

The Palestine Strategic Report 2022 – 2023



Edited By

Prof. Dr. Mohsen Mohammad Saleh



Al-Zaytouna Centre For Studies & Consultations

E-mail: info@alzaytouna.net

Website: www.alzaytouna.net

You can contact us and view the center's pages by clicking on the applications below:



Chapter Five

The Israeli Scene

The Israeli Scene

Introduction

If 2022 marked a breakthrough year in Israel's history, with the rise of its most extremist religious and nationalist governments, then 2023 represented a historic watershed as Israel experienced the most significant and extensive internal invasion since its establishment. Operation al-Aqsa Flood shook the foundations of Israel's stability, security strategy and the concept of a sanctuary for the Jewish Zionist settler community in Palestine. It also reignited debates about the justification for Israel's existence and the philosophy of its project, while compelling it to engage in a brutal war in GS to restore its lost image. The operation impacted Israel on military, security, economic, political and social levels, with its effects reverberating through its internal and regional environment as well as on its international image and status.

This chapter examines Israel's internal political conditions along with its demographic, economic and military conditions throughout 2022–2023.

First: The Internal Israeli Political Scene

The end of 2022 saw a reshaping of Israel's internal political landscape. This section explores the internal situation, focusing on the developments leading up to the events of 7/10/2023, the significant security failure and the subsequent war on GS, from an internal Israeli perspective.

1. The 25th Knesset Elections and Government Formation

The results of the 25th Knesset elections held on 1/11/2022 highlighted the rise of the religious and nationalist right. Likud increased its seats from 30 to 32, Shas from 9 to 11, and United Torah Judaism maintained its 7 seats. The biggest gain was made by the Religious Zionism Party, which saw its seats increase from 6 to 14. In contrast, on the center and left, Labor lost 3 of its 7 seats,



and Meretz exited the Knesset after losing all six of its seats. Although Yesh Atid improved its position by gaining 7 seats, it did not prevent the overall decline of the parties opposing Netanyahu and his coalition. The 3.25% electoral threshold benefited Netanyahu and his coalition, as Meretz narrowly missed it with 3.16%, and the National Democratic Assembly (Balad), an Arab party headed by Sami Abu Shehadeh, also fell short with about 138 thousand votes (2.9%).¹

The Israeli electoral battle was not, as reported, between the religious and nationalist right and the center-left coalition. A more accurate characterization is that it was between Netanyahu (Likud) and his potential allies, who are generally from the religious and nationalist movements, and Netanyahu's opponents, who reject his leadership of the government and are distributed among various right-wing, left-wing and centrist Zionist movements, in addition to Arab parties that do not fit into these categories. Therefore, the announcement that Netanyahu and his allies won 64 seats was, in fact, an announcement of his return to the premiership for the sixth time, continuing to be the longest-serving prime minister in the history of Israel.

In fact, the right-wing camp has long since moved beyond the issue of parliamentary majority. Even the so-called leftist and centrist forces have, in recent years, adopted "right-wing" proposals and adapted themselves accordingly to respond to the right-wing environment sweeping the Israeli society.

For example, Avigdor Lieberman's far-right Yisrael Beiteinu, which secured 6 seats, was grouped with the center-left coalition due to its opposition to Netanyahu's return as Prime Minister. The State Camp Party, with 12 seats, is actually a coalition between Benny Gantz's Blue and White Party and Gideon Sa'ar's New Hope, a right-wing faction that split from the Likud. Sa'ar was a prominent Likud leader and a competitor against Netanyahu for the party leadership. Additionally, Matan Kahana and Shirley Pinto, former members of Naftali Bennett's far-right Yemina Party, joined the State Camp Party, maintaining their right-wing alignment. In other words, the right-wing bloc won about 75–80 seats in these elections.

The Religious Zionism Party, which secured 14 seats, has underscored its anticipated pivotal role in Netanyahu's next government. The party represents a movement that has markedly strengthened, particularly over the past decade, and has expanded its influence within the military, judiciary and various Israeli institutions. Its ideology blends Jewish Orthodoxy with Zionist activism, favoring an active approach to religiosity over traditional forms, and integrates religious beliefs with nationalist Zionist extremism.

Netanyahu formed a government on 31/12/2022, comprising Likud and various religious parties, based on a parliamentary majority of 64 seats. This coalition is unified in its religious and nationalist extremism and shares common ground on numerous political and economic issues, particularly regarding Jerusalem, Judaization, settlements and the peace process. However, the significant presence of religious parties (32 seats: 14 for Religious Zionism, 11 for Shas and 7 for United Torah Judaism), equal to Likud's 32 seats, indicates that this government will lean more towards religious extremism. Consequently, Netanyahu will need to accommodate several demands and requirements from these parties, including key government positions (see table 1/5).

Benjamin Netanyahu's government can be considered the first "pure" right-wing government in Israel's political history. This government has set two primary objectives: first, to expand settlements and increase the number of settlers in WB, aiming to pave the way for its annexation or the annexation of parts thereof; second, to reform the structure of the Israeli political system through constitutional changes announced by the Israeli Minister of Justice at the beginning of 2023. These changes have sparked an unprecedented wave of tenacious and large-scale protests, marking a significant moment in Israel's history of political dissent.



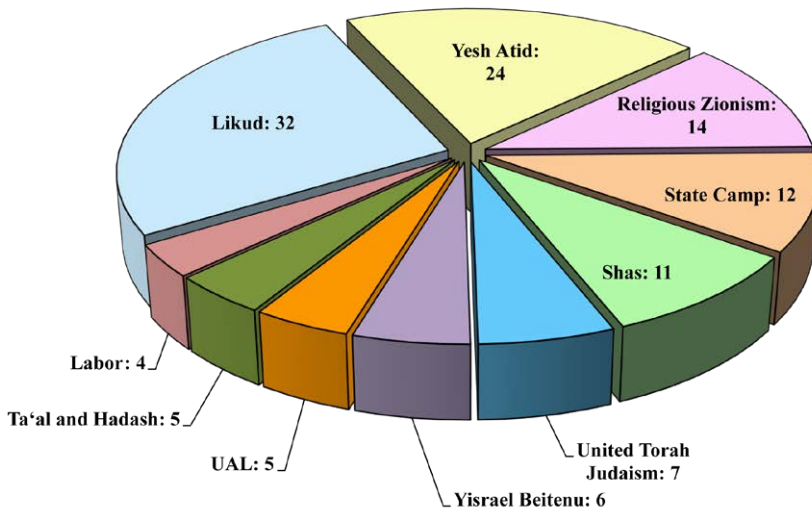
Table 1/5: Results of the 23rd, 24th and 25th Knesset Elections²

List*	25th Knesset 1/11/2022		24th Knesset 23/3/2021		23rd Knesset 2/3/2020	
	Valid votes	Seats	Valid votes	Seats	Valid votes	Seats
Likud	1,115,336	32	1,066,892	30	1,352,449	36
Yesh Atid**	847,435	24	614,112	17	—	—
Religious Zionism	516,470	14	225,641	6	—	—
State Camp	432,482	12	—	—	—	—
Shas	392,964	11	316,008	9	352,853	9
United Torah Judaism	280,194	7	248,391	7	274,437	7
Yisrael Beiteinu	213,687	6	248,370	7	263,365	7
UAL	194,047	5	167,064	4	—	—
Ta'al and Hadash	178,735	5	—	—	—	—
Labor	175,992	4	268,767	7	—	—
Blue and White**	—	—	292,257	8	1,220,381	33
Yemina (United Right: April 2019)	—	—	273,836	7	240,689	6
Joint List (Hadash, Balad, Ta'al)	—	—	212,583	6	—	—
New Hope	—	—	209,161	6	—	—
Meretz	—	—	202,218	6	—	—
Joint List (UAL, Hadash, Balad, Ta'al)	—	—	—	—	581,507	15
Labor – Gesher – Meretz	—	—	—	—	267,480	7
Number of eligible voters	6,788,804	—	6,578,084	—	6,453,255	—
Total valid votes	4,764,742	—	4,410,052	—	4,553,161	—

* The names of lists, parties and alliances are abbreviated to simplify the table, where UAL: United Arab List — *Ra'am*; Hadash: Democratic Front for Peace and Equality; Balad: National Democratic Assembly; and Ta'al: Arab Movement for Renewal.

** Yesh Atid joined the Blue and White Party before the April 2019 elections, then it got separated from it and ran independently in the 24th and 25th Knesset elections.

Results of the 25th Knesset Elections on 1/11/2022



2. Constitutional Changes

On 4/1/2023, Yariv Levin, Israel's Minister of Justice, announced proposals for judicial and constitutional amendments designed to drastically change the role and authority of the judiciary, particularly the Supreme Court. Levin has long been a vocal critic of the Supreme Court of Israel, and Netanyahu's decision to appoint him as Minister of Justice represented a fulfillment of the right-wing agenda to reform judicial powers—an agenda that has gained prominence in recent years. Levin's proposals³ focus on four core areas:

- a. The "override" clause: The proposal includes enacting an "override" clause that would amend the Basic Law of the Judiciary allowing the Knesset to "re-legislate a law struck down by the [High] court, with a majority of 61 MKs."
- b. Banning the Supreme Court from using a "reasonableness" standard in judicial review, which has been used by the court to determine whether or not a government or ministerial decision or regulation is lawful. To clarify, the first two clauses are concerned with amending the Basic Law of the Judiciary.
- c. Changing the composition of the judicial selection committee: To strengthen the government's influence in judicial appointments, including the role of the president of the Supreme Court, Levin is considering canceling the "seniority" system by which the most veteran judge is appointed president. This system



would be replaced with a new approach that permits appointing the president of the Supreme Court from outside the judiciary.

- d. Changing the status of judicial advisors by converting the position into one of trust, which would enable ministers to appoint their own legal advisors.

The plan met strong objection from the Israeli opposition, and even from the judiciary, as the then president of the Supreme Court Esther Hayut came out with a fiery speech against the Minister of Justice’s plan. She declared that “the sweeping changes to the legal system would fatally undermine judicial independence, give the Knesset a ‘blank check’ to pass any legislation it pleases—even in violation of basic civil rights.” She added, “The new justice minister’s plan is not one to fix the justice system—it is a plan to crush it,” and concluded, “the significance of this bad plan is therefore to change the democratic identity of the country beyond recognition.”⁴

Among the components of the draft constitutional changes, the government successfully passed the reasonableness clause. On 24/7/2023, the Knesset enacted this clause by amending the Basic Law of the Judiciary, thereby eliminating the Supreme Court’s authority to intervene in and supervise the government’s administrative decisions. All 64 members of the government coalition voted in favor of the law, while the opposition boycotted the vote and walked out. This result indicates that no member of the government coalition missed the vote, likely due to Netanyahu’s threat to fire any minister who did not support the amendment.

The Supreme Court repealed the reasonableness law in late December 2023, during the war on GS, effectively ending the constitutional changes project that had been halted at the onset of the war. This marks the first instance of the Supreme Court repealing an amendment to a basic law. The court’s decision was made “by a majority of eight justices who opposed the law against seven who supported it.”⁵

3. The Repercussions of the Constitutional Reform Bill

Immediately after the announcement of the project, which was supported by all components of the government coalition, the Knesset Constitution, Law and Justice Committee began active sessions to transform the project into a series of bill proposals to be voted on. The government’s project for constitutional reforms carried significant repercussions, even affecting relations with the US, which demanded that Netanyahu not make the changes without reaching a consensus.

Three key repercussions can be noted at the internal level: the launch of an unprecedented popular protest movement in Israeli history, the beginning of a disobedience movement among reserve soldiers and economic impacts, particularly on the most important economic sector, high technology industries or “high-tech.”

a. The Launch of a Popular Protest Movement

The constitutional changes triggered a wave of large-scale popular protests that escalated over time, eventually becoming almost weekly demonstrations involving hundreds of thousands of Israelis. The protest movement believed that the constitutional changes aimed to establish an undemocratic political system, referring to them as a “political coup.” The movement included various social segments, with the most prominent being the secular Ashkenazi groups and segments of the liberal right. It also included secular Eastern elites and other segments, though these were less prominent in the protests.

The protest movement involved various professional sectors, most notably the Israeli high-tech sector, a large part of the Israeli academic establishment, doctors from the health system and reserve officers from the military. The movement perceived the constitutional changes as an attempt by the nationalist-religious right to impose their vision on “state” institutions by weakening Israel’s judiciary. The protest peaked after Israeli Defense Minister Yoav Gallant’s speech in March 2023, in which he declared that the constitutional changes have become a threat to Israel’s national security and demanded that they be halted or a consensus be reached. Following his speech, Netanyahu announced Gallant’s dismissal, which escalated the protests and led Netanyahu to freeze both the dismissal and the constitutional changes temporarily. The protests resumed in July 2023 against the backdrop of legislating and amending the reasonableness clause, and they effectively ended with the outbreak of the war on GS. Significant efforts to reach a consensus on the constitutional changes were made from March through June 2023, but all were unsuccessful.

The protests highlighted the deep divisions within Israeli society, as each side felt threatened by the other. Those opposing the constitutional changes believed that the changes aimed to alter the character of the “state” and its political and systemic structure in a way that contradicts its values, political orientations and historical legacy. They viewed the political system as a heritage passed down from the founding fathers. On the other hand, the religious and nationalist right believed



their political dominance would be meaningless without reshaping the political system according to their views. They also felt that the “state” should serve their colonialist agendas and religious projects.

b. Military Repercussions

The plan for constitutional changes had significant repercussions for the military institution, in an unprecedented manner in its history. Thousands of voluntary reservists announced the suspension of their service in the army due to the constitutional changes. The numbers increased following the enactment of the reasonableness law, affecting various units in the military, including Cyber, Military Intelligence, Technology, Engineering, Navy, Air Force and Special Forces.

In addition, over a thousand Air Force members and about 10 thousand reservists from various military units signed petitions announcing their voluntary suspension from the reserve system, with hundreds following through after the reasonableness law was enacted. This raised concerns about military readiness in active units, and threatened the internal unity of the military.⁶

The protest by reserve officers, especially in key units, significantly impacted the army. These units, particularly the elite ones like the Air Force, rely on voluntary service rather than regular personnel. This situation jeopardized the army’s readiness, and introduced external political divides within its ranks. The army appeared fragmented, with elite units and infantry divided over the protest, which was perceived as having a class and ideological biases. Political discord arose between individuals and units, regulars and reservists, and prestigious units and other divisions.

Tamir Hayman, former head of Military Intelligence and now the INSS head, notes that, in the long run, the military has been greatly affected by the constitutional changes, and he lists three implications in this respect:⁷

1. In the short term: The repercussions are related to the army’s unity and internal cohesion, as the army was brought into the political arena.
2. In the medium term: The repercussions of the constitutional changes will be on the readiness and capabilities of the army, as the more officers who do not report to the reserve and the longer that takes, the more the army loses its capabilities.

3. In the long term: The consequences have to do with the motivation to enlist, which is vital to the quality and identity of the army.⁸

Reservist Colonel Ariel Heimann agrees with this trend, estimating “the risk in the longer term is eminently greater than the significant risk that exists in the short term.”⁹

c. Economic Repercussions

The constitutional changes posed several threats to the strength of Israel’s economy. Dozens of Israeli economists have cautioned about the potential negative impact on the economy, its international standing and, crucially, on foreign investment in Israel, particularly in the high-tech sector.

A letter signed by 200 Israeli prominent economists, led by Professor Jacob Frenkel, former governor of the Bank of Israel, warned that the proposed constitutional changes could adversely affect economic growth and on the quality of life of citizens in the long term.¹⁰

Two hundred former employees of the Ministry of Finance’s budget department have warned about the economic consequences of the constitutional changes. They highlighted concerns about the weakening of the shekel, declining economic growth and rising inflation, all of which are expected to lead to higher interest rates and an increased cost of living.¹¹

Warnings about the economic ramifications of the constitutional changes were not confined to the local level; they extended to the international stage as well. The global financial-services company JPMorgan Chase published a report on the Israeli economy, indicating that “judicial reforms can have medium-term investment and growth implications that are hard to quantify.” The report also noted that a “credit rating downgrade is also a risk,” drawing a parallel to the situation in Poland. “Israel’s local markets have seen a flare-up in idiosyncratic risk as increased geopolitical tensions were added to investor concerns over plans for judicial reforms,” the report stated.¹²

The primary concern in the Israeli high-tech sector was the potential exodus of numerous companies from Israel. The implementation of constitutional changes could have led to a withdrawal of foreign investments in the sector, causing many Israeli companies to relocate their operations abroad.¹³ The sector’s concern was further amplified by a decline in its ability to attract new investments by the end



of 2022, which resulted in the dismissal of thousands of employees. According to data from Israeli Mapped in NY, there are 400 Israeli high-tech companies operating in New York. In the past year, dozens of companies have moved to the US, particularly New York, due to the internal political situation marked by extreme polarization, the rise of non-working social groups (Haredim), and the dominance of extremist religious discourse in Israel.¹⁴

The high-tech has entered a state of uncertainty regarding the fate of investments following the onset of constitutional changes. Many investors have halted their investment plans until the implications of these changes becomes clear. One investor mentioned that there were “orders from above [within his company] not to invest in the Israeli high-tech sector until the direction of the undemocratic and discriminatory changes becomes clear.” He likened this situation to why the company does not invest in Hungary and Türkiye.¹⁵

In conclusion, the constitutional changes and the resulting internal division have had significant repercussions that will impact Israel for a long time. These repercussions include the collapse of “state” institutions, a decline in military readiness and the weakening of political and bureaucratic elites, which was evident during Operation al-Aqsa Flood.

4. The Failure of 7 October and the War on GS

The framing of Operation al-Aqsa Flood has taken many forms in Israeli discourse, reflecting the magnitude of the trauma experienced by Israeli society. Some have compared the operation to the September 11 attacks in the US, while others see it as akin to the military and political failure in the October 1973 war. Others describe it as the largest “pogrom” or mass attacks on Jews since the Holocaust, even labeling Hamas “Nazi.”¹⁶ Uri Bar-Joseph, a professor of international relations at Haifa University and an author on the 1973 war, argued that the failure on October 7 was far greater than in 1973. He noted that during the October 1973 war, the military’s readiness and preparedness were high, whereas the current failure reflects a significant breakdown in both military and political leadership. Bar-Joseph also emphasized that the failure in 1973 was due to the shortcomings of certain political and military officials, whereas the failure in October 2023 was an institutionalized failure affecting the entire military and political establishment.¹⁷

These framings reflect the state of shock and the production of consciousness and memory in Israeli society regarding Operation al-Aqsa Flood with a tendency to characterize the incident as part of the “Jewish catastrophe.” Those who carried it out are often depicted as either “Nazis” or “Daesh” and the operation is described as the biggest catastrophe to hit the Jewish community since the Holocaust. This framing has triggered a wave of extremist attitudes within Israeli society towards GS, not just Hamas. Phrases such as “the Gaza Strip must be wiped out” or “leveled to the ground” have spread, with no willingness to accept any kind of equality between Israeli civilian deaths and Palestinian civilian deaths. This trauma explains the significant recruitment in the Israeli society and the collective support for a harsh Israeli military operation in GS, whether from the air or by supporting a ground operation to eliminate Hamas rule in the strip.¹⁸

5. Formation of the Emergency Government

After the war began, an emergency government was formed in Israel, including Benny Gantz’s State Camp Party. The concept of a wartime emergency government dates back to 1967 when Menachem Begin, head of Herut Party (later Likud), joined the Labor Party government led by Levi Eshkol on the eve of the June War. This government lasted for the duration of the war, after which Begin left returned to the opposition. During the October 1973 war, a miniature war council was established in Israel, consisting of four members who made decisions regarding military operations without consulting the broader the government, which approved the council’s decisions retroactively. It appears that this experience inspired the State Camp to propose the idea of a mini war cabinet to Netanyahu.

An emergency government differs from a government of national unity in that the latter distributes portfolios among its members and continues to function as a normal government until new elections are held. In contrast, an emergency government operates during wartime without actually allocating portfolios to new members. Decisions made by the war cabinet are not legally binding until they are approved by the mini-ministerial council to be legal.

During a meeting of the heads of the coalition lists on 10/10/2023, the parties agreed to form an emergency government, with the participation of the State Camp Party, led by Benny Gantz. A very small cabinet (war council) was established, including Netanyahu, Gantz, Gadi Eisenkot of the State Camp, Defense Minister Yoav Gallant and Minister of Strategic Affairs Ron Dermer.¹⁹ The government

approved the formation of this small council at the request of the State Camp, which made its participation in the emergency government conditional on the formation of this council and the exclusion of many current ministers, including National Security Minister Itamar Ben-Gvir, Finance Minister Bezalel Smotrich, Foreign Minister Eli Cohen and Justice Minister Yariv Levin.

Yair Lapid's Yesh Atid Party and Avigdor Lieberman's Yisrael Beiteinu refused to join the emergency government. Lapid conditioned his participation on the dismissal of far-right ministers Ben-Gvir and Smotrich, while Lieberman required the elimination of Hamas and its leaders in GS. Despite these conditions being declared, Lieberman did not join the government, possibly because Netanyahu himself was not enthusiastic about his inclusion and did not trust him.

Netanyahu aimed to distribute responsibility for the war's outcomes by forming an emergency government. He is aware that an official commission of inquiry will be established after the war to examine, among other things, the responsibility for the conduct of the war, its results and the price paid. Therefore, with the current government in place, the responsibility will rest solely on Netanyahu's shoulders. Defense Minister Gallant had warned Netanyahu in March 2023 about the security consequences of the constitutional changes and Israel's weakened image in the eyes of its enemies due to internal division. Therefore, forming an emergency government would spread the responsibility to other parties. Additionally, Netanyahu needs to gain legitimacy for upcoming military actions, and his legitimacy would be higher with an emergency government that includes former generals, particularly former chiefs of staff such as Gantz and Eisenkot.

The State Camp is interested in leading the war effort and positioning itself as the savior of Israel amidst a failing government and an incompetent cabinet, particularly given that he has the support of two highly experienced and respected military figures, Gantz and Eisenkot. Its involvement in the government aligns with a political strategy it adopted since the constitutional crisis began, which is to present itself as a unifying force beyond partisan and political divides for the sake of the "state," similar to its approach during the constitutional crisis when it engaged in talks to reach a consensus on constitutional changes. Gantz hopes that after the war, his party will emerge as the dominant political force, particularly given Netanyahu's uncertain political future following this major setback, regardless of the results of the war's outcome.

The Israeli society has rallied together during the war, demonstrating unanimous support for the war and a desire for victory. Despite significant military losses, economic strain, ongoing emergency conditions, and the evacuation of hundreds of thousands from the north and south, support for the war remains strong among the Israeli public.

6. Netanyahu's Future and the War

It has become evident that Netanyahu is managing the war according to his internal political interests and his desire to remain in the political arena following the events of 7/10/2023, which occurred under his leadership. He views the extension of the war as crucial for his political survival and for restoring his standing. Netanyahu's interests align with those of the Israeli military establishment, as both sides are focused on continuing the war until military objectives are met, particularly the elimination of Hamas, even if it takes several months or years. Despite the ongoing tension between Netanyahu, his government and the military—tensions that predate 7/10/2023 and persisted during the war on GS—both sides agree on the need to continue the war, each pursuing its own goals. Netanyahu seeks political survival, while the military aims to restore its prestige, which was damaged on 7/10/2023, showing little interest in Israel's internal political debates. There is no doubt that the army would have preferred to replace Netanyahu with someone from within the military establishment, while still ensuring the continuation of the war.²⁰

In addition to prolonging the war and repeatedly stating that he will not end it until Hamas is eliminated, Netanyahu has focused on stabilizing his government by addressing the interests of its various components. He preserved the budgets allocated to the Orthodox religious parties in the 2023 budget following the war and refrained from implementing significant cuts to funding for religious education. He also backed National Security Minister Itamar Ben-Gvir's efforts to distribute weapons to the public and establish approximately 750 armed local guard squads in Jewish towns. Furthermore, he supported the settler right, represented by the Religious Zionism Party headed by Finance Minister Bezalel Smotrich, in freezing funds allocated to the PA, and asserted that he would prevent the PA's return to GS.

In addition to his commitment to prolonging the war and stabilizing his government, Netanyahu has crafted a right-wing narrative of the events of 7/10/2023 to present to his right-wing base, focusing on the following points:



- The military and security establishments are accountable for the failure on 7/10/2023, as it was their duty to alert of Hamas's preparations for such an operation in southern Israel.
- The popular protests in Israel against his government's proposed constitutional changes, and the accompanying military mutiny—particularly within the Israeli Air Force—are blamed for creating an impression of internal division and perceived weakness in the military due to the refusal to perform military service.
- The Oslo Accords and the 2005 disengagement from GS are held responsible for the current situation in WB and GS, as they contributed to the rise of Hamas as a military force, due to the lack of military and security control over these territories.

Netanyahu seeks to project an image of victory in the war to mask the failure of 7/10/2023, stabilize his government and rebuild his electoral support around his leadership of the right and Israel.²¹ He understands that his political survival hinges on persuading his supporters to back him after the war; thus, betting on the lack of consensus among Israelis regarding his departure. Analysis of polls conducted since the war began reveals that Netanyahu's main shift has been in consolidating his traditional support base around his leadership. A recent Channel 13 poll showed that 72% of Israelis favor Netanyahu's resignation either immediately or soon after the war (31% immediately, and 41% after the war). Among those who voted for the current government components, the poll found that 70% support Netanyahu staying in power after the war, while only 20% believe he should resign.²²

7. The Israeli Debate over the War's Objectives

The debate within Israeli society reveals a gradual erosion of confidence in the ability to achieve the war's stated objectives of eliminating Hamas and recovering Israeli captives in GS. The debate centers on the following points:

- a. The fundamental contradiction between the two goals of the war: Eliminating Hamas and freeing the captives cannot be achieved simultaneously, and pursuing one goal will likely compromise the other. On one hand, engaging in a prolonged war aimed at dismantling Hamas's civilian and military infrastructure risks endangering the captives' lives, potentially leading to their deaths either through Israeli military actions or, as some experts suggest, at the hands of their captors if they anticipate their own imminent defeat. On the other hand,

successfully recovering the Israeli captives alive would require abandoning the goal of dismantling the civilian and military infrastructure of Hamas, which has declared that any negotiations for prisoner and hostage exchanges will only take place after a ceasefire and the withdrawal of Israeli forces from GS. This has led former Prime Minister Ehud Olmert to advocate for ending the war with the primary objective of freeing the Israeli captives, which he believes should be the war's foremost goal.²³

- b. The realism of the idea of eliminating Hamas: For many Israelis, this goal has become increasingly unrealistic and unattainable. Achieving this objective would likely involve a prolonged war and the occupation of GS, leading to significant economic, military, humanitarian and international costs. Consequently, public support for this goal has shifted towards questioning its feasibility, particularly whether it can be achieved solely through military means.²⁴
- c. Neutralizing politics during wartime: At the outset of the war, there was a broad consensus to set aside political and partisan differences, emphasizing unity in wartime. This included opposition figures refraining from calling for Prime Minister Netanyahu's resignation and even participating in a national unity government, which eventually led to the formation of an emergency government. Opposition leader Yair Lapid initially agreed to support the government and avoided demanding Netanyahu's resignation following the events of 7/10/2023. However, this consensus eroded a few weeks later, when Lapid reversed stance and called for Netanyahu to step down.²⁵ The war slogan "Together We Win" has also lost its unanimity within Israeli society. Political divisions have resurfaced, with factions such as the State Camp Party headed by Benny Gantz advocating for a government withdrawal²⁶ and demonstrations erupting in calls for Netanyahu's resignation.

Israel lacks a clear and consensual political vision for an exit strategy, leading to divergent orientations within its government. This divergence has become a point of contention between Israel and the US. Ironically, while the US supports Israel militarily, diplomatically and economically in its war efforts, Israel remains a major obstacle to the US political vision for the aftermath, assuming Israel achieves its goals. The US envisions the return of a revitalized PA to GS, while Israeli visions range from the forcible transfer of Palestinians and resettlement in GS to the establishment of a local Palestinian civil administration akin to the



village associations in WB in the late 1970s, alongside continued military security control of GS. Netanyahu outlined his vision for Gaza in an article in *The Wall Street Journal*, listing three prerequisites: eliminating Hamas, demilitarizing GS and deradicalizing Gaza!²⁷ However, the core issue remains the Israeli occupation of Palestinian land, the confiscation of their property, violation of their dignity and denial of their natural human rights. Netanyahu refuses to resolve the issue in the government because of his fear of dismantling it and going to elections in which he will inevitably lose.

Second: Demographic Indicators

CBS estimated the population of Israel at the end of 2023 at 9.842 million, including 7.208 million Jews, or 73.2% of the population. This is compared to 9.662 million people, including 7.101 million Jews, or 73.5% of the population at the end of 2022. The CBS estimated the number of Arabs, including residents of East Jerusalem and the Golan Heights, at 2.079 million in 2023, compared to 2.039 million in 2022, or 21.1% of the population (see table 2/5). If the residents of East Jerusalem (approximately 389 thousand)²⁸ and the Golan (approximately 25 thousand) are excluded, the number of the 1948 Palestinians (Palestinian territories occupied in 1948) will be about 1.665 million in 2023, or about 16.9% of the population.

In 2023, the CBS classified about 554 thousand people as “others,” or 5.6%, compared to about 522 thousand in 2022. These “others” are mostly immigrants from Russia, the former Soviet Union and Eastern Europe who are not recognized as Jews, identify Judaism as a nationality rather than a religious affiliation, or who are non-Jews or non-Arab Christians.

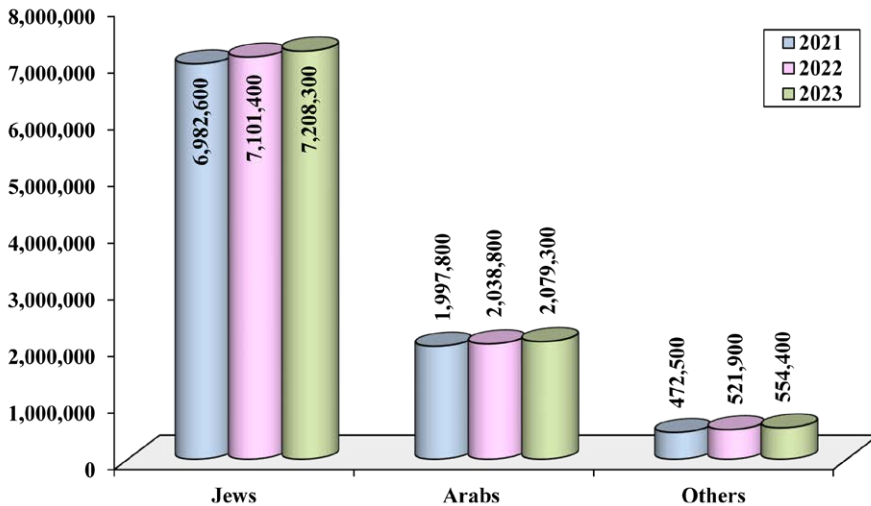
According to the CBS, Jerusalem is the largest city in “Israel” (occupied Palestine), and its population represents 10% of the total population in Israel. The population of Jerusalem at the end of 2022 was about 979 thousand, including about 595 thousand settlers and about 384 thousand Palestinians, or about 39.2%.²⁹ According to Israeli estimates, the number of Jewish settlers in WB, including East Jerusalem, is about 845 thousand settlers in 2023 compared to about 800 thousand in 2021. The WestBankJewishPopulationStats.com report stated

that the growth rate of settlers increased to 2.5% in 2022 and 3% in 2023, while Palestinian estimates issued by the Applied Research Institute (ARIJ) stated that the number of settlers reached about 954 thousand in 2022.³⁰

Table 2/5: Population of Israel – Selected Years³¹

Year	Total	Jews	Arabs (including East Jerusalem and Golan)	Others
2005	6,990,700	5,313,800	1,377,100	299,800
2010	7,695,100	5,802,400	1,573,100	319,600
2015	8,463,400	6,334,500	1,757,800	371,100
2020	9,289,800	6,873,900	1,957,300	458,600
2021	9,453,000	6,982,600	1,997,800	472,500
2022	9,662,000	7,101,400	2,038,800	521,900
2023	9,842,000	7,208,300	2,079,300	554,400

Population of Israel 2021–2023



In 2022, Israel’s population growth rate was 2.2%. This rate is higher than the usual annual indicators is because 38% of the increase was due to the arrival of a significant number of Jewish immigrants, primarily from Russia and Ukraine (0.84% of the 2.2% increase rate), meaning that the actual increase from natural

growth (births) did not exceed 1.4%.³² In 2023, the population growth rate was approximately 1.86%, with the increase for Jews at 1.5% and for Arabs, including those in East Jerusalem and the Golan Heights, at 1.99%. Based on population growth data, Israel's population is expected to reach 10 million by the end of 2024, under normal conditions. However, Operation al-Aqsa Flood, which has profoundly shaken Israeli security doctrine and the concept of a Jewish haven, has disrupted all projections of Jewish population growth. Therefore, making any future population projections is challenging, as the conflict is ongoing at the time of writing this report.

According to 2021 statistics of the CBS and the Jewish Virtual Library, the average life expectancy in Israel reached 80.5 years for men and 84.6 years for women, placing Israel eighth in the world for high average life expectancy, ahead of many developed countries such as the US, Canada, Italy, France and others.³³ Of the Jewish population aged 20 and over, 44% of Jews self-identify as secular, 21% as traditional but not very observant, 12% as traditional and observant, 12% as religious, and 11% as ultra-Orthodox.³⁴

In 2018, the fertility of Jewish women exceeded that of Arab women for the first time, and the rate among Jewish women living in Israel and WB settlements reached 3.05 compared to 3.04 for Arab women living there. The overall fertility rate reached 3.17 children per woman in 2018. This ratio dropped to 3.03 in 2022, and the decline was mostly in Muslim (3.2 to 2.91), Druze (2.16 to 1.85), and Christian (2.06 to 1.68) communities.³⁵

1948 Palestinians

It should be noted that Israeli statistics include Palestinians from East Jerusalem and the Golan Heights with the 1948 Palestinians; and this should be taken into consideration. As for the religious distribution of the 1948 Palestinians, as of the end of 2022, there are about 1.747 million Muslims (Sunnis) (85.7%), about 150 thousand Druze (7.4%) and about 140 thousand Christians (6.8%).³⁶

The 1948 Palestinian community has endured significant hardships due to the spread of crime, organized crime and the proliferation of unlicensed weapons. They have also faced challenges from the inaction of responsible authorities and the collusion of the Israeli police with criminal gangs, in what appears to be part of an undeclared Israeli effort to create an expulsive environment for Palestinians.

With the far-right Israeli government taking office at the end of 2022, there was a sharp escalation in the number of victims of violence and crime within the

Palestinian Arab community in Israel in 2023 compared to 2022. According to the annual report of AMAN—Arab Center for Safe Society, the number of victims of violence and crime in the Arab community by the end of 2023 reached an unprecedented record of 247 victims, marking a 122% increase from 2022, which saw 111 victims. Lod is the Arab town most affected by violence and crime, with 18 murders, followed by Nazareth with 16 murders and Rahat with 14 murders. Available data also indicates a 33% increase in the number of minor victims under the age of 17, with 14 victims in 2023, including a fetus in his mother's womb, compared to 9 victims in 2022; and a 45% increase in the number of female victims in 2023 reaching 16 victims, compared to 11 victims in 2022.³⁷

The New York Times newspaper reported that after Operation al-Aqsa Flood, at least 256 thousand Israelis applied for gun licenses. The paper quoted Tomer Lotan, former director general of the Israeli Ministry of National Security, as saying that the Israeli government issued 13 thousand firearms licenses in all 2022, and 23 thousand from the beginning of 2023 until 7/10/2023. Lotan added that after Operation al-Aqsa Flood and until late November 2023, roughly 26 thousand new licenses had been fully approved in less than 8 weeks, while another 44 thousand Israelis had received “conditional approval.” Lotan warned that Israel “will pay a big price, as a society, for this proliferation of private weaponry: more gunfire accidents, more suicides, more kids playing with guns, more daily conflicts escalating to drawn guns.”³⁸

On the other hand, incitement within Israeli Zionist circles against the 1948 Palestinians and Palestinians in general has increased. According to the “Index of Racism and Incitement 2022” report, published by the Arab Center for the Advancement of Social Media on 28/3/2023, the year 2022 witnessed a significant rise in violent discourse in Israeli digital spaces targeting the Arab and Palestinian public. Racist and inciteful content increased by 10% compared to 2021, with the number of violent Hebrew posts published on social networks reached 685 thousand up from 620 thousand in 2021.³⁹

Jewish Immigration

According to the CBS, 45,985 immigrants arrived in Israel in 2023 compared to 74,714 and 25,497 in 2022 and 2021 respectively. The number of Jewish immigrants to Israel tripled in 2022, likely due to the outbreak of the Russian-Ukrainian war, with 58% coming from Russia and 21.3% from Ukraine.⁴⁰ However, since October 2023, there has been a significant decrease in immigration to Israel

due to Operation al-Aqsa Flood, ongoing war conditions and aggression against GS (see table 3/5).

Since Israel's establishment in 1948, 3.4 million immigrants have arrived, with 46.2% coming after the collapse of the Soviet Union in 1990.⁴¹ Immigration rates from 2005 to 2023 have been relatively stable but remain low compared to the last decade of the twentieth century, due to the depletion of the Jewish population available for large-scale immigration and tendency of Jews to remain in developed countries in North America and Europe, where Jews find no incentive to immigrate extensively.

Preliminary data indicate that reverse Jewish migration from Israel has escalated due to Operation al-Aqsa Flood and the loss of the Israeli community's sense of security and stability, with at least 370 thousand Jews leaving Israel in the first two months of the war.⁴²

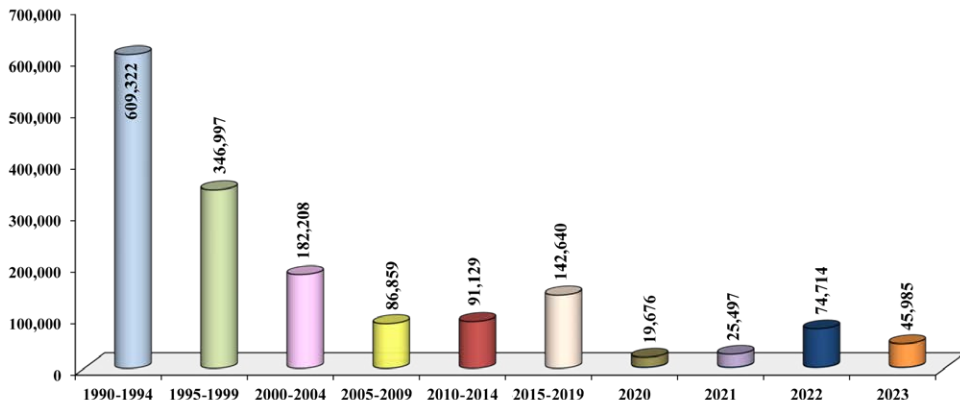
Table 3/5: Number of Jewish Immigrants to Israel 1990–2023⁴³

Year	1990–1994	1995–1999	2000–2004	2005–2009	2010–2014
No. of immigrants	609,322	346,997	182,208	86,859	91,129

Year	2015–2019	2020	2021	2022	2023	Total
No. of immigrants	142,640	19,676	25,497	74,714	45,985	1,625,027

The following chart shows the evolution of the number of Jewish immigrants to Israel for every five-year period from 1990–2019, except for 2020–2023.

Number of Jewish Immigrants to Israel 1990–2023



According to CBS, there were 560–596 thousand Israelis living abroad in 2016, not including children born of Israelis born overseas.⁴⁴

World Jewish Population

As of the beginning of 2023, world Jewish population was estimated at 16.783 million Jews, the vast majority of whom lived in the US and Israel. This figure is a jump in estimates of the number of Jews compared to previous years. The “sudden” increase in the figures that the same sources used to publish is because they recently included those Jews who do not believe in Judaism as a religion, and children whose parents are Jewish, mostly in the US.

As of early 2023, approximately 7.5 million Jews lived in the US, which represents the largest gathering of Jews in the world at 44.7%, followed by Israel with about 7.2 million (42.9%), and then France, Canada, UK and others.

According to the Jewish Agency for Israel, about 27 thousand Jews live in Muslim-majority countries, with about 14 thousand Jews in Türkiye, 9 thousand in Iran and 2 thousand in Morocco. The Agency also noted that if Jews eligible for Israeli citizenship under the Law of Return (which includes those with at least one Jewish grandparent) are included, the global Jewish population would reach 25.5 million.⁴⁵

Sergio DellaPergola, a demographer and Jewish Agency activist, estimated the number of Jews in the US at around 6 million in 2020. However, a Pew Research Center survey that year reported 7.5 million Jews in the US, an increase of 800 thousand since 2013. This number was later adopted by the Jewish Virtual Library as of early 2023. Alternatively, the American Jewish Yearbook by Ira Sheskin and Arnold Dashefsky estimated 7.3 million Jews in the US in 2020, closely aligning with the Pew survey. According to Sheskin, most American sociologists consider this variation reasonable, noting that DellaPergola’s estimate did not include the 1.5 million individuals who identify as “Jews without religion,”⁴⁶ viewing Judaism as a nationality rather than a religion. Therefore, this report relies on the updated figures from leading specialized sources.

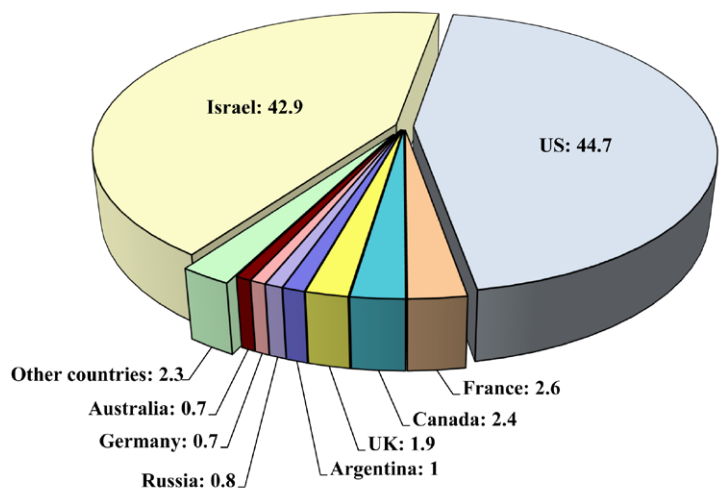
Undoubtedly, this significant disparity in estimating the number of Jews, primarily due to varying definitions of who is considered Jewish, causes confusion. However, it does not negate the small global Jewish population, their concentration of over 87% in two countries, and their generally slow population

growth. It also highlights the state of “assimilation” in other societies and the impact of globalization’s challenges on the Jewish community worldwide.

Table 4/5: World Jewish Population by Country 2023⁴⁷

Country	US	Israel	France	Canada	UK	Argentina	Russia	Germany	Australia	Other countries	Total
Estimates (thousands)	7,500	7,208	440	398	312	171	132	125	117	380	16,783
Percentage (%)	44.7	42.9	2.6	2.4	1.9	1	0.8	0.7	0.7	2.3	100

World Jewish Population by Country 2023 (%)



Third: Economic Indicators

Israel enjoys a relatively advanced economic status compared to other Middle Eastern countries, but it relies on the exploitation of Palestinian land, resources and people, as well as American support and influence in the Western world. Additionally, it benefits from the lack of official Arab threats and normalization agreements with many Arab countries. However, Operation al-Aqsa Flood has severely impacted the Israeli economy, leading to instability and insecurity and creating an environment that deters investment.

From 2020 to 2023, the Israeli economy faced several challenges, including the coronavirus pandemic and Palestinian resistance. The government deficit rose to 11.6% and the public debt to 72.6% of national income in 2020,⁴⁸ with additional losses of \$2.14 billion from the Sword of Jerusalem Battle in May 2021.⁴⁹ Operation al-Aqsa Flood wiped out several years of economic growth, with direct and indirect losses surpassing all previous negative figures and statistics from Israel's past wars.

The shekel declined by more than 5% against the dollar, reaching its lowest level since 2012 at 4.08 shekels. Despite the Bank of Israel's intervention, which involved injecting about \$30 billion and selling \$8.2 billion of foreign exchange in October to stabilize the currency, the shekel continued to struggle.⁵⁰

On 22/1/2024, Bank of Israel Governor Amir Yaron warned that the war in Gaza could cost up to 255 billion shekels (\$68 billion).⁵¹ The Bank of Israel estimated economic growth of only 1.5% in 2023. While pre-war projections of Bank of Israel and IMF data indicated economic growth in 2024 of 3.4%, post-war estimates have revised this down to just 0.4%.⁵² In April 2024, the Bank of Israel reported that a downturn in the construction market could significantly impact the Palestinian economy, potentially reducing annual GDP by about 25 billion shekels (about \$6.8 billion). The report estimated that a 50% contraction in the construction sector would cause direct damage of 14 billion shekels (about \$3.8 billion), double the initial estimates of the Israeli Ministry of Finance.⁵³ Accurate predictions remain challenging due to ongoing aggression in GS, the strength of the resistance, and instability in the Israeli security, economic, military and social situation.

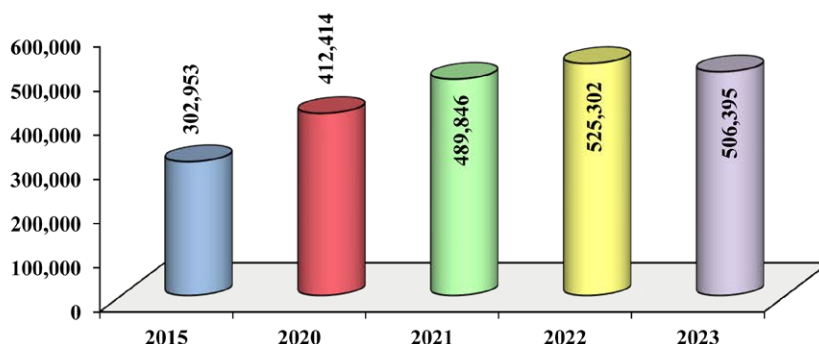
GDP

The Israeli CBS estimated GDP for 2023 at 1,868.4 billion shekels (about \$506 billion), compared to 1,763.8 billion shekels (about \$525 billion) in 2022 and 1,582 billion shekels (about \$490 billion) in 2021. These estimates indicate GDP growth in local currency terms of 5.9% in 2023, 11.5% in 2022 and 11.6% in 2021. However, when considering the fluctuation of the shekel against the dollar, the growth rate decreased by 3.6% in 2023, while it increased by 7.2% in 2022 and by 18.8% in 2021 (see table 5/5). Note that these statistics are derived from official sources, which update data periodically.



Table 5/5: Israeli GDP 2015 and 2020–2023 at Current Prices⁵⁴

Year	GDP (million shekels)	GDP (\$ million)	Shekel exchange rate (according to Bank of Israel)
2015	1,176,638	302,953	3.8839
2020	1,417,344	412,414	3.4367
2021	1,581,860	489,846	3.2293
2022	1,763,806	525,302	3.3577
2023	1,868,446	506,395	3.6897

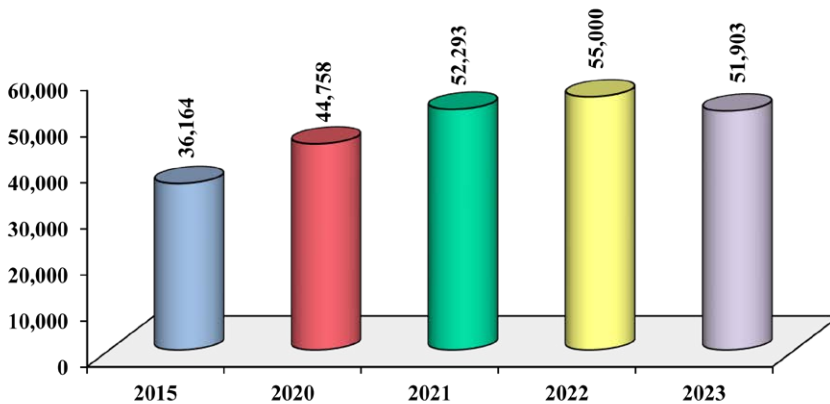
Israeli GDP in 2015 and 2020–2023 at Current Prices (\$ million)

GDP per Capita

According to the statistics, Israel's GDP per capita in 2023 amounted to 191,508 shekels (about \$52 thousand), compared to 184,672 shekels (\$55 thousand) in 2022 and 168,869 shekels (\$52,293) in 2021. This indicates a growth in GDP per capita in local currency by 3.7% in 2023, 9.4% in 2022 and 9.8% in 2021. However, due to fluctuations in the shekel's value against the dollar, the growth rate in dollars showed a decline of 5.6% in 2023, while it increased by 5.2% in 2022 and by 16.8% in 2021. Therefore, one should avoid jumping to inaccurate conclusions without considering the differences in local currency values against the dollar (see table 6/5).

Table 6/5: Israeli GDP per Capita 2015 and 2020–2023 at Current Prices⁵⁵

Year	GDP per capita (shekels)	GDP per capita (\$)
2015	140,459	36,164
2020	153,820	44,758
2021	168,869	52,293
2022	184,672	55,000
2023	191,508	51,903

Israeli GDP per Capita 2015 and 2020–2023 at Current Prices (\$)

Poverty Indicators

According to the annual poverty report of the Israeli organization Latet, published on 19/12/2023, the income of Israelis decreased by 20% after Operation al-Aqsa Flood and the Israeli aggression against GS. The report estimated that approximately 710 thousand households (22%) in Israel were experiencing acute food insecurity, compared to 522 thousand households in 2021. Additionally, 85% of those surveyed indicated difficulty in ensuring the supply of hot water or electricity needed for household appliances. The poverty line was set at 5,107 shekels (about \$1,400) per person per month. The report also noted that 81.8% of aid recipients were in debt, 81.6% of elderly aid recipients lived below the poverty line, and none of the organizations dedicated to supporting the poor have received any aid from the Israeli government since the beginning of the war.⁵⁶



The annual poverty report issued by the National Insurance Institute of Israel (NII) on 28/12/2023 set the poverty line at 3,076 shekels (about \$850) for 2022. It indicated that about 1.98 million individuals lie below the poverty line in Israel, with a poverty rate of 21% among individuals and 20.2% among families. The report added that the poverty rate among Arabs was 39%, and 14% among non-Haredi Jews.⁵⁷

Israeli Government Budget

According to Israel's CBS, total payments in the approved budget for 2023 amounted to 698.149 billion shekels (about \$182.8 billion); however, the total budget performance payments in 2022 were 674.27 billion shekels (\$200.8 billion) (see table 7/5). The final figures for 2023, which have yet to be released, are expected to show a significant increase due to Operation al-Aqsa Flood and the associated war expenses in GS.

The budget is allocated across three areas. The first is the ordinary budget, which includes the expenses of the presidency, premiership and ministries. The second area covers the development budget and debt repayment and the third includes business enterprises. From the 2022 budget performance, the ordinary budget received 441.458 billion shekels (about \$131.5 billion), of which 83.446 billion shekels (about \$24.85 billion) were spent on the army, 21.375 billion shekels (about \$6.4 billion) on national security, 86.758 billion shekels (about \$25.8 billion) on education, 69.679 billion shekels (about \$20.75 billion) on social affairs and services, and 53.632 billion shekels (about \$15.97 billion) on health. Debt repayment also accounted for a significant portion of total expenditures, amounting to 126.565 billion shekels (about \$37.69 billion) in 2022, compared to 119.78 billion shekels (about \$37.1 billion) in 2021.⁵⁸

In contrast, total receipts for 2022 was 655.07 billion shekels (about \$195.1 billion), compared to 670.43 billion shekels (about \$207.6 billion) in 2021. Much of the revenue comes from income tax (214.3 billion shekels, about \$63.8 billion) and value-added tax (129.6 billion shekels, about \$38.6 billion) as outlined in the 2022 budget performance.⁵⁹

The following table shows the actual public receipts and payments of the Israeli government during 2021–2023:

Table 7/5: Budget Performance of Israeli Government Receipts and Payments 2021–2023⁶⁰

		2021		2022		2023	
		Million shekels	\$ Million	Million shekels	\$ Million	Million shekels	\$ Million
Receipts	Current receipts	390,922	121,055	445,551	132,695	446,257	116,852
	Capital receipts	201,176	62,297	105,256	31,348	164,489	43,071
	Earmarked income in government ministries	32,435	10,044	47,333	14,097	48,595	12,725
	Business enterprises	45,897	14,213	56,931	16,955	38,808	10,162
Receipts grand total		670,429	207,608	655,072	195,095	698,149	182,809
Payments	Ordinary budget	452,785	140,212	441,458	131,476	460,940	120,697
	Development budget and debt repayment	167,379	51,831	175,915	52,392	198,401	51,951
	Business enterprises	45,779	14,176	56,892	16,944	38,808	10,162
Payments grand total		665,944	206,219	674,266	200,812	698,149	182,809
Deficit (%)		–0.67		–2.9		0	

Note: Figures for 2021 and 2022 represent the actual budget performance for receipts and payments, while those for 2023 reflect the approved budget.

According to the Israeli Ministry of Finance, total expenditure in 2023 was 516.1 billion shekels (about \$139.9 billion), compared to 500.2 billion shekels (about \$149 billion) in 2022. These figures exclude debt repayment and business enterprise expenses. Additionally, there was a significant increase in the Ministry of Defense's expenditures in the last three months of 2023, which amounted to 40% of Ministry's total annual budget. This spike was primarily due to Operation al-Aqsa Flood and the war on the GS, with expenditures reaching 39.3 billion shekels (about \$10.3 billion), compared to 20.3 billion shekels (about \$5.8 billion) during the same period in 2022.⁶¹



On 13/3/2024, the Israeli Knesset approved the war-amended general budget bill for 2024. The government spending ceiling is set at 584.1 billion shekels (about \$160 billion) after accounting for war expenses, representing a total increase of 70 billion shekels (about \$19 billion), compared to the base budget approved in May 2023. This adjustment considers the heightened expenses related to the ongoing “defense operations” in GS.⁶² The budget deficit is projected to rise to 6.6% of GDP in 2024.⁶³

In an effort to strengthen the public treasury and offset the expenditures caused by the depletion of Israeli financial resources due to the war on GS, Israel plans to borrow \$60 billion in 2024, freeze government employment and increase taxes. Consequently, the government aims to boost defense spending in 2024 by 55 billion shekels (about \$15.1 billion), an 85% increase from the pre-war defense budget.⁶⁴ The authorities have also imposed additional taxes on banks amounting to 2.5 billion shekels (about \$700 million) over the next two years,⁶⁵ along with a package of measures involving higher taxes and increased costs for basic services. The prices of various goods and services, including electricity and fuel, have already seen significant increases, affecting residents across Israel.⁶⁶

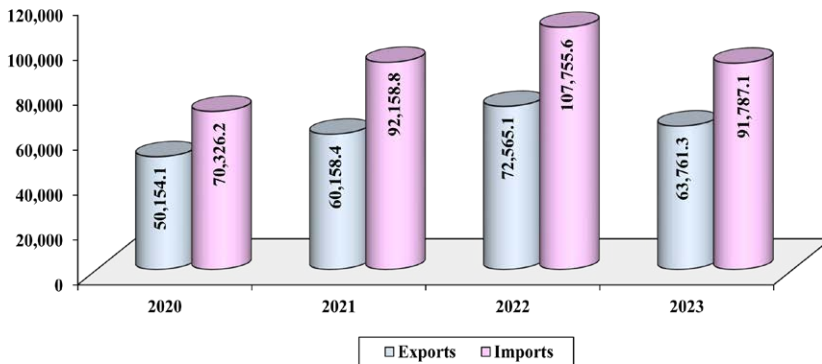
There may be some discrepancies and confusion among researchers due to the varying statistics and figures issued by Israeli official bodies. This is often because of the lack of precise definitions for terms such as the grand total budget or the regular budget; and the budget approved by the government, the budget approved by the Knesset and the actual updated budget of revenues and expenditures at the end of the fiscal year.

Exports and Imports

In 2023, Israeli exports totaled \$63.76 billion, down from \$72.57 billion in 2022 and \$60.16 billion in 2021. This represents a 12.1% decrease in 2023 following a 20.6% increase in 2022. Imports for 2023 totaled \$91.79 billion, compared to \$107.76 billion in 2022 and \$92.16 billion in 2021. This reflects a 14.8% decrease in 2023 after a 16.9% increase in 2022 (see table 8/5). Note that these statistics exclude foreign trade in services for both imports and exports, and that the percentages are calculated in dollars, not shekels.

Table 8/5: Total Israeli Exports and Imports 2020–2023 at Current Prices⁶⁷

		Exports	Imports	Deficit (%)
2020	Million shekels	172,326.2	241,463.5	-40.1
	\$ Million	50,154.1	70,326.2	
2021	Million shekels	194,080	297,445.8	-53.3
	\$ Million	60,158.4	92,158.8	
2022	Million shekels	243,749.8	361,801.4	-48.4
	\$ Million	72,565.1	107,755.6	
2023	Million shekels	234,824.9	337,774.5	-43.8
	\$ Million	63,761.3	91,787.1	

Total Israeli Exports and Imports 2020–2023 at Current Prices (\$ million)

The US still maintains its status as a primary trading partner of Israel. In 2023, Israeli exports to the US amounted to about \$17.58 billion, accounting for 27.6% of all Israeli exports, compared to about \$18.6 billion in 2022 (25.7% of all Israeli exports). Israeli imports from the US totaled around \$9 billion in 2023, representing 9.9% of all Israeli imports, compared to roughly \$9.6 billion in 2022 (8.9% of all Israeli imports). Israel offsets some of its trade deficit with most of its trading partners through its trade surplus which is close to \$8.5 billion in 2023 and \$9 billion in 2022, with the US, which is an important support for the Israeli economy (see table 9/5).



China was Israel's second largest trading partner, with Israeli exports amounting to about \$3.44 billion in 2023 and \$4.6 billion in 2022. Israeli imports from China totaled approximately \$11.2 billion in 2023 and about \$13.1 billion in 2022. Germany ranked third, with a trade volume of around \$8.7 billion in 2023, compared to \$8.96 billion in 2022.

The Netherlands advanced from sixth place in 2022 to fourth place in 2023, with a trade volume of around \$6.6 billion. Türkiye fell from fourth place in 2022 to fifth place, with a trade volume of about \$6.2 billion in 2023, down from \$8.04 billion in 2022. Switzerland and Belgium ranked sixth and seventh with trade of \$5.6 billion and \$5.45 billion respectively. Ireland moved up from 13th place in 2022 to eighth place with trade amounting to about \$5.3 billion in 2023 (see table 9/5).

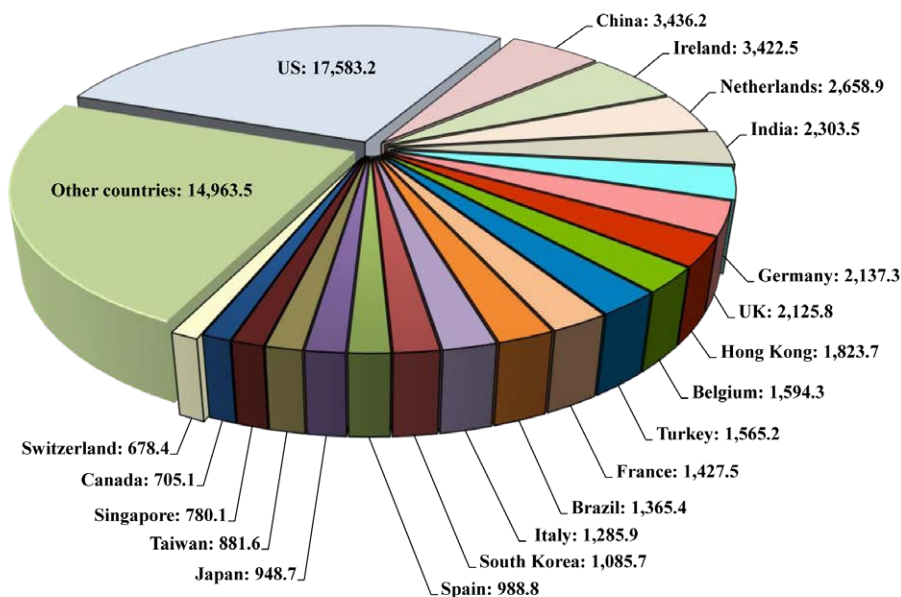
In addition to the previous countries, the main destinations for Israeli exports in 2023 were India (\$2.3 billion), UK (\$2.1 billion), Hong Kong (\$1.8 billion) and France (\$1.4 billion) along with Brazil and Italy. The main sources of Israeli imports in 2023 were Italy (\$3.3 billion), UK (\$2.9 billion), France (\$2.6 billion), South Korea (\$2.51 billion), Hong Kong (\$2.5 billion) and India (\$2 billion) (see table 9/5).

Table 9/5: Volume of Israeli Trade, Exports and Imports with Selected Countries 2022–2023 at Current Prices (\$ million)⁶⁸

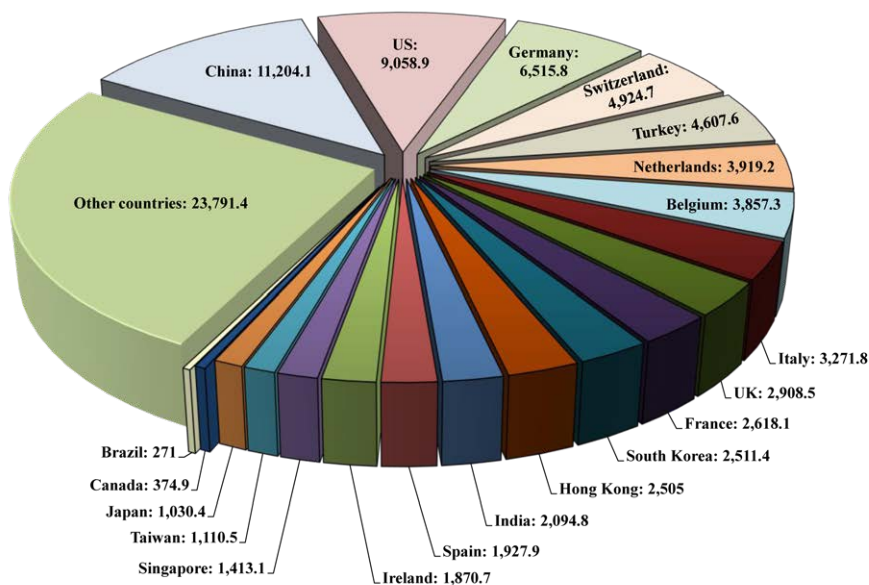
	Countries	Trade volume		Israeli exports to:		Israeli imports from:	
		2023	2022	2023	2022	2023	2022
1	US	26,642.1	28,255.8	17,583.2	18,616.8	9,058.9	9,639
2	China	14,640.3	17,782	3,436.2	4,631.3	11,204.1	13,150.7
3	Germany	8,653.1	8,956.3	2,137.3	1,880.6	6,515.8	7,075.7
4	Netherlands	6,578.1	6,717.5	2,658.9	2,439.3	3,919.2	4,278.2
5	Türkiye	6,172.8	8,039.2	1,565.2	2,338.9	4,607.6	5,700.3
6	Switzerland	5,603.1	7,619.5	678.4	1,530.3	4,924.7	6,089.2
7	Belgium	5,451.6	6,540.3	1,594.3	1,996.9	3,857.3	4,543.4
8	Ireland	5,293.2	4,496.1	3,422.5	2,576.1	1,870.7	1,920
9	UK	5,034.3	6,308	2,125.8	3,121.2	2,908.5	3,186.8
10	Italy	4,557.7	4,994.7	1,285.9	1,524.4	3,271.8	3,470.3
11	India	4,398.3	6,057	2,303.5	3,354.4	2,094.8	2,702.6
12	Hong Kong	4,328.7	4,828.3	1,823.7	1,622.1	2,505	3,206.2
13	France	4,045.6	5,632.4	1,427.5	2,081.4	2,618.1	3,551
14	South Korea	3,597.1	4,100.8	1,085.7	1,304.2	2,511.4	2,796.6
15	Spain	2,916.7	3,309.2	988.8	1,198.4	1,927.9	2,110.8
16	Singapore	2,193.2	3,309.5	780.1	1,143	1,413.1	2,166.5
17	Taiwan	1,992.1	2,714.8	881.6	1,395.6	1,110.5	1,319.2
18	Japan	1,979.1	2,307.2	948.7	906	1,030.4	1,401.2
19	Brazil	1,636.4	2,339.7	1,365.4	1,942	271	397.7
20	Canada	1,080	1,514.1	705.1	1,042.4	374.9	471.7
21	Other countries	38,754.9	44,498.3	14,963.5	15,919.8	23,791.4	28,578.5
	Total	155,548.4	180,320.7	63,761.3	72,565.1	91,787.1	107,755.6



Israeli Exports to Selected Countries 2023 at Current Prices (\$ million)



Israeli Imports from Selected Countries 2023 at Current Prices (\$ million)



Manufacturing, mining, and quarrying topped the list of Israeli exports for 2022 and 2023, accounting for 91.1% and 93.3% respectively. Israel's net diamond exports amounted to 7.7% in 2022 and 5% in 2023. Agricultural exports and those relating to forestry and fishing totaled 1.6% and 2.3% in 2022 and 2023 respectively (see table 10/5). The breakdown of industrial exports by technological intensity, high-tech industries accounted for 39% of all such exports in 2022, while medium-tech industries accounting for 55%, and low-tech industries for 6%.⁶⁹

Table 10/5: Israeli Exports by Commodity Group 2021–2023 (\$ million)⁷⁰

Year	Agriculture, forestry and fishing	Manufacturing, mining & quarrying excl. working diamonds	Working of diamonds & Wholesale of diamond	Other	Discarded exports	Total
2021	1,151.9	50,227.5	5,314.4	14.2	–340.5	56,367.6
2022	1,091.7	60,592.2	5,149.1	0.4	–348.5	66,484.8
2023	1,336.6	55,249.8	2,983.5	0.4	–383	59,187.3

As for Israeli imports, raw materials topped the list in 2022 and 2023, accounting for 43% and 43.1% respectively. Fuel imports amounted to 13.6% in 2022 and 11.9% in 2023. Consumer goods represented 23.9% and 25.1%, while investment goods accounted for 13.4% and 15.5% in the same years. Diamond imports were about 4.8% and 3.6% in 2022 and 2023 respectively (see table 11/5).

Table 11/5: Israeli Imports by Commodity Group 2021–2023 (\$ million)⁷¹

Year	Consumer goods	Raw materials	Investment materials	Fuel	Polished and rough diamonds	Other	Total
2021	23,429.2	39,265	13,792.7	9,009.5	5,128.1	350.4	90,975
2022	25,363.7	45,744.1	14,235.3	14,461.5	5,061.8	1,459.6	106,326
2023	22,747.4	38,999.8	14,034.1	10,753.1	3,274.2	658.1	90,466.7

US Support

Although Israel is considered a wealthy and developed country, it continues to receive a US annual assistance. Since 2018, this support has increased by about \$700 million annually, reaching \$3.8 billion per year, of which \$3.3 billion allocated for military grants. For the fiscal year 2022, an additional \$1 billion was allocated

specifically for the renewal of the Iron Dome system. As a result, the total amount of US support provided to Israel from 1949 to 2023 stands at about \$154.5 billion, according to the final tally of the report provided by the Congressional Research Service (CRS) and the Jewish Virtual Library.⁷²

In March 2023, the CRS reported that the National Defense Authorization Act of 2023, passed by Congress, allocated \$520 million for joint US-Israel defense programs for the fiscal year 2023, including \$500 million for missile defense programs. Per the terms of the MOU, Congress appropriated \$3.8 billion for Israel under the Foreign Military Financing (FMF) and Missile Defense programs in the Consolidated Appropriations Act of 2023. Additionally, \$98.58 million was provided for other cooperative defense and non-defense programs.⁷³

Following Operation al-Aqsa Flood, US aid to Israel, particularly military aid, saw a significant increase. On 20/10/2023, President Joe Biden announced from the White House the allocation of \$14.3 billion in aid to Israel.⁷⁴ The US Senate approved the funding request in February 2024 with the support of 70% of its members, but it was blocked in the House of Representatives.⁷⁵ Nonetheless, President Biden exercised his authority to disburse the funds without awaiting the House's approval.

Table 12/5: US Foreign Aid to Israel 1949–2023 (\$ million)⁷⁶

Period	1949–1958	1959–1968	1969–1978	1979–1988	1989–1998
Total	599.6	727.8	11,426.5	29,933.9	31,551.9

Period	1999–2008	2009–2018	2019	2020	2021	2022	2023*	Grand total
Total	29,374.7	30,878.2	3,800	3,800	3,800	4,800	3,800	154,492.6

* This sum does not include the support related to Operation al-Aqsa Flood and the war on GS.

Fourth: Military Indicators

The Israeli security theory experienced a severe setback following Operation al-Aqsa Flood. This operation undermined the foundations of deterrence, early warning and operations in the enemy territory, revealing significant flaws in the military security system. It also disrupted the development and modernization

efforts that had been integrated into strategies, plans, concepts and preparations over recent years. These advancements, previously championed by the General Staff leadership, were presented as both a safety valve and a vision of the future of the Israeli army, aimed at addressing the challenges and dangers in the strategic environment surrounding Israel. There is no doubt about the superiority of Israel's material military capabilities in comparison to the resistance, and even to all Arab countries. However, the crucial question remains why Israel was unable to subdue the resistance, and why its superiority did not prevent the 7/10/2023 operation. The following outlines the key military indicators for 2022–2023.

1. Appointments and Structural Changes

The years 2022 and 2023 witnessed some appointments to important positions in the Israeli army within the framework of regular appointments, most notably the appointment of Major General Herzi Halevi as Chief of Staff, who officially assumed his duties on 16/1/2023, replacing Aviv Kochavi.⁷⁷

In May 2023, Major General Eliezer Toledano, who served as the head of the Southern Command, was appointed as the officer in charge of Iran Affairs and the Strategic Planning Division. Brigadier General Yaron Finkelman replaced Toledano as head of the Southern Command. Brigadier General Nimrod Aloni was appointed head of the Depth Corps and Military Colleges, and Brigadier General David Zini was appointed head of the Training Command and General Staff Corps. Rear Admiral Eyal Harel was appointed head of the Planning Directorate. Brigadier General Ofer Winter, former commander of the 98th Paratroopers Division, was excluded from the recent promotions despite a right-wing campaign to give him a senior position in the army.⁷⁸

2. Manpower

The Israeli army comprises approximately 635 thousand personnel, including 170 thousand active personnel and 465 thousand reservists.⁷⁹ This reserve force is highly effective, capable of being mobilized within just four days. In recent years, the influence of the religious right has been increasingly felt, even within the upper echelons of the military.

Regarding the motivation of young Israelis to enlist in combat units of the Israeli army, the Hebrew website i24NEWS revealed, on 23/4/2023, that there is significant concern among Israeli army leadership due to the continuing decline

in the desire and motivation among young Israelis to join military service. The website noted that in December 2022, only 66% of male recruits expressed a desire to join combat units, down from 73% in 2021. Motivation among female recruits also decreased, with only 48% wanting to join a combat unit in 2022, compared to 50% in 2021, 53% in 2020 and 60% in 2018.⁸⁰

After Benjamin Netanyahu assumed the premiership in 2023 and began advancing a plan for judicial reforms, the Israeli military experienced a crisis. Soldiers and officers, both in “reserve” and “permanent” service, particularly in the air force and navy, began refusing to report for duty. According to Israel’s Channel 13, many officers expressed a loss of motivation to serve.⁸¹

The Israeli war on GS following Operation al-Aqsa Flood on 7/10/2023, underscored the urgent need to expand the reserve army. This conflict led to the largest mobilization of reservists in Israel’s history, with 337 thousand soldiers recruited. Given the prolonged nature of the war, the possibility of its continuation, and the high number of casualties, the Israeli government⁸² decided to propose an urgent law to restructure the reserve army. The proposed changes include increasing the reserve force, extending the duration of service, and raising the salaries of reservists. Specifically, mandatory military service for men would be extended by at least four months, from 32 to 36 months. The age limits for reservists would be increased: from 40 to 45 years old, 45 to 50 years old for officers, and from 49 to 55 years old for special operations soldiers.⁸³

According to a poll conducted by the National Union of Israeli Students in early 2024, a high percentage of students are struggling with their studies due to the ongoing war on GS; 40% of students are considering withdrawing from their studies as a result of the war’s impact, with this figure rising to 42% among student reserve soldiers. Approximately 77% of students involved in the war reported that being called back into service would make it difficult to complete the current academic year. Among students who have been evacuated from their homes, 33% indicated that they were experiencing economic hardship, nearly 50% were considering dropping out of college, and 73% reported a decline in their psychological well-being.⁸⁴

3. Military Plans and Trends

The years 2022–2023 saw numerous changes and events on the global, regional and local levels, leading to increased challenges and risks for Israeli

decision-makers. The most significant of these challenges was undoubtedly the shocking operation launched by Al-Qassam Brigades, the military wing of Hamas, on 7/10/2023, which was called Operation al-Aqsa Flood. This attack disrupted the fundamental principles of Israel's national security doctrine—particularly early warning, deterrence, decisiveness and transferring the battle to enemy territory—as these pillars suffered significant blows and failures.

The INSS's Strategic Survey for Israel 2022 concluded that in GS, Hamas could reach understandings “for a prolonged period of calm in return for the reconstruction of Gaza and lightened closure.” However, in return, the Israeli army must “improve preparedness for a military operation that aims to dismantle Hamas's military capabilities and ongoing conflict management.” In WB, the assessment called for strengthening the PA's position and “maintaining cooperation with the PA's security apparatuses.” Regarding regional threats, Iran topped the list.⁸⁵ In its 2023 report “Strategic Analysis for Israel 2023,” the INSS asserted that Israel would face several major challenges, both internally and externally. What is new in these challenges is the strengthening of “the special relations with the United States,” the fear of an armed popular *Intifadah* in WB and the internal division within Israeli society.⁸⁶

The Israeli concern was evident in the 2023 annual assessment of the Israeli Intelligence Directorate, as the warnings shifted from external threats to Israeli-Israeli warnings due to internal divisions. The most prominent statement was made by Israeli President Isaac Herzog who said that Israel's greatest existential threat “comes from within.”⁸⁷ The Herzliya Conference, held on 22–23/5/2023, did not introduce any new insights regarding the challenges and dangers surrounding Israel on all fronts. The most notable threat highlighted by the conference was Iran's significant progress toward acquiring a nuclear weapon.⁸⁸

Four years after former Chief of Staff Aviv Kochavi launched his multi-year plan “Tnufa” (Momentum),⁸⁹ the concept of “decisive victory,” one of Tnufa's main recommendations, was put to the test after Operation al-Aqsa Flood.⁹⁰ The concept of “decisive victory” involves rapid offensive operations utilizing smaller units backed by massive firepower, as Kochavi outlined in his speeches.⁹¹

At the operational level, the “Tnufa” plan called for setting up a new unit called the “Ghost Unit,” also referred to as the “multi-dimensional unit.” This elite force combines military capabilities, including infantry, armor, artillery,

combat engineers, air force, UAVs and cyber operatives, into a single unit “with the human capabilities of a battalion, but with the firepower of a division.”⁹² The “Ghost Unit” played a significant role in the ground operation launched by the Israeli army during Operation al-Aqsa Flood, including involvement in storming densely populated neighborhoods, such as the Jabalia refugee camp in Gaza City.⁹³ Roi Levy, the commander of the “Ghost Unit,” was killed by Al-Qassam Brigades fighters at the onset of Operation al-Aqsa Flood.⁹⁴

A serious challenge has emerged for the “Tnufa” plan, falling under the broader issue of “joint action.” This challenge involves the coordination between the “Ghost Unit” and the ground, air and cyber forces—a coordination that has proven difficult to achieve. This difficulty has led to serious and fatal incidents of “friendly fire,” many of which the Israeli army announced during Operation al-Aqsa Flood. Channel 12 revealed on 5/2/2024, that since the ground battles began in GS on 27/10/2023, 540 Israeli soldiers were accidentally injured.⁹⁵ According to Israeli army data, from the start of the ground battle until 29/12/2023, 18 Israeli soldiers were killed by “friendly fire” out of 170 soldiers killed during that period.⁹⁶

A study published by Foreign Policy on 26/10/2023 indicated that one of the key reasons for the Israeli army’s failure to anticipate the 7/10/2023 operation was its overreliance on technology and the mistaken belief that large numbers of boots on the ground were unnecessary for guarding against intrusions. The study added that without traditional military assets such as larger-scale, rapidly deployable forces, the Israeli army “risks having no Plan B to quickly respond to a dynamic attack or other fast-evolving military situations.”⁹⁷

Before the curtain fell on the “Tnufa” plan, the new Chief of Staff Herzi Halevi began drafting the “Ma’alot” program, which means “ascent” in Hebrew. This multi-year plan is set to replace “Tnufa” and includes enhanced readiness and preparation for multi-arena threats, a focus on the human element, increased operational maneuvers and strengthened border defense.⁹⁸ In an effort to address the shortcomings of the “Ma’alot” plan, a study by military reporter and analyst Yaakov Lappin, published by the Begin-Sadat Center for Strategic Studies (BESA) on 1/11/2023, recommended that the army leadership reassess the plan in light of the military’s failure on October 7. The study advised building on the achievements of “Tnufa” and reevaluating the concepts of border defense, sensor-based early warnings and over-reliance on prior intelligence of intentions.⁹⁹

4. Military Maneuvers

In 2022–2023, the Israeli army intensified its preparations through a series of diverse military maneuvers that involved most weapons and simulated confrontations on multiple fronts. This effort aimed to boost readiness in response to what it describes as the security risks surrounding Israel, with particular emphasis on the Iranian threat and the northern front.

On 30/1/2022, the US-led International Maritime Exercise (IMX/CE 2022), the largest naval exercise in the Middle East, took place in the Red Sea. This exercise saw the participation of 60 militaries and international organizations, including the Israeli navy for the first time, along with Türkiye, Egypt, Saudi Arabia, UAE and Bahrain.¹⁰⁰ In early 2022, the Israeli air force conducted a confidential drill simulating an attack on Iran.¹⁰¹ On 29/11/2022, Israel and the US began joint air maneuvers, simulating offensive strikes against Iran's nuclear program.¹⁰²

The Juniper Oak 2023 drill conducted by the Israeli army in partnership with the US army in January 2023 was one of the most notable maneuvers in recent years. It tested the extent of joint Israeli-American readiness and strengthened operational relations between the two armies.¹⁰³ On 23/2/2023, the Israeli Ground Forces conducted a joint military exercise with their Hellenic Army and US Army counterparts, simulating a wide range of scenarios in Greek territory.¹⁰⁴ In early June 2023, the Israeli army wrapped up a two-week drill, dubbed "Firm Hand," which focused on a potential multi-front war.¹⁰⁵ In June 2023, Israel confirmed the participation of its soldiers in the "African Lion" drill in Morocco, marking the first time the Israeli army takes an active role in this exercise. Eighteen countries participated in the maneuvers, the largest in Africa.¹⁰⁶

However, despite all these maneuvers and preparations, Operation al-Aqsa Flood unfolded, resulting in the destruction of an entire military division within a few hours by a force (Al-Qassam) that was significantly weaker in terms of capabilities, weapons and logistical support.

5. Armaments and Arms Trade

Israeli arms exports worldwide reached \$12.5 billion in 2022. According to the Israeli Ministry of Defense, arms exports have more than doubled since 2014, with a 50% increase in just the past three years. In 2021, total defense exports were \$11.4 billion, marking the previous record high, according to the International



Defense Cooperation Directorate (SIBAT) at Israel's Ministry of Defense. Between 2011 and 2016, this figure ranged between \$5.6 billion and \$7.5 billion.¹⁰⁷

The surge in demand for Israeli-made weapons is attributed to two strategic variables: first, “geo-strategic changes” in Europe following Russia's invasion of Ukraine, and second, significant demand for Israeli weapons from Arab countries that have recently normalized ties with Israel.¹⁰⁸

According to 2022 data from the Israeli Ministry of Defense, UAE, Bahrain and Morocco, which have normalized relations with Israel, accounted for 24% of arms purchases. North America accounted for 11% while Africa and Latin America accounted for 3% each. Some 120 Israeli arms industries signed hundreds of new sales contracts worldwide, including “mega deals.”¹⁰⁹

When the Israeli army launched Operation “Swords of Iron” against GS in response to Operation al-Aqsa Flood on 7/10/2023, it used tens of thousands of tons of weapons and ammunition. As a result, the army had to place orders to replenish its stockpiles and allocate additional funds for armaments.

After 7/10/2023, several countries, led by the US, began accelerating the sale of combat weapons to Israel. According to *Israel Hayom* newspaper on 18/3/2024, more than 300 planes and 50 ships carrying munitions and military equipment, totaling approximately 35 thousand tons of weapons systems, munition and other arms, arrived in Israel.¹¹⁰ These included over 5,400 bombs with MK84 warheads, each weighing 900 kg, as well as around one thousand small-diameter GBU-39 bombs.¹¹¹

According to the Stockholm International Peace Research Institute (SIPRI), the US supplied 70.2% of Israel's conventional arms procurement between 2011 and 2020. Germany accounted for 23.9% followed by Italy at 5.9%. The German Economic Affairs and Climate Protection Ministry's 2023 Federal Government Arms Export Policy reported a tenfold increase in Germany's arms and military equipment sales to Israel in 2023 compared to 2022, reaching approximately \$352 million. In the first few weeks following the onset of Israeli aggression on GS on 7/10/2023, the German government approved 185 additional applications related to arms supplies from Israel.¹¹²

Canada stated that the weapons it sends are “non-lethal.”¹¹³ In November 2023, Belgium exported 16 tons of gunpowder.¹¹⁴ The UK continued to authorize arms sales to Israel, including planes, helicopters, UAVs, bombs, missiles, armored

vehicles, tanks, ammunition and parts for the F35 aircrafts.¹¹⁵ Spain exported a total of \$1.6 million in war materiel during 2023, with two-thirds of these imports sent in November.¹¹⁶ The Netherlands sent at least one shipment,¹¹⁷ while India exported 20 Hermes 900 drones manufactured domestically.¹¹⁸

6. Military Budget

The Israeli military budget amounted to \$24.85 billion (83.45 billion shekels) in 2022 based on the actual spending. The military budget for 2023 was estimated at \$21.63 billion (82.59 billion shekels), excluding the costs incurred from the war Israel launched on GS following Operation al-Aqsa Flood in October 2023 (see table 13/5). It should be noted that there may be some discrepancies or differences in the statistics issued by official authorities, either due to variations in currency exchange rates or differences between the approved budget and actual disbursement.

On 14/12/2023, the Israeli Knesset approved an additional 25.9 billion shekels (\$7 billion) to the general budget to cover the costs of the war against GS. This includes compensation for military reservists and emergency housing for internally displaced persons.¹¹⁹ According to the proposal approved by the Knesset Finance Committee, the total war-related spending in 2023 will reach 28.9 billion shekels (\$7.8 billion), with 17 billion shekels (\$4.6 billion) allocated for defense expenditures and about 12 billion shekels (\$3.2 billion) for civilian and other expenditures.¹²⁰

The Israeli Ministry of Defense estimated the cost of the war until the end of 2023 at 65 billion shekels, or about \$18 billion.¹²¹

On 7/1/2024, as the war entered its fourth month, the *Yedioth Ahronoth* newspaper published a report stating that the total economic cost of the war had reached 217 billion shekels (\$59.35 billion). This figure includes both the military's combat budget and widespread economic aid. The report detailed that the cost of a combat day for the Israeli army in October 2023, which included the initial recruitment of 360 thousand reservists at the start of the war, was 1 billion shekels (\$270.35 million). Due to the recent mass release of tens of thousands of soldiers, the daily cost is currently [as of early 2024] 600 million shekels (\$164.11 million). Israel will continue to pay each recruited reservist 300 shekels (\$82) per day until the end of 2024, noting that these payments alone have already amounted to about 9 billion shekels (\$2.46 billion).¹²²



On 15/1/2024, the government approved the revised state budget for 2024, allocating an additional 55 billion shekels (\$14.86 billion) to the defense budget. The budget proposal included a supplementary fund of 9 billion shekels (\$2.43 billion) for the “Reserve Recruits Program,” aimed at supporting reservists, soldiers and their families.¹²³

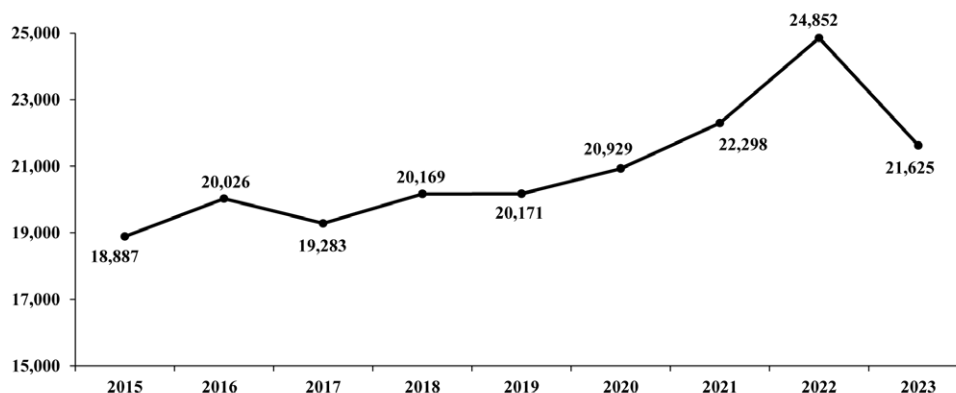
The following table shows Israel’s actual military expenditures according to the CBS for the 2015–2023:

**Table 13/5: Actual Israeli Military Expenditures 2015–2023
at Current Prices¹²⁴**

Year	Expenditures (million shekels)	Expenditures (\$ million)
2015	73,356	18,887
2016	76,912	20,026
2017	69,414	19,283
2018	72,547	20,169
2019	71,897	20,171
2020	71,928	20,929
2021	72,008	22,298
2022	83,446	24,852
2023*	82,586	21,625

* The 2023 budget was calculated excluding expenditures for the war on GS following Operation al-Aqsa Flood, estimated at \$18 billion as of the end of that year.

Actual Israeli Military Expenditures 2015–2023 at Current Prices (\$ million)



Fifth: The Israeli Position on the Internal Palestinian Situation

In 2022–2023, Israel continued its established policy—effectively a strategy—for addressing the internal Palestinian situation. This approach extended the same strategy used in previous years, against the backdrop of ongoing Palestinian political and geographical division. The stagnation of reconciliation efforts since 2007, coupled with the lack of any significant Arab and Islamic influence in Palestinian affairs, further complicated the situation.

Israel continues to treat GS as a hostile territory, enabling it to enforce a blockade on the Strip and take aggressive actions. It has implemented a policy aimed at economically isolating GS while avoiding a full-scale conflict, concurrently holding Hamas responsible for the poverty, unemployment and security incidents in the Strip. This stance is used as a leverage to impose its terms on Hamas and to sustain its strategy of containment toward GS.

Under the “carrot and stick” policy, Israel implemented several facilitations contingent on maintaining relative calm around the GS envelope settlements. These included partially opening the crossings, allowing over 500 trucks daily into the Strip, expanding the fishing zone¹²⁵ from 9 nautical miles (16.7 km) to 12 nautical miles (22.2 km), starting 29/7/2021,¹²⁶ and increasing the number of work permits for Gazans in Israel from 12 thousand to 20 thousand before Ramadan began in 2022.¹²⁷

With the outbreak of Operation al-Aqsa Flood, Israeli Defense Minister Yoav Gallant ordered, on 9/10/2023, a “complete siege” of GS.¹²⁸ On 12/10/2023, Israeli Energy Minister Yisrael Katz stated that the provision of humanitarian aid, electricity, water and fuel, would be contingent upon the release of Israeli captives held by Hamas.¹²⁹

In WB, the Israeli side was plagued by doubts about their ability to contain the rising and intensifying anger on the Palestinian streets. According to *Haaretz*, economic incentives are unlikely to calm the situation.¹³⁰

Israel has expressed its commitment to continue and strengthen security coordination with the PA, particularly in response to the increasing resistance operations in WB. On 8/9/2022, Israeli Prime Minister Yair Lapid emphasized that bolstering the Palestinian security forces in Palestinian cities is a key strategy to mitigate the escalation in WB.¹³¹ On 18/8/2022, Israeli Defense Minister Benny



Gantz stated that his meetings with ‘Abbas were “necessary because of the ongoing security coordination between Israel and the Palestinian Authority.” He added, “I hear criticism of my conversations and those of the security establishment with the Palestinian Authority leadership and on the ground. I will continue to do whatever is necessary to maintain security stability.”¹³² After hosting Palestinian President Mahmud ‘Abbas at his residence near Tel Aviv on 28/12/2021, Gantz’s office issued a statement saying, “The defense minister emphasized the shared interest in strengthening security cooperation, preserving security stability, and preventing terrorism and violence.”¹³³

The announcement by the Palestinian presidency on 4/7/2023 to “cut off contacts and meetings” with Israel, in response to a military operation launched by the Israeli army in Jenin that resulted in over 10 Palestinian deaths and the wounding of 50 others,¹³⁴ represented just another recurring episode in a series ongoing since 2015.¹³⁵ Despite these public declarations, security coordination continued, with Palestinian security forces collaborating with Israeli authorities to pursue resistance fighters. A week before the Israeli attack on Jenin on 3/7/2023, a phone call occurred between Israeli Defense Minister Yoav Gallant and the Secretary General of the PLO Executive Committee Hussein al-Sheikh. Subsequently, during the initial hours of the Israeli attack, the PA arrested two resistance fighters from the “Jaba’ Battalion” as they were en route to support their comrades in Jenin. An analyst on the Israeli Broadcasting Corporation (Kan) described this scenario as mutually beneficial: the PA declares an end to coordination to maintain its image before its public, while both sides continue their dealings discreetly.¹³⁶ On 3/7/2023, an Israeli army spokesperson stated that Israel has notified both the PA and Jordanian authorities about the attack on Jenin.¹³⁷

Israeli actions in WB have weakened the PA and undermined its foundational structures. This has been achieved through repeated incursions into PA-controlled areas; withholding part of the tax revenue owed to the PA, and conditioning the prevention of the PA’s collapse on halting its international activities against Israel and adhering to security coordination requirements. On 9/7/2023, the office of Israeli Prime Minister Benjamin Netanyahu announced that the security cabinet has decided to support measures to prevent “the collapse of the Palestinian Authority while advancing the demand that [it] cease its activities against Israel in the international legal-diplomatic arena.”¹³⁸

On 9/7/2023, Israeli media reported that the government discussed a series of measures aimed at bolstering the PA, including “the approval of a new industrial zone in Tarqumiyah” and “easing the schedule for PA debt payments to Israel.” The decision also comes weeks after Netanyahu pledged that Israel will work to develop a natural gas field for the benefit of Palestinians off the coast of the Gaza Strip. However, Netanyahu’s cabinet ministers Bezalel Smotrich abstained and Itamar Ben-Gvir voted against these measures.¹³⁹

Netanyahu argued that Israel “has an interest in seeing that the PA continues to function,” stressing that “where it’s successfully operating, it does our job for us.” However, he also reiterated that Israel “needs to crush [the Palestinian] ambition” for an independent state, and reportedly mentioned that Israel is “preparing for the day after Abu Mazen [Mahmud ‘Abbas].”¹⁴⁰

On 25/7/2023, Gallant considered the PA’s actions in Jenin and other areas as “an Israeli security interest.”¹⁴¹

With the onset of the Israeli war on GS on 7/10/2023, Netanyahu intensified his threats against the PA. On 12/12/2023, he stated that the outbreak of war against the PA’s security forces is “on the table.” He asserted, “The Palestinian Authority will not be able to control Gaza under any circumstances,” and added, “Security responsibility will remain under the State of Israel.”¹⁴² According to *Yedioth Ahronoth*, Netanyahu is attempting to replicate the model of “village associations” used in WB and apply it to GS. This plan aims to manage GS after the war by dividing it into areas controlled by clans and families who will coordinate with the Israelis to distribute aid and manage residents’ lives. Meanwhile, the army will retain security control.¹⁴³

Israel continues to pay significant attention to the succession of President Mahmud ‘Abbas. Given the absence of this issue in discussions within the official frameworks of the PA, PLO and the Fatah movement, as well as in “public” discussions at the popular or factional level, it appears that Israel is aiming to monopolize the issue and exert unilateral influence on the Palestinian situation. This includes presenting candidate names, opportunities and scenarios for the period after ‘Abbas, or the next day if ‘Abbas suddenly disappears, considering the possibility of chaos, conflict or even infighting, and how Israel might intervene.

Hussein al-Sheikh remains one of the most prominent candidates to succeed Mahmud ‘Abbas, particularly after ‘Abbas appointed him as the Secretary General



of the PLO Executive Committee on 26/5/2022.¹⁴⁴ This is further demonstrated by his international tours and meetings with decision-makers in various countries, as well as his secret and public meetings with senior Israeli officials. On 9/3/2022, he met with Yair Lapid, Israeli Foreign Minister in the Naftali Bennett's government, to discuss the peace process, according to al-Sheikh.¹⁴⁵ Al-Sheikh also led the Palestinian delegation to the 'Aqaba security summit held on 26/2/2023, which included Israeli government officials led by Shabak Chief Ronen Bar and National Security Advisor Tzachi Hanegbi, along with representatives from the US, Egypt and Jordan.¹⁴⁶ Additionally, al-Sheikh held a secret meeting with Hanegbi, Bar and Ghassan Alian, the Israeli government coordinator in the occupied WB, in Tel Aviv on 6/2/2024, during the Israeli war on GS. The meeting aimed to prevent escalation in WB, as part of the "joint efforts" to calm the situation before Ramadan, according to Israeli Channel 12.¹⁴⁷

Conclusion

The Israeli elections resulted in the most extreme religious and nationalist government in Israel's history, dominating the political scene throughout 2022–2023. Despite this government's intention to implement radical changes in the structure of the "state" and close the Palestinian file, the outcomes were contrary to its aims. Beyond exacerbating societal conflict, Operation al-Aqsa Flood was a seismic event that put Israel's very existence, functional role and future up for debate, while also triggering a series of security, political, military, economic and social shocks.

In 2023, significant developments occurred at the Israeli level, as divisions within the country reached a point where relationships between different factions became irreparable. Although the government was unable to pass constitutional changes, these efforts highlighted the internal divisions and the essence of Israel as a "Jewish state." Israeli society was split over the definition of Israel as a "Jewish state," with religious, liberal, nationalist, conservative and secular groups all clashing over this concept. Additionally, the conflict centered around the idea of the "state" itself, its borders and its settlement project in WB.

The events of Operation al-Aqsa Flood and the subsequent failure on 7/10/2023 were a significant shock to the Israeli society. These events exposed the weaknesses of the “state” institutions and highlighted the fragility of government ministries, which struggled to adapt quickly to the new situation. Additionally, they revealed the shortcomings of the security establishment, including both its military and intelligence branches. The situation underscored the absence of genuine “state” leaders and emphasized the need for leaders with military backgrounds and inclinations to guide the “state.”

It appears that the war on GS carries numerous repercussions for Israel in political, social, economic and strategic realms. Consequently, Israel will experience what can be termed a “post-Gaza Israel” in the coming years. This event will remain a significant aspect of the Israeli landscape for many years. Just as the “Second Israel” emerged after the October 1973 war, the “Third Israel” has begun to take shape after 7/10/2023. However, its true contours are not yet clear, nor is it evident how well it can adapt to events and face upcoming challenges.

The next stage after the end of the war is expected to involve new elections that could result in the downfall of Netanyahu and his party, potentially ending his political career. The Israeli public is anticipating political leaders with a more militaristic approach, and the constitutional changes are expected to be put on hold until conditions become more stable.

It appears that the division within Israeli society will deepen over the political horizon of GS and the two-state solution. Militarism in Israeli society is expected to rise, accompanied by increasing racist tendencies. The rift between religious and secular groups will worsen, and disputes over religious privileges will intensify. The internal economic crisis is anticipated to escalate due to the GS war’s impact, leading to a decline in living standards and a rise in costs, alongside a contraction in the high-tech sector and a deepening crisis in that area. Conversely, government spending on the military and various intelligence agencies is projected to increase. Additionally, an official investigation committee into the failure of 7/10/2023 will be established, likely exacerbating the divisions within Israeli society.



Endnotes

- ¹ See site of Central Elections Committee, <https://votes25.bechiro.gov.il> (in Hebrew)
- ² For the results of the 23rd and 24th Knesset elections, Elections for the Knesset, site of The Knesset, <https://main.knesset.gov.il/EN/mk/Pages/Elections.aspx>
As for the results of the 25th Knesset elections, Central Elections Committee, <https://votes25.bechiro.gov.il> (in Hebrew)
- ³ Jeremy Sharon, Justice minister unveils plan to shackle the High Court, overhaul Israel's judiciary, *The Times of Israel*, 4/1/2023, <https://www.timesofisrael.com/justice-minister-unveils-plan-to-shackle-the-high-court-overhaul-israels-judiciary/>; and Chen Maanit, Israel's AG: Failure to Appoint Supreme Court President for So Long Is Unprecedented Oversight, *Haaretz*, 23/6/2024, <https://www.haaretz.com/israel-news/2024-06-23/ty-article/.premium/israels-ag-failure-to-appoint-supreme-court-president-for-so-long-is-unprecedented/00000190-4645-d91c-abba-ef55b7b60000>
- ⁴ Jeremy Sharon, In fiery speech, Hayut says judicial shakeup plan “fatal blow to Israeli democracy,” *The Times of Israel*, 12/1/2023, <https://www.timesofisrael.com/in-fiery-speech-hayut-says-judicial-shakeup-plan-fatal-blow-to-israeli-democracy/>
- ⁵ Bini Ashkenazi, High Court invalidates law for repealing the reasonableness standard, *The Jerusalem Post*, 1/1/2024, <https://www.jpost.com/breaking-news/article-780303>
- ⁶ Amichai Cohen, Military protest against the constitutional coup is the first indication of the collapse of the People's Army model, site of The Israel Democracy Institute, 1/8/2023, <https://www.idi.org.il/articles/50355> (in Hebrew)
- ⁷ Tamir Hayman, It will take years to repair the damage done to the army - and we need to start now, *INSS*, 1/8/2023, https://www.inss.org.il/he/social_media/idf (in Hebrew)
- ⁸ Ibid.
- ⁹ Ariel Heimann, The Catch-22 of the Reserve Volunteers – and the IDF, *INSS*, 30/7/2023, https://www.inss.org.il/social_media/the-catch-22-of-the-reserve-volunteers-and-the-idf/
- ¹⁰ Shlomo Teitelbaum, The economists in a second letter: “The damage to the economy may materialize with greater force and speed than we expected,” *Calcalist* newspaper, 2/3/2023, https://www.calcalist.co.il/local_news/article/hjtp7ctrj (in Hebrew)
- ¹¹ Amalya Duck, Harsh letter to budget chiefs against constitutional changes: ‘a severe blow to the economy and the market’, site of MAKO, 12/3/2023, <https://www.mako.co.il/> (in Hebrew)
- ¹² Zachy Hennessey, JP Morgan report warns: Israel's judicial reform will negatively impact economy, *The Jerusalem Post*, 3/2/2023, <https://www.jpost.com/breaking-news/article-730497>
- ¹³ Yair Geva, This is how the legal revolution could create a catastrophe in the high-tech industry, *Calcalist*, 2/2/2023, https://www.calcalist.co.il/local_news/article/hjsjgm002j (in Hebrew)
- ¹⁴ Haim Handwerker, I tell colleagues to prepare for the alternative now, when one million Israelis choose to leave the country, it will be more difficult, *The Marker* newspaper, 24/2/2023. (in Hebrew)
- ¹⁵ Sophie Shulman, “Don't bring us Israeli high-tech companies until we see where the change in the regime develops,” *Calcalist*, 16/1/2023, <https://www.calcalist.co.il/calcalistech/article/rk3p8cbos> (in Hebrew)
- ¹⁶ Muhannad Mustafa, Israel's Political and Military Scene after Operation al-Aqsa Flood, site of Al Jazeera Centre for Studies, 28/10/2023, <https://studies.aljazeera.net/ar/article/5772> (in Arabic)

- ¹⁷ Uri Bar-Joseph, Between 1973 and 2023, *Haaretz*, 9/10/2023. (in Hebrew)
- ¹⁸ Muhannad Mustafa, Israel's Political and Military Scene after Operation al-Aqsa Flood, Al Jazeera Centre for Studies, 28/10/2023. (in Arabic)
- ¹⁹ Atara German, The way was paved for the establishment of a national emergency government: "Together we will win," *Makor Rishon* newspaper, 10/10/2023, <https://www.makorrishon.co.il/news/678065> (in Hebrew)
- ²⁰ Muhannad Mustafa, The effects of the Israeli political situation on the conduct of the war on the GS, Al Jazeera Centre for Studies, 27/12/2023, <https://studies.aljazeera.net/ar/article/5815> (in Arabic)
- ²¹ Moshe Cohen, In the shadow of the release of the kidnapped: the recovery of the Likud and Netanyahu Mandates survey, *Maariv* newspaper, 1/12/2023, <https://www.maariv.co.il/news/politics/Article-1056342> (in Hebrew)
- ²² Natalie Shem Tov, News 13 poll: The majority of the public believes that Netanyahu should resign, site of Channel 13, 8/12/2023, <https://13tv.co.il/item/news/politics/politics/new-poll-903840583> (in Hebrew)
- ²³ Ehud Olmert, Cease fighting in exchange for the kidnapped, *Haaretz*, 22/12/2023. (in Hebrew)
- ²⁴ Shlomo Ben-Ami, The Uncertain Face of Victory, *Haaretz*, 22/12/2023. (in Hebrew)
- ²⁵ Lapid: Netanyahu should resign immediately and form a unity government with the Haredim and the Center, led by Likud, site of Inyan Merkazi, 15/11/2023, <https://www.news-israel.net/> (in Hebrew)
- ²⁶ Uri Misgav, Gantz: This time we won't forgive you, *Haaretz*, 30/11/2023. (in Hebrew)
- ²⁷ Benjamin Netanyahu: Our Three Prerequisites for Peace, *The Wall Street Journal* newspaper, 25/12/2023, <https://www.wsj.com/articles/benjamin-netanyahu-our-three-prerequisites-for-peace-gaza-israel-bff895bd>
- ²⁸ According to official Israeli figures, the number of Arab citizens in Jerusalem (both east and west) at the end of 2022 was about 384.7 thousand, and based on the annual population increase of 2.4% in the Arab community, their number at the end of 2023 would reach about 394 thousand. If we deduct about five thousand people living in western Jerusalem, this leaves about 389 thousand people living in eastern Jerusalem, see CBS, *Statistical Abstract of Israel 2023*, no. 74, table 2.14, https://www.cbs.gov.il/he/publications/doclib/2023/2.shnatonpopulation/st02_14.pdf
- ²⁹ See Selected Data on the Occasion of Jerusalem Day 2023, CBS, 17/5/2023, https://www.cbs.gov.il/he/mediarelease/DocLib/2023/159/11_23_159b.pdf (in Hebrew)
- ³⁰ ARIJ Institute: The number of settlers in the West Bank is approaching one million, QII, 20/11/2022, <https://qii.media/news/40744>.
See also Jewish settler population in West Bank hits a landmark, and under Israel's new government, it may soar, site of CBS News, 2/2/2023, <https://www.cbsnews.com/news/israel-settlers-jewish-settlement-population-west-bank-netanyahu/>; and West Bank settler population surges by nearly 3 percent in 2023, i24NEWS, 12/2/2024, <https://www.i24news.tv/en/news/middle-east/palestinian-territories/1707734589-west-bank-settler-population-surges-by-nearly-3-percent-in-2023-report>
- ³¹ See CBS, <http://www.cbs.gov.il/publications16/yarhon0116/pdf/b1.pdf>; and CBS, <https://www.cbs.gov.il/he/publications/doclib/2024/yarhon0124/b1.pdf>
- ³² See The Times of Israel, 29/12/2022, <https://www.timesofisrael.com/israels-population-approaches-9-7-million-as-2022-comes-to-an-end/#:~:text=73.6%25%20of%20residents%20Jewish%2C%2021.1,immigrants%20from%20Russia%20and%20Ukraine&text=Israel%20has%20close%20to%209.7,mark%20the%20end%20of%202022>.



- ³³ Israel in Figures, Selected Data from the Statistical Abstract of Israel 2022, CBS, https://www.cbs.gov.il/he/publications/DocLib/isr_in_n/sr_in_n22e.pdf; and Vital Statistics: Latest Population Statistics for Israel, site of Jewish Virtual Library, 5/2/2024, <https://www.jewishvirtuallibrary.org/latest-population-statistics-for-israel>
- ³⁴ Vital Statistics: Latest Population Statistics for Israel, Jewish Virtual Library, 5/2/2024.
- ³⁵ Ibid.
- ³⁶ CBS, *Statistical Abstract of Israel 2023*, no. 74, table 2.14, https://www.cbs.gov.il/he/publications/doclib/2023/2.shnatonpopulation/st02_14.pdf
- ³⁷ Violence and Crime in the Arab Society, The annual report for “Aman” Center-The Arab Center for Safe Society for 2023, site of Aman Center-The Arab Center for Safe Society, 31/12/2023, <https://aman-center.net/wp-content/uploads/2023/12/The-annual-report-for-Aman-center-The-Arab-center-for-safe-society-for-2023.pdf>
- ³⁸ Aaron Boxerman and Talya Minsberg, Private Gun Ownership in Israel Spikes After Hamas Attacks, *The New York Times*, 15/12/2023, <https://www.nytimes.com/2023/12/15/world/middleeast/israel-gun-ownership-spikes.html>
- ³⁹ See Racism and Incitement Index 2022, site of 7amleh - Arab Center for the Advancement of Social Media, 28/3/2023, <https://7amleh.org/2023/03/28/mushr-alansryh-walthrydh-mrkz-hmlh-yrsd-685-alf-khtab-ansry-wmhrdh-fy-allghh-alabryh-fy-alaam-2022>
- ⁴⁰ Media Release, Population of Israel on the Eve of 2023, CBS, 29/12/2022, https://www.cbs.gov.il/he/mediarelease/DocLib/2022/426/11_22_426e.pdf
- ⁴¹ See Media Release, Immigration to Israel 2022, CBS, https://www.cbs.gov.il/he/mediarelease/DocLib/2023/280/01_23_280b.pdf
- ⁴² Israeli exodus: 370,000 flee since October 7, seeking homes in Europe, site of Jordan News, 11/12/2023, <https://www.jordannews.jo/Section-20/Middle-East/Israeli-exodus-370-000-flee-since-October-7-seeking-homes-in-Europe-32933>
- ⁴³ For 1990–1996, CBS, http://www1.cbs.gov.il/hodaot2013n/21_13_050t1.pdf
As for 1996–2023, CBS, <https://www.cbs.gov.il/he/publications/doclib/2024/yarhon0124/e1.pdf>
- ⁴⁴ *The Jerusalem Post*, 16/8/2018, <https://www.jpost.com/Israel-News/Israelis-emigrating-Lowest-number-in-nearly-three-decades-565015>
- ⁴⁵ Rosh Hashana 2023: World Jewish population reaches 15.7 million, i24NEWS, 16/9/2023, <https://www.i24news.tv/en/news/judaism/1694847188-rosh-hashana-2023-world-jewish-population-reaches-15-7-million>
- ⁴⁶ See Jewish Americans in 2020, site of Pew Research Center, 11/5/2021, <https://www.pewforum.org/2021/05/11/jewish-americans-in-2020/>; and Debate Over the Number of American Jews (2021), Jewish Virtual Library, <https://www.jewishvirtuallibrary.org/debate-over-how-many-american-jews>
- ⁴⁷ Vital Statistics: Jewish Population of the World (1882–Present), Jewish Virtual Library, <https://www.jewishvirtuallibrary.org/jewish-population-of-the-world>
- ⁴⁸ Bank of Israel, “Annual Report 2020,” March 2021, <https://boi.org.il/media/jqrnd0yx/annual-full.pdf>
- ⁴⁹ Aljazeera.net, 21/5/2021. (in Arabic)
- ⁵⁰ Soulieka Alaeddine, “Al-Aqsa Flood” Earthquake Shakes Israel’s Economy, *Al-Iktissad wal-Aamal* (Economy & Business), 13/12/2023, <https://www.iktissadonline.com>
- ⁵¹ Bank of Israel warns: War will cost \$68 billion, Aljazeera.net, 23/1/2024. (in Arabic)
Note: The exchange rate of the dollar against the Israeli shekel was based on the Bank of Israel data on 23/1/2024, which was 3.771.

- ⁵² Bank of Israel warns: War will cost \$68 billion, Aljazeera.net, 23/1/2024. (in Arabic)
- ⁵³ Bank of Israel: Israeli construction losses double expectations, Aljazeera.net, 2/4/2024. (in Arabic)
- ⁵⁴ See CBS, <https://www.cbs.gov.il/he/publications/doclib/2024/yarhon0324/f1.pdf>
- ⁵⁵ Ibid.
- ⁵⁶ A Fifth of Israelis' Income Declines Amid War; Almost Half Fear Economic Difficulty, *Haaretz*, 19/12/2023, <https://www.haaretz.com/israel-news/2023-12-19/ty-article/.premium/a-fifth-of-israelis-income-declined-amid-war-almost-half-fear-economic-difficulty/0000018c-839a-db89-ad8f-f3ba54850000>; Poverty rate in Israel skyrockets following military offensive in Gaza, MEMO, 19/12/2023, <https://www.middleeastmonitor.com/20231219-poverty-rate-in-israel-skyrockets-following-military-offensive-in-gaza/>; Amid War, Half of Israelis Fear Economic Difficulty, site of The Communist Party of Israel, 20/12/2023, <https://maki.org.il/en/?p=31459>; and Alternative Poverty Report 2023, site of Latet, 2023, <https://www.latet.org.il/upload/files/170521879265a392e859470447415.pdf> (in Hebrew)
- ⁵⁷ Report on the Dimensions of Poverty and income Inequality 2022, site of The National Insurance Institute, 28/12/2023, https://www.btl.gov.il/English%20Homepage/Publications/Poverty_Report/Documents/oni2022-e.pdf
- ⁵⁸ See CBS, https://www.cbs.gov.il/he/publications/doclib/2023/25.shnatongeneralgovernmentsector/st25_04.pdf
- ⁵⁹ See CBS, https://www.cbs.gov.il/he/publications/doclib/2023/25.shnatongeneralgovernmentsector/st25_03.pdf
- ⁶⁰ CBS, https://www.cbs.gov.il/he/publications/doclib/2023/25.shnatongeneralgovernmentsector/st25_03.pdf; and CBS, https://www.cbs.gov.il/he/publications/doclib/2023/25.shnatongeneralgovernmentsector/st25_04.pdf
- ⁶¹ See Ministry of Finance of Israel, Government Revenue and Expenditures, https://www.gov.il/BlobFolder/dynamiccollectorresultitem/data-for-2023-eng/en/budget-execution_budget-execution-estimate_BudgetExecutionEstimate_GovRevenue_2023.xlsx
- ⁶² See Aljazeera.net, 13/3/2024 (in Arabic). See also, The Knesset, 13/3/2024, https://main.knesset.gov.il/ar/news/pressreleases/pages/press13032024_3.aspx; and Ministry of Finance of Israel, Government Revenue and Expenditures, https://www.gov.il/BlobFolder/dynamiccollectorresultitem/data-for-2024/he/budget-execution_budget-execution-estimate_BudgetExecutionEstimate_BudgetDeficit_2024.xlsx
- Note: The exchange rate of the dollar against the Israeli shekel was based on the Bank of Israel data on 13/3/2024, which was 3.66.
- ⁶³ After attempts.. Israel's government approves revised amended budget for 2024, Aljazeera.net, 15/1/2024 (in Arabic). See also Cabinet approves 2024 budget, making cuts to offset massive wartime defense boost, *The Times of Israel*, 15/1/2024, <https://www.timesofisrael.com/cabinet-approves-budget-making-cuts-to-offset-massive-wartime-defense-boost/>
- ⁶⁴ Aljazeera.net, 26/2/2024 (in Arabic). See also, Israel plans \$60bn debt raising and tax rises to fuel defence spending, *Financial Times* newspaper, 26/2/2024, <https://www.ft.com/content/b84aae92-3bbb-49db-b021-befbeb0fb0f1>
- ⁶⁵ *Al- 'Arabi al-Jadid*, 4/3/2024.
- ⁶⁶ Aljazeera.net, 8/2/2024 (in Arabic). See also, Public set to pay for NIS 33b state revenue shortfall, site of Globes, 8/2/2024, <https://en.globes.co.il/en/article-public-set-to-pay-for-nis-33b-state-revenue-shortfall-1001470759>
- ⁶⁷ See CBS, https://www.cbs.gov.il/he/publications/doclib/2024/fr_trade12_2023/td1s.pdf; and CBS, https://www.cbs.gov.il/he/publications/doclib/2024/fr_trade12_2023/td1.pdf
- ⁶⁸ See CBS, https://www.cbs.gov.il/he/publications/doclib/2024/fr_trade12_2023/td1.pdf



- ⁶⁹ See Israel's Trade Balance of Manufacturing Exports and Imports by Technological Intensity, 2022, CBS, 24/7/2023, https://www.cbs.gov.il/he/mediarelease/DocLib/2023/240/16_23_240e.pdf
- ⁷⁰ See CBS, <https://www.cbs.gov.il/he/publications/doclib/2024/yarhon0124/h5.pdf>; and CBS, <https://www.cbs.gov.il/he/publications/doclib/2023/yarhon1223/h5.pdf>
- ⁷¹ See CBS, <https://www.cbs.gov.il/he/publications/doclib/2024/yarhon0124/h3.pdf>; and CBS, <https://www.cbs.gov.il/he/publications/doclib/2023/yarhon1223/h3.pdf>
- ⁷² Jeremy M. Sharp, "U.S. Foreign Aid to Israel," site of Congressional Research Services (CRS), 1/3/2023, <https://crsreports.congress.gov/product/pdf/RL/RL3322/49>
Note: The Jewish Virtual Library reported US aid to Israel totaled \$160.55 billion from 1949–2023. See US Foreign Aid to Israel: Total Aid (1949–present), Jewish Virtual Library, <https://www.jewishvirtuallibrary.org/total-u-s-foreign-aid-to-israel-1949-present> (accessed 28/2/2024)
- ⁷³ Jeremy M. Sharp, "U.S. Foreign Aid to Israel," CRS, 1/3/2023.
- ⁷⁴ White House to Congress: We want \$106 billion for the wars and the border, POLITICO, 20/10/2023, <https://www.politico.com/news/2023/10/20/white-house-to-congress-we-want-106-billion-for-the-wars-and-the-border-00122704>
- ⁷⁵ Patricia Zengerle, US military support for Israel: What does it provide?, Reuters, 8/4/2024, <https://www.reuters.com/world/middle-east/what-military-support-does-us-provide-israel-2024-04-08>
- ⁷⁶ For the years 1949–2021, Mohsen Mohammad Saleh, *The Palestine Strategic Report 2020–2021*, p. 278. As for 2022–2023, Jeremy M. Sharp, "U.S. Foreign Aid to Israel," CRS, 1/3/2023.
- ⁷⁷ Herzi Halevi – Israel's new military leader with a controversial appointment, i24NEWS, 16/1/2023, <https://www.i24news.tv/en/news/israel/defense/1673871848-herzi-halevi-israel-s-new-military-leader-with-a-controversial-appointment>
- ⁷⁸ The Times of Israel, 3/5/2023, https://www.timesofisrael.com/liveblog_entry/idf-announces-a-series-of-appointments-to-general-staff
- ⁷⁹ Israel Military Strength 2024, site of Globalfirepower.com, https://www.globalfirepower.com/country-military-strength-detail.php?country_id=israel
- ⁸⁰ i24NEWS, 23/4/2023, <https://www.i24news.tv/en/news/israel/defense/1682233971-idf-survey-reveals-combat-units-attracting-fewer-recruits>
- ⁸¹ *Asharq Al-Awsat*, 19/8/2023. (in Arabic)
- ⁸² *Asharq Al-Awsat*, 8/2/2024. (in Arabic)
- ⁸³ Ibid.
- ⁸⁴ Because of the war: 40% of Israeli students consider dropping out, Arab 48, 13/2/2024. See also 42% of Israeli student reservists in army consider leaving school: Poll, Anadolu Agency, 11/2/2024, <https://www.aa.com.tr/en/middle-east/42-of-israeli-student-reservists-in-army-consider-leaving-school-poll/3134039>
- ⁸⁵ Dror Shalom and Anat Kurz, "Strategic Survey for Israel 2022: A Time for Decisions," INSS, January 2022, https://www.inss.org.il/wp-content/uploads/2022/02/StrategicAssessment21-22_ENG_5.pdf
- ⁸⁶ Tamir Hayman, Ram Yavne and Anat Kurz, "Strategic Analysis for Israel 2023: Israel Among the World's Democracies," INSS, February 2023, https://www.inss.org.il/wp-content/uploads/2023/02/StrategicAssessment22-23_ENG.pdf
- ⁸⁷ Site of The National News, 24/4/2023, <https://www.thenationalnews.com/mena/2023/04/24/isaac-herzog-israels-main-existential-threat-comes-from-within>
- ⁸⁸ *Al-'Arabi al-Jadid*, 23/5/2023.

- ⁸⁹ Daniel Pipes, “What Does ‘Victory’ Really Mean to the Israel Defense Forces,” *The Jerusalem Post*, 26/11/2020, <https://www.jpost.com/opinion/idf-sees-victory-as-rapid-destruction-of-enemy-capabilities-opinion-650265>
- ⁹⁰ Jean-Loup Samaan, “The ‘Dahya Concept’ and Israeli Military Posture vis-à-vis Hezbollah since 2006,” *Comparative Strategy* journal, vol. 32, no. 2, 2013, pp. 146–159.
- ⁹¹ Arab 48, 16/12/2023.
- ⁹² Jean-Loup Samaan, “IDF ‘Decisive Victory’ and Israel’s Quest for a New Military Strategy,” *Middle East Policy* journal, site of Middle East Policy Council, no. 3, 2023, <https://mepc.org/journal/decisive-victory-and-israels-quest-new-military-strategy>
- ⁹³ IDF ‘Ghost’ unit uses new tech to fight Hamas in Gaza, *The Jerusalem Post*, 31/12/2023, <https://www.jpost.com/israel-hamas-war/article-780104>
- ⁹⁴ The Times of Israel, 8/10/2023, <https://www.timesofisrael.com/authorities-name-44-soldiers-30-police-officers-killed-in-hamas-attack/>
- ⁹⁵ *Alquds*, 5/2/2024. (in Arabic)
- ⁹⁶ The Times of Israel, 1/1/2024, <https://www.timesofisrael.com/idf-deaths-of-29-of-170-soldiers-in-gaza-op-were-so-called-friendly-fire-accidents/>
- ⁹⁷ Franz-Stefan Gady, “Israel’s Military Tech Fetish Is a Failed Strategy,” *Foreign Policy* magazine, 26/10/2023, https://foreignpolicy.com/2023/10/26/israel-hamas-gaza-military-idf-technology-surveillance-fence-strategy-ground-war/#cookie_message_anchor
- ⁹⁸ The IDF’s New Multi-Year Program: “Ascent”, site of the Israeli Army, 8/8/2023, <https://www.idf.il/en/articles/2023/the-idf-s-new-multi-year-program-ascent/>
- ⁹⁹ Yaakov Lappin, “Ma’alot (Ascent): The IDF Will Need to Drastically Update Its Multi-Year Program,” The Begin-Sadat Center for Strategic Studies (BESA), 1/11/2023, <https://besacenter.org/maalot-ascent-the-idf-will-need-to-drastically-update-its-multi-year-program/>
- ¹⁰⁰ Israeli Navy first time in US Navy-led international maritime exercise, *The Jerusalem Post*, 17/2/2023, <https://www.jpost.com/israel-news/article-696812>
- ¹⁰¹ *The Jerusalem Post*, 1/2/2022, <https://www.jpost.com/israel-news/article-695222>
- ¹⁰² Aljazeera.net, 29/11/2022, <https://cutt.us/xYxNo> (in Arabic)
- ¹⁰³ The Times of Israel, 26/1/2023, <https://www.timesofisrael.com/israel-us-wrap-up-largest-ever-joint-drill-in-message-to-iran/>
- ¹⁰⁴ Conclusion of the Joint IDF and Hellenic Armed Forces Exercise, site of the Israeli Army, 23/2/2023, <https://www.idf.il/en/articles/2023/conclusion-of-the-joint-idf-and-hellenic-armed-forces-exercise/>
- ¹⁰⁵ The Times of Israel, 8/6/2023, <https://www.timesofisrael.com/idf-wraps-up-major-drill-focused-on-multi-front-war-with-iran-middle-east-proxies>
- ¹⁰⁶ The Times of Israel, 5/6/2023, <https://www.timesofisrael.com/in-first-idf-sends-troops-to-participate-in-major-us-led-drill-in-morocco>
- ¹⁰⁷ Ministry of Defense Spokesperson’s Statement: Israel Sets New Record in Defense Exports: Over \$12.5 Billion in 2022, Prime Minister’s Office, Israel, 14/6/2023, [https://www.gov.il/en/departments/news/esibat; and Israeli arms sales doubled in a decade, hit new record of \\$12.5 billion in 2022, The Times of Israel, 14/6/2023, https://www.timesofisrael.com/israeli-arms-sales-doubled-in-a-decade-hit-new-record-of-12-5-billion-in-2022](https://www.gov.il/en/departments/news/esibat; and Israeli arms sales doubled in a decade, hit new record of $12.5 billion in 2022, The Times of Israel, 14/6/2023, https://www.timesofisrael.com/israeli-arms-sales-doubled-in-a-decade-hit-new-record-of-12-5-billion-in-2022)
- ¹⁰⁸ Israeli arms sales doubled in a decade, hit new record of \$12.5 billion in 2022, The Times of Israel, 14/6/2023.
- ¹⁰⁹ Ministry of Defense Spokesperson’s Statement: Israel Sets New Record in Defense Exports: Over \$12.5 Billion in 2022, Prime Minister’s Office, Israel, 14/6/2023.



- ¹¹⁰ *Israel Hayom*, 18/3/2024, <https://www.israelhayom.com/2024/03/18/israel-concerned-biden-officials-trying-to-slow-arm-shipments-to-israel/>
- ¹¹¹ *The Wall Street Journal*, 1/12/2023, <https://www.wsj.com/world/middle-east/u-s-sends-israel-2-000-pound-bunker-buster-bombs-for-gaza-war-82898638>
- ¹¹² Anadolu Agency, 18/2/2024. (in Arabic)
- ¹¹³ Site of Radio Canada International, 31/1/2024, <https://ici.radio-canada.ca/rci/ar>
- ¹¹⁴ Site of Verify-Sy, 8/2/2024, <https://verify-sy.com>
- ¹¹⁵ Aljazeera.net, 17/12/2023. (in Arabic)
- ¹¹⁶ Site of Eldiario, 12/2/2024, https://www.eldiario.es/internacional/espana-mando-municion-israel-pese-haber-anunciado-tenia-suspendidas-exportaciones-armamento-cat_1_10909622.html
- ¹¹⁷ Sky News Arabia, 12/2/2024.
- ¹¹⁸ Site of Middle East Eye, 12/2/2024, <https://www.middleeasteye.net/news/war-on-gaza-indian-made-israel-killer-hermes-drone-make-way>
- ¹¹⁹ *Haaretz*, 14/12/2024, <https://www.haaretz.com/israel-news/2023-12-14/ty-article/israel-approves-supplementary-war-time-budget-for-2023/0000018c-6838-de5e-a3ef-6bfd79920000>
- ¹²⁰ The Times of Israel, 12/12/2024, <https://www.timesofisrael.com/additional-budget-funds-for-financing-gaza-war-approved-for-final-knesset-votes/>
- ¹²¹ Sky News Arabia, 1/1/2024.
- ¹²² Yoav Zeyton et al., The most expensive war - and Israel's goals have not yet met: a snapshot, after 3 months, site of Ynetnews, 7/1/2024, <https://www.ynet.co.il/news/article/r1by24voa>
- ¹²³ Zvi Zarchia, Shlomo Teitelbaum and Shahar Ilan, The government approved the budget: an addition of NIS 55 billion for security, the health tax will increase from 2025, site of Calcalist, the daily financial newspaper & online media which is part of Yedioth Ahronoth group, 15/1/2024, https://www.calcalist.co.il/local_news/article/h1t6kogy6
- ¹²⁴ See CBS, Statistical Abstract of Israel nos. 68–74, 2017–2023, http://www.cbs.gov.il/reader/shnatonenew_site.htm
- ¹²⁵ Israel frequently modifies the fishing zone off Gaza based on the level of tension around in the area, sometimes permitting boats to fish up to 15 nautical miles offshore, at other times limiting it to 6 miles or completely prohibiting fishing. According to the Oslo Accords, fishermen are permitted to sail up to 20 nautical miles (approximately 37 kilometers) offshore, see Arab 48, 15/4/2023.
- ¹²⁶ Al-Mayadeen Channel, 1/8/2023. (in Arabic)
- ¹²⁷ *Asharq Al-Awsat*, 27/3/2022. (in Arabic)
- ¹²⁸ Emanuel Fabian, Defense minister announces 'complete siege' of Gaza: No power, food or fuel, The Times of Israel, 9/10/2023.
- ¹²⁹ Energy minister: No electricity or water to Gaza until abductees returned home, The Times of Israel, 12/10/2023, https://www.timesofisrael.com/liveblog_entry/energy-minister-no-electricity-or-water-to-gaza-until-abductees-returned-home/
- ¹³⁰ Arab 48, 11/9/2022.
- ¹³¹ Arab 48, 8/9/2022.
- ¹³² Meetings with Abbas necessary for 'security coordination' - Israel's DM Gantz, i24NEWS, 18/8/2022, <https://www.i24news.tv/en/news/israel/defense/1660797623-meetings-with-abbas-necessary-for-security-coordination-israel-s-dm-gantz>
- ¹³³ Aaron Boxerman, Gantz hosts Abbas at his home, in PA leader's first meeting in Israel in a decade, The Times of Israel, 28/12/2021, <https://www.timesofisrael.com/gantz-pa-president-abbas-meet-at-defense-ministers-home-in-rosh-haayin/>

¹³⁴ Aljazeera.net, 3/7/2023. (in Arabic)

¹³⁵ *Al-‘Arabi al-Jadid*, 7/7/2023.

¹³⁶ Ibid.

¹³⁷ *Asharq Al-Awsat*, 3/7/2023. (in Arabic)

¹³⁸ TOI Staff, Security cabinet votes in favor of steps to ‘prevent PA’s collapse,’ The Times of Israel, 9/7/2023, <https://www.timesofisrael.com/security-cabinet-votes-in-favor-of-steps-to-prevent-pas-collapse/>

¹³⁹ Ibid.

¹⁴⁰ TOI Staff, Netanyahu said to tell MKs: Israel ‘needs the PA,’ must ‘crush’ statehood aspirations, The Times of Israel, 27/6/2023, <https://www.timesofisrael.com/netanyahu-said-to-tell-knesset-panel-that-israel-needs-the-palestinian-authority/>

¹⁴¹ Gallant to Austin: Israel is a ‘strong democracy, will remain so,’ i24NEWS, 25/7/2023, <https://www.i24news.tv/en/news/israel/diplomacy/1690306463-israeli-dm-to-u-s-counterpart-israel-is-a-strong-democracy-will-remain-so>

¹⁴² Aljazeera.net, 12/12/2023. (in Arabic)

¹⁴³ Netanyahu considers post-war cooperation with Gaza tribes, *Asharq Al-Awsat*, 29/12/2023. (in Arabic)

¹⁴⁴ WAFA, 26/5/2022. (in Arabic)

¹⁴⁵ Hussein Al Sheikh (@HusseinSheikhpl), X (Twitter), 9/3/2022, 7:00 p.m., <https://x.com/HusseinSheikhpl/status/1501603871059324928>

¹⁴⁶ Arab 48, 26/2/2023.

¹⁴⁷ Aljazeera.net, 7/2/2024. (in Arabic)

This Report

Al-Zaytouna Centre is pleased to present The Palestine Strategic Report (PSR) 2022–2023, now in its 13th consecutive edition. This report provides an academic, objective and comprehensive analyses of the developments related to the Palestine issue across various dimensions. It offers up-to-date and accurate information and statistics through the end of 2023, complemented by analytical insights and forecasts.

This PSR, prepared by 12 specialized professors and researchers, consists of eight chapters that explore various aspects of the Palestinian situation. It examines the internal Palestinian scene, demographic and economic indicators, and the status of Jerusalem and its holy sites. The report also analyzes the courses of aggression, resistance and the peace process, while providing insights into the Israeli political, demographic, economic and military landscape. Furthermore, it discusses Palestinian, Arab, Islamic and international relations. Notably, Operation al-Aqsa Flood has significantly influenced the report's findings and perspectives.

The PSR has consolidated its position as an essential reference in Palestinian studies, serving as an indispensable resource that provides invaluable insights for those interested in Palestinian affairs. Al-Zaytouna Centre aspires for this PSR to make a significant qualitative contribution to the field of Palestinian studies.

Prof. Dr. Mohsen Mohammad Saleh

The Palestine Strategic Report 2022 – 2023



Al-Zaytouna Centre for Studies & Consultations

مركز الزيتونة للدراسات والاستشارات

P.O. Box: 14-5034 Beirut - Lebanon

Tel: +961 21 803 644 | Tel-Fax: +961 21 803 643

info@alzaytouna.net | www.alzaytouna.net



ISBN 978-614-494-057-0



9 786144 940570



Al-Zaytouna Centre For Studies & Consultations