Congressional Research Service
Informing the legislative debate since 1914

Israel: Background and U.S. Relations in Brief

Updated July 31, 2018

Congressional Research Service
https://crsreports.congress.gov
R44245

CRS REPORT
Prepared for Members and
Committees of Congress

Contents

U.S.-Israel Relations 1
Key Concerns 1
Addressing Threats 2
Military Superiority and Homeland Security Measures 2
Undeclared Nuclear Weapons Capability 3
U.S. Cooperation 3
Iran and the Region 3
Iranian Nuclear Agreement and the U.S. Withdrawal 4
Iran in Syria: Cross-Border Attacks with Israel 4
Russia 5
Hezbollah in Lebanon 6
Israeli-Palestinian Issues 7
Peace Process and International Involvement 7
Jerusalem: U.S. Stance and Embassy Move 10
Domestic Israeli Developments 12
Corruption Allegations Involving Netanyahu 12
Major Domestic Issues 12

Figures

Figure 1. Israel: Map and Basic Facts 2
Figure 2. Interim Embassy Location 11

Contacts

Author Information 13

U.S.-Israel Relations

Key Concerns

Strong relations between the United States and Israel have reinforced bilateral cooperation in many areas. Matters of particular significance include the following:

- Concerns about Iran and Iranian allies, including the 2015 international nuclear agreement and growing tension and conflict involving Iran and its allies (including Hezbollah) at Israel's northern border with Syria and Lebanon.
- Israeli-Palestinian issues, including President Trump's recognition of Jerusalem as Israel's capital and relocation of the U.S. embassy in Israel there.
- Israeli domestic political issues, including criminal cases pending against Prime Minister Netanyahu.

For background information and analysis on these and other topics, including aid, arms sales, and missile defense cooperation, see CRS Report RL33476, *Israel: Background and U.S. Relations*, by Jim Zanotti; CRS Report RL33222, *U.S. Foreign Aid to Israel*, by Jeremy M. Sharp; and CRS Report R44281, *Israel and the Boycott, Divestment, and Sanctions (BDS) Movement*, coordinated by Jim Zanotti.

Figure 1. Israel: Map and Basic Facts

Notes: According to the Department of State: (1) The West Bank is Israeli occupied with current status subject to the 1995 Israeli-Palestinian Interim Agreement; permanent status to be determined through further negotiation. (2) The status of the Gaza Strip is a final status issue to be resolved through negotiations. (3) The United States recognized Jerusalem as Israel's capital in 2017 without taking a position on the specific boundaries of Israeli sovereignty. (4) Boundary representation is not necessarily authoritative. See https://www.state.gov/p/nea/ci/is/.

Sources: Graphic created by CRS. Map boundaries and information generated by Hannah Fischer using Department of State Boundaries (2011); Esri (2013); the National Geospatial-Intelligence Agency GeoNames Database (2015); DeLorme (2014). Fact information from CIA, *The World Factbook*; Economist Intelligence Unit; IMF World Outlook Database; Israel Central Bureau of Statistics. All numbers are estimates and as of 2017 unless specified.

Addressing Threats

Israel relies on a number of strengths, along with discreet coordination with Arab states, to manage potential threats to its security and existence.

Military Superiority and Homeland Security Measures

Israel maintains conventional military superiority relative to its neighbors and the Palestinians. Shifts in regional order and evolving asymmetric threats have led Israel to update its efforts to project military strength, deter attack, and defend its population and borders. Israel appears to

have reduced some unconventional threats via missile defense systems, reported cyber defense and warfare capabilities, and heightened security measures vis-à-vis Palestinians.

Israel has a robust homeland security system featuring sophisticated early warning practices and thorough border and airport security controls; most of the country's buildings have reinforced rooms or shelters engineered to withstand explosions. Israel has also proposed and partially constructed a national border fence network of steel barricades (accompanied at various points by watch towers, patrol roads, intelligence centers, and military brigades) designed to minimize militant infiltration, illegal immigration, and smuggling from Egypt, Syria, Lebanon, Jordan, and the Gaza Strip.[1]

Undeclared Nuclear Weapons Capability

Israel is not a party to the Nuclear Nonproliferation Treaty (NPT) and maintains a policy of "nuclear opacity" or *amimut*. A 2017 report estimated that Israel possesses a nuclear arsenal of around 80-85 warheads.[2] The United States has countenanced Israel's nuclear ambiguity since 1969, when Israeli Prime Minister Golda Meir and U.S. President Richard Nixon reportedly reached an accord whereby both sides agreed never to acknowledge Israel's nuclear arsenal in public.[3] Israel might have nuclear weapons deployable via aircraft, submarine, and ground-based missiles.[4] No other Middle Eastern country is generally thought to possess nuclear weapons.

U.S. Cooperation

Israeli officials closely consult with U.S. counterparts in an effort to influence U.S. decisionmaking on key regional issues. Israel's leaders and supporters routinely make the case to U.S. officials that Israel's security and the broader stability of the region remain critically important for U.S. interests. They also argue that Israel has multifaceted worth as a U.S. ally and that the Israeli and American peoples share core values.[5] The United States and Israel do not have a mutual defense treaty or agreement that provides formal U.S. security guarantees.[6]

Iran and the Region

Iran remains of primary concern to Israeli officials largely because of (1) Iran's antipathy toward Israel, (2) Iran's broad regional influence, and (3) the possibility that Iran will be free of nuclear program constraints in the future. As mentioned above, in recent years Israel and Arab Gulf states have discreetly cultivated closer relations with one another in efforts to counter Iran.

---

[1] Gad Lior, "Cost of border fences, underground barrier, reaches NIS 6bn," Ynetnews, January 30, 2018.

[2] Hans M. Kristensen and Robert S. Norris, "Worldwide deployment of nuclear weapons, 2017," *Bulletin of the Atomic Scientists*, vol. 73(5), 2017, pp. 289-297.

[3] Eli Lake, "Secret U.S.-Israel Nuclear Accord in Jeopardy," *Washington Times*, May 6, 2009.

[4] Kristensen and Norris, op. cit.; "Strategic Weapon Systems," *Jane's Sentinel Security Assessment – Eastern Mediterranean*, June 26, 2018; "Operation Samson: Israel's Deployment of Nuclear Missiles on Subs from Germany," *Der Spiegel*, June 4, 2012.

[5] Joshua S. Block, "An ally reminds us of its value," jpost.com, May 8, 2018; Marty Oliner, "US-Israel relationship: More critical than ever," *The Hill*, May 3, 2017.

[6] The United States and Israel do, however, have a Mutual Defense Assistance Agreement (TIAS 2675, dated July 23, 1952) in effect regarding the provision of U.S. military equipment to Israel, and have entered into a range of stand-alone agreements, memoranda of understanding, and other arrangements varying in their formality.

Iranian Nuclear Agreement and the U.S. Withdrawal

Prime Minister Netanyahu has sought to influence U.S. decisions on the international agreement on Iran's nuclear program (known as the Joint Comprehensive Plan of Action, or JCPOA). He argued against the JCPOA when it was negotiated in 2015, and welcomed President Trump's May 2018 withdrawal of the United States from the JCPOA and accompanying reimposition of U.S. sanctions on Iran's oil and central bank transactions. In a September 2017 speech before the U.N. General Assembly, Netanyahu had called on the signatories of the JCPOA to "fix it or nix it."[7] Then, a few days before President Trump's May announcement, Netanyahu presented information that Israeli intelligence operatives apparently seized in early 2018 from an Iranian archive. Netanyahu used the information, which purportedly describes past work by Iran on a nuclear weapons program, to express concerns about Iran's credibility and its potential to parlay existing know-how into nuclear-weapons breakthroughs after the JCPOA expires.[8]

Although concern about Iran and its nuclear program is widespread among Israelis, their views on the JCPOA vary. Netanyahu and his supporters in government have routinely complained that the JCPOA fails to address matters not directly connected to Iran's nuclear program, such as Iran's development of ballistic missiles and its sponsorship of terrorist groups.[9] Media reports suggest that a number of current and former Israeli officials have favored preserving the JCPOA because of the limits it placed on Iranian nuclear activities for some time or these officials' doubts about achieving international consensus for anything stricter.[10]

Commentators speculate on the possibility that Israel might act militarily against Iranian nuclear facilities if Iran resumes certain activities currently stopped under the JCPOA.[11] According to one analyst, one group of Israeli officials have preferred to keep the nuclear deal in place while focusing on pressing challenges in Syria, while another group (including Netanyahu) have favored seizing the opportunity to make common cause with the Trump Administration to pressure Iran economically and militarily.[12] However, shortly after Netanyahu publicly presented the Iranian nuclear archive, he said in an interview that he was not seeking a military confrontation with Iran.[13]

Iran in Syria: Cross-Border Attacks with Israel[14]

A "shadow war" has developed between Israel and Iran over Iran's presence in Syria. In the early years of the Syria conflict, Israel primarily employed airstrikes to prevent Iranian weapons

[7] Israeli Prime Minister's Office, PM Netanyahu's Speech at the United Nations General Assembly, September 19, 2017.

[8] Israeli Prime Minister's Office, PM Netanyahu reveals the Iranian secret nuclear program, April 30, 2018.

[9] See, e.g., Israeli Prime Minister's Office, Statement by PM Netanyahu, May 8, 2018; Jonathan Ferziger and Udi Segal, "Netanyahu's Challenge: Help Trump Fix or Scrap the Iran Deal," Bloomberg, October 18, 2017.

[10] David E. Sanger and David D. Kirkpatrick, "A Risky Bet on Breaking Tehran's Will," *New York Times*, May 9, 2018; Amos Harel and Yaniv Kubovich, "Despite Faults, Iran Nuclear Deal Works, Israeli Military Chief Tells Haaretz," *Ha'aretz*, March 30, 2018; Bernard Avishai, "Why Israeli Nuclear Experts Disagree with Netanyahu about the Iran Deal," newyorker.com, October 24, 2017.

[11] See, e.g., Halbfinger, op. cit., citing former Israeli military intelligence chief Amos Yadlin.

[12] Ofer Zalzberg of the International Crisis Group, cited in David M. Halbfinger, "For Israel's Prime Minister, Vindication and New Threats to Confront," *New York Times*, May 9, 2018.

[13] James Masters, "Israeli PM Benjamin Netanyahu defends Iran nuclear claims in face of criticism," CNN, May 1, 2018.

[14] For more information on this issue, see CRS In Focus IF10858, *Iran and Israel: Growing Tensions Over Syria*, by

shipments destined for Hezbollah in Lebanon. Since 2017, with the government of Bashar al Asad increasingly in control of large portions of Syria's territory, Israeli leaders have expressed intentions to prevent Iran from constructing and operating bases or advanced weapons manufacturing facilities in Syria. The focus of Israeli military operations in Syria has expanded in line with an increasing number of Iran-related concerns there. Further exacerbating Israeli sensitivities, Iran-backed forces (particularly Hezbollah) have moved closer to the Israeli-occupied Golan Heights since late 2017 via actions against Syrian opposition groups.

On February 10, 2018, Iranian personnel based at Tiyas air base in central Syria apparently sent an armed drone into Israeli airspace. A senior Israeli military source was quoted as saying, "This is the first time we saw Iran do something against Israel—not by proxy. This opened a new period."[15]

In May 2018, Prime Minister Netanyahu asserted that Iran had transferred advanced weaponry to Syria (weaponized drones, ground-to-ground missiles, anti-aircraft batteries) in recent months. He stated that Israel was "determined to block Iran's aggression" and that "we do not want escalation, but we are prepared for any scenario."[16]

Since the February 10 incident, Israel has reportedly struck Iranian targets on multiple occasions. The resulting exchanges of fire (including the downing of an Israeli F-16 during the February incident) and subsequent official statements from Israel, Iran, Syria, and Russia have highlighted the possibility that limited Israeli strikes to enforce "redlines" against Iran-backed forces could expand into wider conflict, particularly in cases of miscalculation by one or both sides.

On May 10, according to the Israeli military, Iran's Islamic Revolutionary Guard Corps-Quds Force fired rockets at Israeli military positions in the Golan Heights, as retaliation against earlier Israeli strikes against Iranian targets in Syria.[17] This triggered Israeli strikes in Syria on a larger scale than any Israeli operations there since the 1973 Yom Kippur War.[18] Reportedly, Israel has since conducted some additional airstrikes in Syria, and on two separate occasions in July its military claimed that it shot down a Syrian drone and a fighter jet over the Golan Heights using Patriot missiles.[19]

Russia[20]

Russia's advanced air defense systems in Syria could affect Israeli operations.[21] To date, Russia does not appear to have acted militarily to thwart Israeli airstrikes against Iranian or Syrian targets. However, Russian officials' statements in response to Israeli actions in Syria since

---

Carla E. Humud, Kenneth Katzman, and Jim Zanotti.

[15] Thomas L. Friedman, "The Real Next War in Syria: Iran vs. Israel," *New York Times*, April 15, 2018.

[16] Israeli Prime Minister's Office, PM Netanyahu's Remarks at the Start of the Cabinet Meeting, May 6, 2018.

[17] "Israel strikes Iranian targets in Syria in response to rocket fire," BBC, May 10, 2018. Iran denied firing at Israeli positions in the Golan. "Iran denies attacking Israeli positions," Deutsche Welle, May 11, 2018. Syrian media claimed that Syria was involved in the attacks on the Golan. Josef Federman, "Israel accuses Iranian forces of rocket attack on Golan," Associated Press, May 9, 2018.

[18] "IDF: Overnight raids set back Iranian military in Syria by 'many months,'" *Times of Israel*, May 10, 2018.

[19] Israel Defense Forces statement, IDF shoots down a Syrian fighter jet, July 24, 2018; "Israel 'shoots down' Syrian fighter over Golan Heights," BBC News, July 24, 2018.

[20] CRS In Focus IF10858, *Iran and Israel: Growing Tensions Over Syria*, by Carla E. Humud, Kenneth Katzman, and Jim Zanotti.

[21] Yaroslav Trofimov, "Can Israel's Clash with Iran Be Contained in Syria?" *Wall Street Journal*, May 4, 2018.

February have fueled speculation about Russia's position vis-à-vis Israel and Iran,[22] given that Russia's military presence in Syria is protected by Iran-backed ground forces.

Reportedly, Israeli officials continue to consult with Russian officials about deconflicting Israeli military operations in Syria and ways to limit Iran's presence there.[23] In May 2018, Russian Foreign Minister Sergei Lavrov called for the withdrawal of all non-Syrian forces from the southern border area "on a reciprocal basis."[24] However, as of July, Hezbollah reportedly has been helping lead an offensive against rebels in southern Syria.[25] In a press conference following his July 16 summit with President Trump, Russian President Vladimir Putin stated a desire to have the situation between Israel and Syria in the Golan Heights return to what it had been before Syria's civil war.[26]

Hezbollah in Lebanon

Hezbollah has challenged Israel's security near the Lebanese border for decades—with the antagonism at times contained near the border, and at times escalating into broader conflict.[27] Speculation persists about the potential for wider conflict and its regional implications.[28] In recent years, Israeli officials have sought to draw attention to Hezbollah's weapons buildup—including reported upgrades to the range, precision, and power of its projectiles—and its alleged use of Lebanese civilian areas as strongholds.[29] Previously during Syria's civil war, Israel reportedly provided various means of support to rebel groups in the vicinity of the Syria-Israel border in order to prevent Hezbollah or other Iran-linked groups from controlling the area.[30]

Increased conflict between Israel and Iran over Iran's presence in Syria raises questions about the potential for Hezbollah's Lebanon-based forces to open another front against Israel. In April 2018, Hezbollah leader Hassan Nasrallah said that an Israeli strike on Iranian targets at Tiyas air base was a "pivotal incident in the history of the region that can't be ignored" and a "historic mistake." Earlier that same day, Hezbollah's deputy leader Naim Qassem said that Hezbollah would not open a front against Israel from Lebanon, but that it was ready for "surprises."[31] One

---

[22] See, e.g., Ben Hubbard and David M. Halbfinger, "Iran-Israel Conflict Escalates in Shadow of Syrian Civil War," *New York Times*, April 9, 2018; Jonathan Schanzer, "How Putin's Folly Could Lead to a Middle East War," *Politico Magazine*, April 9, 2018.

[23] "Israel rejects Russian offer to keep Iranian forces 100 km from Golan: official," Reuters, July 23, 2018; Itamar Eichner, et al., "Russian SC chief meets Israeli, Iranian counterparts," Ynetnews, April 25, 2018.

[24] Ibid.

[25] Tom Perry and Laila Bassam, "Hezbollah role in Syrian south exposes limits of U.S. policy," Reuters, July 5, 2018.

[26] White House, Remarks by President Trump and President Putin of the Russian Federation in Joint Press Conference, Helsinki, Finland, July 16, 2018.

[27] CRS Report R44759, *Lebanon*, by Carla E. Humud; CRS In Focus IF10703, *Lebanese Hezbollah*, by Carla E. Humud. For possible conflict scenarios, see Mara Karlin, "Israel's Coming War with Hezbollah," *Foreign Affairs*, February 21, 2018; Andrew Exum, "The Hubris of Hezbollah," *The Atlantic*, September 18, 2017; Michael Eisenstadt and Jeffrey White, "A War Without Precedent: The Next Hizballah-Israel Conflict," *American Interest*, September 19, 2017.

[28] For possible conflict scenarios, see Mara Karlin, "Israel's Coming War with Hezbollah," *Foreign Affairs*, February 21, 2018; Andrew Exum, "The Hubris of Hezbollah," *The Atlantic*, September 18, 2017; Michael Eisenstadt and Jeffrey White, "A War Without Precedent: The Next Hizballah-Israel Conflict," *American Interest*, September 19, 2017.

[29] See, e.g., Jonathan Spyer and Nicholas Blanford, "UPDATE: Israel raises alarm over advances by Hizbullah and Iran," *Jane's Intelligence Review*, January 11, 2018; Exum, op. cit.

[30] Rory Jones, et al., "Israel Gives Cash, Aid to Rebels in Syria," *Wall Street Journal*, June 19, 2017.

[31] "Nasrallah: Israel Targeting Syria Air Base Was 'a Historic Mistake,'" jpost.com, April 13, 2018.

May analysis expressed doubt that either Israel or Iran would seek to expand the scope of their emerging conflict in Syria to Lebanon.[32] However, the same analysis and some others speculated that if Israel-Iran conflict in Syria worsens and Iran feels cornered, it could look to gain leverage over Israel by having Hezbollah launch attacks from Lebanon.[33]

Israeli-Palestinian Issues

Peace Process and International Involvement

The prospects for an Israeli-Palestinian peace process are complicated by many factors. Since President Trump took office, he and officials from his Administration have expressed interest in brokering a final-status Israeli-Palestinian agreement. Many of their statements and policies, however, have raised questions about the timing and viability of any new U.S.-backed diplomatic initiative.[34] As discussed below (see "Jerusalem: U.S. Stance and Embassy Move"), the change in U.S. policy on Jerusalem in December 2017 has complicated the U.S. role. Israeli leaders generally celebrated the change, but PLO Chairman Abbas strongly objected.[35] Many other countries opposed President Trump's statements on Jerusalem. This opposition was reflected in December action at the United Nations.[36]

Citing alleged U.S. bias favoring Israel, Palestinian leaders have broken off high-level political contacts with the United States and have sought support from other international actors and organizations to improve their negotiating position with Israel.[37] However, the PA continues security coordination with Israel.[38] Tensions over Jerusalem appear to have influenced

[32] John Duchak, "With Iran and Israel at the Brink, Where Does Hezbollah Stand?" Atlantic Council, May 8, 2018.

[33] Ibid.; Martin Indyk and Natan Sachs of the Brookings Institution, cited in Sewell Chan, "The Bigger Conflict Behind the Cross-Border Clashes in Syria," *New York Times*, May 11, 2018.

[34] For example, statements by President Trump fueled public speculation about the level of his commitment to a negotiated "two-state solution," a conflict-ending outcome that U.S. policy has largely advocated since the Israeli-Palestinian peace process began in the 1990s.

Additionally, some media reports suggested that Israel was coordinating its West Bank settlement construction plans with U.S. officials. Danny Zaken, "Israel, US coordinated on settlement construction," *Al-Monitor Israel Pulse*, October 23, 2017.

[35] Adam Rasgon, "Abbas Slams Trump Jerusalem Move as 'Condemned, Unacceptable,'" jpost.com, December 6, 2017.

[36] On December 18, the United States vetoed a draft Security Council resolution that was backed by all other 14 members of the Council. The resolution would have reaffirmed past Security Council resolutions on Jerusalem, nullified actions purporting to alter "the character, status or demographic composition of the Holy City of Jerusalem," and called upon all states to refrain from establishing diplomatic missions in Jerusalem. U.N. document S/2017/1060, "Egypt: Draft Resolution." On December 21, the U.N. General Assembly adopted a nonbinding resolution (by a vote of 128 for, nine against, and 35 abstaining) that contained language similar to the draft Security Council resolution.

[37] Ahmad Melham, "Abbas reaches out to Europeans to help rebuild negotiations framework," *Al-Monitor Palestine Pulse*, January 31, 2018; Khaled Abu Toameh and Stuart Winer, "Palestinians court Russia as new broker in peace process," *Times of Israel*, February 2, 2018; "US weighs UN funding cuts after Palestinians join agencies," Agence France Presse, May 23, 2018; International Criminal Court statement, "Statement by ICC Prosecutor, Mrs Fatou Bensouda, on the referral submitted by Palestine," May 22, 2018.

[38] See Neri Zilber and Ghaith al-Omari, *State with No Army, Army with No State: Evolution of the Palestinian Authority Security Forces: 1994-2018*, Washington Institute for Near East Policy, March 2018; Abu Amer, op. cit.

Administration decisions to reduce or delay certain types of aid to the Palestinians,[39] and have made prospects for restarting Israeli-Palestinian talks in 2018 less certain.[40]

Reports suggest that the Administration is preparing a detailed document on the peace process that it may share in an attempt to overcome obstacles to progress.[41] At the end of a June 2018 trip to meet with various Middle Eastern leaders, senior White House advisor Jared Kushner (the President's son-in-law) said that the Administration's plan was almost done. Kushner also said, "If President Abbas is willing to come back to the table, we are ready to engage; if he is not, we will likely air the plan publicly."[42] Some former U.S. officials have cautioned against presenting a plan given current Palestinian opposition.[43] In May, Abbas characterized the possible removal of core issues of the Israeli-Palestinian conflict—namely, Jerusalem's status and Palestinian refugee claims—from the negotiating table as "an American slap."[44]

The Administration seeks support from some Arab states, including Saudi Arabia, the United Arab Emirates, Jordan, and Egypt, for the anticipated U.S. initiative. While these Arab states have criticized the U.S. stance on Jerusalem,[45] there are also signs that the shared goal of countering Iranian influence in the region is leading some of them to interact more overtly with Israeli counterparts and to dissuade the Palestinians from abandoning U.S.-backed diplomacy.[46] The 2002 Arab Peace Initiative remains a key reference point for Arab positions on issues of Israeli-Palestinian dispute.[47]

Speculation surrounds the particulars of the possible Trump Administration proposal. Dating back to unconfirmed reports from late 2017, some observers anticipate that a proposal could favor Israeli positions that call for limited Palestinian sovereignty, maintaining most West Bank settlements, locating a Palestinian capital on the outer fringes of Jerusalem, and dismissing

---

[39] CRS Report RS22967, *U.S. Foreign Aid to the Palestinians*, by Jim Zanotti.

[40] Boaz Bismuth, "Trump to Israel Hayom: The Palestinians are not looking to make peace," *Israel Hayom*, February 11, 2018.

[41] Adam Entous, "Donald Trump's New World Order," *New Yorker*, June 18, 2018; "Kushner: Peace Deal to Benefit Both Sides in Mideast Conflict," Reuters, May 14, 2018; Daniel Siryoti, et al., "Amid PA rejectionism, Arab nations threaten to 'go over Abbas' head,'" *Israel Hayom*, June 25, 2018; Jonathan Cook, "Sisi key to Trump's Sinai plan to kill Palestinian state," Middle East Eye, July 5, 2018; Jack Khoury, "Arab Leaders Asked U.S. Not to Reveal Mideast Peace Plan, Palestinians Say," haaretz.com, June 29, 2018.

[42] "Transcript: Jared Kushner's Interview with a Palestinian Newspaper," *New York Times*, June 24, 2018.

[43] Dennis Ross, "The Next Mideast Explosion," *New York Daily News*, May 20, 2018; Ilan Goldenberg, "Kushner's Peace Plan Is a Disaster Waiting to Happen," foreignpolicy.com, June 25, 2018; Phil Gordon and Prem Kumar, "Jared Kushner's Middle East Fantasy," theatlantic.com, June 25, 2018.

[44] "President Abbas calls for three days of mourning, describes US embassy in Jerusalem as settlement outpost," WAFA, May 14, 2018.

[45] See, e.g., Amir Tibon, "Saudi King Tells U.S. That Peace Plan Must Include East Jerusalem as Palestinian Capital," *Ha'aretz*, July 29, 2018.

[46] Entous, op. cit.; Aiden Pink, "Palestinians Should 'Shut Up' Or Make Peace, Saudi Prince Told Jewish Groups," *Jewish Daily Forward*, April 29, 2018; Dexter Filkins, "The Ascent," *New Yorker*, April 9, 2018; James S. Robbins, "An Emerging Arab Israeli Thaw," nationalinterest.org, April 3, 2018; Jeffrey Goldberg, "Saudi Crown Prince: Iran's Supreme Leader 'Makes Hitler Look Good,'" theatlantic.com, April 2, 2018.

[47] The Arab Peace Initiative offers a comprehensive Arab peace with Israel if Israel were to withdraw fully from the territories it occupied in 1967, agree to the establishment of a Palestinian state with a capital in East Jerusalem, and provide for the "[a]chievement of a just solution to the Palestinian Refugee problem in accordance with UN General Assembly Resolution 194." The initiative was proposed by Saudi Arabia, adopted by the 22-member Arab League (which includes the PLO), and later accepted by the 56-member Organization of the Islamic Conference (now the Organization of Islamic Cooperation) at its 2005 Mecca summit. The text of the initiative is available at http://www.bitterlemons.org/docs/summit.html.

refugee claims to a right of return.[48] Palestinian officials have complained that the United States is trying to undermine Abbas and dictate a solution.[49] In June, Abbas's spokesperson accused the Administration and Israel of seeking to separate Gaza from the West Bank under the guise of humanitarian aid.[50]

Gaza's Complicated Security, Political, and Humanitarian Situation

Israel faces a threat from the Gaza Strip (via Hamas and other militant groups).[51] Although Palestinian militants maintain rocket and mortar arsenals, the threat from projectiles has reportedly been diminished by Israel's Iron Dome defense system.[52] Tunnels that Palestinian militants used somewhat effectively in a 2014 conflict with Israel have been largely neutralized by systematic Israeli efforts, with some financial and technological assistance from the United States.[53] Under President Abdel Fattah al Sisi, Egyptian military efforts have significantly reduced smuggling over land into Gaza.

In 2018, protests and violence along security fences dividing Gaza from Israel have attracted international attention. Israel's use of live fire and the death of more than 120 Palestinians in the spring (including several deaths on May 14, the day that the U.S. embassy opened in Jerusalem) led the U.N. Human Rights Council to call in May for an "independent, international commission of inquiry" to produce a report.[54] A June U.N. General Assembly resolution condemned both Israeli actions against Palestinian civilians and the firing of rockets from Gaza against Israeli civilians.[55] Subsequently, some Israel-Gaza violence has ensued over Palestinians' use of incendiary kites or balloons to set fires in southern Israel and a sniper's killing of an Israeli soldier in July, fueling speculation about possible escalation.[56]

U.S. and PA funding reductions have added to questions about humanitarian assistance for Gaza's population, who remain largely dependent on external donor funding and face chronic economic difficulties and shortages of electricity and safe drinking water.[57] Since 2007, as part of a larger regime of Israeli-Egyptian control over access to and from Gaza, Israel has limited the shipment of building materials into Gaza because of concerns that Hamas might divert materials for reconstruction toward military infrastructure. The possibility that humanitarian crisis could destabilize Gaza has prompted discussions among U.S., Israeli, and Arab leaders aimed at improving living conditions and reducing spillover threats.[58] These discussions have sparked public debate about how closely humanitarian concerns should be linked with political outcomes involving Israel, Hamas, and the PA, or with an anticipated U.S. diplomatic initiative.[59]

---

[48] Anne Barnard, et al., "Talk of a Peace Plan That Snubs Palestinians Roils Middle East," *New York Times*, December 3, 2017; Goldenberg, op. cit.

[49] Siryoti, op. cit.

[50] Jack Khoury and Amir Tibon, "Abbas Rejects Trump's Plan for Gaza: An Attempt to Divide Palestinians," haaretz.com, June 18, 2018.

[51] For information on Palestinian militants' capabilities in Gaza, see CRS Report RL34074, *The Palestinians: Background and U.S. Relations*, by Jim Zanotti.

[52] Neri Zilber, "Israel and Hamas: Negotiating With Rockets and Bombs," Daily Beast, May 31, 2018.

[53] CRS Report RL33222, *U.S. Foreign Aid to Israel*, by Jeremy M. Sharp.

[54] U.N. General Assembly, Resolution adopted by the Human Rights Council on 18 May 2018, A/HRC/RES/S-28/1.

[55] http://www.un.org/en/ga/search/view_doc.asp?symbol=A/ES-10/L.23.

[56] Mark Weiss, "Fighting kite terror," *Jerusalem Report*, July 9, 2018; "IDF strikes 2 Hamas posts in Gaza as firefighters tackle balloon blazes," *Times of Israel*, July 16, 2018; Ben Caspit, "Netanyahu feeling the heat from Gaza," *Al-Monitor Israel Pulse*, July 16, 2018; Mark Landler, "As Violence Flares, Kushner Threatens to Abandon Plan to Rebuild Gaza," *New York Times*, July 23, 2018.

[57] Fares Akram and Mohammed Daraghmeh, "As U.S. aid dries up, Gaza families pushed deeper into poverty: 'Death is better than this life,'" Associated Press, June 7, 2018; World Bank, Economic Monitoring Report to the Ad Hoc Liaison Committee, March 19, 2018; CRS Report RS22967, *U.S. Foreign Aid to the Palestinians*, by Jim Zanotti.

[58] White House, Readout of the Gaza Conference at the White House, March 14, 2018; Amos Harel, "Abbas Is Key Obstacle to Gaza Rehabilitation, Top Israeli Security Brass Warns," haaretz.com, July 3, 2018.

[59] Ben Caspit, "Why is Israel propping up Hamas in Gaza?" *Al-Monitor Israel Pulse*, June 27, 2018; Goldenberg, op. cit., June 25, 2018; Adnan Abu Amer, "Palestinians skeptical of humanitarian efforts in Gaza," *Al-Monitor Palestine Pulse*, June 19, 2018; Jared Kushner, Jason Greenblatt, and David Friedman, "Help is at hand for Palestinians. It's all

Jerusalem: U.S. Stance and Embassy Move

In December 2017, President Trump recognized Jerusalem as Israel's capital and pledged to move the U.S. embassy from Tel Aviv to Jerusalem. These actions represented a departure from the decades-long U.S. executive branch practice of not recognizing Israeli sovereignty over Jerusalem or any part of it.[60] The President pointed to the Jerusalem Embassy Act of 1995 (P.L. 104-45) as a significant factor in the policy change. The western part of Jerusalem that Israel has controlled since 1948 has served as the official seat of its government since shortly after its founding as a state. Israel officially considers Jerusalem (including the eastern part it unilaterally annexed after the 1967 Arab-Israeli war, while also expanding the city's municipal boundaries) to be its capital.[61]

In his December remarks, President Trump stated that he was not taking a position on "specific boundaries of the Israeli sovereignty in Jerusalem," and would continue to consider the city's final status to be subject to Israeli-Palestinian negotiations.[62] However, he did not explicitly mention Palestinian aspirations regarding Jerusalem; Palestinians envisage East Jerusalem as the capital of their future state. In a February 2018 interview, the President said that he would support specific boundaries as agreed upon by both sides.[63] He also has called on all parties to maintain the "status quo" arrangement at Jerusalem's holy sites.[64]

up to Hamas," *Washington Post*, July 19, 2018; Shlomi Eldar, "Abbas appears set to compromise for Fatah-Hamas reconciliation," *Al-Monitor Israel Pulse*, July 30, 2018.

[60] See, e.g., Scott R. Anderson and Yishai Schwartz, "How to Move the U.S. Embassy to Jerusalem," November 30, 2017.

[61] In 1980, under the first Likud Party government, the Israeli Knesset passed the Basic Law: Jerusalem—Capital of Israel, which declares "Jerusalem, complete and united, is the capital of Israel." See http://www.mfa.gov.il for the complete text of the Basic Law. Israel had first declared Jerusalem to be its capital in 1950.

[62] White House, Office of the Press Secretary, Statement by President Trump on Jerusalem, December 6, 2017.

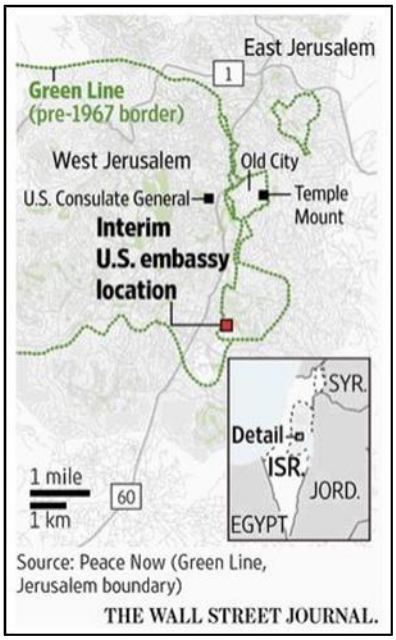
[63] Bismuth, op. cit. The President previously said that "we took Jerusalem off the table." White House, Remarks by President Trump and Prime Minister Netanyahu of Israel Before Bilateral Meeting, Davos, Switzerland, January 25, 2018. This fueled media speculation about whether the President was simply referring to what he had already done (i.e., recognize some unspecified portion of Jerusalem as Israel's capital), or whether his policy on Jerusalem might more broadly foreclose Palestinian claims to East Jerusalem and its holy sites.

[64] Under the "status quo" arrangement (which is largely based on past practices dating from the 16th century until the 1948 Arab-Israeli war), Muslims can access the Temple Mount/Haram al Sharif and worship there, while Jews and other non-Muslims are permitted limited access but not permitted to worship. Jewish worship is permitted at the Western Wall at the base of the Temple Mount/Haram al Sharif. For more information, see CRS Report RL33476, *Israel: Background and U.S. Relations*, by Jim Zanotti.

On February 23, the State Department spokesperson issued the following press statement announcing that the embassy would open in May 2018, to coincide with Israel's 70th anniversary:

> The Embassy will initially be located in the Arnona neighborhood, in a modern building that now houses consular operations of U.S. Consulate General Jerusalem. Those consular operations, including American citizen and visa services, will continue at the Arnona facility without interruption, as part of the Embassy. Consulate General Jerusalem will continue to operate as an independent mission with an unchanged mandate, from its historic Agron Road location. Initially, the interim Embassy in Arnona will contain office space for the Ambassador and a small staff. By the end of next year, we intend to open a new Embassy Jerusalem annex on the Arnona compound that will provide the Ambassador and his team with expanded interim office space. In parallel, we have started the search for a site for our permanent Embassy to Israel, the planning and construction of which will be a longer-term undertaking.

Figure 2. Interim Embassy Location



Source: Peace Now via the *Wall Street Journal*.

The embassy opened on May 14 at the Arnona facility amid criticism from several international actors and violence on the same day at the Gaza-Israel frontier. According to the State Department spokesperson, the site is located "partly in West Jerusalem and partly in what's considered no man's land," as it lies "between the 1949 armistice lines" in a zone that was demilitarized between 1949 and 1967.[65] The White House stated that it cost $400,000 to modify the facility to function as an embassy.[66] The ambassador's official residence is to transition to Jerusalem at a later date.[67]

Congress could consider a number of legislative and oversight options with regard to the plans mentioned above to expand the embassy at the Arnona site, and later to plan and construct a permanent embassy. These options could focus on funding, timeframe and logistics, progress reports, and security for embassy facilities and staff. A State Department official said in February that a new embassy building would take 7 to 10 years to construct, and a former official estimated that building a new embassy in Jerusalem may cost about $500 million.[68]

---

[65] State Department Press Briefing, February 27, 2018. One article describing the various issues involved with the site's location said that a U.N. official "described the site as 'occupied territory' but not 'Occupied Palestinian Territory (OPT),'" as No Man's Land had not been under the formal control of either the Israeli or the Jordanian side after the 1948 Arab-Israeli war. The article also said, "The continuous Israeli use of the western part of the no man's land makes putting the U.S. embassy there uncontroversial for Israelis from both the right and left of the political spectrum." Michael Lipin, "Why New US Embassy Isn't Entirely in Israel," Voice of America, May 14, 2018.

[66] White House, President Donald J. Trump Keeps His Promise To Open U.S. Embassy In Jerusalem, Israel, May 14, 2018.

[67] State Department, Briefing on the Opening of the U.S. Embassy in Jerusalem, May 11, 2018.

[68] Gardiner Harris and Isabel Kershner, "Casino Mogul Offers to Fund Israel Embassy," *New York Times*, February 24,

Domestic Israeli Developments

Corruption Allegations Involving Netanyahu

The Israeli police recommended in February 2018 that Attorney General Avichai Mandelblit indict Prime Minister Netanyahu for bribery, fraud, and breach of trust.[69] Mandelblit may decide in 2019 whether to press charges.[70] In response to the police recommendations, Netanyahu—who has consistently denied the allegations—said that the recommendations "will end with nothing" and that he will stay in office to pursue Israel's well-being.[71] However, they could potentially threaten Netanyahu's position as prime minister.

The recommendations cover two specific cases.[72] Later in February, developments in ongoing investigations appeared to implicate Netanyahu or his close associates in additional instances of alleged corruption.[73] In June 2018, Netanyahu's wife Sara was indicted, along with a former staffer from Netanyahu's office, for the fraudulent use of state funds.[74]

Legally, Netanyahu could continue in office if indicted, but he could face public pressure to resign, and his coalition partners could face public pressure to withdraw their support for the government. Israel's previous prime minister, Ehud Olmert, announced his decision to resign in July 2008 amid corruption-related allegations, two months before the police recommended charges against him.[75]

Major Domestic Issues

The Knesset has recently passed some notable legislation. In July 2018, it passed a Basic Law defining Israel as the national homeland of the Jewish people.[76] Also in July, the Knesset voted to withhold funds from the Palestinian Authority to "penalize it for paying stipends to Palestinian prisoners in Israel, their families and the families of Palestinians killed or wounded in

---

2018.

[69] Rory Jones, "Israeli Police Recommend Charges Against Netanyahu," *Wall Street Journal*, February 14, 2018. Netanyahu appointed Mandelblit to his post in 2016. Mandelblit earlier served as a cabinet secretary. Isabel Kershner, "Promoted by Netanyahu, Israel's Attorney General Must Now Scrutinize Him," *New York Times*, February 14, 2018. Separate investigations or reports implicate other figures from Netanyahu's Likud party or the government coalition, including former Knesset Coalition Chairman David Bitan, Welfare Minister Haim Katz, Interior Minister Aryeh Deri, and Israel's U.N. Ambassador Danny Danon. Mazal Mualem, "Israelis not ready to topple Netanyahu over corruption," *Al-Monitor Israel Pulse*, December 15, 2017.

[70] Ben Caspit, "Netanyahu seemingly unfazed by wife's fraud indictment," *Al-Monitor Israel Pulse*, June 25, 2018.

[71] "The Latest: Israel PM: Recommendations to indict 'nothing,'" *Times of Israel*, February 13, 2018.

[72] "Poll: Netanyahu's Likud would remain biggest party despite corruption probes," *Times of Israel*, February 21, 2018.

[73] David M. Halbfinger and Isabel Kershner, "New Netanyahu Corruption Allegations: The Details," *New York Times*, February 21, 2018.

[74] "Sara Netanyahu indicted for misusing $100,000 in state funds to buy gourmet food," *Times of Israel*, June 21, 2018.

[75] Ian Deitch, "Israel's ex-PM Ehud Olmert released from prison," Associated Press, July 2, 2017. For information on previous allegations against Netanyahu and other Israeli prime ministers, see Irit Pazner Garshowitz and Jonah Engel Bromwich, "Prime Ministers' History of Run-Ins with the Law," *New York Times*, February 15, 2018.

[76] Some observers are concerned that the law might further undermine the place of Arabs in Israeli society, while others view its effect as mainly symbolic. See, e.g., Ruth Eglash, "Jewish or democratic? Israel debates its founding principles," *Washington Post*, July 12, 2018; Dov Lieber, "Law Sets Israel as 'Jewish State,'" *Wall Street Journal*, July 20, 2018. Before the law passed, lawmakers removed a clause that would have permitted the state to authorize "a community composed of people having the same faith and nationality to maintain the exclusive character of that community." "Israel adopts controversial Jewish nation-state law," Agence France Presse, July 19, 2018.

confrontations with Israelis."[77] Another bill passed in July permits single women to be surrogate parents, but does not extend the same permission to single men or same-sex couples.[78]

Additionally, controversial legislation has passed to apply some aspects of Israeli law to settlements in the West Bank,[79] and is pending to limit the Supreme Court's power of judicial review over legislation.[80] Several of the government's opponents and critics have voiced warnings that these and other initiatives may stifle dissent or undermine the independence of key Israeli institutions such as the media, the judiciary, and the military.

Early elections could happen (legally, elections are required in the second half of 2019) if the governing coalition splits over the cases against Prime Minister Netanyahu or some other issue. If early elections take place, Netanyahu (if he runs) could face challenges from figures on the right of the political spectrum (including Education Minister Naftali Bennett and Defense Minister Avigdor Lieberman), or nearer the center or left (former finance minister Yair Lapid, Labor Party leader Avi Gabbay, and retired generals Gabi Ashkenazi and Benny Gantz). Reportedly, Netanyahu may call for elections before the attorney general decides on whether to bring criminal charges against him, in hopes of claiming a popular mandate to continue in office even if he is indicted.[81]

Author Information

Jim Zanotti
Specialist in Middle Eastern Affairs

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.

[77] Isabel Kershner, "Israelis Vote to Penalize Payments for 'Martyrs,'" *New York Times*, July 4, 2018. Israel is obligated to transfer said tax revenues to the PA per the Paris Protocol of 1994. Congress has enacted legislation (Taylor Force Act, Title X of P.L. 115-141) that places restrictions on U.S. economic aid to the Palestinians because of Palestinian payments "for acts of terrorism." CRS Report RS22967, *U.S. Foreign Aid to the Palestinians*, by Jim Zanotti.

[78] Bar Peleg, "Hundreds Protest in Tel Aviv After Netanyahu Flip-flops on Surrogacy Bill," haaretz.com, July 18, 2018.

[79] Tovah Lazaroff, "In 'annexation' push, Knesset limits Palestinian access to high court," jpost.com, July 17, 2018.

[80] Jeffrey Heller, "Israeli Legislation Reining in Supreme Court Wins Preliminary Approval," Reuters, May 6, 2018.

[81] Caspit, "Netanyahu seemingly unfazed by wife's fraud indictment," op. cit.