ALLIANCE IN CRISIS:
Israel's Standing in the World and the Question of Isolation

Executive Summary

Israel's international standing has been the focus of attention for many years. Is Israel moving towards international isolation? Can one quantify the effects of the widely discussed boycotts on Israel's economy? What can be done to put an end to Israel's rapidly deteriorating relations the West? These are questions that rightly occupy the thoughts of many Israelis as well as the country's leadership.

This report analyzes Israel's international relations with the goal of arriving at a clear understanding of Israel's current status in the world, and aims to identify the specific threats and opportunities it faces. It focuses on the three arenas of diplomacy, economics, and culture. The principle findings are as follows:

- Israel's international standing is an unprecedented success story. Israel's central role in the international community in a variety of fields — from science and culture to security and diplomacy — is a remarkable accomplishment.

- Apocalyptic scenarios of imminent isolation are exaggerated. An analysis of the diplomatic arena demonstrates that Israel is far from being isolated in the world. Israel does not suffer delegitimization and boycotting Israel (proper) is a relatively marginal phenomenon. This is because almost all political actors who come in contact with Israel unequivocally accept its right to exist and the justification for its existence. Israel and its allies share not only an ad-hoc strategic partnership but an ideological and moral partnership as well.

- Over the last decade, and particularly since Prime Minister Netanyahu's return to the premiership in 2009, Israel has often overestimated its own international clout while underestimating the potential damage of deteriorating ties with the US and Europe. Without a change in policy, these costs are expected to rise in the future.

- It has become a trend in Israeli foreign policy that whenever a crisis occurs between Israel and one of its allies, Israel tries to shift focus away from the crisis by attempting to create new partnerships — in Russia, Asia, or elsewhere. An analysis of these attempts shows that the idea that Israel can substitute traditional Western alliances for these new partnerships is unfounded.
Israel’s policy in the territories not only harms its relations with the world, but also the efficacy of its diplomacy. On a formal level, Foreign Ministry officials are required to maintain a stance of two states for two peoples, yet de facto, they invest a great deal of precious time and resources defending a policy of occupation that conflicts with this commitment.

A potentially more significant phenomenon is the widespread and undocumented unofficial avoidance of engaging with Israeli institutions. This avoidance virtually always relates to Israeli policy in the territories and is motivated by various factors, but it is clear that it has had and continues to have vast implications and unidentified costs.

This analysis, using various parameters in three focus areas over the past number of years, demonstrates that virtually every incidence of Israel’s less than optimal foreign relations with the West is directly linked to its presence in the occupied territories. An international consensus exists that rejects Israel’s policies beyond the Green Line, which by all a reasonable estimates, should not be expected to change in the future. The notion that it is possible to ignore this point of contention between Israel and the international community is irresponsible and not anchored in reality.
Policy Recommendations

Israeli politicians across the political spectrum must recognize the deterioration in Israel's international standing and the danger of growing isolation. Those who refuse to do so jeopardize the prosperity and even future existence of the State of Israel. The primary cause for this deterioration is the settlement project, which a sweeping international consensus opposes. The secondary cause is Israel's ongoing military occupation in the West Bank. Since the occupation will be terminated in the framework of a comprehensive peace accord, it is true that significant progress along this path does not only depend on Israel. Even so, in negotiations steps should be taken that advance Israel's interests in the international arena that clearly demonstrate its aspiration to reach a two-state solution. They include the following:

A. Halting the various measures of annexation: Israel must desist from taking steps that are interpreted as reflecting its intention to perpetuate its control of the West Bank or to annex its territories to Israel. Inter alia, the government of Israel must refrain from promoting infrastructure that links Israel with the territories, such as the plan for the new railroad lines recently approved by the Civil Administration. It must also loosen its stranglehold on Palestinian life in Area C. Above all, government initiatives for new construction in the territories, such as the tenders for construction in Area E1, must be canceled.

B. Freezing construction in the settlements: Even without negotiations on the horizon, and certainly when they are (as is presently the case), Israel should freeze all construction in the settlements. In addition to Israel's commitment on this issue within the frameworks of the Oslo Accords and the Road Map, the continuation of construction in the settlements is a "red flag" to the world, signaling Israel's intention to maintain its grip on the West Bank and directly affects its international standing and the extent of its isolation.

C. Advancing the Evacuation–Compensation bill: Like the legislation enacted prior to the withdrawal from the Gaza Strip, members of Knesset should advance similar legislation that would guarantee the rights of those who voluntarily leave settlements in the West Bank. This proposal would enable those who are already interested in vacating their homes to do so. More importantly, it would demonstrate the seriousness of Israel's intentions regarding the two-state solution and ending its control in the West Bank to the world.

D. Battling illegal outposts: Today, the State of Israel directly and indirectly supports some 130 outposts established after the signing of the Oslo Accords. These are outposts that the state itself defines as illegal. Even prior to more comprehensive evacuations, law enforcement authorities in Israel must do their utmost to put an end to the absurd situation in which the state provides considerable funding and resources to an organized enterprise that it defines as illegal. This fight must include budgetary transparency with respect to state funds invested in the West Bank. It must block the provision of educational services and infrastructure to the outposts, and actively enforce Israeli planning and construction laws.