

## Discussing Annexation Scenarios: A Regional Perspective

Zoom conference, September 16<sup>th</sup>, 2020

Video available on  
<https://www.youtube.com/watch?v=SAuzXeilk8>  
Co-organized by the European Institute of the Mediterranean (IEMed)

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### Background

In recent years, the idea of annexation of some parts, or of the entire West Bank has gained growing popularity in Israeli mainstream politics. During the three election campaigns of 2019 and 2020, Prime Minister Benjamin Netanyahu promised to promote such an annexation if reelected. The idea received further support when US President Donald Trump released his Middle East peace plan in January 2020. The plan provides Israel with a green light to annex up to 30% of the West Bank as part of an agreement with the Palestinians; however, this step can take place prior to any negotiations. In the immediate aftermath of the plan's presentation, a joint US-Israeli annexation committee was formed in order to move forward with the planned annexation, at which Netanyahu originally aimed before the 2020 Knesset election. Many observers criticized this decision, considering that instead of building trust between the conflict parties it continues to deepen disputes and allows Israel to establish facts on the ground, while completely ignoring Palestinian demands.

Tensions between Iran on the one hand and a number of Arab countries have been rising in recent years. In particular Arab Gulf monarchies such as Saudi Arabia and the United Arab Emirates have long been raising their concerns over Iran's involvement in Middle Eastern affairs and what has been perceived as an aggressive interference in regional politics. Accordingly, both in the civil wars in Syria and Yemen, Saudi Arabia and UAE on the one hand and Iran have

– directly or indirectly – intervened on opposing sides. The open and concealed struggles with Iran have led to an increasingly close relationship between Arab countries, such as Saudi Arabia, UAE, or Egypt and the United States under the leadership of president Trump. Considering Iran and its allies a common foe, some form of military and intelligence coordination were known to exist between Israel and several Arab countries. Even so, remaining loyal to the Palestinians, at least on a declaratory level, until recently these countries rejected any kind of open diplomatic contact with Israel.

Following the formation of a joint government between Benjamin Netanyahu and his main opponent, previous chief of staff of the Israeli armed forces, Benjamin "Benny" Gantz, it was agreed that Netanyahu has a green light to promote an annexation in the West Bank starting July 1st, 2020, a move that many consider, if happened, to be his legacy. However, it became clear as July approached that annexation was unlikely to occur. The global outbreak of Covid-19 shifted the Israeli-U.S regional attention, which was internalized to handle the economic and public health crisis. Meanwhile, bearing in mind possible annexation, clandestine talks took place between Israel, the United States and Arab countries in the Persian Gulf. Eventually, these efforts led to the signing of the 'Abraham Accords' and the normalization of diplomatic and economic relations between Israel on the one hand and the UAE and Bahrain on the other. Conditioned by the UAE and Bahrain, Israel committed to postpone any type of annexation. Notwithstanding this obligation, it is unclear whether annexation is 'off the table' for good, or simply put aside for the time being. But even if annexation is abandoned, the accords suggest a major change of attitude in the Arab world towards the Israeli-Palestinian conflict. The Palestinians condemned the normalizations, regarding them as 'treason' by the UAE and Bahrain. While unilateral



action on Israel's part seems less likely now, the status quo, including the settlement activities in the West Bank, remains intact. This month, Prime Minister Netanyahu announced intentions to build 5,400 new housing units in the West Bank. Due to the Arab change of views, it appears that the Palestinian Authority (PA) is more isolated than ever before, thus its ability to strive for a two-state solution is waning.

The Web conference conducted as part of the Israeli European Policy Network (IEPN) and co-organised by the European Institute of the Mediterranean on September 16th, 2020, focused on the probability of annexation in light of recent events. Furthermore, the panel discussed different scenarios of annexation and assessed potential impacts of these outlines on Israel, Palestine and Israeli-European relations.


### **Minutes and Conclusions from the Conference**

The conference discussed three different scenarios for annexation, outlined in a paper written by Dr. Ruth Hanau Santini and Dr. Jan Busse. Despite being written before recent developments, the Abraham Accords are not dramatically changing the prospects of some kind of annexation but postponing it. Therefore, three main plans for possible annexation are considered:

The postponement of annexation for the foreseeable future- This scenario, which is presently ongoing, illustrates a limited impact on the condition of Palestinians living in the West Bank. The normalization with the UAE, Bahrain and possibly other countries rewards Israel for withholding annexation for the time being. However, this is not considered as the most probable scenario. This scenario would materialize if the US would exert considerable pressure, under the guise of severe cuts or a strict conditionality imposed on military bilateral aid. The latter would be successful if combined with simultaneous diplomatic pressure by Arab countries, particularly Jordan, Egypt, Gulf countries, and a unified EU, openly taking into consideration retaliatory actions. Such measures include Israel's exclusion from EU programs on scientific cooperation, high-tech and technology transfers, doubled by EU single Member States' analogous actions in bilateral trade and agreements,

all of which seems highly unlikely. The faltering of some within the US administration vis-à-vis unilateral annexation, in the absence of negotiations with the PA and of clear security concerns aired by Israel, has led to the postponement of Netanyahu's actions. The decline in popularity both of President Trump and of Netanyahu linked to their mishandling of the pandemic might make them reconsider embarking on such divisive moves. However, given a strong support for Israel by the core Republican constituency and the Zionist evangelical forces, the cornerstone of Trump's electoral base, it is unlikely that the window of opportunity for annexation in the US has forever closed. Moreover, the potential competitor Joe Biden has already signalled to AIPAC that he would not reverse any decisions made by his predecessor. He would compensate by restarting the dialogue with the PA and reinstating some US financial aid cut by the Trump Administration (520-630 million USD annually). Arab Gulf countries, apart from strong initial rejection statements by the UAE and Jordan, have so far failed to take strong public stances beyond timid declaratory policy aimed at deterring any change with regard to the status of the West Bank. In particular, the low-key profile kept by Egypt on the matter is noteworthy. Whether the peace agreements with Jordan and Egypt would be in danger if annexation shall occur remains hard to assess but it is very unlikely that Egypt would jeopardise any military gain with Israel for the sake of neither the PA nor Hamas. Egypt so far remained quiet, while the Hashemite Kingdom suspended bilateral security cooperation and threatened to suspend parts of the 1994 peace deal. But doubts persist over this being mere signalling or substantial threats with a deterrent potential and aimed at silencing its own conspicuous Palestinian minority to safeguard the domestic political balance of the Kingdom.

Partial annexation- viewed as a more likely option. Palestinians living in the territories to be annexed would require obtainment of Israeli documents like those in East Jerusalem. Such type of annexation will place thousands of Palestinians in an unclear legal status. This scenario also includes a possible immigration wave of Palestinians from the Jordan Valley to Jordan. In this scenario, the annexation of big Jewish




settlements in Area C of the West Bank, including Ma'ale Adumim and Gush Etzion would take place. The annexation could range from 6.8% to 23% of the West Bank if all Israeli military facilities, the water sources, the Dead Sea accesses, the major Israeli industrial zones and some natural parks were included. Few dozen thousands of Palestinians would be involved in this scenario, their post-annexation status likely -but not for sure- comparable to Palestinians of East Jerusalem. Israel would try to limit the numbers of Palestinians living in annexed lands as much as possible, in order to avoid a demographic ticking bomb. It is very unlikely that the Palestinians from annexed territories would be offered citizenship, considering that some 320.000 East Jerusalemites living in an area being de facto annexed in 1980 were granted only a temporary but renewable residency status, constantly under threat of revocation. Also, the 2018 Jewish Nation-State Law which does not extend equality to all its citizens but only to the Jewish majority, thereby legally creating different citizenship status' categories, makes it very unlikely that Palestinians from annexed areas would receive citizenship. In the best-case scenario, they would be offered civil rights without national rights and with limited political rights (vote at the municipal elections). In this scenario, Jordan would bear the brunt of refugee flows of up to approx. 30,0000 Jordan Valley-inhabitants, according to United Nations figures, landowners, peasants and commuters seeking refugee status in the Kingdom or PA-administered Area A, either voluntarily leaving Palestine or being forced to relocate within it. Jordan already hosts 2 million Palestinian refugees, almost half of its population, and this number, despite being unlikely to fully destabilize the country, demographically and politically, could set a risky unilateral precedent for both the PA and the Hashemite Kingdom. It is unlikely that the EU or any other international organization would legally stigmatize Israel, for example adopting punitive resolutions or implementing sanctions, while declaratory statements, despite expected, would bear no consequences. The likelihood of establishment of a Palestinian state would hit its lowest point in years, while the survival of the PA could not be granted anymore and social unrest in the OPTs and military

reactions from the Gaza Strip would have to be expected.

A large-scale annexation- in this least expected outcome, Israel will annex not only Jewish settlements but also strategic areas- Palestinian agriculture lands, water reservoirs, etc. Such a form of annexation will most likely separate the north and south of the West Bank and include the isolation of Jericho. This would of course, have a significant impact on Palestinians and possibly include a larger wave of immigration to Jordan and cause increased poverty. This kind of massive annexation would contain all settlements plus all key strategic resources (including infrastructures, agricultural lands and retroactively legalizing the expropriation of private Palestinian land in area C, which was already pronounced illegal by the Israeli Supreme Court this June, plus complete isolation of Jericho and cut-off of the Northern West Bank provinces (Tulkarem, Jenin and Ramallah) from the Southern ones (Bethlehem, Hebron), equaling 30% in the West Bank, as envisioned in the Trump Plan. In this scenario, in addition to the Jewish settlements close to the Jordan Valley, Israel would gain control of the Mountain Aquifer, the largest and most significant source of high quality drinking water, equivalent to roughly one third of the yearly water consumption in Israel, and in particular the Western Mountain (Yarkon-Taninim) Aquifer, which is fed by rain falling on the western slopes of the West Bank mountains. This scenario would bring about significantly more Palestinians' displaced, would threaten the agricultural subsistence of thousands Palestinian households in the West Bank and would expose Palestinians to severe food insecurity.

### **The probability of annexation**

"The issue of annexation is frozen but can be de-frozen very easily. It would be a mistake to consider this matter as important solely to the right-wing extremists and therefore buried away", says former Knesset member Ksenia Svetlova. But even if it were, right-wing politicians are gaining strength due to Israeli internal politics and the poor management of the Covid-19 health and economic crisis. Although officially, this is not an election year in Israel, de-facto the country is edging closer to yet another election.



The central left is not posing any concern to Prime Minister Netanyahu. However, Netanyahu is being challenged from the right as Naftali Bennet and his party, known as avid supporters of annexation, draw closer to Netanyahu's Likud party. When Israelis eventually realise that they are not about to fly to the UAE or Bahrain any time soon because of Covid-19, the enthusiasm regarding the Abraham Accords could decline, and later in the run-up of future elections, it is likely that the annexation issue could be on the table once again. Netanyahu will have to face the critics of the far-right opposition for having traded annexation for peace with the Gulf states. But how will the UAE and Bahrain react should talks of annexation resurface? It is yet unclear and depends heavily on the American presidential elections. This naturally depends on Israel's motivation for peace. Dr. Muriel Asseburg commented in the seminar that "The conditionality is peace for fighter jets, there is very small incentive for Israelis to give up control over the occupied territories". This means that the Abraham Accords make the occupation even less costly than it was before. In this context, the least likely of the three scenarios is the implementation of the Trump peace plan – for which there is no Palestinian consent and it became divisive within Israeli society and Israeli right-wing factions who resist any kind of Palestinian state. A large-scale scenario is not expected to occur as well. In all probability, some form of small and slow action is more conceivable- continuing with the deepening of the overarching control of Israel over Palestinian lives under a growingly dysfunctional Palestinian Authority, de-facto and de-jure. Israeli law has already formally been extended to Israeli settlements in the West Bank and in East Jerusalem. This method leading to the entrenchment of a "one state reality" is expected to endure, mainly because of Netanyahu's ambition to keep the status quo and avoid big moves. This status quo appears indeed to be very convenient for Prime Minister Netanyahu, with the Palestinian Authority as a subcontractor of the occupation and the EU taking on large parts of the costs of this occupation. The current Israeli doctrine affirms that as long as there is no substantial change on the ground, it can be argued that occupation is only temporary process and that apartheid does not exist.

Concerning the legitimacy of annexation, Hiba Hussein remarked in the seminar that Palestinians perceive annexation as: "A crime against international law. It legitimizes the delinquencies of the settlements and is almost a declaration of war against the Palestinians". Unilateral annexation affects over 100,000 Palestinians in Area C, who are in danger of displacement to Jordan. Moreover, Areas A and B will be further enclosed and the freedom of movement of its inhabitants increasingly reduced. Seizure of the Jordan Valley will harm Palestinian water resources and create food insecurity. Moreover, past hardships leads Palestinians to deny that normalization between Arab nations and Israel should lead to any sort of valuable change for them.

### **The Economic Implications of Annexation**

An extensive paper composed by Macro Center for Political Economics, outlines the potential economic effect of annexation on Israeli and Palestinian economies:<sup>1</sup>

A large or even partial annexation of territory and Palestinian population could have dire results for the Israeli and Palestinian economies. Since the establishment of the Palestinian Authority in 1994, it has been given a total of 19 billion USD in financial aid from European countries and organizations. Should an annexation of some parts of the West Bank lead to the collapse of the Palestinian Authority, all the efforts and investment conducted by European partners to support the two state solution, the existence of the Authority and the welfare of the Palestinian people would have been wasted. "The cost of annexation to Israel would be high, 52 billion NIS in direct costs. In contrast, there are many positive opportunities to be gained by normalization with Arab nations, making annexation a completely irrational economic decision". 2.6 million Palestinians reside in the West Bank. The Palestinian economy depends completely on the Israeli one, but completely differs from it. In 2018, The GDP per capita in the West Bank is only 12.1% of the GDP

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<sup>1</sup> R. Nathanson and Y. Weiss, "The Domestic and International Economic Implications of a Possible Israeli Annexation in the West Bank", Macro Center for Political Economics, July 2020.

per capita in Israel – \$5,044 in the West Bank, compared to \$41,735 in Israel. Another measure that highlights the gaps between the Israeli and Palestinian economies is unemployment. In 2018, the unemployment rate in the West Bank was 17.6% compared to 4.0% in Israel. In addition, the labor force participation rate in the West Bank is much lower compared to Israel – 46.1% and 63.6% respectively. This data illustrates the dependency of the Palestinian economy on the Israeli one, and that the Palestinians under annexation by Israel would have to be significantly supported by the welfare institutions in Israel. In the case where the Palestinian Authority collapses in response to an Israeli decision to annex some parts of the West Bank, the economic costs for Israel would amount to 52 billion NIS per year. 29.1 billion NIS would be paid in form of allowances to the Palestinian population living in annexed areas. Those allowances include income support, child allowances, disability allowances, unemployment benefits, maternity grants and old age pension. In addition, Israel would have to provide education and health services to the Palestinians, services that are currently being provided by the Palestinian Authority. Therefore, education expenditure on the Palestinian population is expected to be 14.6 billion NIS and National Health Services 16.1 billion NIS. Other governmental expenditure is expected to be 5.4 billion NIS. In addition, there will be a need to reform the civil administration in the West Bank, which is expected to cost 2 billion NIS to Israel. All in all, those costs conclude to 67.2 billion NIS. Yet, income from different taxes and fees are expected to make a profit of 15.3 billion NIS, making the economic price of an annexation reach 52 billion NIS in the case where the Palestinian Authority collapses.

### **The Future of The Two-State Solution**

According to former MK Svetlova: “The Abraham Accords make Israelis believe that it is possible to make peace with Arab nations thousands of kilometres away, while ignoring any responsibilities to their Palestinian neighbours”. The Palestinian Authority is being forced to give away much of its municipal responsibilities and control to Israel. Israel is taking care of civilian affairs in addition to trade and passage

with Jordan. The hold of the ‘one state solution’ and the weakening of the Palestinian Authority is taking form by these developments. In addition, the fragility of the PA is made worse by Covid-19, economic pressure and attempts by Hamas to undermine its authority. The exacerbated isolation of the PA following the accords weakens it further. The possibility of dialogue is therefore diminished and chances of any significant progress in negotiations are slim. Former Quartet Envoy for the Middle East Tony Blair claimed that the accords present an opportunity to make peace with the Palestinians. However, the potential leverage of the Palestinians is virtually non-existent since the accords symbolize the demise of the Arab Peace Initiative- no to peace or normalization until agreements are made between Israel and Palestine. It seems that the Gulf states will no longer defend the Palestinians at all costs. Beyond the “fatigue” of the Palestinian cause among their ruling elites, they indeed seem more concerned by the growing threats posed by two non-Arab regional actors, Iran and Turkey, pushing them to find new regional allies. Without their patronage, it becomes less attractive for Israel to strive for negotiations and more difficult for the PA to defend its sovereignty, now cornered in a position of rejection and boycott.

### **Impact on European-Israeli relations**

Europeans have been active in rejecting annexation and promoting a two-state solution. However, the EU has made it comfortable for Israel to maintain the status quo, since it carries much of the weight of the occupation via massive donations and contributions to the Palestinian Authority. Because of the latest developments in the region and the American approach to the conflict, it seems evident that the EU needs to reevaluate its approach to the two-state solution. The EU should seriously and meticulously review its cooperation with Israel and the Palestinian Authority in order to support Palestinian voices in the Occupied Palestinian Territories without further entrenching the Israeli occupation. While Europe should not necessarily abandon the two-state solution and in turn resist Trump’s plan, it must remain open to new ideas (bi-national state, confederation) ensuring self-determination, security and equal civil



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rights for all, and analyse the factors that made its conflict resolution initiatives unsuccessful so far. Thus, the EU should focus its effort on empowering Palestinians' voices, opening up a space for them to be heard, including those who oppose the old two-state paradigm. All the while, cooperating with "watchdogs" organizations that inspect Israeli and Palestinian action.

For the full-text article "The Domestic and International Economic Implications of a Possible Israeli Annexation in the West Bank": <https://bit.ly/3gdfyf1>



For the full text article "Narratives on Scenarios of Annexation": <https://bit.ly/3pfc3um>



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