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Reasons for Optimism in 2021

Impulse paper

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The doom and gloom that characterized the recent years and especially the last year may be replaced by the start of an era of renewal. Next year the human race may be benefiting from several medical responses to the COVID-19 pandemic. The availability of such a response will boost the economic recovery of the worlds' big economies which has already begun in the last quarter of 2020. Politically, the arrival of a new U.S. President in January 2021 may usher the resuscitation of multilateralism, which is essential to solving the key political and economic crises we are facing.

The return to multilateralism will depend mostly on the willingness of the U.S. and Europe to renew the transatlantic political, security and economic community, which all but died in recent years. Doing that will require reaching a conclusion by both that the transatlantic cooperation is essential to solving the global challenges and then the political will and determination on both sides of the Atlantic to translate that to a comprehensive framework.

Transatlantic cooperation will affect the following issues which are part of the strategic environment of both Europe and Israel:

1. Accelerating the exit from the current economic situation;
2. Wrestling with the Chinese challenge;
3. Restoring stability in Eastern Europe;
4. Restoring stability in the Eastern Mediterranean;
5. Fortifying the Joint Comprehensive Plan of Action (JCPOA);
6. Leveraging the Abraham Accords to wider Middle East arrangement including the Palestinian–Israeli conflict and re-starting regional cooperation;
7. Applying the international conventions on the protection of the environment and on climate change.

The strategic posture of the U.S. and Europe has been damaged by the visible distancing between the two which had started before but grew during the Trump Presidency. That has been more noticeable in the NATO context which may have emboldened Russia and its allies in Eurasia. The return of an experienced person in foreign affairs to the White House can help to restore a constructive dialogue on NATO and its role in stabilizing global security.

The U.S. and the EU have been hard hit by the COVID-19 and its economic impact and both are lagging behind the Chinese economy which has already bounced back. There is a need to mobilize all the available resources including the revival of the Transatlantic Trade and Investment Partnership. That agreement will benefit the two largest economies and may assist third countries, like Israel, which have Free Trade

Agreements with both. It may also help in avoiding a destructive economic rivalry over the United Kingdom.

Restoring transatlantic cooperation will certainly strengthen the capacity of the U.S. and Europe to meet the Chinese challenge. Both are faced with an ambitious and often aggressive China, which aims at achieving economic and military parity with other leading individual or group of countries. Europe and the U.S. have been equally aware of the threat China poses to the security of their sensitive academic and industrial research and development institutions in areas like communication 5G, artificial intelligence and quantum. Similarly, they both take a very critical view of the abuse of human and political rights as well as minorities' rights in China. They also oppose the threats China poses to Hong Kong and Taiwan. The U.S. during President Trump's tenure followed a very punitive policy towards China which escalated into a war of custom tariffs. The differences in attitudes between the U.S. and Europe have made it difficult to present a common European-American front on confronting several Chinese practices and have therefore enabled China to manoeuvre.

Israel, which has been torn between the economic benefits of attracting Chinese investments and Chinese involvement in infrastructure projects on the one hand, and Washington pressures to curtail this involvement on the other, would have preferred being a part of a common international coalition related to China rather than being seen as yielding to an American dictate. This argument may be also valid for some states in Europe, East and Central Asia.

The eastern part of the Mediterranean has begun to boil in recent years. The growing tensions are a result of a more confrontational and aggressive Turkish policy in this region as well as in the Middle East and the Arab Peninsula and North Africa. This policy has been triggered by the discovery of natural gas resources not far from Turkey and its frustrations at being unable to enjoy the rights of Exclusive Economic Zones due to the close location of Greek islands to its coast and the absence of a solution to the conflict in Cyprus. In the background loom the realization in Ankara that the road to becoming an EU member is closed and that neither Europe nor the U.S. are ready to stand up to Turkey occupying parts of Syria, or to dividing the whole width of a sector in the Mediterranean between itself and Libya, sending naval units into the territorial waters of Cyprus, buying sophisticated Russian military equipment or converting the Church of Hagia Sophia into a mosque.

This region is part of Europe's strategic envelope. Greece and Cyprus are EU Member States while Turkey and Greece are NATO members and the turmoil requires the intervention of the EU and the U.S. with a comprehensive package which includes a long-term solution the EU-Turkey relations, re-launching of talks to settle the Cyprus conflict and an equitable solution to the maritime conflicts in the Eastern Mediterranean.

The exit of the U.S. from the 2015 JCPOA - the nuclear deal with Iran - and the various U.S. sanctions imposed on Iran have been proven ineffective as Iran continues its activities which are outside the scope of the accord between Iran and the 5 permanent members of the UN Security Council and Germany. U.S. President-elect Biden has already announced his intention to bring his country back to the JCPOA under certain conditions. A coordinated position between the U.S. and the EU (which negotiated the deal with Iran on behalf of France, Germany and the United Kingdom) on the substance and tactics of changes and additions to the JCPOA can be more persuasive as far as China and Russia are concerned and in turn may be significant in softening the Iranian rejection to "updating" the JCPOA.

The Israeli position as indeed that of some of the Gulf states on a possible American return to the JCPOA is relevant. The new U.S. administration and the EU would be well advised to conduct quiet consultations with these states, while the latter would have to contribute concrete ideas rather than just reject such a reversal in the U.S. position.

The European-American common position on Iran can also send a strong message of deterrence to certain rogue states and movements in the region and increase the confidence of others which have been searching for international support in their efforts to meet regional players engaged in destabilizing efforts. This may grow into the most important achievement of the potential EU-U.S. cooperation: How to forge a regional coalition of the willing to meet the consequences of a lost decade of the "Arab Spring" culminated with the disastrous effects of the COVID-19 pandemic.

The analyses by the economists of the World Bank, the IMF and other economic organizations are united in their conclusions: the regions of North Africa and the Middle East have been hit by the "double whammy" and may be the last ones (including the oil-producing countries) to emerge from the global crisis. Several countries with heavy dependence on the tourism industry as well as on transit trade and remittances have sustained significant economic contraction which threatens their economic, social and political stability. This perspective is of a direct concern to Europe.

There is a need for a colossal effort to just start the long haul of climbing out from the current situation. Clearly, very few countries in the region can achieve that on their own, as the majority of them will need international guidance and a wider international political umbrella. Europe and the U.S. should draw from the lessons of the post WW II lessons, those of the 1991 Madrid Conference, the 1995 Barcelona Process, the NATO Mediterranean Dialogue and the Abraham Accords.

The incoming U.S. administration may not view the situation in the Middle East as a strategic priority, but it may be willing to co-chair a major international effort by creating the necessary political environment and providing some of the financial

resources needed. Notwithstanding the criticism of many of President Trump's decisions on the Israeli-Palestinian issues, his success in bringing some of the Arab states to normalize relations with Israel reflects an interest in regional cooperation which is not totally hinged on a comprehensive solution to the Israeli-Palestinian conflict. The Biden administration may benefit from that achievement by adopting a new paradigm in which the 'two states for two peoples' solution remains the goal but the road to attain it may be paved by partial and incremental steps which preserve this goal. If that strategy is adopted by both Europe and the U.S. it will be easier to convince Israelis and Palestinians to agree to proceed in this track. In such circumstances Arab states which are still reluctant to follow Bahrain, the United Arab Emirates and Sudan, may be ready to join regional economic and other activities even in the absence of a comprehensive solution. That may be the case of Saudi Arabia, for example. It announced already that normalizing relations with Israel could happen only after an agreement between Israel and the Palestinians, but it should be recalled that Saudi Arabia took part in the 1991 Madrid Conference and the five working groups that saw close Arab (including Palestinian) cooperation with Israel. It had started before the Oslo Accords but it was certainly made possible by the ongoing political process that ensued in the wake of these agreements. This may be the case now when the mere re-opening of an Israeli-Palestinian political dialogue becomes a trigger for the Saudi government to join work on regional cooperation in which Israel is involved.

Regional cooperation cannot be over-estimated. There is no alternative route for dealing with water scarcity and energy including from renewable sources, enhancing regional and international tourism, increasing available jobs by cooperation in hi-tech and other projects, and only this can accelerate the process of economic recovery in the region. Recognizing that may even change minds in Lebanon which has reached bankruptcy and certainly needs to exploit the assets it has such as natural gas and being a tourist attraction. No political breakthrough between Lebanon and Israel should be expected but indirect cooperation can be achieved through political (the EU/France and the U.S.) and economic (Total and Chevron) third parties.

That is a long list of expectations from two world governments – that of Europe and that of the U.S. Both are overwhelmed by the enormity of the task of getting their own societies back on track. Yet it is part interest part global responsibility which calls them to attend to the Middle East.

Beyond abandoning the wish to annex parts of the West Bank, the Israeli government will have to adjust its policies towards the Palestinians to a new regional and international environment. That applies to building in settlements and other projects aimed at increasing Israel's hold and presence in the West Bank. It applies to the quality of life in the West Bank and Gaza and it applies to being ready to progress

towards the implementation of the two states to two people vision by agreeing with the Palestinians on concrete steps.

Last but not least - various governments and civil society organizations in the Middle East are paying more attention to environmental problems and those created by climate changes. The U.S. President-elect will most probably decide to restore his country's adherence to the Paris Agreement on climate. This will should be followed by a joint European-American to increase regional awareness, compliance and cooperation in this fast-developing global concern.

A very ambitious blueprint but what is the alternative?

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