

Averbukh, Lidia; Lintl, Peter

**Research Report**

## Israel: Half a year under the Bennett government

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# SWP Comment

NO. 4 JANUARY 2022

## Israel: Half a Year under the Bennett Government

*Lidia Averbukh and Peter Lintl*

From spring 2019 until summer 2021, Israel was politically paralysed because no stable government could be formed. Four elections were necessary before a new government took over on 13 June 2021. Not only was Benjamin Netanyahu replaced as prime minister after 12 years. A coalition was formed that covers almost the entire political spectrum. In the meantime, it has stabilised and its direction is becoming clearer. Nationally and internationally, the coalition has broken with the populist rhetoric of the Netanyahu government. At the same time, it is exploring different policies: Domestically, it is for the first time including an independent Arab party and has stopped the attacks on principles of liberal democracy. In its foreign policy, it is promoting rapprochement with the European Union (EU) and the Biden administration as well as more integration into the region. It is also trying to contain the conflict with the Palestinians through social and economic measures. But a political rapprochement is not in sight. A “point of no return” is looming, making a two-state solution impossible.

The current Israeli coalition government is a historic first. It consists of eight parties spanning the political spectrum from left to right, includes religious and secular deputies as well as an independent Arab party for the first time, and it has only a one-seat majority in parliament. The coalition came together after a period of paralysis in the political system, mainly as a result of the corruption charges against Prime Minister Netanyahu. With its self-designation as the “government of change”, the new coalition distinguishes itself from Netanyahu’s policy of division. He had pushed this policy after his indictment was

announced in the hope of winning a majority of the Knesset for his parliamentary immunity. However, only parties from the right and the ultra-Orthodox camp supported Netanyahu’s move, so his strategy failed after four attempts over two years. Moreover, support for him began to crumble in parts of the right-wing political spectrum. First, Avigdor Lieberman’s Israel Beitenu party turned away from him, followed later by Tikva Chadasha (New Hope), a party that had split off from Likud, which was led by Gideon Saar. Afterwards, the Yamina party, under Naftali Bennett, also joined the new government coalition.



These three right-wing parties have joined forces with two parties from the political centre (Yesh Atid, Kachol Lavan), two left-wing parties (Meretz, Labour Party), and one Arab-Islamist party (Ra'am). Apart from Yair Lapid's Yesh Atid with its 17 seats, none has more than eight mandates. Yesh Atid is the strongest party, but not strong enough to dominate the coalition. As a concession to the right-wing bloc, Lapid has therefore given Bennett his first two-year turn as prime minister, even though his party, Jamina, has only seven seats. Lapid, meanwhile, serves as foreign minister and holds the title of "alternate prime minister". After seven months in office, it is now becoming clearer what agenda the government is pursuing.

*Domestically*, the coalition is trying to stop the erosion of democratic institutions. In addition, it is striving for reforms in relations between religious authorities and the state, but it also wants to take greater account of the concerns of Arab Israelis. In the *conflict with the Palestinians*, the government is willing to cooperate more, especially in economic matters. However, the government is continuing with surveillance measures and settlement construction and, like its predecessor, is moving further and further away from a diplomatic solution. In terms of *foreign policy*, new diplomatic offensives and greater integration into the region have been determined. However, areas of tension with the United States (US) and the EU remain.

## Domestic Policy

The Bennett-Lapid government has stopped the attacks on principles of liberal democracy. Under Netanyahu, numerous Likud politicians had openly questioned these principles. Former Communications Minister David Amsalem, for example, stated that prosecutors should be locked in a cage. Likud party whip Miki Zohar declared that Israel would remain a democracy even if Palestinians had no political rights after annexation of the West Bank. Culture

Minister Miri Regev demanded that the government control the public media. Netanyahu himself claimed that the judiciary was seeking a coup d'état and spoke of a left-liberal "deep state" that was controlling the country's destiny against the government. In addition, there were various attempts to transform Israel into a majoritarian democracy that was based less on liberal premises. These include the new nation-state law and, even more, the repeated attempt to pass an "override clause". It would have allowed the parliament to overrule decisions of the Supreme Court.

These tendencies have been largely suppressed under the new government. There are still forces in the right-wing parties that want to see the powers of the Supreme Court curtailed. These include, above all, Interior Minister Ayelet Schaked and, to a lesser extent, Justice Minister Gideon Saar – two politicians in key positions. But a reform of the Supreme Court, as envisaged in the "override clause", does not meet with the coalition's approval. It remains to be seen whether the right-wing parties will actually achieve their declared goal of appointing more conservative judges. They benefit from holding a minority in the committee that is blocking the appointment of Supreme Court judges.

A significant step towards stabilising the Israeli political system would be to pass the "Basic Law of Legislation". The law would establish qualified majorities for the enactment of new quasi-constitutional Basic Laws and amendments to Basic Laws, thereby distinguishing them from regular laws. It would also enshrine the powers of a constitutional court. All of this would consolidate Israeli democracy. The government has appointed a commission to do this, but since the coalition is so heterogeneous, the project seems rather unrealistic.

## Religion and State

The new coalition is one of the few since 1990 that does not include ultra-Orthodox parties. This offers the opportunity to ad-

vance reforms in relations between religious authorities and the state — a policy area that is at the centre of the Israeli culture war and in which the ultra-Orthodox are some of the most important players.

Admittedly, the coalition is also heterogeneous in this respect. The positions of the radical secular finance minister, Avigdor Lieberman, and the Orthodox minister of religious services, Matan Kahana, for example, are far apart. Nevertheless, they are united by the desire to bring about reforms that the ultra-Orthodox parties have prevented.

Already in the first weeks of the government, Finance Minister Lieberman cut state support for childcare for families in which, as is the case with many ultra-Orthodox, not both parents work. Transport Minister Merav Michaeli wants to make public transport possible on Shabbat. Kahana's reform plans are particularly striking. He has introduced legislation that would end ultra-Orthodox control over conversion and dietary laws (*kashrut*). He also wants to introduce secular subjects in the school system and military service for the ultra-Orthodox.

## Arab Sector

Ra'am's participation in the government coalition represents a cultural revolt: For the first time in Israeli history, an independent Arab party is part of a coalition. On the one hand, the way to this was paved by Netanyahu, of all people, who wooed Ra'am even before the Bennett-Lapid coalition, and thus legitimised cooperation to a certain extent. On the other hand, Ra'am's success is also due to the pragmatism of its leader, Mansour Abbas, who is trying to avoid the politically contentious issue of the Palestinian-Israeli conflict. He believes that political participation is more likely to improve the lives of Israeli Arabs than isolation as a result of irreconcilable positions. Therefore, Ra'am's slogan is to be "realistic, conservative and influential". The priority of Israeli Arabs' concerns over Palestinian interests as a whole was demon-

strated in the summer of 2021, when Abbas opposed issuing more work visas to Palestinians from the West Bank. This would reduce the chances of employment for Israeli Arabs.

Abbas was given far-reaching concessions for his agenda in the coalition negotiations. In the new state budget, these include the enormous financial allocation for Israel's Arab citizens. The new five-year plan for their socioeconomic development includes the record sum of the equivalent of about 8.5 billion euros. Some 710 million euros of this is intended for combating crime and violence in Arab localities. In addition, there are agreements on the construction of a new city for Bedouins in the Negev Desert, the recognition of illegal villages in the south, and the electrification of previously unauthorised buildings in Arab cities. Abbas' successes also include the suspension until the end of 2024 of a law that allows illegal houses to be destroyed.

It is questionable whether he will succeed in channelling the exorbitant sums in a meaningful way. He will also be judged on his ability to curb crime among the Arab population. Abbas also faces opposition within the coalition regarding the promises made to Arab Israelis in the coalition agreement, such as in the case of electrification.

At the same time, Ra'am continues to maintain a certain distance from the government: The party does not hold a ministerial post, and thus does not share government responsibility. In this way, it hopes to survive politically if the Israeli-Palestinian conflict should escalate violently again. Despite all its pragmatism, it cannot escape this. After the violent clashes in May 2021, Abbas admitted on Israeli TV: "Even if you consciously decided to ignore national issues, you will not succeed. Reality is stronger. The conflict still exists."

The future of Jewish-Arab relations in Israel seems to depend heavily on this experiment. If Abbas can noticeably improve the situation of the Israeli Arabs, there is much to suggest that his model has a promising future in Israeli politics. If it fails, pragmatism is also in danger of failing.

## Israeli-Palestinian Conflict

Relations between Israel and the Palestinians have improved slightly under the new government, but they remain tense. The level of trust is too low for peace negotiations to seem possible or meaningful. “At the moment, the conditions are not right to make progress on the political level,” Lapid stated. This also has to do with the situation of the Palestinians: They are still divided between Hamas and the Palestinian Authority (PA). The PA would be interested in peace negotiations in principle, but it is too weakened domestically to actively pursue this. The new Israeli government has also shown itself to be unable or unwilling to advance peace negotiations. To be sure, there are left-wing parties that favour such negotiations. At least two parties, Tikva Hadasha and Yamina, categorically reject them.

Nevertheless, the approach of the new coalition has changed compared to the policy of the last years under Netanyahu. There are efforts to defuse the tense conflict situation. They are reflected in programmatic formulations such as “shrinking the conflict”, as advocated by Bennett, or “economy for security”, as Lapid puts it. Both approaches follow the assumption that one should improve the living conditions of the Palestinians in order to reduce the potential for conflict. At the same time, they are strongly oriented towards Israel’s security.

Details of these measures included 15,000 new work visas for Palestinians from the West Bank and 10,000 for those from Gaza, around 1,000 approved housing units for Palestinians in the C areas of the West Bank under sole Israeli control, and the granting of legal status to around 4,000 undocumented Palestinians. A loan to the PA and the expansion of the mobile phone network to 4G were also promised. Unlike Netanyahu, the new government is trying to strengthen the PA at the expense of Hamas. Another clear change is that parts of the government are seeking talks with the PA: Defence Minister Benny Gantz and

several ministers from the Meretz party each met with PA President Mahmoud Abbas. Representatives of the Labour Party also met with Palestinian delegates. According to opinion polls, these steps probably also contributed to Fatah’s approval rating rising to 38 per cent, again just above that of Hamas (33 per cent). In December, Abbas made his first official visit to Israel in 10 years and was received at the private home of Gantz.

On the other hand, the Israeli government continues to promote settlement construction. This reveals the heterogeneity of the coalition: In October, Housing Minister Zeev Elkin (Tikva Chadasha) published a tender for 1,355 new housing units — some deep in the West Bank. He also plans to invest the equivalent of almost 62 million euros in 21 new settlements in the Jordan Valley in order to double the Israeli population there by 2026. Settlement planning in and around East Jerusalem is also gaining momentum: The Planning Committee, under the Interior Ministry headed by Ayelet Shaked (Jamina), had announced new settlements for the Pisgat Zeev neighbourhood, as well as the development of new areas for the former Atarot airfield and the E1 area connecting East Jerusalem to the Palestinian heartland. The latter, however, was postponed, as it had been under Netanyahu, due to international as well as internal coalition pressure, but it is still under discussion within the government. Another obstacle to further rapprochement was the decision by Defence Minister Gantz to declare six of the most important Palestinian non-governmental organisations as terror supporters, including the prominent human rights organisation al-Haq. This step was met with much international criticism, including from the US and the EU.

At the same time, Israel increased its surveillance of the Palestinians. In addition to the presence of the military and intelligence services, digital surveillance measures are being expanded. For example, members of Palestinian non-governmental organisations are said to have been spied on with the Pegasus spy software. There is also a

surveillance programme pushing facial recognition in the Palestinian territories. In their reports, *The Washington Post* and various non-governmental organisations paint an almost dystopian picture of a surveillance regime that is trying to set up as comprehensive a database as possible for the automatic video recognition of all Palestinians in order to be able to call up the background of the respective person immediately after every sighting.

Finally, a new wave of violence is challenging the Israeli government. This includes the rekindled activism of Hamas in the West Bank, as recent terrorist attacks and the unmasking of a 50-member Hamas cell by Israeli intelligence show. At the same time, the climate of violence is fuelled by the authoritarian PA, which takes action against its critics. Last but not least, the considerable increase in settler violence is contributing to the further disintegration of the West Bank: Settlers have repeatedly attacked Palestinian villages, injured people, and destroyed cars and other property. Foreign Minister Lapid spoke of “terror” in this context, while Interior Minister Shaked defended the settlers as “salt of the earth”. Due to this political discrepancy in its ranks, the government does not seem capable of taking effective action against settler violence at the moment.

Without a negotiated solution, the potential for violence remains. As a result, Israeli control and surveillance of the Palestinians is constantly expanding. Moreover, there is no end in sight to the continued land-grabbing through the settlements. Economic improvements without any political prospects cannot effectively stop this negative spiral.

## Foreign Policy

In foreign policy, the tone has changed compared to the previous government, and so has the normative positioning. This is supported by the entire government, but it is primarily being articulated by Lapid. In a programmatic essay, he named inter-

national cooperation, a policy of dialogue, and a commitment to human rights as the cornerstones of Israeli foreign policy. He is addressing the EU in particular, but also the US government under Biden. Their relations with Israel are strained because of the conflict with the Palestinians and Iran as well as Netanyahu’s close ties with the Republicans. In addition, the new government is pushing ahead with Israeli integration into the region, which began with the normalisation agreements.

## Rapprochement with the EU

The progressive distancing of Israel from the EU, evident during the Netanyahu years, seems to have been halted for the time being by the Bennett-Lapid government. For example, the Ministry of Strategic Affairs was closed. There, the accusation that the EU was anti-Semitic and anti-Zionist had been turned into a foreign policy tool. At present, the government is not pursuing a policy that exploits the division within the EU member states on Israel and the conflict, as was the case under Netanyahu. Whereas Netanyahu had castigated the EU’s policy towards Israel as “crazy” and described its attitude towards the settlements as being borderline anti-Semitic, Lapid and Bennett instead emphasise common values. This is being well-received in Europe. Lapid was already a guest at the EU Council of Foreign Ministers in July, and the EU’s Horizon 2021 – 2027 funding programme was signed on 6 December.

Nevertheless, critical points remain. The most recent example is the six Palestinian non-governmental organisations, funded largely by EU countries, that Israel has placed on the terror list. Josep Borrell, EU High Representative for Foreign Affairs and Security Policy, complained that Israel had not provided enough evidence to sufficiently justify their designation as supporters of terror. In this area, tensions between Israel and the EU have become visible.

In a meeting with 16 European diplomats, the Israeli director of European Affairs of the Foreign Ministry was widely

reported as shouting that they would “piss her off” for their criticism. In addition, a representative survey conducted by the think tank Mitvim in 2021 also shows that the change in policy has not yet reached the Israeli population. According to the survey, 47 per cent of respondents were against the Horizon 2021–2027 funding programme because it excludes settlements in the West Bank; 46 per cent continue to see the EU as an enemy, only 24 per cent as a friend.

### **Ambivalent Relationship with the US**

The tone towards the US is marked by the fact that both heads of government are currently happy not to have to deal with their respective predecessor. In the first joint meeting of Biden and Bennett, both emphasised the spirit of cooperation. On the Israeli side, there is an effort to improve relations with the Democratic Party instead of focussing exclusively on the Republicans, as was the case under Netanyahu. Nevertheless, dealing with the Democrats remains difficult. Within the Democratic Party, demands are growing louder to attach conditions to military aid for Israel. For example, in September 2021, members of Congress critical of Israel ensured that a separate debate and vote was necessary for financial support for the Iron Dome missile defence system.

There are also differences between the US and Israel in various policy areas. These include Washington’s criticism of Israel’s close economic ties to China, its investments in critical infrastructure in Israel, but also Israeli technology exports. Another contentious issue under the Biden administration is the conflict with the Palestinians: According to the US ambassador to the United Nations, Linda Thomas-Greenfield, settlement construction has reached a critical stage, so that a two-state solution will soon be impossible. There is a continuing dispute over whether the US consulate in East Jerusalem can be reopened. Moreover, the US — like the EU — is still not con-

vinced that the six Palestinian non-governmental organisations mentioned above can be rightly classified as supporters of terror. On the other hand, the US has put the Israeli company NSO Group, which distributes the spy software Pegasus, on a sanctions list because it threatens the rights-based international order. Overall, however, the Israeli-Palestinian conflict plays a subordinate role for the Biden administration.

Another divergence concerns how to deal with Iran and whether the nuclear agreement with Tehran (Joint Comprehensive Plan of Action, JCPOA) should be renewed. The US is seeking an agreement that would be significantly smaller — following a policy of “less for less” — in scope than the last one. Israel, on the other hand, is trying to put pressure on the negotiators to break off the talks or reach a much more comprehensive agreement. Israel warns that a “bad” deal would bring Iran closer to nuclear weaponisation and is calling on the US not to rule out a military option.

At the same time, Israel is preparing for a failure of the negotiations. A military strike on its own is also being discussed. However, it is questionable whether Israel would be able to decisively weaken the Iranian nuclear programme. At present, the military seems to lack the necessary weapons technology as well as the necessary preparation. Moreover, those responsible in Israel are aware that a military strike against Iran could mean war. Not only Iran itself, but also Hezbollah and possibly Hamas would attack Israel in this case.

Nevertheless, there is a clear difference compared to the Netanyahu government: Despite criticism of the JCPOA, the current coalition does not seem to be completely closed to a resumption of negotiations (even if this chance has receded into the distance after the last rounds of negotiations). This is also supported by the failure of the Netanyahu-Trump strategy of maximum pressure, which clearly put Israel in a strategically worse position.

## Integration into the Region

Israel's position in the region has changed significantly since it concluded normalisation agreements with the United Arab Emirates (UAE), Bahrain, Morocco, and Sudan in recent years. These are the first normalisation agreements with Arab states since the peace agreements with Jordan (1994) and Egypt (1979). The reasons for and background to these agreements were not the same everywhere.

What they had in common, however, was that unofficial contacts had already been maintained, that the states hoped that this would lead to better relations with the US, and that the Palestinian question played an increasingly minor role for those involved. For the Gulf States, there was also the fact that they, like Israel, felt threatened by Iran.

The new government is using this development to further consolidate Israel's position in the Middle East. In the last seven months, Ministers Bennett, Lapid, and Gantz in particular have travelled frequently to countries in the region. They opened embassies, had their pictures taken with their Arab counterparts, and signed various trade and military agreements. Relations with the UAE are particularly noteworthy. Beyond the already existing diamond trade, the volume of trade has multiplied: The value of Israeli export goods to the UAE rose from the equivalent of around 9.8 to a good 60 million euros between 2019 and August 2021, and that of imports from literally zero to more than 214 million euros. In the course of this development, several economic cooperations were established, for example in the aviation industry and gas production. As a result of the establishment of a new economic forum together with the UAE, the US, and India, Israel is for the first time part of a global geopolitical multilateral format. Israel has also established ties with Morocco at various levels. Foreign Minister Lapid flew to the Moroccan capital, Rabat, in August 2021 to open the Israeli embassy there. Subsequently, memoranda of understanding were signed on cooperation in research and

development, cybersecurity, culture, and sports. A preliminary highlight of the relationship was the visit of Defence Minister Gantz to Morocco at the end of November 2021. During this visit, it was decided to formalise security cooperation, exchange intelligence information, and conduct joint military exercises.

In addition to the new normalisation agreements, the government, unlike in Netanyahu's time, is trying to improve relations with Jordan and Egypt, which are characterised by mistrust. The reason for this is not least the stabilising function that these neighbouring states have for the conflict with the Palestinians. Prime Minister Bennett's meeting with Egyptian President Abdel-Fattah al-Sisi in Sharm el-Sheikh on 13 September 2021, including a photo opportunity with a prominently placed Israeli flag, was remarkable. It was the first official visit by an Israeli prime minister to Egypt in 11 years. Even more remarkable is the change of political direction in relations with Jordan. These had suffered greatly under Netanyahu, and recently there were even speculations that the former prime minister wanted to strengthen the Jordanian opposition against King Abdullah. Prime Minister Bennett paid a secret visit to the Jordanian king as early as July 2021. Shortly afterwards, Foreign Minister Lapid and Defence Minister Gantz paid an official visit, and even Mansour Abbas, party leader of Ra'am, met with the Jordanian king and took the opportunity to reaffirm his support for the two-state solution.

This new diplomatic offensive is also manifesting itself through cooperation. On 22 November 2021, Israel, Jordan, and the UAE signed an agreement. Under the agreement, Israel will buy solar energy from Jordanian power plants built by the Emirates. In return, Jordan will buy water from Israeli desalination plants. This is part of the so-called Climate Innovation – a foreign policy strategy to strengthen regional relations through green technological cooperation.

The fundamentally positive trend towards regional integration, however, has



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#### SWP

Stiftung Wissenschaft und Politik  
German Institute for International and Security Affairs

Ludwigkirchplatz 3–4  
10719 Berlin  
Telephone +49 30 880 07-0  
Fax +49 30 880 07-100  
[www.swp-berlin.org](http://www.swp-berlin.org)  
[swp@swp-berlin.org](mailto:swp@swp-berlin.org)

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several critical aspects. For example, the new cooperation often centres on the sale of Israeli military and surveillance technology (such as Pegasus) to authoritarian states, which can use this technology against their own populations. In addition, international law is sometimes ignored in relationships brokered by then-US President Donald Trump. This is especially true in the case of Morocco: In exchange for normalisation, the US officially recognised Moroccan sovereignty over the occupied Western Sahara. Moreover, Israeli-Moroccan relations mutually legitimise two occupying powers. Finally, a sometimes intentional, sometimes unintentional consequence of Israel's regional integration is that the Palestinians are increasingly marginalised.

## Conclusions and Outlook

It remains to be seen how stable the current government will be. One risk is the upcoming change of prime minister from Bennett to Lapid in August 2023. The closer the date gets, the greater the pressure on the individual parties to distinguish themselves on core issues. Particularly sensitive issues are the Israeli-Palestinian conflict, aspects of the state's identity, and the status of the Supreme Court. Because the coalition is very heterogeneous, some positions are far apart. This can provoke conflicts. Whenever one political wing wins a point on one of these sensitive issues (such as more settlement construction), it means a defeat for the other. Especially when it is unclear whether the coalition will survive the change of power, this can create a crisis dynamic. The lack of a centre of power and the fact that the individual ministries can act largely autonomously can accelerate such a dynamic. Another challenge for the government could be Netanyahu's withdrawal from politics. Ultimately, Likud remains ideologically closer to the right-wing par-

ties. The biggest obstacle is the person of Netanyahu. It remains to be seen what will happen should he take the currently discussed plea deal.

The new German government should take advantage of the Bennett-Lapid government's offer of talks to resume constructive discussions on conflict issues. A foreign policy guided by values includes both taking into account the special historical relationship with Israel as well as addressing democracy and human rights issues. A discussion on the future of the Palestinian territories seems urgent in the region. The window of opportunity for a negotiated conflict resolution is closing. The parties to the conflict are heading for a situation in which either a binational state — which both sides reject — or permanent control of the Palestinians by Israel is on the horizon. This must be avoided.

*Dr Lidia Averbukh was a researcher in the project "Israel in a conflict-ridden regional and global environment: internal developments, security policy and foreign relations". Dr Peter Lintl is the head of this project. The project is based in the Africa and the Middle East Research Division at SWP and is funded by the German Federal Foreign Office.*