



# THE REPERCUSSIONS OF PARTIAL OR FULL WEST BANK ANNEXATION BY ISRAEL

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“The Repercussions of Partial or Full West Bank Annexation by Israel”

## Executive Summary

More than 50 years after Israel's sweeping victory in 1967 wrested control of East Jerusalem and the West Bank, among other areas, prospects for negotiating a long-term agreement inclusive of a territorial component between Israelis and Palestinians are as dim as ever. Instead, legislative efforts and public discourse in Israel have increasingly trended toward unilateral annexation of West Bank territory. As this analysis details, extending Israeli sovereignty over any or all Jewish settlements in the West Bank outside the framework of an agreement bears significant risk to Israel's national security, international reputation, diplomatic and security ties, economic prosperity, and domestic security.

In the wake of the murder of 18-year-old Dvir Sorek—a yeshiva student and off-duty soldier found stabbed to death by Palestinian terrorists on August 8, 2019, near a Gush Etzion settlement— outpourings of grief were accompanied by numerous calls for West Bank settlement construction and annexation.

Speaking at a ceremony in the Beit El settlement, Prime Minister Benjamin Netanyahu promised to continue building settlements and “deepen our roots in our homeland.” Benny Gantz, leader of the centrist Blue and White Party, also proclaimed the importance of “building in Gush Etzion, which is part of the state of Israel, and in all the places we consider as having important strategic value.” Meanwhile, Knesset Speaker Yuli Edelstein and United Right leader Ayelet Shaked argued further in support of annexing some or all West Bank territory, and especially “consensus” areas like Gush Etzion.<sup>1</sup>

The death of Dvir Sorek has reignited Israeli discourse surrounding West Bank annexation, an issue that has been steadily gaining political traction. Supporters have claimed that an increased civilian presence in the West Bank and application of sovereignty in consensus blocs will resolve much of the conflict over the area and decrease violence.

Encouraged by recent precedents such as 2014 Crimea annexation by Russia and the August 2019 unilateral revocation by India of Kashmir's autonomous arrangement, the Israeli protagonists of West Bank annexation have seemed to pick up the pace. The United States does not turn a blind eye to these trends. Rather, it does not rule out annexation. Asked about it in an interview with *The New York Times*, U.S. ambassador to Israel, David Friedman, replied “We really don't have a view until we understand how much, on what

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<sup>1</sup> Noa Landau, “After West Bank Murder, Netanyahu Vows to Build ‘In All Parts of Our Historic Homeland,’” *Haaretz*, August 8, 2019, <https://www.haaretz.com/israel-news/netanyahu-pledges-to-build-more-settlements-in-wake-of-west-bank-stabbing-attack-1.7651003>; TOI Staff and Judah Ari Gross, “Lawmakers Blame Government Policies, Push for Annexation After Student Killed,” *The Times of Israel*, August 8, 2019, <https://www.timesofisrael.com/lawmakers-blame-government-policies-push-for-annexation-after-student-killed/>; Tovah Lazaroff and Jerusalem Post Staff, “In Response to West Bank Terror, Netanyahu Hints at Annexation of Area C,” *Jerusalem Post*, August 8, 2019, <https://www.jpost.com/Arab-Israeli-Conflict/Politicians-call-for-West-Bank-annexation-in-response-to-terror-attack-598025>.

terms, why does it make sense, why is it good for Israel, why is it good for the region, why does it not create more problems than it solves."<sup>2</sup>

Nonetheless, most Israelis believe that the preferred way to secure a democratic nation-home for the Jewish people in *Eretz Yisrael* within secure and recognized boundaries is based on the two-state principle. Maintaining the status quo is not an option for them, as it means a dangerous Israeli decline into a disastrous reality of one state. Such a state will either comprise a non-Jewish majority or will be non-democratic, lacking equality between its inhabitants; it would perpetually be on the verge of civil war.

Based on the assumption that Israel has a strategic window of opportunity to take independent and coordinated steps, while negotiating a longer-term agreement, several realistic plans were put on the shelf. The Institute for National Security Studies (INSS) has a comprehensive political and military plan<sup>3</sup> for starting traction toward a reality of two distinct political entities. Among other things, it suggests drawing a provisional border that would encompass the large blocks of settlements comprising ~75% of the settlers without annexing any West Bank territory until a final agreement is attained.

In contrast, no matter the geographic extent, annexation will initiate a perilous and nearly irreversible process, endangering Israel on numerous fronts. It will face international reprisals, a cooling of diplomatic relations with global and regional allies, and a diminished economic outlook. The inroads of Oslo will be all but undone, undermining the territorial viability of a future Palestinian state and jeopardizing the security and civil coordination with the Palestinian Authority. Rather than approaching the two-state-for-two-people vision, West Bank annexation will bring the Jewish-democratic state of Israel to a dangerous crossroads, and perhaps to the point of no return.

## 1. Introduction

Since the 1947 United Nations General Assembly Resolution 181 proposing the partition of Mandatory Palestine into distinct Jewish and Arab national entities, numerous attempts have been made to separate Israelis and Palestinians, yet none have succeeded. The bloody 1948 War that ensued after the UN Partition Plan resulted in an independent Jewish state, but no corresponding Palestinian one.

When Israel was attacked in 1967 by five Arab states, which were supported by eight additional ones, it swiftly conquered the Gaza Strip and the Sinai Peninsula from Egypt, the West Bank and East Jerusalem from Jordan, and the Golan Heights from Syria. Rather than solidifying borders, the victory of the 19-year-old country fighting for its life further

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<sup>2</sup> David M. Halbfinger, "U.S. Ambassador Says Israel Has Right to Annex Parts of West Bank," *New York Times*, June 8, 2019, <https://www.nytimes.com/2019/06/08/world/middleeast/israel-west-bank-david-friedman.html>.

<sup>3</sup> Amos Yadlin, Udi Dekel, and Kim Lavi, "A Strategic Framework for the Israeli-Palestinian Arena," Institute for National Security Studies, March 2019, <https://www.inss.org.il/publication/strategic-framework-israeli-palestinian-arena/>.

entangled the lives of Israelis and Palestinians. Although Israel returned the entirety of Sinai to Egypt in 1982, no other territory captured in 1967 has since been determined or allocated in a bilaterally negotiated resolution.

In the 1990s, the Oslo Accords provided the first clear roadmap to a two-state agreement between Palestinians and Israelis. Subsequent permanent status negotiations—in 2000-2001 at the Camp David Summit and the Taba Talks, in 2007-2008 at the Annapolis process, and in 2013-2014—advanced this blueprint for mutual separation into two states but have failed to secure a permanent resolution. Twenty-six years after the signing of the Declaration of Principles (known as the DOP or Oslo I), no long-term agreement has been reached, and the way forward has become increasingly muddled by incremental de facto annexation via Jewish settlement in the West Bank, outbreaks of Palestinian terror and violence, and a complete breakdown of trust on both sides.

Today, the two-states-for-two-peoples vision seems increasingly improbable yet remains indispensable. A two-state reality is essential for attaining a democratic Jewish national home in *Eretz Yisrael* within secure and recognized boundaries. The Zionist enterprise never endeavored to effectively rule over another people, let alone for more than half a century. A partition of the land between the Mediterranean Sea and the Jordan River into two distinct nation-states would make Israel the Jewish democracy it set out to be and provide freedom and statehood for the Palestinians. More than ever, drawing a border between the two nation-states, even a provisional one, is an urgent priority.

Though necessary, such an agreement seems more distant than ever, particularly as the Israeli government contemplates annexation of settlements in the West Bank. Annexation could come in many forms: annexing only the largest “consensus” settlement blocs (Gush Etzion, Ma’ale Adumim, Givat Ze’ev, etc.), most or all of the Jewish settlements and outposts in Area C, all of Area C, or even the entire West Bank. This analysis will explore the consequences of partial or full annexation regarding Israel’s international standing, internal cohesion and socio-economic fabric, and security within a larger framework of regional stability.

## 2. Legal Repercussions

### *2.1 Historical Context*

United Nations Security Council Resolutions 242 and 338 have long served as the basis for Israeli-Arab negotiations. The 1949 Armistice Agreement, marking the cessation of hostilities between Israel and its neighbors, established a cease-fire line commonly known as the Green Line, which acted as a de facto border from 1949-1967. UNSCR 242 and 338, adopted after the 1967 Six-Day War and 1973 Yom Kippur War, respectively, enshrined the Green Line as a demarcation of sovereignty and demanded the withdrawal of Israeli forces from “territories occupied” after 1967.

In 1995, the Oslo II Interim Accord signed by Israel and the Palestine Liberation Organization (PLO) divided the West Bank into three administrative areas: A, B, and C. Israel kept full civil and security control of Area C (~60% of the West Bank); the Palestinians were granted with civil and public order responsibilities in the rural Areas B (~20%) with Israel maintaining the overriding security authority; and finally, full responsibility was granted for the Palestinians in the civil and security realms in the seven cities comprising Area A (~20%).

This transitional arrangement was initially planned to last for a period of five years, after which a negotiated permanent agreement would be implemented. Twenty years past the deadline, not only do Israel military forces remain in the occupied territories, but thousands of Jewish Israeli civilians have settled in the West Bank. The UN Security Council has continually condemned such Israeli presence as unlawful, citing the Geneva Convention relative to the Protection of Civilian Persons in Time of War as prohibiting changes in legal or demographic status to territory captured by an occupying force in war.

Of course, the Israeli perspective and interpretation are different. Passed under Chapter VI of the UN Charter after the Six Day War, Resolution 242 states the principles meant to govern the “withdrawal of Israeli armed forces from territories occupied in the recent conflict.” Importantly, the resolution discusses withdrawal from “territories” rather than “*the* territories,” an intentional omission that has had a significant role in framing the assumptions and expectations of all parties involved since 1967.

According to Arthur J. Goldberg, the U.S. Ambassador to the UN at the time, the words “the” and “all” were omitted so as not to specify the extent of Israeli withdrawal. The British Ambassador to the UN, Lord Caradon, further noted that the boundaries pre-1967 were not drawn as permanent borders but were rather “a cease-fire line of a couple decades earlier.” In 2002, former Palestinian Minister of International Cooperation, Nabil Shaath, rejected UN Resolution 242 as “no longer suitable” for the selfsame reason, supporting instead the Arab Peace Initiative, which *does* demand complete withdrawal to the '67 borders.

Since then, Israel's official definition of the West Bank territory has ranged between Occupatio Bellica (belligerent occupation) and "Disputed Land."

## 2.2 Precedents

### 2.2.1 The Golan Heights

With this legal context in mind, the Israeli annexation of the Golan Heights in 1981 is a salient precedent for potential West Bank annexation. In March 2019, PM Netanyahu claimed that since Israel occupied the Golan in a defensive war, the territory fairly belongs

to Israel,<sup>4</sup> an assertion bolstered by its timing: one day prior, President Donald Trump officially recognized Israeli sovereignty over the Golan Heights.<sup>5</sup>

Trump administration aside, the U.S. and UN have condemned the Golan Heights Law since its 1981 passage. Nevertheless, the international community has reluctantly accepted Israel's control over the Golan Heights as a result of unique situational features. Israel *was* acting defensively in occupying the Golan against a Syrian invasion and has maintained control of the territory for obvious strategic purposes—namely, the Golan Heights overlooks Lebanon, Syria, and Israel, including major Israeli water sources, the Sea of Galilee and the Jordan River. Additionally, there are as few as 27,000 non-Jews living there, predominantly ethnic Druze, reducing the urgency of population issues.

The case of West Bank de jure annexation, however, is not analogous to either the historical or demographic conditions in the Golan Heights. Unilateral application of jurisdiction or sovereignty over territory in the West Bank would be seen as a premeditated act against a Palestinian partner with whom Israel has been attempting to negotiate, and would impinge on territory in which 2.7 million Palestinians reside—land the majority of which Israel is supposedly prepared to offer for a future Palestinian state.

It is also important to note that in 2014, the Israeli Knesset took steps to protect its control of the Golan Heights with the “Basic Law: Referendum.”<sup>6</sup> According to the law, any Israeli government seeking to remove Israeli jurisdiction from territory in which it already applies—such as the Golan—must receive the approval of at least 80 of 120 Knesset members or, alternatively, 61 members of the Knesset and 50% public support by way of a general referendum. Thus, any annexed territory will be extremely difficult to return, given the high threshold of legislative and public support required.

### 2.2.2 Russian Annexation of Crimea

The events of 2014 offer a more modern precedent, when Russia annexed the Crimean Peninsula in the wake of protests in Ukraine against pro-Russian President Victor Yanukovich. Russian President Vladimir Putin, feeling pressured to boost his slumping popularity among the public, successfully ignited Russian nationalism by annexing Crimea and immediately saw returns to his popular image.

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<sup>4</sup> David M. Halbfinger and Isabel Kershner, “Netanyahu Says Golan Heights ‘Proves You Can’ Keep Occupied Territory,” *New York Times*, March 26, 2019,

<https://www.nytimes.com/2019/03/26/world/middleeast/golan-heights-israel-netanyahu.html>.

<sup>5</sup> Vanessa Romo, “Trump Formally Recognizes Israeli Sovereignty Over Golan Heights,” *National Public Radio*, March 25, 2019, <https://www.npr.org/2019/03/25/706588932/trump-formally-recognizes-israeli-sovereignty-over-golan-heights>.

<sup>6</sup> Joel Singer, “Trump’s Recognition of Israeli Sovereignty in the Golan Heights and Netanyahu’s Promise to Annex the Jewish Settlements in the West Bank – Poison Pills to Middle East Peace,” Joel Singer, May 16, 2019, <https://www.joelsinger.org/trumps-recognition-of-israeli-sovereignty-in-the-golan-heights-and-netanyahus-promise-to-annex-the-jewish-settlements-in-the-west-bank-poison-pills-to-middle-east-peace/>.

Five years later, the nationalist zeal in Russia has faded, and the public is coming to grips with the international backlash.<sup>7</sup> EU- and U.S.-imposed sanctions have reduced Russia's expected GDP by almost 6% and wages have stagnated.<sup>8</sup> Segments of the Russian populace have grown tired of the country's antagonistic relations with the West and are seeking international re-engagement with strong allies, which they see as more important than Crimea.

In a volatile region and with less power than the Russian Federation, Israel can hardly afford to become a rogue state and bear the brunt of international isolation, more so once the White House is occupied by a less tolerant resident.

### *2.3 Legal Repercussions*

While any act of formal annexation will be met with swift international condemnation, there are few avenues for legal penalties on the global stage. UN Security Council Resolutions may have implications for international law but are largely ineffectual at changing facts on the ground in Israel and the Palestinian Territories. Annexation could ultimately trigger a criminal investigation by the International Criminal Court and the pursuance of criminal charges against high-ranking Israeli officials.<sup>9</sup>

According to a 2018 International Criminal Court (ICC) report, a "preliminary examination" of Israeli action in the Palestinian Territories has been ongoing since 2014, assessing whether there is sufficient evidence for a full-fledged criminal investigation. Annexing West Bank territory could very well prompt such an investigation and result in arrest warrants for specific high-ranking officials. Nevertheless, the repercussions most threatening to Israel will come through international reprisals and sanctions, rather than legal injunctions.<sup>10</sup>

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<sup>7</sup> Nina Khrushcheva, "Russia's Crimea Invasion Was Good for Putin. But Five Years Later, the Nationalist Glow is Gone," *NBC News*, March 18, 2019, <https://www.nbcnews.com/think/opinion/russia-s-crimea-invasion-was-good-putin-five-years-later-ncna984431>.

<sup>8</sup> Bloomberg, "Russia Still Paying Price for Crimea Five Years After Annexation," *Moscow Times*, March 17, 2019, <https://www.themoscowtimes.com/2019/03/17/russia-still-paying-price-for-crimea-five-years-after-annexation-a64833>.

<sup>9</sup> Pnina Sharvit, "Legal Consequences," *Commanders for Israel's Security*, January 14, 2019, <http://en.cis.org.il/2019/01/14/legal-consequences/>.

<sup>10</sup> If at the end of the preliminary examination a decision is made to open an investigation, the court's pre-trial chamber can, at the prosecutor's request, issue arrest warrants for specific persons if there are reasonable grounds to believe that they have committed crimes within the court's jurisdiction and their arrest appears necessary. If arrest warrants are issued, the 123 member states of the ICC are obliged to cooperate with the court and extradite any such persons found on their territory. Therefore, arrest warrants against senior Israeli figures would have a substantive impact and severely restrict their ability to travel—and this is just at the investigation stage, even before the commencement of a trial. It is too soon to estimate if indeed there will be an investigation with respect to Israel. **It is in Israel's interest to take such implications into account while making decisions on matters relevant to the ongoing examination.** See Lior Zur, "The Preliminary Examination of the ICC Prosecutor: Update for 2018," *Institute for National Security Studies*, January 3, 2019, <https://www.inss.org.il/publication/the-preliminary-examination-of-the-icc-prosecutor-update-for-2018/>.

### 3. International Repercussions

#### 3.1 *The Arab World*

##### 3.1.1 The Palestinians

West Bank annexation will potentially imperil Israel's international standing, particularly among Israel's Arab neighbors: the Palestinians, Jordan and Egypt, the Gulf States, and other Arab nations. Naturally, the Palestinians will have the harshest reaction to Israeli overtures toward annexation, a process that could have irreversible consequences for both sides.

Annexing merely a few settlements will draw further calls from much of the right-wing political bloc in Israel for extending sovereignty over all Jewish settlement communities, or all of Area C. As a Commanders for Israel's Security (CIS) report details: "The annexation of a significant portion of Area C will make it clear to the Palestinian public and leadership that the door is shut on a viable, contiguous Palestinian state; thus on the two-state solution. This will fatally damage the PA's legitimacy, accelerate its weakening, and heighten the risk of its collapse."<sup>11</sup>

Unilaterally asserting sovereignty in parts of the West Bank will likely prove a final blow to the remnants of Oslo and hopes for an eventual two-state solution. Such a turn of events renders moot any remaining authority vested in the Palestinian Authority, upon which Israel relies for security coordination and civil administration of the Palestinian population. An ineffectual or dissolved Palestinian Authority and increased Jewish presence—rendered officially Kosher—in the West Bank may necessitate Israeli military administration of the Palestinian Territories and foist greater restrictions on the Palestinians, fomenting tensions and violence.

##### 3.1.2 Israel's Partners for Peace: Jordan and Egypt

As the only two Arab nations with which Israel has a peace agreement, Jordan and Egypt are critical regional contributors to Israel's security. Israel relies on security cooperation with Egypt to protect its Southern border,<sup>12</sup> while the Hashemite Kingdom, with the assistance of American forces stationed in Jordan, provides a critical buffer from Iran and ISIS.<sup>13</sup>

Though Jordan and Egypt maintain firm—if cold—diplomatic and security ties with Israel, annexation of territories in the West Bank will greatly challenge the current normalized relations, with Jordan especially. With over two million Palestinian refugees, Jordan considers a state for the Palestinians critical to its security, as only a resolution to the conflict will remove the threat of Palestinian expulsion to Jordan.<sup>14</sup> Annexation will

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<sup>11</sup> Commanders for Israel's Security, *Ramifications of West Bank Annexation: Security and Beyond* (Commanders for Israel's Security and Israel Policy Forum, 2018), 13, <https://israelpolicyforum.org/annexation/>.

<sup>12</sup> Hamza Hendawi, "CBS: El-Sissi Says Egypt, Israel Cooperate Against Militants," *Associated Press*, January 5, 2019, <https://www.apnews.com/528654b4a51c411ba4b97db15b11d17a>.

<sup>13</sup> Commanders for Israel's Security, *Ramifications of West Bank Annexation*, 24.

<sup>14</sup> UNRWA (United Nations Relief and Work Agency or Palestine Refugees in the Near East), "Where We Work: Jordan," UNRWA, December 1, 2016, <https://www.unrwa.org/where-we-work/jordan>.

increase the Hashemite Kingdom's fears of becoming a de jure or, ultimately, de facto "Palestinian state."<sup>15</sup>

A collapse of the Israeli-Jordanian treaty is concerning, particularly in the wake of King Abdullah II's decision in 2018 not to renew two Annexes—Naharayim in the North and Zofar in the South—that are Jordanian sovereign land, but governed under a special regime allowing Israeli agricultural use.<sup>16</sup> The unique, complicated land use agreement was established as part of the 1994 Israel-Jordan peace treaty for a period of 25 years and would have been automatically renewed without a notice of termination. King Abdullah II's announcement exemplifies the intensifying public and political pressure in Jordan to terminate parts—or all—of the peace accord with Israel, especially as socio-economic frustrations rise, and the kingdom is bent under the huge number of Syrian and Iraqi refugees it hosts.

### 3.1.3 Arab Nations: Sunni and Shi'ite

As Iran's post-1979 revolutionary regime has gained power, it has become a destabilizing force in the region, exporting terror and extending its reach to power vacuums in Lebanon, Iraq, and Syria through Iranian proxies. For Israel and the U.S., Iranian nuclear development, oil warfare, terror perpetration, and regional proxy militias are critical security threats, and some Sunni Arab states hostile to Iran's Shi'ite revolutionaries share these strategic concerns. Insofar as these interests align, Saudi Arabia, the United Arab Emirates, and other Gulf states have discreetly strengthened security ties to Israel.

At the Bahrain "Peace for Prosperity" economic conference in June 2019, Jared Kushner trumpeted the economic portion of Trump's much-heralded "Deal of the Century"—a \$50 billion investment package for the Palestinians and neighboring Arab states. Despite Palestinian calls for a boycott, delegates from Jordan, Egypt, Saudi Arabia, the UAE, and others attended, some Arab states without formal diplomatic ties to Israel.

Nevertheless, Sunni Arab leaders remain beholden to popular demand, and Israel should expect chilly reception if the Palestinian conflict remains relevant. The Kushner-led "workshop" discussed only the economics of Trump's deal, but if the political plan strays from a two-state vision, it will not be well received, let alone if a West Bank annexation by Israel starts. In recent years, many Arab states have been less eager to issue Palestinian rallying cries, but steps toward Israeli annexation of West Bank territory will prompt Sunni Arabs to flock to the cause once again.

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<sup>15</sup> Curtis Ryan, "Jordanians Worry That the 'Deal of the Century' Will Come at Their Expense," *Washington Post*, June 1, 2019, <https://www.washingtonpost.com/politics/2019/06/01/jordanians-worry-that-deal-century-will-come-their-expense/>.

<sup>16</sup> Gilead Sher and Mor Ben-Kalifa, "Challenge to the Israel-Jordan Peace Treaty," Institute for National Security Studies, October 29, 2018, <https://www.inss.org.il/publication/challenge-israel-jordan-peace-treaty/>.

## 3.2 *The United States*

### 3.2.1 The Trump Administration

Broadly speaking, U.S. policy over the last 50 years has sought two states for two peoples through a process compliant with UNSCR 242 and 338 and based on a “land for peace” principle. Reflecting political trends and developments on the ground, there have been varying degrees of U.S. presidential consent to modifying the pre-1967 lines. Particularly under the administrations of Presidents Bill Clinton and George W. Bush, the notion of reflecting the future annexation to Israel of the large blocks of settlements adjacent to the Green Line in an Israeli-Palestinian permanent status agreement was established. Nevertheless, no U.S. administration in history has strayed from this land-for-peace fundamental principle until the Trump administration, upending decades of U.S. foreign policy.

In 2018, Trump approved the relocation of the U.S. embassy in Israel from Tel Aviv to Jerusalem, ostensibly recognizing Israeli sovereignty over contested East Jerusalem territory. In 2019, Trump signed a proclamation recognizing Israeli sovereignty over the Golan Heights, and U.S. Ambassador to Israel David Friedman has previously argued that Israel has the right to “retain parts of the West Bank,”<sup>17</sup> in comments perilously approaching tacit acceptance of unilateral annexation. Meanwhile, Trump’s partially released “Deal of the Century” looks not to be a peace plan based on two states, but rather a set of economic incentives for Palestinians deadlocked in statelessness.<sup>18</sup>

A supportive Trump administration might empower Israel to begin enacting annexationist policies, but will it remain comfortably allied with Israel as the fallout ensues? Trump is a strategic wild card, but even he might balk if annexation of the consensual settlements escalates. It is unlikely that the U.S. will condone annexing Jewish settlements in the West Bank, as PM Netanyahu has suggested.<sup>19</sup>

### 3.2.2 The Democrats

Though Trump offers a protective umbrella under which Israel might begin annexing West Bank territory, the U.S. stance on these issues will shift if Trump fails to win re-election in 2020. Many Democratic leaders and presidential candidates have not been afraid to criticize Israeli policies and have expressly opposed unilateral Israeli annexation of the West Bank.<sup>20</sup>

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<sup>17</sup> Halbfinger, “U.S. Ambassador Says Israel Has Right.”

<sup>18</sup> Michael J. Koplow, “The Deal of the Century’s Audacious Bets,” Israel Policy Forum, May 23, 2019, <https://israelpolicyforum.org/2019/05/23/the-deal-of-the-centurys-audacious-bets/>.

<sup>19</sup> David M. Halbfinger, “Netanyahu Vows to Start Annexing West Bank, in Bid to Rally the Right,” *New York Times*, April 6, 2019,

<https://www.nytimes.com/2019/04/06/world/middleeast/netanyahu-annex-west-bank.html>.

<sup>20</sup> Amir Tibon, “Democrats With Eye on White House Increasingly Willing to Criticize Bibi While Supporting Israel,” *Haaretz*, June 8, 2019, <https://www.haaretz.com/us-news/premium-bipartisanship-could-be-biggest-loser-in-upcoming-u-s-israeli-elections-1.7338943>.

A Democratic U.S. administration will almost certainly support a two-state vision and reject Israeli sovereignty over the West Bank (except for the large blocks of settlement in consideration for an equal swap of lands and within the context of a negotiated agreement) — and perhaps even reverse Trump’s Golan Heights decision. Any Israeli action undertaken with Trump’s assurances will be under question, placing Israel in a precarious position.

Even if Trump continues for a second term, there remains a looming danger that future U.S. leadership—Democratic or Republican—will not be as favorable to Israel's annexationist policies. If Israel does begin annexing West Bank territory, it could find itself facing international hostility without American support.

### 3.2.3 American Jewish Community

Annexation will also impact Israel’s greatest external advocate, namely American Jewry. The American Jewish community has long been a stalwart supporter of Israel, spearheaded by Zionist organizations like AIPAC and J-Street. According to the INSS National Security Index of 2017-2018, 67% of Israeli Jews believe American Jewry best contribute to Israel’s national security through advocacy for U.S. military and international support of Israel, while only 21% are concerned that American and Israeli Jewry are growing apart.<sup>21</sup>

This is a perilous miscalculation by the Israeli public. In fact, generational shifts in the U.S. reveal dangerous trends for Israel: the relationship between young diaspora Jewry and Israel has become increasingly tenuous.<sup>22</sup> Having seen Israel’s very existence under threat, older generations of Jews offered unquestioned support for Israel. Younger Jews have grown up in a time of unprecedented Israeli strength, and increasingly perceive Israel as an occupying power.

Annexation will further strain American Jewish support for Israel and differentiation between the state of Israel as the nation-home for the Jewish People and the Israeli government policy. While staunch pro-Israel Jews will not waver, liberal and moderate American Jews will feel increasingly alienated from the Jewish State, jeopardizing their respect and assistance.

### *3.3 Europe and Asia*

Allies in Europe and Asia might also cool diplomatic ties with Israel. Tense relationships with essential European supporters, such as Germany, France, and the UK, will only deteriorate further as a result of annexation. The EU has cautiously contemplated sanctioning Israel in the past, as a warning against settlement construction in the Ma’ale Adumim El corridor—an area providing East Jerusalem territorial contiguity with the rest

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<sup>21</sup> Zipi Israeli, “National Security Index: Public Opinion Survey 2017-2018,” Institute for National Security Studies, 2018, <https://www.inss.org.il/national-security-index/>.

<sup>22</sup> Emma Green, “What Another Round of Netanyahu Will Mean for American Jews,” *Atlantic*, April 8, 2019, <https://www.theatlantic.com/politics/archive/2019/04/israel-votes-as-american-jews-and-netanyahu-grow-apart/586705/>.

of Palestine.<sup>23</sup> Annexation of West Bank territory will only accelerate these discourses, or at the very least reduce economic and security collaboration.

Israel has also been building strategic ties in Asia as part of an economic “pivot to Asia,”<sup>24</sup> establishing trade relations with economic giants like China, Japan, and India. Unlike European counterparts, many Asian partners have adopted only marginal roles in negotiating the Arab-Israeli conflict but have often dealt with Israel at arm’s length. There is little reason to believe West Bank annexation will incur stern reactions in Asia, but it may curtail the significant progress made toward an Eastern foothold.

## 4. Economic Repercussions

### 4.1 *The Israeli Economy*

Israel must also measure the economic impacts of West Bank annexation. Despite Israel’s small size and population, it is a high-tech powerhouse with a GDP over \$350 billion.<sup>25</sup> However, the direct and incidental costs of annexation will harm Israel’s economic expansion and globalization efforts. Infrastructure costs, budgetary increases, and reduction in growth all offer salient economic reasons to doubt the prudence of annexation.

A CIS economic study estimates that extending a security fence around the 1,782 kilometers of Area C would cost approximately \$7.5 billion, as well as \$1 billion in annual maintenance.<sup>26</sup> The imposition of a military administration over the West Bank could total over \$2 billion, and the cost of providing residency benefits entitled to the 300,000 Palestinians in Area C would be an estimated \$1.5 billion.<sup>27</sup> Should Israel annex the entire West Bank and grant permanent residency to 2.6 million Palestinians, the economic burden might be as much as \$14.5 billion.

In addition to immediate expenses, the CIS study notes the potential damage of international reprisals. Based on the impacts of the Second Intifada from 2000-2005 and Operation Protective Edge in 2014, they estimate a loss of \$2.5 billion from falling foreign investments. Though difficult to estimate, economic sanctions and international boycott movements remain possibilities too.

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<sup>23</sup> Barak Ravid, “Secret EU Document Outlines Sanctions to Impose If Israel Thwarts Two-State Solution,” *Haaretz*, November 6, 2014,

<https://www.haaretz.com/hblocked?returnTo=https%3A%2F%2Fwww.haaretz.com%2F.premium-eu-draft-outlines-sanctions-against-israel-1.5329290>.

<sup>24</sup> Yuval Ben-David and Michael Martina, “As Part of Asia Pivot, Netanyahu Pushes Israeli Hi-Tech in China,” *Reuters*, March 20, 2017, <https://www.reuters.com/article/us-israel-china-business/as-part-of-asia-pivot-netanyahu-pushes-israeli-hi-tech-in-china-idUSKBN16RIAV>.

<sup>25</sup> “Israel GDP Per Capita,” Trading Economics, 2018, <https://tradingeconomics.com/israel/gdp-per-capita>.

<sup>26</sup> Yarom Ariav, “The Economic Aspect,” *Commanders for Israel’s Security*, January 14, 2019, <http://en.cis.org.il/2019/01/14/the-economic-aspect/>.

<sup>27</sup> *Commanders for Israel’s Security, Ramifications of West Bank Annexation*, 30-33.

## 4.2 *The Palestinian Economy*

Meanwhile, the struggling Palestinian economy will only stagnate further as result of West Bank annexation. Unemployment in Gaza is over 50% due to the rule of Hamas in Gaza and the security blockade imposed by Israel and Egypt, while in the West Bank unemployment sits at 19%.<sup>28</sup> In 2019, Trump ended all U.S. aid to the Palestinians, which previously constituted the largest UNRWA annual donation at over \$360 million.<sup>29</sup>

Extension of Israeli sovereignty to parts of the West Bank will deal a heavy blow to Palestinians' freedom of movement, and in turn to the Palestinian economy. Annexing only the Jewish settlements in Area C may impose greater restrictions on the Palestinians than full West Bank annexation, as isolated pockets of Palestinian population will be encircled by Israeli civilians and security forces. This diminishes Palestinian economic independence, forcing Israel to address rising Palestinian unemployment and poverty or face a failing Palestinian polity.

## 5. Domestic Repercussions

### 5.1 *Public Opinion*

As progress on a two-state agreement has stalled over the last decade, support among the Jewish Israeli public for the Oslo provisions and the two-state solution has steadily waned. According to the INSS Index, 55% of Jewish Israelis in 2017 still supported a solution of two states for two peoples, a 14% drop from 2012.<sup>30</sup> However, this is still more favorable to the Israeli public than West Bank annexation.

While a majority of Israeli Jews (53%) oppose any unilateral annexation, 24% support the annexing the settlement blocs, 15% support annexing all settlements, and 8% support a full annexation of the West Bank. Despite a large minority (47%) support among Israeli Jews for partial or full unilateral annexation, only 29% believe it is currently Israel's best option.

Given the public perception of the intractability of the current Israeli-Palestinian stalemate, a growing base in Israel favors unilateral annexation, especially if sovereignty is only extended to the largest settlement blocs. Annexationists would likely begin here, with the hope that a gradual process will keep reactions contained—both at home and abroad—while engendering the conditions necessary for annexing the isolated West Bank settlements or all of Area C.

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<sup>28</sup> World Bank, "Palestine's Economic Update," April 1, 2019, <https://www.worldbank.org/en/country/westbankandgaza/publication/economic-update-april-2019>.

<sup>29</sup> Yolande Knell, "US Stops All Aid to Palestinians in West Bank and Gaza," *BBC*, February 1, 2019, <https://www.bbc.com/news/world-middle-east-47095082>.

<sup>30</sup> Israeli, "National Security Index."

## 5.2 Security

The prospect of facing Palestinian uprisings in Gaza and the West Bank without the benefit of Palestinian Authority security forces should concern even the staunchest of annexationists. Since 2007, the U.S. and to a lesser extent Jordan have helped train and equip PA security forces, who have been hailed as valuable counter-terrorism partners.<sup>31</sup> 2016 data from senior officials in the IDF Central Command indicated that Palestinian security forces were responsible for 40% of arrests of terrorist suspects in the West Bank.<sup>32</sup>

Annexation will require the IDF to increase and further deploy military forces in the West Bank, perhaps even doubling its presence.<sup>33</sup> A resurgence of Palestinian violence will demand further security checkpoints and roadblocks, and perhaps a military campaign in Areas A and B. Israel may choose to extend the separation barrier around annexed territory, a large-scale building project with great financial cost that extends friction lines; otherwise, Palestinians residing in nearby areas will have easy access to what would then be sovereign Israeli territory.

This heightened security apparatus will affect Israel's military preparedness on the northern and southern fronts. But more importantly, it will create constant and unsustainable friction resulting from the Palestinian population islands within freshly annexed territory. Since the Second Intifada, Israel has contended with pockets of violent terror, but annexation may incite a sustained and widely coordinated Palestinian uprising.

## 5.3 Democracy

No less important is the impact annexation will have on Israeli democracy. Annexing just a few settlement blocs may begin a nearly uncontrollable process extending to further settlements and then to all of Area C. If the PA loses authority or collapses, Israel will be forced to impose military control over Areas A and B of the West Bank.

A healthy democracy in this reality is inconceivable. Unless Israel were to offer citizenship including, inter alia, voting rights to every Palestinian under its jurisdiction, any extension of sovereignty or control will lead to an apartheid-like system that tears at the moral fabric of the Jewish state. Palestinians and the international community will soon come to realize that annexation is a permanent reality, and they will most probably demand that Israel return the land in a negotiated agreement or offer full rights to all its citizens. Israelis will be forced to entertain the prospect of accepting millions of Palestinians as citizens.

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<sup>31</sup> Gad Shamni, "Security-Diplomatic Consequences," Commanders for Israel's Security, January 14, 2019, <http://en.cis.org.il/2019/01/14/security-diplomatic-consequences/>.

<sup>32</sup> Barak Ravid, "Shin Bet Head: Palestinian Security Forces Respond to Israeli Tips and Thwart Attacks," *Haaretz*, May 4, 2016, <https://www.haaretz.com/israel-news/.premium-shin-bet-head-palestinian-forces-respond-to-tips-and-thwart-attacks-1.5379462>.

<sup>33</sup> Commanders for Israel's Security, *Ramifications of West Bank Annexation*, 19.

Compromising Israel's Jewish character by jeopardizing the Jewish majority encompassed within the country's borders is unacceptable to most Jewish Israelis, but so is controlling the daily lives of the Palestinians without equal rights. Israelis must choose to disengage from the Palestinians, or fully integrate with them; there are no other valid alternatives.

## 6. Conclusion

### 6.1 Overview

As this report has covered, annexing West Bank territory will have pernicious and lasting consequences and risks leading Israel to an unprecedented crisis of delegitimization, enhanced demonization, and isolation. In the long term, Israel's pillars as a Jewish and democratic state will be tested, and perhaps compromised.

### 6.2 Recommendations

Based on this analysis, there are several recommendations for effective steps moving forward:

- Israel should not take any steps toward unilateral annexation of territory in the West Bank.
- Rather, Israel should take necessary action to begin separating from the Palestinians, with the goal of working toward two states for two peoples.
- In that context, an independent drawing by Israel of a provisional border between it and a future Palestinian State, without a de jure annexation or making a final decision on the status of settlers and settlements, is recommended.
- Such positive steps should occur within the framework of larger strategic plan regarding the Israeli-Palestinian conflict, such as the INSS Security-Political framework.<sup>34</sup>
- Both regional and bilateral frameworks of negotiations do not preclude taking certain independent steps by Israel that would not negate irreversibly a permanent status agreement based on the two-state-for-two-people principle.
- If Israel does annex West Bank territory, any Palestinian population residing in the area must be given equal rights, lest Israel's status as the democratic nation-state of the Jewish people be threatened.

The way forward must ensure the safety of the Zionist vision. Officially annexing West Bank territory is a drastic measure jeopardizing the fate of the state of the Jewish people's democratic nation-state.

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<sup>34</sup> Yadlin, Dekel, and Lavi, "A Strategic Framework for the Israeli-Palestinian Arena."