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## **Tensions on the rise: Israel's right-wing government and the EU**

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This short paper analyses the coalition negotiations and the formation of the 34<sup>th</sup> Israeli government and tries to gauge some of the anticipated developments with regards to domestic policies as well as with regards to the Israeli-Palestinian conflict (or the Middle East Peace Process, MEPP). In addition, it explores how these developments are likely to impact Israeli-European relations.<sup>2</sup> In this, it takes a European perspective and focuses on those issues that are of particular concern to Europeans.

### **The 34<sup>th</sup> Israeli government**

While the 34<sup>th</sup> Israeli government was sworn in with the narrowest majority possible (61 MKs) in mid-May 2015,<sup>3</sup> coalition building had not been completed by the time of writing a month later. Not only has the option of including further coalition partners from the center and center-left deliberately been kept open by PM Benjamin Netanyahu (e.g., by keeping the portfolios of foreign affairs, health, communication and regional cooperation for himself for the time being), also

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<sup>2</sup> In addition to media, official and think tank publications, the paper relies strongly on interviews with Israeli and Palestinian officials, academics, and representatives of civil society and the think tank community conducted between 2 and 11 June 2015 in Israel/Palestine, as well as on interviews with European officials conducted in May/June 2015.

<sup>3</sup> For the composition of the government cf. Current Government, [http://knesset.gov.il/mk/eng/mkindex\\_current\\_eng.asp?view=4](http://knesset.gov.il/mk/eng/mkindex_current_eng.asp?view=4).

competencies were still being (re-) distributed between different ministries and agencies.

Netanyahu was neither successful in translating the Likud's strong showing in the March 2015 elections (30 MKs) into a strong government based on a comfortable majority, nor in turning it into a strong Likud position within the government, even though crucial ex-coalition partners and now-competitors (i.e., Avigdor Lieberman, Naftali Bennet, Yair Lapid) had all lost seats to the Likud.<sup>4</sup> Rather, in the coalition negotiations the smaller coalition partners (Kulanu with 10 MKs, Jewish Home with 8 MKs, Shas with 7 MKs and the UTJ with 6 MKs) were successful in extracting a host of influential government posts, resources and political concessions from Netanyahu. That was especially the case in the coalition talks with the pro-settler, right-wing Jewish Home party, after Lieberman of Yisrael Beitenu (with 6 MKs), Netanyahu's coalition partner and foreign minister during his last term of office, announced that he would not join the coalition.

Thus, while an ideologically cohesive right-wing government has been formed (at least, it is much more cohesive than the last one), it is all but stable, and governing effectively will prove a major challenge. Accordingly, most pundits expect the government to last no longer than 1½-2 years, unless the Prime Minister manages to enlarge the coalition and include the Zionist Union (24 MKs), or at least parts of it, or Yesh Atid (11 MKs). Judging from consistent statements by the center parties' representatives since election day, this is unlikely to happen, at least as long as there are no circumstances that render a unity government a 'national duty'. Still, none of the coalition partners currently has an interest in leaving the government and go for early elections. In the end, it might therefore prove rather long-lasting while at the same time not be in a position to effectively govern.

At the same time, the opposition is anything but a coherent block and, apart from bringing down the government, has few shared policy goals around which its components could unite and build an alternative platform. In particular, that goes for Yisrael Beitenu, which is ideologically much closer to the governing parties than

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<sup>4</sup> Cf. Natan Sachs, Israeli elections: Netanyahu IV, Brookings, Markaz No. 14, 15.5.2015, <http://www.brookings.edu/blogs/markaz/posts/2015/05/15-netanyahu-fourth-government-israel-elections>; David Makowsky, Netanyahu Loses Leverage in Forming New Government, WINEP PolicyWatch 2421, 8.5.2015, <http://www.washingtoninstitute.org/policy-analysis/view/netanyahu-loses-leverage-in-forming-new-government>.

to the other opposition parties. In addition, a broader alliance that would include the MKs of the Joint List – after all, with 13 MKs the third largest Knesset faction – does not seem conceivable in the near future. The Joint List’s Knesset faction is composed of Hadash (or the Democratic Front for Peace and Equality) and the Arab parties Balad (or the National Democratic Assembly) and the Islamic Movement.

### **Domestic politics**

On the domestic scene, three major developments should be expected as a consequence of the coalition negotiations and the set-up of the current government and its parties’ priorities:<sup>5</sup> 1) further restrictions to liberal democracy; 2) a strengthening of the Jewish over the democratic identity of the state; and 3) the rolling back of measures adopted under the ‘sharing the burden’ approach advanced mainly by Yair Lapid in the previous government. All of these developments are of concern to Europeans as they put in the question the values Israel and Europe supposedly share.

At the center of restrictions to liberal democracy lie the efforts of the Prime Minister to increase control over the media. For a couple of years already, Netanyahu has worked to tighten his grip on the Israeli media, attempting to dominate public opinion in an ever stronger fashion. He has announced to continue these efforts by reforming the communication sector, e.g. by increasing government control over the Israeli Broadcasting Authority, as well as other means (delegitimization, restrictive licencing, etc.) aimed at weakening those print and electronic media that he sees as lacking loyalty, such as the mass paper Yedioth Ahronoth or TV channels 2 and 10. In order to pursue this agenda, Netanyahu has kept the post of minister of communication for himself and obliged all coalition members to vote in favor of reforms that he is set to present, as well as to refrain from presenting

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<sup>5</sup> For details see, amongst others, Peace Now, *The Settler’s Dream Government*, 10.5.2015, <http://peacenow.org.il/eng/sites/default/files/JewishHomeAgreement100515.pdf>; Eliyahu Berkowitz, *A Look Into Shas’ Achievements in Coalition Deal*, JP Updates, 11.5.2015, <http://jpupdates.com/2015/05/11/a-look-into-shas-achievements-in-coalition-deal/>; Moran Azulay, *Contents of coalition agreements with UTJ, Kulanu revealed*, 4.5.2015, <http://www.ynetnews.com/articles/0,7340,L-4653728,00.html>.

alternative reform initiatives. Centrist Moshe Kahlon is the only coalition partner who reserved for his faction the freedom to vote as he pleases on such reform bills.

Other bills that would restrict liberal democracy, if enacted, have been arrived at in the coalition agreement between the Likud and the Jewish Home, prominent among them an NGO bill that targets organizations that receive public foreign funding, which concerns in practice, above all, human and minorities' rights organizations, setting them apart from media, religious institutions and right-wing establishments that receive private foreign funding. This bill, the final draft of which is not available yet, has been a long-term pet project of the Jewish Home's Ayelet Shaked, now Minister of Justice, and would obligate Israeli NGOs, amongst other things, to get approval from the Knesset's Foreign Affairs and Defense Committee for financial support from foreign governments. The aim of restricting NGOs considered left-wing is shared beyond the government coalition, as a draft bill advanced by Avigdor Lieberman's Yisrael Beitenu in June 2015 shows. According to the draft, NGOs that profit from public foreign donations would need to declare themselves 'foreign agents'<sup>6</sup> – similar to the situation in Russia. Another major legal initiative high on the Jewish Home's agenda and agreed upon in the coalition talks with the Likud is geared towards abolishing the High Court of Justice's right to revoke laws in case they are judged incompatible with the Basic Law and reducing the Court's independence by increasing the number of politicians in the committee that elects its judges.

With regards to the strengthening of Israel's Jewish over its democratic identity, coalition agreements between the Likud and the Jewish Home foresee passing a Jewish nation state bill. A Jewish nation state draft law that would have drastically restricted the rights of Arab-Palestinians was one of the major causes that led to the downfall of the last government. Yet, the coalition agreement states explicitly that such a bill would need approval by all coalition partners and it does not detail the bill's provisions. There seems to be quite some opposition within the coalition against the bill, mainly from the ultra-orthodox parties. At the same time, coalition agreements between the Likud and the Jewish Home on the one side and ultra-orthodox parties on the other not only give the religious parties crucial cabinet

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<sup>6</sup> Jonathan Lis, Yisrael Beiteinu renews bid to brand foreign-funded NGOs as 'foreign agents', in: Haaretz Online Edition, 11.6.2015.

posts, but also foresee strengthening sectoral interests of the religious public, among them a bolstering of the national-religious education system, and fostering the population's Jewish identity. Still, representatives of the Joint List, and in particular its head, Hadash politician Ayman Odeh, have already started to positively change the image of Arab-Palestinian Israelis in the Jewish mainstream and might thus be able to counter-balance to a certain degree some of the discourses and policies that aim at strengthening the Jewish character of Israel. President Reuven Rivlin has also made the agenda of an inclusionary society one of his main talking points since he assumed office.<sup>7</sup>

The two ultra-orthodox parties, Shas and UTJ, with their combined strength of 13 MKs, were especially successful in achieving concessions from PM Netanyahu that, if enacted, will translate into rolling back most of the measures adopted by the previous government that had aimed at the ultra-orthodox communities 'sharing the burden' by paying (more) taxes, serving in the army, and relying less on state hand-outs. They would also backtrack on measures adopted that were geared towards breaking the ultra-orthodox monopoly on conversions. With the Jewish Home heading the Education Ministry, Shas controlling the Ministry of Religious Affairs and UTJ chairing the Knesset Finance Committee, religious parties now occupy crucial posts to see their agenda through.

In the end, while prior experience shows that it is unlikely that the bills discussed above would pass in their maximalist form, there is justified concern that under the heavy influence of right-wing and ultra-orthodox politicians, the current government could take Israel on a more authoritarian path and, by trying to ensure Jewish hegemony, deepen rather than overcome cleavages in society.

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<sup>7</sup> Cf. e.g. his remarkable speech at the 2015 Herzliya Conference on the 'four tribes' of Israel and how to address this 'new order', President Reuven Rivlin Address to the 15th Annual Herzliya Conference, 7.6.2015, [http://www.president.gov.il/English/ThePresident/Speeches/Pages/news\\_070615\\_01.aspx](http://www.president.gov.il/English/ThePresident/Speeches/Pages/news_070615_01.aspx).

## The Palestine question

PM Netanyahu's rhetorical volte-face in his June 2015 Herzliya speech with regards to the Palestine question, reaffirming his commitment to a two-state settlement,<sup>8</sup> after having promised in his election campaign that there would be no Palestinian State under his watch, has not been backed up by any corresponding action and does not hold any credibility. Netanyahu also paid lip service to the two-state paradigm and came forward with a proposal to negotiate about the borders of settlement blocks at the occasion of the visit of EU HR Federica Mogherini in early June – an approach immediately ridiculed by the Palestinians as it was not even put in the context of negotiations about land swaps, let alone the larger questions of Palestinian sovereignty and Israeli withdrawal from Palestinian territory.

Indeed, the government not only has a strong settler representation, important posts have also been assumed by settlers or politicians who have come out consistently against a two-state approach. This has for example been the case with Likud's Silvan Shalom, who has been nominated as the person in charge of, amongst other portfolios, negotiations with the Palestinians, or Likud's Tzipi Hotoveli, nominated as Deputy Foreign Minister, who has argued in favor of annexation of the West Bank. In addition, the Jewish Home has assumed the posts of Deputy Minister of Defense, who is responsible for the Civil Administration of the occupied territories, and the Minister of Agriculture, who is in charge of the Settlement Division of the World Zionist Organization. The party was also successful in the coalition negotiations in pushing for an increase in the budget for settlements.

In the time to come, the Prime Minister will have to find a balance between international demands for a revival of the MEPP, his own interest in avoiding substantial negotiations on the one hand and a renewed conflagration on the other, and his coalition partners' demands for an even more aggressive settlement drive.

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<sup>8</sup> Cf. PM Netanyahu Addresses the Herzliya Conference, 9.6.2015, <http://mfa.gov.il/MFA/PressRoom/2015/Pages/PM-Netanyahu-addresses-the-Herzliya-Conference-9-Jun-2015.aspx>.

## Outlook for the MEPP

This balancing act occurs against the background of a dangerous impasse in the MEPP. Since the breakdown of the last round of negotiations (the so-called Kerry initiative) in April 2014, there has not only been another devastating war in the Gaza Strip in the summer of 2014. Also, Israel-PA relations have been in a downward spiral as both leaderships have shared the assessment that negotiations would not lead to any (acceptable) conflict settlement. Both sides have engaged in what has been termed ‘unilateral’ steps (PA: efforts at internationalization, “law-fare”, such as joining the ICC, the threat to stop security coordination; Israel: expanded settlement drive, temporary holding back of transfers to PA, etc.). Consequently, a new round of serious peace negotiations is unlikely to occur, and even if it were to take place under international pressure, there is no room for any substantial agreement on final status issues between the current Israeli government and the PA leadership.

At the same time, the Israeli leadership and, above all, the security establishment have taken measures aimed at stabilizing the situation in the West Bank, the Gaza Strip and in East Jerusalem, so as to guard against another conflagration and prevent Jihadist groups in Gaza that have pledged allegiance to the self-declared Islamic State from expanding. This has not entailed any principled change of approach, but rather a softening of restrictions, such as an easing rather than an ending of the blockade of Gaza allowing for rehabilitation and some minor exports to go ahead, the resumption of transfers to the PA, an increase in permits for Palestinians from the West Bank to work in Israel and the settlements as well as for Palestinian traders, allowing PA police into parts of East Jerusalem, etc.<sup>9</sup> In view of the diplomatic deadlock that entails serious legitimacy problems for the PA and the dire situation in the Gaza Strip,<sup>10</sup> it is doubtful, however, that such measures are

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<sup>9</sup> Cf. Israeli Ministry of Defense, Coordination of Government Activities in the Territories (COGAT), Civilian steps undertaken by COGAT for the Palestinian population, 20.5.2015 (overview provided by COGAT).

<sup>10</sup> The World Bank, Economic Monitoring Report to the Ad Hoc Liaison Committee, 27.5.2015, [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/05/27/090224b082eccb31/5\\_0/Rendered/PDF/Economic0monit0oc0liaison0committee.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/05/27/090224b082eccb31/5_0/Rendered/PDF/Economic0monit0oc0liaison0committee.pdf).

sufficient to stabilize the situation and preclude renewed violence or a collapse of the PA.

Beyond these immediate risks, the break-down of prospects for conflict resolution has entailed far-reaching consequences: First, as the 2014 Gaza war illustrated, armed confrontations have had ever more devastating consequences for civilians on both sides (albeit with a stark imbalance as regards death toll and destruction) and the periods between them have become ever shorter. It should also be noted by third parties that escalation has regularly followed failed peace initiatives. Second, we have been witnessing the entrenchment of a one-state reality, rather than any progress towards two states living peacefully side by side.<sup>11</sup> Third, the legitimacy of the PA, originally conceived as the nucleus of a Palestinian State and tasked with negotiating the terms of independence and conflict settlement, has been severely compromised. Even as the State of Palestine has been recognized by a large majority of UN member states, de facto has the PA remained restricted to self-administration and largely dependent on close cooperation with Israel and donor support.

### **Prospects for EU-Israel relations**

European officials from member states and the EU alike have shared the frustration about the lack of progress towards a two state arrangement since Oslo, an arrangement in which they see the interests of both parties to the conflict best realized. They are also embittered about the lack of fruit that the investment of considerable sums of European taxpayers' money in the Palestinian state-building exercise and economic development has born, and the ever larger sums they have had to make available for humanitarian aid and budget support to keep the PA afloat. And they are concerned about a two state settlement fast becoming unfeasible, the looming risk of renewed violence and destruction, and the potential collapse of the PA.

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<sup>11</sup> Muriel Asseburg, Middle East Peace Talks at the End of the Road? One-State Reality Consolidating, Berlin, May 2014, [http://www.swp-berlin.org/fileadmin/contents/products/comments/2014C21\\_ass.pdf](http://www.swp-berlin.org/fileadmin/contents/products/comments/2014C21_ass.pdf)

The EU HR, the newly appointed EU envoy for the MEPP, Fernando Gentilini (the post had been abolished by Mogherini's predecessor Catherine Ashton), as well as a host of EU Foreign Ministers have therefore travelled to the region and called for renewed peace efforts, a resumption of negotiations and action to improve the situation in the Gaza Strip. They have also shown an interest in playing an active role in such endeavors. Against this backdrop, the following European activities are currently on the table or in the making: First, a *French initiative for a Security Council resolution* to be put forward this fall. The draft outlines parameters for conflict resolution based on the July 2014 EU Council Conclusions<sup>12</sup> and foresees negotiations over a period of 18 months on a final status agreement to be kick-started by an international conference. It also foresees recognition of the State of Palestine should negotiations fail. It is safe to assume that the text will change on parameters and the recognition question and assume less of a binding character in case the US seriously considers not vetoing it. In case of failure of the initiative, early recognition of Palestine by France might be an option, likely triggering a wave of other EU member states' declarations of recognition. Second, *European engagement for conflict management in Gaza* aimed at improving the humanitarian and economic situation and entailing a long-term ceasefire. Yet, these efforts have been hampered first and foremost by the lack of intra-Palestinian reconciliation as well as by Israel's and Egypt's unwillingness to lift the blockade. In this context, against the backdrop of indirect Israel-Hamas talks about a long-term ceasefire as well as a December 2014 European General Court decision to order Hamas to be removed from the European list of terrorist organizations on procedural grounds, a renewed debate about contacts with the de facto rulers of Gaza is likely to gather momentum. Still, EU member states have appealed the Court's decision and agreed to keep Hamas on the list of terrorist organizations. Third, *Europeans have been increasing their efforts in 'keeping the two state option on the table'*, i.e. trying to prevent further fragmentation of the potential territory of a Palestinian state, with a focus on anti-settlement activities and on supporting resilience of the Palestinian presence in the C areas of the West Bank and in East Jerusalem. In this regard, the 2014 EU funding guidelines are likely to be followed by guidelines on labeling as

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<sup>12</sup> EU Council conclusions on the Middle East Peace Process, Brussels, 22.7.2014, [http://eu-un.europa.eu/articles/en/article\\_15300\\_en.htm](http://eu-un.europa.eu/articles/en/article_15300_en.htm).

well as other steps that differentiate clearly between the EU's dealings with Israel and the occupied territories (see e.g. the 2015 import ban to the EU for chicken and milk products from settlements due to non-recognition of the Agriculture Ministry's veterinary services beyond the green line). In the same vein, European companies and funds are likely to divest in increasing numbers from Israeli firms and banks operating in the occupied territories.

With the likely exception of European engagement in mere conflict management, all these measures will be seen as antagonistic or punitive steps by the Israeli government. Under the assessment that Israel's international standing is deteriorating rapidly, Israeli government representatives have already stepped up their rhetoric against international 'efforts at delegitimization' by dismissing all such measures and criticism of Israeli policies along with the BDS movement as being driven by anti-Semitic motives rather than aimed at ending the occupation and upholding the possibility of a two-states approach. A new unit has been established in the Ministry of Strategic Affairs to combat 'foreign efforts at boycotting Israel'.<sup>13</sup> Yet, such rhetoric is likely to further increase tensions between Israel and the EU with the latter set on a path of clearly distinguishing between its dealings with Israel and with the occupied territories. In light of the measures prepared by the Israeli government that will restrict liberal democracy and, more specifically, target NGOs that receive financial support from European donors or the EU, these tensions are likely to augment further.

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<sup>13</sup> Gilad Erdan handed the anti-BDS mantle, in: Haaretz Online Edition, 11.6.2015.