



S. DANIEL ABRAHAM
CENTER FOR MIDDLE EAST PEACE

Israel and Middle East News Update

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News Excerpts

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Times of Israel

Coalition Planning Bill to Ease Disqualification of Arab MKs

Israeli Coalition lawmakers are reportedly putting together a proposal that would change the criteria for banning candidates from running for the Knesset, making it easier to push out Arab-led parties and Members of the Knesset representing some 20% of Israel's population. According to a report by Channel 12, the bill being advanced by coalition chairman MK Ofir Katz of Likud will make it possible to bar candidates for isolated comments deemed supportive of terror, including support for an attacker, rather than an entire terror group. Such criteria would disqualify most of the current Arab lawmakers in the Knesset, according to the report. In addition, the bill would enable disqualifying an entire party from running, even if it is part of a joint slate with other parties, an obstacle that has in the past prevented barring Palestinian nationalist factions that were running in an alliance with other parties.

Ynet News

BOI Warns Judicial Reform Might Damage Credit Rating

Bank of Israel (BOI) Governor Prof. Amir Yaron warned Prime Minister Benjamin Netanyahu that a raft of judicial reforms promoted by his government might adversely affect Israel's credit rating. Coming back from the World Economic Forum conference in Davos, Yaron requested an urgent meeting with Netanyahu, conveying to him the international sense of apprehension about the direction the judicial system in Israel is heading down and adding that it could hurt the Israeli economy and deter international investments. Yaron presented Netanyahu with a strategic plan drawn up by the central bank and said that the international community's focus on Israel comes in part due to Israel's quiet and efficient handling of the COVID-19 epidemic and the local economy's quick rebound with low unemployment and relatively low inflation. [Read More "Herzog Says Judicial Reforms Threaten 'Future of Israeli Democracy'" \(Ynet News\)](#)

I24 News

Israeli Tech Workers Protest Proposed Judicial Changes

Israel's high-tech workers held a demonstration in Tel Aviv against the government's proposed changes to the judiciary. Hundreds of people gathered in the Sarona complex mid-morning, holding signs and chanting, "No democracy, no high-tech." Netanyahu's coalition wants to implement reforms to the judicial system that they say would balance the power between the legislative and judicial branches. Opponents of the reforms say that the changes would harm the independence of the High Court of Justice and hurt Israeli democracy. The organizers said that they are not partisan but are concerned about how these reforms could impact Israel's booming high-tech sector. Select companies have also gone on strike, warning that investors could pull out of the tech sector en masse if the government hamstringing the nation's High Court. [Dig Deeper "Why High-Tech Workers Held Their First-Ever Strike" \(Ha'aretz\)](#)

Knesset Extends WB Emergency Orders by 5 Five Years

Israel's Knesset approved a bill extending the emergency orders which impose Israeli law on Israeli citizens in the West Bank – the same law that was unsuccessfully brought to a vote by the Naftali Bennett government and soon after led to its collapse. The bill was backed by 39 MKs, with 12 voting against it. The emergency orders, which are renewed every five years, were first enacted in 1967 in order to formalize the relationship between settlers in the West Bank – Israeli citizens who live beyond the official borders of the country – and the Israeli system of governance. The regulations are meant to govern the full provision of legal assistance between Israel and the recognized bodies of the Palestinian Authority (PA). They also directly apply Israeli laws to settlers who reside in the area. The emergency regulations will be extended until February 15, 2028, on the grounds that they are necessary for the maintenance of the legal relations between Israel and the PA. [Read More “Gov’t Plan Could See Settlement Population Increase by Hundreds of Thousands” \(Israel Hayom\)](#)

European Ministers Meet Palestinian Prime Minister

Palestinian Prime Minister Mohammad Shtayyeh met in Brussels with Belgium Foreign Minister Hadja Lahbib. Palestinian Foreign Minister Riyad Malki was also present at the meeting, which was kept surprisingly low-key, with no statements released afterward by the Belgium Foreign Ministry. Shtayyeh arrived in Brussels at the invitation of the European Union (EU) Commissioner on Foreign Affairs Josep Borrell, on the occasion of the monthly meeting of the European foreign ministers. Borrell said that the Palestinian issue was the second-most-important topic the ministers discussed at their meeting after Ukraine. Borrell said that Shtayyeh “shared with us the dire picture of the situation on the ground, with record Palestinian casualties in the West Bank — I said record — and continuing high-level of tensions. We will continue our internal discussions after listening to how challenging the situation is on how to enhance our bilateral relations further, working at the ministerial level.”

UAE Embrace of Holocaust Education Faces Old Prejudice

The United Arab Emirates (UAE) is breaking with regional tradition by planning to teach students about the Holocaust, despite much of the Arab world denying the Nazi genocide of European Jewry. Across the Muslim world, the Holocaust is considered a taboo subject, and teaching about the tragedy has been met with backlash from those who deny it ever happened and accuse Israel of politicizing it. The Emirati Education Ministry recently announced that it would work with Israel’s Yad Vashem Holocaust Memorial to include the subject in its schools. It is yet another sign of warming ties between the Jewish state and the UAE, which also opened a Holocaust Gallery in Dubai – the only exhibition on Arab soil that documents the “Shoah.” “The UAE curriculum meets international standards of peace and tolerance – teaching about peacemaking, religious tolerance, and acceptance of the other,” said the CEO of IMPACT-se.

Netanyahu Meets Jordan's King in Surprise Trip

Prime Minister [Netanyahu](#) met with Jordanian King Abdullah II in Amman and committed to maintaining the status quo in Jerusalem, according to a senior Israeli official. It was Netanyahu's first foreign trip since he returned to the prime minister post a month ago. It was also the first meeting between the two leaders, whose relationship had been strained since June 2018. Tensions in Jerusalem intensified two weeks ago when the ultranationalist national security minister, Itamar Ben-Gvir, visited the Temple Mount/Haram Al-Sharif, drawing widespread condemnation and concern over whether Israel would maintain the status quo at the religiously sensitive site. A senior Israeli official said the meeting lasted two hours and was held in a good atmosphere. A big part of the meeting dealt with security cooperation between the countries and the situation at the holy site.

Congress Would Back Weapons to Riyadh for Normalization

A Democratic member of the United States Congress said that they and others in the party would likely object to the US selling advanced weaponry to Saudi Arabia, even in exchange for Riyadh normalizing relations with Israel, but acknowledged that such opposition would presumably not be enough to block an agreement. Speaking on condition of anonymity in order to address the sensitive subject candidly, the lawmaker speculated that, despite the ongoing concern among Democrats and some Republicans over Saudi Arabia's human rights record and energy policy, the skeptics would be far outnumbered by supporters of Riyadh-Jerusalem normalization in both parties. The Abraham Accords is a rare issue that receives bipartisan support on Capitol Hill, with caucuses established last year in both houses of Congress in order to advance Israel's integration in the region. [Dig Deeper "Democratic Senator Says Abraham Accords Can Expand Even if Settlements Do Too" \(Times of Israel\)](#)

Power Struggle

By Ben-Dror Yemini

- The attempt to establish the illegal outpost in the West Bank late last week and again on Sunday has thankfully shown that even this far-right government has its red lines. Just as the Left has a Zionist component that stands in contrast to the anti-Zionist far-left, so does the Right. In fact, for years, the moderate Left and Right have shown plenty of similarities, which the far-left and far-right extremes have exhibited as well. While the more moderate groups want Israel to be a Jewish and democratic state, those on the fringes seek one nation "from the river to the sea." The good news is that the extremists are incapable of cooperating with each other.
- Israel's last unity government was actually the one established a year and a half ago. It contained parties from the center of the political arena as well as the Zionist Left, but also had a considerable right-wing component. But, after the last elections in November, and despite a virtual draw between left and right-wing voters, a conservative government made up only of one side of the political map was formed. It includes a substantial ultra-Orthodox contingent, one that has become increasingly supportive of far-right ideologies. In Prime Minister Benjamin Netanyahu's Likud party, there are also two entities. There is the Zionist Right and the far-right, which are more aligned with the views of religious Zionism. It is often hard to find the gap between the views expressed by Communication Minister Shlomo Karhi (Likud) and Religious Zionist MK Simcha Rothman. Netanyahu was once part of the moderate Right. He had proved so during the negotiations with the Palestinians over the past decade.
- During talks with then-US Secretary of State John Kerry and then-President Barak Obama, Netanyahu agreed to a Palestinian state on more than 90% of the disputed West Bank territories. He later said he would agree to such a state on 70% of the land as part of the peace initiative proposed by then-US President Donald Trump. Just three weeks after his latest coalition was established, the disagreement between the various factions within it became evident - despite all of them being seemingly right-wing. And while this government did not decide to establish any new settlement or outpost, it did dismantle one such site. Police's special forces, accompanied by Civil Administration inspectors, took down structures erected by a group of far-right settlers with the help of Religious Zionist lawmakers, including Itamar Ben-Gvir. Since authority over the West Bank is still being argued, the final word on the ground was that of the IDF commander who ordered the outpost taken down.
- In the West Bank, the military answers to the defense minister, and the Civil Administration is subordinate to the Coordinator of Government Activity (COGAT), which is also part of the ministry. Removing settlers from illegal outposts falls to troops in uniform, who are under the IDF's command, some from the Border Police, and must also answer to National Security Minister Ben-Gvir, whose faction member stood firm to protect the settlers when the troops arrived to remove them.

- I challenge any lawyer who formulated the coalition agreements to make sense of them and decipher who was actually in charge when the settlers were told to leave. This complicated web was designed to fulfill the needs of the coalition, but it is bad for the country, bad for the government, the military, and the police. But fear not. We will be told a tale of a thousand nights by our leaders, praising the newfound governance. There are some ideological differences that cannot be swept under the rug we now call the coalition. Finance Minister Bezalel Smotrich (Religious Zionist Party) wants to fulfill the vision of the Land of Israel. One big nation from the river to the sea. He wants more outposts so that his interpretation of a Jewish state could come to fruition.
- Defense Minister Yoav Galant (Likud) made his views known to all when he spoke to the Council of Presidents of American Jewish organizations in 2016. He then conceded that a Palestinian state would have to be established because there would be seven million Jews and seven million Arabs between the river and the sea. This first domestic war within the coalition is being waged on two fronts: authority and ideology. Israeli settlements are scattered all over the disputed lands and will likely remain under Israeli sovereignty in any future peace agreement. The 100 or so illegal outposts, which the Israeli government promised to then-US President George Bush would be removed, are, for the most part, still on the ground, and their fate is undetermined. Some 30 of these outposts have been legalized, and the rest will surely escape being dismantled under the new government. Because why not? Law? Order? Don't make Smotrich and his radical settler friends laugh.

The Judicial Reform Endangers the Israeli Economy

By Prof. Jacob Frenkel & Prof. Karnit Flug

- **The Israeli government is currently working on designing a broad and ambitious “reform” of the justice system. This article was written out of profound concern for the economic repercussions and the inherent risks in the proposed reform. We wish to underscore that we do not intend to discuss the details and legal aspects of the plan since we are not jurists. Furthermore, we do not intend to address the political and partisan aspects that have come up in the public debate since we are neither activists nor are we identified with any party or political body whatsoever. Our positions are based on many years of experience of involvement and personally dealing with the economic challenges facing the Israeli economy, including experience and close familiarity with the workings of the international economic bodies and institutions.**
- **In the modern world, economic growth and prosperity require stability, a set of laws that ensure, among other things, respect for property rights, respect for budgetary laws, respect for the central bank law (the Bank of Israel Law), upholding competition laws and clear and stable rules of the game that allow for long-term planning. That creates an environment that is conducive to economic development and, in particular, to innovation and excellence. The State of Israel has recorded impressive achievements, and the Israeli economy has become a preferred place for foreign investments, which have contributed greatly to raising the standard of living. That improvement was coupled with an impressive rise in the State of Israel’s credit rating, as measured by the three largest credit rating agencies in the world (Standard and Poor—S&P, Moody, and Fitch).**
- **Those achievements must not be jeopardized. The Israeli economy’s performance in recent years has been especially good; that is the result of, among other things, foreign investment in Israeli high-tech on an unprecedented scale. However, the economic environment has changed, and the global economic slowdown and the decline in available capital have already begun to leave their mark on the Israeli economy. Weakening the justice system, which is projected to result in reduced willingness among foreign investors to invest in Israel, along with the rising cost of efforts by the Israeli government to raise capital as a result of a possible drop in Israel’s credit rating, could deal a painful blow to Israel’s economy and citizens.**
- **In that context, it is well worth listening to the remarks made by a S&P representative [Maxim Rybnikov], who recently was interviewed by the Israeli press: “If, contrary to the previous situation, the institutional system in Israel enters a consistent path of weakening, including damage to the system of checks and balances, and political power [becomes] concentrated too much in the hands of one person or one group, the public debate will also be damaged and it will lead to fiscal policy being less responsible—not just for one year, but it will become a feature of policymaking. All of these things could become a real rating risk.”**

- One central factor that establishes the Israeli economy's standing in the global economy is the strength, professionalism, and independence of the justice system. Scrupulously upholding the principle of the separation of powers (the legislative, executive, and judicial branches of government) is an ironclad principle on which democracy is built and reliant. The balance in the reciprocal relations among the branches of government is highly sensitive, and it is enough for doubt to be raised about the government's commitment to protecting that iron principle of the separation of powers to tarnish the reputation that is critical for the body of investors in Israel and around the world. The current period is marked by geopolitical and geoeconomic uncertainty around the world.
- Precisely during such a sensitive period, it would be very easy to ruin [Israel's] economic reputation, and it would be very hard to repair the damage. Such a broad and swift reform of the justice system and the legal counsel mechanism without a discussion that produces broad agreement is very dangerous. Despite the fact that there is broad support for the need to make certain corrections to the justice system, the range of measures that have been presented pose significant risks to the character of the democratic regime in Israel and its reputation around the world. The Israeli economy operates in a highly competitive world, and our actions are studied with a magnifying glass and sometimes with impatience and intolerance.
- In this competitive world, damage to the standing of the Israeli economy as a result of a hasty and erroneous initiative is liable to be destructive and difficult to mend. The necessary conclusion from a judicious risk-management strategy is unequivocal: given the Israeli economy's extensive dependence on global financial markets and on accepted norms, the Israeli economy's standing in global capital markets must not be damaged. The reaction of the credit rating agencies to the planned changes to the justice system, which would curtail judicial oversight over actions by the government and the Knesset and which would weaken the checks and balances among the three branches of government, is liable to be swift and sharp.
- Economic literature consistently demonstrates that the courts' independence and effective judicial restrictions over the executive branch have a positive impact on economic growth. That is achieved through several channels, including maintaining stable policies even during times in which there is a transition of government, maintaining the rule of law and the rules of the game, and reducing the uncertainty that stems from arbitrary governmental decisions. Weakening judicial oversight is liable to allow the government to advance measures that will lead to economic damage as a result of a possible infringement on property rights, investors' fears of arbitrary and unpredictable decisions, and changes to the rules of the game in the absence of judicial oversight. We have seen examples of that in recent years in countries in which judicial oversight was weakened, and the checks and balances among the branches of government were eroded, making the government omnipotent. In Turkey, where judicial oversight was sharply curtailed as of 2015, and the central bank was also stripped of its independence, the drop in foreign investments was far more precipitous than in other countries during that same period, and its credit rating also dropped sharply.

- In Hungary, where the standing of the justice system began to deteriorate in 2009, the country's credit rating dropped over the course of several years, and it is still lower than it was before the process of curtailing the justice system began. The drop in foreign investment in Hungary was also far more precipitous than those experienced by other OECD countries during the period after the global financial crisis. In Poland, in which the justice system began to be weakened in 2016, a (temporary) drop in its credit rating was recorded along with a drop in foreign investments, in contrast to the (small) rise in average investments in OECD countries during the same period of time. In all those countries, the credit rating agencies cited the curtailment of judicial oversight that led to damage to the checks and balances among the branches of government as a negative factor in determining the credit rating. In that context, it bears stressing that the European Union, in which Hungary and Poland are both member states, restricts the freedom they have to curtail the democratic regime and the independence of the various state institutions, which is different from the situation in Israel.
- Israel's situation is still far away from the situation in countries like Hungary and Poland, and its situation is far better than Turkey's, but it is important to understand that there is a correlation between processes that seemingly are unrelated, such as the ability of the judicial branch to maintain oversight over the government, and confidence in the economy that impacts economic performance. The measures being proposed to weaken judicial oversight raise the risk of a severe and painful reaction.