the willingness of Palestinians to resume negotiations, without any American commitment to the Palestinian conditions offered in return.

US and European Support Depends on Continuation of Negotiations

The above is also reaffirmed by the fact that the US administration did not implement its threats to boycott the PA and withdraw its recognition of the PLO from the UN, including the closure of its office in Washington. Moreover, it halted its decision to stop its aid to the PA, which was taken following the accession of Palestine to the United Nations Educational, Scientific and Cultural Organization (UNESCO), which came after obtaining non-member observer status.

The same thing happened on the eve of the resumption of negotiations, when the EU decided to refrain from dealing with any Israeli institution dealing with

¹⁴² This is a direct talk between the researcher (Hani al-Masri) and a Palestinian official familiar with the Palestinian-European meetings, which took place directly after the European decision. He confirmed that Europe has agreed to vote in favor of a Palestine observer state and to make a decision regarding the settlements, in return for a Palestinian promise to resume negotiations. This matter was confirmed later by various Palestinian and European sources.

settlements,¹⁴³ as this decision was linked to a Palestinian pledge to agree to resume negotiations in response to the efforts undertaken by the Secretary of State John Kerry. Europe and, to a lesser extent, the US, recognize that there is no possibility of reaching a viable solution without any form of pressure on Israel that would reduce the serious disparity in the balance of power. They also both recognize that Israel has the sense of being in the comfort zone, as any threats to it have waned after the Arab world's changes and uprisings. These changes began with the war and occupation of Iraq, and have not yet ended, leaving the Iraqi and Syrian armies out of the balance of power equation for at least 10 years, while the Egyptian army is preoccupied with internal issues.

The important European decision was taken in response to European public opinion, which is appalled by Israel's occupation, policies, settlement building, and racist procedures.

The peace process resumed in late July 2013, under Israeli conditions, and without meeting any of the new old PLO Executive Committee conditions that were repeatedly demanded by Abu Mazen, Sa'ib 'Uraiqat and other leaders. This shows once again that bilateral negotiations, despite the dismal results achieved (and what can be expected to be achieved later) is the only option that the Palestinian leadership believes in. It also reveals that some of its statements and use of other options, for example: heading to the UN, popular resistance, boycotting Israeli settlement products; reconciliation (which should be considered an indispensable national necessity, and more than just an option), and the threat to dissolve the PA, or to hand it over or let it collapse; are all ways to ensure the continuation of the negotiations and improving conditions for negotiations. The PA wants to reach a final solution that achieves the minimum possible standard of Palestinian rights and interests.¹⁴⁴

President Mahmud 'Abbas explained in private meetings that the end of the two-state solution calls for the end of the PA, which was formed after the Oslo Accords as an interim autonomous authority for five years; during which it would turn institutions into state institutions, and work on the transfer of the status of Palestinians from being under occupation to being totally independent. However, the PA ended up providing services to the Palestinians that should have been administered by the Occupying Power. Nabil Sha'ath quoted 'Abbas as saying in his meetings with President Obama and other foreign leaders that the PA cannot continue to operate this way forever, and ordered the formation of a committee to study its dissolution. According to private information,¹⁴⁵ 'Abbas

¹⁴³ Ibid. See also *Official Journal of the European Union*, 19/7/2013, p. 9, site of European External Action Service (EEAS), European Union (EU), http://eeas.europa.eu/delegations/israel/documents/related-links/20130719_guidelines_on_eligibility_of_israeli_entities_en.pdf

¹⁴⁴ Donia al-Watan electronic newspaper, 5/11/2011.

¹⁴⁵ Specific information obtained by the researcher (Hani al-Masri).



sent minister of civil affairs and specialist in relations with Israel, Hussein al-Sheikh, in late 2011, with a message threatening the dissolution of the PA at the end of the year if there were no progress in efforts to resume negotiations.

‘Abbas repeated the threat to dissolve the PA in an interview with *Haaretz* in December 2012, when he said, “If diplomatic stagnation continues after the Israeli election and construction in the settlements doesn't stop,” he would “dismantle the PA and return responsibility for the West Bank to the Israeli government.” He reiterated the same position again at the end of 2013, which explains why no one took these threats seriously.

The conviction that there are no alternatives always leads to a return to negotiations, in conditions that are worse than the previous ones. The opposition to negotiations usually register a historic stance and contents itself with tall hopes, without offering any viable theoretical or practical alternative. This ends up helping the supporters of negotiations, for their opponents appear unable to offer a coherent alternative that adheres to the objectives and rights of the Palestinians, and combines the various forms of struggle with the ability to act and influence, while employing all forms of political action and maneuvering until the achievement of objectives at each stage.

Negotiations Without Conditions

Negotiations were resumed without any agreement on the removal, freezing, or reduction of settlements, or even confining it to the so-called large “settlement blocs.” This allowed the Israeli prime minister to claim later that the continued expansion of settlement was approved by the Palestinians. Although this is not true, it is not entirely false either.

Moreover, negotiations were resumed without any agreement on a reference text stating the establishment of a state on the 1967 borders, even if it includes the principle of “land swaps,” nor any reference to international law and UN resolutions, and without the American guarantees that were promoted by the Palestinian side but were politely denied by the US administration so as not to embarrass Abu Mazen. This included the American declaration since the beginning of the negotiations that the nine-month period is not a definitive deadline, but rather a tentative date, and there is a big difference between the two.¹⁴⁶

The Israeli government rejected the Palestinian demand to begin new negotiations from the point where the previous negotiations ended, despite the fact that the outcome of the previous negotiations was very bad for the Palestinians, and detracted from Palestinian rights. The Palestinians approved the

¹⁴⁶ Despite Palestinian assertions that the agreed upon nine-month period for negotiations is the farthest limit for these negotiations, the Israeli government, the spokeswoman for the US State Department and the American Consul in Jerusalem declared from the outset that this date is a target date and not a final ceiling.

principle of “land swap,” the division of East Jerusalem and the WB between Israel and the Palestinian state, the inclusion of settlement blocs, security arrangements, the disarmament of the Palestinian state, and attaining “a just solution to the problem of Palestinian refugees to be agreed upon,” as stated in the Arab Peace Initiative. This transforms the issue of refugees, including its core the right of return, from an individual and national inalienable right to an agreed upon solution. In other words, this puts the power of approval and veto in the hands of Israel.¹⁴⁷

‘Abbas, in an interview on the Israeli Channel 2 with Udi Segal, said, “Palestine for me is the 1967 borders with East Jerusalem as the capital, this is Palestine, I am a refugee, I live in Ramallah, the West Bank and Gaza is Palestine, everything else is Israel.” He added that “although he is a refugee from Safed, he does not intend to return to the city as a resident—if anything, he would visit as a tourist.”¹⁴⁸ Abbas also said in a meeting with a delegation of Israel’s Meretz Party, “People say that after signing a peace agreement we will still demand Haifa, Acre and Safed,” so he explained that “That is not true. Signing the agreement will signal the end of the conflict.”¹⁴⁹ Then, he repeated the same position when a few hundred young Israelis visited him at the presidential residence, on 16/2/2014, in Ramallah. He said, “He does not want to ‘drown Israel with millions of [Palestinian] refugees to change its nature.’”¹⁵⁰

The issue was not restricted to the above, despite its wretchedness. Indeed, the Israeli government refused to focus negotiations initially on borders and security, and insisted on security first. Thus, General John Allen proposed a security plan over which Israel expressed reservations, even though it encompassed the Israeli position and didn’t contain what was put forth by his predecessor, General James Jones, whose plan included the deployment of North Atlantic Treaty Organization—NATO-based international force in WB.¹⁵¹

¹⁴⁷ Donia al-Watan, 2/11/2012; and Ahdas Elsaah electronic newspaper, 5/11/2012.

¹⁴⁸ Haaretz, 1/11/2012.

¹⁴⁹ Haaretz, 22/8/2013; and Safa, 23/8/2013.

¹⁵⁰ Haaretz and Palestine News and Information Agency (WAFA), 16/2/2014.

¹⁵¹ See *al-Ayyam* newspaper, Ramallah, 1/1/2014.

‘Abd al-Ra’uf Arna’ut wrote about the guidelines put forward by Kerry, whether regarding Jerusalem, the refugees or the borders. These guidelines are general but come very close to the Israeli position. They are similar to the security plan proposed by Yigal Allon, as they meet the Israeli core demands of keeping the Israeli army on the borders and on the crossings and of maintaining early-warning and intelligence facilities along the mountain ridge. Still the world was turned upside down on the plan in Israel and within the government, especially by Defense Minister Moshe Ya’alon; because it included the notion that the military presence is temporary and is dependent on Palestinian security performance. And despite the fact that Israel is the judge of that, still it did not accept it. It seems that the matter is not real, it is rather an Israeli play aimed at encouraging the Palestinian negotiator to accept it or not to reject it on the pretext of the alleged Israeli rejection of it.



Israel objected to the Palestinian request for American participation in most of the bilateral negotiations sessions, in order to ensure its full control of the Palestinian negotiator, and limit the US role as the mediating third-party. Consequently, the US party would not be able to apply pressure for some points that do not affect the core Israeli demands, but without which negotiations cannot be continued or an agreement reached.¹⁵²

Features of the Current Negotiations

The negotiations ignored GS completely, and dwarfed the Egyptian role. Indeed, after the government of Ehud Olmert insisted on the futility of reaching an agreement as long as Abu Mazen does not represent all Palestinians, and as long as GS was under the control of Hamas, this made any agreement a “shelf agreement,” i.e., a non-viable one. This is while efforts are focused on using the current separation and division to put pressure on the Palestinian negotiator to accept a solution that is worse than the solution that can be reached in light of Palestinian unity.

Kerry strove to engage the Arab parties through the Arab Follow-up Committee, Jordan and the KSA, recognizing that the Arab situation has become different and more likely to deal with the American-Israeli solutions after the collapse of the “Refusal Front.” This is in addition to events in Syria and their repercussions, the fall of the Gaddafi regime, the emergence of the role of the Gulf states in Arab decisions, especially the KSA, and the implications of developments in the Iranian nuclear file, as well as internal conflicts in Egypt. This context can also include the Jordanian-Palestinian agreement on holy sites, the approval of the Arab Follow-up Committee on the principle of “land swaps,”¹⁵³ and the provision of an Arab cover to resume negotiations, and then their continuation despite their being without any reference, allowing the Israeli side to pursue its settlement and Judaization programs.

The current negotiations continue without a legal Palestinian cover, as many Executive Committee members argue that the majority of members had opposed the resumption of negotiations.¹⁵⁴ They demand their cessation and the adoption of new options, based on giving priority to ending the division, restoring unity on a national and democratic basis, and political partnership, completing the UN

¹⁵² On 4/9/2013, the US State Department spokesperson announced that to date Martin Indyk participated in a single meeting since the resumption of negotiations between the two parties. *Al-Quds al-Arabi* newspaper published on 23/8/2013 that ‘Abbas said: We approved the appointment of Martin Indyk to the delegation on a permanent basis, to be a third witness of the negotiating track. He added that Israel is the one that has reservations about having Indyk in the negotiations. This Israeli position is aimed at dealing alone with the Palestinians, despite the fact that Indyk is a Zionist and one of the leaders of The American Israel Public Affairs Committee (AIPAC), the most powerful lobby in favor of Israel in the US.

¹⁵³ *Al-Watan al-Arabi* newspaper, Dubai, 1/5/2013.

¹⁵⁴ *Al-Khaleej* newspaper, al-Shariqa, 22/7/2013.

move, escalating the boycott and popular resistance, activating and reforming the PLO, while bringing in various components of the Palestinian movement. This is in addition to putting the PA in its normal place as a tool of the PLO, and reconsidering its form, functions and obligations, especially after the international recognition of Palestine as a non-member observer state at the UN.

One aspect of the current negotiations is waving the carrot of economic benefits through the “Kerry Plan” to support the Palestinian economy with \$4 billion, and freezing it to pressure the Palestinian side to be more flexible. Although it was provided initially as a mere “token” to continue the negotiations, it has now become the price that the Palestinian side will receive if it signs the Framework Agreement.

The only condition that was accomplished by the Palestinian negotiator was the release of three of the four batches of prisoners who were convicted before the Oslo Accords, with the release of the fourth batch scheduled for 29/3/2014. Although it is an important achievement, the release of the fourth batch has still not happened as of this publication, because Israel tried to use it as a tool of political pressure on the Palestinian side. This “achievement” took place at a great price, not restricted to stopping the move to the UN, but also including the resumption of negotiations in light of Israel’s continued attempts to complete its plans for expansion, settlement building and racism. This confirms the error in dealing with the release of prisoners not as a right, but as a matter of negotiation. This also includes the error of approving the staggering of their release into four stages, and the distinction between the prisoners of Jerusalem and the 1948 territories, on one hand, and the rest of the Palestinian territories, on the other. As their release became an extortion to ensure the continuation of negotiations and the display of flexibility.

A Shift in the US-Israel Relations

The new negotiations cannot be assessed accurately without taking into account developments in American politics.

Since President Barack Obama's visit to the region in March 2013, it was clear that he would start his second term differently than his first, with regard to US-Israeli relations.

Obama began his first term by giving unprecedented attention to the issue, as he demanded a freeze of settlement building and vowed to seek a solution amid a different US approach in the region that manifested itself in his speech in Cairo. He said that the establishment of Israel came as a reaction to the Holocaust suffered by the Jews. This prompted severe criticism from Israel and its supporters in the US, which defended the Zionist claim that Israel was established according to a divine promise and that it has been present on this land



for thousands of years, and that the US is undeniably and indefinitely committed to defend the security of Israel.¹⁵⁵

Such stances led to tensions in US-Israeli relations, specifically between Obama and Netanyahu, as Israel resorted to its partisans, especially the Congress, to put pressure on the US administration to change its position. Consequently, Obama had to yield and stop demanding a settlement freeze, adopting the Zionist version for the establishment of Israel.

Based on the above, the second presidential mandate and the overall US efforts to reach a solution were characterized by the following:

First: The avoidance of the US administration of having any conflict with Israel or even pressuring it, to the extent that, during his visit, Obama asked the Israeli public to pressure their government. He avoided taking positions that the Israeli government did not agree with, and only discussed what can be approved by Israel. It seems that Netanyahu is pretending to oppose the US Framework Agreement to deceive the Palestinian side and push it to accept it, even though it detracts from Palestinian rights in an unprecedented manner.

The above explains why John Kerry made 11 visits to the region, during which he met with the Palestinian president and the Israeli prime minister dozens of times in the capitals of the region and other cities, without discussing what he had promised from the beginning. Indeed, Kerry abandoned the goal of reaching a peace treaty, and was simply seeking a Framework Agreement or a framework for negotiations. This led to a drop in the level of reference of the negotiations, which was international law and UN resolutions, and instead became some issues and positions that are in the Framework Agreement.

Being able to guarantee the right of both parties to make reservations, doesn't undermine the danger of the Framework Agreement, because it is considered a cover to extend negotiations. As usual, the Palestinian reservations will not be applied, while Israeli reservations will be, because they are completely guaranteed by Israeli force. This is similar to what happened after the adoption of the international Road Map, which was transformed, when 14 Israeli reservations were added. After that, only the Palestinian obligations were applied, while their reservations were ignored.

What is most serious in these negotiations is that the Obama administration abandoned once and for all the traditional positions taken by previous US administrations since the Israeli occupation in 1967. Now, it adopts Israel's positions, a negative development since they will be considered the reference for any subsequent negotiations.

¹⁵⁵ See Obama's speech in Cairo in 2009, and other speeches and statements made during his visit to Israel and the WB in 2013.

Second: Since the resumption of negotiations, the Israeli government has launched a broad campaign to expand the occupation and settlement building, which increased by 123% in 2013 according to CBS as compared to 2012. The Israeli government issued tenders to build more than ten thousand settlement housing units, and pursued its Judaization and Israelization of Jerusalem. It also escalated attacks on *al-Aqsa*, calling for its division and destruction, the disintegration of the WB, and the continued siege of GS.

Third: The US administration, and particularly Secretary of State John Kerry, were determined to take advantage of the favorable historical moment to liquidate the Palestinian issue, in light of the changes, revolutions and Arab imbalance. This view is enhanced by the fact that any Arab or regional arrangement would be difficult without a peace settlement or closure of the Palestinian file, especially following the agreement on the Syrian chemical weapons and the Iranian nuclear file. Indeed, Kerry believes that he can achieve what his predecessors were unable to. Moreover, the US wants to exploit the PLO leadership's current readiness to make concessions, the growing fears Israelis have from the demographic threat and the establishment of a single state, the risk of failing to reach a peace settlement that would mitigate Israel's isolation and boycott, and the emergence of alternative options that could undermine the dream of the Zionist movement to establish a "Jewish state."

The Future of Negotiations

There are four scenarios for the peace process:

The First Scenario: To reach a final agreement. This is unlikely in the foreseeable future, due to the wide gap between the maximum that can be offered by the Israeli extremist government, and what can be accepted by the moderate leadership of Abu Mazen. This is in light of the lack of readiness by the US, Europe and the international community to exert the necessary pressure on Israel for making an offer that can be accepted by the Palestinians.

The Second Scenario: The Framework Agreement on the general framework, the principles and the final solution, which is thus more of a "declaration of principles" and less of a "peace treaty." It seems that this scenario is likely, especially after Kerry's announcement that both parties may express reservations on the conflicting points, with a commitment to extend the negotiations, and to consider the Framework Agreement as a reference for subsequent negotiations.

Such a possibility is likely, because the current negotiations attempt to document the Palestinian concessions made since the Camp David Summit in 2000 and until now. This compounds the seriousness of the Framework Agreement even if it takes a modest form, because it would be a framework and reference for subsequent negotiations, far removed from international law and international legitimacy.



The passing of this agreement is not easy, especially as it will be too broad and not specific with regard to Palestinian rights, and clear with regard to Israeli demands. It needs Israel to pay some political price, so Abu Mazen would be able to justify and pass it, in light of a growing Palestinian opposition to bilateral negotiations and the “Kerry Plan,” whether inside or outside Fatah and the PLO. This can be done through stipulating the “establishment of a Palestinian state on the 1967 borders,” with “land swaps,” although the second statement, which will not determine the proportion of land swaps, cancels the first statement, especially if we add a third statement about “taking the demographic changes brought by the occupation since 1967 into account.” This is in addition to the release of the sick, the elderly, the children and the women who are in prison; the provision of economic aid; the granting of licenses for the establishment of projects Area C. This price can also include a partial and temporary freeze to settlement building outside Jerusalem and the settlement blocs, but does not include settlement projects that were already approved or issuing new tenders.

The Third Scenario: Includes different versions of the status quo, which mainly includes the continuation of the transitional period and the political, economic and security obligations of Oslo Accords, despite Israel’s violation of this agreement, and the fact that the Palestinian state acquired the non-member UN observer status.

This scenario sees the continuation of the situation as it is, with or without the negotiations. It includes having various forms of resistance and partial involvement in the UN. The negotiations may lead to a new interim deal that goes along with the Declaration of Principles or Framework Agreement along with timetables and an establishment of a state with temporary borders, as well as a returning to the 28/9/2000 conditions (i.e., before the start of *al-Aqsa Intifadah*), in addition to unilateral steps, whether coordinated or not, with the Palestinian side.

The Fourth Scenario: Failure and total collapse of the negotiations. Although this scenario is unlikely because all parties without exception are afraid of the consequences, we must not discard it completely, especially in light of the intransigence and extremism of the Netanyahu government, and its intensification of all forms of aggression, settlement building and racism.

In the event this scenario takes place, there will be new Palestinian alternatives and options, starting with the final exit from bilateral negotiations under American auspices, and the request to convene an international conference on the basis of international law and UN resolutions in light of the weakened possibility of reaching a peace settlement, on the basis of a “two-state solution.” This would not end by paving the way for the one-state solution.

The crucial factor is the fact that without any fundamental change to the balance of power, or any defeat to the apartheid occupation project, a sovereign Palestinian state cannot be established on the 1967 borders, the right of return cannot be fulfilled, nor can Israel be converted into a state for all its citizens, a bi-national state, or any other alternative form.

Conclusion

Israeli society is still showing more inclination toward right-wing and religious extremist trends. The Israeli elections reflected this trend in 2013, and it was also reflected in the racist practices and draft laws, and settlement activities in the WB. According to indicators, these trends will be enhanced, at least in the short term.

The Palestinian division, the state of Arab weakness, and counterattacks against movements for change and revolutions in the Arab region, especially the coup against the democratic process in Egypt, all gave many reasons for Israeli decision-makers to feel relieved. This was reinforced by the marked improvement in the Israeli economy, with the GDP per capita reaching advanced levels comparable to those in developed Western countries. Nonetheless, Israeli military programs and the development of its power and superiority, still take a central place of prominence among the Israeli leadership.

Israel's sense of the real danger has diminished, as a result of the change in the surrounding strategic environment regarding the possibility of the rise of strong regimes that reflect the will of their people and carry ideologies that are hostile to Israel. Therefore, the Israeli government preferred to continue with the game of managing the peace process, without any serious pursuit of resolving the final relevant issues. It also favored the continued wager on the element of time, and profiting from the available regional and international environment, in order to impose further facts on the ground through the Judaization and settlement programs, and to achieve more Palestinian concessions. It seems that the experience of the past years, which shows that the Palestinian side is ready to give up and respond to the pressures, may represent an attractive element to the Israeli side to pursue its pressures and policies.



التقرير الاستراتيجي الفلسطيني

2013-2012

الفصل الثاني

المشهد الإسرائيلي الفلسطيني

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