

Global Insights

Israeli Situation and Future outlook



This report conducted by SPS will look at the historic events from Israel. Assessing the current operational situation and the future outlook of the conflict.

Situational Update

Over the past few days, the global community has been closely monitoring a momentous and historic series of events unfolding in Israel and Palestine. On October 7th, a coordinated and unexpected offensive was launched by militants associated with the Palestinian Islamist movement, Hamas. This offensive specifically targeted both military and civilian assets, primarily in the southern region of Israel, employing land, air, and sea-based attacks. These actions resulted in the capture of approximately 150 hostages and, as of October 11th, fatalities in Israel have exceeded 1,200, while the precise number of Palestinian and Hamas casualties remains uncertain. This attack represents an unprecedented scale of violence in Israel's recent history, with some media outlets drawing comparisons to 9/11, though it's essential to note that proportionally, the fatalities are even more substantial.

Significantly, certain Hamas militants employed unconventional tactics, such as electric-powered gliders and breaches in the Israeli border fence from the Gaza Strip, raising questions regarding the effectiveness of Israel's long-established intelligence apparatus. Additionally, the attack targeted Israeli maritime patrols off the coast of Gaza and launched a substantial rocket barrage, triggering alarm in towns near the Gaza Strip. This led residents in Southern Israel, central Israel, and the Tel Aviv area to seek refuge in bomb shelters.

In response to this offensive, the Israeli Defense Forces (IDF) initiated Operation Swords of Iron a few hours after the initial attack. This operation involved immediate reprisal airstrikes in the Gaza Strip, alongside military actions aimed at regaining control over southern Israel on an unprecedented scale. This incident stands as the most significant military conflict to occur on Israeli soil in recent

decades, underscoring a significant shift in the nation's security landscape and that of the entire region.

As of now, the IDF claims to have restored order and control over nearly all of Israel's territory, with Palestinian incursions into southern Israel reportedly being neutralised or forced to retreat to the Gaza Strip. While significant ground incursions from the Palestinian West Bank or Palestinian factions within Lebanon have not materialised thus far, they remain a possibility. Lives continue to be at risk as Hamas persists in firing rockets at Israel, resulting in ongoing air raid warnings. Israel has also reported exchanges of fire with Hezbollah fighters based in Lebanon along the northern borders, as well as reported shells launched from Syria landing in open areas within Israel, increasing the threat of regional escalation.

Moreover, as the city of Gaza remains under missile fire, Defense Secretary Minister Yoav Gallant has pledged to launch a ground operation into Gaza. City officials have already raised concerns about the humanitarian crisis resulting from the cutoff of water and electricity supplies from Israel, impacting over two million densely populated residents.

The current situation remains tense and fluid. While the risks of ground conflict within Israel's territory has diminished since the initial days, direct aerial conflict is expected to continue for several days, possibly even weeks, with missile fire remaining the most pressing security concern. We strongly advise citizens to continue sheltering in place and adhere to government directives, all while carefully evaluating evacuation options.

Outlook

The situation remains fluid, but in assessing the immediate short-term outlook, SPS expects a continuation of direct military engagement and high-quantity missile fire between Palestinian and Israeli forces for the remainder of the week. We expect a continuing robust response from the Israeli military, which, after the initial objective of the removal of militants from Israeli territory, will likely expand. This expansion could extend into a longer-term conflict. The announced plan for ground operations in Gaza will further drive the prospect of regional escalations and a humanitarian crisis, with Israel's urban warfare objectives unlikely to be quickly successful in such a densely populated and hostile environment. The continuing shortages of food, water, and electricity in the Gaza Strip will drive unrest and embolden resistance. Israeli military operations are anticipated to face entrenched resistance from militias and the civilian population. International diplomacy efforts are expected to take time to take effect, while regional escalation remains a realistic possibility. Sentiment analysis highlights the high levels of fear and the tense operating environment in the country's citizenship. This will moderately decline in Israel following the successful counteroffensive efforts, yet remaining elevated. Conversely, in the West Bank and Gaza Strip, we expect to see continuing growth in tensions driving the prospect of unrest, looting, and violence, directly targeting both internal Palestinian communities and Israeli targets, as fears of reprisal military operations and essential resource shortages will continue to mount.

Looking long-term forecasting becomes less clear, yet we will assess some of the potential impacts and the future longer-term scenarios:

1. Israeli Ground Operations in the Gaza Strip
2. Regional Escalations
3. United States Military Involvement
4. International Diplomacy Efforts:

Outlook – Scenarios



1. Israeli Ground Operations in the Gaza Strip:

Following the Minister of Defence's statement, the prospect of an Israeli ground offensive in the Gaza Strip or the West Bank has increased in likelihood. Such a military undertaking would be fraught with operational challenges, as well as posing risks to the lives of the estimated 150 Israeli and international hostages. The dense urban environment and the hostility of local militia members would negate many technological advancements of Israel, and could lead to a prolonged military operation. Hamas will also be expected to respond and plan accordingly. In the seizure of Mosul, the American-backed Iraqi army took nine months to force the retreat of a much poorer-equipped Islamic State opposition, as the urban battle left an estimated 9,000-11,000 civilian fatalities and a city in rubble. Military strategists could draw comparisons, and any ground operations in Gaza would likely face even greater consequences and operational risks, increasing the likelihood of an extended, close combat military conflict. Such an engagement could potentially extend the conflict throughout the remainder of the year and into 2024, likely causing a humanitarian crisis in the city, countless civilian fatalities, and potentially drive regional escalations, with any quick military success highly unlikely.

2. Regional Escalations:

An extended military operation in Gaza or the West Bank would likely provoke regional Islamic nations into supplying greater support for Palestine and/or Hamas, raising the prospect of greater arms support or even the unlikely prospect of direct military engagement from the likes of Iran, Syria, Lebanon, and Egypt. Israel has already threatened to bomb Egyptian humanitarian aid supplying Gaza, and such threats remain a realistic possibility that could lead to regional involvements. Any such eventuality would not only curtail regional peace developments but would equally drive the United States to supply ever greater military support to Israel. Such an eventuality could have global economic consequences, not least in global oil prices, and large demonstrations throughout the Islamic world could ensue at embassy sites of Israel and supporting nations,

Outlook – Scenarios

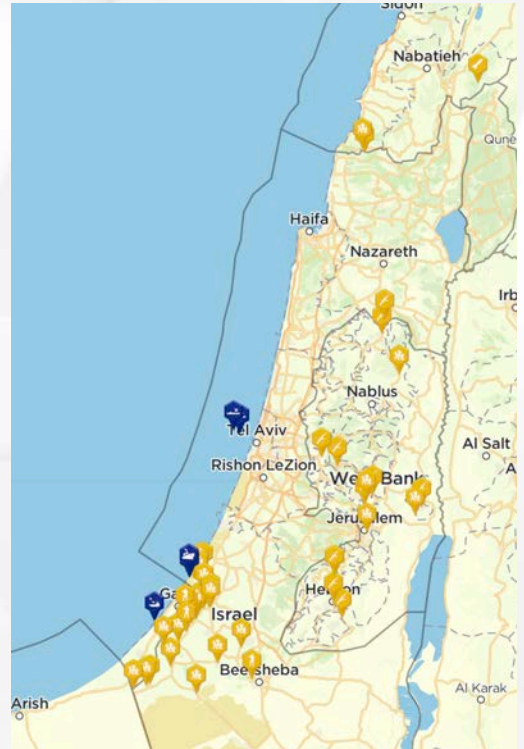
3. United States Military Involvement:

As expected, the United States has been quick to condemn the atrocities of Hamas and offer enhanced military support to Israel, and much has been speculated over a potential direct engagement following the move of a US carrier strike group and military aircraft closer to Israel in a show of support. While diplomatic, munitions, and equipment supplies will be unwavering, the prospect of direct military engagement remains an unlikely scenario, only probable following significant regional escalations. However, involvement from regional Islamic states such as Iran could potentially lead to retaliatory US missile strikes. Any prolonged conflict will undoubtedly lead to a centralisation of Israel in US foreign policy and the supply of greater military equipment. Therefore, any extended engagement could have consequences on the United States' support of Ukraine, leaving the country's focus divided, with Israel being prioritised.

4. International Diplomacy Efforts:

While direct US military engagement remains unlikely, American engagement is highly likely to be needed to bring about the international diplomacy efforts required. Such diplomacy will not provide an immediate and short-term fix but will leverage both sides to ensure the provision of essential aid to Palestinian communities and the reduction in violence. Such aims seem currently implausible but could develop over the coming weeks if the conflict persists. The presence of international fatalities, hostages, and a large number of expatriate citizens in Israel will increase international mediation pressures and continue to drive foreign media interest. Therefore, while complex negotiations are needed and will inevitably take time, they remain the most effective way to reduce the conflict's severity. However, the degree of their success will remain hard to judge, with long-term efforts consistently failing in the region. A long-term and global effort will be needed with support likely required from Arab, Chinese, European, and American interests to bring about the necessary pressure. Such diplomacy in a divided geopolitical landscape is a realistic possibility but is severely challenging, leading to the probable delay and lack of an immediate solution for the region.

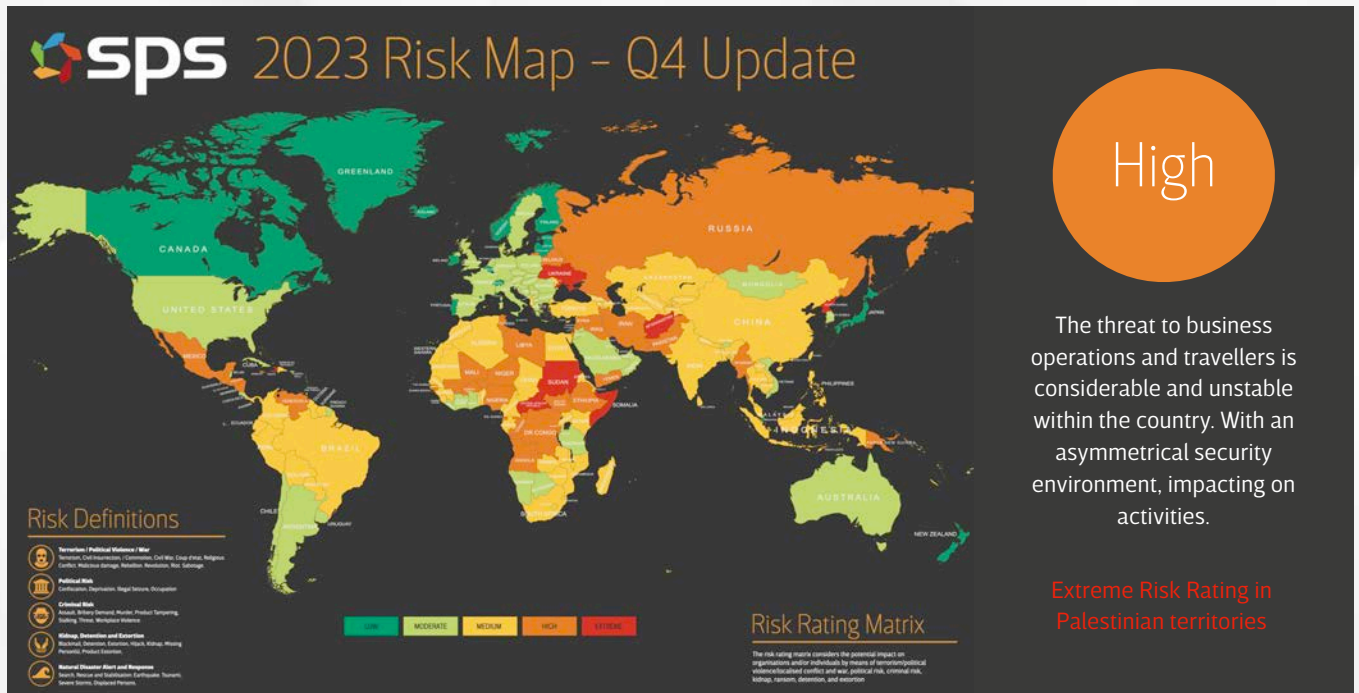
Skirmish and Maritime events 7th-11th October



Arial and Bomb events 7th-11th October



Advice and Response



SPS Advice and Response:

In such a dynamic risk environment, SPS continues to operate and assist clients on the ground. In light of recent events, all businesses and personnel in the country should continue to actively monitor the situation. The governmental advice to shelter in place while assessing evacuation needs remains at this time. Within Israel, while some shortages of goods can be expected due to disruptions to just-in-time deliveries, we do not expect there to be any serious issues over essential items or large resource shortages. However, the longer term effect of a substantial military call up is yet known and could lead to business disruptions and later supply chain issues as 300,000 military reservists citizens ready for action, leaving their civilian roles. The security environment is likely to remain a tense high-risk environment over the coming days, with risks of missile strikes and potential further escalations remaining an unlikely yet plausible possibility, in spite of counteroffensive efforts that will reduce the immediate threat of ground incursions in Israel. We believe that the backlog of people waiting to leave the country due to canceled flights will be cleared in the next 2-3 weeks, but in the coming days the airport will remain a tense and at times chaotic environment. The situation remains operationally challenging and evolving, leading to expected delays and last-minute changes to plans. Yet in the country, SPS is leveraging our global network to support the chartering of evacuation flights from Tel-Aviv, road movements out of the country, alongside intelligence gathering and crisis management advisory planning capabilities. Such options remain active at this time, but availability will be dictated by the conflict's direction.



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