



5 Key Findings from CAP's Recent Discussions in the Middle East

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This issue brief is part of a series based on seven days of meetings in Jerusalem, Ramallah, Bethlehem, and Tel Aviv, Israel with top officials and experts from the Israeli government and the Palestinian Authority.

The Middle East remains in a precarious period of transition as President Barack Obama heads on his first trip as president to Israel, Jerusalem, the West Bank, and Jordan this week. In this time of great uncertainty in the Middle East, the United States requires reliable partners to advance its national security interests and values in the region. President Obama's visit is aimed at underscoring the importance of U.S. cooperation with Israelis, Palestinians, and Jordanians at this critical juncture. The challenges posed by Iran, Syria's civil war, a still-violent Iraq, Egypt's transition, and the Middle East uprisings require the United States to work with pragmatic actors to deal with complicated security, political, and economic challenges.

President Obama will arrive in the region at a time when many voices are questioning the ability and willingness of the United States to lead. Budget battles in Washington combined with the rebalance to Asia and the complexity of the challenges in the Middle East cause many in the region to doubt the United States. President Obama's visit offers an important opportunity for the United States to assume a leadership role in dealing with security threats such as Iran and Syria, political challenges such as the historic changes sweeping many countries in the Middle East, and diplomatic challenges like the unresolved Israeli-Palestinian conflict.

The window for a two-state solution to the Israeli-Palestinian conflict is closing. Many Israelis and Palestinians told us that if no progress toward a two-state solution is made during President Obama's second term in office, it may never happen. The Palestinian Authority is facing a severe political and financial crisis, and its collapse would create even more problems in a region of turmoil.

During the past four years, the Obama administration demonstrated strong support for Israel's security and political interests—it built close military and intelligence coopera-

tion with Israel on dealing with Iran and managing change in Egypt, and it provided historical levels of military assistance. A new government in Israel offers an opportunity for our two countries to forge a deeper cooperation on diplomatic fronts, including practical steps to deal with the Arab-Israeli conflict.

The following findings and recommendations are based on seven days of meetings in Jerusalem, Ramallah, Bethlehem, and Tel Aviv with leading Israeli and Palestinian government officials and a wide range of independent analysts, academics, and journalists.

Key findings

- 1. Israel's prevailing postelection focus is on domestic issues such as the budget and equality of burden sharing at home.** President Obama arrives in a country that has been sharply focused on its internal policy debates for the past few months. After nearly two months of negotiations among political parties, a new governing coalition was formed and finalized during our trip. In meetings with a diverse group of Knesset members, including several ministers in the incoming government, the leading discussions focused on the challenges Israel's leaders face going forward in addressing the issues that dominated the election campaign earlier this year: strengthening the economy, addressing government budget deficits, and dealing with divisions among Israeli constituencies about which groups pay for and receive the most benefits from government services.¹
 - **Security remains a priority.** Regional security concerns remain ever present, with great uncertainty on all fronts for Israel, including relations with Syria, Egypt, Jordan, Iran, and Turkey. (see finding 3 below) But these security concerns do not animate the political discourse as much as the domestic priorities.
 - **There are few political incentives to tackle the Palestinian issue.** There is little sense of urgency in Israel about the Israeli-Palestinian conflict beyond continued concerns about possible security threats from the Gaza Strip. Israelis seem resigned to the status quo and lack a clear sense of the next possible steps forward. Even among those Israelis who express more concern about the need for a two-state solution to the conflict, there is little clarity about the pathway forward to advance that agenda.
- 2. The Palestinian Authority is weak and fragile, and its leaders feel undermined by recent events and trends in the region.** On his visit, President Obama will find the Palestinian Authority teetering on the brink of collapse. The Palestinian Authority has limited control over small portions of the West Bank and has no influence in the Gaza Strip, where it lost power in a civil war with Hamas nearly six years ago.² Recent financial assistance cuts and the withholding of tax revenues last year by

Israel have undermined the Palestinian Authority's financial stability. It also suffers from political infighting among some of its key leaders. One bright spot, however, continues to be the Palestinian security forces, which have become increasingly capable and professional as a result of substantial investments, particularly by the United States and Jordan.

- **Costs of the Israeli occupation.** Restrictions resulting from the continued occupation of the West Bank, including control of 60 percent of the West Bank classified as "Area C" under the Oslo II Accords—the section of the West Bank designated by agreement as being under Israel's military and civilian control—hamper economic growth, the efforts to build Palestinian Authority institutions, and basic urban-planning efforts by the Palestinians. Several Palestinian Authority officials and one mayor noted during our visit the problems presented by the lack of basic property rights and guarantees, in part due to the uncertainty about the status of the majority of West Bank land that falls under Israeli administrative, regulatory, and legal control. Private-sector economic efforts ameliorate a very negative economic environment, but in an environment of continuing legal and regulatory uncertainty, these efforts do not provide a solution on their own.
- **Costs of the U.N. gambit.** A number of Palestinian Authority officials and advisors to whom we spoke recognize that its move to upgrade their status at the United Nations last year from nonmember observer entity to nonmember observer state was a net negative.³ While Palestinian leaders have characterized the move as an act of desperation to keep the possibility of a two-state solution alive, there seemed to be realistic recognition of the considerable costs to the Palestinians of continuing to pursue that path.

3. **Major threats and great uncertainty in the broader regional landscape worry Israelis and Palestinians alike.** President Obama arrives in the region at a time of great uncertainty in the broader region. Israelis and Palestinians live in a narrow slice of territory wedged between countries that are facing severe breakdowns in their internal security. A number of Israelis repeatedly told us that the dominant and most immediate threat to Israel's security is no longer conventional military threats—one analyst said it was fragility in the Arab world, rather than strength, that was Israel's key problem. Palestinian Authority officials worry about the turmoil in Egypt and uncertainty in Jordan—two countries that have long offered the Palestinian Authority political backing and diplomatic support. Palestinian Authority officials view efforts to engage and support Hamas by regional actors like Qatar, Turkey, and the newly elected Muslim Brotherhood leaders in Egypt with great unease.

- **Syria:** The continued civil war in Syria and its possible spillover effects in Lebanon, Jordan, Turkey, and Iraq are the most uncertain security threat.

- **Egypt:** The political leadership changes in Egypt from former President Hosni Mubarak's government in 2011 to the current government led by figures from the Muslim Brotherhood has created concerns for leaders in Israel and the Palestinian Authority. Israelis worry about increased security threats from Egypt's Sinai Peninsula and possible long-term challenges in managing bilateral relations with an Egyptian government more responsive to the popular sentiments than was the Mubarak regime. Leaders in the Palestinian Authority worry about possible shifts in Egyptian support toward more backing of Hamas, the rival Palestinian group.
- **Jordan:** Israelis and Palestinians both expressed concerns about the pressures Jordan feels from multiple directions—a growing number of Syrian refugees from the north, continued threats from unrest in Iraq from the east, and internal stability challenges due to grave economic challenges and internal political uncertainty.⁴
- **Iran:** The Iranian nuclear question and Iran's support for terrorist groups in the region remain important components of the policy discussions in Israel. Israelis continue to raise the differences in threat perceptions and timelines between the United States and Israel with regard to Iran, but they also acknowledge that the levels of coordination between the two countries are strong. Officials in Israel's security institutions seem to express more trust and confidence in the United States on handling Iran than Israel's political leaders. Furthermore, there is deep concern about Iranian support for terrorist networks that destabilize the broader region.
- **Turkey:** Turkey's moves in recent years to take a more activist approach that appeals to popular sentiments in the Arab world has garnered Turkey some sympathy in the region, but it has also contributed to fracturing bilateral relations with Israel.

4. **The Obama administration faces a complicated political and strategic communications environment in Israel and the broader region.** One main objective of President Obama's visit to the region is to offer reassurances to partners in Israel, the Palestinian Authority, and Jordan that the United States will continue to offer vital support. The Obama administration will take many steps to speak directly to the Israeli public about our countries' shared interests and values. Throughout the trip and after it is over, the Obama administration should anticipate multiple responses in making sure that its message is properly heard.

- **A diversity of views in Israel.** In Israel, President Obama will have many important opportunities and difficult challenges in advancing his message. Israel has a vibrant and open media landscape with a diversity of voices. This opens the door to a direct dialogue with the Israeli public. Every utterance of the president will be parsed and spun from a range of perspectives inside of the country. Israel's center left will look for more statements on advancing a two-state solution; others will want more details on U.S. plans on Iran. Despite recent repeated

assurances on Iran that the United States is prepared to act and recent military exercises aimed at demonstrating preparedness for serious military options, many Israelis remain unconvinced that the United States is prepared to act. Many cite the recent inability of the Bush administration to prevent North Korea from getting nuclear weapons.

There will most certainly be protests during the president's visit. Some Israelis have announced that they will protest President Obama's speech to Israeli youth because students from a university in Ariel, a settlement in the West Bank, were not invited to the speech.⁵ In addition, some groups advancing particular interests—such as the advocates for the release of convicted Israeli spy Jonathan Pollard—will seek attention on the trip, as seen in the numerous banners in Jerusalem and Tel Aviv with the images of President Obama and Pollard with the phrase “Yes You Can.”

- **Palestinian hopelessness.** President Obama is facing widespread frustration from Palestinian public. Palestinians feel beleaguered and troubled by the dire economic situation and the weakness of Palestinian Authority institutions, and are deeply dissatisfied with a process that has delivered little in terms of either improvement in their daily lives or progress toward a two-state solution. “It’s now or never,” was a common sentiment expressed during our visit by Palestinians about the possibility of a two-state solution to the conflict.
 - **Efforts in the United States to make support for Israel a partisan wedge issue, and U.S. media campaigns that undermine U.S. leadership in the region.** During President Obama's first term, new issue advocacy organizations appeared in the United States that generally undermined the quality of the policy debate. These different groups are likely to seek to use the president's trip to Israel as an opportunity to advance their own narrow agendas rather than to build a stronger foundation of bipartisan support for U.S. leadership and engagement in the region.
5. **There is some skepticism that the United States is prepared to act and lead on key issues in the region.** The strong focus on domestic issues in last year's presidential election in the United States, the overriding concentration on the budget battle with Congress, and the rebalance toward Asia have all left the impression that the Obama administration will not offer a lasting and sustained commitment to the problems of the Middle East region.

Recommendations to the Obama administration

President Obama's trip to the Middle East must be more than just focused on strategic communications and setting a new tone for the second term. The Obama administration needs to make sure it follows up with concrete policy steps connected to a broader strategy.

The president should send the clear message that the United States remains prepared to remain a leader in dealing with regional security threats such as Iran and the civil war in Syria. He should also underscore that a two-state solution to the Israeli-Palestinian conflict is in the long-term interests of the United States, and that the United States remains committed to investing in a two-state solution.

1. Continue to expand security cooperation with Israel, the Palestinian Authority, Jordan, and Turkey and seek to integrate this cooperation within wider regional security efforts. At a time of major turmoil and uncertainty in the region, the United States needs to take steps to enhance its security coordination with closer partners.

- **Israel:** The United States should follow the model it used with Israel over the past two years to enhance the quiet, behind-the-scenes coordination and sharing of information on Iran and apply it to the emerging security challenges, including Syria's civil war.⁶ The two countries should launch more expansive security dialogues on the regional security threats. The important efforts to utilize the security framework established in the Israel-Egypt peace treaty helped deal with new security threats in places like the Sinai Peninsula.⁷
- **Jordan:** The United States should continue active efforts to work with Jordan's intelligence and military to safeguard against new security threats emanating from Syria and Iraq.
- **The Palestinian Authority.** The United States has made important investments in building Palestinian security forces, and the Obama administration and Congress should work together to ensure that these investments continue.⁸ These investments have paid tangible dividends for Israel, demonstrated by the fact that 2012 was the first year since 1973 that no Israeli civilians were killed by terrorism emanating from the West Bank.⁹
- **Turkey:** The United States should continue to explore with Israel the possibilities of bridging the considerable gaps between Turkey and Israel that have appeared since 2008.¹⁰ Recent public statements by Turkey's Prime Minister Recep Tayyip Erdogan have further reduced the trust Israelis have in Turkey. Any attempt to reestablish normal bilateral relations between Israel and Turkey should seek to address concerns about core values as well as security interests.

2. **Continue close coordination with Israel on Iran.** Senior Israeli defense officials, military and civilian, are constructive in discussing the combined allied options for dealing with the Iran threat—both the nuclear program and Iran’s sponsorship of terrorist activities in the region. The United States and Israel have unique and different military capabilities, which impacts planning assumptions on both sides. But on the Iran question, Israeli officials we spoke to viewed President Obama and his administration as serious, engaged in appropriate planning, and holding critical capabilities. The United States and Israel should continue their close cooperation on Iran, safeguarding against any surprises.¹¹
3. **Send a clear signal of political and economic support to the Palestinian Authority.** Beyond the continued security assistance and cooperation with the Palestinian Authority, the United States has an interest in its economic and political viability. The Palestinian Authority is facing major budget shortfalls and severe economic crisis.

At a time of great uncertainty and turmoil in the Middle East, the Palestinian Authority could represent an important example of governing—but only if it is capable and legitimate in the eyes of its people. Among Palestinians, the most likely alternative leadership to the Palestinian Authority is Hamas, an Islamist political and terrorist organization that currently rules the Gaza Strip.¹² U.S. support to the Palestinian Authority is essential to advance the U.S. goal of a negotiated two-state solution for Palestinians and Israelis as central to a comprehensive Middle East peace.

- The Obama administration should continue to make the case to the U.S. Congress for U.S. support to the Palestinian Authority. For nearly two decades the United States has provided assistance to the Palestinian Authority in programs supporting security, rule of law, democracy and good governance, education, health, and private enterprise.¹³ The Obama administration, like previous administrations, has exercised waivers on congressional restrictions providing funds to the Palestinian Authority.¹⁴
- Continued U.S. support to the Palestinian Authority sends an important signal to the international community and countries in the region that the best way to support the Palestinian people and institution building in the Palestinian territories is through support to the Palestinian Authority.
- In addition to expressing support for the Palestinian Authority, President Obama should make it clear that the United States discourages and opposes moves by the Palestinian Authority at the United Nations, which ultimately undermine the prospects for a sustainable peace and harm the U.S. relationship with the Palestinian Authority.

4. **Explore ways for Israel and the Palestinian Authority to take confidence-building steps that help to restore the trust lost during the past decade.** An immediate restart of direct talks between Israelis and Palestinians does not appear likely—many leaders on both sides said an immediate resumption of direct talks is not at the top of their agendas; some Palestinian and Israeli leaders suggested that immediately returning to direct talks could even potentially be harmful at this stage given the lack of trust and confidence.

Secretary of State John Kerry should instead embark on an active process of listening to both Israelis and Palestinians, quietly encouraging both sides to take steps that build trust and public support for the eventual restart of negotiations in the coming year.

- The United States needs to acknowledge the need for some sort of political horizon to give Palestinians hope and avoid further uncoordinated actions in the United Nations. The window of opportunity for the two-state solution continues to close.
 - Israel remains concerned about possible additional Palestinian Authority moves at the United Nations and attempts to isolate Israel internationally. The United States should continue to back Israel and block these efforts, but it should also make clear to Israel's leaders that continued settlement construction will likely have the impact of creating incentives for actions that are aimed at further isolating Israel from the international community at a time of turmoil in the region.
 - The Palestinian Authority seeks an infusion of regular financial support to deal with its fiscal crisis, some carefully coordinated prisoner releases, and a quiet halt to Israeli settlement expansion, even if only a partial, unannounced one.
5. **Examine possible regional diplomatic initiatives that could enhance the regional security measures outlined in the first recommendation above.** Several Gulf Cooperation Council countries such as Saudi Arabia now share common threat perceptions with Israel regarding Iran and the upheavals throughout the Middle East.¹⁵ The United States should explore preliminary efforts to restart the multilateral security talks of the 1990s. It should also examine the possibilities of reintroducing the Arab Peace Initiative and linking it to the multilateral Israel Peace Initiative and other proposals Israelis have developed on regional diplomatic and security cooperation frameworks.

Conclusion

As stated by multiple U.S. presidents and military leaders, finding a resolution to the Israeli-Palestinian conflict is in the national security interests of the United States. As Secretary Kerry stated during his Senate confirmation hearing, “So much of what we

aspire to achieve and what we need to do globally, what we need to do in the Maghreb and South Asia, South Central Asia, throughout the Gulf, all of this is tied to what can or doesn't happen with respect to Israel-Palestine.”¹⁶ For Israel, in the words of one Israeli leader, “the conflict shadows [our] relationships” with the Arab world, preventing Israel’s integration into the region, acting as a driver of unrest, and offering a useful tool for anti-Israel propagandists.¹⁷ For the Palestinians, the occupation that began in 1967 creates daily hardships and prevents them from realizing a decent life.

Ten years after the invasion of Iraq, the American people are understandably wary of the costs of continued costs of engagement in the Middle East. The transitions now occurring in the region will continue to challenge policymakers in ways we can’t anticipate. But one thing that has not changed, and on which both Israelis and Palestinians continue to agree, is that the leadership of the United States remains essential to achieving a lasting solution to their conflict.

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