

Key points

- The risk of new fighting between Israel and Hamas is increasing as the humanitarian situation in the Gaza Strip deteriorates, but could be prevented or delayed by urgent international steps to address electricity, water and sewage infrastructure.
- The dire situation has been exacerbated by Palestinian Authority (PA) President Mahmoud Abbas's decision to reduce financial commitments to Gaza's public services, including reducing payments for electricity supplied by Israel. It may also be impacted by pressure on Qatar from other Sunni Arab states to reduce support for Hamas.
- Israel remains in a dilemma, on the one hand wanting to alleviate a humanitarian crisis and prevent another conflict, whilst also wanting to avoid providing vital resources to Hamas, to maintain deterrence, and to secure the return of Israeli captives.

Are we heading for a new conflict in Gaza?

- *The risk of renewed fighting is growing, even though neither Israel nor Hamas appears actively interested in it.* Hamas generally maintains the current ceasefire and enforces it on other factions. It is deterred by Israel and lacks regional support and financial resources. In mid-June Khalil al-Hayya, the organisation's deputy leader in Gaza, told reporters that Hamas does not expect a war. Israel's goal is to maintain quiet as long as possible. However, the events of 2014 showed how the situation can quickly deteriorate even when neither side intends it, and increasing economic and political challenges in Gaza are raising the possibility of another outbreak of fighting.
- *There has been a major eruption of violence between Israel and Hamas and other armed groups in the Gaza Strip every two to three years* since Israel withdrew from the territory in 2005. The human cost of the 2014 conflict was the heaviest yet, with around 2,200

Palestinians and 73 Israelis killed, and more than 3,000 rockets fired at Israel. The Bank of Israel estimated Israel's economic costs to be 0.3 per cent of GDP, or nearly £0.8bn. The Palestinian Authority (PA) estimated the cost in Palestinian infrastructure and economic losses at over £2.4bn.

- *Repeated escalations have been the product of an unstable strategic situation.* In 2008-9, 2012, and 2014, Israel launched major operations to restore deterrence after escalating rocket fire by armed groups. Hamas, Gaza's de facto rulers, are desperate to change their strategic and economic situation, and maintain the ceasefire only due to Israeli deterrence which erodes over time. There are no promising political moves to stabilise the ceasefire and many factors which can trigger escalation.
- *Smaller armed groups in the Gaza Strip can drag Hamas into a war* by launching rockets which trigger an Israeli response. Domestic political pressures in Israel to stop attacks puts heavy pressure on the Israeli government to escalate. Meanwhile, events in the West Bank or East Jerusalem, where Hamas is continuously trying to organise terror attacks, can trigger an escalation from the Gaza Strip.
- In 2014 the abduction of three Israeli teenagers (later found murdered) by Hamas operatives in the West Bank triggered an IDF search operation, including the arrest of hundreds of Hamas affiliates. Hamas responded with increased rocket fire into Israel from the Gaza Strip, leading to a cycle of escalation and eventually a major Israeli military operation. Though Hamas's political leadership had not intended to cause such an escalation, once it began they refused a ceasefire without ending access to restrictions, leading to 50 days of conflict.

What is the current situation on the ground?

- *Since 2014 rocket firing from the Gaza Strip has been at its lowest level* since such attacks began in 2001. However, various recent developments have raised the risk of escalation.
- Despite major reconstruction efforts and

some relief measures by Israel, in cooperation with various international players, *Gaza's humanitarian situation remains dire* with little prospect of significant improvement in the near term. Most of the water is polluted, electricity is available around four hours a day, and unemployment is over 40 per cent. Senior IDF officers have repeatedly warned the Israeli Cabinet and Knesset committees that the situation could lead to an explosion.

- *The situation has been exacerbated by heightened tensions between the PA and Hamas.* In June, following a decision by Abbas to reduce PA payments to Israel for electricity supplied to Gaza, the Israeli security cabinet decided to reduce energy supplies accordingly. This could reduce power to as little as three hours a day, a move which Hamas claimed would "lead to an accelerated deterioration and a blow-up of the situation". The PA announced in April it would no longer pay for Gaza's electricity, and implemented a 30 per cent reduction of salaries for PA civil servants in Gaza who have not worked since Hamas took over in 2007. The trigger was Hamas announcing the creation of an administrative council for Gaza, explicitly undercutting the nominal unity government led by Abbas in the West Bank, which in fact has no real control in Gaza. Abbas's move to distance himself from Hamas allows him to position himself with the Trump administration as committed to fighting terrorism. The move exacerbates a situation in which Hamas already struggles to pay its own workforce. It also puts Israel in a dilemma as to whether it should continue to provide electricity to Gaza without payment. Power from Israel is now Gaza's only reliable energy source.
- *Hamas's situation is potentially further hampered by the rift between Qatar and other Sunni Arab states,* with Saudi Arabia and others calling on Qatar to cut its substantial financial and political support to Hamas, alongside the Muslim Brotherhood and other groups.
- *Access to Gaza for goods and people remains tightly restricted.* Israel allows the entry of goods except for "dual use" items it believes could be used militarily by Hamas, and a limited amount of exports, but entry of Gazans into Israel is restricted mainly to medical cases and businessmen, and sea access is prevented. Access through the Egyptian border is even more tightly restricted. Entry for goods from Egypt is very limited and the Rafah crossing was open for people on just ten days in the first three months of 2017.
- *Hamas has a new leadership.* Gaza based former PM Ismail Haniyeh has replaced Khaled Meshaal as head of Hamas's political

executive. Armed-wing veteran Yahya Sinwar has been elected internally to replace Haniyeh as Hamas's leader in Gaza. Sinwar – released from an Israeli prison in the 2011 Gilad Shalit deal – is focussed on preparing Hamas for another conflict, and Israeli intelligence reports that Hamas has recovered to its 2014 military strength. Hamas has reportedly stepped up efforts to launch attacks in the West Bank and revenge attacks following the assassination of its senior militant Mazen Fuqaha in April, which Hamas blamed on Israel.

- *Since Avigdor Lieberman became Israeli defence minister he has threatened to topple Hamas* in a future conflict. Israeli cabinet members from Netanyahu down consistently state that Israel does not want an escalation, but should rocket firing from Gaza resume, this could change quickly. Heightened expectation of elections in Israel could encourage tough talk, shortening the fuse for a potential escalation.
- *Another potential trigger is Israel's construction of a new underground barrier* to neutralise tunnels being dug intensively by Hamas to launch attacks into Israel. Hamas's use of such tunnels in 2014 caused major alarm in Israel, making a preventative measure a major priority. The barrier Israel is building along the border includes a subterranean wall and sensors. Its construction could motivate Hamas to use the tunnels in which it has heavily invested before they are blocked.
- *Hamas also holds two Israeli civilians,* Avera Mangistu and Hisham al-Sayed – both individuals with severe mental health issues – and possibly a third, Juma Ibrahim Abu Ghanima. They also hold remains of two soldiers killed in 2014. There is domestic pressure in Israel not to provide humanitarian relief until all are returned.

What is Israel's policy?

- *Israel does not seek an escalation and does not want the Gaza Strip to collapse into chaos.* When Israel withdrew all forces and settlements from the Gaza Strip in 2005, it gave up territorial claims there. Since Hamas took over in 2007, Israel has been wrestling with a dilemma over how to deny legitimacy or assistance to Hamas whilst avoiding a humanitarian crisis. There is broad understanding that Israel's interest lies in easing the humanitarian situation to reduce the pressure. The IDF's Coordinator of Government Activities in the Territories (COGAT) Maj. Gen. Yoav Mordechai has written to international representatives in Israel calling for their assistance to address the water crisis and declaring Israel's support for relief measures. Israel has recently allowed increased

exports from Gaza and approved in principle the supply of additional water and electricity, along with the construction of a new natural gas line. However, the projects are awaiting international funding.

- *At the same time Israel does not want to provide vital resources to or strengthen Hamas.* Neither does it want to undermine its relations with Egypt, which regards Hamas as a threat, or undercut the PA. It has been reported that Israel communicated to Hamas that more significant economic steps including readmitting Gazan workers to Israel and establishing free trade border zones for Gaza workers are dependent on the return of Israelis held in Gaza, while ending the blockade is dependent on Hamas disarmament, and the PA returning to the border. None of these appear likely. Several Israeli politicians have raised the idea of building a port in Gaza, or creating an artificial island off the

coast to ease the humanitarian situation. The island would be connected to the Gaza mainland by a bridge that would be subject to security inspection, but without a commitment by Hamas to disarm, these ideas are unlikely to be approved.

- *Israel therefore seeks to maintain firm deterrence to delay a future conflict.* Israel's policy is to hold Hamas responsible for all attacks from the Gaza Strip, even if they originate with smaller independent groups. Israel retaliates against Hamas targets in response to every rocket to pressure Hamas to contain the other groups, whilst avoiding taking casualties that would trigger a wider escalation.

What is Hamas's policy and is it changing?

- Facing a deep crisis in Gaza and regional and international isolation, *Hamas has undergone*



an internal leadership transition and faces big questions about its strategic direction: how to open up Gaza to Israel and Egypt; how to rebuild and balance relations with key regional players, not least Egypt and Iran; how to relate to the PA, whose cooperation it needs to run the Gaza Strip; and how far to go in moderating its stance to thaw relations with Western states.

- *Hamas has tense relations with the rest of the Sunni Arab world, including Egypt and Saudi Arabia*, who seek to counter Muslim Brotherhood and other Sunni Jihadist forces. Hamas currently receives economic and military support from

Iran, despite tensions over Hamas's failure to back Iran's pro-Assad policy in Syria. Qatar has been a major donor for Gaza infrastructure and hosted Hamas's political bureau, but recent pressure on the emirate by fellow GCC states has called into question Qatar's diplomatic and financial support for Hamas. Meanwhile Erdogan's government in Turkey provides aid for Gaza and political support to Hamas, and according to Israeli sources still hosts Hamas operatives. An internationally funded 'Gaza Reconstruction Mechanism' based on an agreement between Israel and the PA, has facilitated the entry of more than 2m tonnes of construction material since September 2014.

What might an outbreak of fighting look like?

- *The lead up to major conflict in 2008-9, 2012 and 2014 followed a pattern of escalation* leading to an intolerable number of rockets being fired into Israel, and Israel launching a major military operation to restore the ceasefire.
- *In each previous occasion Israel's operation has begun with a surprise, broad-based air campaign* targeting Hamas military and leadership, along with calling up reserves in preparation for a ground operation, which it launched only if the air operation failed to lead to a renewed ceasefire. (In 2012 a ceasefire was reached without a ground operation.)
- *However, an alternative scenario is a surprise Hamas attack using its tunnels*, such as the kidnapping of Gilad Shalit in 2006 but on a potentially much larger scale, designed to shock Israel, raise the level of threat, and gain negotiating leverage to change the status quo.
- *In previous rounds Israel's goal has been to restore the status quo ante*, without trying to depose Hamas, whilst Hamas has tried to negotiate an end to the blockade in return for a ceasefire, in each case without success. Israeli defence minister Avigdor Lieberman has said that in a future round of conflict Gaza would "be the last," but neither the IDF commanders or PM Netanyahu favour reoccupying the Gaza Strip. It seems more likely that Israel's goals would be restoration of deterrence and the status quo.
- *That said, the goals set by Israel's political leadership for the military tend to shift* in the course of a conflict (a pattern which has been criticised in various Israeli inquiries). In 2014, a military operation which began with the aim of stopping rockets, evolved into a two week ground operation to destroy tunnels, when the extent of the tunnel threat came apparent.
- *Civilians are sure to pay a heavy price*. Hamas tactics are to embed its military infrastructure within civilian buildings and locations, to make it as difficult as possible for Israel to target without taking civilian casualties. Whilst Israel makes significant efforts to distinguish combatants from non-combatants, civilian casualties have been heavy in all previous rounds. Meanwhile, Israeli civilians will be the primary target of Hamas rockets. In previous clashes many Israelis have fled from the most targeted areas close to the Gaza Strip, and others have been forced to spend long periods in bomb shelters. Israel has announced it would evacuate some communities in the south in the event of war.
- *The process of ending the fighting in previous conflicts has been complex*, with various regional and international players getting involved, but it has ultimately been Egypt that has played the critical role in brokering ceasefires.
- *In 2014 Britain responded by affirming Israel's right to defend itself* and blaming Hamas for the outbreak of violence. Meanwhile, Britain was part of an abortive EU-led effort to secure a UN resolution establishing terms for an enduring ceasefire. The scope of destruction and Palestinian civilian casualties as the conflict wore on, covered intensively in the media, led to increasing expressions of concern or condemnation among UK political leaders. The major destruction in the Gaza Strip in 2014 also led to an international donor conference at which the UK pledged £20m to support humanitarian relief and reconstruction.

- *Hamas’s political leadership is driving a diplomatic response to its isolation* based on a new policy document, intended to present a more acceptable alternative to its radically antisemitic and violent 1988 charter. Its goal is to improve Hamas’s relations with Sunni Arab states and Western powers, and position Hamas to enter and lead a reformed PLO. However, the document does not appear designed to make peace possible with Israel. Whilst mentioning the establishment of a Palestinian state on the 1967 lines as a “common national consensual formula,” it continues to call for a Palestinian state on all the territory west of the River Jordan, in place of Israel.
- *Meanwhile, despite the humanitarian challenges in Gaza, Hamas’s military wing is estimated by Israeli and Palestinian sources quoted in Times of Israel to spend £79m per year – around 20 per cent of its budget – on its military wing, including rockets and tunnels. Hamas’s military wing is also learning from previous rounds, reportedly developing short range heavy rockets to target Israeli towns close to the border, which are harder for Israel to defend with early warning sirens and missile interceptions. It may also make greater use of IS-affiliated allies and strategic depth in the Sinai Peninsula.*
- *A much more urgent international political focus is required to address Gaza’s water, electricity and sewage crisis.*¹ Notwithstanding the need to avoid legitimising or emboldening Hamas, Britain should work with partners on urgently garnering the necessary international funding and convincing the PA and Egypt, as well as Israel, to do what is required to address these humanitarian needs.
- *Stabilising the situation would then create a better basis to address the more difficult task of a long term ceasefire, involving exchanging prisoners and wider arrangements for movement and access.*

How can the UK help shorten a conflict?

How can UK policy makers help prevent a conflict?

- *Whilst Britain’s leverage over the situation is limited, a number of principles should be adopted* by the UK, working with like-minded states, to reduce the chances of violence and the scope of any conflict that breaks out.
- *The underlying factors driving the crisis of access and infrastructure in the Gaza Strip must be urgently addressed* now, rather than in the context of fighting, when Israel’s leaders will be wary of being seen to make concessions under fire.
- *The international community should make this issue a greater priority, not only for the sake of Gaza’s population, but also since it has the potential to undermine any attempt led by the Trump administration to build a regional peace process.*
- *The UK already provides humanitarian support for Gaza, as a donor of £33.5m per year to UNRWA, which supports Palestinian refugees with basic needs including in Gaza, and as a donor of £0.5m per year to the UN’s Access Coordination Unit and Materials Monitoring Unit, which facilitates access for humanitarian workers and materials. At a 2014 conference of international donors to raise funds for reconstruction efforts in Gaza, the UK pledged £20m in “early recovery assistance” for Palestinians in Gaza.*
- *In conflict, Hamas shelters within the civilian population, seeking to ensure that the IDF cannot act against it without taking civilian casualties, which Hamas exploits to try and build international pressure on Israel. Whilst it is important to make clear that Israel must avoid harm to non-combatants, expressing clear commitment to Israel’s right to defend itself against rocket attacks is important in undermining Hamas’s strategy of leveraging international opinion against Israel. If Hamas fails to mobilise international diplomatic opinion against Israel and finds itself isolated, its motivation to fight will be reduced and the conflict ended quicker.*
- *Past experience shows that Egypt is the player that is best able to broker between the parties, and third parties should seek international unity around how to bring about a ceasefire. Whilst Qatar has previously played an intermediary role in economic and relief matters for Gaza, and also reportedly regarding proposals for a prisoner exchange, Israel would look to Egypt to broker an end to the fighting. In 2014, US engagement and initiatives by Turkey and Qatar that were more favourable to Hamas complicated ceasefire talks, giving Hamas false reason to think it could hold out for better terms, and arguably prolonging the conflict.*

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¹ For more details see: [BICOM Strategic Assessment: Israeli-Palestinian Economic Relations](#), July 2016; Michael Herzog, [BICOM Strategic Assessment: Gaza: How can the next war be prevented.](#)

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