

February 2017

Introduction

- British Prime Minister Theresa May will host Israel's Prime Minister Benjamin Netanyahu in London on Monday for their first ever meeting. Although May visited Israel in her role as Home Secretary during the summer of 2014, the trip coincided with a security crisis surrounding Hamas kidnapping three Israeli teenagers, which prevented a meeting with Netanyahu. The two leaders were also thought to have scheduled a meeting at the World Economic Forum in Davos, but Netanyahu did not in the end attend the conference.
- Since becoming Prime Minister in July 2016, May has reinforced Britain's strong bilateral relationship with Israel. Speaking at a Conservative Friends of Israel lunch in December 2016, she pledged to further strengthen "crucial" ties with Israel and praised the country as a "beacon of tolerance".
- Although the UK supported UN Security Council Resolution (UNSCR) 2334 last December which was seen as deeply problematic by the Israeli government, the recent signals from Downing Street appear to indicate a closer relationship. The Prime Minister criticised John Kerry's December speech saying "we do not believe that the way to negotiate peace is by focusing on only one issue, in this case the construction of settlements". In January, the UK effectively snubbed the Paris peace conference by sending a mid-level official to observe, not participate. At a subsequent meeting of EU foreign ministers, Foreign Secretary Boris Johnson blocked the adoption of the Paris conference communiqué.
- In a speech to Republicans last Thursday in Philadelphia, May said "whether it is the security of Israel in the Middle East or Estonia in the Baltic states, we must always stand

up for our friends and allies in democratic countries that find themselves in tough neighbourhoods too".

- Ahead of Monday's meeting May's spokesperson stated that the two leaders would prioritise "the bilateral relationship between the UK and Israel and how we work together on a range of shared challenges, not just looking at the Middle East peace process but also things that affect us both – the situation in Syria, the nuclear threat from Iran".
- With the UK set to trigger Article 50 in March and commence negotiations to leave the EU, Netanyahu's visit also represents an opportunity to discuss how the UK-Israel relationship could deepen after Brexit with a trade deal and other areas of joint work.
- Netanyahu is set to meet US President Donald Trump on February 15 and he will be greatly interested to hear from May about her meeting with the President last week and what was discussed about the Middle East.

UK-Israel bilateral relations trade

- Britain and Israel have long enjoyed strong trade relations and bilateral investment and trade is booming. More than 300 Israeli companies operate inside Britain and bilateral trade between the two countries reached almost £6bn in 2016. Israel is increasingly looking to London as its gateway to Europe and the UK is Israel's second largest export market in the world (after the US).
- Israel and the UK cooperate closely on defence and share vital defence technology, particularly in battlefield surveillance, cyber security and drone capability. During a visit to Israel in 2014 then Prime Minister David Cameron praised UK-Israel defence

cooperation, telling the Israeli Parliament, “Israel’s technology is protecting British and NATO troops in Afghanistan”.

- Israel and the UK also closely cooperate in civil cyber security, science, healthcare, research and development and technology and innovation. In April 2015, a new scientific multi-year cooperation agreement was signed to fund joint research. Israeli pharmaceutical companies provide one in seven medicines prescribed by the NHS. The UK-Israel Tech Hub – created in 2011 – has been credited with creating 80 business partnerships between the two countries. In February 2016, the UK and Israel agreed to extend their cooperation in cyber security, including strengthening the relationship between their respective Cyber Emergency Response Teams (CERT-UK and CERT-IL). HSBC, Barclays, Rolls-Royce, GlaxoSmithKline and Unilever have a major presence in Israel.

The Iranian nuclear deal

- Prime Minister Netanyahu has consistently expressed his concern over Iranian actions both before and after the Joint Comprehensive Plan of Action (JCPOA) agreement between Iran and the P5+1 powers (which include the UK) in July 2015. While renouncing or renegotiating the agreement is highly unlikely, there are areas where the existing deal could be strengthened. These include clarifying procedures for dealing with rogue behaviour by Iran and publicising what Iranian actions constitute a significant violation and where the lines are that Iran has to cross to elicit an international response.
- Netanyahu will also likely push for the P5+1 to state its intention to crack down on Iranian actions in ballistic missile testing. The US administration has already made its intent clear in this area and imposed new sanctions as a result of a recent Iranian test.
- May stated her intention at the Gulf Cooperation Council to do more against Iran’s troubling regional policies, which are fermenting instability and violence among British allies in the Gulf. As Israel deepens its relations with Saudi Arabia and the UAE their interests and national security priorities will also become a shared feature of the UK-Israel relationship.

The Syrian civil war and counter-terrorism

- Israel has stayed out of the Syrian civil war, acting intermittently to prevent the transfer of strategic weapons to Hezbollah. But it is concerned by the strengthened Iranian axis, comprised of Iran, Bashar al-Assad’s regime, Hezbollah, and other non-state Shia militias. Following this axis’s recent victory in Aleppo, Netanyahu may raise the scenario with May of regime-supporting Iranian-Hezbollah forces taking control over areas in the south of the country such as Deraa, which would pose a major security challenge to the Hashemite Kingdom of Jordan, a close ally of both countries. Iranian-Hezbollah-backed forces in the border areas may also create a “second front” against Israel on the Golan Heights, a goal the axis has been working towards for some time. Such a scenario raises the possibility of the Syrian civil war spilling over into Israel as well as increasing the chances for direct Israeli-Hezbollah conflict.
- Netanyahu and May might also discuss ways in which they can increase intelligence-sharing between the countries. With the threat of returning jihadists firmly in the minds of British intelligence services, Israel will be able to offer its unique experiences of countering attempts by jihadi groups to recruit and radicalise Israeli Arabs and Palestinians in the West Bank as well as efforts by Hezbollah to recruit Israelis to carry out terrorist attacks.

The Israeli-Palestinian conflict

- Netanyahu will seek clarity on the UK’s position on Israeli-Palestinian relations and encourage the British government to continue its opposition to the internationalisation of the conflict. May will likely press Netanyahu to spell out his position and explain whether he supports a Palestinian state or settlement expansion that makes a two-state solution much harder to achieve. The British government was reportedly one of the architects of UNSCR 2334, which was seen as deeply problematic by the Israeli government. Foreign Secretary Boris Johnson told the House of Commons that the UK supported the resolution because “it contained new language pointing out the infamy of terrorism that Israelis suffers every day”.

- Following the two countries' disagreements over UNSCR 2334, May took steps to make clear that she did not view settlements as the main obstacle to peace. Moreover the UK government's approach to the Paris peace conference demonstrated its opposition to internationalising the peace process. The UK declined to send a high-level delegation to the French-spearheaded conference, chose not to sign the conference's concluding statement, and expressed "reservations about an international conference intended to advance peace between the parties that does not involve them – indeed, which is taking place against the wishes of the Israelis". It concluded that "there are risks therefore that this conference hardens positions at a time when we need to be encouraging the conditions for peace". Netanyahu will likely argue that May should reiterate this message to her European friends, as well as to the Palestinian leadership.
- With the priority of the British government to keep the window of opportunity for the two-state solution firmly open, May will likely push Netanyahu to reiterate his support for the two-state solution, especially following the recent announcement of 6,000 new housing units beyond the 1967 "green line". Following Trump's latest statement that settlements "may not be helpful" for the two-state solution, May will be on solid ground if she repeats the UK's criticism of Israeli settlement building for prospects for peace.

Israel's high levels of innovation and export oriented business environment there is a great deal Britain can benefit from as the bilateral relationship expands.

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Conclusion

- As Home Secretary for five years in charge of the counter terrorism brief, May has a detailed appreciation of the operational capability and international network of organisations such as ISIS, Hezbollah, Hamas and Islamic Jihad. When Netanyahu explains his national security dilemmas with ISIS operating on Israel's southern and northern border, Hamas in Gaza and activating cells in the West Bank and Hezbollah in the North – May is likely to be extremely sympathetic. In the field of counter terrorism there is much that the two leaders can cooperate on and discuss.
- As Britain seeks to build new alliances and trade relations outside of the EU, Israel can offer cooperation in the fields of science, hi-tech, fintech and cyber security. With

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For more information please contact:
Charlotte Henry, Senior Press Officer
020 3745 3348
07879 644099
charlotteh@bicom.org.uk