

MIDDLE EAST: Israeli response buys time for negotiation

In the early morning of 26 October, the Israeli Air Force conducted a retaliatory strike for Iran's 1 October missile salvo that targeted Israel. The IAF took out air defense batteries and radars in Iran, in addition to in Iraq and Syria, significantly weakening key Iranian air defense capabilities and vital military sites involved in Russia's arms supply chain. The choice of targets buys Israel an opportunity to carry out more damaging strikes on Iran if things remain extremely volatile after the 5 November US presidential election.

Initially, Israel was considering a wide array of targets, including nuclear infrastructure and oil. The Biden Administration influenced the Israeli decision to narrow the target list to primarily military targets. Indeed, by agreeing to deploy a THAAD anti-missile battery to Israel—provided Israel gave assurances on what it would and would not hit—Biden very much altered the scope of what Israel might have hit. In truth, the target list ultimately reflected what Israel wanted to do: signal to Iran how much more Israel could do if Iran responded and just how vulnerable Iran was to continuing Israeli attacks.

The sequence of events over this past month mark a shift in Iranian and Israeli calculus – responses no longer need to happen within hours, and both parties are showing restraint as they assess how the situation is evolving. Neither wants an open-ended conflict and both are mindful of the US presidential election. In any case, with Iran downplaying the significance of the Israeli attack, its leadership is giving itself a rationalization to minimize what it may choose to do in response.

Ultimately, this has limited the immediate risk of greater chaos and regional fallout, a prospect widely feared to become the reality were Israel to target either Iranian nuclear or oil infrastructure. This will help allay fears among foreign investors and others about a more expansive conflict or risk to doing business or traveling to the Gulf in the weeks ahead, a particularly prevalent concern given this week's high profile Future Investment Initiative (FII) event in Riyadh.

Meanwhile, negotiators are meeting this week in Doha to attempt to move toward a preliminary ceasefire and hostage/prisoner exchange, a possible first step toward a more comprehensive and lasting deal on Gaza. We say possible because there are also talks under way to approach the hostage release differently—namely, seeing if Israel, having largely succeeded in dramatically weakening Hamas and having killed Yahya Sinwar, the architect of October 7, 2023, would be ready to declare an end to the war, provided the hostages are released. As opposed to a limited, phased hostage deal that was discussed in the past, this “all for all” approach has gained some support in Israel, and a number of Arab countries are also expressing some interest in it. It is too soon to know whether either of these two approaches will work in the near term. Similarly, there is a diplomatic effort to produce a ceasefire in Lebanon with a new application of UNSC resolution 1701. In the meantime, Israel is continuing to dismantle Hezbollah and Hamas capacities.

There is still no agreed day-after plan for Gaza despite the significant degradation of Hamas capabilities, but the killing of Hamas leader Yahya Sinwar earlier this month has now shifted the focus back to the hostages as well as the possibility of ending the conflict. Israel will look to these talks for an indication of who is leading decision-making for Hamas post-Sinwar, which will play into any post-war governance talks.

While still a significant security concern, Gaza has become a secondary front for Israel as Hezbollah in Lebanon continues to escalate and Israel continues its operations aimed at neutralizing the group's infrastructure.

Without direct Iranian participation, the immediate existential threat from both fronts to Israel has diminished. This opens the door for more productive negotiations, even if no immediate progress is achieved on Gaza this week.

This research note was produced with input from our strategic partners at WestExec Advisors.

[Client Portal >>](#)

Emily Stromquist
Managing Director
+1 (202) 672-4293
emily.stromquist@teneo.com