

# The Middle East in 2021

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## Introduction: The Middle East in 2021

BICOM's sixth annual forecast is a guide for policy makers and opinion formers to issues and events that will impact the Middle East in 2021 and their potential strategic consequences.

A decade on from the so-called Arab Spring, the region still suffers from unstable, fractured, weak states with porous borders. Despite military losses, ISIS and Al-Qaeda maintain a foothold in ungoverned areas. Civil wars in Yemen, Libya and Syria have killed hundreds of thousands and created humanitarian crises and flows of refugees into neighbouring countries and Europe. While different, each civil war possesses similar components – jihadist/Islamist radicalisation, tribal/ethnic/sectarian tensions, and opportunities for regional and great power rivalries. Major demonstrations in Lebanon and Iraq indicate the long-term legitimacy, socio-economic, security and resource challenges faced by many Middle Eastern states, which their political systems are failing to resolve. Tumbling oil prices and the global economic downturn have hit many economies hard.

As American troops draw down in Iraq and Afghanistan, and successive administrations sustain the country's retrenchment from the region, Russia continues its involvement in Syria, arms sales, and energy markets. Resource competition has increased in the Eastern Mediterranean between Turkey and Greece, drawing in additional players. Similar to other regions, the Middle East is struggling to deal with the global coronavirus pandemic.

The Biden administration does not view the Middle East as a priority, being forced instead to primarily focus on significant domestic challenges as well as climate change, NATO, China, and North Korea. Yet, Iran remains a threat and the administration has expressed its preference to return to compliance with the JCPOA nuclear agreement and potentially expand it. Following Trump's withdrawal from the deal, its breakout time to a nuclear bomb has been shortened.

The administration will also undoubtedly encourage further normalisation between Israel and Arab states and seek to keep alive the two-state solution between Israelis and Palestinians. However, the overarching direction of US policy pivoting away from the Middle East – which began after the Iraq War under George W. Bush and was continued under Barack Obama and Donald Trump – is unlikely to be reversed.

The future outline of the Middle East – in 2021 and onwards – will be determined by the interface between three main axes. One, the Iranian-dominated Shia axis, includes Iran and its proxies in Iraq (such as Al-Hashd Al-Shaabi), Syria (the Assad regime and Shia militias), Lebanon (Hezbollah), Yemen (the Houthis) and the Gaza Strip (Palestinian Islamic Jihad). With the help of its allies, Iran will continue to extend its political, economic, and military power in the region.

Aiming to contain Iranian influence is a second axis comprised of so-called 'Pragmatic' Sunni states, or the 'Stability Camp'. These include the United Arab Emirates (UAE), Jordan, Egypt, Saudi Arabia, Morocco, as well as – due to shared interests and concerns – Israel. The Jewish state is fighting the Iranian axis in Syria, Lebanon and Iraq. Saudi Arabia (and formerly the UAE) is heavily engaged in trying to contain the Houthis in Yemen. Meanwhile, the UAE and Egypt are active in Libya, where they find themselves facing off against a third axis, led by Turkey.

The Turkish-led axis includes the Qatari monarchy and promotes a Sunni Islamic / Muslim Brotherhood ideology. Turkey is militarily involved – either directly or via mercenaries – in a host of countries ranging from Syria, Iraq, North Africa, and the Caucasus. A maritime agreement signed with Libya brought it into conflict with Greece and Cyprus. Support for the Muslim Brotherhood has caused significant tension with Egypt. Obtaining the Russian S-400 missile defence system undermined relations with the US and NATO. Both Turkey and Qatar provide financial support for Hamas. Qatar, which hosts Al-Jazeera, had been blockaded by some members of the 'Stability Camp' since 2017, before the recent signing of a reconciliation agreement in early January 2021.

Some of the large number of overlapping issues that analysts and policy makers should be concerned about can be divided into five baskets, each one a Chapter in the paper. [Chapter 1](#) examines the Biden administration's approach to the Middle East in general, particularly how it may approach the main players in the Turkish-led axis and the 'Pragmatic' Sunni axis. [Chapter 2](#) focuses on US relations with Iran, particularly over the future of the JCPOA and the Islamic Republic's nuclear project. [Chapter 3](#) sheds light on the not so 'shadow war' between Israel and the Iranian Shia axis in Syria, Iraq, Lebanon, and Yemen and discusses the potential for escalation. [Chapter 4](#) analyses the consolidation of the 'Pragmatic' Sunni axis following the series of normalisation deals between Israel and the UAE, Bahrain, Morocco, and Sudan. [Chapter 5](#) takes a look at domestic Israeli and Palestinian politics, and how the Biden administration may seek to keep the window open for a two-state solution.

## Chapter 1: The Biden administration's approach to the Middle East

**The Biden administration's Middle East policy will be driven primarily by multilateralism, diplomatic leadership and promoting democratic values.** Biden's campaign team – many of whom have been appointed to senior positions in the new administration – often mentioned these qualities, which stand in stark contrast to the more narrowly-defined transactional interests of the Trump administration. The 2020 Democratic Party platform committed to “putting democratic values at the core of our foreign policy”. Antony Blinken, Biden's appointee for Secretary of State, has [said](#) the US was “leader of first choice” because “we strive to the best of our ability to align our actions with our principles, and because American leadership has a unique ability to mobilise others and to make a difference”. Biden's pick for National Security Advisor, Jake Sullivan told the Atlantic Council that the Biden campaign “believes that the US is stronger when it is working alongside like-minded democratic allies to achieve common objectives”. Biden himself even set out his view on US leadership during the campaign in a Foreign Affairs article entitled, tellingly, “Why America Must Lead Again”.

**The US will continue the pivot of forces toward Asia, a move which began under the Obama administration.** Blinken has underscored the importance of rebalancing US resources to Asia and predicted that “we would be doing less, not more, in the Middle East”. This will have implications for American allies such as Israel and the Gulf states, who rely on the US security umbrella to boost their strategic deterrence. With a smaller US military footprint in the region, the administration may seek to place greater emphasis on economic and diplomatic engagement. President Biden has pledged that his administration would convene the world's like-minded countries for a ‘Summit for Democracy’ to fight corruption and authoritarianism and to advance human rights.

**Biden's victory poses challenges to both the 'Pragmatic' Sunni axis and the Turkish-Qatari axis.** The former camp is concerned Biden will emulate President Obama's regional policies that it feels resulted in Iran's empowerment at the expense of their own security concerns (Obama famously said that America's “friends as well as the Iranians need to find an effective way to share the neighbourhood”). The latter camp views the US as a potential foe, with one recent survey showing 48 per cent of Turks identify the US as the biggest threat to their country.

*The hard slog of seeking common ground with Ankara*

**The Biden administration inherits a complicated relationship with Turkey.** On the one hand, Turkey hosts US nuclear weapons, is a key partner in NATO, and represents a traditional US ally that can help counter Russia. On the other hand, several rifts have opened up between the two countries in recent years due to: America's cooperation with the Kurdish YPG against ISIS in north-eastern Syria (Turkey considers the YPG to be associated with the terrorist group the PKK Kurdistan Workers' Party); the Turkish procurement of S-400 missile defence systems from Russia, which resulted in targeted US sanctions against the Turkish Presidency of Defence Industry; America's rejection of Turkey's demand to extradite Islamic cleric Fethullah Gulen, who Ankara see as responsible for the 2016 coup attempt against President Recep Tayyip Erdoğan;

and Ankara's more assertive foreign policy in the region against US allies, particularly in Syria, Libya, the Eastern Mediterranean and most recently Nagorno-Karabakh.

**These divisions and tensions will likely continue.** Biden's election does not automatically resolve any of these rifts. The US President has called Erdoğan an autocrat and the administration's emphasis on democratic values suggests it will be more vocal about the undermining of the rule of law and basic rights and freedoms in Turkey, which may simultaneously strengthen the EU's position against Turkey too. Biden remains a strong supporter of reunification between the Greek Cypriots and the Turkish Cypriots, which is opposed by Erdoğan. Biden has also backed the burgeoning Greek-Israeli-Cypriot alliance, which is at odds with Turkish efforts to explore for hydrocarbons in waters that constitute the Greek and Cypriot Exclusive Economic Zones (EEZ) in the East Mediterranean.

**However, the Biden administration will seek to find common ground with Ankara.** The emphasis on multilateralism and strengthening of Western institutions means the US will try to simultaneously pursue its regional interests and ensure it is not seen as too provocative by Ankara. Blinken has stated that the US and Turkey have areas where it would make good sense to work together more effectively, although he emphasised – including at his Senate confirmation hearing – that this requires the Turkish government to want the same thing. “Turkey is an ally, that in many ways ... is not acting as an ally should. I think we need to take a look to see the impact that the existing sanctions have had and then determine whether (there is) more that needs to be done.” Both sides might try to work towards finding common ground before attempting to bridge their differences on other issues. One area of possible collaboration lies in Syria – where recent more Turkish-Russian tension provides an opportunity for the US to exploit. Cooperation here could subsequently create space for agreement on other security issues, although it will be difficult to resolve challenges such as Turkey's acquisition of the Russian S-400 missile system and its re-entry into the F-35 striker jet programme (Turkey was suspended as a result of the S-400 purchase).

**More will ultimately depend on Erdoğan than Biden.** Biden's challenge will be changing Erdoğan's antagonistic regional policy while trying to preserve and recalibrate a diplomatic and security relationship with Turkey. Any US attempt to alter Turkey's current course will likely be done in coordination with the EU. The US might even consider a senior-level dialogue to set boundaries with Turkey within the first six months of Biden's term, as Blinken and Sullivan have suggested. However, how the relationship develops throughout 2021 will depend less on Biden and more on Erdoğan, who so far has preferred to keep Turkish public opinion focused against the West to help maintain his grip on power at home. In this context, further deterioration in bilateral ties in the early months of 2021 seems almost inevitable, barring a sudden change in Turkey's domestic and regional posture.

*Reform, not Rupture with the Saudis*

**The Gulf states are concerned over a potential shift in US foreign policy.** In addition to the concern the Biden administration will return to the JCPOA (see Chapter 2), Saudi Arabia – and to lesser extent other Gulf states – are also worried by a greater American emphasis on human rights and democratic values, as well as the Biden team's disapproval of US weapon sales to the Gulf agreed under Trump. In June 2020, Biden's former Middle East advisor Daniel Benaim authored a lengthy report in which he argued for “reform, not rupture” in the US-Saudi relationship, while Blinken stated in his Senate confirmation hearing that the administration will “review the entirety” of the US-Saudi relationship. In July, Blinken argued that Trump had “basically given a blank check” to the Saudis to pursue a disastrous set of policies and that a Biden administration should review the relationship. Blinken included the war in Yemen, the murder of journalist Jamal Khashoggi in the Saudi consulate in Istanbul in October 2018, and the crackdown on domestic dissent in his list. Saudi Arabia might also be concerned about the potential impact were the Biden administration to reverse Trump's designation of the Houthis in Yemen as terrorists.

The Saudis face a battle to win over the administration as well as Senate Democrats and Republicans. The murder of Khashoggi outraged both Democrats and Republicans alike. Since then, Congress has tried to prohibit US engagement in the Saudi-led Yemen conflict, which was vetoed by Trump, and has expressed grave concerns about the political crackdown in Saudi Arabia, especially on women and human right activists. Likewise, Saudi Arabia felt betrayed by Biden as Vice President after the US was perceived as supporting groups like the Muslim Brotherhood and initiated dialogue with Iran at the expense of Saudis' own security concerns.

**Recent Saudi moves should be seen through the prism of trying to gain political capital in Washington.** The recent reconciliation agreement between Qatar and Saudi Arabia, the UAE, Egypt and Bahrain is one example of how the 'Pragmatic' Sunni axis hopes to minimise the political pressure they expect to receive from the new administration over their domestic policies. Future moves could include drawing down the war in Yemen and releasing women's rights activists and other political prisoners. Normalising relations with Israel (See Chapter 4) may be another step that could be taken in 2021.

**In any event, shared regional concerns provide a solid basis for a revived American-Gulf partnership** although much will depend on how the administration incorporates its Gulf allies into discussions over Iran. Blinken has said that the US would work with partners and allies "to try and build a stronger and longer agreement" with Iran that tackles not only the nuclear file, but the ballistic missiles and regional files too. But this *may* be easier said than done.

## Chapter 2: The Iranian nuclear project & the future of the JCPOA

**Iran is suffering under the weight of US sanctions**, a move its president called an "economic war". Iran now exports only about a quarter of the 2.5 million barrels of oil a day it shipped when the US was still in the JCPOA. The rial has lost 80 per cent of its value against the dollar, and inflation is running between 42 and 99 per cent. Iranian Foreign Minister Javad Zarif estimated Trump's "maximum pressure" campaign has caused \$250 billion in damage.

**A series of explosions constitute setbacks to Iran's nuclear plans.** In June, a Parchin military base where Iran reportedly tested explosive triggers for nuclear weapons was damaged. Another explosion took place nearby at Khojir, a base surrounded by underground tunnels believed to produce fuels to propel ballistic missile apparatus. In July, an explosion at Natanz damaged a structure containing advanced centrifuges for uranium enrichment. The assassination of top Iranian scientist Mohsen Fakhrizadeh was also considered a major blow.

**Despite these challenges, Iran is further along its path to the bomb.** Following the Trump administration's withdrawal from the JCPOA in May 2018 and reimposition of US sanction, Iran began gradually upping the ante. The International Atomic Energy Agency (IAEA) recently declared that Iran has increased its enrichment of uranium to 12 times the limit allowed under the JCPOA. In early January 2021, the Islamic Republic announced it was enriching uranium in its underground facility in Fordo up to 20 per cent purity, a level that constitutes nine-tenths of the way to weapons-grade (around 93 per cent purity). Iran is also making progress on more advanced centrifuges, such as the IR-6, IR-8, IR-9 (the IR-6 is 10 times and IR-9 50 times [faster](#) than the IR-1).

**Biden has expressed his willingness to return to compliance of the JCPOA.** Biden described Trump's decision to pull out of the deal as "a self-inflicted disaster" and his advisors have set out a phased plan to reengage with Iran. Blinken has said that the administration would return to JCPOA compliance – and ease the "maximum pressure" campaign imposed by the Trump administration – provided Iran also returns to compliance. Sullivan recently described Biden's return to the JCPOA as a two-stage process. In the first, the nominee for National Security Advisor called for the administration to "immediately re-engage nuclear diplomacy with Iran and look to establish something along the lines of the [nuclear deal]". Sullivan argued that the US reentering the deal and lifting the Trump era sanctions would put Iran "back into the box" and

force it to comply with the terms of the original agreement.

**The administration then plans a ‘follow-on’ JCPOA 2.0.** Following this ‘compliance for compliance’ model, Sullivan believes the groundwork could be laid for a “follow-on negotiation” on broader issues, a plan he believes is “feasible and achievable”. In the past, Sullivan has called for a “structured regional dialogue” to address Iran’s non-nuclear threats in parallel with renewed nuclear talks. Blinken has vowed that the US would work with partners and allies “to try and build a stronger and longer agreement”.

**However, the components of such a follow-on agreement are unclear.** The sunset clauses in the JCPOA are seen by many in the West as being too limited in time, so the US may push for an extension. Other issues to include might be a freeze on research and development of new centrifuges and increased supervision by the IAEA, especially to include secret sites. Israel and the Gulf states would also like to include what the Saudis call Iran’s “nefarious activities around the region”. Biden himself has stated that, “in consultation with our allies and partners, we’re going to engage in negotiations and follow-on agreements to tighten and lengthen Iran’s nuclear constraints, as well as address the missile programme”.

**The UK, Germany and France (E3) remain concerned over Iranian moves but support Biden’s approach of returning to the JCPOA.** During the last three years, the E3 has tried to keep the agreement alive despite the US “maximum pressure” campaign and the advancement of Iran’s nuclear programme. It has also repeatedly called on Iran to reverse all its violations, including the latest 20 per cent enrichment step. Biden’s victory has given the E3 a final opportunity to preserve the deal, but it will need to open dialogue with actors in the Middle East about laying the groundwork for a wider process of dealing with all of Iran’s malign activity. Indeed, the German foreign minister clarified that a return to the deal will not suffice, and Iran’s regional conduct and its missile programme, which threatens Europe, will need to be addressed.

**Israel and the Gulf states oppose the return to the original JCPOA and demand a role in the negotiations over a new agreement.** Both believe it would be a strategic mistake for the Biden administration to re-enter the JCPOA ‘as is’ and hope to convince it to use the leverage created by the Trump administration to force the Islamic Republic into accepting new conditions. Israeli Prime Minister Benjamin Netanyahu has argued that the “flawed” JCPOA agreement paved Iran’s way to the bomb “with gold” and warned against the US returning to it without meaningful alterations. Saudi Arabia has called to be consulted before an agreement is made, with Foreign Minister Prince Faisal bin Farhan warning that excluding other countries in the region created a “build-up of mistrust and neglect of the issues of real concern and of real effect on regional security”.

**But even the administration’s ‘compliance for compliance’ model (never mind a ‘follow on’ agreement) is becoming increasingly complicated.** Recent declarations from the conservative-dominated Iranian parliament have raised the nuclear stakes. Legislation approved by the unelected Guardian Council has ordered the government to significantly ratchet up its nuclear activities. The decision includes: enriching 120 kg of uranium per year to a level of 20 per cent, increasing the overall quantity of enriched uranium to 500 kilograms a year; starting to operate, within three months, at least 1,000 advanced centrifuges in the underground plant in Natanz; and halting inspections of its nuclear sites by the IAEA if US sanctions were not eased. This legislation practically overturns the restrictions Iran accepted in the JCPOA framework, although they could also be viewed through the prism of the Islamic Republic stacking nuclear bargaining chips for negotiations with the Biden administration.

**The Iranian domestic balance of forces is working against the moderates.** The balance of forces between reformists who support trying to return the US to the JCPOA, and conservatives who oppose any negotiations (and opposed the initial signing of the deal) has shifted in the latter’s favour and hardliners are expected to win the June Presidential elections. Ultimately, the final decision will be left to Supreme Leader Ali Khamenei, who has previously demanded a

complete removal of sanctions as a precondition to Iran returning to the terms of the JCPOA, adding that Iran is in “no rush”. But were an agreement to be reached before June, President Rouhani and Zarif would come under major criticism from the conservatives for signing what would be perceived as a weak agreement with the ‘great Satan’.

**Iran has refused to expand the negotiation issues or the actors involved.** The conditions under which Iran would return to the JCPOA have changed. The Islamic Republic has demanded compensation for US sanctions as well as the US undertaking that such sanctions will not be reimposed. Zarif has also rejected the possibility of expanding the issues for negotiation, pledging not to renegotiate elements of the deal nor agree to any curbs on Iran’s missile programme or backing of regional proxies unless Western countries stop their “malign behaviour” in the Middle East. “It will never be renegotiated. Period.”

**In this context, any major breakthrough seems unlikely.** There is a possibility that, before the June Presidential elections in Iran, the sides agree on a type of ‘compliance for compliance’ along the lines Sullivan and Blinken detailed. Such an agreement, might, as per Sullivan, put Iran’s nuclear programme “back in a box” and “time back on the clock”. In exchange for US conceding the sanctions imposed by the Trump administration, Biden’s team might even convince Iran to freeze the situation with respect to its military nuclear programme as well as the proliferation of ballistic weapons and its regional involvement, although this is less likely. But there isn’t much time to organise such a deal, and both sides would face strong domestic opposition. If it were to be achieved, an (expected) conservative victory in the Iranian Presidential elections would almost certainly halt any further negotiations. Even were a reformist were to win, the chances of expanding the deal along the lines Israel and the Gulf states are demanding are slim to none.

### Chapter 3: The not-so ‘shadow war’ between Israel and Iran

**The so-called ‘campaign between the wars’ continues to pit Iranian attempts at expanding its regional influence with Israeli commitment to prevent it.** This clash of strategic logics creates tension and the possibility of escalation in several arenas – including Iraq, Syria, Lebanon, Yemen and even in the cyber realm.

**The Islamic Republic has been forced to reduce some of its forces in Syria.** Israeli actions – 50 targets were attacked in Syria in the last year – as well as economic challenges suffered by Iran (partially due to COVID-19 and partially from sanctions) have halved the number of Iranian forces and Shiite militias in the last 12 months with the remaining forces mobilised eastward and northward away from Israel’s border. Arms smuggling by air and land has been reduced, and Israeli intelligence believes the ability to manufacture precision missiles for Hezbollah in Syria has been impaired (although a serious threat remains from Lebanon). The American presence in eastern Syria has helped to bloc Iranian attempts to consolidate its influence.

**But several points of friction and potential for escalation still exist.** One such arena is in southern Syria, where agreements between Israel and Russia to facilitate the return of the Syrian army to the Golan border to restore stability have failed. Hezbollah is engaged in efforts to establish the so-called “Golan file” tasked with forming small units to carry out terror attacks along the Israeli border. Hezbollah is also trying to establish a “Southern Command” responsible for building infrastructure for a second front in the event of a war between Israel in Lebanon. With pro-Iranian and Hezbollah proxies – many under the cover of and alongside the Syrian army’s First Corps – operating in the area, and Iranian-Syrian “double command” posts in some Syrian military units on the Golan, Israeli strikes will likely continue in the area in 2021.

**Iranian influence in Yemen concerns Israel.** Israeli intelligence believes Iranian military entrenchment in Yemen and its arming of Houthis with advanced weaponry not only threatens commercial shipping but turns the country into a potential base to fire ballistic missiles at Israel. Iran might seek to strike Israel from the country with long-range Shahed-136 drones (suicide drones laden with explosives). An Israeli submarine that crossed through the Suez Canal in late

2020 was reportedly headed towards the Yemen coast to monitor Iranian movements.

**Iranian weapons in western Iraq and along the Syrian border will remain targets for Israel.** Iran is also building a system of military industries in Iraq, with Pentagon officials warning in 2019 that Iran was establishing hidden arsenals of 600-mile ballistic missiles that could threaten Israel (as well as Saudi Arabia and US forces in Iraq). Israeli officials are concerned that a further US retrenchment from the country could cause it to fall further under the influence of the Islamic Republic. In this context, further Israeli strikes in the Syrian-Iraqi border area of Al-Bukamal – where Iran is trying to establish infrastructure to move forces and smuggle arms between Iraq and Lebanon – are almost inevitable in 2021.

**In Lebanon, Hezbollah's domestic challenges act as a restraint, but escalation with Israel remains a real possibility.** Hezbollah is facing major domestic problems in Lebanon with the country suffering from a huge economic crisis. The World Bank estimated Lebanon's GDP – which fell 19.2 per cent this year – would continue shrinking in 2021 by another 13.2 per cent. The country's debt burden is also set to grow by the end of the year to close to 200 per cent of GDP. However, despite the domestic situation placing some restrictions on its room to manoeuvre, Hezbollah continues to vow retaliation for the death of an operative in Syria. Any confrontation – even limited – could spiral into a dangerous escalation neither side wants. And the margins are fine indeed. Such escalation could have occurred several times in 2020 if not for accidental near misses or Israel purposefully refraining from killing Hezbollah operatives.

**Israel's most pressing challenge in the northern arena comes from precision-guided missiles that can hit strategic sites.** Of even greater danger to Israel is the Iranian-Hezbollah project to upgrade Hezbollah's arsenal of over 100,000 'dumb' rockets to precision-guided missiles. Hezbollah leader Hassan Nasrallah recently claimed his group possesses twice as many precision-guided missiles as it had a year ago, adding that it has the capability to strike anywhere in Israel. Israel estimates the organisation to have anything from a couple of dozen to a few hundred 'smart' missiles, although it believes no assembly lines of full production capability exist in Lebanon itself. Regardless, the project presents decision makers with a serious dilemma. Any pre-emptive Israeli strike in Lebanon would almost certainly lead to a wider conflict between Israel and Hezbollah that both sides are loathed to undertake. But the alternative of standing by and allowing the organisation to significantly upgrade the quality of its missile arsenal creates an extremely dangerous scenario.

**A breakthrough in Israeli-Lebanese maritime talks could bring greater stability but is unlikely.** Negotiations were recently held under the auspices of the UN and US over demarcating the maritime border between them, with the disputed area including approximately 328 sq. miles of maritime economic zone. While an agreement could expedite the start of Lebanon's exploration for offshore natural gas in the Mediterranean – bringing in much needed revenue – and provide greater stability in relations between the countries, four meetings have resulted in little progress. While there was cautious optimism for success in the talks, an agreement appears to be a distant prospect.

## Chapter 4: The consolidation of the 'Stability Camp'

**One of the most significant events in the Middle East in 2020 was the signing of normalisation deals between Israel and the UAE, Bahrain, Sudan and Morocco,** helping to consolidate the 'Pragmatic' Sunni axis that opposes Iran and its proxies.

**The Abraham Accords turned a previously accepted axiom of Middle East peace-making on its head,** namely that the normalisation of relations between Israel and its Arab neighbours would have to wait until Israeli-Palestinian peace (or at least significant progress towards a two-state solution). Instead, the UAE was likely motivated by its wish to counter Iranian influence and Turkish regional adventurism, as well as the opportunity to gain rewards from the Trump administration. The deal didn't completely ignore the Palestinian issue – it included an understanding that any

annexation / application of sovereignty over the West Bank would be suspended for several years. But the Accords – as well as their subsequent welcoming by the Arab League – signify that the Israeli-Palestinian conflict is no longer a priority for many Arab states.

**The Accords expand economic and security opportunities for Israel and its new allies.** Economic cooperation in the fields of tourism, medicine, banking, cyber security, agriculture, and green tech are expected to greatly expand in the coming year, especially between Israel and the UAE. Security cooperation – both public and covert – will also increase. Israeli and Emirati air forces have already announced they will take part in a joint military drill in Greece. Unconfirmed reports meanwhile suggest the two countries plan to establish joint bases on the island of Socotra, 350 kilometres from the Yemenite coast to follow Iranian actions in the region and collect intelligence on Yemenite movement in the Gulf of Aden, the Horn of Africa and the Bab el-Mandeb straits.

**Israel will seek to expand the circle of diplomatic relations with Arab and Muslim states. Relations with the Sultanate of Oman – which gained strength under the late Sultan Qaboos bin Said – may become more formalised.** And despite formally belonging to the Turkish-led axis, Qatar – which is active in trying to stabilise Gaza and has recently reconciled with the Gulf Cooperation Council – may also be interested in normalising relations with the Jewish state. According to reports, Israel has also been holding talks with several other Muslim-majority countries, including: Niger, Mali, Djibouti, Mauritania and the Comoro Islands in Africa, and Indonesia, Pakistan, Brunei, Bangladesh and the Maldives in Asia.

**Saudi Arabia – considered the ‘jewel in the crown’ by Israel – is also interested in better ties.** Saudi media outlets have denounced the Palestinian leadership, described Palestinian Authority (PA) President Mahmoud Abbas and his associates as “thieves”, and called on “wise Arabs” to distance themselves from “gangs of political opportunism” in order to negotiate a comprehensive regional peace with Israel. The Kingdom’s approval of Israeli flights over its airspace, and a reported meeting in Neom between Netanyahu, Crown Prince Mohammed bin Salman (MBS) and US Secretary of State Mike Pompeo constitute further signs that the Kingdom is interested in improving its relations with Israel.

**But the Saudis are balancing competing interests.** King Salman (although not his son MBS) holds a historic identification with the Palestinian cause and the Saudis issued public denials about the Neom meeting. Prince Turki al-Faisal, the former intelligence chief, heavily criticised the Abraham Accords arguing that “you cannot treat an open wound [the Israeli-Palestinian conflict] with palliatives and painkillers [the Accords]”. Foreign Minister Prince Faisal bin Farhan also reiterated that in order to proceed with normalisation, “we will need to see a settlement of the Palestinian dispute and the formation of a viable state of Palestine along the lines envisioned in the 2002 Arab Peace Initiative”.

**The Biden administration changes the ‘normalisation calculus’ for some states.** In addition to the mutual threats and concerns which were undoubtedly a major component behind the Abraham Accords, the willingness of Trump to provide each Arab state with a *quid pro quo* for making the move towards normalisation was key to its actualisation. Hence, the UAE had a sale of F-35s approved; Sudan was removed from the terrorism list; and Morocco gained American recognition of its sovereignty over the Western Sahara. The fact that Trump’s ‘transactional diplomacy’ is anathema to Biden (as it likely would be to all previous Presidents) means that the new administration will be far less willing to entertain Arab demands for making advances towards Israel. Moreover, Biden’s preference for greater linkage between Israeli-Arab normalisation on the one hand, and progress in the Israeli-Palestinian political process on the other, puts greater onus on Israel to make gestures and compromises in future agreements. At the same time, the new administration could even facilitate closer Saudi-Israel ties, especially if the Kingdom believes it can help gain it much needed political capital in Washington.

## Chapter 5: Israelis, Palestinians and the new administration

*Amidst political chaos, Israel faces several domestic challenges*

**Israel enters 2021 facing its fourth election in two years, following the collapse of the Netanyahu-Gantz unity government.** With elections due to be held on March 23, and each of the leading Prime Ministerial candidates expected to find it difficult to form a coalition, political uncertainty will dominate the first half of the year – at the very least.

**After several delays, the evidentiary stage of Netanyahu's trial is set to begin in February.** With Netanyahu required to attend the Jerusalem District Court three times a week to contest charges of bribery, fraud and breach of trust, the proceedings and evidence aired will dominate the domestic news headlines.

**Despite his legal woes, Netanyahu's Likud is expected to be the largest party, but he may struggle to form a coalition.** Blue and White, which constituted the main opposition party to Netanyahu in the previous three elections, has splintered and collapsed following its decision to join a unity government with a Prime Minister under criminal indictment. Yet Netanyahu now faces significant threats from parties on the right-wing such as Gideon Saar's New Hope and Naftali Bennett's Yamina. With both leaders refusing to recommend him as Prime Minister after the elections, Netanyahu will face major challenges to form a coalition of 61, even if the Likud is the largest party as polls predict.

**National security issues – including Israel's relations with the Palestinians – have taken a back seat in the election campaign.** Similar to Israel's election cycles in April 2019, September 2019 and March 2020, the dominant issue of the elections will be whether Netanyahu should continue as Prime Minister despite his legal challenges. Another key issue will be the way the government has handled / mishandled the health and economic crisis facing so many Israelis. Netanyahu will undoubtedly tout the country's normalisation deals as an example of his unrivalled leadership. In general, however, voters are unlikely to be overly influenced by national security issues.

*Divided Palestinians pin their hope on Biden*

**The Palestinians remain geographically and ideologically divided with attempts at Palestinian reconciliation in late 2020 facing significant challenges.** Trump's 'Peace to Prosperity' plan and the looming threat of annexation had brought the PA and Hamas closer. A meeting / video conference in Ramallah and Beirut between Abbas and leaders of Palestinian factions agreed on the establishment of committees to form a unified national field leadership. But negotiations became stuck over several key questions: how, and in what sequence, to hold elections; the diplomatic direction of any unified government – particularly whether it accepts the Oslo Accords and the State of Israel; Hamas' entry into the PLO; and the future of Hamas' massive arsenal and control of Gaza. These issues seem too great to bridge, certainly in 2021.

**Despite these obstacles, Abbas announced that elections would take place** for the PA Legislature in May, the PA Presidency in July, and the National Council of the Palestine Liberation Organization (PLO) in August. Abbas is reportedly set to run as the Fatah candidate despite recent polling suggesting two-thirds of Palestinian think he should resign. While Hamas welcomed the move, major challenges remain, and it would be unsurprising if elections were postponed. Fatah have historically been wary of holding new elections that allow Hamas to re-establish power bases in the West Bank. Hamas have not agreed to allow PA forces back into Gaza. And Israel is unlikely to allow Palestinians residents in East Jerusalem to participate.

**In the longer term, a serious leadership succession crisis is approaching** with the 85-year-old Abbas – Head of Fatah, PA President and Palestine Liberation Organization (PLO) Chairman – failing to appoint any successor or deputy. Such a crisis may not take place in 2021. But whoever ultimately assumes the leadership after Abbas (and it could even be a triumvirate of people) will

have to contend with a constituency increasingly disillusioned with the peace process and may move toward a more re-jectionist platform to compensate for any potential legitimacy deficit. The next Palestinian leader might even reject the bilateral negotiation track towards establishing two states, preferring instead to double down on an internationalisation agenda or a sustained campaign of nonviolent resistance.

**For now though, the return of security coordination has stabilised Israel-PA relations.** Despite the absence of final-status negotiations, Israel and the PA continue to cooperate in maintaining stability in the West Bank, primarily through security coordination. While this policy was suspended by the PA following Israeli plans to apply its law to parts of the West Bank, it was renewed following Biden's election victory. In December, the PA accepted more than \$1 billion in tax duties collected by Israel on its behalf.

**Hamas poses a military threat but prefers calm for the time being.** IDF figures show 176 rockets were fired at Israel in the past year, with 90 hitting open areas and 80 intercepted by Iron Dome. Hamas forces continue to try and infiltrate Israel, either through attempts to breach the border or via tunnels. (In October Israel detected and destroyed one underground tunnel that extended dozens of meters into Israeli territory.) The group's elite unit, the Nahba Force, has plans for cross-border raids to kill and kidnap civilian communities. And a joint military exercise involving Hamas, Islamic Jihad and other small groups showcased the groups' rockets with a range of 100km. However, Israeli officials have not discerned any desire within Hamas to end the current state of calm. Moreover, the 60-km-long underground barrier begun in 2017 to protect Israel against tunnels is expected to be completed by March.

**The conundrum in Gaza remains the same.** Despite the entry into Gaza of Qatari money to pay for fuel imports and subsidies for the poor, the Strip is in dire need of humanitarian projects and assistance, a position accepted by Israel and the international community. But Israel and Hamas are at odds over what a stable, durable ceasefire would include and the international community is loathed to invest as long as Hamas – rather than the PA – continues to control the area. Furthermore, no extensive infrastructure projects will take place as long as Hamas holds hostage the bodies of two IDF soldiers and two Israeli civilians. The end of the much-respected Nikolai Mladenov's term as UN Special Coordinator for the Middle East Peace Process may make progress even harder to come by.

**At the same time, the health crisis in the Strip may bring an Israeli-Hamas agreement closer.** Hamas' difficulties in dealing with the COVID-19 pandemic may help facilitate a prisoner exchange agreement with Israel, and an Egyptian security delegation recently visited Gaza to discuss the details of such a deal. Reports suggest Hamas wants to choose which prisoners will be released in a swap. Such an agreement would then set the stage for a more comprehensive deal, although – as above – major challenges remain.

**In any event, the end of the Trump presidency offers a reprieve to the Palestinians.** Abbas initially boycotted the administration following Trump's recognition of Jerusalem as Israel's capital and the relocation of the embassy to Jerusalem. Relations subsequently worsened as the administration cut almost all civilian and humanitarian aid to the Palestinians – totalling around \$500 million per year – closed the PLO office in Washington, and then published Trump's peace plan.

*Biden and the Conflict – keeping the Two-State Window Open*

**The Biden administration will improve American-Palestinian relations with the expectation that it will reverse many of the steps taken by Trump.** For instance, reopening a consulate for the Palestinians in Jerusalem, renewing financial aid – perhaps also to the UN Relief and Works Agency Palestine Refugees in the Near East (UNRWA) – and reopening the office for the Palestinian representative office in Washington. The Palestinians have already made gestures to the new administration, including the return of security cooperation and reform the mechanism

for the so-called 'pay to slay' policy that currently gives money to prisoners / terrorists in Israeli prisons based on the length of their sentence. At the same time, Biden will keep the US Embassy at its Jerusalem site despite demands by the Palestinians to return it to Tel Aviv.

**However, the administration is unlikely to prioritise Israeli-Palestinian final-status negotiations.** The PA has reportedly informed the administration of its willingness to return to negotiations with Israel based on what it terms "already recognised terms of reference," with an Abbas spokesperson conditioning it on the Trump plan being dropped and negotiations restarting "from the point where they last stopped". But with so many other issues facing the administration, Israeli-Palestinian peace will not be a priority. Moreover, the Biden team does not consider the two sides ripe for an agreement. Biden recently criticised Abbas for not stepping up "when given opportunities". The President may also be influenced by his time as Vice President during the Obama era in which Abbas rejected a 2016 proposal drawn up by former Secretary of State John Kerry.

**Instead, Biden and his team will focus on maintaining the possibility of two-state solution.** Whether Biden formally takes the Trump plan 'off the table,' he is a long-time supporter of the vision of 'two states for two peoples' and is opposed to Israeli settlement building and annexation. In this context, the administration may reaffirm its commitment to a two-state solution between the sides as well as encourage Israel to make gestures towards the Palestinians. Such policy proposals might include curbing (rather than ceasing) settlement building; Israel transferring powers and responsibilities to the PA in Area C; and the facilitation of greater Palestinian freedom of movement. While Israel's relations with the Biden administration are expected to be strong, American proposals may put the new administration into conflict with the Israeli government of the day.

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