

THE MIDDLE EAST CONFLICT: CHANGING CONTEXT, NEW OPPORTUNITIES

The upheavals in the Arab world have brought new dynamics into the Middle East conflict. Israel finds itself increasingly isolated and is under growing pressure to advance the prospects for a two-state solution. The Palestinians have finally managed to seal a reconciliation deal, which marks a potential turning-point on the road to peace. The US and the EU must make some important choices too. A more pragmatic Western approach towards Hamas is indispensable if the peace process is ever to deliver meaningful results.



REUTERS / Ho New

Hamas leader Khaled Meshal and Palestinian President Mahmoud Abbas sign the reconciliation agreement in Cairo, 4 May 2011.

The fundamental transformation that is currently sweeping the Arab world has had a major impact on how the region is being perceived. The continuing spread of demonstrations and revolts against authoritarian regimes has shifted the focus of international debates towards the question of how the Arab states are constituted internally. The demand for civil rights, economic opportunities, and better governance by a new Arab generation is profoundly changing the Middle East, though the extent and endurance of reforms will vary between states and are still unpredictable at this point.

Due to these unexpected developments, traditional security policy issues that have dominated the region such as inter-state

conflicts, nuclear proliferation, radical Islam, and jihadist terrorism have taken a back seat in past months. Indeed, the mass protests are hardly concerned with these questions. It is indicative that Egypt and Syria, two of the most important Arab countries whose respective stances towards the US and Israel have so far been diametrically opposed, have both been affected by the upheavals.

However, the framework conditions for dealing with these security challenges are being deeply affected by the political transformation of the region. This applies above all to the Middle East conflict. A few months ago, after the US had failed to persuade Israel to impose a comprehensive freeze on settlement construction, the

situation was characterised by ideological entrenchment and lack of progress. Since then, the parameters of the conflict have markedly changed.

To begin with, the pressure on Israel to become serious about a two-state solution has markedly increased as a result of the regional transformation. The Palestinians, for their part, have finally managed to agree on overcoming the schism that had divided them since 2007. The US and the Europeans too are compelled to recalibrate their positions in the Middle East conflict, and in the Arab world more broadly. To be sure, swift progress towards a sustainable two-state solution is not to be expected under the new circumstances, either. But by adapting their Middle East policy to the realities on the ground and perceiving Palestinian reconciliation as an opportunity rather than a threat, the Western actors can contribute to improving the conditions for resolving the Arab-Israeli conflict.

Israel on the defensive

Israel's willingness to compromise and come to an arrangement with the Palestinians has been very limited in recent years. Over the decades, the country's military superiority and partnership with the US have given it a feeling of relative security. This is why resolving the Middle East conflict, which would necessarily require far-reaching Israeli concessions and, in the minds of many Israelis, bring about a deterioration of the security situation, has rarely been considered a major priority. Since the petering out of the Oslo spirit

at the end of the 1990s, the country has concentrated on managing the conflict by means of military deterrence and retaliation, the construction of a missile defence shield (whose tactical component was first deployed against short-range missiles launched from the Gaza Strip in April 2011), physical separation through construction of barriers, and selective cooperation with the Palestinians in the occupied territories.

However, the upheavals in the Arab neighbourhood have aggravated the strategic environment for Israel. The peace treaty with Mubarak's Egypt was a key pillar in Israel's security concept. While the new Egypt is unlikely to dissolve this treaty, especially since the country continues to depend on enormous financial assistance from the US, a more pluralistic political system that must take public opinion into account means that its foreign policy will be more critical towards Israel. In addition to normalisation of relations with Iran, the Egyptian transition government has already announced an end of the blockade of the Gaza Strip and thus of its support for the Israeli-Western policy with regard to Hamas. Should Egypt become the leading Arab power once more, the stance towards Israel in the region will likely prove to be significantly more sceptical than is currently the case.

It is also with great concern that Israel is monitoring the protest movement in Jordan, its eastern neighbour and second Arab peace partner. In Lebanon, on Israel's northern border, Hizbollah succeeded in toppling pro-Western Prime Minister Hariri in January 2011, changing the balance of power within the government in its favour. Israel's relations with Turkey deteriorated already prior to the Arab Spring. However, the biggest worry for many Israelis concerns the policies of the Obama administration, which they consider to be counter-productive and unreliable. There has been some disbelief in Israel that the US would drop its long-term ally Mubarak, but take little action against Assad in Syria. Washington's loss of influence in the Arab world has not gone unnoticed in Israel. At the same time, the country is aware that its own standing in US strategic calculations might diminish as a result of the regional transformation.

Israel's current uncertainty is all the deeper because it is experiencing increasing international isolation due to its settlement policy and the nationalist rhetoric of its

foreign minister. The Netanyahu government's relations with the White House and the US State Department are just as frosty as those with the Europeans. Additionally, Israel finds itself under time pressure due to unilateral Palestinian efforts towards the creation of an independent state (see below).

All of these factors contribute to a growing awareness in Israel that it is necessary to advance a two-state solution. On an abstract level, this insight is also shared by Prime Minister Netanyahu, who is finding it however exceedingly difficult to translate it into operational policy, being convinced that any Palestinian state would soon come under the influence of Iran and Islamist groups. Netanyahu and other members of his government continue to adhere to a crude conflation of the national-Islamist Hamas movement with al-Qaida's global jihadist network, leaving little scope for a more pragmatic stance towards Hamas. But even if Netanyahu were able to present a concept for resolving the Middle East conflict, his room for manoeuvre would remain limited due to his coalition with the ultranationalist right. With its current government, Israel is increasingly painting itself into a corner with regard to the Palestine issue.

Palestinian reconciliation

On the Palestinian side, tangible results from the regional transformation have already come to fruition. While the new unity government has yet to prove its ability to act, the intended closing of ranks between Fatah and Hamas is a crucial precondition for the two-state solution. With the Cairo reconciliation agreement, the cards in the Arab-Israeli conflict are potentially being reshuffled.

Both the secular-minded Fatah in the West Bank and the Islamist Hamas in the Gaza Strip have been exposed to comparatively weak pressure of the street in recent months. The very young Palestinian population, which is growing rapidly, appears to be less politicised than was the case in previous decades. There *have* been protests in the occupied territories calling for intra-Palestinian reconciliation, and they did play a role. But the more important aspect of the Arab upheavals that prompted the Palestinian rival factions to reunite concerned developments in Cairo and Damascus. With the overthrow of Mubarak, Fatah lost its most important Arab ally. Similarly, uncertainties about Syria's future

likely raised Hamas' interest in intra-Palestinian rapprochement.

Other factors not related to the regional transformation played out too. Due to the schism, Fatah found itself confronted with a crisis of legitimacy. Several scheduled elections could not be held. President Abbas' formal term in office has long expired. The technocratic government of Prime Minister Salam Fayyad for its part has conducted its business without parliamentary oversight. As for the Palestinian negotiating party, it could hardly make a credible claim to speak on behalf of the entire Palestinian people. At the same time, Fatah's strategy of closely cooperating with Israel and the West while discrediting Hamas has been met with growing scepticism. Although the living conditions of many Palestinians in the West Bank have improved thanks to this cooperation, Fatah has been unable to demonstrate any realistic prospect of implementing the two-state solution. The number of Israeli settlers in the occupied territories has doubled since the peace process was started two decades ago. The settlement issue has also been the main obstacle in the failed efforts to revive the peace process in recent years.

Hamas could hardly point to any positive results emerging from its own approach of strictly anti-Israeli rhetoric and policies either. Nevertheless, it was less dependent on reconciliation than Fatah, if only because an opening of the border between the Gaza Strip and Egypt was in the offing after the overthrow of Mubarak. Accordingly, Hamas was able to wrest significant concessions from Fatah in the unity deal that was brokered by Egypt. For instance, a return of Fatah forces to the Gaza Strip is not foreseen. Also, the PLO as the traditional Palestinian umbrella organisation will be restructured to include Hamas.

The most striking characteristic of the Cairo accord is however its lack of specifics. At the core of the agreement is the formation of a joint technocratic transition government that is to prepare parliamentary and presidential elections within one year. But many other questions remain unresolved. Controversial debates between Fatah and Hamas will likely recur – the more so since both factions seek to prepare the ground for winning the next elections. The stance towards Israel will remain a major bone of contention. The success of this reconciliation process can by no means be taken for granted, therefore. Still, if the Palestin-

ians do manage to “turn the black page of division” for good, as Abbas promised, this would markedly strengthen their demands for their own state and place the ball in Israel’s court.

Unilateral declaration of statehood?

For several months now, President Abbas and his entourage have announced that they might seek recognition for an independent Palestinian state from the UN Security Council or (in the case of a veto) the UN General Assembly in September 2011. The choice of the September date is due, on the one hand, to Barack Obama’s stated intention to achieve a resolution of the Middle East conflict by that date. On the other hand, the date also marks the end of Fayyad’s two-year statebuilding plan, which has advanced the establishment of public institutions and infrastructure along Western lines in order to create the technical basis for Palestinian statehood. The notable success of this unilateral bottom-up statebuilding effort was confirmed in reports by the World Bank, the IMF, and the UN in April 2011 declaring that the Palestinians are institutionally ready for statehood.

Until now, the UN option has primarily been an instrument for pressuring Israel (and the US) finally to engage in serious peace negotiations. However, with a unity government, there is increasing likelihood that the Palestinians will indeed choose to go to the UN in order to seek the General Assembly’s affirmation of independent statehood, which the PLO already proclaimed in 1988, possibly establishing territorial precision in the shape of the 1967 borders. The Palestinians have reason to hope for the necessary majority, as Palestine is already recognised by more than 110 states today.

However, such a move would also be fraught with high risks. The nature of recognition by the General Assembly would be political rather than legal, and would not bring an end of the Israeli occupation. At the same time, Israel might choose to respond with confrontation and stake out its own potential claims to territory in the West Bank. Finally, a Palestinian decision to abandon the Oslo principle of a negotiated solution would bring about a deterioration of relations with the US. Much like the Israelis, the Palestinians are therefore facing difficult decisions.

Diplomatic recognition of Palestine (as of 2 May 2011)

So far, more than 110 states have accorded diplomatic recognition to the State of Palestine, including:

- EU/EFTA/NATO states: Albania, Bulgaria, Cyprus, the Czech Republic, Hungary, Malta, Norway, Poland, Romania, Slovakia, Turkey.
- all BRICS states: Brazil, Russia, India, China, South Africa.

Options for the West

The same is true for the West. As so often in the Middle East conflict, there is a lack of good options with clearly predictable consequences. It seems safe to say however that relaunching peace negotiations based on parameters, benchmarks, and monitoring by the Middle East Quartet, as suggested by the Europeans in particular in recent months, is hardly a promising move at this point. On the one hand, the Palestinians will remain somewhat hamstrung until their elections in 2012. On the other hand, the course of the peace process to date has shown that the two parties to the conflict are unlikely to make the compromises that are required for a solution without international pressure.

By vetoing a UN Security Council resolution demanding that Israel immediately and completely ceases all settlement activities in February 2011, the Obama administration revealed how limited its domestic room for manoeuvre was in this regard. Out of the 11 vetoes the US has applied since 2000, 10 have related to the Middle East conflict, all of them being in support of the Israeli position. Remarkable that Obama’s efforts to relaunch the peace process were during his first two years, his rejection of a text that was largely based on language taken from US speeches has weakened his position in the search for peace significantly, suggesting to the Palestinians that his tough language on Israel would not be followed by tough action. With the next US presidential elections getting closer, Obama is ever less likely to risk a confrontation with Israel. As for the Europeans, they have made little use of their economic leverage to pressure Israel so far. Nor is there a majority for the idea of maximising European incentives by offering Israel EU and/or NATO membership as part of a Middle East peace settlement.

It may still be useful for the Middle East Quartet to publish parameters of a peace deal, if only to underline its commitment to the – ever weaker – peace process, and perhaps to define a point of reference for Netanyahu’s speech to the US Congress in

late May 2011, for which he was invited by House Speaker John A. Boehner. However, the main priority for the West in the coming months should be to support Palestinian reconciliation. This requires above all a more pragmatic stance towards Hamas. The Israeli-Western approach of ostracising Hamas since this movement won the Palestinian elections in 2006 has failed to significantly weaken the Islamists. Instead, it has deepened Palestinian divisions, weakened the prospects for a two-state solution, undermined Palestinian democracy, and strengthened the radical elements within Hamas. A review of Western policy vis-à-vis Hamas seems the more relevant since the issue of how to deal with Islamist parties may soon become virulent in other parts of the Arab world such as Egypt too.

Hamas: The EU taking the lead?

The new Palestinian unity government provides an opportunity for the US and the EU (as well as Israel) to come up with some new thinking in this regard. The first unity government of 2007 collapsed not least because it lacked Western support (see CSS Analyse no. 18 [↗](#)). This time, the government will likely be composed of technocrats only and will perhaps even be headed by Fayyad again. Also, according to press reports, Hamas has agreed to continue to pay for its own public-sector appointees under the new scheme. Both factors could make it easier for the West to engage the unity government and provide funding.

Even if this is the case, the broader question of how to deal with Hamas will continue to loom large. This nationalist-Islamist movement is simply too important a factor in Palestinian politics to be left out in any credible attempt to advance a two-state solution. This points to the need for a more inclusive approach towards Hamas, with a view to eventually pulling it into peace talks. A readjustment of Western policy should still be tied to conditions, such as Hamas agreeing to a long-term ceasefire and releasing Israeli soldier Gilad Shalit. But the US and the EU should stop interpreting the Quartet principle of ac-

Switzerland's inclusion strategy vis-à-vis Hamas

- Unlike the US and the EU, Switzerland does not maintain a list of terrorist organisations, which allows it to pursue a pragmatic peace policy based on the principle of dialogue with all relevant parties to a conflict. Switzerland has never joined in isolating Hamas since the nationalist-Islamist movement won the Palestinian elections in 2006.
- The Swiss special envoy to the Middle East has pursued a dialogue with Hamas since 2007, with a view to understanding Hamas' positions better, exposing it to alternative views, and discussing the scope for compromise. The dialogue has been conducted with political representatives of Hamas in the West Bank, the Gaza Strip, and Damascus.
- At the time of the Palestinian unity government of 2007, the Swiss worked with Hamas on the principles of a long-term *hudna* (truce). The paper was shelved after it was leaked.
- The dialogue has since focused on the management of international law, the borders of the Gaza Strip, the PLO-Israeli agreements, the Geneva Initiative, and final status issues. As for a two-state solution, the one issue where Hamas has been uncompromising so far concerns the status of the several million Palestinian refugees.
- The Swiss have also addressed controversial policy decisions by the Hamas government in Gaza, some of which have subsequently been reversed.
- The Swiss have kept the EU, the US, and Israel informed about their dialogue.

knowledging Israel's right to exist as a precondition for contacts with the Islamists, and define it as an indispensable component of any peace agreement instead.

Talking to Hamas is a risky strategy that eventually may well go wrong. But it is the best alternative to the current failed policies. This is the more so since there is a chance that Hamas may eventually be willing to accept a two-state solution despite its anti-Israeli rhetoric. Switzerland's much-observed dialogue with Hamas for instance has led to the conclusion that important representatives of this movement view the issue of acknowledging Israel's right to exist mainly as a bargaining chip that would be subject to negotiation in the case of a two-state solution. Indeed, Hamas has long criticised the PLO for acknowledging Israel prematurely, i.e. before serious final status talks had even started.

Early reactions to the Cairo accord indicate that Israel will find it difficult to switch policy vis-à-vis Hamas. Whereas the policy planning division of the Israeli foreign ministry in a leaked report has called Palestinian reconciliation a "strategic opportunity to create genuine change in the Palestinian context" that may "serve the long-term interests of Israel", Netanyahu has condemned the unity deal hours after it was struck and has continued his offensive against it ever since.

Should the US stick with its previous position too, it may be up to the Europeans to lead the way in modifying policy vis-à-vis Hamas. Internally, the EU has debated a new approach towards Hamas for years now. It has refrained from effectively

changing course so far not least because of its priority of demonstrating unity with the US. However, the EU must have every interest in creating the best possible conditions for advancing the prospects for a two-state solution. It has invested enormous sums into building a Palestinian state. Also, it has long called the resolution of the Arab-Israeli conflict a strategic priority and put this issue at the centre of its common foreign policy. What is more, the EU will want to avoid a vote on Palestinian statehood at the UN in September, being likely as divided on this issue as it was over Kosovo. Its best option to achieve this objective may well be to acknowledge that Hamas is a major stakeholder in the search for peace and frame its support for Palestinian reconciliation as a means to eventually get meaningful peace talks resumed.

The Palestinian unity deal may provide the occasion for the EU to finally develop its own profile as a diplomatic actor in the Arab-Israeli conflict. Should it fail to support reconciliation, some of its member states may well take unilateral action, to the detriment of European unity and the EU's standing in the Middle East.

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CSS Analysis in Security Policy No. 91 - April 2011

IMPARTIAL AND STUCK: NATO'S PREDICAMENT IN LIBYA

The military operation in Libya is supported by a remarkably broad UN mandate and has gained wide international backing. With a no-fly zone quickly established, it has succeeded in protecting large numbers of civilians. However, as Gaddafi has changed tactics, the allies are struggling to identify new military targets. Yet NATO's biggest challenge is the lack of agreement concerning the political outcome of the mission. If the alliance sticks with its declared impartiality, it faces a potentially long engagement without a clear exit strategy. If it considers extending stronger support to the rebels, it risks a major internal rupture.

The broad support for the current military operation is only partly due to the humanitarian concerns and legitimisation by the UN. The bulk of support is a driving force behind the intervention is also due to domestic political considerations. For example, France has the desire to re-establish its role in the world. The US is keen to reassert its leadership in the world and to show that the administration remains committed to the coalition. The UK is keen to reassert its leadership in the world and to show that the administration remains committed to the coalition.

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CSS Analysis in Security Policy No. 92 - March 2011

YEMEN: CHALLENGES OF COUNTERTERRORISM

Counterterrorism operations in Yemen have proven to be difficult. While the West has recognised that a broad civil military strategy for Yemen is required, the problem is that strengthening the central government in Sana'a does not necessarily translate into more stability or a diminished terrorist threat. In view of their limited leverage, Western governments should prioritise the country's regional integration and mediation efforts for resolving its internal conflicts in their policies towards Yemen.

Since the failed terrorist attack on a passenger aircraft approaching Detroit airport on 25 December 2009, international attention on the situation in Yemen has been growing. The country's geographical location at the border of the Red Sea and the Gulf of Aden has apparently been treated in Western capitals as a high priority. Western governments in particular have made it clear that the growing importance of the southern Arabian country as a base and safe haven for the al-Qaida network. Accordingly, the question of counterterrorism in Yemen has become an important issue in international security policy at least for the time being.

The US government immediately announced its intention to increase military and intelligence aid and to intensify counterterrorism cooperation with the Yemeni security forces. In a conference called at that time in the capital of Sana'a, it was decided to create an international group of "counterterrorism experts" in order to assist Sana'a in the fight against terrorism. Nevertheless, doubts remain as to whether or not the strategy pursued by the Western governments will improve the situation in Yemen. The country's internal dynamics, marked by conflicts in north and south as well as by socio-economic challenges, the role of the tribes and the role of the central government in the West is still unclear.

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