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Israel: Background and U.S. Relations in Brief

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SUMMARY

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Israel: Background and U.S. Relations in Brief

The following matters are of particular significance to U.S.-Israel relations.

Domestic political and economic challenges (including COVID-19). A second wave of coronavirus disease 2019 (COVID-19) in Israel, combined with other factors, has contributed to domestic political and economic challenges. In this context, Prime Minister Binyamin Netanyahu's approval ratings have suffered, amid questions about the survival of the government that took office in May 2020 based on a power-sharing agreement between Netanyahu of the Likud party and his main political rival, Defense Minister (and Alternate Prime Minister) Benny Gantz of the Kahol Lavan (Blue and White) party. The government could dissolve if the Knesset (parliament) does not meet an August 25 deadline to pass a budget for 2020.

In July, popular protests against Netanyahu and government policies—connected to the domestic challenges mentioned above and the ongoing criminal trial against Netanyahu on corruption charges—swelled, resulting in some violent incidents and debates about who is culpable for those incidents. Despite Netanyahu's lower approval ratings, polls suggest that his Likud party would remain the largest party in the Knesset if new elections were held.

Arguably, the most significant aspect of the Netanyahu-Gantz power-sharing deal for U.S. policy is its explicit authorization of a cabinet and/or Knesset vote on annexing West Bank territory in coordination with the United States, based on provisions of the Israeli-Palestinian peace plan that President Trump released in January 2020. Annexation has not occurred to date, reportedly due partly to differences among Israeli leaders, some reservations among U.S. officials, and the resurgence of COVID-19-related problems in Israel. For more detailed information on the annexation issue, see CRS Report R46433, *Israel's Possible Annexation of West Bank Areas: Frequently Asked Questions*, by Jim Zanotti.

Israeli-Palestinian issues. President Trump has expressed interest in helping resolve the decades-old Israeli-Palestinian conflict. His policies, however, have largely sided with Israeli positions, thus alienating Palestine Liberation Organization (PLO) Chairman and Palestinian Authority (PA) President Mahmoud Abbas. The President's January 2020 peace plan appears to favor Israeli positions on disputed issues such as borders and settlements, the status of Jerusalem and its holy sites, security, and Palestinian refugees. The Palestinians would face significant domestic difficulties in taking the steps that the plan prescribes for them to qualify for statehood.

Iran and other regional issues. Israeli officials seek to counter Iranian regional influence and prevent Iran from acquiring nuclear weapons. Prime Minister Netanyahu strongly supported President Trump's withdrawal of the United States from the 2015 international agreement that constrained Iran's nuclear activities. Facing intensified U.S. sanctions, Iran has reduced its compliance with the 2015 agreement. U.S.-Iran tensions have led to greater regional uncertainty. Reports suggest that Israel may have been behind a July 2020 explosion that destroyed a number of advanced uranium enrichment centrifuges at Iran's Natanz nuclear facility. Israel has reportedly conducted a number of military operations in Syria, Iraq, and Lebanon against Iran and its allies due to concerns about Iran's efforts to establish a permanent presence in these areas and to improve the accuracy and effectiveness of Lebanese Hezbollah's missile arsenal.

China: Investments in Israel and U.S. concerns. U.S. officials have raised some concerns with Israel over Chinese investments in Israeli high-tech companies and civilian infrastructure that could increase China's ability to gather intelligence and acquire security-related technologies. While Chinese state-owned companies remain engaged in some specific infrastructure projects, including operations at Haifa's seaport set to begin in 2021, in May 2020 Israel turned down the bid of a Chinese-affiliated company to construct a major desalination plant.

U.S.-Israel security cooperation. While Israel maintains robust military and homeland security capabilities, it also cooperates closely with the United States on national security matters. A 10-year bilateral military aid memorandum of understanding (MOU)—signed in 2016—committed the United States to provide Israel $3.3 billion in Foreign Military Financing annually from FY2019 to FY2028, along with additional amounts from Defense Department accounts for missile defense. Amounts for future years remain subject to congressional appropriations.

Contents

Introduction: Major Issues for U.S.-Israel Relations 1
Domestic Issues 1
COVID-19 and Economic Challenges 1
Protests and Netanyahu's Political Status 2
Possible West Bank Annexation 3
Israeli-Palestinian Issues Under the Trump Administration 3
Key Points of the U.S. Plan 4
Gaza and Its Challenges 6
Foreign Policy Issues 6
Iran and the Region 6
Iranian Nuclear Issue and Regional Tensions 6
Hezbollah 7
Syria and Iraq: Reported Israeli Airstrikes Against Iran-Backed Forces 8
China: Investments in Israel and U.S. Concerns 8
U.S. Security Cooperation 10

Figures

Figure A-1. Israel: Map and Basic Facts 11
Figure D-1. Conceptual Map of Israel 16
Figure D-2. Conceptual Map of Future Palestinian State 17
Figure D-3. Unofficial Map with Green Line 18

Appendixes

Appendix A. Map and Basic Facts 11
Appendix B. Indictments Against Netanyahu and Steps of the Legal Process 12
Appendix C. Israeli Political Parties in the Knesset and Their Leaders 13
Appendix D. Maps Related to U.S. Plan 16

Contacts

Author Information 19

Introduction: Major Issues for U.S.-Israel Relations

Israel (see **Appendix A**) has forged close bilateral cooperation with the United States in many areas; issues with significant implications for U.S.-Israel relations include the following.

- Israeli domestic political issues, including challenges related to the COVID-19 pandemic and associated economic concerns, protests against Prime Minister Binyamin Netanyahu, and possible West Bank annexation.
- Israeli-Palestinian issues and U.S. policy, including the Trump Administration's peace plan released in January 2020.
- Shared U.S.-Israel concerns about Iran's nuclear program and regional influence, including with Lebanon-based Hezbollah, Syria, and Iraq.
- Chinese investment in Israeli companies and infrastructure, and U.S. concerns about implications for U.S. national security.
- Israel's security cooperation with the United States.

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; and CRS Report RL33222, *U.S. Foreign Aid to Israel*, by Jeremy M. Sharp.

Domestic Issues

COVID-19 and Economic Challenges

Israel is facing a host of domestic challenges, many of which are interrelated. Much of the public concern seems connected to a second wave of coronavirus disease 2019 (COVID-19) cases in Israel this summer (significantly larger than the first wave in the spring) and associated economic challenges (see **Appendix A**). Some sources have estimated unemployment levels during the summer to be more than 20%.[1] In response to the economic concerns, the Knesset enacted a $1.9 billion stimulus plan in July to provide cash payments to Israeli citizens.[2]

Many Israelis have protested against Netanyahu and the government's policies (see below). Also, Prime Minister Netanyahu's standing has suffered in public opinion polls, amid questions about the survival of the government that took office in May 2020 based on a power-sharing agreement between Netanyahu of the Likud party and his main political rival, Defense Minister (and Alternate Prime Minister) Benny Gantz of the Kahol Lavan (Blue and White) party (see textbox below).

Key Aspects of Power-Sharing Agreement for Israel's Government

Under the power-sharing agreement for Israel's government that took office in May 2020, Netanyahu is expected to serve as prime minister and Gantz as alternate prime minister and defense minister for the first 18 months of the government's term, at which point Gantz is set to become prime minister for the next 18 months, with Netanyahu as his alternate.[3]

[1] "Second wave puts Israel's prime minister under pressure," *Economist Intelligence Unit*, July 27, 2020.

[2] "Knesset approves amended version of Netanyahu's NIS 6.5b handouts plan," *Times of Israel*, July 29, 2020.

[3] If Netanyahu and Gantz agree, after Gantz's initial 18 months as prime minister Netanyahu will serve another six months, followed by another six for Gantz. Britain Israel Communications and Research Centre, *The New Israeli National Unity Government*, May 2020. The designation of alternate prime minister was created by Knesset legislation

Observers analyzing the Netanyahu-Gantz deal have identified various perceived benefits for both sides.[4] Potential benefits for Netanyahu include his continuation as prime minister and apparent ability to remain in government until he exhausts all appeals (if convicted on corruption charges), his ability to hold votes on West Bank annexation, an effective veto over appointments of key judiciary and justice sector officials, and holding sway with the Knesset's right-of-center majority even during Gantz's time as prime minister. Potential benefits for Gantz include Netanyahu's lack of immunity from criminal proceedings, safeguards intended to ensure that Gantz will become prime minister 18 months through the government's term (as agreed), co-ownership of the governing and legislative agenda, and effective control over half the cabinet and positions (including the defense, foreign, and justice ministries) with significant influence on national security and rule of law in Israel. Despite the details of this political agreement, it is unclear whether either party would be able to compel its legal enforcement, as in the case if Netanyahu were to refuse to step down as prime minister.[5]

New elections would take place in the event that the government is dissolved. Under the terms of the unity agreement, Gantz would serve as caretaker prime minister before such elections in most situations if Netanyahu is responsible for the dissolution.[6]

However, if the government dissolves over a failure to pass a budget for 2020 or 2021, Netanyahu would reportedly remain as caretaker prime minister. With a deadline to pass the 2020 budget by August 25 (subject to a possible Knesset vote to extend the deadline to December), Gantz is insisting that the budget cover both 2020 and 2021, as the power-sharing agreement anticipated. In contrast, Netanyahu is arguing that because of the uncertainty stemming from the pandemic, Israel's budget should only cover 2020 and a separate budget be passed later for 2021.[7] If Israel adopts Netanyahu's preference, Netanyahu could have the option to take Israel to elections next June, rather than hand over the premiership to Gantz, if the Knesset does not pass a budget for 2021.

Beyond COVID-19 and its economic impact, some criticism of Netanyahu is linked to his ongoing criminal trial on corruption charges (see **Appendix B**) and a Knesset Finance Committee vote in June to grant him some personal tax relief. Testimony in Netanyahu's trial is scheduled to begin in January 2021.

Protests and Netanyahu's Political Status

Starting in July, protestors criticizing Netanyahu and government policies swelled to number in the thousands. These demonstrations have led to threats and incidents of violence and destruction of property involving protestors and counter-protestors, as well as allegations of heavy-handed measures by police to control crowds. Debate is ongoing between Netanyahu's supporters and critics about his culpability for incitement and violence. Netanyahu has questioned the protests' authenticity by saying that they have been orchestrated by anarchists and left-of-center groups.[8] Figures from the opposition, including Knesset opposition leader Yair Lapid of the Yesh Atid

before the government came into office. Under Israeli law, only a cabinet member with the status of prime minister can remain in office while under indictment, so the designation would allow Netanyahu to retain this status even after a transfer of power to Gantz. The designation also is designed to allow for Gantz to take over for Netanyahu without a separate Knesset vote.

[4] See, e.g., David Horovitz, "Gantz tries, likely fails, to lock Netanyahu into eventually handing over power," *Times of Israel*, April 21, 2020; Yossi Verter, "Netanyahu-Gantz Deal Ensures Accused Premier Will Have the Last Word," haaretz.com, April 21, 2020; Chemi Shalev, "Netanyahu-Gantz Unity Deal: The Good, the Bad, the Ugly and the Ominous," haaretz.com, April 21, 2020.

[5] Horovitz, "Gantz tries, likely fails."

[6] See footnote 4.

[7] "Netanyahu: Israel doesn't need new elections, it needs a budget," *Times of Israel*, July 27, 2020.

[8] Jonathan Lis, "Netanyahu: Protesters Against Me Are Anarchists, Not Victims of Pandemic," haaretz.com, August 5, 2020.

party, explicitly support non-violent protests to strengthen opposition in Israel to Netanyahu's continued rule.[9]

Despite the drop in Netanyahu's approval rating and the popular protests against him, polls suggest that if new elections were held soon, Likud would lose some seats but remain the largest party in the Knesset. Depending on a number of factors, this could put Netanyahu in position to lead a right-of-center coalition.[10] The current power-sharing government took office after Knesset elections in March 2020 (see **Appendix C**), following two previous elections—in April and September 2019—that failed to produce a government.

Possible West Bank Annexation

Arguably, the most significant aspect of the current government's power-sharing agreement for U.S. policy is that it explicitly allows the cabinet and/or Knesset to vote on annexing West Bank territory to the extent Israel coordinates with the United States. Pursuant to the Trump Administration's January 2020 peace plan (described below), a U.S.-Israel joint committee has been empowered to identify the geographical contours of West Bank areas—including Jewish settlements and much of the Jordan Valley—that the U.S. plan anticipates could become part of Israel. The Palestinians, Arab states, many other international actors, and some Members of Congress oppose Israeli annexation of West Bank areas because of concerns that it could contravene international law and existing Israeli-Palestinian agreements, and negatively affect stability and regional cooperation.

Annexation has not occurred to date, reportedly due partly to differences among Israeli leaders, some reservations among U.S. officials, and the resurgence of COVID-19-related problems in Israel. Some observers question whether Netanyahu's rhetorical support for annexation, which helps him maintain support among right-of-center constituencies amid his legal difficulties, will actually translate into pursuing it.[11]

For more detailed information on the annexation issue, see CRS Report R46433, *Israel's Possible Annexation of West Bank Areas: Frequently Asked Questions*, by Jim Zanotti.

Israeli-Palestinian Issues Under the Trump Administration[12]

President Trump has expressed interest in helping resolve the decades-old Israeli-Palestinian conflict. However, his policies have largely favored Israeli positions, thus alienating Palestine Liberation Organization (PLO) Chairman and Palestinian Authority (PA) President Mahmoud Abbas.

[9] Ibid.

[10] "Israel Election Polls: Support for Netanyahu's Likud Drops, Right-wing Slate on the Rise," haaretz.com, July 23, 2020.

[11] See, e.g., Anshel Pfeffer, "Why Netanyahu Will Never Annex West Bank Settlements and the Jordan Valley," haaretz.com, May 7, 2020.

[12] For additional background, see CRS In Focus IF11237, *Israel and the Palestinians: Chronology of a Two-State Solution*, by Jim Zanotti.

Selected U.S. Actions Impacting Israeli-Palestinian Issues

December 2017	President Trump recognizes Jerusalem as Israel's capital, prompting the PLO/PA to cut off high-level diplomatic relations with the United States
May 2018	U.S. embassy opens in Jerusalem
August 2018	Administration ends contributions to U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)
September 2018	Administration reprograms FY2017 economic aid for the West Bank and Gaza to other locations; announces closure of PLO office in Washington, DC
January 2019	As a result of the Anti-Terrorism Clarification Act of 2018 (P.L. 115-253), the Administration ends all bilateral U.S. aid to the Palestinians
March 2019	The U.S. consulate general in Jerusalem—previously an independent diplomatic mission to the Palestinians—is subsumed under the authority of the U.S. embassy to Israel; President Trump recognizes Israeli sovereignty in the Golan Heights
June 2019	At a meeting in Bahrain, U.S. officials roll out $50 billion economic framework for Palestinians in the region tied to the forthcoming peace plan; PLO/PA officials reject the idea of economic incentives influencing their positions on core political demands
November 2019	Secretary of State Michael Pompeo says that the Administration disagrees with a 1978 State Department legal opinion stating that Israeli West Bank settlements are inconsistent with international law
January 2020	President Trump releases peace plan

On January 28, President Trump released a long-promised plan for Israel-Palestinian peace, after obtaining expressions of support from both Netanyahu and Gantz. The plan is otherwise known as the *Vision for Peace*, described in a document entitled *Peace to Prosperity*.[13] Prospects for holding negotiations seem dim given concerted opposition from Abbas and other Palestinian leaders to the plan, and Netanyahu's announced intention to annex parts of the West Bank.

Key Points of the U.S. Plan

The plan suggests the following key outcomes as the basis for future Israeli-Palestinian negotiations:[14]

- **Borders and settlements.** Israel would acquire sovereignty over about 30% of the West Bank (see **Figure D-1**), including settlements and most of the Jordan Valley. The Palestinians could eventually acquire a limited form of sovereignty (as described below) over the remaining territory. This includes areas that the Palestinian Authority (PA) currently administers, along with some territory currently belonging to Israel (with few Jewish residents) that the Palestinians would acquire via swaps to partially compensate for West Bank territory taken by Israel. Some areas with minimal contiguity would be connected by roads, bridges, and tunnels (see **Figure D-2**). Neither Israeli settlers nor Palestinian West Bank residents would be forced to move. The plan anticipates that an agreement could transfer some largely Israeli Arab communities—including an

[13] White House, *Peace to Prosperity: A Vision to Improve the Lives of the Palestinian and Israeli People*, January 2020, available at https://www.whitehouse.gov/wp-content/uploads/2020/01/Peace-to-Prosperity-0120.pdf. See also White House fact sheet, President Donald J. Trump's Vision for Peace, Prosperity, and a Brighter Future for Israel and the Palestinian People, January 28, 2020.

[14] Ibid.

area called the "Arab Triangle"—to a future Palestinian state. In the days after the plan's release, hundreds of residents of the Triangle communities protested the possibility that their citizenship could change, prompting senior Israeli officials to state the Triangle communities would not be involved in any border revision.[15]

- **Jerusalem and its holy sites.** Israel would have sovereignty over nearly all of Jerusalem, with the Palestinians able to obtain some small East Jerusalem areas on the other side of an Israeli separation barrier.[16] Taken together, the plan and its accompanying White House fact sheet say that the "status quo" on the Temple Mount/Haram al Sharif—which prohibits non-Muslim worship there—would continue, along with Jordan's custodial role regarding Muslim holy sites.[17] However, the plan also says, "People of every faith should be permitted to pray on the Temple Mount/Haram al-Sharif, in a manner that is fully respectful to their religion, taking into account the times of each religion's prayers and holidays, as well as other religious factors." A day after the plan's release, U.S. Ambassador to Israel David Friedman clarified that the status quo would not change absent the agreement of all parties, while adding that the Administration hoped that an eventual accord would allow Jews to pray on the Temple Mount as part of greater openness "to religious observance everywhere."[18]
- **Security.** Israel would retain overall security control over the entire West Bank permanently, though Palestinians would potentially assume more security responsibility, over time, in territory they administer.[19]
- **Palestinian refugees.** Palestinian refugee claims would be satisfied through internationally funded compensation and resettlement outside of Israel (i.e., no "right of return" to Israel) in the West Bank, Gaza, and third-party states.
- **Palestinian statehood.** The Palestinians could obtain a demilitarized state within the areas specified in **Figure D-2** and **Figure D-3**, with a capital in Abu Dis or elsewhere straddling the East Jerusalem areas mentioned above and their outskirts.[20] Statehood would depend on the Palestinians meeting specified criteria over the next four years that present considerable domestic and practical challenges.[21] Such criteria include disarming Hamas in Gaza, ending certain

[15] "Israel rejects Trump's idea of redrawing borders, moving Arab towns to Palestine," *Times of Israel*, February 2, 2020.

[16] David M. Halbfinger and Isabel Kershner, "Trump's Would-Be Palestinian Capital: Dangerous, Scattered Slums," *New York Times*, February 1, 2020. For background information on and maps of Jerusalem, see CRS Report RL33476, *Israel: Background and U.S. Relations*, by Jim Zanotti. The East Jerusalem areas earmarked for the Palestinians were added to the Jerusalem municipality after Israel captured East Jerusalem and the West Bank from Jordan in 1967.

[17] For more information on the "status quo," see CRS Report RL33476, *Israel: Background and U.S. Relations*, by Jim Zanotti.

[18] "US envoy: We won't impose change to status quo to let Jews pray at Temple Mount," *Times of Israel*, January 29, 2020. Some sources remain concerned about the plan's possible change to the "status quo." See, e.g., Ir Amim, "Ramifications of the US Middle East Plan on the Future of Jerusalem," April 2020.

[19] For background information on Palestinian self-governance, see CRS In Focus IF10644, *The Palestinians: Overview and Key Issues for U.S. Policy*, by Jim Zanotti.

[20] See footnote 16.

[21] White House, Remarks by President Trump and Prime Minister Netanyahu of the State of Israel in Joint Statements, January 28, 2020. During that time, the plan and President Trump's remarks—taken together—anticipate that Israel would refrain from building or expanding Jewish settlements in West Bank areas earmarked for a future Palestinian state, and from demolishing existing structures in those areas—subject to exceptions for safety and responses to acts of

international initiatives and financial incentives for violence, and recognizing Israel as "the nation state of the Jewish people."[22]

Gaza and Its Challenges

The Gaza Strip—controlled by the Sunni Islamist group Hamas (a U.S.-designated terrorist organization)—faces difficult and complicated political, economic, and humanitarian conditions.[23] Palestinian militants in Gaza regularly clash with Israel's military as it patrols Gaza's frontiers with Israel, and the clashes periodically escalate toward larger conflict. During 2020, Hamas and Israel have reportedly worked through Egypt and Qatar in efforts to establish a long-term cease-fire around Gaza that could ease Israel-Egypt access restrictions for people and goods. It is unclear how possible Israeli annexation of West Bank areas or Hamas's ongoing relationship with Iran might affect these efforts.

Foreign Policy Issues

Iran and the Region

Israeli officials cite Iran as a primary concern to Israeli officials, largely because of (1) antipathy toward Israel expressed by Iran's revolutionary regime, (2) Iran's broad regional influence (especially in Syria, Iraq, and Lebanon),[24] and (3) Iran's nuclear and missile programs and advanced conventional weapons capabilities. In recent years, Israel and Arab Gulf states have cultivated closer relations with one another in efforts to counter Iran.

Iranian Nuclear Issue and Regional Tensions

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 opposed the JCPOA in 2015 when it was negotiated by the Obama Administration, 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 core economic sectors. Facing the intensified U.S. sanctions, Iran has reduced its compliance with the 2015 agreement.

U.S.-Iran tensions since the U.S. withdrawal from the JCPOA have led to greater regional uncertainty, with implications for Israel.[25] Some Israelis have voiced worries about how Iran's apparent ability to penetrate Saudi air defenses and target Saudi oil facilities could transfer to efforts in targeting Israel.[26]

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terrorism.

[22] Israeli insistence on Palestinian recognition of Israel as the nation state of the Jewish people was reportedly introduced into an Israeli-Palestinian negotiating context by Tzipi Livni when she was Israeli foreign minister during the 2007-2008 Annapolis negotiations. "The Pursuit of Middle East Peace: A Status Report," Ambassador Martin Indyk, *Washington Institute for Near East Policy*, May 8, 2014. Other specified criteria for Palestinian statehood include reforms in governance and rule of law, and anti-incitement in educational curricula.

[23] CRS In Focus IF10644, *The Palestinians: Overview and Key Issues for U.S. Policy*, by Jim Zanotti.

[24] For information on this topic, see CRS Report R44017, *Iran's Foreign and Defense Policies*, by Kenneth Katzman.

[25] See, e.g., CRS Report R45795, *U.S.-Iran Conflict and Implications for U.S. Policy*, by Kenneth Katzman, Kathleen J. McInnis, and Clayton Thomas.

[26] Uzi Even, "Iran Attack on Saudi Arabia Shows Why Israel Must Shut Down Its Nuclear Reactor," haaretz.com, October 6, 2019.

Reports suggest that Israel may have been behind a July 2020 explosion that destroyed a number of advanced uranium enrichment centrifuges at Iran's Natanz nuclear facility.[27] The incident has triggered speculation about whether Israel might more regularly resort to clandestine means to counter Iran's nuclear program and related projects, as it supposedly did during the years before the JCPOA. The July explosion took place some weeks after Iran and Israel reportedly exchanged cyberattacks—with Iran supposedly targeting Israel's drinking water supply, and Israel supposedly targeting an Iranian seaport—and in the context of a number of mysterious explosions affecting Iranian infrastructure.[28] One Israeli media source reported, however, that the explosion apparently did not slow Iran's ability to produce low-enriched uranium that could reduce its time to "break out" to a nuclear weapon if it chose to do so.[29]

Hezbollah

Lebanese Hezbollah is Iran's closest and most powerful non-state ally in the region. Hezbollah's forces and Israel's military have sporadically clashed near the Lebanese border for decades—with the antagonism at times contained in the border area, and at times escalating into broader conflict.[30] Speculation persists about the potential for wider conflict and its regional implications.[31] Israeli officials have sought to draw attention to Hezbollah's buildup of mostly Iran-supplied weapons—including reported upgrades to the range, precision, and power of its projectiles—and its alleged use of Lebanese civilian areas as strongholds.[32]

Ongoing tension between Israel and Iran raises questions about the potential for Israel-Hezbollah conflict. Various sources have referenced possible Iran-backed Hezbollah initiatives to build precision-weapons factories in Lebanon.[33] In July 2020, a reported Israeli airstrike in Syria presumably targeting alleged arms transfers to Hezbollah in Lebanon killed a Hezbollah operative, raising questions about a possible Hezbollah response to reinforce deterrence based on its leadership's past statements.[34] Israel's military thwarted a subsequent attempt to attack Israeli military positions in the disputed Sheb'a Farms area that Israel treats as part of the Golan Heights. Some reports assess that Hezbollah does not want escalation, partly due to significant political and economic problems in Lebanon, but do not rule out the potential for heightened conflict owing to miscalculation between Hezbollah and Israel.[35]

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[27] Farnaz Fassihi, et al., "Explosion at Iran Nuclear Site Sets Back Enrichment Program," *New York Times*, July 6, 2020.

[28] Amos Harel, "The Explosion at Natanz Is a Direct Hit on Iran's Nuclear Program," haaretz.com, July 5, 2020; Dalia Dassa Kaye, "Has Israel been sabotaging Iran? Here's what we know," washingtonpost.com, July 15, 2020.

[29] Jon Gambrell, "Blasts at Natanz site batter but don't break Iran nuclear pursuits," *Times of Israel*, July 16, 2020.

[30] CRS Report R44759, *Lebanon*, by Carla E. Humud; CRS In Focus IF10703, *Lebanese Hezbollah*, by Carla E. Humud.

[31] For possible conflict scenarios, see Nicholas Blanford and Assaf Orion, *Counting the cost: Avoiding another war between Israel and Hezbollah*, *Atlantic Council*, May 13, 2020; Hanin Ghaddar, "How Will Hezbollah Respond to Israel's Drone Attack?" *Washington Institute for Near East Policy*, Policywatch 3171, August 28, 2019.

[32] See, e.g., Ben Hubbard and Ronen Bergman, "Who Warns Hezbollah That Israeli Strikes Are Coming? Israel," *New York Times*, April 23, 2020; Seth Jones, "War by Proxy: Iran's Growing Footprint in the Middle East," *Center for Strategic and International Studies*, March 11, 2019; Jonathan Spyer and Nicholas Blanford, "UPDATE: Israel raises alarm over advances by Hizbullah and Iran," *Jane's Intelligence Review*, January 11, 2018.

[33] Ben Caspit, "Hezbollah, Israel losing red lines," *Al-Monitor*, September 4, 2019; Katherine Bauer, et al., "Iran's Precision Missile Project Moves to Lebanon," *Washington Institute for Near East Policy*, December 2018.

[34] Amos Harel, "Hezbollah Failed to Attack Israel, but Made One Significant Achievement," haaretz.com, August 1, 2020.

[35] See, e.g., Amos Harel, "For Hezbollah, Beirut Devastation Makes Provoking Israel Even Riskier," haaretz.com,

Syria and Iraq: Reported Israeli Airstrikes Against Iran-Backed Forces

Israel has reportedly undertaken airstrikes in conflict-plagued Syria and Iraq based on concerns that Iran and its allies could pose threats to Israeli security from there. Iran's westward expansion of influence into Iraq and Syria over the past two decades has provided it with more ways to supply and support Hezbollah, apparently leading Israel to broaden its regional theater of military action.[36] The U.S. base at At Tanf in southern Syria reportedly serves as an impediment to Iranian efforts to create a land route for weapons from Iran to Lebanon.[37] Russia, its airspace deconfliction mechanism with Israel, and some advanced air defense systems that it has deployed or transferred to Syria also influence the various actors involved.[38]

Since 2018, Israeli and Iranian forces have repeatedly targeted one another in Syria or around the Syria-Israel border. After Iran helped Syria's government regain control of much of the country, Israeli leaders began pledging to prevent Iran from constructing and operating bases or advanced weapons manufacturing facilities in Syria.[39] In April 2020, then-Defense Minister Naftali Bennett said that Israeli policy had shifted from blocking Iran's entrenchment in Syria to forcing it out entirely.[40]

In Iraq, reports suggest that in the summer of 2019, Israel conducted airstrikes against weapons depots or convoys that were connected with Iran-allied Shiite militias. A December 2019 media report citing U.S. officials claimed that Iran had built up a hidden arsenal of short-range ballistic missiles in Iraq that could pose a threat to U.S. regional partners, including Israel.[41] Perhaps owing to sensitivities involving U.S. forces in Iraq, then-Defense Minister Bennett suggested in February 2020 that Israel would avoid further direct involvement there—leaving any efforts to counter Iran-backed forces in Iraq to the United States.[42]

China: Investments in Israel and U.S. Concerns[43]

U.S. officials have raised some concerns with Israel over burgeoning Chinese investments in Israeli high-tech companies and civilian infrastructure.[44] Israel-China investment ties have grown since China announced its Belt and Road Initiative in 2013,[45] with Israel as an attractive hub of

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August 6, 2020.

[36] Seth J. Frantzman, "Are Israeli Drones Targeting Hezbollah Officers In Syria?" nationalinterest.org, April 17, 2020; Caspit, "Hezbollah, Israel losing red lines."

[37] Jones, "War by Proxy: Iran's Growing Footprint in the Middle East."

[38] Anna Ahronheim, "Russia: Syrian air defense nearly hit passenger plane after Israeli attack," jpost.com, February 8, 2020; Seth J. Frantzman, "What's behind Russia's criticism of Israeli airstrikes in Syria," jpost.com, February 8, 2020.

[39] See, e.g., Israeli Prime Minister's Office, PM Netanyahu's Speech at the United Nations General Assembly, September 27, 2018.

[40] "Defense minister: We've moved from blocking Iran in Syria to forcing it out," *Times of Israel*, April 28, 2020.

[41] Julian E. Barnes and Eric Schmitt, "Iran Is Secretly Moving Missiles Into Iraq, U.S. Officials Say," *New York Times*, December 5, 2019.

[42] Nati Yefet and Judah Ari Gross, "Bennett: US agreed to counter Iran in Iraq while Israel fights it in Syria," *Times of Israel*, February 10, 2020.

[43] For background on past U.S. concerns regarding Israeli defense transactions with China, 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.

[44] Shira Efron, et al., *Chinese Investment in Israeli Technology and Infrastructure: Security Implications for Israel and the United States*, RAND Corporation, 2020; and Shira Efron, et al., *The Evolving Israel-China Relationship*, RAND Corporation, 2019.

[45] For more information on the Belt and Road Initiative, see CRS Report R45898, *U.S.-China Relations*, coordinated by

innovation for Chinese partners, and China as a huge potential export market and source of investment for Israeli businesses.

Closer Israel-China economic relations have led to official U.S. expressions of concern,[46] apparently focused on the possibility that China might gather intelligence or acquire technologies with the potential to threaten U.S. national security in such fields as cybersecurity, artificial intelligence, satellite communications, and robotics. Previously, China-Israel defense industry cooperation in the 1990s and 2000s contributed to tension in the U.S.-Israel defense relationship and to an apparent de facto U.S. veto over Israeli arms sales to China.[47] In passing the FY2020 National Defense Authorization Act (S. 1790), the Senate expressed its sense (in Section 1289) that the U.S. government should "urge the Government of Israel to consider the security implications of foreign investment in Israel." Partly due to U.S. concerns regarding China's involvement in Israel's economy, Israel created an advisory panel on foreign investment in Israel in late 2019.[48] However, this panel reportedly does not have the authority to review investments in sectors such as high-tech that accounted for most of China's investments in Israel in the previous decade.[49] Apparently, debate continues within Israel's government about how to balance economic interests with national security concerns.[50]

In the past two years, U.S. officials have made notable efforts to discourage Chinese involvement in specific Israeli infrastructure projects. President Trump reportedly warned Prime Minister Netanyahu in March 2019 that U.S. security assistance for and cooperation with Israel could be limited if Chinese companies Huawei and ZTE establish a 5G communications network in Israel, in line with similar warnings that the Administration communicated to other U.S. allies and partners.[51] Two Israeli analysts wrote in March 2020 that Israeli officials have reportedly blocked Chinese companies from working on Israeli communications infrastructure.[52] Additionally, the U.S. Navy is reportedly reconsidering its practice of periodically docking at the Israeli naval base in Haifa, because a state-owned Chinese company (the Shanghai International Port Group) has secured the contract to operate a new terminal at Haifa's seaport for 25 years (beginning in 2021).[53] Other state-owned Chinese companies are developing a new port in Ashdod (which also hosts an Israeli naval base), and taking part in construction for Tel Aviv's light rail system and road tunnels in Haifa.[54] In May 2020, shortly after Secretary of State Michael Pompeo visited Israel and voiced concern that Chinese access to Israeli infrastructure could complicate U.S.-Israel cooperation, Israel's finance ministry chose a domestic contractor to construct a $1.5

Susan V. Lawrence.

[46] Ron Kampeas, "Breaking China: A rupture looms between Israel and the United States," *Jewish Telegraphic Agency*, June 2, 2020.

[47] Efron, et al., *The Evolving Israel-China Relationship*, 2019, pp. 15-20.

[48] Arie Egozi, "Israelis Create Foreign Investment Overseer; China Targeted," Breaking Defense, November 13, 2019.

[49] Efron, et al., *Chinese Investment in Israeli Technology*, 2020, pp. 24-25.

[50] James M. Dorsey, "Israel-China Relations: Staring Into the Abyss of US-Chinese Decoupling," *The Globalist*, June 9, 2020; Mercy A. Kuo, "US-China-Israel Relations: Pompeo's Visit," *The Diplomat*, May 27, 2020.

[51] Hiddai Segev, Doron Ella, and Assaf Orion, "My Way or the Huawei? The United States-China Race for 5G Dominance," *Institute for National Security Studies* Insight No. 1193, July 15, 2019.

[52] Hiddai Segev and Assaf Orion, "The Great Power Competition over 5G Communications: Limited Success for the American Campaign against Huawei," *Institute for National Security Studies* Insight No. 1268, March 3, 2020.

[53] Roie Yellinek, "The Israel-China-U.S. Triangle and the Haifa Port Project," *Middle East Institute*, November 27, 2018. Section 1289 of S. 1790 also contains a provision stating that the United States has an interest in continuing to use the naval base in Haifa, but has "serious security concerns" with respect to the leasing arrangements at the Haifa port. Reportedly, the Israeli government plans to limit sensitive roles at the port to Israelis with security clearances. Jack Detsch, "Pentagon repeats warning to Israel on Chinese port deal," *Al-Monitor*, August 7, 2019.

[54] Efron, et al., *The Evolving Israel-China Relationship*, 2019, p. 38.

billion desalination plant, turning down the bid from a subsidiary of the Hong Kong-based CK Hutchison Group.[55]

U.S. Security Cooperation

While Israel maintains robust military and homeland security capabilities, it also cooperates closely with the United States on national security matters. U.S. law requires the executive branch to take certain actions to preserve Israel's "qualitative military edge," or QME.[56] Additionally, a 10-year bilateral military aid memorandum of understanding (MOU)—signed in 2016—commits the United States to provide Israel $3.3 billion in Foreign Military Financing and to spend $500 million annually on joint missile defense programs from FY2019 to FY2028, subject to congressional appropriations. The United States and Israel do not have a mutual defense treaty or agreement that provides formal U.S. security guarantees,[57] though some discussions about the possibility of a treaty have apparently taken place since September 2019.[58]

[55] "Amid US pressure, Israel taps local firm over China for $1.5b desalination plant," *Times of Israel*, May 26, 2020.

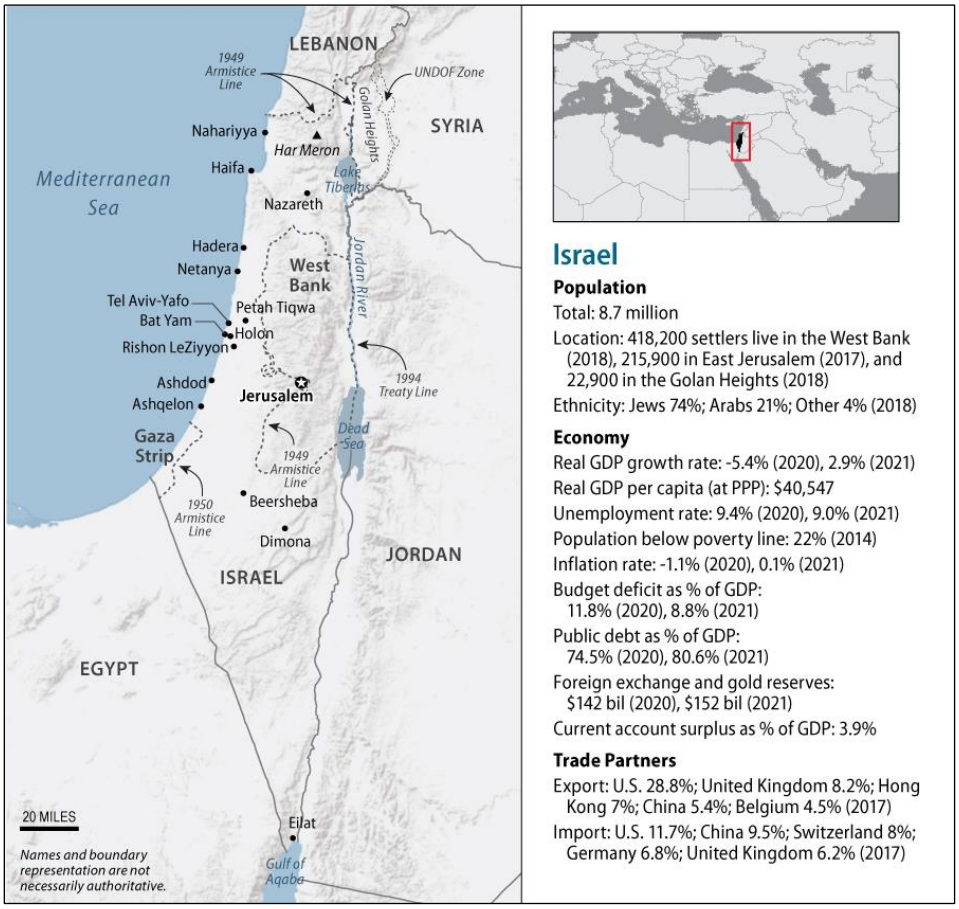
[56] CRS Report RL33476, *Israel: Background and U.S. Relations*, by Jim Zanotti; CRS Report RL33222, *U.S. Foreign Aid to Israel*, by Jeremy M. Sharp.

[57] 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.

[58] Raphael Ahren, "After Pompeo meet, Netanyahu says Israel has 'full right' to annex Jordan Valley," *Times of Israel*, December 5, 2019; "Trump says he talked Mutual Defense Pact with Netanyahu, will pick up after vote," *Times of Israel*, September 14, 2019.

Appendix A. Map and Basic Facts

Figure A-1. Israel: Map and Basic Facts



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 Economic Outlook Database. All numbers are estimates as of 2020 unless specified. Numbers for 2021 are projections.

Notes: According to the U.S. executive branch: (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. Additionally, the United States recognized the Golan Heights as part of Israel in 2019; however, U.N. Security Council Resolution 497, adopted on December 17, 1981, held that the area of the Golan Heights controlled by Israel's military is occupied territory belonging to Syria. The current U.S. executive branch map of Israel is available at https://www.cia.gov/library/publications/the-world-factbook/attachments/maps/IS-map.gif.

Appendix B. Indictments Against Netanyahu and Steps of the Legal Process

Indictments

Case 1000: *Netanyahu received favors from Hollywood mogul Arnon Milchan and Australian billionaire James Packer, in return for taking actions in Milchan's favor.*

The charge: Fraud and breach of trust

Netanyahu's defense: There is no legal problem in receiving gifts from friends; did not know that his family members requested gifts.

Case 2000: *Netanyahu and Yedioth Ahronoth publisher Arnon Mozes struck a deal: Favorable coverage for Netanyahu in return for limiting the circulation of the Sheldon Adelson-owned newspaper Israel Hayom.*

The charge: Fraud and breach of trust

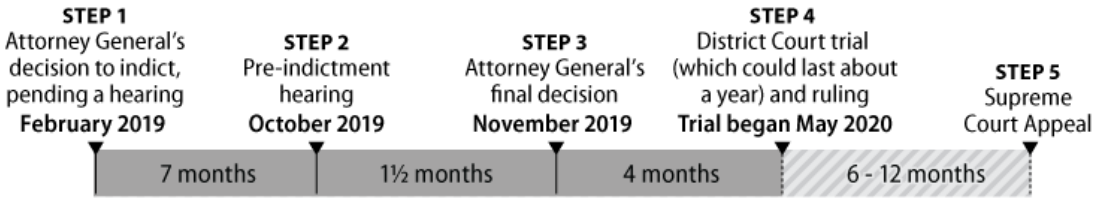
Netanyahu's defense: He had no intention of implementing the deal, and relations between politicians and the media should not be criminalized.

Case 4000: *As communication minister, Netanyahu took steps that benefited Shaul Elovitch who controlled telecom company Bezeq—in return for favorable coverage in Bezeq's Walla News site*

The charge: Bribery, fraud and breach of trust

Netanyahu's defense: There is no evidence that he was aware of making regulations contingent on favorable coverage.

Selected Steps in the Legal Process, and the Time Between Them



Sources: For "Indictments," the content comes from *Ha'aretz* graphics adapted by CRS. For "Selected Steps in the Legal Process, and the Time Between Them," CRS prepared the graphic and made slight content adjustments to underlying source material from Britain Israel Communications and Research Centre. The interval listed between Steps 4-5 is an estimate.

Appendix C. Israeli Political Parties in the Knesset and Their Leaders

RIGHT

Likud (Consolidation) – 36 Knesset seats (Coalition)
Israel's historical repository of right-of-center nationalist ideology; skeptical of territorial compromise; has also championed free-market policies.

Leader: Binyamin Netanyahu
Born in 1949, Netanyahu has served as prime minister since 2009 and also was prime minister from 1996 to 1999. Netanyahu served in an elite special forces unit (Sayeret Matkal), and received his higher education at MIT. Throughout a career in politics and diplomacy, he has been renowned both for his skepticism regarding the exchange of land for peace with the Palestinians and his desire to counter Iran's nuclear program and regional influence. He is generally regarded as both a consummate political dealmaker and a security-minded nationalist. However, he has negotiated with the Palestinians, and many observers discern cautiousness in Netanyahu's decisions regarding the nature and scale of military operations. His rhetorical support for more assertive populist and nationalistic measures (including diminishing judicial powers and annexing West Bank territory) has increased after criminal allegations surfaced against him for corruption, and after President Trump took office.

Yisrael Beitenu (Israel Our Home) – 7 seats (Opposition)
Pro-secular, right-of-center nationalist party with base of support among Russian speakers from the former Soviet Union.

Leader: Avigdor Lieberman
Born in 1958, Lieberman served as Israel's defense minister until his resignation in November 2018. He served as Israel's foreign minister for most of the period from 2009 to May 2015 and is generally viewed as an ardent nationalist and canny political actor with prime ministerial aspirations. Lieberman was born in the Soviet Union (in what is now Moldova) and immigrated to Israel in 1978. He worked under Netanyahu from 1988 to 1997. Disillusioned by Netanyahu's willingness to consider concessions to the Palestinians, Lieberman founded Yisrael Beitenu as a platform for former Soviet immigrants. He was acquitted of corruption allegations in a 2013 case.

Yamina (Right) – 5 seats (Opposition)
Right-of-center merger of three parties: New Right, Jewish Home, and National Union; base of support among religious Zionists (mostly Ashkenazi Orthodox Jews); includes core constituencies supporting West Bank settlements and annexation.

Leader: Naftali Bennett
Born in 1972, Bennett served previously as defense, education, and economy minister. He served in various special forces units (including as a reservist during the 2006 Hezbollah conflict in Lebanon). Bennett was a successful software entrepreneur and has lived in America. He served as Netanyahu's chief of staff from 2006 to 2008 while Netanyahu was opposition leader. He led the Yesha Council (the umbrella organization for Israeli West Bank settlers) from 2010 to 2012.

LEFT

Labor (Avoda) – 3 seats (Coalition)
Labor is Israel's historical repository of social democratic, left-of-center, pro-secular Zionist ideology; associated with efforts to end Israel's responsibility for Palestinians in the West Bank and Gaza.

Leader: Amir Peretz
Born in 1952, Peretz is Israel's economy minister. He became Labor's leader for the second time in July 2019, after serving as party leader from 2005 to 2007. He was first elected to the Knesset in 1988 and has served as defense minister (during the 2006 Hezbollah conflict) and environment minister. Peretz was a farmer in southern Israel and served as mayor of Sderot before joining the Knesset.

Meretz (Vigor) – 3 seats (Opposition)

Meretz is a pro-secular Zionist party that supports initiatives for social justice and peace with the Palestinians, and former Prime Minister Ehud Barak's Israel Democratic Party.

Leader: Nitzan Horowitz
Born in 1965, Horowitz became Meretz's leader in June 2019 and was first elected to the Knesset in 2009. He had a long career as a prominent journalist before entering politics.

CENTER

Kahol Lavan (Blue and White) – 15 seats (Coalition)

Centrist party largely formed as an alternative to Prime Minister Netanyahu, ostensibly seeking to preserve long-standing Israeli institutions such as the judiciary, articulate a vision of Israeli nationalism that is more inclusive of Druze and Arab citizens, and have greater sensitivity to international opinion on Israeli-Palestinian issues.

Leader: Benny Gantz
Born in 1959, Gantz is Israel's defense minister and alternate prime minister, and is scheduled to become prime minister by November 2021 under the unity agreement with Netanyahu. He served as Chief of General Staff of the Israel Defense Forces from 2011 to 2015. He established Hosen L'Yisrael (Israel Resilience Party) in December 2018. Hosen L'Yisrael merged with the Yesh Atid and Telem parties for the April 2019, September 2019, and March 2020 elections under the Kahol Lavan name. When the party split in March 2020 after Gantz agreed to pursue a unity government with Netanyahu, Hosen L'Yisrael kept the Kahol Lavan name. He has sought to draw contrasts with Netanyahu less through policy specifics than by presenting himself as a figure who is less polarizing and less populist.

Yesh Atid-Telem – 16 seats (Opposition)

Yesh Atid (There Is a Future) is a centrist party in existence since 2012 that has championed socioeconomic issues such as cost of living and has taken a pro-secular stance. Telem (Hebrew acronym for National Statesman-like Movement) formed in January 2019 by former Defense Minister Moshe Ya'alon as a center-right, pro-nationalist alternative to Netanyahu. The parties merged with Hosen L'Yisrael in early 2019, then split from it in March 2020.

Leader: Yair Lapid
Born in 1963, Lapid is the leader of the opposition in the Knesset. He came to politics after a career as a journalist, television presenter, and author. He founded the Yesh Atid party in 2012, and from 2013 to 2014 he served as finance minister.

Derech Eretz (Way of the Land) – 2 seats (Coalition)

Center-right faction formed from the split of Kahol Lavan in March 2020.

Leaders: Zvi Hauser and Yoaz Hendel

Born in 1968, Hauser was Netanyahu's cabinet secretary from 2009 to 2013 and later led a coalition promoting recognition of Israeli sovereignty over the Golan Heights. Born in 1975, Hendel is Israel's communications minister. He has been an academic, journalist, and author covering national security issues. Both men joined Telem in early 2019 but formed Derech Eretz when Telem refused to join a unity government in March 2020.

ULTRA-ORTHODOX

Shas (Sephardic Torah Guardians) – 9 seats (Coalition)

Mizrahi Haredi ("ultra-Orthodox") party; favors welfare and education funds in support of Haredi lifestyle; opposes compromise with Palestinians on control over Jerusalem.

Leader: Aryeh Deri

Born in 1959, Deri is Israel's interior minister and minister for Negev and Galilee development. He led Shas from 1983 to 1999 before being convicted for bribery, fraud, and breach of trust in 1999 for actions taken while serving as interior minister. He returned as the party's leader in 2013.

United Torah Judaism – 7 seats (Coalition)

Ashkenazi Haredi coalition (Agudat Yisrael and Degel Ha'torah); favors welfare and education funds in support of Haredi lifestyle; opposes territorial compromise with Palestinians and conscription of Haredim; generally seeks greater application of Jewish law.

Leader: Yaakov Litzman

Born in 1948, Litzman is Israel's construction and housing minister. He was born in Germany and raised in the United States before immigrating to Israel in 1965. Educated in yeshivas (traditional Jewish schools), he later served as principal of a Hasidic girls' school in Jerusalem. He was first elected to the Knesset in 1999 and has previously served as a member of the Knesset's finance committee.

ARAB

Joint List – 15 seats (Opposition)

Electoral slate featuring four Arab parties that combine socialist, Islamist, and Arab nationalist political strains: Hadash (Democratic Front for Peace and Equality), Ta'al (Arab Movement for Renewal), Ra'am (United Arab List), Balad (National Democratic Assembly).

Leader: Ayman Odeh

Born in 1975, Odeh is the leader of Hadash, an Arab Israeli socialist party, and of the Joint List. An attorney, he served on the Haifa city council before becoming Hadash's national leader in 2006. He supports a more democratic, egalitarian, and peace-seeking society, and has sought protection for unrecognized Bedouin villages and advocated for drafting young Arab Israelis for military or civilian national service.

Sources: Various open sources.

Note: Knesset seat numbers based on results from the March 2, 2020, election. The Gesher (Bridge) party has a single member of the Knesset, Orly Levi-Abekasis, who is part of the coalition. Rafi Peretz split from the Yamina party to join the coalition.

Appendix D. Maps Related to U.S. Plan

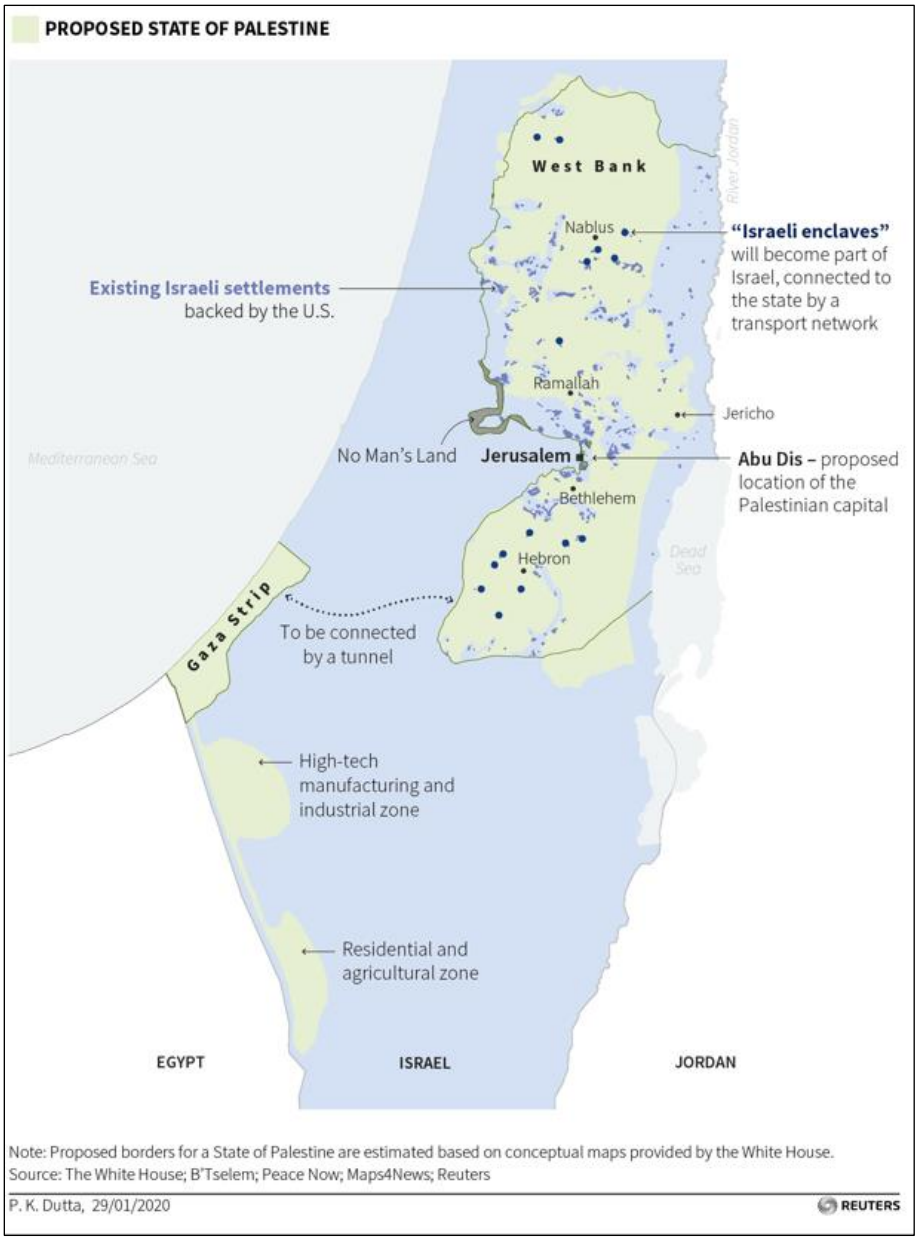
Figure D-1. Conceptual Map of Israel

Source: White House, *Peace to Prosperity: A Vision to Improve the Lives of the Palestinian and Israeli People*, January 2020.

Figure D-2. Conceptual Map of Future Palestinian State

Source: White House, *Peace to Prosperity: A Vision to Improve the Lives of the Palestinian and Israeli People*, January 2020.

Figure D-3. Unofficial Map with Green Line



Notes: Green lines on map represent 1949-1967 Israel-Jordan armistice line (for West Bank) and 1950-1967 Israel-Egypt armistice line (for Gaza). All borders are approximate.

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