

BICOM Briefing

The Bennett-Lapid Government and Regional Priorities: Change or Continuity?

September 2021



Key Points

- In the first 100 days of the Bennett-Lapid government, Israel's foreign policy can be characterised in three ways: restoring ties with strategic neighbours, a new accommodating approach with traditional allies, and continuity with Gulf partners.
- The most noticeable change of the new government's international engagement has been toward restoring ties with neighbours, most prominently the Palestinian Authority (PA) and Jordan. Working under the (Defence Minister) Gantz Track, the government is setting anew its relationship with the PA through goodwill gestures and mending ties with the Jordanian Kingdom after the hardship Netanyahu-Abdullah II years.
- On Gaza, the government has swiftly returned the flow of goods across the border to the same level as it was before Operation Guardian of the Walls in May (and has gone even further in some measures), and has offered a new initiative under the (Foreign Minister) Lapid Track in the hope of maintaining quiet with Hamas.
- There has been a clear and more accommodating approach with the US and the EU in which the new government is deploying a less combative and more friendly rhetorical stance when it disagrees with traditional allies over vital issues.
- Finally, the new government is continuing top-level efforts to strengthen the Abraham Accords and ensure its expansion in the region. In his short time as Foreign Minister, Yair Lapid has visited two of the Abraham Accords countries and signed agreements with them that relate to several sectors.

Introduction

On 13 June 2021 the Knesset swore in a new government under the leadership of Prime Minister Naftali Bennett. The new government, the most diverse in Israel's history, comprises eight parties spanning the political spectrum, including the United Arab List party. At the centre of government decision-making regarding foreign policy is Prime Minister Bennett (Yamina), Foreign Minister Yair Lapid (Yesh Atid) and Defence Minister Benny Gantz (Blue and White) while Meretz's Arab MK Issawi Frej is Minister for regional cooperation. However, questions were raised as to whether the diverse make-up of the new government would allow it to carry out sweeping changes to Israel's foreign policy agenda. For example, the inclusion of right-wing parties Yamina and New Hope dented any hope for significant progress on peace talks with the Palestinians, whilst the presence of Blue and White, Labour and Meretz stop any moves toward Israeli annexation of the West Bank.

This BICOM briefing examines how Israel's relations with partners has progressed in the government's first 100 days. One clear continuity between the new government and its predecessors is the fundamental belief that Iran constitutes a threat of the highest order and that all the diplomatic channels (described in this paper) continue to serve an overarching theme to protect against Iran and its regional proxies. For further analysis on how the new government is addressing key policy issues such as Iran, see [BICOM Briefing: The first Bennett-Biden meeting – What's at stake](#).

The Bennett-Lapid Government: A reinvigorated Foreign Ministry

The first three months of the new government has seen a clear strengthening of the Foreign Ministry, which during the Benjamin Netanyahu years was stripped of much of its diplomatic power and budget. Yair Lapid's decision to take over the Foreign Ministry prior to his rotation with Bennett in the Prime Minister's Office showed the government's intention to restore prestige to the ministry and to return it to the centre of Israel's international engagement.

The new government has broken the centralisation of foreign policy in the Prime Minister's office under Netanyahu, who monopolised Israel's foreign ties with world leaders and even boasted of being in "a different league" with his unique ability to reach world leaders like former President Donald Trump, Russian President Vladimir Putin and India's Prime Minister Narendra Modi. In the new government, Prime Minister Bennett has already met with US President Joe Biden, King Abdullah II of Jordan and Egyptian President Abdel Fattah al-Sisi; Foreign Minister Yair Lapid has met with his Russian, Moroccan and Emirati counterparts and the EU's high commissioner for foreign affairs, Joseph Borell; Defence Minister Gantz has met with PA Chairman Mahmoud Abbas and King Abdullah II; and in a complimentary role to the government, President Isaac Herzog has met with King Abdullah II and held phone calls with al-Sisi and Abbas.

In a recent *Haaretz* article, Lapid argues that the Netanyahu governments adopted a policy of pessimistic suspicion, which led Israel to neglect the vital work of building alliances based on values and caused its international standing to diminish. Lapid says his task as Foreign Minister is to "create a diplomatic umbrella to protect us on rainy days". He explains: "Accepting responsibility, being open to ideas, making decisions based on facts (even when they're unpleasant), clearly understanding how others see us, being willing to accept criticism, avoiding self-pity and observing human rights – these aren't political burdens but values that we believe in. A foreign policy that's optimistic, open-minded and ready for dialogue isn't a price we have to pay, it's an asset we're building in our relationship with the world."

The Palestinian Authority: Setting the relationship anew under the Gantz Track

The government is setting the relationship anew with the PA, under what is regarded as the "Gantz Track". Israel inherited a complex and volatile situation in the West Bank. The PA is under immense pressure in the West Bank following Abbas's decision to postpone elections in April and due to the PA's crackdown on protestors who are demanding an end to corruption and justice for Nizar Banat – the activist and outspoken PA critic, who died in June after PA security forces violently arrested him.

Concerned about security repercussions from a collapse of the PA, which is lacking in public legitimacy and nearly bankrupt, Defence Minister Gantz has embarked on a series of economic and social measures to improve its standing and strengthen its ability to govern, including security cooperation with the Israel Defense Forces (IDF). In late August, Gantz met Abbas in Ramallah with the meeting preceded by several calls between Abbas and other Israeli ministers to try and foster a new spirit of cooperation. Gantz agreed to several measures, including a NIS 0.5bn (£114m) loan that will be repaid via deductions from the taxes that Israel facilitates on behalf of the PA, increasing employment permits in Israel by 15,000 workers, and issuing new building permits for 900 Palestinian homes in Area C.

Whilst gaps remain between the Biden administration and Prime Minister Bennett over the desired Israeli-Palestinian end goal, the US will likely encourage Israel to take meaningful steps on the ground in the West Bank. Bennett has made clear he will not open up any new diplomatic steps with the PA on peace talks whilst Abbas is "suing our soldiers in the Hague and accuses our commanders of war crimes". But he is open to the idea of 'shrinking the conflict' – a term popularised by Israeli academic, author and philosopher Micah Goodman. This

concept involves measures designed to improve Palestinian quality of life and improve Palestinian autonomy, at a time when neither Israelis nor Palestinians are ready for peace talks. Prior to his meeting with Biden, Bennett said that his government would not annex any territories in the West Bank, but neither would it sign a peace agreement with the Palestinians. Instead, the government will try to navigate between ensuring that neither the PA nor the two-state window collapse on its watch.

Jordan

Parallel to the Gantz Track, the government has prioritised mending diplomatic relations with Jordan. These hit their lowest point in 2019 when Jordan decided to end the 25-year lease agreement created in the 1994 Israel-Jordan peace treaty that had enabled Israeli farmers to cultivate land in border areas Naharayim and Tzofar. Security ties have remained largely unaffected, and former Foreign Minister Gabi Ashkenazi tried to improve diplomatic relations during the short-lived Netanyahu-Gantz government. Yet the distrust between the leaders served as a ceiling for a full restoration of ties.

In early July, Bennett secretly met King Abdullah II in Amman, the first meeting between Israeli and Jordanian heads of state in over five years. Lapid also met with his Jordanian counterpart, Ayman al-Safdi, on the Jordanian side of the Allenby Bridge and agreed to raise the ceiling for Jordanian exports to the West Bank from \$160m annually to \$700m, and sell the Kingdom an additional 50 million cubic metres of water in 2021 – the largest such transaction since the signing of the 1994 peace treaty. New trade agreements were also signed in an effort to strengthen ties. Jordan had requested to purchase more water from Israel in early 2021, but Netanyahu delayed his response over his alleged personal friction with the King.

Despite Jordan reportedly nixing the long-dormant Red Sea-Dead Sea desalinisation and water reclamation project, cooperation continues in other fields such as energy and cross-border infrastructure projects. As illustrated by the Biden-Abdullah summit in July and the administration's statement following the Israeli-Jordanian water agreement, the US is also encouraged by better relations between Amman and Jerusalem.

The Gaza Strip: Being proactive under The Lapid Track

The government also inherited a complex strategic situation in the Gaza Strip. After Operation Guardian of the Walls in May, Defence Minister Gantz said that Israel would adopt a new policy vis-à-vis Hamas, and respond to incendiary balloons with airstrikes. On the other hand, Gantz has restored (and in some cases increased) the flow of goods across the border to what it was before May as part of goodwill gestures to resolving outstanding issues with Hamas. The government has extended the fishing zone to 15 nautical miles, increased permits to Gazan merchants from 2,000 to 7,000, increased the water supply to Gaza residents by an additional 5m cubic meters, and fully reopened the Keren Shalom crossing for the import and export of goods. After the government refused to allow the transfer of Qatari cash in suitcases into Gaza – which it feared was going directly to Hamas – a new mechanism was agreed between Qatar, Israel and the UN to facilitate Qatari monthly instalments of aid for poor families (although the issue of payment for Hamas officials remains unresolved). Simultaneous to these discussions, Hamas resorted to activity along the border, including rocket fire for three consecutive nights between 10-12 September, incendiary balloons, and night-time rioting and daytime demonstrations which led to the killing of a Police Border officer by the security fence. Meanwhile, the government's conditions on Hamas, namely the return of missing civilians and the bodies of IDF soldiers in exchange for the implementation of large-scale infrastructure projects, remains as elusive as ever.

In September, Lapid detailed a long-term two-stage plan aimed at advancing economic prosperity and stability for Gaza. In the first stage, Gaza's electricity system would be repaired, its gas infrastructure connected to regional suppliers, a water desalination plant and housing and transport infrastructure built and significant improvements made to the health care system.

In exchange, Hamas would commit to long-term quiet. In the second stage, a full ‘economy for security’ plan would be presented, including the construction of a port and a transportation link between Gaza and the West Bank, as long as Hamas accepts the Quartet’s three principles (recognise Israel, renounce terror and respect previous agreements between Israel and the PA).

The idea of an ‘economy for security’ plan, referred to in the past as ‘rehabilitation for demilitarisation’, has been floated by most Israeli governments since 2009. But Hamas’ refusal to hand over its weapons and give up responsibility of the strip to the PA (which is also weary to take control whilst its disagreement with Hamas remains) has made this idea a non-starter. Meanwhile, meeting the conditions for the first stage of Lapid’s proposal remain highly unlikely. Hamas is likely to continue to gamble with rioting and the firing of incendiary balloons along the border to get the last third of the \$10m monthly grant from Qatar – earmarked for Hamas officials – which Israel is vetoing. To a large extent, Hamas is conducting a zero-sum game. Yahya Sinwar, the group’s leader in Gaza, wants to force concessions on Israel without paying a heavy price. But if Hamas’ demands aren’t met and rioting continues, a resumption of fighting remains a possibility.

Egypt

With little room to manoeuvre vis-à-vis Gaza, the government is doubling down on Egyptian mediating efforts to try and maintain quiet with Hamas. Bennett travelled to Egypt’s Sharm el-Sheikh in mid-September for an official state visit and received a warm welcome from President al-Sisi. The meeting lasted three hours and unlike previous tete-a-tete’s between al-Sisi and Netanyahu, which were kept low profile, Egypt state television broadcast the visit. Al-Sisi noted the Egyptian interest in strengthening the Gaza economy and improving the standard of living of Palestinians in the West Bank. His remarks correspond both with Lapid’s “economy for security” initiative and with Israel’s policy to strengthen the PA, as reflected under the Gantz Track.

The extent to which Egypt force Hamas to accept new initiatives by Israel remains to be seen. Whilst Egypt has succeeded in mediating ceasefires between Israel and Hamas since 2009, it has been unable to advance a long-term truce. After Operation Guardian of the Walls, Israel was alarmed that Egypt allowed construction materials through the Rafah crossing without checks to their end use (Israel fears that without proper inspection Hamas will siphon materials entering the strip for military means). Moreover, this concession by Egypt is yet to result in a diplomatic breakthrough.

Israel seeks to turn security and energy cooperation into diplomatic improvement and growth in trade and investment. Security coordination over ISIS-affiliated groups in Sinai and Gaza has always been the relationship’s epicentre. But over the last decade Israeli-Egyptian energy cooperation has driven the commercial and geopolitical gains of the relationship. Israel and Egypt are members of the Eastern Mediterranean Gas Forum (EMGF), an international organisation committed to advancing energy development and cooperation opportunities between Eastern Mediterranean states. Based in Cairo and also including Cyprus, France, Greece, Italy, Jordan, and the PA, the EMGF is seen by Israel as a vehicle to strengthen its geostrategic position and improve its energy security.

Bilateral trade has risen from \$92m to \$122m over the past year, showing the potential for further growth. In March, then Israeli Intelligence Minister Eli Cohen led a business delegation to Sharm el-Sheikh to meet his Egyptian counterpart Nasser Fahmi. It was announced that EgyptAir would fly the Cairo-Tel Aviv route under its name and triple the number of daily flights. But the Egyptian public’s negative view of Israel remains a glass ceiling for how far diplomatic, commercial and tourism can flourish. Israeli technology in agriculture and food security could be one way to break the cognitive barrier to greater people-to-people connections.

Abraham Accords

Following last year's signing of the Abraham Accords, the upward trajectory of top-level relations with the UAE, Bahrain and Morocco has continued under the new government. Like Netanyahu, the new government sees the potential of a regional alignment, in which Israel is part of a pragmatic Sunni-Arab front against Iran. In July, Lapid became the first Israeli minister to officially visit the UAE and opened the Israeli embassy in Abu Dhabi and its consulate in Dubai. Lapid also signed new economic and commercial cooperation agreements with his Emirati counterpart, Abdallah Bin Zayed. In August, Lapid flew to Morocco in the highest-ranking diplomatic contact between the two countries since the signing of the Accords, and Bahrain appointed its first ambassador to Israel, Khalid al Jalahma. Lapid sees the Abraham Accords as “an opportunity to realise the vision of broad regional support for a two-state solution that will meet the security and diplomatic interests of the State of Israel”.

New Israeli-UAE economic and commercial ties have so far proved resilient against COVID, a new US administration and the recent Gaza conflict. The Israeli Central Bureau of Statistics reports that some \$570m in business between Israel and the UAE over the past year. Some examples include: Israeli air-to-water company Watergen has 15 medium-sized machines dotted around beaches and parks in Abu Dhabi as part of a pilot programme; Haifa-based regenerative medicine company Pluristem Therapeutics signed a MoU with the Abu Dhabi Stem Cells Center to advance cell therapies for diseases; clean-tech engine start-up Aquarius Engines has signed an MoU with a British firm to produce its automotive products in the UAE; and Israeli biotech company MediWound will distribute its burn treatment technology in the UAE after it signed an agreement with the Ghassan Aboud Group. During 2020 and the first six months of 2021, Israel exported \$197m of goods and services to the UAE, and imported about \$372m. Trade could reach \$1bn for the whole of 2021, and could exceed \$3bn within three years, according to the UAE-Israel Business Council.

Whilst there was concern in Israel that the Biden administration did not have the same level of commitment to ensuring the expansion of the accords, it is beginning to show signs that it realises their potential. During a zoom event marking their one-year anniversary, US Secretary of State Antony Blinken pledged that “this administration will continue to build on the successful efforts of the last administration to keep normalisation marching forward”.

Nevertheless, the Palestinians can act as spoiler to enlarging the Abraham Accords circle. The PA has refused to take part in regional economic and energy initiatives based on the Accords, and rejected proposals that the UAE join the East Mediterranean Gas Forum. Progress on the Palestinian issue also remains a hinderance to additional normalisation agreements. The Saudi leadership, despite being divided on the connection between normalisation with Israel and the Palestinian question, is committed to its 2002 Arab Peace Initiative. As long as Israel does not recognise the principles in the initiative for a final-status agreement (something unlikely under the current government), Riyadh is unlikely to establish official relations with Israel. It remains to be seen whether the Israeli government can adopt policies sufficient enough for other Arab states to be satisfied with progress with the Palestinians to sign normalisation agreements with the Jewish state.

The European Union

Although Israel's relationships with many European countries developed during the Netanyahu years, tensions with the EU over the Palestinian issue prevented Israeli-EU ties from reaching their full potential. Relations improved somewhat after Gabi Ashkenazi was appointment Foreign Minister in May 2020. Ashkenazi met with several European foreign ministers, and forged a positive relationship with the EU's foreign policy chief, Josep Borrell. But his ability to carry out meaningful policy changes was limited by coalition agreements in the Netanyahu-Gantz government and the political crisis at the time.

Foreign Minister Lapid has picked up where Ashkenazi left off, but under far improved conditions. His decision to make his first visit to Europe with the EU Foreign Affairs Council in Brussels, (as opposed to Berlin, Paris or London), conveyed a message of change from the Netanyahu years. Indeed, Lapid opened his remarks at the meeting by asking for “a new start”. Part of this effort has already resulted in Lapid speaking with his Swedish counterpart, marking the first such call between the nations’ top diplomats in seven years. The Foreign Minister has also signalled Israel’s intention to revive the EU-Israel Association Council that has been dormant for the last nine years.

Whilst Israel hopes to turn a new page with the EU, it won’t be straightforward. Borrell warned Lapid that “bilateral relations are also conditioned to many issues in which we have differences,” and committed to working together toward resuming Association Council meetings “if the conditions are met”. Some countries, such as Luxembourg and Ireland, remain highly critical of Israel in the EU, whilst Lapid recalled Israel’s top diplomat from Warsaw in August after Polish President Andrzej Duda signed a controversial law to restrict reparations for Holocaust victims. Israel and the EU also have complex issues – such as eligibility to the EU’s flagship scientific programme Horizon Europe 2022-7 – on the agenda. If left unresolved, these could act as possible barriers to the new sense of cooperation.

The UK

The British government under Prime Minister Boris Johnson demonstrated its commitment to the UK-Israel partnership after sending Foreign Secretary Dominic Raab to Israel following the May Gaza conflict. Raab also backed Israel following the attack on oil tanker Mercer Street in August, describing it as “deliberate, targeted, and a clear violation of international law by Iran”. The new British Foreign Secretary, Liz Truss, is also firmly acquainted with the UK-Israeli relationship. In June, Truss visited the country as International Trade Secretary and met Economic Minister Orna Barbivai for talks aimed at deepening trade ties, particularly in the tech, digital and data sectors. Following that meeting, Truss said that “together we will work to remove barriers to trade between our two countries and work towards an advance free trade agreement that supports jobs and drives growth”.

In June, the head of the UK’s National Cyber Security Centre (NCSC) emphasised the importance of the UK-Israeli partnership to counter shared cyber threats. Speaking at the annual Cyber Week hosted by Tel Aviv University, CEO of the NCSC Lindy Cameron described Israel as “a central part of the global cyber eco-system ... we are absolutely committed to working together to protect our citizens and build confidence in a digital future”. Israeli technology is also widely admired by the UK’s private sector.

Israel and the UK are also deepening their military partnership, which is viewed as mutually beneficial. The UK’s latest military strategy, released in March, states that “Israel remains a key strategic partner”. In December 2020, IDF Chief of General Staff Avi Kohavi and UK Chief of the Defence Staff General Sir Nick Carter signed a joint agreement to “formalise and enhance” military co-operation between the two countries. This agreement followed trips to Israel by three UK chiefs of the defence staff, Air Chief Marshal Sir Mike Wigston in 2021, General Carter in 2019, and Air Chief Marshal Sir Stuart Peach in 2017. The Israeli government views with high importance continued cooperation of the two militaries to integrate their multi-domain capabilities in maritime, land, air, space, and cyber and electromagnetic.

Conclusion

Israel’s foreign policy during the first 100 days of the new government involves a mixture of restoring ties with neighbours, a more accommodating approach with traditional allies, and continuity with Gulf partners. This is the outcome of the government’s overriding philosophy based on trust and respect of partners, which is helping the coalition survive domestically despite many political challenges. Israeli foreign policy forming around the Bennett-Gantz-Lapid

axis is geared toward cementing a regional alliance – that includes strategic neighbours such as Jordan and Egypt, new Gulf partners such as the UAE and Bahrain, and traditional allies including the US – and is meant to harness strategic relationships and to advance economic, cultural, security and people-to-people ties.

However, there is no guarantee that the government’s more accommodating approach will lead to better outcomes on the ground. Whilst confidence-building measures on the Gaza border could lead to a breakthrough in stalled truce talks, there is concern it could equally make it easier for Hamas to rearm and return to violence in order to regain lost leverage following the May conflict. Similarly in the West Bank, growing resentment on the Palestinian street toward the leadership in Ramallah could create further pressure on the PA and impede cooperation with Israel.

The new government has expressed its commitment to expanding the Abraham Accords in the region and there appears to be strong local support to reap the benefits from normalising ties with Israel. Nevertheless, it remains to be seen whether the Biden administration is prepared to give incentives required for the leaders of Arab countries to take the political steps needed to join the Abraham Accords circle.

(Photo image: Prime Minister Naftali Bennett (L) and Egyptian President Abdel-Fattah el-Sissi meet on September 13, 2021, in Sharm el-Sheikh, Kobi Gideon, Israel GPO).

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