

# The Impact of the Israeli-Palestinian Conflict on Israel's Foreign Relations

## Workshop Conclusions

September 2017

On June 13<sup>th</sup> 2017, the [Mitvim Institute](#) and the [Leonard Davis Institute](#) held a joint policy workshop at the Hebrew University of Jerusalem that examined the effects of the Israeli-Palestinian conflict on Israel's foreign policy, and specifically on its relations with the Middle East, Europe, the US, China and East Asia. Participants included scholars, diplomats, civil society activists and businessmen. They defined what they perceive as Israel's central interests in relations with these regions and states and assessed whether and how the prolonged Israeli-Palestinian conflict influences Israel's ability to fulfill these interests. This document presents the workshop conclusions.

### A. The Middle East

#### 1. Israel's central interests in relations with the Middle East

- **Peace** - A survey of the policy priorities set by the Israeli governments over the generations reveals three recurring themes, although the significance attributed to them varies: independence, security (collective and individual), and peace. The present government, for example, ranks peace highly in its priorities, yet is not taking steps to advance it. A gap exists between the government's declared aims and its actual policy; likewise, there is also a disparity between the government's policy priorities and the Foreign Ministry's annual work plan (in which striving for Israeli-Palestinian peace does not feature at all at present).
- **Recognition and legitimization** - Since its establishment, Israel has been striving to gain recognition of various kinds from the region and the international community: of the state's right to exist, of Jerusalem as the country's capital, of the country as national home of the Jewish people. A peace agreement will accord Israel recognition by the entire Arab world, as is evident from the Arab Peace Initiative. Peace will advance an additional Israeli interest, increasing the state's legitimacy and freedom of action in the international arena. Today, although relations are improving with Arab States, these countries consistently vote against Israel in the UN and other international forums, and obstruct Israeli initiatives and the appointment of Israelis to a range of positions. This blocks channels of influence for Israel and it is in Israel's interest to minimize this obstacle.
- **Strategy and security** - Although the situation in the Middle East is changing, Israel's interest in boosting its security and strategic position in the region remains the same. The period before the outbreak of the Arab Spring differed

fundamentally from the one that followed it. The regional chaos, the shifts in the array of regional and international alliances, the Arab understanding that Israel is not the only enemy (if indeed it still is an enemy) but other enemies also exist (such as Iran), the Arab world's desire to guarantee personal and national security – all these generate new opportunities for achieving Israeli interests. In the current situation, Israel has an interest in strengthening its ties with states in the Middle East in order to improve the ways in which it handles the threat presented by radical Islam, the Islamic State, and Iran's activities. Indeed, security coordination with the Palestinian Authority, Egypt, and Jordan already exists, in addition to security ties, for the most part covert, with Gulf states.

- **Policy cooperation** - It is in Israel's interest to bolster its ability to advance joint policy steps with other states in the region. One example is the need for regional cooperation in order to tackle the crisis in Gaza. The Israeli decision to reduce the electricity supply to Gaza, at the demand of the Palestinian Authority and in parallel to steps by Arab states against Hamas, is one instance of Israel coordinating policy with other states in the region. Israel will also benefit from political cooperation with the region's states for the purposes of mediation, for example in preventing violent outbreaks, obtaining cease fires, and securing the return of captives/missing persons.
- **Strengthening the economy** - According to some approaches, Israel does not have much to gain financially from regional cooperation. Others argue that trade, agricultural and energy ties, in particular with Gulf states, contain great potential. In the 1990s, following the Oslo Agreements, Israeli business people participated in regional summits which emphasized the potential for cooperation in this field. However, it is unclear exactly what practical results these steps yielded. The Arab world evidently viewed the Israeli enthusiasm for regional economic cooperation as exaggerated, leading to responses of suspicion and hesitation. Economic and strategic interests are often interconnected. Over the course of time, an economic interest can become strategic or serve strategic interests: as in the examples of trade relations and energy exports. This refers not only to the financial benefit which Israel can gain but also the leverage for pressure that this will offer Israel vis-à-vis the region's states, and which can help to mold the bilateral relations and the regional system. At times, the decision to adopt economic steps vis-à-vis Middle Eastern states is not motivated by considerations of financial profit but rather strategic factors. There is also a link between economic and political interests. Thus, for example, economic cooperation between Israel and the region's states halted almost immediately upon the collapse of the peace process.
- **Ecology and sustainability** - Israel is part of the shared geographic Middle Eastern space. This physical space does not answer to the political borders which divide it and therefore Israel faces the same environmental and ecological issues as other states in the region. The ability of any single country to prevent, limit and tackle environmental issues successfully is limited, if its efforts are not accompanied by similar behavior on the part of others in the region. Environmental issues – such as water, desalination facilities, alternative energy, desertification, and environmental pollution – require cooperation and Israel has an immense interest in acting together with its neighbors to tackle them.

- **Tourism** - It is in Israel's interest to open its borders with the region. Not only will this remove its "island mentality" but also, in practical terms, it will enable the unprecedented promotion of tourism to Israel – e.g. Muslim tourism to Israel from countries such as Indonesia (presuming that Israel will not be deterred by this idea) – as well as increasing access via airports, sea ports and flight routes.
- **Civil society** - The Israeli perception of regional cooperation typically emphasizes the Gulf states, and the opportunity to cooperate with them on security and economic matters. However, in all issues relating to shared human resources, joint research, and promoting social change, it is vital to advance cooperation with the North African states, first and foremost Morocco. In North Africa there is generally a more open political space than in other Arab states. There is more willingness there to create public ties with Israel, and potential to develop greater coordination in civil – and not only security – fields (including on Mediterranean issues and EU policies towards its neighboring countries).

## 2. The impact of the conflict on Israel's relations with the Middle East

- **Lack of peaceful relations** - The state of relations between Israel and the Palestinians on the one hand and Israel's ability to achieve its interests in the Middle East on the other are clearly connected. As soon as the Oslo process collapsed, almost all aspects of cooperation with the Arab world ceased; first and foremost, the formal and official aspects. Today, the multilateral tracks are blocked and bilateral relations are at a dead end. All that remains is strategic cooperation, most of which is covert and its details remain shrouded in secrecy. There are also channels of economic cooperation, led by business people, mainly conducted through third countries. Slow progress is occurring in the fields of infrastructure (e.g. natural gas), and on occasion there are instances of jointly advancing national interests in the region.

In assessing the potential inherent in developing relations with states in the region, and the possibility for establishing such relations, the Oslo process is a useful reference point. The 1990s demonstrated what kinds of cooperation can occur between Israel and the region's states – on the security, political, economic and civil levels; what fruits they yielded in practice; and why and how they stopped (those that ceased immediately upon the collapse of the peace process and those that halted gradually). The Israeli government is currently trying to reverse the sequence outlined in the Arab Peace Initiative, claiming it is possible to make progress with the Arab states before progress is made with the Palestinians. Although Israel has managed to develop close security relations with some Arab states, a breakthrough in Israel-Arab relations is dependent on progress with the Palestinians. The government's perception is, therefore, not practical.

- **Missed economic opportunities** - Israel is missing many opportunities in the Gulf as a result of the continued conflict with the Palestinians. A specific example is the United Arab Emirates (UAE), which is becoming a global center; Israel has not yet internalized its importance and cannot realize the potential of relations with this country. A survey concerning states safe for tourism ranked the UAE second in the world. Dubai will be hosting the EXPO exhibition in 2020 and, as far as we know, Israel has not yet received an invitation to participate.

- **Hostility towards Israel among the Arab public** - Arab hostility towards Israel is in great part due to the conflict with the Palestinians. Most of the Arab world is not really interested in the specifics of the solution that will resolve the conflict, but definitely desire its end and that the Palestinian problem will be resolved. The hostility towards Israel exists more on the public level than among the leadership and its eradication will take time. It will not happen immediately following the signing of a peace agreement, in particular in light of the fact that some elements in the Arab world will oppose any peace agreement and try to recruit the public to support their position. It is thus necessary to construct realistic hopes for the age of peace. While not all of the Arab world will support peace and the hostility towards Israel will not completely disappear, a peace agreement will have a dramatic and positive effect on Israel's ability to achieve its interests in the Middle East. It is important to remember that many interests can be achieved by elites and do not require public support, although this can be positive and helpful.

Arab attitudes towards Israel are changing, although this is not evident in surveys examining attitudes among the young generation in the Arab states (according to such surveys, more than 80 percent oppose relations with Israel and this remains unchanged since the outbreak of the Arab Spring). In the past, the Arab world viewed Israel as its only enemy, yet today it also discerns additional enemies (not instead of Israel, but rather in addition to it). In parts of the Arab world, empowerment of the civil space is currently underway. The public has begun to play a more significant role and the leadership increasingly takes public opinion into account. Likewise, there is a more democratic discourse in parts of the Arab world than in the past. On the one hand, this enables new channels of dialogue between Israelis and Arabs, yet on the other hand it is liable to challenge the advancement of relations, in light of the hostility on the public level. At any rate, it means that a positive Israeli step regarding the Palestinians will receive significant reverberations throughout the Arab world, through civil channels, and can lead to a change of approach and attitudes towards Israel.

- **Exclusion of the Palestinian minority in Israel** - The Palestinian citizens of Israel should play a more central role in efforts to promote peace and better regional relations. Their involvement is both legitimate and important. The chaos in the Arab world has intensified their sense of identity as Israeli citizens (the result of a feeling of alienation from the behavior of the Arab states), however an important element of this identity is the striving for true democracy and equality in Israel. They are interested and able to play a positive role in molding Israel's relations with the Middle East, but realizing this potential requires that they be accorded an equal space. Demonstrating good intentions towards its Arab population will enhance Israel's ability to approach the Arab world and seek to advance cooperation with it. Prior to creating a connection with the surrounding space, Israel must connect with those living within the state itself. It will be difficult for Israel's Arab population to impart positive messages concerning Israel to their counterparts in Arab states – although Arabs in Israel often acknowledge these positive aspects – until the state changes its approach to them.
- **A breakthrough is required, not necessarily an agreement** – Progress in relations between Israel and Arab states does not require a final-status peace agreement between Israel and the Palestinians. A breakthrough in the peace

process will be enough. The mutual recognition between Israel and the Palestine Liberation Organization in the 1990s was sufficient for certain Arab states to open official and public diplomatic representations in Israel. Prospects for regional cooperation are not new and also existed throughout the Oslo process. Likewise, the Arab states' willingness to take steps towards normalization with Israel in parallel to progress in the peace process, and not only upon its completion, is not an innovation. The significant addition since the 1990s is the Arab Peace Initiative, which creates a context for these steps and offers Israel recognition by all Arab states, normal relations with them and enhanced regional security.

## B. Europe

### 1. Israel's central interests in relations with Europe <sup>1</sup>

- **Economic cooperation** - A clear Israeli interest in its relations with Europe is realizing the potential for extensive economic and trade cooperation. Today, Israel enjoys an exceptional economic status relative to its geographical location on the margins of the European Union (EU), yet it is vital to preserve this status and cultivate it even further. Israel also has an interest in advancing economic integration with Europe, including financial and other services that Europe can provide. Israel is not expected to seek full EU membership at present, in particular when there is no chance that the country will be willing to accept the idea of open borders, although from the economic perspective, a great deal of potential for integration exists and this should be advanced.
- **Strengthening Israel's normative standing** - A country's normative strength contributes to its international influence. Europe possesses the greatest normative strength, even more than the US, and serves as a model for other societies in the fields of democracy and human rights (despite the challenges within some EU member states). Israel's positive relations with Europe are linked to its commitment to democracy and human rights, and the extent to which Israel is associated with European political norms impacts its global soft power potential.
- **Strategic hinterland** - Europe provides Israel with a strategic hinterland in many respects. In physical-geographic terms both Europe and Israel regard one another as a strategic hinterland. However, beyond this, trade, diplomatic, cultural, scientific and technological ties between the two sides support and strengthen Israel's power of deterrence, its economy, its technology and its identity. In each one of these areas Europe serves as an "extension" of Israel's strength and ability to act.
- **Connection to the Jewish people** - Although Israel's interests are not necessarily identical to those of the Jewish populations in Europe, the relationship between Israel and Diaspora Jewry is an important topic which must also be addressed in reference to this continent. It is in Israel's interest to maintain a good

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<sup>1</sup> Workshop participants examined what they view as Israel's central interests vis-à-vis the entire European arena, throughout the range of countries and institutions which make up this space. Nevertheless, it is necessary to remember that Europe does not constitute one single bloc, and that Israel has different interests and relations with various European states.



relationship with the Jewish communities in Europe, as well as to preserve their security and prosperity. However, it is not necessarily clear how this should be achieved and there is no consensus regarding it.

- **European public opinion** - Israel has an interest in ensuring that European public opinion supports its existence and policies. Although the European institutions, in general, cooperate with Israel and give it broad support, European public opinion remains far removed from the establishment position and is increasingly cool towards Israel.<sup>2</sup> Similarly to the US, in Europe too, the older and more conservative population groups have more positive attitudes towards Israel. It is in Israel's interest to reduce the disparity between the attitude of the European establishment, which is interested in improving ties with Israel, and European public opinion, which for the most part adopts a critical attitude towards the country.

## 2. The impact of the conflict on Israel's relations with Europe

- **Economic damage** - As was noted above, Israel has good economic relations with Europe. However, there is great economic potential which has yet to be realized: a future Israeli-Palestinian peace agreement will lead to the realization of the EU offer to establish a Special Privileged Partnership with Israel (as well as with the future Palestinian state). This will deepen the connection between Israel and the EU, and will open up new economic opportunities for Israelis. Should the Israeli-Palestinian conflict not be resolved in the coming years, there is danger that Europe's willingness to cooperate with Israel will gradually erode, imposing on Israel a growing number of trade restrictions and harming Israel-EU relations.
- **Damage to Israel's international status and its normative strength** - Europe, as was also noted, serves today as the international system's foremost source of moral authority. Thus, its criticism of Israel's actions in the occupied territories carries great weight in the international arena and Israel's global standing is being eroded as a result. Europe differentiates between Israel within the Green line on the one hand and the occupied territories on the other, clarifying that the EU does not boycott Israel within the 1967 lines and even opposes attempts to isolate and boycott Israel. Significantly, the Israeli attempt to depict all opposition to settlements and activities in the occupied territories as opposition to Israel's existence in fact backfires. Indeed, there is a danger that as Israel succeeds in persuading the world that the Green Line is no longer relevant, the European opposition to Israel's policy will begin to turn upon the entire country, and not only upon the occupied territories.
- **Weakening the power of the strategic hinterland** - The prolonged conflict leads parts of the European establishment and European public opinion to voice extremely harsh criticism of Israel. It is relatively clear that the continued occupation and Israeli activities in the occupied territories, together with the perpetuation of the Israeli-Palestinian conflict, make it very difficult for Israel to

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<sup>2</sup> This is of course a general statement which applies to the major countries such as Germany, the UK, at times France and, to a great extent, the EU institutions. However, in certain European states the political establishment shares its public's opinion and voices harsh criticism of Israel, while other European states (in particular those in Central and Eastern Europe), currently support Israel's policies.

change European public opinion towards the country, and threaten to broaden and deepen the base of anti-Israel sentiment and activities. The conflict causes various European bodies in the academic, economic and cultural fields to act against Israel, to boycott the country or raise difficulties in relations with it, undermining the basis of support in Israel's European hinterland and with it Israel's strength. The European demand that its various agreements with Israel differentiate between the State of Israel and the occupied territories (a distinction that the Israeli government for the most part accepts in agreements with the EU) delays and sometimes even prevents cooperation, which could greatly benefit Israel.

## C. The US

### 1. Israel's central interests in relations with the US

- **US presence and activities in the Middle East** - Most workshop participants were convinced that Israel's central interest in this respect is for the US to continue its activities in the Middle East in a manner serving the entirety of Israel's regional interests, in particular security-strategic interests. However, today the US is interested in reducing its involvement in the Middle East. It no longer depends on the region's energy resources and recent American military interventions in the Middle East have mostly ended in failure. Significant global challenges are encouraging the US to turn its attention and resources to other arenas around the world, at the expense of focusing on the Middle East and Israel. From the American perspective, there is a consolidating tendency to pivot towards Asia; this is likely to be problematic for Israel. It is vital to remember that not all American involvement in the Middle East is necessarily in Israel's interest. Billions of dollars given to arm the Sunni world or a violent battle against Iran are, for example, not steps that will necessarily benefit or contribute to Israeli interests.
- **Israel's regional status** - The special relations between the US and Israel strengthen Israel's position in the Middle East, in particular in the battle against Iran. Likewise, the US serves as a link connecting Israel with key states in the region, such as Saudi Arabia, with which Israel has no diplomatic relations. This, in fact, enables cooperation or at least coordination between Israel and other major states in the region.
- **Maintaining Israel's qualitative military edge and providing powerful backup** - Israel lacks strategic, geographical and material depth. American technological and financial support, together with the political obligation to defend Israel's existence, compensate for this lack of depth. There is no consensus in Israel regarding whether Israel should seek to establish a political alliance with the US by advancing a formal defense treaty. However, it will be difficult to formulate such a treaty as long as Israel does not have recognized borders that will define the dimensions of responsibility and the involvement of one side for the good of the other. Likewise, Israel's alleged nuclear weapons are liable to pose difficulties in establishing a defense treaty. In addition, the Israel Defense Forces (IDF) and political echelons are doubtful concerning such a treaty, due to fears that it will restrict Israel's freedom of action and self-reliance. However, the opposition is not categorical.

- **Diplomatic cooperation** - Israel receives significant US support in the diplomatic arena and must preserve this situation. The US helps Israel in various UN institutions, both in order to prevent decisions that are uncomfortable or undesirable for Israel and to increase the international legitimacy for Israel's general existence and ongoing policies. Likewise, in light of the weakness and objective limitations of the Israeli Foreign Service, Israel often relies on the help of American diplomats in various places around the world to advance interests vis-à-vis the local authorities, as well as Israeli-American cooperation. These links with the American diplomatic system, and the reliance to a certain extent on the American network, are vital to Israeli diplomacy.
- **Bi-partisan support** - It is in Israel's interest that relations with the US remain isolated from political battles within the US. The increasing ideological polarization of American politics is not directly connected to Israel yet has ramifications on American foreign policy and US policies towards the Middle East. Although Israel is not the cause of this polarization, it is part of the issue, making it critical to maintain a wide base of support for Israel among both political parties. Netanyahu's interference in domestic American politics and the fact that on more than one occasion he chose to take sides in internal US debates, even if at times he chose the "winning horse", has damaged the basis of support for Israel as a non-partisan issue. This interference has been detrimental to feelings of sympathy for Israel in Washington. Although most senators still feel a connection and obligation to Israel, this is changing.
- **Links with the progressive community in the US** - American progressives are accustomed to criticizing Israeli policy in the occupied territories because it contradicts the norms and values of liberal democracy and international law. Israel must not view all criticism of its policy as an attempt to negate its existence. It is necessary to cultivate and strengthen the connections with progressive elements in the US, and to work together to advance liberal democratic values. Israel derives value from being part of the "democratic club", and such connections – especially with the young generation which is setting the tone in the progressive community and in the future will influence the direction of the world's most powerful country – are of great importance. This can be achieved by advancing ties between progressive civil social organizations in Israel and the US, also by establishing a fund in both nations that will support such organizations and assist them in fostering partnerships between them.
- **Economic, scientific and academic cooperation** - Israel has an interest in continuing and strengthening economic scientific, academic and technological ties with the US. Beyond the economic dividends this can yield and which will eventually contribute to the strength of Israeli society, such a connection has vast political and national significance. The Israeli image as a start-up nation, or "a branch of Silicon Valley", is of great importance and weight in Israel-US relations, as well as Israel's relations with other countries. This image relies to a great extent on the successes in the field of hi-tech, which result from and are enabled by the first-rate relationship between Israel and the US in the fields of information and economics. This is an important link which can support and maintain bilateral relations, even as other interest-based connections are weakening.



- **Connection to Diaspora Jewry** - The connection with the Jewish people is part of Israel's identity and exceeds the boundaries of foreign policy. American Jewry constitutes the second largest community in the world and its relationship with Israel is of strategic and fundamental importance for the existence of the Jewish people. On many occasions, Israel and its Ministry of Foreign Affairs relate to this connection instrumentally, as serving Israel's strength and status, and not as an essential factor in its own right. One of the central challenges in maintaining and intensifying the connection between the communities is the dominance of the Reform and Conservative movements among US Jewry, in contrast to the strong position of the Orthodox in Israel, which uses its power to shape government policies that reject the legitimacy of other streams. Reform and Conservative Jews thus find it increasingly difficult to connect with Israel as the state informs them that they are, in fact, not Jewish enough.

## 2. The impact of the conflict on Israel's relations with the US

- **Damaging the moral partnership** - Israel and the US share a common belief that the special connection between the two countries is based on shared values, not only on calculated interests that can change in accordance with the circumstances. The perception of shared values possesses a strategic dimension of the utmost importance. However, the Israeli-Palestinian conflict affects the moral perception of Israel in the US and damages Israel's image as a democratic and liberal state. Many Americans, including those who support Israel and feel a connection with it, are finding it difficult to understand the continued occupation and the steps which the IDF takes in this reality. Instead of identifying with the democratic and liberal values which characterize the EU and the US, Israel is developing closer relations with Saudi Arabia and Egypt and is seeking to bolster ties with China and Russia, countries which are clearly not democratic.

Many Americans continue to perceive Israel as ready to compromise with the Palestinians and as not placing unreasonable obstacles in the way of the peace process. However, the settlements fundamentally damage this image and distance communities of supporters among the US Democratic Party. Americans (among them also American Jews) find it increasingly difficult to identify with Israel today. Israel does not need to officially adopt the positions of *Peace Now* [a pro-peace movement] in order to maintain good relations with progressive groups in the US, yet at the same time it cannot follow the policy of *Gush Emunim* [a pro-settlement movement]. Growing segments of American Jewry view Israel as racist, damaging the basic principles of the country and its link with the Jewish people. Without the support of American Jewry, Israel's situation will drastically deteriorate. This challenge becomes all the more critical in light of the trends underway in American and Israeli societies. In all likelihood, a child born tomorrow in Israel will tend towards the conservative right, while a child born in the US will lean towards the liberal left. The increasing impairment of human rights and religious pluralism in Israel, issues which the continued conflict sometimes affects directly and on other occasions indirectly, contribute to the erosion of faith in the liberal and democratic values which Israel and the US share.

- **Justification of the existence of Israel and its moral status** - Israel was founded upon a strong base of international legitimacy in the wake of the Holocaust; an important factor in this process includes the perception of the Jewish people as victims, a people morally entitled to a homeland. The continued conflict and occupation of the Palestinian people do not fit well with this narrative. Israel is no longer viewed as a victim and the morally superior party in the conflict. For many Americans, in particular the younger generation, it is difficult to connect with Israeli messages rooted in the past. Israel must adopt a different narrative that can enable these Americans to identify with the country.
- **The US must choose a side** – In light of American interests in the Middle East, the continued Israeli-Palestinian conflict requires the US at times to choose a side, restricting its room for maneuver and the freedom of action it needs. The conflict poses the US with a dilemma in the field of foreign policy, as it wants to have good working relations with both Israel and the Arab states.<sup>3</sup> This is one reason motivating Donald Trump, as well as his predecessors, to advance an Israeli-Palestinian peace agreement.
- **Security cooperation** - To a certain extent, the continued conflict actually advances Israeli interests vis-à-vis the US because it enables Israel and the US to base and develop cooperation between their defense mechanisms. Deals for the development and purchase/sale of weapons, granting loans and guarantees to the IDF as foreign aid, intelligence cooperation, and creating professional networks of security forces personnel, are all important channels that reinforce the connection between Israel and the US. The continued security threat supports them. These channels are based on interests and not on shared values. Therefore, without additional channels – moral, political and normative – changes in the geo-political circumstances are likely also to cause significant alterations in security cooperation and to harm the sum of relations between the nations.

## D. China and East Asia

### 1. Israel's central interests in relations with China and East Asia

- **Recognition of Israel** - Over the course of many years Israel has sought to obtain recognition of its existence and support for its policies from Asian countries and has acted to establish diplomatic relations with the continent's countries. However, this recognition is only the first step on the road to establishing connections in a range of fields – for example economic, cultural, scientific, technological and security. In hindsight, Asian states' recognition of Israel did not in fact lead them to offer Israel political support in international organizations but rather to advance bi-lateral relations in other fields. In the political domain, the Asian states continue to vote against Israel's position in international bodies, usually siding with the Palestinians. This is unsurprising in light of the interests of

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<sup>3</sup> Until now the US has chosen to stand with Israel in most cases, even during periods of conflict and stalemates in the peace process. Thus, unsurprisingly, from the Israeli public's perspective, as is evident from [a public opinion poll](#) conducted by the Mitvim Institute in June 2017, the continuation of the Israeli-Palestinian conflict does not lead to real damage in US-Israeli relations (unlike Israel's relations with Europe and the Middle East). At the same time, workshop participants warned that the situation is not good from Israel's perspective; it can potentially lead to tension and call into question America's future comprehensive support of Israel.

China, the continent's central state. China is interested in receiving diplomatic support from the large Arab-Muslim bloc in the UN, and in defending its interests in the Arab world.

- **Access to one-third of the world's population** - Israel has an interest in establishing and strengthening access to and relations with one-third of the world's population, which resides in Asia. China is not only one of the largest powers in the world but is also Israel's gateway to the entire Asian region. Many states in the region observe China's behavior and follow suit. For example, after China established diplomatic relations with Israel (shortly after the Madrid Summit in January 1992), additional states from the region did so as well. Therefore, Israel's has an added interest to develop and maintain good relations with China.
- **Strengthening the economy and trade** - China, and the entire Asian region, offers enormous potential for Israeli economic activity. This is an interest of the highest priority for Israel in its relations with China and the region and, likewise, is also of great significance to China. For example, China, which won the tender to develop the underground train in Tehran, will not vote in the UN against Iran or in favor of Israel if this is likely to endanger the implementation of the tender. The fact that even Muslim states such as Malaysia and Indonesia, with which Israel has no diplomatic relations, already conduct trade worth a few billion dollars with Israel, hints at the great potential for Israel in Asia. Over the years, Israel-China economic relations were based on the equation that Israel provides the innovation while China supplies the manufacturing. Looking to the future, two main processes may challenge this equation. China is investing more and more in research and development, making it likely that the country will no longer need the "Jewish mind" and, in parallel, even if China (like the US and Europe) will continue to show an interest in new knowledge and technology, Israel is investing less and less in research and development. Israel needs to adapt to these changes and understand its position as a "dwarf nation" vis-à-vis the giant China. It should make efforts to connect with the Chinese priorities in the Middle East, and figure out how they can serve Israel rather than cause it harm.
- **Strengthening tourism** - The billions of people living in China and Asia constitute a large tourist potential for Israel. Tourist programs and student exchanges already exist; there is even a Birthright project specifically designed for Asia. All these bring Asian tourists to Israel. Even tourists from Malaysia today visit Israel, via many different routes, revealing the existing potential. Israel and China have agreed upon a plan to encourage Chinese tourism to Israel, with Israel committing to prepare a suitable infrastructure for Chinese tourists, including a Chinese airport information center open 24/7 (this has yet to be implemented). In fact, Israel does not have the ability or suitable infrastructure to absorb the full tourist potential and the gradual rate of tourism growth is good for Israel.

## 2. The impact of the conflict on Israel's relations with China and East Asia

- **Undermining the certainty of relations** - Due to the continued conflict, Israel finds itself engaged in many diplomatic struggles in international organizations that criticize its policies. Israel attributes great importance to the votes held in these organizations. On many occasions China votes according to its interests,

together with the Arab nations and against Israel. Israel usually warns states voting against it that this will cast a cloud over relations, threatening to take steps and summoning their ambassadors for a rebuke. Even if these actions are not usually directed towards China, it damages Israeli-Chinese relations. The Chinese may not always understand that these actions are carried out for domestic political reasons and that Israel does not in fact intend to cancel its economic agreements with China.<sup>4</sup>

- **Small influence, great potential for damage** - At present, the continuation of the Israeli-Palestinian conflict has only a minor effect on Israel-China relations. From the Chinese perspective, there is little connection between the political and economic realms, unlike the common Israeli perception that links the two. The Chinese attach significance to Israel's behavior towards them in the fields of investment and trade: they prioritize Israel meeting its agreements with China as opposed to how Israel manages the conflict with the Palestinians. However, the continuation of the conflict creates potential for escalation and damage. If another round of violence will erupt, especially if it includes terror in major Israel cities, this will be detrimental to Israel-China relations. The Chinese invest large sums in Israel and the Middle East; every terror event discourages them from further investment.
- **The war against terror as a bridge for relations** - The Chinese concern at the threat of terror attacks forms a connecting point between Israel and China. China fears that terror raging in Israel will damage its financial investments in the region. However, China also fears terror at home, or terror which will be directed towards the infrastructure of the new "Silk Route" which it dreams of building through the Middle East. Israel's proven abilities in combatting terror make this topic a connecting factor which strengthens the relations. Chinese forces tasked with the war on terror undergo training in Israel and Israeli experts travel to China to train them there. Almost certainly, if hostilities intensify between Israel and the Palestinians, the Chinese will be here to watch and learn how Israel tackles them.

## E. Summary

This document presented conclusions from a policy workshop organized by the Mitvim Institute and the Leonard Davis Institute in Jerusalem on June 13<sup>th</sup> 2017. The workshop focused on four different arenas of Israeli foreign policy, identifying the central Israeli interests in each one of these arenas and assessing the effects of the Israeli-Palestinian conflict on the country's ability to achieve these interests.

Clearly this assessment is not exhaustive and does not provide a complete and detailed picture. Additional foreign arenas were not discussed whatsoever – Latin America, Africa, Russia, India, and Australia and New Zealand. Likewise, it is important to remember that even the decision to focus on an arena such as the Middle East or Europe involves generalizations: each arena includes a number of states and bodies with different interests and with which Israel has a range of varying relations. This document provides key examples

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<sup>4</sup> In this connection it is vital to remember that while Israel summoned ambassadors from European, African and other countries for a rebuke following votes in various UN institutions, the Chinese and Russian ambassadors, who also voted against Israel's position, were not summoned.

and highlights general trends and processes. Its importance lies in identifying these general processes and assessing the effects of the Israeli-Palestinian conflict on Israel's foreign relations within the comprehensive picture, not in focusing on any individual case.

The international political arena is complex and the relations woven within it exist in a web of mutual dependency. Therefore Israel's bilateral relations with various countries are affected both by Israel's relations with that same country and that country's relations with other nations. Thus, for example, the preference which Israel accords to its relations with the US has direct ramifications on the limitations of its cooperation and room for maneuver vis-à-vis the Middle Eastern states and China. Israel needs to navigate these tangled relations when at times it does not find itself at the center of the web of interests. Likewise, it must recognize the interests of various countries in order to respond suitably and prudently, in a manner that will serve its own interests. In light of this, the effect of the Israeli-Palestinian conflict on Israel's foreign relations should not be examined vis-à-vis each arena separately but also in the context of a general picture of international relations.

The workshop highlighted a few general characteristics. Israel succeeds in safeguarding its central security interests. However, the country has not been able to minimize the security threats originating in the Middle East, despite the fact that changes in the Middle East and the map of regional interests are creating less existential threats to Israel and even generate opportunities for security cooperation with some Arab states. Above all, the US continues to protect Israel's qualitative military edge and to guarantee, along with the Western European states, Israel's security.

Likewise, from an economic perspective, Israel's situation is reasonably good. The EU market is open to Israel, even if products from the settlements are excluded from EU-Israel trade agreements. The US continues to provide the Israeli economy with guarantees. Economic ties with China are developing. Even in the Middle East, Israeli entrepreneurs are finding ways to trade with various states, under the cover of secrecy and via third parties.

Regarding recognition of Israel and its ability to gain the political and diplomatic support it seeks, the situation is less positive. The Israeli-Palestinian conflict prevents Middle Eastern countries from granting such recognition and support. China, which accords higher significance to its relations with the Arab states, does not offer Israel diplomatic and political support. In Europe, alongside the recognition of Israel and the obligation to its existence (also in light of the historic background), criticism of Israeli policy in the occupied territories continues to grow and diplomatic and political support of Israel is not guaranteed. In the meantime, the US provides Israel with a diplomatic political umbrella that is usually wide enough to provide Israel with its minimum requirements.

On the civil level, cooperation with Europe and the US is extensive and strong, occurring in a wide range of areas. In the Middle Eastern arena, which contains great potential, and even higher importance due to the geographic proximity, the protracted Israeli-Palestinian conflict almost completely prevents cooperation on the civil level.

Although from many perspectives Israel's situation is reasonable, the continued Israeli-Palestinian conflict generates a number of worrying and significant trends which threaten Israel's interests on all plains, even those critical for its existence. The retreat from democratic values, due to the conflict and its ramifications, threatens the special relationship between Israel and the US, with the growing gap between Israel and progressive Jewish



communities in America constituting a central element in this process. The continued conflict and its influence on Israel's character and identity elicit growing criticism from Europe. The major European states, which have acted as an anchor for Israel's existence and prosperity (such as Germany), increasingly disagree with Israel's policies in the occupied territories and the retreat from democratic values and norms which accompany it. Although Israel is strengthening its ties with Eastern European states, and by doing that succeeds in preventing EU decisions against it, Israel is increasingly losing the support of the major Western European States. China's desire to expand its political role in the Middle East is likely to call into question the complete distinction it makes at present between economic activities and political positions; this is liable to harm Israel's economic ties with China.

Beyond all the examples which indicate the damage that the prolonged conflict causes in Israel's current foreign relations, it is also necessary to consider the detrimental effects of the conflict on Israel's ability to realize future potential. Although in some areas and arenas Israel's situation is reasonable, even good at times, the experts in the workshop specified opportunities that Israel has missed due to the continued conflict and which impede the country's ability to achieve its interests in the optimal manner. When examining the effect of the conflict on Israel's foreign relations it is vital to assess not only the existing situation but also what Israel could obtain, were the country to advance towards solving the conflict.

A solution to the Israeli-Palestinian conflict will enable Israel to gain recognition, legitimization and political support not only from the US and Europe, but also from China as well as Arab and Islamic states. The security threats to Israel will decline significantly and its soft power will increase. Only then will Israel be able to argue fully that the country belongs to the club of democratic nations. A solution to the conflict will allow Israel to access new markets in the Middle East and Asia. The fields of tourism and transport will offer significant leverage for the growth of the Israeli economy. Civil society will gain the opportunity to build cooperation with neighbors in the region, from Morocco in the West to Iraq in the East. These are merely the headlines of the many additional opportunities which a solution to the conflict will bring.