

Strategic ASSESSMENT

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CONTENTS

Russia in Conflict: From the Homefront to the Global Front | 7
Zvi Magen, Sarah Fainberg, and Vera Michlin-Shapir

The Palestinian Boycott of Israeli Goods: Economic Ramifications | 19
Haggay Etkes and Michal Weissbrod

**The Islamic State and Israel's Arab Population:
The Scope of the Challenge and Ways to Respond** | 33
Mohammed Abo Nasra

**Evacuation of Israeli Communities during an Emergency:
Dilemmas and Proposed Solutions** | 45
Yonatan Shaham and Meir Elran

Egypt Rearms | 59
Yiftah S. Shapir and Kashish Parpiani

**The US Withdrawal and One Belt One Road:
Chinese Concerns and Challenges in Afghanistan** | 69
Wang Jin

Strategic ASSESSMENT

The purpose of *Strategic Assessment* is to stimulate and enrich the public debate on issues that are, or should be, on Israel's national security agenda.

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Abstracts

Russia in Conflict: From the Homefront to the Global Front

Zvi Magen, Sarah Fainberg, and Vera Michlin-Shapir

Since the start of the Ukrainian crisis, Russia has faced a web of new challenges in both the domestic and international arenas. As a result of the crisis, Russia is experiencing isolation and prolonged political pressure, while at the same time suffering from economic sanctions imposed by the United States and Europe due to its involvement in Ukraine. In order to escape the political isolation and save its faltering economy, Russia has initiated a series of international moves, especially in the Middle East. Through the creation of crises, Moscow seeks to end the economic sanctions and reverse the balance of Russian-Western relations, both in the Middle East and Eastern Europe. Yet despite its efforts to expand the crises, Russia has still not succeeded in easing the Western political and economic pressure leveled against it.

Keywords: Russia, Syria, war in Ukraine, economic sanctions, Eurasian Union, Russian domestic politics

The Palestinian Boycott of Israeli Goods: Economic Ramifications Haggay Etkes and Michal Weissbrod

In recent years, Palestinian organizations, as well as the Palestinian government, have used the boycott of Israeli goods, especially Israeli foodstuffs, to put pressure on Israel. This was done, for example, during Operation Protective Edge in the summer of 2014; in early 2015, when Israel froze the transfer of tax revenues to the Palestinian Authority; and in the spring of 2016, when Israel prevented the sale of Palestinian food products in Israel. Despite the threats, an analysis of the data shows that the economic effect of such boycotts is marginal: while since the summer of 2014 the share of Palestinian imports from Israel dropped from 72 to 58 percent, the decrease was mostly the result of the global drop in fuel prices. Although there is evidence of a long term decline in Israeli food industry sales to the PA, the economic ramifications of Palestinian boycotts

of the Israeli food industry are estimated to be less than NIS 200 million, representing merely half a percentage point of the revenue of that industry.

Keywords: Israel, Palestinian, boycott, soft tools, delegitimization, Israeli economy, foreign trade

The Islamic State and Israel's Arab Population: The Scope of the Challenge and Ways to Respond

Mohammed Abo Nasra

This essay examines the positions of Israel's Arab population toward the Islamic State, formerly the Islamic State of Iraq and Syria (ISIS). It is partly based on a public opinion poll surveying 690 Muslim Arab citizens of Israel. The findings indicate that support for the Islamic State among Arab citizens of Israel and their rate of joining its ranks are still marginal, isolated phenomena. The Arab population, led by the political and religious leadership of all the major streams and parties, openly and explicitly condemns the organization. Islamic State supporters among Israel's Arab citizens include those who maintain a Palestinian Arab identity and reject affiliation as Israelis; support is directly correlated with a strengthening of the nationalist component of Arab identity at the expense of the civic component. This is a result of discrimination, alienation, racism, and marginalization, as well as the social, economic, and political reality of the Arab population in Israel and relations with the Jewish sector. Therefore, in addition to law enforcement and prevention of hostile activity, Israel must take concrete steps to strengthen the civic component among the Arab minority: reduce discrimination and gaps between the Arab and Jewish sectors, integrate the Arab population in the national economy, and root out anti-Arab racism.

Keywords: Islamic State, Arabs, national identity, civic identity, discrimination, integration

Evacuation of Israeli Communities during an Emergency: Dilemmas and Proposed Solutions

Yonatan Shaham and Meir Elran

The evacuation of communities in times of violent conflict is an issue that in recent years has commanded much attention in Israel, both among the general public and the defense establishment. This article reviews the current approaches and plans relating to initiated evacuation of populations,

while focusing on the relevant political considerations and the decision making processes at the national level. It also addresses plans for both the population that evacuates independently and the population that remains in bomb shelters. The key finding is that in the absence of a binding national policy on the subject of evacuations, the agencies charged with carrying out evacuations are forced to act without any clear directives and with insufficient coordination among themselves. This situation is liable to lead to a delayed decision on initiating an evacuation, while portions of the population are already evacuating on their own. Instead, there should be a national framework that expands the population designated for evacuation from communities in the gravest danger, gives high priority to weak sectors, and significantly reinforces social resilience mechanisms in the weaker municipalities under moderate-to-high risk.

Keywords: civilian front, society and security, evacuation, National Emergency Management Authority (NEMA), Homefront Command, natural disaster, earthquake

Egypt Rearms

Yiftah S. Shapir and Kashish Parpiani

Since Abdel Fattah el-Sisi assumed the Egyptian presidency, Egypt has been involved in a massive process of rearmament. But while Egypt is still a recipient of large US military aid, as it has been since the Camp David accords with Israel, Egypt is now using large donations from the Gulf states to diversify its weapons sources and sign large arms deals with France and Russia. This article analyzes these acquisitions and assesses the political ramifications of what is apparently an indication of Egyptian dissatisfaction with the US, and considers the military significance for Egypt and Israel.

Keywords: Egypt, arms acquisitions, France, Russia, United States, Abdel Fattah el-Sisi

The US Withdrawal and One Belt One Road: Chinese Concerns and Challenges in Afghanistan

Wang Jin

Since President Obama's announcement in 2011 of plans for a drawdown of US forces in Afghanistan, China has paid increasing attention to Afghanistan. Chinese investment and deepening economic ties encouraged by the

One Belt One Road endeavor have heightened Beijing's concerns about its economic interests in Afghanistan. In addition, beset by increasingly serious terrorism threats, especially from the Uyghur Muslim minority in Xinjiang Province, China is concerned about the political stability of the Taliban government. To secure its interests and prevent the spread of terrorism, China believes it is necessary to keep Afghanistan stable. It actively provides aid and uses international and multilateral channels while playing a constructive but not leading role in Afghanistan, refraining from sending military forces. However, China still faces a dual challenge in Afghanistan, largely out of its "non-intervention": economically, Chinese projects in Afghanistan lack security protection; politically, China's limited investment and the low-profile constructive role aggravates the difficulty in achieving a breakthrough in the Afghanistan peace process. In the future, China is unlikely to make any meaningful security commitment to Afghanistan, but is expected to enhance its diplomatic and economic engagement.

Russia in Conflict: From the Homefront to the Global Front

Zvi Magen, Sarah Fainberg, and
Vera Michlin-Shapir

Since the beginning of the Ukrainian crisis and Russia's annexation of Crimea in March 2014, both of which reflect the conflict between Russia and the West regarding influence in former Soviet regions and Russia's international standing, Russia has faced a host of new challenges in the domestic and international arenas. As a result of the crisis, Russia has experienced isolation and prolonged political pressure, while at the same time suffering from economic sanctions imposed by the United States and Europe due to its involvement in Ukraine.

In order to escape the political isolation and save its faltering economy while putting an end to Western sanctions, Russia has initiated a series of international moves, including the military involvement in Syria that began in September 2015. The intervention in Syria was both a response to developments in the region itself (mainly the rise of radical Islamic terror, a direct threat to Russia), and a result of global considerations in response to the conflict between Russia and the West regarding Ukraine and the international sanctions imposed upon Russia – which, as intended, are succeeding in undermining its stability. One of the main objectives of Russian involvement in the Middle East is advancement of dialogue with the West and termination of the anti-Russia sanctions regime.

Russia is thus politically and militarily involved in crises on two fronts – in Ukraine and Syria, the former for over two years now, and the latter, including military involvement, for approximately a year. Both conflicts are

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exacting from Russia high political and economic costs,¹ and the end results are not yet known. This article surveys Russia's efforts to cope with these constraints, and assesses the domestic and international implications for Russia of the Ukrainian crisis, the involvement in Syria, and its troubles at home.

The Struggle over the FSU Region and the War in Ukraine

The end of the Russian imperial era after the fall of the Soviet Union was traumatic for Russian foreign policy. Moscow perceived Western policy as an attempt to push it out of what was historically the region of the Russian Empire, as well as to produce regime change within Russia. This policy included the expansion of NATO, the deployment of defense systems in Eastern Europe, and encouragement of internal democratization processes. With Putin's rise to power, Russia adopted a new approach to international relations while striving for a strong foreign and security ideology. Its foreign policy is intensive and focused on many different arenas, and implemented through application of political and economic pressure on FSU states. Given that Russia's resources are limited, the main effort has been on keeping conflicts correspondingly limited. This also explains Russia's tendency to wield both soft and hard power together in what is known as a "hybrid war."

Putin's basic assumption is that Russia and the West have conflicting interests, and that failure to stand up for Russian interests represents an existential threat to Russia. Russia must thus return to the international arena as a leader in shaping the international order, while competing with the West for control and influence in Europe, Asia, and the Middle East. In this context, Putin has adopted the Eurasian ideology as a systematic doctrine that sees Russia as a civilization connecting the East and the West. The practical effect is a neo-imperial approach that aims to protect interests in FSU territories while challenging the US and its allies in a variety of arenas. In recent years, the struggle has focused principally on Georgia and Ukraine, both of which experienced revolutions seeking to promote a democratic-liberal agenda and integration with the West, including NATO and EU membership. In 2008, after NATO announced an "Intensified Dialogue" with Ukraine and Georgia on membership to NATO, the Russian military invaded Georgia. Russia has also displayed extreme sensitivity to Western activity in countries such as Belarus and nations of the Russian Caucasus and Central Asia, the latter of which have Muslim populations.

In parallel to its regional struggle, Russia is trying to establish an alternative network of alliances. To this end, President Putin launched a number of cooperation frameworks that compete with European frameworks, led by the Eurasian Union that includes Kazakhstan, Belarus, and Armenia in a free trade region and customs union. In Central Asia, Russia is attempting to maintain political leadership while trying to foster cooperation with China in order to accept Russian involvement in the region. Russia and China formed the Shanghai Cooperation Organization that also includes the membership of Central Asian states. In practice, this organization is pushing the West (especially the US) out of the region.²

Over the last two years, Russia's main international activities have focused on the Ukrainian crisis. The understanding that "without Ukraine, Russia ceases to be an empire," as formulated by Brzezinski, is engraved deeply into the Russian consciousness. For years, Russia has identified Western penetration into Ukraine as an attempt to take the country out of Moscow's sphere of influence, and has been especially concerned about the possibility of Ukraine joining NATO and the EU. The events of 2013, which began with Ukraine's intention of signing an agreement of association with the EU and ended with a revolution and the removal of President Yanukovich, were thus considered by Moscow as Western provocation aimed at the dissolution of Russian influence in Ukraine, its most important asset in the Eurasian sphere.

In 2014, following the pro-Western revolution in Ukraine, Putin chose Crimea as a pressure point for leverage against the Ukrainian regime. The annexation of Crimea was accomplished through hybrid activities – first a takeover of the peninsula by unidentified forces, and then a referendum on annexation to Russia. Ukraine acquired the Crimean Peninsula, populated mainly by ethnic Russians, upon the fall of the Soviet Union, with many in Russia viewing it as an historical injustice (in 1954, Crimea was given as a "gift" by Khrushchev to the Ukrainian Republic). In parallel, violent resistance on the part of pro-Russian separatists broke out in southeast Ukraine against the regime in Kiev. Here too Russia did not employ regular military forces, and claimed that it was an independent uprising against violation of the rights of the Russian minority in Ukraine. Despite the smokescreen put up by Russia surrounding

Russia has created crises in the international arena and used them as political leverage, to mitigate, at least partially, the damage caused by the West's economic sanctions.

its Ukraine activities, the West viewed the Crimea annexation as illegal, and the pro-Russian separatists in southeast Ukraine as Russian agents. This led to economic, personal, and sectorial sanctions against elements of the Russian regime.

In 2014, the leaders of Ukraine, Russia, France, and Germany signed the Minsk II ceasefire agreement. Nevertheless, the fighting never ceased, and at this point the process seems to have reached a dead end. Recently, against the backdrop of increased Russian-Ukrainian tensions, President Putin threatened to freeze the understandings regarding Ukraine. As far as can currently be estimated, the negotiations regarding Ukraine will likely continue.

Western Sanctions and Signs of Political Instability

To Moscow, the goal of the economic sanctions imposed on Russia in 2014 by the West, in response to Russia's annexation of the Crimean Peninsula and security involvement in eastern Ukraine, is to undermine Russia's domestic stability in order to bring about regime change.³ In response, Moscow imposed a series of sanctions on European and US imports. More recently, the Russian leadership displayed signs of anxiety as a result of the economic and political damage caused by the sanctions regime.

On the economic level, the Western sanctions, and especially Moscow's counter-sanctions – e.g., a boycott of Western agricultural goods⁴ – together with sharp declines in crude oil prices,⁵ have exacerbated the economic slowdown already underway. In 2015, the Russian economy entered a recession, with the economy shrinking 3.7 percent, suffering from accelerated capital flight, plummeting exports (in 2015, exports dropped by 40 percent from 2013), and an increased budget deficit (2.6 percent of GDP in 2015). The Russian Ministry of Finance expects a deficit of 3.2 percent of GDP in 2016, and plans on reducing the deficit by 1.1 percent in the following year. Social welfare has also been affected: in 2015, the average salary plunged by nearly 10 percent, while real income dropped by more than 5 percent – the first such salary decline in over 15 years of Putin's rule.⁶ Moreover, in order to achieve a 10 percent budget decrease in 2016, the government initiated an austerity policy, which further affected the population's living conditions, and some regions of the Russian Federation even suspended benefits payouts due to lack of funds.

At the same time, and against the backdrop of the government's more extreme militant nationalist rhetoric, the military budget has not been

touched. In 2011, Moscow began a comprehensive, multi-year program to modernize its defense industry (with an investment of over \$700 billion for modernization of 70 percent of its military forces by 2020), while allocating an ever-growing share of its budget to the defense establishment. In early 2016, Russia's defense budget was estimated at approximately 4 percent of GDP.⁷

Nevertheless, the Russian government is working to correct the situation: it allowed an increase of inflation, which stabilized oil revenues in ruble terms (crude oil prices stand at approximately \$50 per barrel) and enabled the balancing of the budget. Indeed, signs of economic recovery were observed in the first two quarters of 2016. However, even if global oil prices experience a sharp recovery,⁸ without comprehensive economic reforms the Russian economy is expected to grow slowly in the medium term.⁹

The current economic crisis is only part of the web of domestic challenges Russia has faced for several years. The first challenge is demographic, with Russia experiencing a population decline¹⁰ and a growing labor shortage.¹¹ Russia's economically active population is shrinking, while the number of retirees is growing so quickly that it is expected to equal the labor force by 2030 due to a reduced labor force. Russian laborers are being replaced by migrant workers from FSU countries, many of them Muslim countries – and herein lies another challenge, namely, the increasing Muslim population in Russia, which already numbers over 20 million. Russia is currently forced to deal with a growing Islamic threat, including the spread of the Islamic State into the Caucasus, and, to a lesser extent for now, into other Muslim population centers in Russia (Bashkortostan, Tatarstan). The Islamic State attack in October 2015 on a Russian civilian airline in Sinai, which killed 224 passengers, may be the harbinger of a future series of attacks against Russian targets outside or inside the Russian Federation.¹² Therefore, Moscow is following developments in the Muslim sector with concern, especially in Chechnya.

In parallel, the Russian leadership must ensure political stability, although the ongoing economic crisis and Western sanctions create fertile ground for obvious tensions and fissures within Russia's ruling elite. This includes differences of opinion regarding Russian foreign and defense policy; widespread power struggles between various economic and political groups; and tension between the central federal government and the various federal subjects who are striving to demonstrate independence while frustrated by a lack of federal funding. For example, there is palpable

heightened tension between the federal authorities and Chechen Republic leader Ramzan Kadyrov, who while considered a close confidant of Putin, is displaying increasing independence. Moreover, Russia is in a prolonged period of elections (parliamentary elections were held on September 18, 2016, and presidential elections are scheduled for March 2018).

One of the signs of increasing political instability and power struggles was the murder of Russian opposition leader Boris Nemtsov in February 2015. Another warning sign of potential instability is the current “fight against corruption” campaign: starting in 2015, extensive purges have been carried out among the elite classes in the federal provinces. The governors of Sakhalin Oblast and the republics of Karelia and Komi were arrested along with their associates,¹³ and it appears that more extensive purges are likely both among provincial elites and in central Russia, including in Putin’s party itself, United Russia.¹⁴ In August 2015, one of Putin’s close allies, Vladimir Yakunin, was forced to resign in disgrace from his position as head of the country’s railway monopoly RZD. At that same time, two entities responsible for fighting corruption, the Investigative Committee of the Russian Federation and the Russian Prosecutor General, were involved in major scandals. In tandem, in the first half of 2016, the current head of the Russian military-industrial complex¹⁵ (which has been

It appears that there is increased frustration among the general population, with noticeable, though still limited, rumblings of dissatisfaction among the Russian public. The phenomenon is expected to spread if a severe international or domestic crisis develops.

the most influential power group in Russia since 2011-2012)¹⁶ and his predecessor were appointed to senior provincial leadership positions, thus strengthening the military-defense establishment’s dominance on the local level.

In parallel, rumors spread regarding opposition to Putin’s rule among his potential competitors in the Russian ruling elite. Possible rivals include Minister of Defense Sergey Shoygu; Nikolai Patrushev, an influential figure who is a former head of the Russian Federation Security Council and director of the Russian Federal Security Service (FSB); and Sergei Ivanov, Putin’s former chief of staff – Putin unexpectedly fired him in August 2016 and replaced him with a young and unknown official, Anton Vaino.

The firing of Ivanov, a powerful figure who is a potential Putin competitor, is apparently a reflection of intensified power struggles among the Russian ruling elite.

In 2016, presumably in response to what for him are worrisome developments, Putin created a new National Guard built out of the domestic security services, and appointed his confidant Viktor Zolotov (former head of presidential security) as its director. The National Guard is estimated to have 350,000-450,000 troops, and is designed as a kind of personal Praetorian Guard for Putin, in addition to its task of maintaining public order and suppressing dissent among the elite. As part of its mandate, it is likely to act against Chechen President Kadyrov, in charge of 80,000 local forces¹⁷ (this was apparently the reason for the appointment of Sergey Melikov, the former presidential representative to the North Caucasus Federal District, as a first deputy director of the National Guard in August 2016). The Russian leadership has recently intensified its militant nationalist rhetoric, in parallel with its expanded investment in the military and military-industrial complex. The objectives of this include enlistment of the populace in standing up to the crisis, and augmentation of the country's defense infrastructure.

Overall, it appears that there is increased frustration among the general population, with noticeable, though still limited, rumblings among the Russian public expressing dissatisfaction. More specifically, despite the high public approval ratings for Putin's regime (over 81 percent, as of February 2016), there are growing signs of public dissatisfaction, which have recently been expressed through social protests (on the part of truck drivers, doctors, teachers, and retirees) regarding salary levels and the failure to pay pensions. The phenomenon is expected to spread if a severe international or domestic crisis develops. Meantime, dissatisfied businessmen or entrepreneurs tend to adopt an exit strategy by leaving the country, sending their assets abroad, or relocating their companies abroad. At the same time, some are benefiting from the situation, as the sanctions have created opportunities for state support of a considerable number of key position holders. Private companies and banks that go bankrupt are transferred to state control.

Yet despite the West's continuing economic sanctions, which are aggravating Russia's already precarious economic and political status, it appears that in the end, Putin is still in control of the situation with no immediate significant threat to his regime. Most of the elite and members of the inner circle owe their positions to Putin personally. Moreover, as of now, all the alternatives to Putin's rule appear – in the eyes of many – far worse than the status quo.

The Russian Response to the Challenge: The International Arena

Amidst this difficult reality, especially the worsening economic condition and resultant domestic political instability, Russia needs a suitable response. To this end, Russia has worked to create crises in the international arena and use them as political leverage, including for the purpose of mitigating, at least partially, the damage caused by the West's economic sanctions.¹⁸

In this context, Russia exhibited several shows of military strength in various regions, including extensive military exercises, provocative combat operations, and pressure and threats against its neighbors (such as the Baltic states, Moldova, and states in the Caucasus and Eastern Europe). An additional direction was the Middle East, with military intervention exploiting an opportunity that developed in the Syrian civil war. The goal was to advance Russia's international standing through the development of alternative theaters of conflict with the West, in order to create a distraction and political leverage that it failed to create in Europe.¹⁹ This military intervention took place in the context of the Russian coalition with the Assad regime and Iran and its proxies – Hezbollah and various Shiite militias concentrated in the area. The main effort was first directed at promoting the political process while achieving internal conciliation in areas controlled by Assad with Russian assistance, and later at action to shape the new order in Syria and the Middle East in general. In this way, Russia hoped to achieve regional influence, and consequently, international influence that would furnish Moscow bargaining chips as it faced the West while promoting parallel resolutions of the crises in Eastern Europe and the Middle East.

This has caused an expansion of the global conflict to another regional arena, making for a conflict simultaneously in Europe and the Middle East, while most of Russia's activity in the region relates to competition between the major world powers. After approximately a year of fighting in Syria, it can be argued that Russia promoted itself to its desired position of influential player, through, inter alia, continual maneuvering among all the other players in the arena. Russia succeeded in leading a reconciliation process, and even in bringing in the Western powers to cooperate with it. However, Russian efforts to terminate the Western sanctions by achieving a willingness on the part of the West to trade displeasure with Russia's East European policies for its Middle East accomplishments have thus far failed.

After a year of fighting, it can be argued that Russia achieved the desired status of an influential actor, constantly maneuvering between other actors

in the arena. The West, however, was not receptive to Russia's efforts to end the sanctions, and Moscow's attempts to convert its achievements in the Middle East to the East European arena are so far unsuccessful. Following the failed Russian-American negotiations, the crisis between the two powers on the Syrian arena and beyond it seems to have escalated. This crisis began September 18-19, 2016 and had several violent episodes, first with the US attacks on Assad forces and later with the Russians strike on a humanitarian convoy near Aleppo. These incidents were accompanied by harsh rhetoric from both sides: the US declared the cancellation of the understandings it had achieved with Russia regarding the ceasefire and ended the talks with the Russians. President Putin (on October 3) declared a unilateral suspension of the agreement for the disposal of polonium and presented a list of demands of the US, including cancellation of anti-Russian acts, such as the Magnitsky Act (used to pressure Russia) and laws that support Ukraine, adopted since 2014; removal of the sanctions against Russia; compensation to Russia for the damage to the economy caused by the sanctions as well as the Russian counter-sanctions; and reduction of NATO forces in Eastern Europe. This crisis could continue for some time in different forms and may have unexpected consequences, including further escalation of tension and a military confrontation.

Conclusion

Recent developments reflect the increased tension surrounding Russia's conduct in the international arena. Russia went to war first in Ukraine and later in the Middle East with the ambition of protecting its interests both in the FSU region – keeping NATO forces out – and the international arena in general. But at the same time, these wars have become a burden for Russian foreign policy that harms Russia-EU and Russia-US relations, as well as the possibility of achieving objectives in the international arena. Furthermore, Russia now finds itself under the pressure of Western economic sanctions, which harm its economy and its ability to serve the region's states as an alternative model for economic development while promoting the Eurasian vision.

Notwithstanding the crises aimed to upset the present configuration of Russian-Western relations, in both the Middle East and Eastern Europe, Russia still has not succeeded in relieving the political and economic pressure applied by the West.

Ukraine was and remains the Russian weak point. True, Russia annexed Crimea and disconnected the southeastern region from the rest of the country. However, it has lost the lion's share of Ukraine to the West. Russian activity there continues to be perceived as aggressive and engenders resistance among the other countries of the FSU, which now feel more threatened. As Russia issues threats, there is concern in Ukraine and the West regarding aggressive Russian designs and the outbreak of hostilities. Russia fans the flames with belligerent declarations, and even threatens to abandon the dialogue with Ukraine held under Western auspices. The Russian activities have highlighted the need for military reinforcement in Europe, and the expansion of NATO activities in Eastern Europe and the FSU. The Warsaw NATO summit in July 2016 advanced a hawkish stance against Russia.

In the Middle East, there is growing Russian-American tension as the coalition led by Russia – including the forces of the Assad regime and its Shiite allies – increases pressure on the opposition. This is despite the exhortation of the US, which has threatened to cancel the understandings reached thus far. Another item casting a pall over the already tepid relations is the recent Russian-Turkish détente, which at least in part is designed to harm Western interests. This is now joined by the expansion of Russian-Iranian cooperation, and the possibility of three-way cooperation among Russia, Iran, and Turkey in determining the future regional order.

Russia thus creates crises to upset the present configuration of Russian-Western relations, including in both the Middle East and Eastern Europe. Yet despite its recent series of moves, which have involved efforts to expand the crises, Russia still has not succeeded in relieving the political and economic pressure applied by the West. Indeed, in June 2016, the EU extended the sanctions against Russia for an additional six months.

Notes

- 1 The annexation of Crimea cost a total of over \$3 billion for the Russian Federation, while capital flight was estimated at \$151 billion. In contrast, the war in Syria has been much cheaper, costing \$3-4 million per day as of the end of 2015, according to sources in Jane's Information Group. However, these sources noted that it is possible that the cost is actually higher, as the calculation does not include cruise missile attacks. See Peter Hobson, "Calculating the Cost of Russia's War in Syria," *Moscow Times*, October 20, 2015, <https://themoscowtimes.com/articles/calculating-the-cost-of-russias-war-in-syria-50382>.

- 2 US involvement in Central Asia began with the fall of the Soviet Union (the involvement focused on the dismantling of Soviet weapons and promotion of democratic regimes). Following September 2001 and the commencement of the war in Afghanistan, the US began operating in Central Asian countries as bases for its Afghanistan operations. Many scholars estimate that one of the motives for the founding of the Shanghai Cooperation Organization (SCO) was to contain US involvement in Central Asia (in addition to mutual containment of the members). See also Lionel Beehner, "Asia: US Military Bases in Central Asia," Council on Foreign Relations, July 26, 2005, <http://www.cfr.org/russia-and-central-asia/asia-us-military-bases-central-asia/p8440>; Eleanor Abert, "The Shanghai Cooperation Organization," Council on Foreign Relations, October 14, 2005, <http://www.cfr.org/china/shanghai-cooperation-organization/p10883>; and Eugene Rumer, Richard Sokolosky, and Paul Stronski, "U.S. Policy toward Central Asia 3.0," Carnegie Endowment for International Peace, January 25, 2016, <http://carnegieendowment.org/2016/01/25/u.s.-policy-toward-central-asia-3.0-pub-62556>.
- 3 Official statement of the secretary of the Russian Federation Security Council, Nikolai Patrushev, July 3, 2015, cited in *Rossiyskaya Gazeta*, <https://rg.ru/2015/07/03/patrushev-site.html>.
- 4 To fight the economic sanctions, Russia initiated a counter-sanctions plan of tremendous scale that includes a boycott of food products from the US, EU companies, and other allies, together with a plan for alternative imports. However, the import alternatives have proven quite expensive for Russia. In May 2015, Russian Minister of Industry and Trade Denis Manturov announced that the alternative import program may cost \$50 billion. See "Import Substitution to Cost Russia \$50 Billion," *Moscow Times*, May 20, 2015, <https://themoscowtimes.com/articles/import-substitution-to-cost-russia-50-billion-46721>.
- 5 Revenues of oil and natural gas represent more than half of Russia's exports.
- 6 During the Russian economic crisis in 2009, the government was able to protect incomes and prevent a sharp rise in poverty levels by introducing a large scale support package. In 2015 and 2016, Russia no longer had the reserves required for such economic support.
- 7 According to World Bank data, in 2015 there was an increase of 26 percent in the military budget versus 2014, while military spending represented 5 percent of Russian GDP. See "Military Expenditure," <http://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS>.
- 8 Keith Crane, Shanthi Nataraj, Patrick B. Johnston, and Gursel Rafiq oglu Aliyev, *Russia's Medium-Term Economic Prospects* (Santa Monica, CA: RAND Corporation, 2016), http://www.rand.org/pubs/research_reports/RR1468.html.
- 9 Ibid.

- 10 In 2015, Russia was home to 142 million people. Despite positive immigration from Central Asia and neighboring countries (some 9 million immigrants to the Russian Federation between 1990-2014), the population dropped by 3.7 million during these years. In 2015, Russia experienced a growth rate of 0.04 percent.
- 11 Russia is expected to lose 1 million working-age residents per year between 2011 and 2020, and 0.3 million per year from 2021 to 2031.
- 12 On August 17, 2016, the FSB, the Russian federal security service, announced that in the course of counterterror operations in St. Petersburg it killed four terrorists associated with northern Caucasus terror organizations.
- 13 Sergei Tikhonov, "Wanted some Planting?" September 28, 2015, <http://expert.ru/expert/2015/40/hoteli-posadok/media/preview/>.
- 14 A special independent unit within the FSB was reportedly established under Putin's direct leadership for the purpose of conducting extensive purges in the provinces and the United Russia party prior to the parliamentary elections in September 2016. See: *ibid*.
- 15 The Siloviki are members of the military-defense establishment. They are currently the most influential power group inside Russia.
- 16 Velimir Razovayev, "A Second Wave of Chekists is Coming to Power," *Nezavissimaya Gazeta*, March 3, 2016.
- 17 An estimate presented in the documentary film *Family*, released on June 3, 2015 by the Open Russia Foundation. See <https://www.youtube.com/watch?v=EFjpXJkAED0>.
- 18 Joseph Nye, "The Russian Connection between Syria and Ukraine," *National Interest*, February 17, 2016, <http://nationalinterest.org/feature/the-russian-connection-between-syria-ukraine-15237>. See also the remarks by Ukrainian President Petro Poroshenko (September 21, 2016), who labeled Ukraine and Syria two of Russia's "instruments of leverage," and reported that Russia is using Crimea as another base to demonstrate its military power in Syria. See *Rosbalt*: "Poroshenko: 'The Syrian Conflict and Events in Ukraine Unfold According to a Similar Scenario,'" September 21, 2016, <http://m.rosbalt.ru/world/2016/09/21/1552180.html>.
- 19 Ben Aris, "Russia Angles for Deals on Ukraine, Syria at G20 Summit," *IntelliNews*, September 5, 2016, <http://www.intellinews.com/russia-angles-for-deals-on-ukraine-syria-at-g20-summit-105357>.

The Palestinian Boycott of Israeli Goods: Economic Ramifications

Haggay Etkes and Michal Weissbrod

Palestinian Boycotts of Israeli Goods

In recent years, attempts to exert political pressure on Israel through economic boycotts have increased, heightened by the BDS (Boycott, Divestment, Sanctions) movement. Palestinian organizations have long tried to use the boycott of Israeli goods, especially Israeli foodstuffs, as a means of putting pressure on Israel. In 2010, five years after the BDS movement was started by 171 pro-Palestinian NGOs,¹ the PA began adopting the tactic. At first, it focused on goods manufactured in Israeli industrial parks and settlements in the West Bank. The PA government spearheaded a campaign, covered widely in the media, to boycott goods from the settlements, and Salam Fayyad participated in a public destruction of settlement goods.² Then-Minister of the Economy Hassan Abu Libdeh embarked on a PR campaign aimed at convincing Palestinian consumers to choose local products over settlement goods, and sent volunteers door-to-door to explain the importance of boycotting settlement products.

In the summer of 2014, the boycott trend went into higher gear because of Operation Protective Edge, and the Palestinian public campaign began to include all Israeli goods, not only those manufactured by Israelis in the West Bank.³ As part of that campaign, activists went from store to store to place stickers in Arabic on Israeli goods reading, “When buying this product, you are making a donation to the Israeli army.” In early 2015, in response to the freeze on the transfer of tax revenues to the PA, sources identified with Fatah called on the Palestinians to boycott products of six Israeli food manufacturers (Tnuva, Strauss, Osem, Elite, Prigat, and Jafora-

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Tabori) and of Israeli pharmaceutical companies.⁴ The boycott campaign included calls to Palestinian consumers to boycott Israeli products and attend “boycott vigils” at stores, and radio jingles calling for the boycott of the “occupier’s goods.” A poll conducted by the Palestinian Center for Policy and Survey Research in March 2015 showed that 85 percent of the respondents were in favor of boycotting Israeli goods, and 54 percent declared that they had stopped buying Tnuva and Strauss products.⁵ But other than boycotting Israeli consumer goods, there was no evidence of any activity aimed against buying Israeli raw goods or intermediate products by Palestinian industries.

In March 2016, the PA announced a formal boycott of five Israeli food manufacturers – Tnuva, Strauss, Tara, Soglowek, and Jafora-Tabori – and set a target date for the products of these manufacturers to be removed from Palestinian shelves.⁶ This announcement came shortly after the Israeli Ministry of Agriculture stopped goods by five Palestinian food manufacturers from reaching East Jerusalem markets. Three weeks later, the Israeli High Court of Justice revoked the Israeli ministry’s order, and consequently the boycott of the Israeli companies also ended. However, in an interview with the Israeli media, Palestinian sources claimed that the boycott had caused the loss of millions of shekels to the Israeli companies.⁷ The following month, the chair of the Palestinian Food Merchants Association met with the Palestinian agriculture minister to stress the merchants’ support for the government’s decisions, especially preventing the sale of Israeli goods and boycotting them.⁸ In general, boycott announcements are met with broad support, and they will likely be issued in the future as well.

The Economic Ramifications of the Boycotts

Contrary to the claims made in the Palestinian media, an analysis of the PA’s data on trade with Israel shows that the damage inflicted by the boycotts on Israeli companies is quite limited. Although between 2014 and 2016 Israeli exports to the PA dropped and Israel’s share of total Palestinian imports shrank, the major reason was the sharp drop in global fuel prices and its effect on the price of fuel sold by Israeli companies to the PA. By contrast, the effect of the boycott on the sale of Israeli food products, the core of the Palestinian boycott movement, accounted for less than 0.5 percent of the revenue of the Israeli food manufacturing industry.

The Effect of Boycotts on Total Palestinian Imports from Israel

In 2010-2015, the scope of Palestinian imports from Israel grew. The total imports in the West Bank and Gaza Strip rose from NIS 18 billion a year in 2012-2013 to NIS 20.3 billion a year in 2014-2015. But despite the absolute growth in imports from Israel, the share of goods imported from Israel actually dropped. The annual reported trade data indicate a decrease in the share of imports from and via Israel⁹ out of the total Palestinian imports in the last two years – from 71.6 to 58.3 percent (table 1). The monthly reported trade data, which are not final and therefore less reliable than the scope reported in the annual data (figure 1),¹⁰ indicate the timing of the decline: from mid-2014 until early 2016, the share of imports from and through Israel out of all Palestinian imports declined from 67 to 52 percent.

The drop was ostensibly a function of the wave of Palestinian boycotts of Israeli products, which intensified because of Operation Protective Edge. But in fact, most of the decrease stemmed from the global drop in the price of fuels, which accounted for 40 percent of Palestinian imports from Israel in 2013. In 2015 alone, the Palestinian Central Bureau of Statistics reported an annual plunge of 29 percent in the total scope of fuel imports, of which some 97 percent are imported from Israel (table 1). The timing of the drop in the rate of Palestinian imports from Israel is also congruent with the decline in fuel prices: had the ratio of fuel in the total of 2013 imports stayed constant, the drop in prices alone would have caused a drop in the value of imports similar to the drop in practice (in figure 1, compare the rate in practice with the projected rate based on the price of fuel).

Once the drop in fuel imports from Israel is deducted, it is evident that between 2012 and 2015 there was only a 4 percent decrease in imports from Israel compared to the total of all Palestinian imports (table 1). While this is a moderate decrease, it occurred in tandem with a significant increase in Palestinian imports from other nations, especially China and Turkey – the two largest exporters to the PA after Israel. The share of imports from Turkey and China grew steadily: from 4.5-5 percent each in 2011, to 7-7.5 percent in 2015. Turkey's political and economic involvement in the PA, including help in building the Jenin industrial zone and assistance to the Gaza Strip (which can be expected to grow as Turkey-Israel relations improve), will likely result in further growth of Turkey's portion in Palestinian foreign trade.¹¹ Moreover, the increase in imports from China is not surprising, given China's concerted effort to expand its exports to more markets around the world. The increase in imports from these two nations has

allowed the Palestinians to maintain the total scope of imports despite the cut in imports from Israel.

Table 1. Reported Palestinian imports, 2011-2014 (in NIS billions in current prices and percentages)

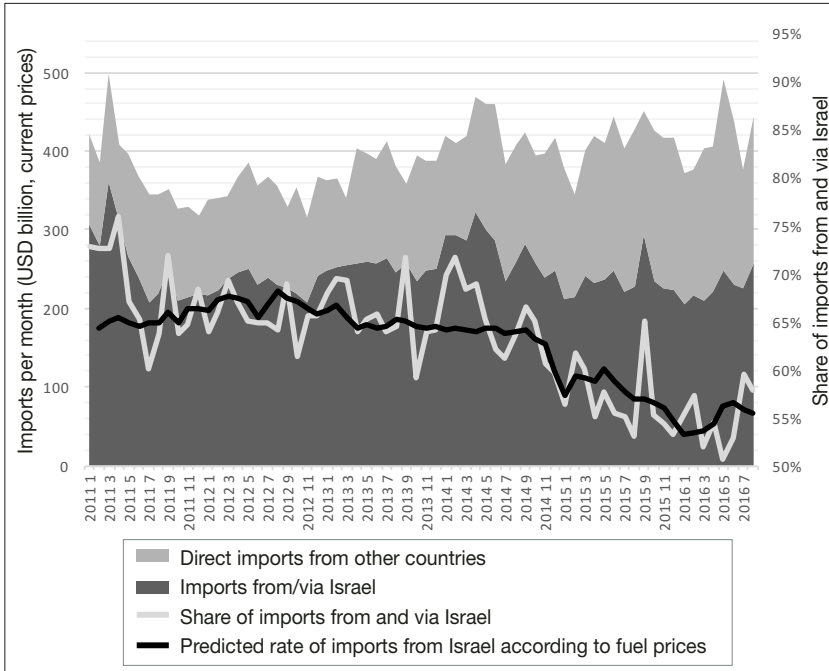
	Imports to the PA				
	2011	2012	2013	2014	2015
Total imports in NIS billions	15.6	18.1	18.6	20.3	20.3
<i>Of which:</i> West Bank	13.2	15.0	15.1	16.0	17.8
Gaza Strip	2.4	3.1	3.5	4.3	2.5
Share of imports from selected markets					
Israel	70.7%	71.3%	71.6%	69.6%	58.3%
Israel, excluding fuels	39.7%	41.3%	41.0%	37.5%	37.4%
Turkey	4.9%	5.0%	5.6%	5.7%	7.3%
China	4.4%	4.2%	4.6%	5.0%	7.0%
Major import items in NIS billions					
Fuels and mineral products	5.4	6.2	6.4	7.3	5.2
Foodstuffs and tobacco	1.6	2.0	2.0	2.3	2.5
Machines and medical instruments	1.3	1.5	1.5	1.7	1.8
Stone, cement, and ceramic goods	0.6	0.7	0.7	0.5	0.5

Source: Foreign Trade Annuals, Palestinian Central Bureau of Statistics

The Effects of Boycotts on the Import of Israeli Food Products

Most of the boycott activity has been aimed at large Israeli food manufacturers. Therefore, it is interesting to examine the dynamics of processed food imports made with Israeli produce to the PA and the availability of local alternatives and alternatives imported from elsewhere. Table 2, which shows food imports to the PA from the world at large and from Israel based on economic categories of usage, e.g., consumption by households versus raw industrial products (broad economic categories – BEC classifications), demonstrates that during the first half of the decade, the total of food imports to the PA for consumption and industry grew quite rapidly. Nonetheless, the growth in imports of processed food for household consumption – i.e., the very products targeted by the boycotts – was much slower. The share of import of these products from Israel, which in 2011-2013 was about 55 percent, dropped to 45 percent in 2015. Had the share of Palestinian imports of processed food from Israel for consumption stayed at 55 percent, the

Figure 1. Reported Palestinian imports from Israel and other economies, 2011-2016 (in NIS billions at current prices and percentages, without seasonal adjustments)



Source: Monthly Announcement on Foreign Trade, Palestinian Central Bureau of Statistics

Note: The projected share of imports from Israel based on fuel prices is calculated using the monthly price of Brent Crude and the share of fuel imports in 2013 according to Comtrade.

scope of imports in 2015 would have been NIS 194 million higher than it was in practice. Table 2 also shows that imports from the EU, the Arab states (Jordan, Egypt, and Saudi Arabia), and East Asia partly replaced the import of processed foodstuffs from Israel.

Table 2. Reported trade in foodstuffs by the PA in broad economic categories (BEC) with the world and with Israel (in NIS billions at current prices) and employment in the Palestinian food manufacturing industry

	2011	2012	2013	2014	2015
Food imports to the PA	3.1	3.5	3.9	4.0	4.3
Of which: imports of processed food products for household consumption*					
	1.5	1.7	1.7	1.8	2.1
<i>Of which:</i> Israel	56%	54%	55%	49%	45%
EU	13%	14%	11%	14%	16%
Jordan, Egypt, Saudi Arabia	8%	8%	9%	9%	10%
Turkey	8%	9%	9%	10%	9%
India, China, Thailand	4%	4%	4%	5%	6%
Imports of raw materials for industry**	1.0	1.3	1.4	1.5	1.5
Raw materials for industry as a share of total food imports	34%	37%	37%	38%	35%
Exports of food from the PA	0.5	0.6	0.6	0.7	0.8
<i>Of which:</i> to Israel	0.3	0.4	0.55	0.4	0.5
Food exports to Israel as a share of total food exports	74%	65%	81%	67%	65%
Palestinian food manufacturing industry					
Number of employees (thousands)	14.9	15.2	15.5	17.7	
Overall input – hours of work (thousands)	686.8	756.6	764.9	812.6	

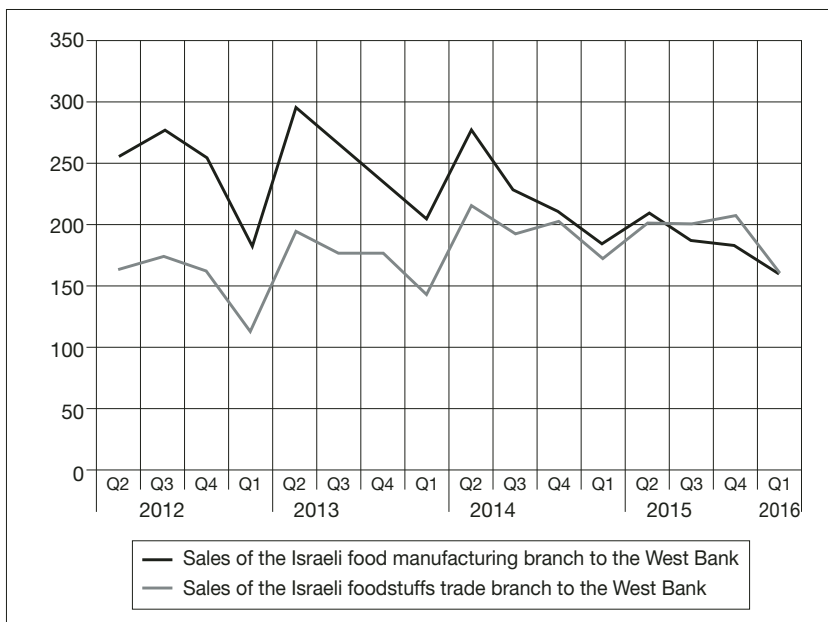
Source: Palestinian Central Bureau of Statistics reports to Comtrade, Palestinian Central Bureau of Statistics Labor Force Surveys

* Category 122 of BEC classification: food and beverages, processed, mainly for household consumption

** Imports of raw materials for industry include both processed and unprocessed products. This is a sum of two items: BEC code 111: food and beverages, primary, mainly for industry; and BEC code 121: food and beverages, processed, mainly for industry

Israeli data on sales to the PA in the food manufacturing industry (selling Israeli-made products) and the food trade industry (selling both Israeli and foreign products) support the conclusion derived on the basis of the Palestinian Central Bureau of Statistics data: figure 2 shows that starting in mid-2014, sales by the Israeli food manufacturing industry to the PA dropped, whereas sales by the food trade industry, which sells both Israeli and foreign products, has not changed since 2014. It seems that the timing of the decline in sales by the Israeli food manufacturing industry, starting with Operation Protective Edge, supports the claim that Palestinian boycott activities caused the drop in Israeli sales. Had the sales of the food manufacturing industry retained the difference in sales compared to the food trade industry, they would have been some NIS 200 million higher. A NIS 200 million annual reduction in sales¹² does not represent a significant threat to the Israeli food manufacturing industry, whose proceeds in 2013 came to NIS 63 billion; at most, this represents a loss of less than 0.5 percent of revenue.

Figure 2. Reported sales of the food manufacturing and food trade industries to the West Bank (NIS millions in current prices)



Source: Israel Tax Authority and authors' calculations

Beyond their limited effect on Israeli industries, boycotts may actually be a double-edged sword, causing damage to the welfare of the Palestinian consumer: at the anecdotal level, data collected by the Palestinian Central Bureau of Statistics suggests that in 2010-2015 prices of locally manufactured goods such as yogurt and juice rose, compared to the prices of the Israeli counterparts.¹³ Furthermore, replacing Israeli imports with imports from other economies (in greater quantities in recent years) means higher costs, thereby reducing the availability of some items to the low income population. In addition, not only Palestinian consumers, but store owners as well are liable to pay a price for the lack of some products and price increases on others; one Ramallah supermarket owner said he lost \$10,000 for participating in the boycott.¹⁴ In practice, the economic price that individuals are forced to pay reduces the ability of Palestinian organizations to promote a broader, long term boycott of Israeli goods that would persist even in the absence of deterioration in the security situation or tensions.

At the same time, several indicators suggest that there is currently greater availability of locally produced alternatives than in the past, a factor that could enable further boycotts. Table 2 shows that in 2010-2014 there was a moderate increase in the import of food that served as raw materials for industry as a share of all Palestinian imports, although the rate dropped somewhat in 2015. This increase, as well as the rapid growth in exports of foodstuffs from the PA, including to Israel, suggests an increase in the importance of the local Palestinian food manufacturing industry and the creation of local alternatives to Israeli products. As seen in table 2, in 2010-2014 employment in the Palestinian food manufacturing industry grew.

In this context, one could view the calls for a boycott of Israeli products and the encouragement of consumption of Palestinian products as a form of protectionism for Palestinian industries that are getting off the ground; competing against established Israeli companies makes it hard for new enterprises to develop. If so, it may be that economic considerations are actually driving the politics, rather than the other way around: the development of Palestinian industry made the boycott of Israeli goods possible and expanded the lobby supporting the boycott. Thus, it may be that the continuing development of the local food industry will serve as a catalyst for more boycotts.

Furthermore, the expansion of Palestinian food manufacturing will presumably increase Palestinian demand for raw materials, including raw materials from the Israeli food industry and Israeli agricultural produce. At

the same time, the sale of Israeli foodstuffs will continue, whether through merchants reporting to the tax authority or through direct purchases of goods by Palestinian households in Israeli West Bank shops. Moreover, the sale of food to secondary food markets in the Arab areas and East Jerusalem will likely grow, but it is doubtful that the Palestinian food industry will manage to sell large quantities to the Israeli food market, especially given hurdles such as kosher certification and standards.

In addition to the emerging growth in the availability of local alternatives to processed foodstuffs made in Israel, imports of food from the EU, nearby states (e.g., Egypt, Jordan, and Saudi Arabia), and even East Asian markets stand to expand (table 2). The growth in availability of alternatives to Israeli food products (both made in Israel and imported from elsewhere) in 2010-2015 is thus in line with the long term decrease in the sales of the Israeli food manufacturing industry to the PA.

Growth in the PA's Economic Dependency on Israel

At the same time, recent years have actually seen a growing dependency of the PA's economy on Israel. First and foremost, Israel is the PA's most important export market, buying more than 80 percent of all Palestinian export goods (table 3). The geographical proximity, the shared tax system, and the common currency region save on costs and simplify trade with Israel, even considering the security restrictions.

The reported export of Palestinian goods rose in recent years, and by 2015 reached NIS 3.7 billion, virtually all of it exported from the West Bank. Quick foreign trade assessments indicate further growth in Palestinian exports to Israel in 2015, especially until the start of the latest wave of terrorism (in September 2015), although the annual data suggest a stabilization in the portion of exports to Israel (perhaps due to the escalation in attacks). Also, reported export data do not include some sales to Israeli citizens, which do not have to be reported (by means of "P" tax invoices) or sales to Israeli businesses that, in violation of the law, fail to report on transactions. Because the scope of non-reported sales to other states is small, their portion of the total reported and non-reported exports from the West Bank to Israel is even greater than the above estimate.

Second, PA government revenues also come largely from Israel. As a result of the freeze on local tax collection and the recent drop in foreign donations, the tax transfers from Israel – which collects import duties, value added, and excise taxes on behalf of the PA – have become the PA's

Table 3. Reported Palestinian exports, 2011-2015 (NIS billions in current prices and percentages)

	PA Exports				
	2011	2012	2013	2014	2015
Total exports (NIS billions)	2.7	3.0	3.2	3.4	3.7
<i>Of which:</i> West Bank	2.7	3.0	3.2	3.3	3.7
Gaza Strip	0.01	0.02	0.01	0.02	0.02
Percentages to selected markets					
Israel	86.3%	81.7%	87.3%	83.9%	83.9%
Jordan	5.2%	7.5%	6.2%	7.0%	6.3%
Gulf states	2.5%	3.3%	1.8%	2.7%	3.5%
Major export goods (NIS billions)					
Stone and construction materials	0.5	0.6	0.6	0.8	0.8
Vegetable products	0.2	0.3	0.5	0.4	0.5
Foodstuffs	0.2	0.3	0.3	0.3	0.4
Various industrial products	0.2	0.3	0.3	0.4	0.4

Source: Foreign Trade Annuals, Palestinian Central Bureau of Statistics

main source of revenue. On average, the tax transfers represent two thirds of the PA's nominal income. Tax collection by Israel increased from an average of NIS 510 million a month in 2013 to an average of NIS 715 million a month in 2015.

Added to this is the income of Palestinian workers employed in Israel, which supports more than 16 percent of all West Bank employees. Palestinian employment in the Israeli economy (including the settlements in the West Bank), both legal and illegal, has been on the rise in recent years, a direct outcome of the Israeli policy to issue more work permits while only partially enforcing the law on illegal labor. According to Palestinian Central Bureau of Statistics data, at the end of 2015, there were 63,000 Palestinians working in Israel with a permit, and 37,000 working without one, a total of 100,000 Palestinian workers.¹⁵

According to the Palestinian Central Bureau of Statistics, the average wage of Palestinian workers in the Israeli economy is more than twice as high as the average income in the Palestinian economy in the West Bank. As the number of workers in the Israeli economy rises, so does the contribution of their wages to the national economy, which increased

Table 4. Growth in Palestinian employment in Israel, 2011-2015

	2011	2012	2013	2014	2015
West Bank residents employed by Israelis (in thousands)	52.4	60.4	82.1	92.2	112.7
<i>Of which:</i> employed with permits	32.2	38.6	49.0	58.8	63.3
employed without permits	20.1	21.8	33.1	33.4	36.6
East Jerusalem residents employed by Israelis*	30.4	22.4	17.2	15.1	12.9
Share of all employed West Bank and East Jerusalem residents**	14.0%	13.8%	16.6%	16.1%	16.6%
Daily average wages (in NIS)					
Employee in the Israeli economy (Israel and West Bank Jewish settlements)	162.2	164.0	175.4	187.6	198.9
Employee in the Palestinian economy in the West Bank	85.0	87.1	89.0	90.0	94.0
Total income of those employed in the Israeli economy					
Total income (in NIS billions in current prices)	2.37	2.94	3.89	4.45	4.88
As a share of GDP in the West Bank***	8.4%	8.9%	11.5%	12.7%	13.2%

Source: Labor Force Surveys and balance of payments of the Palestinian Central Bureau of Statistics

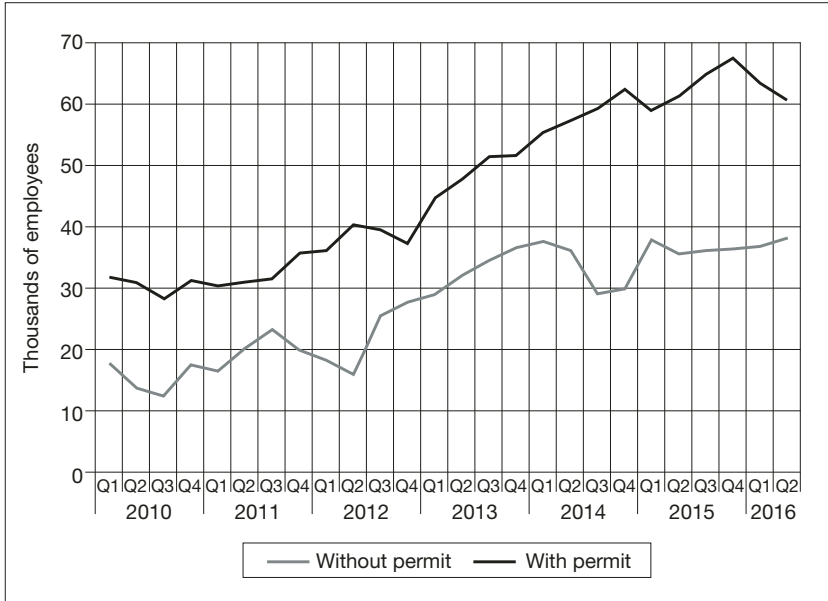
* Holding an Israeli ID card or foreign passport

** Reports issued by the Palestinian Central Bureau of Statistics do not distinguish between West Bank and East Jerusalem residents, and it is therefore not possible to calculate the rate of Palestinians employed by Israelis without counting East Jerusalem residents employed in Israel.

***The GDP of the West Bank does not include the income of those employed in the Israeli economy.

from the equivalent of about 8 percent of the GDP in 2011 to more than 13 percent of the West Bank GDP in 2015 (table 4). Furthermore, in early 2016, the security establishment formulated a program to provide work permits to another 30,000 workers. The full, or even partial, implementation of that program would allow another increase in the legal employment of West Bank Arabs in Israel and in their contribution to the PA's GDP.

Figure 3. Palestinian employment in Israel (seasonally adjusted data), 2010-2016



Source: Palestinian Central Bureau of Statistics; seasonal adjustments by the authors

Conclusion

Despite the impression they have tried to create, Palestinian organizations have shown limited ability to damage the Israeli economy through boycotts. Israel's trade with the PA represents a small fraction of the country's foreign trade overall: according to a 2014 Bank of Israel survey, about 5 percent of Israeli exports and 1 percent of Israeli imports.¹⁶ In particular, the Israeli food manufacturing industry's dependency on the Palestinian economy is low: the total sales of this industry to the PA represented some 2-3.5 percent of the industry's revenue.¹⁷ While these rates are not negligible, they represent mainly trade in traditional or semi-traditional low-mixed technology industrial products whose added value to the Israeli economy is low.

On the other hand, Israel is the PA's most dominant trade partner, responsible for some 60 percent of Palestinian imports and more than 80 percent of Palestinian exports. Palestinian revenue from employment in Israel is even higher than its income from exports. Furthermore, the drop in the portion of Palestinian imports from Israel of the total of the Palestinian

imports stemmed mainly from trends not connected to boycotts of Israeli goods, in particular the drop in the price of fuel that began in mid-2014. Sales by the Israeli food trade industry remained the same in 2012–2014, before the boycott declared in the wake of Operation Protective Edge. More than likely, the reason for the stagnation was the development of local alternatives and imports from elsewhere replacing the Israeli products. Sales by the Israeli food manufacturing industry, which was the focus of Palestinian calls for boycotts, declined in late 2014 and in early 2015, perhaps because of the boycotts, with damage amounting to less than NIS 200 million a year, about one half of a percent of the industry's revenue. Therefore, attempts to boycott made-in-Israel goods – which may have supported the development of the local industry – are not expected to be effective in exerting political pressure on Israel.

Notes

- 1 Ben Hoffman and Tal Schwartzman, "The Israeli Economy in the Shadow of the Delegitimization Campaign: Recent Developments," Ministry of Finance, International Relations Department in the Chief Economist's Bureau, February 1, 2015.
- 2 Danny Rubinstein, "David Threatening Goliath: Palestinian Boycott of Settlement Products Expands," *Calcalist*, March 10, 2010, <http://www.calcalist.co.il/local/articles/0,7340,L-3396699,00.html>.
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- 4 Rania Zabaneh, "West Bank Boycott Takes Aim at Israeli Food Products," *al-Jazeera*, March 22, 2015, <http://www.aljazeera.com/news/middleeast/2015/03/west-bank-boycott-takes-aim-israeli-food-products-150318103411547.html>.
- 5 Palestinian Center for Policy and Survey Research, *Palestinian Public Opinion Poll No. 55*, April 8, 2015, <http://www.pcpsr.org/sites/default/files/poll%2055%20fulltext%20English%20final.pdf>.
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- 7 Ora Koren, "The Palestinian Boycott of Tnuva, Strauss, and Coca-Cola Lifted; The Companies Lost Millions of Shekels," *The Marker*, April 17, 2016, <http://www.themarker.com/news/macro/1.2917460>.
- 8 "The Food Trade Association Met with the Minister of Economy," *Ma'an News Agency*, April 19, 2016, <https://www.maannews.net/Content.aspx?id=842261>.

- 9 Imports from and via Israel include the import of Israeli products and goods imported to Israel, sold by Israeli importers to Palestinians, and reported by means of "I" tax invoices.
- 10 The process of collecting tax invoices for trade with Israel is lengthy, and therefore the monthly trade estimates with Israel are only partial. The rate of imports from Israel reflected by the monthly data is lower than that reflected by the annual data.
- 11 In May 2016, Turkish businessmen met Palestinian counterparts in Ramallah to discuss ways of expanding trade between the two in various fields, including food, agriculture, and clothing. See the Portland Trust, "Palestinian-Turkish Trade Relations," *Palestinian Economic Bulletin – Issue 117*, June 2016, <http://portlandtrust.us4.list-manage.com/track/click?u=3b2560c960f7c1b0e26bbebf1&id=2810bb7f5f&e=4f7d709f60>.
- 12 The value lost by Israel in the processed food market is also parallel to the annual gap between the sales of the food manufacturing industry and the food trade industry before Operation Protective Edge, which was erased in 2014–2015.
- 13 The Palestinian Central Bureau of Statistics, *Prices and Price Indices – Annual Bulletin* (for 2010, 2011, 2012, 2013, 2014, 2015), http://www.pcbs.gov.ps/pcbs_2012/Publications.aspx.
- 14 Zabaneh, "West Bank Boycott Takes Aim at Israeli Food Products."
- 15 At present, Gaza Strip residents cannot obtain work permits to work in Israel; all Palestinians officially working in the Israeli economy are from the West Bank.
- 16 Bank of Israel Research Department, "Trade Relations Between Israel and the Palestinian Authority," *Recent Economic Developments: October 2013 to March 2014*, June 2014, <http://www.boi.org.il/en/NewsAndPublications/RegularPublications/Research%20Department%20Publications/RecentEconomicDevelopments/develop137e.pdf>.
- 17 Ibid.

The Islamic State and Israel's Arab Population: The Scope of the Challenge and Ways to Respond

Mohammed Abo Nasra

The Islamic State (IS) embodies a sociopolitical phenomenon that reverberates throughout the Arab world and the world at large. This essay explores how Arab citizens of Israel view the Islamic State, and to what extent this view is influenced by political, civic, and personal factors. The study also examines the positions of Arab citizens on the global war against the Islamic State, the status of the organization in the Muslim world, the chances of its survival, and its effect on Israel's national security.

Discourse about the positions of Israel's Arab citizens on various matters began with the founding of the state. Since the nation's birth, the Jewish majority and the establishment have viewed the Arab sector as a population whose loyalty to the state is questionable and as such is liable to cooperate with hostile elements and be involved in actions undermining state security.¹ The persistent and fundamental suspicion of Arabs has its roots in some deep-seated factors: first is the ongoing conflict between Israel and the Arab world in general, and the Palestinian people in particular. Second is the basic identification of the Arab population in Israel with the Palestinian people and its demands for a nation state.² Consequently, over the years an attitude to the Arab population took hold regarding security matters that shaped the relationship between the Jewish majority and the Arab minority. This attitude had a profound effect on the socioeconomic and political status of the Arab citizens and their integration into Jewish society.³ Overall, most Israeli Jews and Arabs have only distant relations, characterized by distrust and alienation, leading to a deep divide.⁴

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Against the background of this ongoing historical reality, it is possible to examine the effect of developments that have occurred since the outbreak of the Arab Spring and the emergence of new terrorist organizations, including the Islamic State. As perceived in Israel, the danger of these elements, combined with the wave of terrorism that began in late September 2015, raised new questions about the Arab population in the context of security and threatened once again to stretch the sensitive fabric of relations between the two populations.

Very few studies have examined the status of the Islamic State in Israel's Arab society. Mandelbaum and Schweitzer focused on the few Arab citizens of Israel who joined IS, and showed that these 24 individuals had no common personal profile.⁵ This essay seeks to go further and examine the positions of Israel's Arab population on the Islamic State and the factors affecting these positions.

Support for the Islamic State in the Arab Population

Founded in 2014, the Islamic State is a religious Sunni terrorist organization that broke away from al-Qaeda in Iraq and emerged out of the region's political instability, its lack of security, and the collapse of the Iraqi and Syrian regimes. The rise of the organization is a direct outcome of regional and international political factors, led by the political vacuum in the Arab states, the failure of the traditional Islamic movements to fill that vacuum, the lack of an action strategy by the West and the reluctance of Western nations to take steps to deal with the new reality, and the inability of moderate opposition organizations to cooperate and formulate a joint vision.⁶ The religious character of the organization and its call to establish an Islamic religious state as the foundation of a caliphate attracted many believers in Salafist jihad from all over the world. In this essay, "support for the Islamic State" includes many forms of support, from fighting in the organization's ranks to recruitment of new recruits and financial support for them, ideological identification with the organization, dissemination of organizational propaganda, and contact with organization members.

The connection between individual members of Israel's Arab population and the Islamic State began with the outbreak of the Syrian civil war and the attack on the Assad regime. The exact number of Arab citizens who have left Israel to fight for the organization is unknown, and estimates are based on information issued by the defense establishment. According to a 2015 Israel Security Agency report, 32 Arab citizens have joined the Islamic State,

seven of whom were killed in fighting. In addition, since the beginning of 2015, 41 Arab citizens were arrested and interrogated about their support for IS. Among these were three young residents of Yafi'a, who established an Islamic State cell in order to carry out attacks in Israel. They bought weapons, trained with firearms, and planned to fire on IDF bases, throw Molotov cocktails at police vehicles, and attack Arab businesses selling alcohol. Other Islamic State supporters were reported to be organizing in the Negev: six residents of Hura, including four teachers, were involved in dissemination of organizational ideology, and among the six were those who intended to leave Israel to fight for the Islamic State in Syria.

Other support for the Islamic State includes financing volunteers' departure to Syria;⁷ the dissemination of Islamic State propaganda (two indictments were handed down in 2015 against Arab citizens in this context); and support for the organization on social media (which in August 2015 resulted in indictments against 14 Arab citizens).⁸ Only in a few isolated cases has support for Islamic State ideology crossed the line to plans and/or participation in terrorist attacks against Israeli security targets – and only a small fraction of those who were investigated have actually been indicted in the context of supporting IS.

It is impossible to draw a uniform profile of Islamic State supporters from Arab society based on the few cases that have come to light. Volunteers range in age from 19 to 30, and they come from different types of Arab population centers. The number of women is particularly low (in August 2015, Iman Kanajo was arrested en route to joining IS). Some of the supporters are educated; some are teachers, and at least one is an attorney (Adnan Said al-Addin, who recruited young people and saw to their training to carry out attacks in Israel against Jews and members of the Druze community).⁹

Attitudes toward the Islamic State among Israel's Arab Citizens

Surveys on the Arab population's attitude toward the Islamic State have shown varied results, though all have demonstrated decisive opposition to the organization. The Ahva College survey of 2015¹⁰ revealed that 86 percent of Arabs in Israel oppose the Islamic State and feel that it is detrimental to Islam's image; 82 percent view it as a radical terrorist organization, and as Arabs, they are ashamed of it. Nonetheless, the survey noted that many in the Jewish population think that at least 30 percent of Arabs in Israel identify with IS. In a different survey, by the Pew Institute,¹¹ 91 percent of

Israel's Arab public reported a negative attitude toward the Islamic State, and only 4 percent had a positive opinion toward it.

These surveys, however, provide far from a full picture. They shed no light on the attitude of Arab civilian or religious leaders to the Islamic State, and do not relate to factors that affect the attitudes surveyed. This section will focus on these issues, based on the 2015 Arab-Jewish index¹² and the Peace Index survey compiled by the Israel Democracy Institute. The analysis of the Jewish-Arab relations index is based on the responses of 550 Arabs; that of the Peace Index is based on the responses of the 140 Muslim Arabs who participated in that survey. The analysis of the attitudes of Arab civic and religious leaders is based on articles and interviews in the media. For a list of the research's variables, the questions measuring each of the variables, and the sources of the data, see the Appendix.

An analysis of the findings shows that 84 percent of Muslim Arabs oppose the Islamic State and are ashamed of what they view as a terrorist organization. This is a significant, definitive statistic that clearly reflects reservations if not outright condemnation among Israeli Arabs of the phenomenon known as the Islamic State. Several factors affect those who do identify with IS.

Political/identity factors: Of those who characterize themselves as Islamic State supporters, 42 percent identify as Arab or Palestinian. In no way do they consider being Israeli as part of their identity; 81 percent view Palestinian and/or Muslim as the key element in their identity. Moreover, some 69 percent are dissatisfied or insufficiently satisfied with being Israeli citizens. Fifty percent support the Northern Faction of the Islamic Movement,¹³ and in the recent Knesset election, 91 percent voted for the Joint List. The significance of the data is twofold: one, the negligible minority of those who support or identify with the Islamic State deny their Israeli identity from the outset, in contrast to the overwhelming majority (70 percent¹⁴) of Arabs in Israel who see themselves (also) as Israeli; and two, there is an ideological connection between those who identify with the Islamic State and those who identify with the more extreme component of the Islamic Movement. One cannot, of course, conclude on this basis that the supporters of the Islamic Movement also identify with the Islamic State, and indeed, the contrary seems to be the case.

Civic factors: Of Islamic State supporters, 76 percent feel that the government treats Arabs as hostile citizens unworthy of equality or as second-class citizens. Forty-three percent have personally been subjected

to threats, humiliation, or beatings by Jews, 48 percent support illegal demonstrations, and 40 percent support the use of violence. These figures reflect the trend of those who support and identify with the Islamic State – of whom about one third are academics – expressing strong anti-Israel rhetoric and ascribing responsibility for their support of IS to the government and its discriminatory policies.

Table 1 refers to the attitudes of Israeli Muslims toward the Islamic State. The findings relate to the rate of Muslims who agreed with each one of the questions generally and with a breakdown according to three variables: religiosity, endorsement of the Joint List, and academic education. The table shows that 98 percent of Muslim Arabs in Israel feel that the majority of Muslims in the world do not support IS. Of these, 50 percent are religious; 28 percent voted for the Joint List in the last Israeli parliamentary election; and 39 percent have an academic education. In addition:

- a. Just over one half of Muslim Arabs (55.4 percent) believe that IS does not represent a real threat to Israeli national security. Of these, 52 percent are religious; 81 percent voted for the Joint List; and 32 percent have an academic education.
- b. Some 25 percent of Israel's Muslim Arab citizens feel that the chances that the Western and Arab forces fighting against IS will succeed in dismantling the organization in the foreseeable future are slim. Of these, 41 percent are religious; 25 percent voted for the Joint List in the last Israeli parliamentary election; and 53 percent have an academic education.
- c. Some 32 percent of Israel's Muslim Arab citizens feel that even if IS is defeated, the radical Islamic ideology it represents will not be weakened. Of these, 38 percent are religious; 7 percent voted for the Joint List in the last Israeli parliamentary election; and 47 percent have an academic education.
- d. Some 64 percent of Israel's Muslim Arab citizens feel that the Obama administration and the American public are insufficiently determined to eliminate the Islamic State. Of these, 41 percent are religious; 88 percent voted for the Joint List in the last Israeli parliamentary election; and 50 percent have an academic education.
- e. Within the Muslim Arab public in Israel, there is broad consensus (64 percent) that Islamic State members are determined to continue fighting until they achieve victory. Of these, 40 percent are religious; 83 percent

voted for the Joint List in the last Israeli parliamentary election; and 10 percent have an academic education.

Table 1. Positions on the Islamic State among Muslim Arabs in Israel (percent)

	Total	Religious	Voted for the Joint List	Have academic education
Muslims around the world do not support IS	98.0	50.0	28.0	39.0
IS does not represent a real threat to Israeli national security	55.4	52.0	81.0	32.0
Western and Arab forces fighting IS will succeed in dismantling the organization in the foreseeable future	25.0	40.0	25.0	53.0
If IS is beaten and conquered, the radical Islam it represents will not be weakened	32.0	38.0	7.0	47.0
The Obama administration and the American public are insufficiently determined to eliminate IS	64.0	41.0	88.0	50.0
IS members are determined to continue fighting until victory is achieved	64.0	40.0	83.0	10.0

Attitudes among Arab Civic and Religious Leaders in Israel toward the Islamic State

Like the civilian population, Arab civic and religious leaders have come out strongly against the Islamic State and its criminal activities. Mazen Ghanaem, the head of the Arab Local Government Council and the mayor of Sakhnin, called the Islamic State a murderous terrorist organization that flies in the face of the values of Islam: "We are opposed to Arab citizens joining organizations such as ISIS. Our religion differs from their criminal actions."¹⁵ MK Ahmad Tibi also rejected the Islamic State, stating it is not a Muslim organization, and declared that the Muslim world must fight IS and do everything in its power to stop the organization's continued assaults on the world.¹⁶ Ayman Odeh, head of the Joint List, likewise condemned IS murders and attacks: in his words, members of the Islamic State "are the enemies of all humanity, and the Arab world must shun

them and lead to the regional states' victory for the sake of a just peace and democracy."¹⁷ Even Raed Salah, leader of the Northern Faction of the Islamic Movement, has stated that IS actions are not in keeping with Islam, and that the organization's objective is to damage the image of Islam and Muslims. Salah further claimed that IS threatens the region, especially the Gaza Strip, and said that the entrance of organizational members to the Gaza Strip would lead to civil war.¹⁸ Yet along with these clear sentiments, Salah has also expressed his opposition to the war waged on the organization by the United States and the Arab coalition, claiming it could divide and destroy Syria and Iraq and rip apart the Arab and Muslim world.¹⁹

A large majority of religious figures have similarly expressed their opposition to the Islamic State and its activity. One of the sheikhs who participated in a conference of the Islamic Movement said: "ISIS is destroying Islam's reputation. They are committing acts of cruelty opposed to the Muslim faith. If they continue down that road and the United States does not destroy it, I am sure than many Arab citizens of Israel will cross into Syria and be prepared to sacrifice themselves to fight against ISIS."²⁰

Between a National and a Civic Identity

Support by Israel's Arab citizens for the Islamic State and their enlistment in the organization's ranks are still marginal. Overall, there is a broad rejection of IS, its policies, and its actions, as well as a deep-seated fear of it. The Arab population and its political and religious leadership, regardless of stream or political party affiliation, speak out against explicitly IS. A high percentage of Israel's Arab citizens feel that the Islamic State does not enjoy wide support in the Muslim world, and that the United States is insufficiently determined to fight IS until it is vanquished, whereas the organization's members are unwavering in their determination to fight until victory is achieved. By contrast, Arab citizens differ in their opinion of the threat the Islamic State poses to Israel's national security and the ability of the Western and Arab forces fighting IS to deal it a mortal blow any time soon.

If, as the surveys say, some 16 percent of Israel's Arab citizens do not oppose the Islamic State, this represents a not inconsiderable potential threat to both Israel's national security and the Arab population in Israel. Even if there is a distinction between passively identifying with the Islamic State and actively aiding and abetting terrorist acts against both Jews and Arabs, it is obvious that the challenge requires preparation, surveillance,

exposure, and enforcement against those breaking the law. Given that support for terrorist organizations is usually considered correlated with risk of terrorist activity, support for IS – including if limited in scope – represents a certain danger, even if indirect.

Results of the surveys allow the construction of a social profile of Islamic State supporters. They tend to be Arab citizens who embrace an Arab/Palestinian identity while rejecting identification as Israelis; claim to have experienced discrimination as Arabs; feel threatened or have experienced threats and/or humiliation at the hands of Jews; are dissatisfied with their lives in Israel; support the Northern Faction of the Islamic Movement; and support illegal demonstrations and/or the use of force. This profile relates to two major identity elements: the national and the civic.²¹ The civic element refers to the citizenship of Israel's Arabs, including their connection to the state, personal rights, status, political integration, and more. A strong civic identity is manifested in observance of state laws, participation in local and parliamentary elections, socioeconomic assimilation, and so forth. By contrast, the national element refers to the Arab citizens' sense of belonging to the greater Arab world and especially the Palestinian people. Here, the dissimilarity from Israelis and Israeli-hood comes to the fore; one's identity turns on the national axis, particularly in a state that is increasingly stressing its Jewish identity, creating an inherent conflict that affects members of Israel's Arab minority.

This internal conflict could harbor the seeds of destruction, but it is possible to empower the civic and personal elements and thereby offset the destructive potential of the national element. The relative weight of the various elements of identity of Arab citizens is to a great extent affected by their relationship with the state, Jewish society, and their status in Israeli society. A policy of discrimination and alienation – not to mention systemic racism and the exclusion of the Arab population – strengthen, or are liable to strengthen, the national element at the expense of the civic, and vice versa: strengthening the civic element and planting processes of growth, empowerment, and success strengthen the civic element at the expense of the national one.

Hence, the limited support for IS is decidedly informed by the social, economic, and political reality of Arabs in Israel and their relations with the Jewish population. One can demonstrate the complexity of the position of Arab society by the fact that the rate of support for the Islamic State among Israel's Arabs (16 percent) is higher than that in Arab states such as

Jordan (3 percent) and Lebanon (0 percent), or the Palestinian Authority (6 percent).²² This is not just theoretically significant. A reality of persistent discrimination in the fundamental components of everyday life, seen by many as being intentional, damages the delicate fabric of relations between the Arab minority and the Jewish majority and the chances for progress toward integration and stability. A prominent example is the absence of law enforcement in Arab towns and cities. Rising violence and crime in Arab society damages not only the Arab population but also public order and national security. The distance between crime and terrorism is not all that great.²³

Thus, to prevent the growth of support for terrorist organizations in general and the Islamic State in particular, Israel must act resolutely to strengthen the civic component in the identity of its Arab population at the expense of the existing national element. This is a shared interest of both the Arab minority and the Jewish majority, and it is the government's job to promote and realize this shared interest. Recently, there have been some encouraging signs that the government understands the reality and the risks, and the way to reduce these risks. Socioeconomic integration is now a recognized, explicitly stated government policy. The only way to realize it is by recognizing discrimination and gaps, and working strenuously to close them fast. In the absence of rapid, unequivocal progress in the December 2015 five-year plan for the Arab sector, a vacuum will open that could well be filled by various jihadist organizations, including the Islamic State. At the same time, the political and religious leadership of the Arab population must embark on a campaign to strengthen integration and its realization in the near future. Those leaders, too, play a crucial role in this critical process.

Thus far, the Islamic State has not made serious inroads into the hearts and minds of the Arab public in Israel. At the same time, the extent to which the organization views such "progress" as a key part of its war against Israel – which itself does not seem to constitute a core objective – is unclear. The noted slowdown of the Islamic State's expansion has certainly not moved the organization to take a greater interest in the Israeli arena. Still, as an organization that greatly relies on creating an atmosphere that cultivates popular support and encouraging terrorism against all of its enemies' weaknesses, Israel too might be a theoretical base of support for the organization, with that support translated into murderous action. Alongside foiling these efforts, a task of primary importance for the country's

security establishment, it is critical to reduce the potential for the penetration of a hostile, aggressive mood on the part of those identifying with IS and its ilk. The path to this crucial goal runs through integration of the Arab minority into Israeli society.

This study emphasizes the Arab population's complex, problematic status in Israeli society and its impact on the security stances within the sector. However, that the study is based on a social survey means that the findings should be approached with some reservations. The reliability of outcomes of surveys dealing with security questions, such as support for the Islamic State – where respondents might be loath to admit their allegiance lest they get in trouble with the law and thus are apt to hide their true sympathies – might be compromised. It is therefore important that future studies differentiate among different levels of support for the Islamic State: sympathy, recruitment of other supporters, and potential for participating in an action connected to the organization.

Appendix: Variables, Questions, and Data Sources

Variable	Question	Source
Support for IS	IS is a radical terrorist organization and I am ashamed of it	2015 Jewish-Arab Relations Index
Arab world's support for IS	In your opinion, do the majority of Muslims in the world support or do not support the actions of IS?	Peace Index
The forces fighting IS in the West and Arab world will succeed in toppling it	In your opinion, what are the chances that the forces fighting IS (United States, Western Europe, and parts of the Arab world) will manage to topple IS in the near future?	Peace Index
The collapse of IS will weaken radical Islam	If IS is beaten and collapses, in your opinion will the radical Islam it represents be severely weakened?	Peace Index
US determination in fighting IS	In your opinion, are the US administration and the American people sufficiently or insufficiently determined to fight IS until it is toppled?	Peace Index
IS determination in fighting until victory	In your opinion, to what extent are IS members sufficiently or insufficiently determined to continue fighting until victory is achieved?	Peace Index
The danger IS represents to Israel	In your opinion, does IS currently represent or not represent an existential danger to Israel?	Peace Index

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Evacuation of Israeli Communities during an Emergency: Dilemmas and Proposed Solutions

Yonatan Shaham and Meir Elran

In recent years, and especially since Operation Protective Edge (July-August 2014), the issue of evacuation of communities during a future confrontation has been discussed widely among the Israeli public and within the defense establishment. Evidence of the increased interest in this topic can be found in the simulation for officials conducted by Israel's National Emergency Management Authority (NEMA) during the National Emergency Week in June 2016, which dealt with organized, government-initiated evacuations and the state of the independent evacuees. This article analyzes the issues of initiated evacuations, independent evacuees, and the population that remains in the communities under threat during a future confrontation.

The assessment of the Israeli defense establishment is that a future military confrontation is likely to be far graver than in the past. According to the head of NEMA, the new war reference scenario approved by the government indicates that the civilian front must be prepared to handle hundreds of fatalities, thousands of injured, tens of thousands of evacuees, and a significant number of PTSD victims. Also anticipated are prolonged blackouts and major communications disruptions, and assessments are that weak segments of the population (the elderly, new immigrants, the disabled, and other special needs populations) in the regions under threat will suffer significant hardships and will need practical and/or functional assistance.¹

The evacuation of a population, whether during a war or following a natural disaster, is an exceedingly sensitive and complicated endeavor,

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encompassing not only the public ethos and policy considerations, but also complex budgetary, legal, logistical, and operational considerations. This article reviews the current state of affairs and the primary dilemmas in this regard, and presents recommendations for systemic contending with potential scenarios. To this end, the accepted terminology used by emergency agencies relative to the populations under discussion is defined as follows: “*evacuees*” are people whom the government, at its initiative, decides to evacuate en masse and transfer to designated safe locations; “*independent evacuees*” are people who decide of their own volition to evacuate or who are advised to do so by their community leaders; “*those sheltering-in-place*” or “*populations continuously remaining in shelters*” are those who remain in bomb shelters in their neighborhoods for a prolonged number of days or even weeks, and are unable or refuse to leave; “*homeless*” are those whose homes were destroyed and who lack housing solutions, even temporarily. The task of absorbing the evacuees at various safe locations is enormously complicated, but as Israel is presumably capable of contending with the challenge, this article will not address the issue in detail.²

Background

Heightened attention to the subject of evacuation of communities began even before Operation Protective Edge. In 2012, the government decided on the “host hotel” plan to accommodate evacuated populations. Within the scope of this plan, every local authority was required to build a capability to absorb evacuees, up to 4 percent of its population, a process that is still underway.³ Since Operation Protective Edge, there has been a quantum leap in the establishment’s engagement with this issue, as the “host hotel” plan was not activated during Operation Protective Edge and the residents of many communities, especially kibbutzim on the front lines and other communities in the Gaza envelope – either on the level of individual families or by decision of the entire community – chose to evacuate independently of their own accord while government agencies took a passive stance and reached divergent opinions. This reached a peak with the IDF Chief of Staff’s “Anemone Speech,” calling on residents to return to their homes, but shortly thereafter, the rocket fire resumed and residents evacuated once again.⁴ The death of four-year old Daniel Tragerman in Kibbutz Nahal Oz following a mortar attack injected a new urgency to the question of mass evacuations. Residents of Nahal Oz and other communities began saying that “to evacuate is also to be a Zionist, courageous, and correct.”⁵

This triggered a resumption of the theoretical debate about the meaning of mass evacuation of civilians under conditions of war and high risk. This is in contrast to the prevailing narrative espoused in previous years, the so-called “patriotic” stance that “civilians should not be evacuated in the face of enemy fire,” because this, ostensibly, is tantamount to “surrender” to enemy pressure.

History, of course, tells a different story. Israeli communities were evacuated during the War of Independence and during the Yom Kippur War, by government order.⁶ During periods of low intensity conflict, such as in northern Israel during the period of attrition prior to the First Lebanon War and during the Second Lebanon War, large segments of many communities evacuated at their own initiative, without government order. In some cases hundreds of thousands of civilians independently evacuated and “tent cities” were erected, some sponsored by philanthropists.⁷ Some Tel Aviv residents evacuated independently during the 1991 Gulf War, when the city was hit by Iraqi Scud missiles.⁸ This is not the place to debate the question of how the “patriotic” narrative of “standing tall” and refusing to evacuate developed. Also unclear is to what degree the government’s indecision about evacuation was affected by budgetary and legal considerations. The fact is that in recent periods of low intensity confrontations, the government abstained from making a decision about declaring a state of emergency, which is the legal and operational foundation for initiating an evacuation. Clearly this is not happenstance, and budgetary considerations play a part.

In any event, during and since Operation Protective Edge, high ranking IDF personnel, including the GOC of the Southern Command, said that the failure to reach a decision about evacuating communities was a mistake. It appears that since then, the defense establishment has come to recognize that in a wide scale future confrontation, large segments of the population will want to evacuate, and that there is also defense-operational value to evacuating particular communities that are close to the borders.

Accordingly, operative plans are being prepared for initiated evacuations of communities by the IDF and for evacuee absorption in civilian facilities run by the Emergency Services Authority (the Ministry of the Interior authority in

In recent low intensity confrontations, the government abstained from making a decision about declaring a state of emergency, which is the legal and operational foundation for initiating an evacuation. This is not happenstance, and budgetary considerations play a part.

charge of evacuations, relief aid, and handling of casualties), in conjunction with the Home Front Command and NEMA. Yet notwithstanding the growing engagement in operational and logistics issues, there is no clear cut national framework in the form of a government decision or directive, or even in the form of a declared policy from the political echelon. The absence of such an agreed national framework leads to a situation where each agency develops its own policy, and consequently, today there are significant clashes and disagreements among the various agencies tasked with handling emergencies.

Government-Initiated Evacuations

Today there are two governmental plans for initiated evacuations and absorption of evacuees, so that they will receive food, supplies, and lodging as needed: the first is the “host hotel” plan, which is designed for evacuating a large population of up to some 100,000 people. Most of the absorption sites in this plan are schools. The second plan is a “motel” plan, which is designed for absorbing evacuees from organized communities on the borders, such as kibbutzim and other collective communities. According to this plan, the entire community is supposed to relocate to the same absorption area, the aim being to preserve the community framework.⁹ These two plans focus on the operational-logistics aspect of evacuation and absorption, such as selecting and preparing the absorption facilities and identifying populations requiring special attention. Concurrently, the Ministries of Health, Immigrant Absorption, and Welfare are preparing their own plans for evacuating special needs populations requiring ongoing supervision, such as hospital wards and patients needing artificial respiration, who will be evacuated to receiving institutions, or together with their community, if the entire community is evacuated. The IDF is preparing the operative plans for carrying out the evacuation itself and has begun running drills in cooperation with the communities.¹⁰ The assessments are that even after evacuation, a skeleton population will remain in the community for minimal upkeep of local economic activity.

As a lesson from Operation Protective Edge, the question of evacuation is now included in the IDF’s situation assessment, and presumably will be reviewed continuously as soon as a confrontation breaks out. Today, there is a consensus among the various agencies that the evacuation of communities close to the border must be considered in a number of instances: first, if the physical threat against the community is of high magnitude and it is

not possible to defend it adequately, such as a threat of massive mortar fire or a threat of infiltration from tunnels; second, if the IDF's assessment is that its operational investments in efforts to defend the community exceed the investments required to evacuate the community; third, if it is not possible to maintain routine life in the community due to the mandatory self-defense policy of staying more than 72 consecutive hours in shelters, or due to consecutive days of blackouts. In principle, the evacuation of special needs populations is expected to occur before the evacuation of the general population of that same community, due to the logistical difficulties involved. Special needs populations would also be evacuated from communities not designated for complete evacuation.

It appears that the question about implementing these plans is essentially political and depends on the gravity of the threat posed. Past experience suggests that the government will prefer to abstain from making a decision, certainly an early or a binding decision, and will opt to postpone to the extent possible any decision about implementing the plans, definitely the broader plan, unless intense public pressure ensues. The operational echelons assess that it is reasonably likely that the smaller scale "motel" plan will be implemented during a future confrontation in the northern or southern sectors, and that the likelihood of the implementation of the "host hotel" plan is much slimmer, as this involves larger population and involves extensive preliminary groundwork and very challenging logistics. Inter alia, this would involve absorbing masses of evacuees at schools, which can be expected to lead to significant disruption of the running of educational institutions in the receiving communities and to a diminished ability to maintain routine life in those communities. Maintaining functional continuity during an emergency, which is dubbed "emergency routine" in security jargon, is perceived as a critical component of preserving social resilience during a confrontation.

One of the key implications of this approach is that major urban communities near the borders, such as Kiryat Shmona, Shlomi, and Sderot, would not be evacuated during a future confrontation.¹¹ Similarly, the likelihood of government-initiated evacuations of major urban communities in central Israel is very slim,

The IDF and the Home Front Command are, in principle, in favor of encouraging the population to stay in their communities and not evacuate independently, under the approach that home is "the most protected place there is."

despite debates about a scenario of a “blitz attack” on densely populated urban areas.

Independent Evacuees

Unlike the question of initiated evacuations, which are covered by joint plans and consensus among the emergency agencies, the question of independent evacuees is disputed among the various agencies, and between the same agencies and the heads of the local authorities. There is a lack of agreement and much ambiguity about the anticipated magnitude and character of independent evacuations, as these were marked by differing characteristics in the past, depending upon the particular circumstances. A survey conducted by NEMA in May 2016 found that 14 percent of the population would want to evacuate in the event of a massive missile attack.¹² According to the assessment of the Home Front Command GOC, 20-30 percent of the population who have experienced a “significant threat” (a non-specific term) would evacuate at their own initiative.¹³ Since about two million people reside in the Haifa and northern districts, the number of people in the north alone who would want to be evacuated or would evacuate independently can be expected to exceed 200,000. The assessment is that the independent evacuees would find lodgings by themselves at hotels and guest houses, or stay with relatives or “foster” families within the scope of local organizing efforts, or would camp in open areas, such as in public and national parks.

The IDF and the Home Front Command are, in principle, in favor of encouraging the population to stay in their communities and not evacuate independently, under the approach that home is “the most protected place there is.” From their perspective, in the future war scenario, the threat of rockets is expected to encompass nearly all areas of Israel, and therefore independent evacuees will not substantively improve their personal safety. On the other hand, remaining inside the home and community, finding the best solution for shelter, and complying with the instructions of the Home Front Command will optimally enable an emergency routine that relies on the community and the local infrastructure.

If, however, the state voices its commitment to take care of civilians who evacuate independently, this would likely increase the magnitude of the phenomenon, and therefore, the Home Front Command’s current policy is to publicize messages encouraging civilians to remain in the vicinity of their homes during future confrontations. On the other hand, other

authorities, such as the National Security Council, believe that the state is highly responsible, if not equally responsible, both for those who are evacuated and those who evacuate independently. According to the deputy chief of the NSC in charge of the home front, during a war, the political echelon will order taking care of independent evacuees, and therefore, the preliminary groundwork must be done now. In his assessment, some of the population under threat will decide to evacuate independently, despite the establishment's messages to remain in their homes.¹⁴ NEMA's position in this regard has not yet been spelled out, but there have been attempts to find interim solutions, such as sheltering independent evacuees in facilities that would be designated as "host hotels" and ensuring lodging only, without providing food and other services.

Notwithstanding the differences in the approaches of the various agencies, all agree that if tent cities are erected again, as during the Second Lebanon War, this will signify a failure on the part of the state. Therefore, the assessment is that if this phenomenon does materialize, limited assistance will be provided to independent evacuees, pursuant to ongoing evaluation, through the local authorities and with the assistance of government authorities.¹⁵ The backdrop to this is the complaint voiced by local authorities, including the strongest among them, that they are incapable of providing a solution for a significant volume of independent evacuees in their jurisdiction without state assistance. The differences in approach among the various bodies currently prevent formulation of a plan or a national framework – even de facto – on the subject.

Sheltering-in-Place

There are likewise those expected to remain in their threatened communities, including some sheltering-in-place – those who remain for a prolonged period of days and even weeks in bomb shelters and cannot, or refuse to leave the shelter due to the threat, the frequent sirens, physical limitations, or fear. Estimates are that this phenomenon, which occurred during the rounds of fighting in the Gaza Strip and the Second Lebanon War, will visit hundreds of thousands of people throughout the country during future full-scale confrontations. Efforts by the Home Front Command to improve the warning system so that pinpointed alerts can be issued with high spatiotemporal accuracy are one of the measures to reduce this phenomenon. The assessment is that this phenomenon will be more prevalent in older neighborhoods where buildings have no residential protected space

(*mamad*), and which house, for the most part, weak populations, such as the elderly, new immigrants, people in low socio-economic situations, the disabled, and others. A separate issue in this regard relates to the Arab population in Israel given that the sector has suffered in previous security incidents and enjoys a level of protection and emergency preparedness far lower than those afforded to the Jewish population.

The major challenge in handling the sheltering-in-place population is providing vital services, such as water and food, as well as maintaining sanitary conditions. Since extensive and prolonged damage to vital infrastructure, such as the electric grid, transportation, and communications is liable to occur, difficulties in providing the required services will arise. In extreme cases, prolonged stays in bomb shelters will prevent people from stocking supplies and will incur sanitation and sewage problems. These, coupled with the stress of prolonged stays in shelters, could lead to enhanced tensions and even to outbreaks of violence among those sharing a bomb shelter.

All of the emergency agencies concur that the handling of those sheltering-in-place, both those in municipal bomb shelters and those in residential protected spaces, is the responsibility of the local authority. However, clearly not all local authorities are capable of meeting the challenge. Security officers in strong local authorities believe that they can undertake the endeavor, provided that supplies of water and food will be delivered to their local authorities. Thus, for example, the mayor of Haifa raised his concern that food trucks might refuse to enter the city and that it might be necessary to “pull” food into the city limits.¹⁶

There is a major concern about the ability of weak local authorities who struggle to function in routine times to tend to the population sheltering-in-place. This concern intensifies in light of the statements by high ranking officials in the Home Front Command and elsewhere in the IDF advising that every local authority must prepare to function without assistance and that it is impossible to promise that the IDF or the Home Front Command will assist local authorities in reaching and distributing supplies to those sheltering-in-place,¹⁷ as was done, for example, in Safed during the Second Lebanon War. On the other hand, the Home Front Command has exerted substantial efforts in recent years to strengthen the local authorities’ capabilities to contend with emergencies, and although there is still much room for improvement, the majority of the local authorities have made a quantum leap in their capabilities. Furthermore, it appears that official

statements notwithstanding, Home Front Command forces are preparing to provide significant assistance to struggling local authorities, including with the relay of focused messages encouraging the population to leave their bomb shelters during the breaks between alerts.

In the final analysis, it is clear that the issue of sheltering-in-place has not been resolved and is liable to pose another significant challenge during a future confrontation.

Limits of the State's Responsibility and Possible Gaps in Expectations

The issues discussed in this article highlight the need to reexamine the lines of responsibility and authority dividing the state and its institutions and the civilians at large. It is evident that those engaged in the practicalities of these issues are concerned that large segments of the public expect the state to take care of the entire situation during an emergency, and consequently will not undertake even minimal preparations such as stocking supplies of water, food, and medicines for a number of days, preparing means of communications, and so on. Clearly, the larger the population of those who can take care of themselves during an emergency, even for a few days, the more the state will be able to assist those who are less capable of coping with the challenge. Furthermore, there is a concern that good operational achievements, including the defense solution provided by the Iron Dome system, will generate unrealistic expectations among the public in relation to a future conflict that might include a wider threat to the civilian front. In light of this, it was decided as of 2016 to launch a public campaign, led by the Home Front Command, to improve the public's self-preparations for emergencies, be it war or a natural disaster. It is doubtful that this campaign has changed much in the public's complacent attitude.

In this context, the issue of communicating with the public, prior to and during a war, becomes imperative. On the one hand, informing the public about the future war scenario may prompt the public to make the necessary preparations and reduce the number of independent evacuees, assuming that the public understands that rockets can fall anywhere in the country, and therefore there is no point in evacuating. On the other hand, it is impossible to assess the effectiveness of such a message in reducing the number of independent evacuees. The dilemma becomes even greater when either a wide scale independent evacuation or a particularly dire threat scenario might adversely affect the population's resilience and its ability to cope with the challenges of war. The current institutional approach

is that civilians should be encouraged to prepare for a substantial threat, already during times of calm but without relaying the complete and detailed threat scenario. In real time, messages will be given to boost the public's capacity to cope, with the view that these messages will also help reduce phenomena of independent evacuees and sheltering-in-place.

Insights and Recommendations

The increased engagement in initiated evacuations, independent evacuees, and sheltering-in-place reflects a perceptual change in the Israeli defense establishment. There is increasing recognition that the ethos of "standing one's ground" at any price in threatened communities is no longer relevant, considering the gravity of the threat and given that this ethos has eroded steadily during and following the Second Lebanon War, with wide scale de facto independent evacuations. During the recent conflicts in Lebanon and Gaza, the government and the defense establishment reacted to developments as they occurred and provided only a partial solution to the challenges regarding the issue of evacuation, and then only toward the end of the fighting. Today, government agencies call for a more active policy on this matter. In fact, significant progress has been made in recent years in the ability to evacuate populations, at least in limited numbers, and to offer minimal assistance to the population in need. Nevertheless, some critical questions remain. This situation, if not corrected in time, might lead to serious consequences to the population and to the society's resilience.

First of all, the absence of a binding national policy – typical of the government's approach that usually prefers not to assume binding commitments in advance – might have grave implications. True, there is a general directive from the political echelon regarding initiated evacuations, in the form of the "host hotel" plan, but it focuses mostly on the operational-logistic aspects. No national approach has been formulated in relation to basic questions such as who should be evacuated, according to which priorities, and under what circumstances, and who is in a position to make the decision. The agencies operating in the field have tended to interpret the vague directive spontaneously, according to their understanding, even if it is not consistent with the political echelon's approach. A quintessential example is the consensus among the operational agencies about avoiding the evacuation of cities like Kiryat Shmona and Sderot. This key issue requires regulation that will also be acceptable to the heads of the local

authorities, which will necessarily be key actors during the emergencies, alongside the security agencies.

The repeated statements that a decision about evacuations will be taken in accordance with ongoing evaluations on the ground raise concern that the government will be dragged along by the events and public pressure, or will take action according to narrow political, image-related, or economic considerations. This concern is echoed by statements made by residents and community leaders close to the southern border, indicating their lack of confidence that they will be evacuated at the initiative of the defense establishment, which might be overruled by nonprofessional considerations. Therefore, they decided to prepare themselves for independent evacuation, not coordinated with the authorities, taking upon themselves all of the implied costs. While a common yet vague approach still exists in relation to initiated evacuations that rely on partial guidance from the political echelon, when it comes to independent evacuees and those sheltering-in-place, there exist profound differences in approach between the various bodies. In light of the complexity of the matter and the need for high echelon coordination, there is considerable concern that in real time, action taken will not be effective.

An examination of the existing plans and approaches raises concern that the current policy will strengthen the strong and weaken the weak. The population designated for initiated evacuation within the scope of the “motel” plan is a strong population, organized in community frameworks in kibbutzim and moshavim. Unlike them, the urban population under threat is not planned to be evacuated under any scenario. Among urban residents, the strong who are not evacuated will evacuate independently. The weaker urban residents will have difficulties finding a solution. It is evident that those sheltering-in-place is the issue that is the least organized. This relies, first and foremost, on the local authorities, when some of them are struggling and will encounter difficulties supporting the population and will also demand significant assistance from the Home Front Command. If this situation materializes, very acute internal tensions among the population can be expected to arise, which will exacerbate the tensions already existing in routine times and adversely affect the social resilience, especially under circumstances when social resilience is highly challenged and particularly crucial.

There is increasing recognition that the ethos of “standing one’s ground” at any price in threatened communities is no longer relevant.

The findings of this study indicate a need to promote the issues of evacuation and handling of independent evacuees and of civilians remaining in threatened regions. The main recommendation is to formulate a comprehensive, binding national approach. The key components of the approach include initiated evacuations of communities close to the borders, including urban communities, based on materialization of the threat, and assignment of evacuee absorptions to facilities other than schools, such as community centers and institutions of higher education, in order to minimize the disruption of the routine in the receiving communities. In the absence of wide scale preliminary preparations, it will be impossible to effectively and efficiently handle large numbers of independent evacuees simultaneously with the other efforts. Therefore, a message should be conveyed to the population, even before a confrontation, of the advantages of remaining in their homes, and certainly if they have residential protected spaces, as a safer place to stay during a materializing threat. Concurrently, the public's ability to prepare for threats should be strengthened, particularly, an allocation of significant resources to strengthen the local authorities, with an emphasis on weak populations – strengthening that will yield benefits in routine times as well.

Until now, including during the more severe confrontations such as the Second Lebanon War, the security challenge was limited and the civilian front was reasonably capable of withstanding it. Future scenarios are liable to pose a far greater challenge that will require new solutions. Wide scale evacuations of populations for relatively long periods could pose such a challenge. It is incumbent upon the Israeli government to prepare now, so that it will be possible to utilize all necessary resources during an emergency to ensure that a potential mass evacuation will not become a mass disaster in and of itself.

Notes

- 1 Statement by the head of NEMA, Brig. Gen. (res.) Bezalel Treiber, the National Emergency Conference, June 27, 2016.
- 2 For the purpose of this study, interviews were conducted during June-August 2016 with personnel in NEMA, the Home Front Command, and the National Security Council, security officers at local authorities, and residents and functionaries in communities on the borders or designated for evacuation.
- 3 Government decision no. 4877.
- 4 Yossi Yehoshua, "The Anemone Speech," *Ynet*, August 10, 2014.

- 5 Interview conducted on June 28, 2016.
- 6 Adi Hashmonai, "The Untold Story about the Evacuation of Golan Heights Communities," *NRG-Maariv*, September 11, 2013.
- 7 Yael Barnovsky, "We Drew Conclusions from the Tent City in Nitzanim," *Ynet*, May 23, 2007.
- 8 "The Gulf War in Tel Aviv," Municipal archives of Tel Aviv-Jaffa, <http://tel-aviv.millennium.org.il/NR/exeres/6F3B8AFC-6AB0-47AC-A624-E72CDE059538>.
- 9 Yoav Zeitun, "91% of Israelis: We will Not Send Our Children to School during a Rocket Attack," *Ynet*, May 29, 2016.
- 10 Ahiya Ravid, "Preparing for the Third Lebanon War: Evacuation Drill of Residents on the Northern Border," *Ynet*, June 14, 2016; Noam Amir, "Eisenkot is Waiting for Nasrallah," *Maariv*, September 14, 2016.
- 11 Statement by GOC Home Front Command, Maj. Gen. Yoel Strick, National Emergency Conference, June 17, 2016.
- 12 "Only 14% of Civilians: 'We will Want to Evacuate during a Rocket Attack,'" *Channel 2 News*, May 29, 2016.
- 13 See note 11.
- 14 Interview with the Deputy Director of the National Security Council in charge of the home front, Brig. Gen. (res.) Ze'ev (Vova) Zuk-Ram, July 4, 2016.
- 15 See note 11. Statement by the Deputy Chief of Staff, Maj. Gen. Yair Golan, National Emergency Conference, June 27, 2016.
- 16 Mayor of Haifa, Yona Yahav, National Emergency Conference. June 27, 2016.
- 17 See note 15.

Egypt Rearms

Yiftah S. Shapir and Kashish Parpiani

On June 26, 2016, the Egyptian navy's new Mistral amphibious attack ship, *Gamal Abdel Nasser*, arrived in the port of Alexandria.¹ Her sister ship, *Anwar el-Sadat* arrived on October 6, 2016.² These arrivals marked another step in Egypt's drive in recent years for massive rearmament. It also marked a major step in Egypt's attempt to diversify its weapons sources and to relieve itself from exclusive dependence on the United States. This paper reviews this trend and analyzes its ramifications for Egypt and the region.

The United States Supply

Between 1948 and 2015, the United States provided Egypt with approximately \$76 billion in foreign aid, including \$1.3 billion annually in military aid since 1987.³ The 1979 peace treaty between Israel and Egypt ushered in an era of US financial support for peace between Israel and its neighbors. According to a 2006 US Government Accountability Office (GAO) report, US military assistance accounted for 80 percent of Egypt's weapons procurement costs.⁴ This number was restated by a 2013 Congressional Research Service (CRS) report, which estimated that US military aid accounted for as much as a third of Egypt's entire defense budget.⁵ However, in 2011, during the Arab Spring, the recurrent images of US-made tanks and gas canisters employed against protesters in Tahrir Square "brought scrutiny upon the historical and remarkably constant U.S. military assistance to Egypt."⁶

Egypt launched a massive rearmament program in late 2012 as soon as General Abdel Fattah el-Sisi was appointed Minister of Defense by President Mohamed Morsi. Just one month after his appointment, Egypt announced that Germany had agreed to sell it two Type-209 submarines.⁷ At that time,

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US military aid was still flourishing. Arms deals signed long before were being implemented; these included a deal for 20 F-16C/D combat aircraft, 10 AH-64D Apache attack helicopters, and 125 additional kits for M1A1 main battle tanks to be assembled in Egypt.

In July 2013, the Egyptian military overthrew the Morsi regime, and Defense Minister el-Sisi ascended to power, becoming President in June 2014. This prompted the Obama administration to freeze the supply of any further military aid as an expression of dissatisfaction with Egypt's military crackdown on the civilian demonstrations. The freeze was gradually overturned in 2015, and since el-Sisi assumed power, Egypt has intensified its massive rearmament program. Yet in an unprecedented break from its traditional military relations with the United States, Egypt has increasingly turned to other arms exporters, such as France and Russia, to offset its dependence on the United States.⁸

The Russian and French Connections

In February 2014, el-Sisi chose Russia as his destination for his first visit to a non-Arab country since the military coup that ousted Mohamed Morsi. In light of the visit, speculation flared over possible deals to purchase \$2 billion worth of weapons from Russia. A survey of the Egyptian media's reaction to el-Sisi's Moscow trip suggests "that Cairo has strong support for diversifying its weapons suppliers."⁹

The exact details of the large deal were never formally made public. Various weapon systems were mentioned, mostly by the Russian press – as were estimates of the value of the deal, which ranged from \$2 billion to \$3.5 billion. As of October 2016, none of the transactions had actually materialized, and it is difficult to know what in fact was agreed. The following list, however, sums up the most plausible acquisitions:

- a. Some 46-50 MiG-29M/M2 combat aircraft. According to Russian sources, they will be delivered from 2017 onwards.¹⁰
- b. Antey-2500 (S-300VM/SA-23 Gladiator) long range air defense systems, with anti-ballistic missile capability. Russian sources claimed that the system was already operational in Egypt in 2014, though this seems an exaggeration.¹¹
- c. Some 50 Ka-52 attack helicopters. These were part of the package for acquisition of the French-made Mistral amphibious attack ship, though it is not clear whether Egypt ordered the naval version of the helicopter (Ka-52K).¹²

d. Two R-32 Molniya missile corvettes – from the Russian navy drawdown. The first arrived in August 2015 and the second in June 2016. These vessels carry the P-270 Moskit anti-ship missile.¹³

In contrast to the protracted negotiations with Russia, Egypt and France surprised the world with some very large arm deals that unfolded unusually quickly, including:

- a. In March 2014, in a 1 billion euro deal, Egypt ordered four Gowind-2500 corvettes. The deal included technology transfer, as three of the corvettes are to be built in Egypt. As of August 2016 two ships were already under construction, one in France and one in Egypt. The corvettes will be armed with MM-40 Exocet anti-ship missiles.¹⁴
- b. In February 2015 Egypt and France announced a further deal valued at 5.2 billion euros. It included 24 Rafale combat aircraft, along with their armament (AASM Hammer precision-guided munitions and MICA air-to-air missiles), and a 6000-ton FREMM frigate armed with MM-40 Exocet block-3 anti-ship missiles as well as Aster-15 SAMs. This deal was negotiated and implemented with unusual speed; by August 2015, six months after the deal was announced, Egypt had already received its FREMM Frigate – the *EN Tahya Misr*, formerly the French Navy ship *Normandie* – as well as its first three Rafales, also drawn down from the French air force.¹⁵
- c. In October 2015, Egypt and France announced that Egypt would buy two Mistral amphibious attack ships, for 950 million euros. These ships were originally ordered by Russia, but the deal was cancelled in the wake of the Russian involvement in the Ukraine. Russia agreed to transfer to Egypt some of the Russian command-and-control equipment already installed on the ships and secured the sale of some 50 Ka-52 helicopters, some of which will be stationed on the ships. Each of the Mistrals was supplied with one L-CAT and two CTM-NG landing craft, which are stored in the ship's large well deck and are used to transfer heavy vehicles from the ship to the landing beach.¹⁶
- d. In April 2016 Egypt and France announced another 2 billion euro deal for a communications satellite and four more combat vessels, two more Gowind-2500 corvettes, and two Adroit class offshore patrol vessels (OPV). It was also reported that Egypt would buy up to 12 Airbus A-400 transport aircraft and would build up its existing inventory of C-295 transport aircraft to 20.¹⁷

How will Egypt cover these enormous costs when its economy has been in disarray since the start of the upheavals in 2011?¹⁸

There are at least two known source of funding: first, the Gulf states. Saudi Arabia, Kuwait, and the UAE have given Egypt considerable support since the military coup removed President Morsi and the Muslim Brotherhood regime. Some sources claim that since 2013 these countries gave Egypt up to \$35 billion (in oil shipments, cash, and deposits in the Central Bank).¹⁹ The assistance is ostensibly purely economic, and neither Egypt nor any other of the Gulf states confirmed reports that this money was used to finance the arms deals with France and Russia. The second source comes from French taxpayers, as Egypt took a 3.3 billion euro loan, guaranteed for by the French Coface agency – the French government’s credit insurer.²⁰

The United States: Still in the Picture

The strategic ties between Egypt and the US continued throughout the Morsi presidency. While overall relations cooled after Morsi was ousted, the Obama administration wanted to keep the aid to Egypt flowing and therefore refrained from labeling Morsi’s ouster a “coup,” since US law forbids foreign aid after a coup against a democratically-elected government.²¹

Thus while ongoing arms deals were put on hold,²² under pressure from the Defense Department, which saw Egypt as an important partner in the region, the administration gradually lifted the ban. Egypt’s talks with Russia certainly helped to push this change forward.²³ Israel too, worried that Egypt’s campaign against the jihadist insurgency in Sinai would suffer without US aid, requested that the US go ahead and supply the Apache attack helicopters to Egypt.²⁴

By the end of 2015, all the suspended arms deals had been released. Egypt received its AH-64D Apache attack helicopters, all of its F-16C/D combat aircraft, and its Harpoon anti-ship missiles. In addition, the project to assemble 125 more M1A1 Abrams main battle tanks was resumed. A new deal for 762 MRAP personnel carriers from US Army drawdown began to be implemented in early 2016. More important, the United States seems poised to maintain its commitment to give Egypt \$1.3 billion annually in military aid.

Egypt’s recent arms acquisition spree might not be meant to address any immediate urgencies or non-traditional security threats, but rather to send its traditional ally, the United States, a message.

Diversification or a Message?

How can Egypt's recent actions be explained? Egypt regularly notes security threats on multiple fronts as its justification for large and varied arms acquisitions. In its expedited sales to Cairo, France likewise cited Egypt's urgent needs in view of the "threats that it faces." In February 2015, President Hollande told reporters in Brussels, "I believe that, given the current context, it's very important that Egypt is able to act to uphold stability and to be in security, not only stability on its own territory, but stability in the region."²⁵

Still, it is difficult to identify the threats to Egypt that cannot be met by the 230 F-16s already in the Egyptian Air Force but will be countered by 24 Rafales, and it is at least as plausible that Egypt's recent arms acquisition spree is not meant to address any immediate urgencies or non-traditional security threats, but rather to send its traditional ally, the United States, a message. Explaining the Egyptian turn toward France and Russia as a slap in the US face is further strengthened by introducing the Gulf states into the equation. The overt reversal of American support for President Husni Mubarak during the Arab Spring invited the ire of Gulf states generally identified as allies of the United States. In turn, Gulf powers like Saudi Arabia and the United Arab Emirates stepped in to exploit the recent divide between Egypt and the United States.

Yet while it is conceivable that by its large arms purchases Egypt intended to send a reverberating message to the US and diversify its procurement sources, Egypt's actions still demand further explanation. The extent and diversity of Egypt's lavish shopping spree cannot be just about sending a political message to specific countries.

More specifically, these acquisitions will have enormous implications for the Egyptian military and its organization, logistics, and doctrines. Diversification of weapons sources, albeit a pleasant sounding idea, complicates matters for a military organization. Though the Egyptian military has experience with diversification – its air force has flown both MiGs and Mirage-2000s in the same period – new acquisitions would pose huge problems. A modern air force equipped with over 200 F-16s, together with French Rafales and Russian MiG-29s, confronts serious

The large arms acquisitions should be seen in the larger context of el-Sisi's doctrine and vision for Egypt, which sees Egypt resuming its former position as a regional power in the Middle East, with the capacity to project its power throughout the eastern Mediterranean, the Middle East, and Africa.

maintenance challenges. Each of these aircraft carries different types of weapons that are not interchangeable. Not a single nut or bolt can be interchanged between these various systems. The planes would normally come with assistance – with different fighting doctrines as well as with different maintenance doctrines.

Thus a better explanation for the rearmament is necessary. Egypt claims that it is equipping its military because of the threats it faces. Egypt's threats, however, are mostly from lightly armed insurgents: in Sinai, and along its borders with Libya. It also has some disputes with Sudan. But none of these adversaries has a strong military, and therefore these threats do not explain the need for this number of advanced combat aircraft. They do not explain the need for six new corvettes and one large frigate, and above all, they do not explain the need for two amphibious attack ships designed for long-haul power projection and owned by very few navies in the world.

Accordingly, the large arms acquisitions should be seen in the larger context of el-Sisi's doctrine and vision for Egypt, in place from the moment he assumed power in Egypt. This vision sees Egypt resuming its former position as a regional power in the Middle East, with the capacity to project its power throughout the eastern Mediterranean, the Middle East, and Africa.²⁶ For this vision, el-Sisi demands obedience and sacrifice from his people.²⁷

The road to this goal, according to el-Sisi, is through mega projects to be executed as quickly as possible. One example is the project to build a parallel Suez Canal, whose first phase was completed within a year, in August 2015, and cost \$8.5 billion. Other projects include a planned new capital for Egypt (at a cost of \$300 billion), and a new economic zone along the Suez Canal that will compete with Dubai or Singapore as a world trade hub. Also, el-Sisi announced the construction of 6000 kilometers of roads, 113 bridges, and three airports.

All these mega projects are run by the military – sometimes directly and sometimes through joint ventures with large local or foreign companies and military-owned enterprises. It seems that el-Sisi believes that the military is the only body in Egypt capable of achieving these goals. Consequently, the share of the Egyptian armed forces in the Egyptian economy – which was already considerable long before el-Sisi assumed power – has increased a great deal. Assigning projects to the armed forces also prevents any scrutiny and precludes any open discussion as to the merits or management of these

projects, as the military classifies any information regarding its economic activities as top secret.²⁸

Regional Implications

Egypt's new weapons procurements – more than it could have acquired from the US even with the large US military aid – should enable Egypt to project its military power throughout the region. Of particular importance are the Mistral helicopter carriers, as these ships are specifically designed for power projection operations. The mere possibility of sending a landing force armed with main battle tanks and accompanied by attack helicopters to the straits of Bab el-Mandab or even as far away as Iran should give Egypt a strong say in the region.

Egypt achieved this capability with a great deal of financial aid from the Gulf states – Saudi Arabia, the UAE, and Kuwait. Thus this process should be seen in part in context of the Saudi-led coalition against Iran. Egypt is currently a part of the coalition fighting in Yemen. Its newly-acquired weapons, and specifically its naval force, could influence the outcome of the war in favor of the coalition. Clearly, however, Egypt as such has become highly dependent on Saudi Arabia and the UAE, and while Egypt aspires to be a leading power in the Middle East, its freedom of action is obviously limited.

In turn, there are major implications for Israel. For decades Egypt has maintained its obligations under the peace agreement with Israel. Furthermore, since el-Sisi took power in Egypt, the bilateral relations as well as the level of cooperation have improved considerably. Egypt's current rearmament, then, should not worry Israel in the near term. However, Egypt's rearmament and its drive to become a regional power once again should be viewed by Jerusalem with caution. After all, the IDF is the only major military on Egypt's borders, and Israel cannot avoid seeing any such rearmament as a potential threat. The acquisition of modern aircraft such as the Rafale and the MiG-29M will erode Israel's qualitative edge in the air – even after the F-35 enters service in 2017. Egypt's navy is already much larger than

Egypt's acquisition of modern aircraft such as the Rafale and the MiG-29M will erode Israel's qualitative edge in the air – even after the F-35 enters service in 2017. Egypt's navy is already much larger than Israel's, and when the six new corvettes and the new submarines enter service, Egypt will have a truly formidable navy.

Israel's, and when the six new corvettes and the new submarines enter service in the coming years, Egypt will have a truly formidable navy.

Of particular military concern for Israel are the Antey-2500 SAMs, which could affect the Israeli air force's freedom of action even over Israeli air space, and the Moskit missiles on board the Molniya corvettes, which could affect the freedom of action of Israel's navy.

Conclusion

El-Sisi's large weapon acquisitions are part of a larger vision that sees Egypt returning to its perceived rightful place as a major regional power in the Middle East. The vision includes economic development, and to that end el-Sisi has embarked on many other mega projects, such as the new Suez Canal and the Canal economic zone.

It remains to be seen how this grand vision will succeed. Are these projects within Egypt's grasp? Egypt's economic, social, and demographic problems are vast. Moreover, many analysts already see el-Sisi's vision as a grand failure, only two years after his accession to power, and they blame him for squandering the enormous financial aid he has received. There are even signs that Egypt's great supporters in the Gulf are slowly changing their minds.

On the other hand, Egypt has a long record of muddling through its enormous social and economic problems. Egypt might not become the regional leader el-Sisi wants it to be without being an economic and cultural power, but its military strength is here to stay and will have to be reckoned with in the future.

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The US Withdrawal and One Belt One Road: Chinese Concerns and Challenges in Afghanistan

Wang Jin

After 2001, when international forces led by the United States toppled the Taliban government, Afghanistan was viewed by China as a US military base that could threaten western China. However, when in 2011 the US announced the gradual withdrawal of its military forces from Afghanistan, China's major security threats evolved from conventional US military threats into nonconventional threats such as Islamic extremism and the spillover of instability. Meanwhile, guided by the One Belt One Road initiative put forward by Chinese President Xi Jinping, China began to increase its economic investment in Afghanistan. China's concerns about the security implications related to its economic presence in Afghanistan are drawing it into increasingly active efforts to help forge a political settlement.

Chinese Concerns in Afghanistan

Geographically, China is connected to Afghanistan by a narrow corridor with a border of only 97 km. Despite the limited physical connection, however, the history of communication between China and Afghanistan has continued for more than two thousand years. The ancient cities of Afghanistan such as Herat and Kabul were of great commercial and strategic importance in China's Silk Road. Afghanistan also served as an important traffic hub for religious expansion from South Asia to China, and both Buddhism and Islam were transferred from South Asia and the Middle East to China through Afghanistan. Buddhism moved from ancient India to China via Afghanistan in the first century, and the famous ancient Chinese monk

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Since 2012 Afghanistan has occupied an increasingly prominent place in China's foreign policy, because of the growth of terrorism and extremism in Afghanistan after the US military withdrawal, and because of the One Belt One Road initiative, which sets relationships with Western neighbors as a priority on the Chinese foreign policy agenda.

Xuan Zang traveled from China to India through Afghanistan in a pilgrimage for Buddhist scriptures early in the seventh century. In his book *Records of the Western Region (da tang xi yu ji)*, Xuan Zang recorded the grand sight of the famous Baghramyān Buddha in Afghanistan.¹ Similarly, Chinese Muslims in western China share much with Afghan Muslims in terms of culture, customs, and religious practice.

The energy resources in Afghanistan consist primarily of natural gas and petroleum. In June 2009, China and Afghanistan signed a memorandum of understanding on cooperation in minerals. In 2007, in a joint foreign investment of \$4.4 billion, the Metallurgical Cooperation of China (MCC) and Jiangxi Copper Corporation (JCCL) won a tender to develop the copper deposit at Aynak in Logar Province southeast of Kabul. The Aynak project includes a thermal power plant, a phosphate fertilizer plant, and support facilities such as schools, hospitals, and mosques. The planned construction cycle was five years, at a total investment of more than \$10 billion.² In 2011, the China National Petroleum Corporation (CNPC) and Afghan Watan Oil

and Gas obtained the rights to three oil blocks of the Amu Darya basin located in the provinces of Sari-i-Pul and Faryb in northwestern Afghanistan.³ More than \$2.5 billion dollars were invested by CNPC and Afghan Watan Oil and Gas, and the Amu Darya basin was the first oil plantation project in Afghanistan since 2001. Once constructed, the project is expected to provide the Afghanistan government nearly \$7 billion over the next 25 years. China believes these two projects “are the two largest foreign investments and will be viewed as examples of China-Afghanistan friendship.”⁴

China also hopes to strengthen its economic ties with Afghanistan, and believes the economic development would stabilize the Afghanistan political order.⁵ Since the Taliban government fell in 2001, China has actively participated in the reconstruction of Afghanistan. It has agreed to forgive Afghanistan's debt and has provided nearly \$200 million in aid.⁶ Several important infrastructure projects are supported by China in Afghanistan, such as the Parwan irrigation projects, Kunduz highway project (nearly 232 km), Kabul Republic Hospital project, a network

capacity enlargement project in Kabul and neighboring provinces, and the highway project from Kabul to Jalalabad. In 2013, to stimulate Afghan-Chinese bilateral trade, China decided to entitle 95 percent of Afghan imports to zero tariff status.⁷ By late 2015, Chinese construction companies signed construction contracts for a total of \$898 million with Afghanistan partners, while the bilateral trade volume reached \$376 million (table 1).⁸

Table 1. Trade Volume between China and Afghanistan, 2003-14

Year	03	04	05	06	07	08	09	10	11	12	13	14
Volume (\$ million)	27	58	53	100	171	154	215	715	234	469	337	410

Source: China Commerce Ministry (for 2003-9); Afghanistan Central Bureau of Statistics (for 2010); China Central Bureau of Statistics (for 2011-14)

For a long time, Chinese political decision makers viewed Afghanistan as a peripheral state and gave it little strategic attention. Relations with Afghanistan were seen as of secondary importance. Afghanistan became an issue of “strategic salience” for China only when it was perceived as a clear security threat.⁹ After the Soviet Union invaded Afghanistan in 1980, China actively supported the Afghan rebellion groups to resist the Soviet army in Afghanistan. More recently, China has two main security concerns regarding Afghanistan: the first concern is geopolitical, namely, that the United States might establish permanent bases in Afghanistan, from where the depopulated western China could be threatened.

The second concern regards terrorism. After the Soviet withdrawal and the Islamic Taliban expansion in Afghanistan in 1990s, China worried that the rise of the Taliban could radicalize Xinjiang, home to many members of the Uyghur Muslim minority. Particularly given the cultural and ethnic differences from inner China, Xinjiang is vulnerable to the terrorism and extremism from Afghanistan. Chinese scholars believe that the East Turkistan Islamic Movement (ETIM) was supported by the Taliban regime and was permitted to set up training camps in Afghanistan from the mid-1990s to 2001.¹⁰ Uyghur terrorists associated with ETIM have planned waves of terrorism attacks in Xinjiang. Meanwhile, terrorist attacks

Although China’s strategic and political influence in Afghanistan increased significantly after 2012, it is still limited. The argument that China may fill the power vacuum after the US withdrawal is seriously lacking.

extend to cities outside Xinjiang, seriously affecting not only Xinjiang's stability and security, but also that of China as a whole.¹¹ Chinese scholars believe that if the civil war lasts, Afghanistan will continue to be a haven for terrorism and extremism, and a possible source of terrorism spillover to Xinjiang and elsewhere in China. Against this backdrop, the importance of Afghanistan to China's national security has increased.

China's Afghanistan Policy after 2012

Traditionally, Beijing maintained a low profile on Afghanistan largely because of China's lack of geopolitical influence in Central Asia. Since President Obama announced his plan for a drawdown of US forces in 2011, the geopolitical threat from United States to China has steadily receded. Meanwhile, President Xi Jinping launched the One Belt One Road initiative in 2013, in the hope of encouraging new trade and connectivity throughout Asia with land and maritime links to Africa, the Middle East, and Europe.¹² According to Xi, "With our national power continuously strengthened, China will shoulder more international responsibility and undertake more international obligations. China will make a greater contribution to the peaceful development of mankind."¹³ Under the One Belt One Road initiative, and given the US withdrawal from Afghanistan, China hopes, with its special constructive role, to help maintain stability and security in Afghanistan.

First, the Chinese government's policy highlights the political trust between China and Afghanistan. After Xi assumed power in late 2012, China's new leadership began to direct more political attention to Afghanistan and strengthen the political ties with the Afghanistan government within the One Belt One Road framework. In July 2014, China appointed former Ambassador Sun Yuxi Special Envoy for Afghanistan Affairs, joining other special envoys, such as for Korea Affairs, Africa Affairs, and Middle East Affairs. China also became the first official visit destination of Ashraf Ghani after he assumed Afghanistan's presidency. In November 2014, China's newly appointed Minister of Public Security and State Councilor Guo Shengkun visited Afghanistan, where he discussed bilateral cooperation in political and intelligence matters to crack down on terrorist activities. That same month, Chinese People's Liberation Army (PLA) Deputy Chief of Staff Qi Jianguo visited Afghanistan as President Xi Jinping's special envoy. In February 2016 General Fang Fenghui, the chief of the Joint Staff of the Central Military Commission, visited Afghanistan. Guo Shengkun, Qi

Jianguo, and Fang Fenghui are intimate associates of President Xi Jinping. Such a series of visits by high ranking diplomatic, security, and defense officials clearly indicates the increasing political importance of Afghanistan for China.

Second, through aid offered to Afghanistan and with Afghanistan encouraged to join international organizations, China tries to keep the Afghan government stable. During an international conference in Beijing in October 2014 as part of the Istanbul process (the “Heart of Asia” process), Chinese Prime Minister Li Keqiang stressed the “new era” in China-Afghan relations by establishing a “strategic and cooperative partnership.” Between 2001 and 2013, China provided a total of nearly \$250 million in humanitarian aid, and trained more than 1000 professionals. In 2014 alone, China provided \$75 million of humanitarian aid, and promised to provide another \$330 million over the next three years.¹⁴ China also promised to train 3,000 Afghan professionals and provide 500 scholarships for Afghan students from 2015 to 2019, and it actively participated in training professional personnel for Afghanistan in the hope of enhancing Afghan governance capability.¹⁵ At the same time, China invites various Afghan art organizations and groups to participate in different cultural activities held in China. China also offers Afghan youth different kinds of scholarships to study in China.

Economically, China provides economic investments to various states, including Afghanistan, through different regional organizations and international organizations formed and led by China. The Asian Infrastructure Investment Bank (AIIB), which was officially established in June 2015 in Beijing with 57 prospective founding members and \$100 billion in authorized capital, was viewed by China as an important tool to “reform the existing international system.”¹⁶ In parallel to the AIIB initiative, in November 2014 the Chinese government announced that it would provide \$40 billion to establish the Silk Road Fund (SRF) in order to support financing for the construction of One Belt One Road. SRF is different from AIIB in that it is organized and operated solely by China.

China also encourages Afghanistan to join the Shanghai Cooperation Organization (SCO). The SCO, which was established in 2001, has become a political, economic and military group that includes China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan. The SCO has served as a regional mechanism to combat terrorism, secessionism, and extremism in Central Asia. In the SCO conference in China in December of 2015, Chinese Prime Minister Li Keqiang spoke to Afghanistan Chief Executive

Officer Abdullah Abdullah: “We believe, as we expand our member states, observer states and dialogue partners...there will be broader prospects for SCO development.”¹⁷

Third, China tries to act as a mediator in the peace talks between the Taliban and the Afghan government. China advocates a peace process that is an “‘Afghan-led and Afghan-owned’ process toward peace and reconciliation”;¹⁸ China believes it is in a good position to undertake such mediation, because China has a relatively good political image in Afghanistan, as it consistently promotes Afghan-led and Afghan-owned policy, respects the country’s independence and sovereignty, and actively promotes political reconciliation there. Furthermore, China did not participate in the Afghan war in 2001, has not aroused the dislike of any political faction, and is relatively accepted by all parties in Afghanistan.¹⁹ Another point in China’s favor is that China maintains good relations with both the Afghan government and the government of Pakistan, which has close relations with the Afghan Taliban. China believes it is in a favorable position of being able to talk with all major players in the Afghan peace negotiations.²⁰

The early communication between China and the Taliban can be traced back to the 1990s.²¹ but China began to contact the Taliban officially in November 2014, when a Taliban delegation led by Qari Din Muhammad, who is the head of the Taliban office in Doha, came to China to “share the Islamic Emirate’s stance with China.”²² This visit coincided with Afghan President Ashraf Ghani’s official visit to China. To facilitate the bilateral meeting between the Afghan government and the Taliban, China also maintains cooperative relations with the United States, the most vital state in solving the Afghanistan issue. China hopes to create an international and regional mechanism for Afghan peace talks led by China. According to Ambassador Sun Yuxi, the mechanism designed by China has two elements: “one tripod involves talks between China, Afghanistan and Pakistan, the second is a group of regional countries called ‘six plus one,’ which involves US, Russia, China, India, Pakistan and Iran and the one being Afghanistan.”²³

China’s Challenges in Afghanistan

Since 2012 Afghanistan has occupied an increasingly prominent place in China’s foreign policy, because of the growth of terrorism and extremism in Afghanistan after the US military withdrawal, and because of the One Belt One Road initiative, which sets relationships with Western neighbors

as a priority on the Chinese foreign policy agenda. Nonetheless, China still grapples with both economic and political challenges in Afghanistan.

Economically, the One Belt One Road initiative faces regional competition, and it is not the first strategic framework put forward by great powers to connect Afghanistan with the outside world. The United States published two acts (the Silk Road Strategy Act of 1999 and the Silk Road Strategy Act of 2005) to assist the Central and South Asian states, including Armenia, Azerbaijan, Georgia, Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan to “build prosperous market-oriented economies in the former Soviet Union” and “support the economic and political independence of the countries of Central Asia and the South Caucasus in recognition of political and economic changes in these regions.”²⁴ In 2004 Japan also put forward the Silk Road Diplomacy strategy, originating from the Eurasia diplomacy, which aimed to strengthen Japanese commercial and business ties with Central Asian and Trans-Caucasia states. According to Japan, the Silk Road Diplomacy is to encourage political stability, political democratization, and nuclear nonproliferation in Central Asia and Tran-Caucasia states. Japan and Central Asian states established the Central Asia + Japan dialogue mechanism in 2004 to strengthen the political trust among Japan and Central Asian states. Chinese scholars believe the Silk Road Diplomacy and Silk Road Strategy Act were “exclusive,” and aimed to “decrease Chinese political and economic influence in Central Asia.”²⁵

On the other hand, China’s investment in Afghanistan is challenged by negative social surrounding and security threats. Similar to its investments in other developing states, Chinese investment is usually focused on resources, and this leads to criticism and risks. For example, Chinese companies in Afghanistan were subject to criticism regarding the Aynak project, which is not far away from Kabul, home to some of the oldest Buddhist artifacts in Central Asia. The Aynak project, backed and operated by the Chinese MCC and JCC companies, had to destroy Buddhist relics in the extraction area to start the project construction, generating negative reactions in Western media. The criticism forced the Chinese investors to delay the starting date of the project several times.

Chinese products, on the one hand, strengthen the economic relationship between China and Afghanistan, while on the other hand, damage China’s image among the Afghan population. Many Afghans believe the Chinese products, which are cheaper and higher quality, take local jobs away.²⁶ For its part, the Afghan local government has accused Chinese companies of

reneging on the promise to build a railroad, rather than simply conduct a feasibility study.²⁷ This, coupled with delays for Chinese projects in Afghanistan, have generated uncertainty about Chinese companies' economic profits in Afghanistan.

Chinese companies also face security threats in Afghanistan. Based on the principle of "non-interference in other states' affairs," China refrains from sending military forces into Afghanistan to protect its overseas interests and individuals. Various militant groups have attacked Aynak many times during the past years. The Amu Darya basin must cope with possible security attacks and threats. Given the weak presence of the Afghan central government in Amu Darya basin, CNPC even has to pay protection fees to local tribes and militia groups to receive security protection for both Chinese individuals and infrastructure, allowing the company to operate in a relatively safe environment.

From the security dimension, China's role in Afghanistan is still weak and the self-defined constructive role is far from enough to bridge the gap between the Afghan government and the Taliban. From the diplomatic dimension, the constructive role means it is difficult for China to direct the peace process in Afghanistan. China relies heavily on Pakistan to facilitate the meeting between the Afghan government and Taliban. Pakistan's nickname in China is "all-weather friend." Given this closeness, China believes it is able to exert more influence on Pakistan than other states. However, ironically, it is Pakistan's intricate relationship with the Taliban that contributes to Afghanistan's current instability. Pakistan's particular interests in Afghanistan, especially its geopolitical rivalry with India and its special relation with the Taliban may make China's diplomatic efforts in vain. By doing half the work, it is difficult for China to double the result.

On an academic level, China lacks knowledge about Afghanistan. Although the number of academic papers on Afghanistan increased suddenly after 2001, largely in the aftermath of September 11, the majority of the Chinese academic papers analyze the Afghanistan under the framework of international relations theories or the perspective of great power competition, while very few papers focus on the Afghan domestic situation, political affairs, or history (table 2). "Generally, Chinese scholars only start to research Afghanistan when the state either conventionally or unconventionally, threatens China."²⁸

Table 2. Afghanistan in Chinese: Academic Papers (2001-14)

	01	02	03	04	05	06	07	08	09	10	11	12	13	14
"Afghanistan" included in the title	103	225	49	41	32	46	48	66	112	134	103	112	125	113
"Afghanistan" included in the keywords	6	17	4	2	4	6	5	16	27	32	32	40	44	52
Concentrating on Afghan domestic affairs	0	0	0	0	1	0	0	2	3	1	0	1	6	9

Source: collected by author from: www.cnki.net

Conclusion

China has an interest in Afghanistan's long term stability. With the One Belt One Road initiative, China began to invest more foreign reserves into Afghanistan to strengthen the bilateral economic ties between the two states; meanwhile, with the US withdrawal of its military forces from Afghanistan, there is a real possibility that the security situation in Afghanistan will deteriorate. China worries that the instability of Afghanistan may destabilize Xinjiang, and China needs to protect its economic interests and individuals in Afghanistan. The government led by Xi Jinping has managed to help secure its long term interests in Afghanistan through political, economic, and diplomatic efforts.

The argument that China may fill the power vacuum after the US withdrawal is seriously lacking. Although China's strategic and political influence in Afghanistan increased significantly after 2012, it is still limited. China hopes to work together with various international organizations such as the Shanghai Cooperation Organization, and with global and regional powers such as the United States, Pakistan, India, Iran, and Russia, to stimulate the Afghanistan peace process and encourage stability. However, the question remains whether with the One Belt One Road initiative and the security vacuum after the US withdrawal from Afghanistan, Beijing's limited engagements and constructive role in Afghanistan protect China's economic interests and prevent the spillover of terrorism and extremism from Afghanistan.

Notes

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- 16 See Sun Yiran, "AIIB, One Belt One Road, and China's Perception of International Order," *Chinese Journal of Foreign Policy Review* 1 (2006): 24-46; Wang Da and Xiang Weixing, "The Global Financial Governance of AIIB: Its Challenges to China," *Chinese Journal of International Review* 5 (2015): 71-81.
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