EXECUTIVE SUMMARY: Global upheavals are underway, U.S. foreign policy is changing, and the Middle East is in turmoil. All this presents Israel with multiple threats, and Jerusalem must be ready for any scenario. Deterring Iran and its proxies, and Islamic State, will remain priorities for Israel. Caution and preparedness are the watchwords.

Global upheaval is upon us. Europe is being flooded by refugees fleeing dysfunctional Africa and the disintegrating Middle East, and the influx, which it is struggling to deal with, may change Europe's cultural and social fabric. The fluctuations in China's economy resonate through global economy, all while Beijing is striving to increase its influence in the South China Sea. And Russia, plagued by economic troubles of its own, refuses to loosen its grip on Ukraine, even at the cost of economically crippling Western sanctions.

The Middle East is changing dramatically. Nations are disintegrating, their residents are fleeing, and its rulers are wary of the future, which is clouded by growing Iranian power that troubles both the Sunni states and Israel.

The terrorism wielded by radical Islamist groups is drenching the Muslim world in blood as they overrun it, and it threatens the rest of the world, courtesy of "imported" jihadists, who are trained in Syria and Iraq before returning to their homelands.
Nevertheless, it seems world powers understand their mutual responsibility for world peace. Wary of seeing international tensions spiral out of control, they try to downplay their differences on global issues, so not to agitate an already volatile situation further.

Examples of this can be seen in the prudence exercised by Washington and Beijing regarding the dispute ranging between China and its neighbors over tiny islands in the China Sea; in the patience the world is showing Russia, whose foreign policy tactics breach acceptable norms; and in the EU’s efforts to keep Greece a part of the 28-member union, so not to undermine the framework that has been sustaining Europe peacefully since World War II.

On the other hand, recent developments underscore the lack of true leadership among global powers, as there is no one who seems to know what can be done to avoid or overcome these crises.

**Winds of change**

Several issues seem to be shaping the global theater at this point in time.

It seems the most prominent change is the growing feeling within the international community that the United States is slowly backing away from its role as the free world’s leader, a role it has been shouldering for the past century.

This shift in U.S. policy is seen as the source of the troubles plaguing the world, from Beijing to Saudi Arabia. As a result, countries that in the past were wary of antagonizing the U.S. for fear of retaliation are now seeing its reluctance to intervene globally as their chance to improve their position in the international theater, and to aggressively promote their interest.

Reality will present the U.S. with challenges that mandate its involvement, reluctant as it may be. Fighting the Islamic State group is one of these challenges.

Another change involves the global energy market. The U.S. enjoys near-independence when it comes to meeting its own energy needs, and this change has inspired some of its ability to reduce its involvement in world events. Oil prices have plummeted, causing the economies dependent on it, such as Venezuela and Russia, to encounter serious financial difficulties. Even Saudi Arabia, the world’s largest oil exporter, has been affected, and it is already dipping into its cash reserves.
Exploration ventures striking oil and natural gas in new locations worldwide are shaping what seems to be a global economic trend. Most major energy exporters depend on oil prices and a sharp drop in barrel prices could potentially bring some economies to the brink of collapse.

The third change is the contradiction between the fact that global interdependence is a crucial factor in world politics and economics, and the fact that there is very little chance that the international community will decide to truly unite in favor of dealing with burning issues.

The U.N., the biggest international organization in existence, has become a sad, hollow joke, while other international groups are seen as either biased or powerless, and are seemingly unable to overcome their members' narrow beliefs. The only issue everyone seems to agree on is the Israeli-Palestinian conflict, which always to inspire anti-Israel international resolutions.

The Israeli Angle

The current Jewish year has ended against the backdrop of the nuclear agreement reached between world powers and Iran. As things stand it is hard to predict whether this deal will breed a positive change, in the form of Iran abandoning its nuclear program, or if it will be used as a poor excuse for the West to ease the pressure off Tehran, foster closer ties with the Islamic republic, and acquiescing with its becoming a nuclear regional power.

Iran has made it perfectly clear that what little has changed in its nuclear policies will not affect other areas, and that it will continue to support Syrian President Bashar Assad's regime, and arm Hezbollah and Hamas. It has stated that it remains committed to eradicating the "Zionist entity," as well as its ambition to establish its hegemony over the "Shiite Crescent," a region of the Middle East where the majority population is Shiite, stretching from Tehran through Baghdad to Damascus and Beirut.

It remains to be seen if any of Iran's policies will be mitigated by the nuclear deal, as the West hopes. Since chances for that are slim, Israel will have to devise new methods to generate deterrence opposite Iran.

The bloody civil war in Syria, in which tens of thousands have been killed and millions have been displaced, rages on with no end in sight. The tragedy has been compounded by the introduction of Islamic State to the sphere, and the jihadi terrorist group has already overrun parts of Syria and Iraq.
Despite U.S. President Barack Obama’s determination to annihilate Islamic State, and some partial coalition successes against IS, overall the effort thus far has proven ineffective. Various terrorist groups in Nigeria, the Sinai Peninsula, Asia and Libya have affiliated themselves with Islamic State this year, allowing it to gain momentum, and fueling its desire to expand.

Assad has become increasingly dependent on external elements – Iran, Hezbollah, and Russia – for his survival. The end of his regime will be a stipulation of any cease-fire or peace deal brokered in Syria, and world powers are eager for the fighting to end so they can turn their full attention to the war on Islamic State.

Israel has so far refrained from intervening in the Syrian civil war, limiting its actions to retaliation over terrorist attacks on the northern border, and to blocking the transfer of game-changing weapons to Hezbollah.

The Shiite terrorist group is heavily involved in the conflict raging in Syria, making it hard for it to train its sight on Israel. Hezbollah may be using this time to bolster its weapons arsenal and fighting capabilities, but the threat of the next Israel-Hezbollah conflict is not imminent.

Barring a major shift in the balance in power in Syria, a shift that would entrench a regime that is even more dominated by Hezbollah and Iran, there is no reason for Israel to change its policy.

**Foreign Relations**

Egypt and the other players on the Middle East change are very concerned by Iran’s new regional position, as well as by the rise in radical Islam among Sunnis.

Some Arab states would prefer having closer ties with Israel, which would be very difficult to foster given the volatility of the anti-Israeli Arab street. Such ties would also be hard to pursue given the stalemate plaguing the Israeli-Palestinian peace process.

Israel has a clear interest in the success of Egyptian President Abdel-Fattah el-Sissi’s efforts to cement his regime. One of the biggest problems troubling Cairo is its dire economic situation. While Israel should lend a hand, the bulk of that burden falls to Egypt’s long-standing allies in the Persian Gulf.
Israel’s relations with Turkey will thaw only if Ankara decides to change its anti-Israel tune. However Turkey is in the midst of political turmoil, compounded by economic and security challenges concerning Islamic State and the Kurds, so its focus is elsewhere.

In Saudi Arabia, the kingdom is still reeling from the various changes in its line of succession, and it is unclear whether King Salman has the necessary support to secure his regime. The Saudis, too, are experiencing an economic slowdown over the drop in oil prices, and are wary of both Iran’s growing power in the Gulf and the rise of Sunni radicals.

Since the July 14 deal with Iran was inked, the Gulf states have been arming themselves, and Saudi Arabia has stated it will pursue its own nuclear program, to offset Iran’s atomic ambitions. Egypt and Turkey have hinted they may do the same.

When it comes to Israel-U.S. relations, Jerusalem must strive to shape them in the spirit of the post-Iran deal era. If anything, the deal demonstrated that on the one hand, when push comes to shove, the U.S. will not necessarily prove unwavering, while on the other hand, Israel does not have the clout needed to change the mind of a determined American president.

Nevertheless, Israel’s special relationship with the U.S. remains a cornerstone of Israel’s strength. If reached, long-term agreements can afford Israel operational leeway and provide it with new capabilities. It is important that such deals be reached with the Obama administration, to prevent U.S.-Israel ties from becoming a partisan touchstone.

**Looming Threats**

The threats Israel faces are unlikely to change dramatically in the coming year.

The most serious threat, posed by Iran’s nuclear ambitions, seems to have been mitigated for the moment by the deal, but Iran’s potential nuclear armament in the not-too-distant future dictates that Israel develop the ability to counter this threat.

Hezbollah and its 100,000 missiles and rockets, and Hamas and the other Gaza Strip-based terrorist groups with smaller arsenals at their disposal, are all deterred and have clear interests in sustaining their cease-fires with Israel. Experience, however, has taught us that imprudent moves may lead to security escalations that spiral out of control within hours.
The radical Sunni groups on the northern and southern borders pose no immediate threat, and while they may deliver unpleasant surprises, they have more immediate enemies to fight.

Israel, for its part, will have to confront Islamic State in one of two scenarios: A direct attack on Israeli soil, or an attack on Jordan. Ensuring the Hashemite Kingdom remains a functioning state is a key Israeli interest, especially since Israel shares its longest border with Jordan.

In the international sphere, Israel must increase its fight against the Boycott, Divestment and Sanctions movement. While BDS efforts have so far enjoyed only partial success, they must be stopped nonetheless.

The international community will most likely try to increase its pressure on Israel with regards to peace talks with the Palestinians, but the Palestinian Authority seems a less-than-eager partner, and the composition of the Israeli government may hinder any progress, as well.

Despite the security challenges, Israel must also find the time and resources this year to deal with some fundamental internal problems, from issues pertaining to national identity and governance, to socio-economic gaps and housing prices. Israel has marked some major achievements this year, but it cannot rest on its laurels. It must strive to improve and increase its qualitative advantage, so to ensure its future.

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